

Retail workforce study

March 2014



 **SERVICE
SKILLS**
AUSTRALIA



Australian Government



Australian Workforce
and Productivity Agency

Retail workforce study

March 2014



Australian Workforce
and Productivity Agency



The *Retail workforce study 2014* has been developed by the Australian Workforce and Productivity Agency in association with Service Skills Australia.

ISBN: 978-1-925092-15-8 (print) | ISBN: 978-1-925092-16-5 (online).

Source: Licensed from the Commonwealth of Australia under a Creative Commons Attribution 3.0 Australia Licence.

The Commonwealth of Australia does not necessarily endorse the content of this publication.

Requests and inquiries concerning reproduction and rights should be addressed to the Australian Workforce and Productivity Agency, c/- Department of Industry, GPO Box 9839, Canberra, ACT, 2601.

Disclaimer: The material contained in this report has been developed by the Australian Workforce and Productivity Agency in association with the Service Skills Australia Industry Skills Council.

The Australian Workforce and Productivity Agency and Service Skills Australia do not guarantee or accept any legal liability or responsibility for the accuracy, completeness or usefulness of any information disclosed.

The report can be accessed at www.awpa.gov.au and www.serviceskills.com.au.

Cover photo top left: Andrew Taylor and courtesy the Oxfam Shop, Canberra Centre, Canberra.

Letter to the Minister

Dear Minister

On behalf of the Australian Workforce and Productivity Agency, I am pleased to present our *Retail workforce study*. This report is part of the agency's work to ensure that Australia has the workforce it needs for the future. It is the result of a joint study between the agency and the Industry Skills Council for the sector, Service Skills Australia.

The retail industry contributes significantly to the Australian economy. In 2012–13 it contributed around 4.5 per cent (\$68.5 billion) to Australia's gross domestic product. It comprises more than 140,000 businesses and employs more than 1.2 million people.

The industry is recognised for the role it plays in providing many young Australians with their first job—equipping them with skills and work experience sought after in other industries—and for the opportunities it opens up to second-chance job seekers. The industry encompasses a range of highly skilled professional jobs, many of which are not visible to the general public. Within this spectrum, an opportunity exists for the industry to shift its recruitment profile towards a larger share of recruits who see retail as a career, to ensure it has a capable and committed workforce into the future.

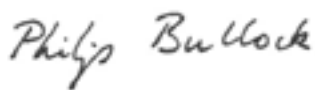
The retail industry is undergoing significant transformation due to the impact of technology and changing consumer expectations and behaviours. The challenge is to embrace these changes in a way which is profitable for businesses and which provides rewarding jobs for workers. The industry also needs to address existing workforce development challenges, including a general lack of a formal training culture within the industry, entrenched perceptions of the industry as being low skilled and lacking career prospects, and a need to improve skills to drive innovation. A more highly skilled workforce, together with strong industry leadership, will be critical to a successful transition for the industry.

The Australian Workforce and Productivity Agency *Retail workforce study* has identified a range of strategies designed to address the workforce challenges and opportunities on offer and there is growing commitment within the industry to coordinated action and leadership to implement the recommendations.

Our report reflects close and productive consultation with representatives from industry, universities, vocational education and training bodies, unions and the Service Skills Australia Industry Skills Council.

I am grateful to the many stakeholders who invested their time and effort in this project and provided insights throughout the process. In particular, I would like to thank my agency's Chief Executive Officer Mr Robin Shreeve, who chaired the study, and Ms Jeanette Allen, Chief Executive Officer of Service Skills Australia, who was deputy chair of the study. I would also like to thank the staff and board members of Service Skills Australia who contributed significantly to the report. Particular thanks go to the members of our industry reference group for their valuable assistance and guidance. I would also like to acknowledge the staff of the Australian Workforce and Productivity Agency Secretariat, who undertook the analysis of industry issues, stakeholder consultation, and the drafting of this report.

Yours sincerely



Philip Bullock
Chair
Australian Workforce and Productivity Agency
March 2014

Contents

Letter to the Minister	3
List of figures	6
List of tables	7
Abbreviations and acronyms	8
Glossary	9
Overview	13
The current workforce	13
Education and training profile	14
Employment outlook	15
Factors affecting demand for skills and labour	17
Implications for skills and workforce development	18
Strategies for the future	19
Introduction	23
List of recommendations	25
Part One: What is the current situation?	29
Overview of the retail industry	29
Economic contribution	29
Recent employment trends	37
Characteristics of the retail workforce	38
Productivity trends	46
Summary	47
Challenges facing the industry	51
Demographic changes	51
The rise of new technologies	56
New markets and products	60
Consumer demand for sustainable and ethical practices	62
Restructuring of the economy and changing consumer tastes	62
Summary	64
Supply of skills to the industry	67
VET courses	68
Higher education	80
Migration	81
Summary	82



Future outlook (medium and longer term)	85
Employment demand to 2017	85
Occupational demand	87
Employment demand to 2025	90
Demand and supply balance of skills in retail	95
Specialised occupations	95
Demand for back office and online support occupations	96
Data limitations	97
Summary	99
Part Two: Implications for skills and workforce development	101
The changing retail landscape	101
Strategies for the future	105
Attracting and retaining a capable workforce	108
Developing collaborative approaches to workforce development	114
Developing the workforce to meet future skills needs	116
Increasing the diversity of the retail workforce	124
Conclusion	129
Appendices	
Appendix A Retail classifications: division, subdivisions and groups (ANZSIC 2006)	131
Appendix B Types of retail businesses	132
Appendix C Qualifications used in VET analysis	133
Appendix D Retail traineeship and apprenticeship commencements by qualification	134
Appendix E Scenario projections, 2011 to 2025	136
Appendix F Retail study reference group	142
Bibliography	145



List of figures

Figure 1	Comparison of gross domestic product with gross value added for the Retail Trade industry 2007–08 to 2012–13 (chain volume measures), original terms	31
Figure 2	Retail industry subdivision contributions to industry value added, 2011–12 (\$m)	32
Figure 3	Change in retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data	34
Figure 4	Change in food retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data	34
Figure 5	Change in household goods retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data	35
Figure 6	Change in clothing, footwear and personal accessory retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data	35
Figure 7	Change in department stores retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data	36
Figure 8	Change in other retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data	36
Figure 9	Occupational categories that form part of the broader retail industry	41
Figure 10	Median full-time weekly earning in main jobs, 2013	45
Figure 11	Gross value added per hour worked for the Retail Trade industry and all industries 1995–96 to 2012–13	47
Figure 12	Age distribution of workers in retail and all industries, 2013 (percentage terms)	52
Figure 13	Percentage of females employed in retail sector compared to all industries (four-quarter average)	53
Figure 14	VET commencements in retail-related qualifications (including pharmacy)	70
Figure 15	Retail VET commencements in New South Wales	71
Figure 16	VET commencements in Victoria	72
Figure 17	VET completions in retail training packages (including pharmacy)	73
Figure 18	Commencements in pharmacy assistant training package	74
Figure 19	Traineeship and apprenticeship commencements in retail training package (including pharmacy)	76
Figure 20	Higher education domestic commencements and completions in field of education: sales and marketing	80



List of tables

Table 1	Retail Trade: employment share by business size, 2005–06 and 2011–12	30
Table 2	Australian retail market share, major retailers, 2010–11	33
Table 3	Historical employment and trend (annual average percentage growth) by retail industry subdivision (ANZSIC), 2013 (four-quarter average)	37
Table 4	Employment for the Retail Trade industry by state and territory, 2013 (four-quarter average)	38
Table 5	Percentage employed full-time and part-time for the retail industry and subdivisions, 2013 (four-quarter average)	39
Table 6	Composition of retail trade and total industry employees by gender, full-time/part-time and permanent/casual status, November 2012	40
Table 7	Top 30 retail occupations (ANZSCO four-digit) in retail industry and all industries, 2012 (four-quarter average)	42
Table 8	Qualification profile, retail industry and all industries, 2006 and 2011	44
Table 9	Literacy, numeracy and problem solving skill level of employed persons aged 15–64 years in Australia, Retail Trade and all industry, 2013	45
Table 10	Retail and market sector productivity trends	46
Table 11	Employment in retail by gender and age group, 2013 (four-quarter average)	54
Table 12	Gender distribution in the top five retail occupations, 2011	55
Table 13	Use of training in the last 12 months by employer characteristics, 2011 and 2013 (%)	68
Table 14	Total VET commencements in retail-related qualifications (including pharmacy) and total VET commencements	70
Table 15	VET completions in retail qualifications (including pharmacy) and total VET completions	73
Table 16	Commencement in VET in Schools retail-related courses (excluding fast food retailing)	75
Table 17	Traineeship and apprenticeship commencements in retail training package (including pharmacy)	75
Table 18	Employment outcomes for the VET graduates in Service Skills Australia training packages	77
Table 19	457 visas granted for select retail occupations, 2007–08 to 2012–13	81
Table 20	Employment projections by retail industry sector (ANZSIC) to 2017	86
Table 21	Employment projections for key retail occupations (ANZSCO four-digit) to 2017, all industries	87
Table 22	Projected employment demand for retail industry back office service occupations (ANZSCO four-digit) to 2017	89
Table 23	Average annual retail industry employment growth under four scenarios, 2011 to 2025 (% per annum)	91
Table 24	Retail traineeship and apprenticeship commencements by qualification, 2007–08 to 2012–13	134
Table 25	Total retail industry occupational employment projections, 2011 to 2025 (total and average annual growth)	136
Table 26	Total retail back office occupational employment projections, 2011 and 2025 (total and average annual growth)	137
Table 27	Replacement rates and total job openings by retail industry occupations resulting from replacement demand and employment growth to 2025 (total and average annual growth)	138
Table 28	Replacement rates and total job openings by retail industry back office occupations resulting from replacement demand and employment growth to 2025 (total and average annual growth)	139
Table 29	Balance between supply and demand of new qualifications for key retail occupations in 2025	140
Table 30	Balance between supply and demand of new qualifications for key retail back office occupations in 2025	141

Abbreviations and acronyms

ABS	Australian Bureau of Statistics
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ANZSIC	Australian and New Zealand Standard Industrial Classification
AWPA	Australian Workforce and Productivity Agency
GDP	gross domestic product
ICT	information and communications technology
NCVER	National Centre for Vocational Education Research
NWDF	National Workforce Development Fund
OECD	Organisation for Economic Co-operation and Development
RFID	radio-frequency identification
SME	small or medium-sized enterprise (in terms of employment)
TAFE	Technical and Further Education
VET	vocational education and training
VETiS	VET in Schools
WELL	Workplace English Language and Literacy Program



Glossary

attraction and retention	<p>Attraction—policies and practices of a workplace or sector that evoke interest or are attractive to potential employees.</p> <p>Retention—policies and practices of an employer that increase the attractiveness of a workplace resulting in fewer employees leaving the business (lower turnover). Retention can also refer to strategies to retain workers in an industry sector, region or supply chain.</p>
Bangladesh Accord	Accord on Fire and Building Safety in Bangladesh. A copy of the accord and a list of current signatories can be found at www.bangladeshaccord.org .
big data	High-volume, high-speed and diverse modes of information that requires advanced analytical techniques to organise and interpret and process.
disintermediation	Reduction in the use of intermediaries between producers and consumers.
geofencing	A feature in a software program that uses a global positioning system or radio frequency identification to define geographic boundaries. A geofence is a virtual barrier that enables location-based mobile marketing. For example, a marketer can geofence a retail store in a mall and send a coupon to a customer who has downloaded a particular mobile app when the customer (with a smart device) crosses the boundary.
gross value added	The value of output at basic prices minus the value of intermediate consumption at purchasers' prices. The term is used to describe gross product by industry and by sector. Valuation of output at basic prices removes the distortion caused by variations in the incidence of commodity taxes and subsidies across the output of individual industries.
human capital	The knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic wellbeing.
Household, Income and Labour Dynamics in Australia	A household-based longitudinal survey that began in 2001.
industry value added	An estimate of the difference between the market value of the output of an industry and the purchases of materials and expenses incurred in the production of that output.
Industry Skills Council	Eleven independent, not-for-profit Industry Skills Councils were established by the Australian Government. They provide integrated industry intelligence and advice to government and enterprises on workforce development and skills needs; actively support the development, implementation and continuous improvement of high-quality training and workforce development products and services, including industry training packages; and play a central coordination role for application to the National Workforce Development Fund.

labour productivity	Labour productivity estimates are indexes of real GDP per hour worked. They indicate the volume of output produced per hour of labour expended in production. Labour productivity indexes not only reflect the contribution of labour to changes in product per labour unit, but are also influenced by the contribution of capital and other factors affecting production.
mCommerce	Mobile commerce—the buying and selling of goods and services through wireless handheld devices such as mobile phones and tablets.
multi-channel retailing	A retail establishment that has both a physical bricks and mortar store and an online outlet.
omni-channel retailing	<p>A business that uses all shopping channels available today, from bricks and mortar through to the internet, catalogue, mobile, television etc. Branding and merchandise and promotions are not channel-specific but are consistent across all retail channels.</p> <p>It can be distinguished from multi-channel retailing in that it seeks to promote a more seamless approach to customer experience through all available shopping channels.</p>
productivity growth	When a nation achieves productivity growth, it is able to produce more goods and services from the same quantity of labour, capital, land, energy and other resources.
pure play retailing	A business that sells only through an online store.
QR code	A machine-readable code consisting of an array of black and white squares, typically used for storing URLs or other information for reading by the camera on a smartphone.
radio frequency identification	The wireless non-contact use of radio-frequency electromagnetic fields to transfer data for the purposes of automatically identifying and tracking tags attached to objects. The tags contain electronically stored information.
retail industry	<p>Those businesses that fall under Division G Retail Trade in the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 (ABS cat. no. 1292.0).</p> <p>The Retail Trade division includes businesses mainly engaged in the purchase and/or on-selling, the commission-based buying and the commission-based selling of goods, without significant transformation, to the general public. It also includes businesses that purchase and on-sell goods to the general public using non-traditional means, including the internet. Businesses are classified to the Retail Trade division in the first instance if they buy finished goods and then on-sell them (including on a commission basis) to the general public.</p>
retail workforce	Those working in businesses that fall under the retail industry definition.
showrooming	When customers check out items in a physical store and then use barcode scanners to find the cheapest price online.



Skilled Occupation List	The Skilled Occupation List determines which occupations are eligible for independent and family-sponsored skilled migration. The list is based on expert advice from AWPA to the Minister for Immigration and Border Protection and is updated annually on the Department of Immigration and Border Protection website. The occupations on the list reflect the Australian Government's commitment to a skilled migration program that delivers high-value skills that will help to address Australia's future skills needs.
Specialised Occupation List	The Specialised Occupation List, developed by AWPA, identifies high-value occupations for the purposes of determining where workforce planning attention is best directed. Occupations that meet two of the following three criteria are included on the list: <i>long lead time</i> : where skills acquisition requires extended learning and preparation over several years; <i>high use</i> : where there is a strong match between education and training and occupational outcome; and <i>high risk</i> : where potential disruption caused by undersupply is great, resulting in significant economic or community costs. High-quality information about the occupation must be available in order to assess the occupation against the criteria. The list is updated annually and published on AWPA's website.
tertiary education	Vocational education and training, and higher education
workforce development	Workforce development refers to those policies and practices that support people to participate effectively in the workforce and to develop and apply skills in a workplace context. It concerns itself with issues such as recruitment and retention, job design and career development as well as skills formation.
workforce planning	The process undertaken by an organisation or sector to identify the staffing needs required to achieve its objectives. This includes both a consideration of the numbers of workers and the skills required. This is an initial step in preparing a workforce development plan.



Overview

The market stall supplying farmers' surplus produce was probably the first example of retailing as we understand it today. It introduced the concept of displaying goods for purchase and attracted groups of people to browse and buy, which made it into a social as well as a commercial space. As villages and towns grew around the marketplace, it also became a key enabler of innovation.¹ Today, Australia's retail industry remains central to many communities, particularly in regional areas. It also contributes significantly to the national economy, employing more than one in 10 workers and accounting for about 5 per cent of the national economy.

Retail trade is defined as businesses engaging in the purchase and/or on-selling of goods to the general public, without significant transformation. It includes commission based buying and selling of goods. It is a diverse industry covering businesses such as supermarkets, service stations, car dealerships, pharmacies, department stores, clothing boutiques and the corner store. The goods can be sold through a number of channels from traditional stores to mail order and the internet.

Globally, the industry has been at the forefront of innovation, including the introduction of new technologies. In the past century we have seen shops move from corner stores to department stores and then to shopping centres, and now to the use of online platforms, electronic payment methods and social media.

Ongoing developments in technology, the economy and society mean that retail will continue to evolve, driving the need for a more highly skilled workforce. According to McKinsey & Company, 'further big changes are inevitable and retailers must act now to win in the long term'.²

As an industry undergoing significant transformation from the impact of technology combined with changing consumer expectations and behaviours, retail's challenge is to embrace these changes in a way that is profitable for businesses and that provides rewarding jobs for workers, while at the same time addressing the existing challenges to workforce development, including a general lack of a formal training culture within the industry, entrenched perceptions of the industry as being low skilled and lacking career prospects, and the general lack of leadership skills to drive innovation.

The current workforce

Australia's retail industry employs more than 1.2 million people. The largest occupational group is Sales Assistants (General), accounting for nearly one-third of employment across the industry.

Retail has one of the youngest age profiles, with almost three-quarters of workers aged under 45 years and more than a third aged 24 years or younger. The only industry with a younger workforce is Accommodation and Food Services. The age profile varies significantly across occupations, with younger workers clustered in sales roles and older workers in management roles. The industry is recognised for the role it plays in providing many young Australians with

1 Johnson S, 2010, *Where good ideas come from: the seven patterns of innovation*, Penguin, United Kingdom.

2 MacKenzie I, Meyer C and Noble S, 2013, *How retailers can keep up with consumers*, McKinsey & Company, www.mckinsey.com/insights/consumer_and_retail/how_retailers_can_keep_up_with_consumers.



their first job and equipping them with skills that are highly sought after in other industries, including customer service, teamwork, communication and conflict resolution.

Fifty-six per cent of retail workers are women (compared with the all-industries average of 46 per cent), and 49 per cent are employed part-time (compared with the all-industries average of 30 per cent). Again, these proportions vary considerably across occupations and subsectors. The industry is also characterised by a relatively high level of casual employment at 38 per cent, compared with the average across all industries of 26 per cent.

Part-time and casual working arrangements provide flexibility for employers seeking to accommodate fluctuations in demand. For many workers, the opportunity to earn an income during work–life transitions (such as while studying or caring, or in transition to retirement) is attractive. For families, particularly those living in regional areas, the second income that part-time and casual work provides helps to boost household incomes. Analysis of data from the Household, Income and Labour Dynamics in Australia longitudinal survey shows that many casual jobs in Australia are of long duration with regular hours, and that around one-third of casual workers in any one year transition to non-casual employment, often with the same employer.³

However, for those who get locked into low-paid and/or insecure work, the implications for living standards and financial independence can be significant. Many of these workers want more secure and stable working arrangements.⁴ Often, these employees do not have access to training opportunities apart from standard induction training.

The dual nature of the workforce, comprising a large number of casual staff alongside the core permanent workforce, presents challenges for skills and workforce development. Within the casual and part-time workforce, there will be some who view the work as a way of earning an income while pursuing study or other activities. Others, including women with caring responsibilities, may wish to seek full-time or permanent work once their caring responsibilities change. As employers struggle to retain workers, there is an opportunity to identify those who want to pursue a career in the industry and to target attraction and retention strategies accordingly.

Just under 40 per cent of employees work in small enterprises of fewer than 20 employees. Small and medium-sized enterprises (SMEs) face particular challenges in workforce development due to the difficulties and costs associated with releasing staff for training, even when public subsidies are available. For many larger retailers, pressures to remain sustainable and profitable mean that it can be difficult to find funds for training. Retail businesses in regional areas face additional difficulties in accessing training.

Education and training profile

The retail workforce has a relatively low level of formal qualifications (37 per cent of workers have a post-school qualification, compared with the all-industries average of 60 per cent). It is important to recognise that the low proportion in retail reflects, to a large extent, the age profile of the industry—many workers are also concurrently undertaking secondary schooling or their first post-school qualification.

3 Buddelmeyer H and Wooden M, 2008, *Transitions from casual employment in Australia*, Melbourne Institute of Applied Economic and Social Research.

4 Independent Inquiry into Insecure Work in Australia, 2012, *Lives on hold: unlocking the potential of Australia's workforce*, report commissioned by the Australian Council of Trade Unions.

While a career progression framework is outlined in the industry training package and higher education offerings, it is poorly understood by both employers and potential students, and generally underutilised. However, the use of unaccredited and informal training is high relative to most other industries.

The large number of casual and part-time workers (often students) in the industry means that lower level qualifications continue to play an important role. They provide skills training for entry-level workers, through programs such as VET in Schools and traineeships, and for second-chance job seekers. While many employers dismiss the value of retail qualifications for sales staff (indeed, recruitment is generally based on personal attributes and prior experience, rather than qualifications), research demonstrates the value of initial qualifications in providing individuals with employability skills and attachment to the labour market, as well as a stepping stone to higher level qualifications.⁵ They also provide workers with skills and competencies that are transferable to other industry sectors. Many job seekers believe that an entry-level qualification will give them an edge over other candidates when applying for jobs.

In 2012 around 44,651 students commenced publicly funded VET retail courses in Australia, up from 34,807 in 2007. The numbers commencing Certificates I and II have fallen, while commencements in higher level qualifications have grown. In 2012, Certificate III surpassed Certificate II as the predominant qualification; however, it is likely that this trend has been driven largely by funding incentives.

Higher education commencements in retail-related courses have remained relatively stable since 2006, and remain significantly smaller than annual VET commencements. However, the figures do not necessarily capture many of the back office-related qualifications, such as information and communications technology, marketing and management, which are generally not perceived by the public as being part of retail.

As a result of the steady growth in people studying retail qualifications, the proportion of retail workers holding a post-school qualification increased from 31.5 per cent to 37.6 per cent between 2006 and 2011.

Concerns have been raised by industry stakeholders about the complex funding arrangements across jurisdictions for retail qualifications, as well as recent changes to Australian Government incentives for employers engaging apprentices and trainees in retail occupations. According to industry, reductions in public funding for retail qualifications threaten to reduce the amount of structured training occurring in the industry at a time when more skills are needed. The removal of public funding for higher level qualifications in some jurisdictions may entrench existing perceptions that the industry is low skilled and lacks professionalism. Concerns have also been raised about the eligibility guidelines and co-contribution requirements for the National Workforce Development Fund.

Employment outlook

Looking at employment growth in the short to medium term (the next five years), the Department of Employment forecasts an increase in retail employment of 8.9 per cent to 2017, an average of 1.7 per cent per annum. This represents a projected increase of 109,100 workers. Over the past decade, retail employment has grown by an annual average of 1.0 per cent per annum. Over the past five years, however, it has only grown by an average of 0.2 per cent per annum.

5 Oliver D, 2012, *Lower-level qualifications as a stepping stone for young people*, NCVER, Adelaide.

According to the Department of Employment, strong employment growth is expected in a number of retail industry subsectors, including Electrical and Electronic Goods Retailing, Specialised Food Retailing, Retail Commission-Based Buying and/or Selling,⁶ Hardware, Building and Garden Supplies Retailing, and Supermarket and Grocery Stores.

Employment is projected to increase in key retail occupations over the next five years: Sales Assistants are projected to grow by an average of 2.2 per cent annum, Retail Supervisors by 2.5 per cent per annum and Sales Representatives by 2.1 per cent per annum.

Looking further ahead (to 2025), the scenario analysis developed by the Australian Workforce and Productivity Agency (AWPA) for the 2013 workforce development strategy, *Future focus*, suggests varying employment growth rates for retail depending on which scenario eventuates. Under all four scenarios, all retail subdivisions are projected to experience some employment growth to 2025, with the exception of Fuel Retailing and Other Store-Based Retailing in the lowest growth scenario, Ring of Fire. Employment in Non-Store Retailing and Retail Commission-Based Buying and/or Selling is expected to experience the strongest growth, although this is from a relatively small base.

For occupations, modest growth for roles such as Sales Assistants (General) and Storepersons is expected. Employment opportunities for Shelf Fillers and Checkout Operators and Office Cashiers are projected to decline under most of the scenarios.

Our analysis of the retail workforce, comparing likely future demand for labour with trends in supply from the education and training system, does not indicate any widespread current or medium-term shortages of skilled workers within the main occupations. However, industry reports difficulties in recruiting for higher level positions such as retail buying, merchandising, planning, marketing and digital skills, and notes that employers are sourcing workers from overseas, in particular the United Kingdom. The reasons why employers are having difficulties recruiting workers locally are worth exploring further.

It is also likely that skills gaps in the current workforce are inhibiting innovation and productivity growth. For example, managers are typically employed without a formal qualification and promoted internally with minimal development. There is evidence that this has created significant skills deficits, for example in basic financial management, people management and strategic thinking. More broadly, there is a general deficit of ICT and foundation skills, such as numeracy and literacy including digital literacy, across the workforce.

While the employment outlook for the main retail occupations is expected to be moderate, in both the medium and longer terms, a different mix of occupations may be needed to support a diverse range of retail business models in the future, particularly given the changes in technology and customer preferences that are redefining the industry.

6 This includes activities such as buying and selling goods to the general public on a fee or commission basis, including units that arrange the sale of goods on behalf of a principal, but do not take title to the goods themselves. The primary activities are commission-based milk vending, commission buying service, commission retailing of books, commission retailing of cosmetics, commission retailing of health foods and commission selling service. Australian Bureau of Statistics (ABS), 2013, *Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (revision 2.0)*, cat. no. 1292.0, ABS, Canberra, www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/C86773EF013C14B9CA257B9500133E5C?opendocument.



Factors affecting demand for skills and labour

The drivers of change in retail are profound and pervasive, encompassing changing demographics, changed economic circumstances and consumer preferences, globalisation, new forms of competition, a new awareness of the need for sustainable practice, and new and emerging technologies. With these changes come both opportunities and challenges for the industry.

There are significant opportunities for Australian retail in the continuing development of Asia and the growing appetite for consumer goods and services among Asia's emerging middle classes. At the same time, globalisation presents the industry with the challenge of international retailers establishing themselves in Australia and competing in the local marketplace, increasing the breadth of brands, products and services available to consumers. To capitalise on Australia's geographic location, Australian retailers need to develop knowledge and capability to identify opportunities within the global market; provide appropriate goods and services to international customers; and compete with large international retailers who can benefit from economies of scale.

Perhaps the most talked about change facing the industry is the ongoing impact of various technological innovations across all aspects of retail operations, which are posing significant challenges for the industry. The growth of online retailing, through pure play sites and multi-channel retailing (online sales coupled with bricks and mortar sites), is set to continue. Two-thirds of Australian consumers are now using the internet for shopping. In addition, a suite of options is emerging for in-store marketing, including the use of smart devices and other interactive technologies. Consumers are now receiving highly personalised marketing messages and using smart devices to compare prices and engage family and friends in decision making before they are ready to buy. A growing number then use online retailers to deliver directly to them, often from overseas. Retailers need a holistic strategy to integrate technologies across the enterprise, incorporating selling, supply chain management, inventory management and marketing.

Retailers operate in a market in which confidence, consumption and spending patterns are continually changing. This is occurring on a number of fronts. In recent years levels of consumption and the savings rate have adjusted to more 'normal' levels, and while consumer confidence improved in 2009 following the global financial crisis, it deteriorated throughout much of early 2011. Since then it has gradually picked up, but it is still relatively poor. A recent Deloitte Access Economics report forecasts real retail sales of 2.2 per cent for the 2013 calendar year, rising to 2.7 per cent in 2014 and 3.3 per cent in 2015. According to the forecasters, retail, like the economy as a whole, was patchy in 2013; however, fundamentals have improved with low interest rates, a relatively low dollar and a post-federal election bounce in consumer confidence.⁷

The composition of retail sales is also changing. Fresh food sales have continued to trend up quite strongly, as has spending on eating out and on 'other retail' (including, for example, stores selling mobile phones). For some years, however, spending in department stores, and in particular spending on clothing, footwear and household goods, has been growing only slowly. The industry is unlikely to see a return to the spending levels of the mid-1990s to mid-2000s in the short to medium term. This requires retailers to adjust their business models accordingly and suggests that training to increase labour productivity is more important than ever.

⁷ Australian Associated Press, 2013, 'Retail to improve on patchy 2013: Deloitte', *Financial Review*, 4 December, www.afr.com/p/national/retail_to_improve_on_patchy_deloitte_q1ofslJAgaJ0K1F8QTX3H.

Australian consumers are also seeking assurances about practices in all parts of the supply chain. While consumer demand for ethically procured and environmentally sustainable goods and services has been increasing for some time, growing consumer access to information and increasingly globalised supply chains mean that the industry is more sensitive than ever to issues of sustainability and ethics.

Traditionally, the retail industry has employed a large proportion of young people, particularly students. In the future, retailers will be competing with other industries for a cohort of younger workers whose share of the population and workforce will be gradually declining. This provides the opportunity for employers to seek workers from other sources that are not currently being tapped to full potential and through other approaches. Many of these workers will be seeking a career in retail rather than seeing it as a transitional job.

Retail businesses are responding in varying ways and at varying paces to these challenges. Business practices are changing, with a renewed focus on customer service and loyalty, together with environmental sustainability and ethical procurement, new ways of marketing, the development of alliances and collaborations, and the provision of 'add-on' services and in-store attractions. The physical footprint of retail is also changing.

Implications for skills and workforce development

While there is a significant body of research looking at retail trends, in particular the impact of new technologies, there is less research on the implications for attracting, developing and retaining a skilled workforce.

The retail industry has the opportunity to capitalise on Asia's growing middle class and its appetite for luxury brands, unique products and quality. The advent of the 'global marketplace' also provides opportunities for retailers to capture a greater share of international visitor spending, as well as for Australian retailers to establish a presence in overseas markets. Capitalising on these opportunities will require the workforce to develop new and more complex skills in cross-cultural communication, language proficiency, merchandising and marketing.

Among the many changes occurring in the Australian retail industry, perhaps the most transformative are those resulting from new technologies. The growth in sales through online channels, coupled with the shift to mobile smart devices and increasingly sophisticated technologies in bricks and mortar establishments, all have implications for the skills needs of the workforce.

As retail environments introduce greater levels of technology, there is an expectation that sales staff will have a deeper level of product knowledge, as well as advanced problem-solving skills and digital literacy. There is also a growing need for staff to have data analysis skills to understand and respond to the preferences of individual customers, and to have the specialist skills required to access, design and implement new technology solutions.

Sales staff will also need more sophisticated interpersonal skills and the capacity to provide a unique and compelling experience for customers. Product manufacturers and retailers have been working to promote the benefits of environmentally friendly stock as a form of product differentiation and to attract this emerging group of consumers. For these efforts to be effective, the product knowledge of sales staff on the environmental credentials of individual products requires continual updating.

While the need for a more highly skilled retail workforce is evident from this analysis, a number of barriers exist, including cost barriers associated with training, particularly for SMEs; the complexity and availability of public funding for retail training; entrenched perceptions of the industry as being low skilled and lacking career prospects; a lack of dedicated human resources personnel in many (again, particularly smaller) firms to support workforce development strategies; and a general lack of leadership skills across the industry to drive strategic change and industry transformation. Further, for new and emerging jobs, including back office and support roles, the skills required are not yet fully defined, and there is a lack of awareness that these roles are part of the retail industry.⁸

Strategies for the future

In the past, employers in the retail industry have had little difficulty attracting staff. Now, however, they are increasingly finding it hard to recruit suitable staff, battling the negative perceptions of the industry that are common in the community. Staff turnover is higher than average, as workers leave the industry for other jobs once they have completed their study, or seek work in other industries that are perceived as more attractive. There is a growing recognition within the industry that coordinated action and leadership is needed to address these issues.

This study has identified a range of strategies designed to address the workforce challenges and opportunities facing the industry.

Attracting and retaining a capable workforce

The starting point for improving attraction and retention is to address the perception issues (including self-perception) facing the industry by showcasing a range of interesting and innovative jobs in the industry to shift people's thinking from the stereotype of 'everydayness' associated with retail jobs. Industry leaders and champions can use case studies to promote a more positive and professional image of the industry based on success stories, as well as focus on the things that currently attract people to work in the industry.

Strategies that directly target different groups through customised resources and awareness campaigns will be more effective than a one-size-fits-all approach. Customised programs can be developed by identifying and focusing on those who want to pursue a career in the industry. The target group may be young people already working in the industry, people studying relevant qualifications at the tertiary level (such as marketing or other back office areas), or those looking for a second-chance career.

Currently, recruitment to the industry is generally through family or social ties. Many workers 'fall into' retail jobs, rather than making a conscious choice to work in the industry. Strategies to improve recruitment and retention could include expanded opportunities for training and development (including for casual and part-time staff), job redesign to allow employees to undertake a wider variety of tasks, structured career paths within organisations, and rewarding staff for good performance. It is also important that prospective employees have a chance to 'try before they buy', for example through VET in Schools programs which incorporate a work placement and through other opportunities for work experience. Employers that provide these opportunities also have a chance to identify capable and committed recruits.

8 Australian Centre for Retail Studies, 2007, *Shopfloor to boardroom*, Monash University, Melbourne.

In this report, APWA recommends that an industry promotion strategy be developed, underpinned by credible and comprehensive resources that demonstrate and showcase individuals and jobs within the industry, as well as the available career pathways. The strategy should be led by industry and could be funded through contributions from interested industry associations and individual retailers. The views of current and prospective employees will be important in capturing what currently attracts people to the industry and what keeps them there.

To address the concerns raised by stakeholders about funding for retail qualifications, AWPWA also recommends that governments provide funding for Certificate II level qualifications in retail where a Certificate II is demonstrated to be the industry standard entry-level qualification and preferably where the training is integrated with structured workplace learning.

Developing collaborative approaches to workforce development

Increasingly, retailers recognise that, as the industry transforms and struggles to retain suitable workers, there is a need to collaborate on areas such as skills and workforce development, including workforce planning. Collaboration could be through clusters of retailers from a particular region, sector or parts of the supply chain. A number of successful initiatives have been developed in recent years through the National Workforce Development Fund, state-based programs and industry and regional collaborations. These are highlighted throughout the report.

AWPA recommends that the learnings from these initiatives be used to develop a cluster-based development program for business owners on growing and structuring their workforce to support and build profitable businesses in the future. This could be based on the successful Workforce Futures initiative operating within the Tourism and Hospitality sector, and could be funded through a National Workforce Development Fund innovative project.

AWPA also recommends that industry partners work together to develop a project focused on supporting small businesses in regional areas to recruit labour and skills and to build the adaptive capacity of workers within regions. The project could be based on the Mackay Retail Connect initiative. Again, funding could be sought through the National Workforce Development Fund innovative projects stream.

Developing the workforce to meet future skills needs

In developing a more highly skilled workforce to support industry transformation and improve productivity, some key areas of focus have been identified:

- developing a skilled and adaptable sales workforce, with a focus on customer service and product knowledge
- developing managers and leaders who can run the day-to-day business while responding to the strategic challenges of change, including new business models
- understanding and developing the skills for back office and emerging functions
- an ongoing commitment to developing the ICT skills (including digital literacy) and foundation skills of the workforce more broadly.



The tight operating environment facing retailers, combined with a general lack of understanding of the value of training, currently militates against employers' investment in structured training. A new targeted approach is needed which develops appropriate strategies based on the requirements of the job and the workplace, as well as the career aspirations of employees and students. For some employees, online and or short workshops combined with on-the-job training are all that is required. For others, a base qualification followed by skill sets in particular areas of knowledge may be appropriate. For those pursuing a career, higher level VET or higher education offerings will be more suitable. It is important that, regardless of entry point, workers can progress to higher level positions, supported by appropriate quality education and training.

This type of targeted approach will require a shift in the mindset of both workers and employers, supported by appropriate funding models and access to business and workforce development advice. A better understanding of the nature of emerging and converging jobs, and their education and training pathways, will also be required.

AWPA recommends that the Industry Skills Council for the sector, Service Skills Australia, develop an education and awareness program focused on the value of investing in skills to educate business owners on the returns on investment from training. To support this, Service Skills Australia should review the training and education standards and pathways for existing and new jobs in the industry, including working with the higher education sector to explore suitable offerings and articulation arrangements. The starting point for this work would be gaining a better understanding of the skills needed across all occupations in the industry.

To develop and foster the skills required for innovative approaches to change, AWPA recommends that a national retail executive program be developed, based on the South Australian model and other relevant examples; and that retail businesses have access to the business development services offered by Enterprise Connect, and that these be closely linked with the services currently available through Skills Connect. Retail leaders will need the skills to develop new business models, as well as embrace high-end ICT solutions.

The industry's commitment to training and employee retention could also be increased through a greater focus on work-integrated learning, including cadetships and internships. Again, Service Skills Australia would have an important role here in identifying appropriate education and training offerings that could be linked to these employment arrangements.

Increasing the diversity of the retail workforce

Increasingly, retailers will be competing with other industries for a cohort of younger workers whose share of the population and workforce will be gradually declining. The competition will be particularly fierce in some regional areas. The predicted shortage of younger workers provides the opportunity for employers to seek workers from other sources that are not currently being tapped to full potential. A more diverse workforce also brings with it different approaches to problem solving and decision making in businesses.

AWPA recommends that targeted strategies be developed to attract under-represented groups, including Indigenous people and people with a disability. These strategies should build on the examples provided in the case studies included in this report and be supported through public funding, including for language, literacy and numeracy training and wraparound support services such as mentoring.

Introduction

The retail industry remains central to our sense of community and is a significant driver of innovation.⁹ While the industry continues to serve the public by providing access to markets for producers and access to goods and services for consumers, it is experiencing significant transformation in response to changes in technology, society and the economy. A more highly skilled workforce, together with strong industry leadership, will be critical to a successful transition for the industry.

A number of characteristics set the retail workforce apart from other industries' workforces. It has one of the youngest age profiles of all industries and has a higher than average proportion of female, part-time and casual workers. The industry is also diverse, spanning 14 sectors. This has significant implications for a coordinated approach to workforce development.

Retail-specific occupations include sales assistants, retail managers, brand managers, retail supervisors, buyers, merchandisers and merchandise planners, and shelf fillers. A distinction is often made between *in-store positions* (sales assistants, retail managers, retail supervisors and shelf fillers) and *back office and support positions* (those employees who work in retail but do not normally have customer contact, such as merchandisers, buyers, human resources personnel, marketing and ICT workers).

There are also a number of non-retail-specific occupations employed within the industry, covering functions such as finance and accounting, public relations, warehousing and logistics.

A growing number of positions are emerging to support online platforms and technology adoption, including areas such as data analysis, online design and development, and online customer service, as well as supply chain platforms and the logistics of home delivery.

A permanent core workforce is supported by a large workforce of casual and part-time workers.

Business types include department stores, supermarkets, speciality stores, franchises, door-to-door sales, pure play, retail chains and family businesses. Increasingly, retail businesses are moving to a multi-channel presence (establishments that have both a physical bricks and mortar store and an online outlet).

This study explores the factors shaping the future of the retail workforce, including:

- changing demographics (including the ageing workforce and population)
- opportunities arising from the Asian century and globalisation
- restructuring of the economy and changing consumer spending patterns and preferences
- the risks and opportunities presented by the rise of new technologies and what this means for skills
- human capital and opportunities for reskilling and upskilling.

The focus of this study is on the implications for workforce development.

Workforce development refers to those policies and practices that support people to participate effectively in the workforce and to develop and apply skills in a workplace context. It concerns

9 Johnson S, 2010, *Where good ideas come from: the seven patterns of innovation*.

itself with issues such as recruitment and retention, job design and career development as well as education and training. Workforce development activities within a firm can help improve productivity by enabling innovation through better management practices and organisational change.¹⁰

In undertaking this study we have worked closely with the national Industry Skills Council for the sector, Service Skills Australia. In doing so, we have built on the extensive work already done by Service Skills Australia on the *Retail futures* project. The findings of that study have been confirmed and extended by the industry reference group established for this current study, and the extensive consultations we have had (and submissions we received) from industry stakeholders.

Part One of the report looks at recent trends and the current profile of the industry and its workforce and discusses the challenges and opportunities facing retail. It also presents an analysis of industry skills supply and demand and the future outlook for employment.

Part Two looks at the implications for skills and workforce development and presents strategies to address the industry's workforce development challenges.

The recommendations put forward in Part Two of the report are grouped under four workforce development themes aimed at:

- *attracting and retaining a capable workforce* by targeting attraction and retention strategies to identified segments of the workforce and prospective workforce; promoting a positive and professional image of the industry based on success stories and identified career pathways; and providing greater opportunities for training and more diverse work for casual and part-time staff as well as rewarding staff for good performance
- *developing collaborative industry approaches to workforce development* across sectors, regions and supply chains
- *developing the workforce to meet future skills needs* through a focus on building a skilled and flexible sales workforce, developing managers and leaders who can respond to the strategic challenges, understanding and developing the skills for back office and emerging functions, and an ongoing commitment to developing the ICT and foundation skills of the workforce.
- *increasing the diversity of the retail workforce* through new approaches to recruitment and job design, and the development of innovative approaches to increasing workforce participation among under-represented groups.

The recommendations are intended to be implemented jointly by industry, unions, governments and education and training providers, with input from workers and job seekers.

10 Skills Australia, 2010, *Australian workforce futures*, Commonwealth of Australia, Canberra.

List of recommendations

Recommendation 1

That retail industry leaders develop and lead a promotion strategy to demonstrate to existing and potential workers the range of jobs and career opportunities within the industry, in order to attract and retain skilled and committed workers, and raise the public perception and professionalism of the industry.

Recommendation 2

That a suite of resources be developed by industry, in conjunction with Service Skills Australia, to support Recommendation 1. These resources would demonstrate the complexities and rewards of jobs in retail, as well as showcase a number of innovative individuals who have built successful retail careers. These resources should bring together the best of existing resources developed by state, territory and Australian governments and industry associations.

Recommendation 3

That governments provide funding for Certificate II level qualifications in retail where a Certificate II is demonstrated to be the industry standard entry level qualification and preferably where the training is integrated with structured workplace learning. Public funding should be available for both training subsidies and employer incentives. Individuals who gain a Certificate II at entry level should also have access to subsequent skill sets subsidised through public funding. This will help increase the number of workers within the industry who have nationally recognised qualifications and support upskilling and reskilling of the existing workforce.

Recommendation 4

That a cluster-based development program for business owners on growing and structuring their workforce be developed, to develop, support and build profitable businesses in the future. This could be based on the successful *Workforce Futures* initiative operating within the Tourism sector, and could be funded through a National Workforce Development Fund innovative project.

Recommendation 5

That industry work together to develop a project focused on supporting small businesses in regional areas to recruit labour and skills and to build the adaptive capacity of workers within regions. The program could be based on the Mackay *Retail Connect* initiative. Again, funding could be sought through the National Workforce Development Fund innovative projects stream.

Recommendation 6

That Service Skills Australia develop an education and awareness program focused on the value of investing in skills, to educate business owners (particularly SMEs) on the returns on investment from recognised training.

Recommendation 7

That Service Skills Australia review the training and education standards and pathways for existing and new jobs in the industry, including working with the higher education sector to explore suitable offerings and articulation arrangements. These standards and pathways should be based on an updated analysis of the skills and knowledge required for contemporary and emerging jobs in the industry.

Recommendation 8

That a national retail executive program be established to develop and foster the skills required for innovative approaches to change among retail managers and leaders, and potential leaders, including high-level ICT skills and an understanding of changing business models.

Recommendation 9

That retail businesses have access to the business development services provided through the Australian Government's Enterprise Connect program, and that they be closely linked with the services currently available through Skills Connect. This would include joint funding proposals (including through the National Workforce Development Fund) to achieve greater alignment of business improvement and skills programs that support workforce development for businesses in the retail industry.

Recommendation 10

That retail employers and education and training providers, supported by Service Skills Australia, work together to increase the number of work-integrated learning options in retail, including through cadetships and internships aimed at those employees seeking a career in retail.

Recommendation 11

That public funding be provided for programs to support workforce participation of Indigenous Australians, people with a disability and other under-represented groups in the industry, especially for programs coordinated by employers and/or retail industry associations. The programs should provide tailored support services (including language, literacy and numeracy services) to those who require them, based on existing successful models.



Part One: What is the current situation?

This part of the report provides an overview of the retail industry by examining its importance in the Australian economy and recent trends, including changes to its structure, levels of employment and productivity. It then looks at the current and projected demand and supply balance for employment by occupation and skills.

Overview of the retail industry

Economic contribution

The definition of the retail industry used in the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 is as follows:

The Retail Trade Division includes units mainly engaged in the purchase and on-selling, the commission-based buying, and the commission-based selling of goods, without significant transformation, to the general public. The Retail Trade Division also includes units that purchase and on-sell goods to the general public using non-traditional means, including the internet.¹¹

The industry is large and diverse. It covers 14 subsectors: motor vehicle retailing; motor vehicle parts and tyre retailing; fuel retailing; supermarket and grocery stores; specialised food retailing; furniture, floor coverings, houseware and textile goods retailing; electrical and electronic goods retailing; hardware, building and garden supplies retailing; recreational goods retailing; clothing, footwear and personal accessory retailing; department stores; pharmaceutical and other store-based retailing; non-store retailing; and retail commission-based buying and/or selling (see Appendix A).

Just over 140,000 businesses were operating in the retail industry in June 2012, of which around 80,000 employed staff.¹² Included within the retail sector are a wide range of enterprise types, such as supermarkets, department stores, specialty chains, commission-based retail, convenience stores and online stores (see Appendix B). The sector comprises a range of large employers, retail chains and franchises, but is predominantly made up of small and medium-sized enterprises (SMEs).

According to Australian Bureau of Statistics (ABS) data, large firms with 200 or more staff employ the majority of the workforce, although their share declined from 47 per cent to 44 per cent between 2005–06 and 2011–12 (see Table 1).¹³

11 ABS, 2006, *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 (revision 1.0)*, cat. no. 1292.0, ABS, Canberra.

12 ABS, 2012, *Counts of Australian businesses, including entries and exits*, cat. no. 8165.0, ABS, Canberra.

13 ABS, 2013, *Australian industry, 2005–06; Australian industry, 2011–12*, cat. no. 8155.0, ABS, Canberra.

Table 1 Retail trade: employment share by business size, 2005–06 and 2011–12

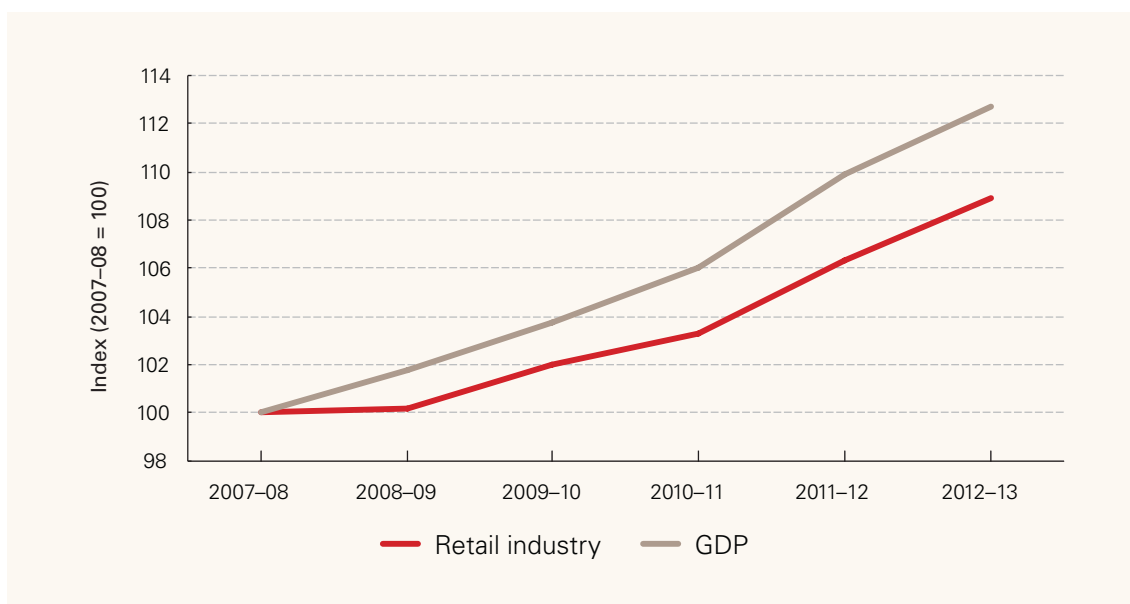
Employing businesses by size	Employment at 30 June ('000)	% share
Small (1–19 employees)		
2005–06	431	34
2011–12	473	36
Medium (20–199 employees)		
2005–06	238	19
2011–12	260	20
Large (200+ employees)		
2005–06	586	47
2011–12	566	44
Total		
2005–06	1,387	
2011–12	1,300	

Source: ABS, *Australian industry, 2005–06*; *Australian industry, 2011–12*, cat. no. 8155.0.

The retail industry contributed 4.5 per cent (\$68.5 billion) to gross domestic product (GDP) in 2012–13.¹⁴ Figure 1 shows that gross value added in the retail industry has been increasing since 2008–09 but at a slower rate than overall gross domestic product.

14 ABS, 2012, *Australian system of national accounts*, cat. no. 5204.0, ABS, Canberra.

Figure 1 Comparison of gross domestic product with gross value added for the Retail Trade industry 2007–08 to 2012–13 (chain volume measures), original terms

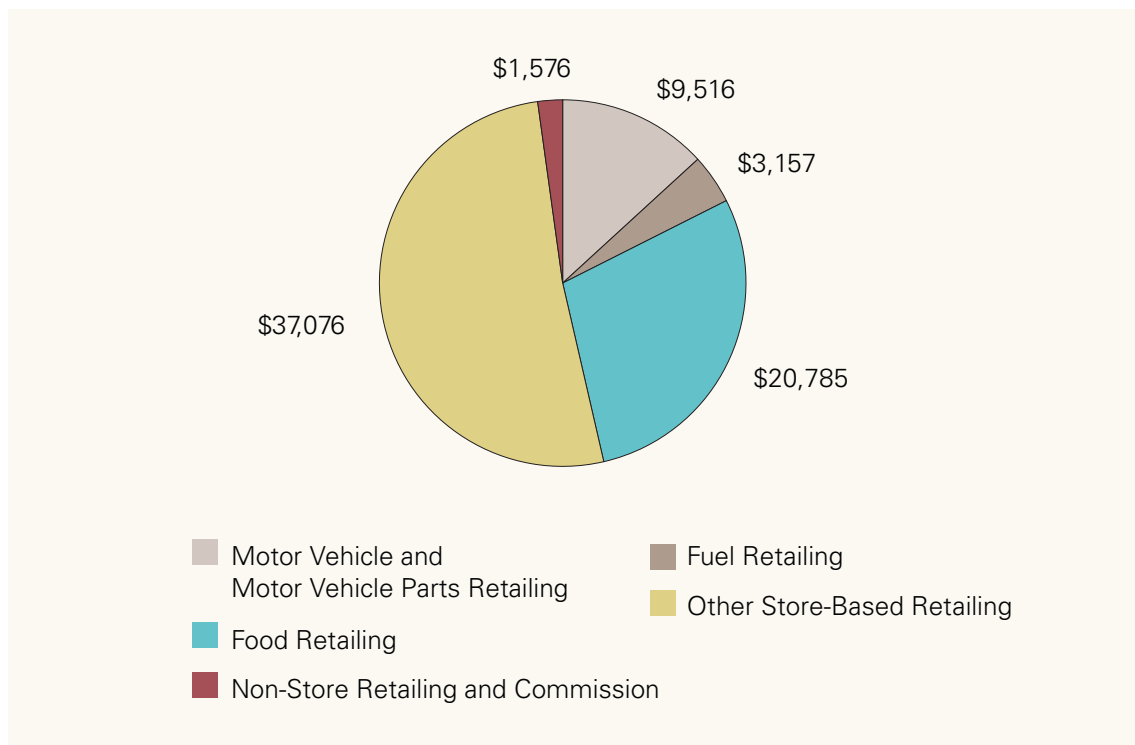


Source: ABS Australian System of National Accounts, 2012–13 (cat. no. 5204.0).

Figure 2 shows the contribution each retail sub-division makes to industry value added for the retail industry. Industry value added has been used as an alternate measure to GVA as the ABS National Accounts collections do not break down retail gross value added by subdivision. The latest available data, in Figure 2, shows that the largest industry subdivision contributor to industry value added in 2011–12 was Other Store-Based Retailing with 51 per cent. That subdivision includes furniture, electrical, hardware, recreational goods, clothing and accessory retailing, department stores and pharmaceutical retailing (see Appendix A for the full list). The next largest industry subdivision was Food Retailing with a 21 per cent contribution. Non-Store and Commission-Based retailing includes online pure play retailing, which represents 2 per cent of the industry subdivision value. However, it does not include all online retailing as the ABS classifies the online sales of retailers into one of the other subdivisions if online sales make up a minor share of a multi-channel retailer.¹⁵

¹⁵ Ibid., p. 32.

Figure 2 Retail industry subdivision contributions to industry value added, 2011–12 (\$m)



Source: ABS, 2013, *Australian industry, 2011–12*, cat. no. 8155.0.

Table 2 shows the largest firms by market share within selected industry categories in 2010–11. In the food and liquor sector, the two largest retailers (Woolworths and Coles) accounted for a combined 65 per cent of market share, followed by Metcash. Within the department stores category, market share was distributed across five major retailers.

Sales in the retail industry vary between non-discretionary goods (food and groceries) and discretionary goods (household goods and other retailing). Factors that affect retail sales include levels of disposable income, interest rates and employment growth, as well as one-off effects on consumers' willingness to spend.¹⁶ A key factor impacting on retail sales is the diminishing share of household expenditure on retail goods.¹⁷ Variation in demand for retail goods is affected by determinants such as product trends, consumer spending patterns and seasonality.¹⁸

¹⁶ Ibid., pp. 46–47.

¹⁷ ABS, 2013, *Retail trade, Australia, May*, cat. no. 8501.0, ABS, Canberra.

¹⁸ IBISWorld, 2009, 'Retail trade in Australia: G', *IBIS World Industry Report*, p. 11.

Table 2 Australian retail market share, major retailers, 2010–11

Sector	Major retailers	% share
Food and liquor	Woolworths	38
	Coles	27
	Metcash (including Franklins) ^a	20
Department stores	Big W	25
	Target	22
	Kmart	21
	Myer	19
	David Jones	12
Clothing^b	Just Group	6
	Specialty Fashion	5
	Country Road	3
	Oroton	2
	Kathmandu	1
Electrical	Harvey Norman ^c	23
	JB Hi-Fi	17
	Dick Smith Electronics	8
Hardware	Bunnings	19
	Reece	5
	Mitre 10	4
	Tradelink	3
	Danks	3

a—Based on an estimated retail mark-up of 80 per cent for Metcash and 50 per cent for Danks and Mitre 10.

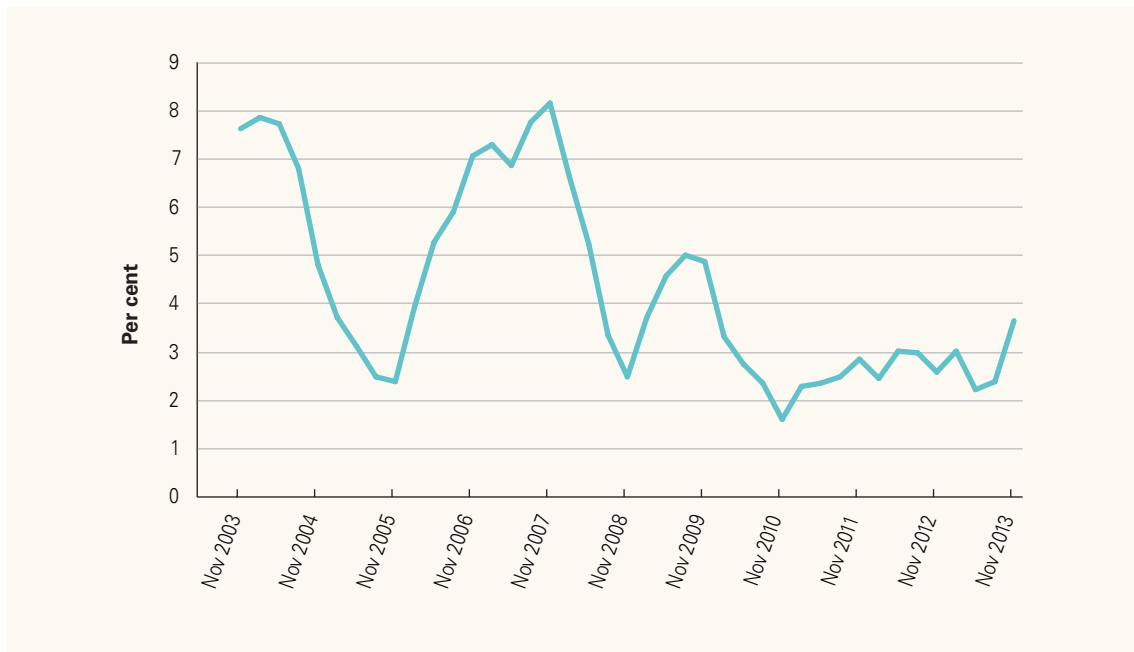
b—Citi data rounded to nearest per cent.

c—Harvey Norman only includes electrical and computer franchises, which are Citi estimates.

Source: Productivity Commission 2011, *Economic structure and performance of the Australian retail industry*, inquiry report no. 56, p. 37 (citing Citi Investment and Research, 2011, *What's in store? Issue 42: FY11 retail results: trying to protect margins*, 6 October).

Figure 3 shows changes in total retail sales (excluding cafes, restaurants and takeaway food services) between 2003 and 2013; Figures 4 to 8 show trends over the same period in five key sectors. Retail and its component industry subdivisions have recorded lower levels of sales growth since around the time the global financial crisis began in 2007–08. Some industry subdivisions have fared better than others; for example, Food Retailing is the only sector to continually record positive growth rates. The other four sectors shown have all had periods of cyclical negative growth since 2007–08. The variation in growth in retail sales between industry subdivisions has also had an effect on levels of employment. Employment trends in retail industry sectors are discussed further below.

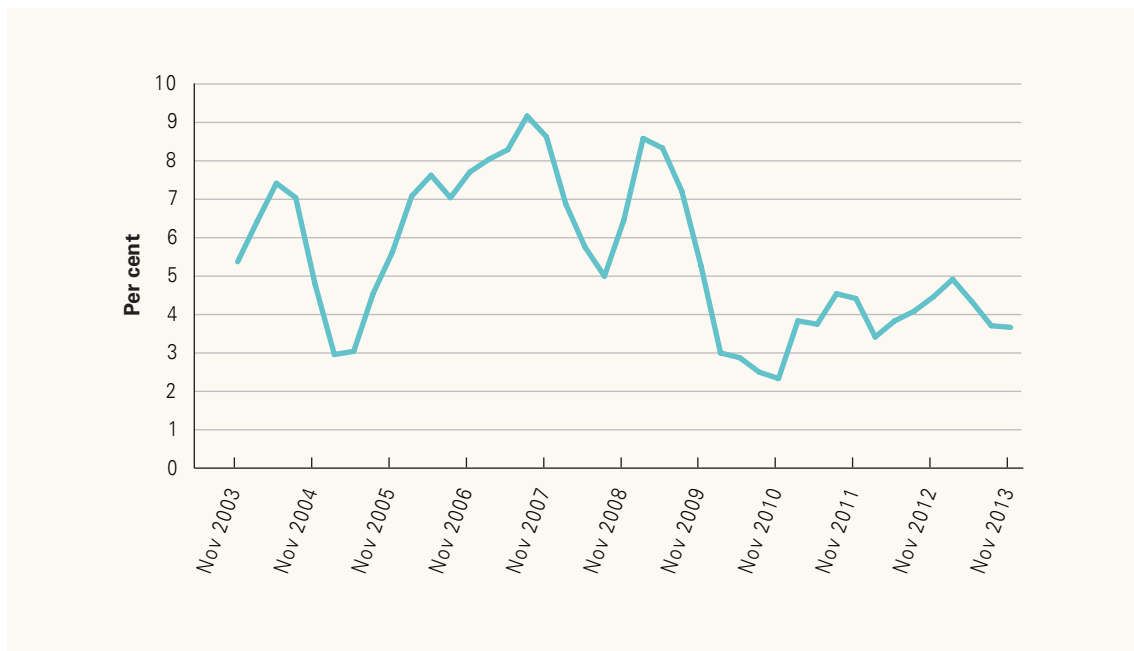
Figure 3 Change in retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data



Note: Data excludes cafes, restaurants and takeaway food services.

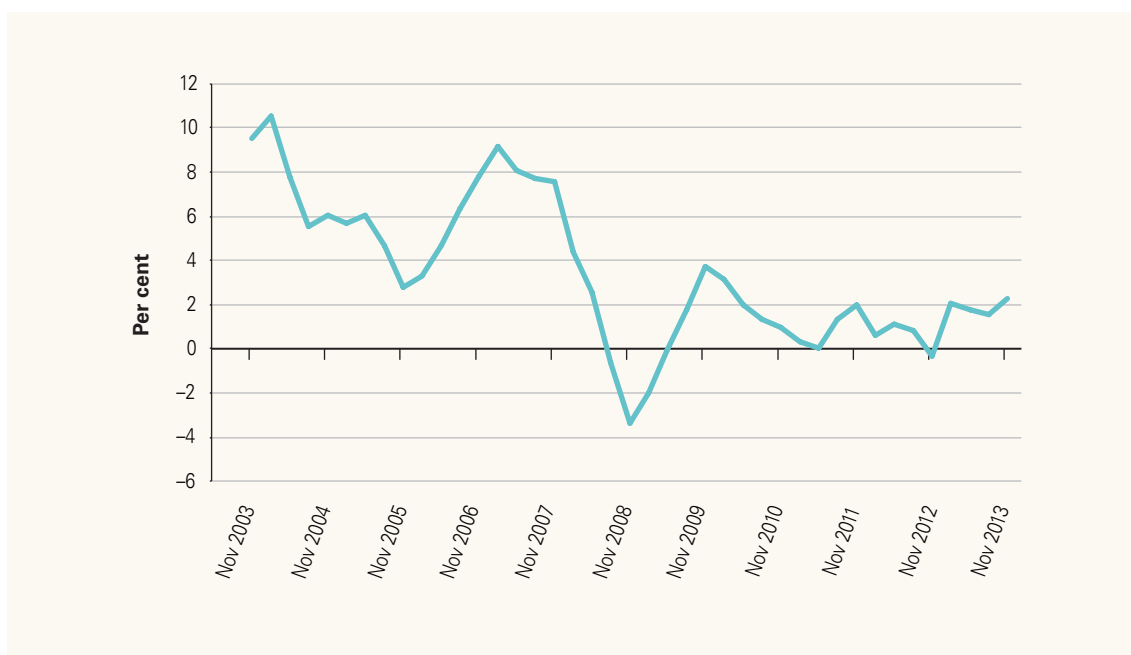
Source: ABS, *Retail trade*, cat. no. 8501.0.

Figure 4 Change in food retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data



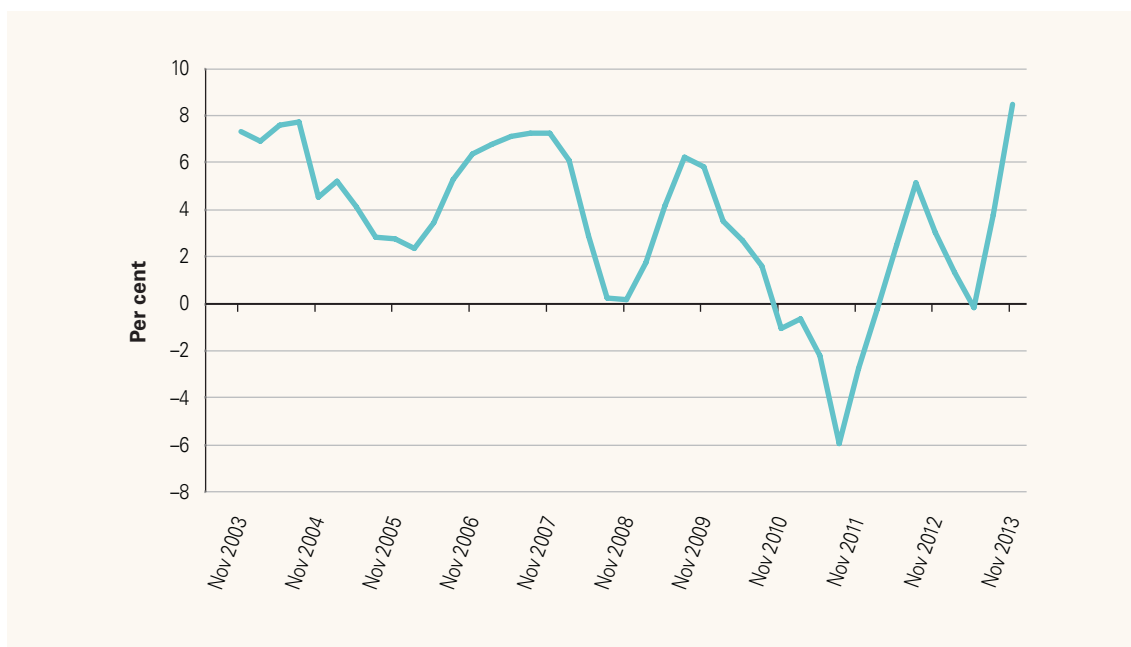
Source: ABS, *Retail trade*, cat. no. 8501.0.

Figure 5 Change in household goods retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data



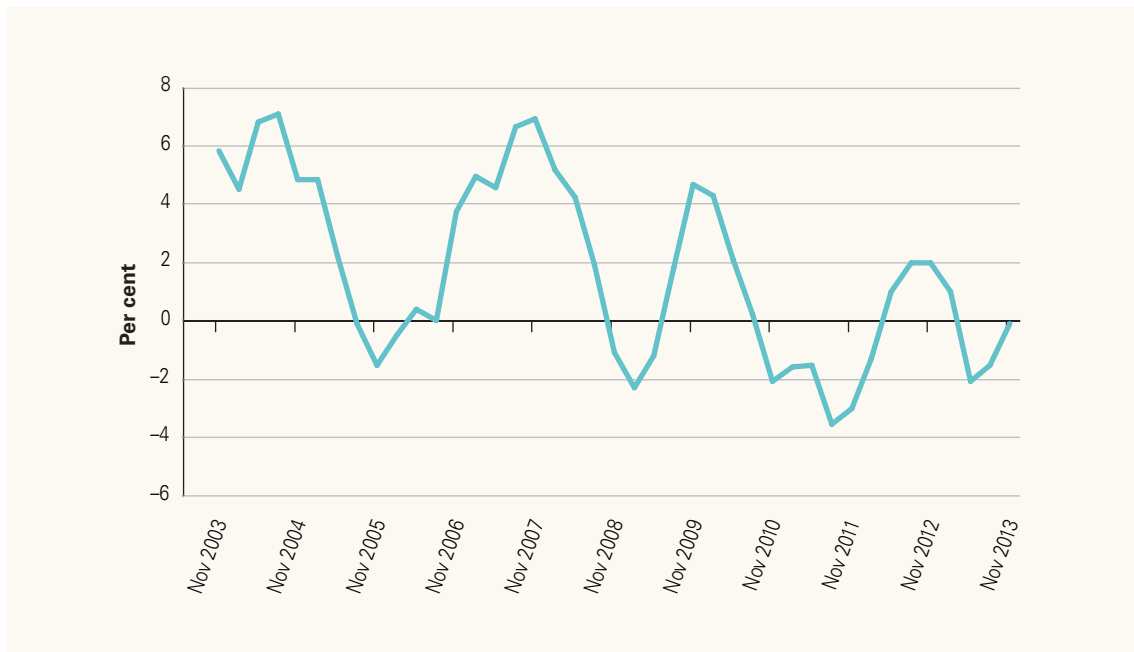
Source: ABS, *Retail trade*, cat. no. 8501.0.

Figure 6 Change in clothing, footwear and personal accessory retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data



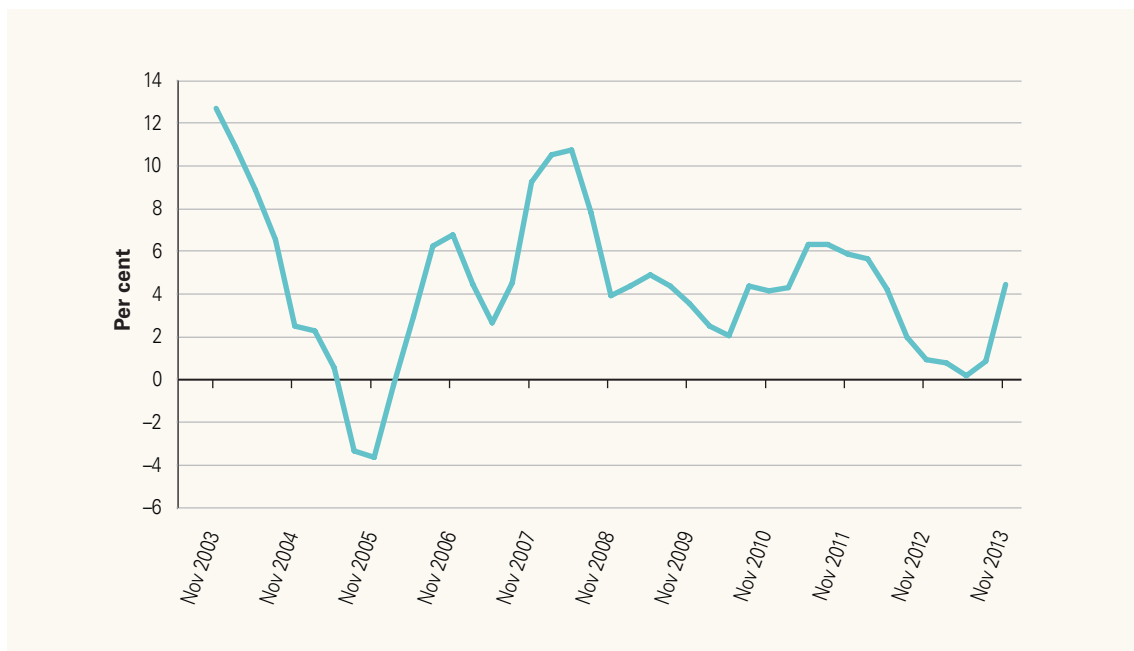
Source: ABS, *Retail trade*, cat. no. 8501.0.

Figure 7 Change in department stores retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data



Source: ABS, *Retail trade*, cat. no. 8501.0.

Figure 8 Change in other retail sales (annual percentage change—current prices), November 2003 to November 2013, trend data



Source: ABS, *Retail trade*, cat. no. 8501.0.

Recent employment trends

The retail industry employs more than 1.2 million workers or 10 per cent of the Australian workforce and is the second-largest employing industry in Australia.

Over the past decade retail employment has grown at an annual average rate of 1.0 per cent per annum. Taking a shorter perspective, however, shows that employment has been growing at a slower rate (0.2 per cent per annum) over the past five years.

Table 3 shows that the largest employing industry subdivision is Other Store-Based Retailing, with 646,500 employees in 2013, followed by Food Retailing with 390,000 employees.

Table 3 Historical employment and trend (annual average percentage growth) by retail industry subdivision (ANZSIC), 2013 (four-quarter average)

Industry/subdivision	2003 (‘000)	2008 (‘000)	2013 (‘000)	Five-year annual average growth (%)	10-year average annual growth (%)
Retail Trade	1121.2	1230.5	1240.2	0.2	1.0
Motor Vehicle and Motor Vehicle Parts Retailing	85.8	91.1	92.1	0.2	0.7
Motor Vehicle Retailing	62.6	68.4	66.4	-0.6	0.6
Motor Vehicle Parts and Tyre Retailing	23.1	22.6	25.6	2.5	1.0
Fuel Retailing	44.3	38.3	35.9	-1.3	-2.1
Food Retailing	345.9	389.9	390.0	0.0	1.2
Supermarket and Grocery Stores	255.7	286.1	281.1	-0.4	1.0
Specialised Food Retailing	89.8	102.1	101.6	-0.1	1.2
Other Store-Based Retailing	631.9	665.2	646.5	-0.6	0.2
Furniture, Floor Coverings, Houseware and Textile Goods Retailing	46.3	47.9	47.6	-0.1	0.3
Electrical and Electronic Goods Retailing	59.1	75.3	62.5	-3.6	0.6
Hardware, Building and Garden Supplies Retailing	61.0	73.6	70.2	-0.9	1.4
Recreational Goods Retailing	67.7	80.0	63.5	-4.5	-0.6
Clothing, Footwear and Personal Accessory Retailing	116.6	133.0	148.9	2.3	2.5
Department Stores	101.3	94.5	90.1	-0.9	-1.2
Pharmaceutical and Other Store-Based Retailing	179.5	159.4	162.3	0.4	-1.0
Non-Store and Retail Commission-Based Buying and/or Selling	3.8	9.1	19.8	16.8	18.0
Non-Store Retailing	3.8	8.4	19.1	17.7	17.6
Retail Commission-Based Buying and/or Selling	0.0	0.7	0.3	-13.9	-

Source: ABS, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

Over the past decade, the strongest employment growth was recorded in Non-Store Retailing, with an average annual rate of 17.6 per cent per annum (albeit from a small base of just 3,800 employees in 2003).

In numerical terms, the sector providing the most new jobs over the past decade was Food Retailing with 44,100 new jobs. All of these were created in the first half of the decade, with employment remaining stable over the past five years. Three-quarters of the new Food Retailing jobs over the decade were in the Supermarket and Grocery Stores subdivision. Employment also grew strongly in Clothing, Footwear and Personal Accessory Retailing, with 32,300 new jobs.

The largest decline in employment in percentage terms over the past decade occurred in Fuel Retailing, with a decline of 2.1 per cent annum—a total of 8,400 jobs. In numerical terms, significant jobs were lost in Pharmaceutical and Other Store-Based Retailing over the decade (17,200 jobs). Employment in the subdivisions of Electrical and Electronic Goods Retailing and Recreational Goods Retailing grew strongly in the first half of the decade but then declined sharply in the second half.

Characteristics of the retail workforce

Table 4 gives a breakdown of retail industry employment by state and territory. Australia's most populous state, New South Wales, has the largest number of retail industry employees with over 387,100 or 31 per cent of all retail industry employment. However, Tasmania has the largest percentage of retail employment as a proportion of all industries employment, at 11.8 per cent.

Table 4 Employment for the Retail Trade industry by state and territory, 2013
(four quarter average)

	Number of retail employees ('000)	Share of total retail employment (%)	Retail as a percentage of all industries within state/territory
Australian Capital Territory	15.0	1.2	7.2
New South Wales	387.1	31.2	10.6
Northern Territory	10.8	0.9	8.6
Queensland	261.9	21.1	11.1
South Australia	92.2	7.4	11.3
Tasmania	27.3	2.2	11.8
Victoria	312.7	25.2	10.8
Western Australia	133.3	10.8	10.1
Total	1240.2	100.00	10.7

Source: ABS, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

The retail industry has the highest proportion of part-time employees of any industry—49.3 per cent of the workforce is employed part-time, compared with the all-industries average of 30.2 per cent.¹⁹ In relation to industry subdivisions, Table 5 shows that just under 75 per cent or 66,300 employees in Department Stores work part-time, followed by 60.9 per cent or 171,200 in Supermarket and Grocery Stores. In contrast, only 10.1 per cent of the Motor Vehicle Retailing sector is employed part-time.

Table 5 Percentage employed full-time and part-time for the retail industry and subdivisions, 2013 (four-quarter average)

Industry/subdivision	Full-time employment ('000)	Part-time employment ('000)	Proportion of part-time employees (%)
Retail Trade	628.8	611.4	49.3
Motor Vehicle and Motor Vehicle Parts Retailing	79.2	12.9	14.0
Motor Vehicle Retailing	59.7	6.7	10.1
Motor Vehicle Parts and Tyre Retailing	19.4	6.2	24.3
Fuel Retailing	17.6	18.4	51.2
Food Retailing	167.6	222.4	57.0
Supermarket and Grocery Stores	109.9	171.2	60.9
Specialised Food Retailing	53.9	47.7	46.9
Other Store-Based Retailing	321.0	325.5	50.3
Furniture, Floor Coverings, Houseware and Textile Goods Retailing	30.3	17.3	36.4
Electrical and Electronic Goods Retailing	46.0	16.5	26.4
Hardware, Building and Garden Supplies Retailing	46.0	24.3	34.6
Recreational Goods Retailing	28.7	34.8	54.8
Clothing, Footwear and Personal Accessory Retailing	64.5	84.4	56.7
Department Stores	23.8	66.3	73.5
Pharmaceutical and Other Store-Based Retailing	80.9	81.4	50.1
Non-Store and Retail Commission-Based Buying and/or Selling	11.9	7.9	40.0
Non-Store Retailing	11.9	7.2	37.9
Retail Commission-Based Buying and/or Selling	0.0	0.3	100.0

Source: ABS, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

¹⁹ Department of Education, Employment and Workplace Relations (DEEWR), 2012, *Australian jobs 2012* (using ABS *Labour force* data, DEEWR trend and four-quarter average data, and DEEWR employment projections).

Casual employees are paid a loading on their hourly rate in lieu of leave entitlements. Table 6 shows that around 38 per cent of employees in retail are employed on a casual basis compared to 26 per cent for all industries. In retail, females account for a majority of casual workers. Almost all of them work part-time hours.

The prevalence of part-time and casual employment in the industry enables businesses to have flexible and adaptable staff rostering, while also providing employees with opportunities to balance work with their other responsibilities, such as caring or study.

The retail industry also has higher labour turnover compared with other industries: 21.7 per cent of employees have worked with their current employer for less than 12 months compared to the all-industries average of 18.2 per cent. Of those employed for 10 years or more with the same employer, the retail industry has 17 per cent compared to 25 per cent for all industries.²⁰

Table 6 Composition of retail trade and total industry employees by gender, full-time/part-time and permanent/casual status, November 2012

	Full-time workers		Part-time workers		Total			
	With paid leave entitlements	Without paid leave entitlements	With paid leave entitlements	Without paid leave entitlements	With paid leave entitlements		Without paid leave entitlements	
	'000	'000	'000	'000	'000	%	'000	%
Retail trade (males)	267.0	25.3	39.2	117.2	306.3	68.2	142.5	31.8
Retail trade (females)	202.6	24.2	158.8	250.2	361.4	56.8	274.4	43.2
Retail Trade (persons)	469.7	49.5	198	367.4	667.7	61.6	416.9	38.4
Total industry (males)	3,673.6	441.9	239.5	531.2	3,913.1	80.1	973.2	19.9
Total industry (females)	2,264.9	226.4	1,095.5	979.3	3,360.5	73.6	1,205.7	26.4
Total industry (persons)	5,938.6	668.3	1,335	1,510.6	7,273.6	76.9	2,178.9	23.1

Source: ABS, 2012, *Forms of employment, Australia, November 2012*, cat. no. 6359.0.²¹

A wide range of occupations are employed within the retail industry. Some are specific to retail, such as sales assistants, retail supervisors, retail managers and merchandisers, but there are also supporting interdisciplinary roles in human resources, finance and technology. Figure 9 is a schematic representation of the broad range of occupations that support the retail industry.

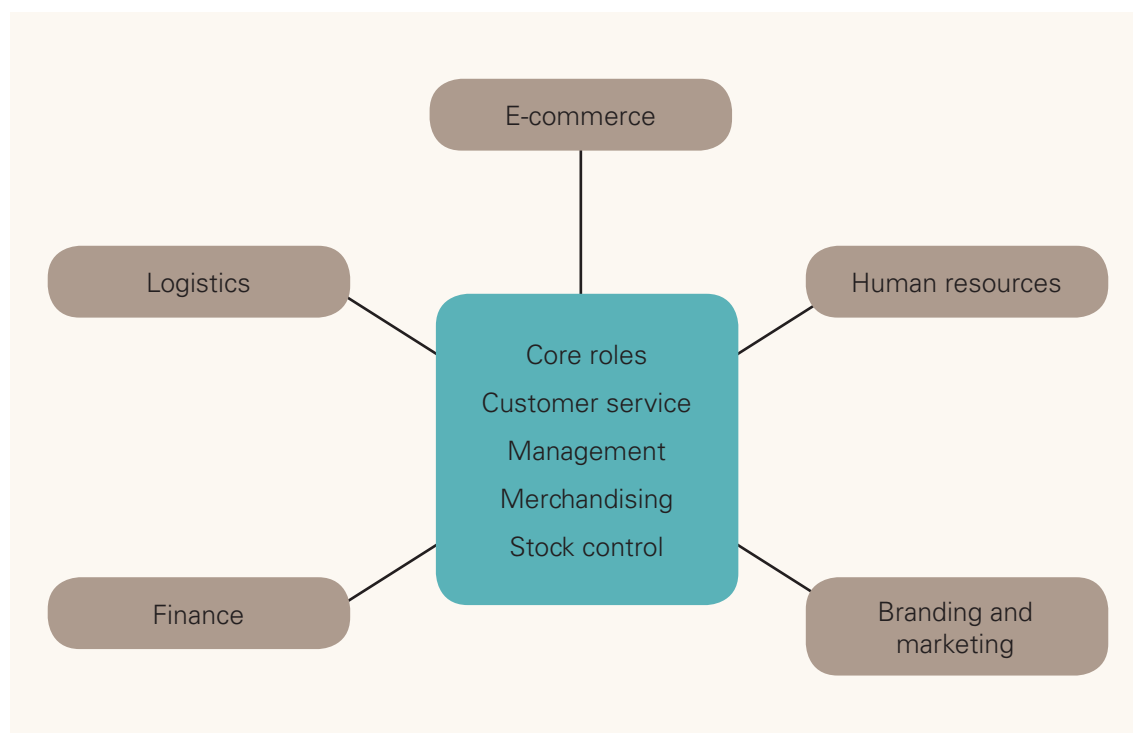
20 ABS, 2013, *Labour mobility, Australia, February 2013*, cat no. 6209.0, ABS, Canberra.

21 Permanent employees have access to leave entitlements while casual employees do not. Note the ABS forms of employment survey only refers to employees, while employment data from the labour force survey includes owner managers.



ABS data covers most occupations employed within retail trade, including sales-specific roles, but not all occupations are adequately described or captured in the Australian and New Zealand Standard Classification of Occupations (ANZSCO) or supporting data collections.²²

Figure 9 Occupational categories that form part of the broader retail industry



Source: Julian T, 2013, 'Retail jobs', paper for Service Skills Australia, unpublished.

Table 7 lists the 30 largest employing occupations in the retail industry and shows that most of them are considered to be low skilled. Of the top five employing occupations in retail, all but one are categorised in ANZSCO as having the lowest skill level (level 5).²³ At ANZSCO skill level 5, occupations are anticipated to have a level of skills commensurate with a Certificate I, compulsory secondary education, or a short period of on-the-job training 'in addition to or instead of the formal qualification'.²⁴ The description of this skill level also notes that in some instances, no formal qualification will be required. This is borne out by the high proportion of workers with no post-school qualifications currently working in the industry.

22 Specific functions in retail such as merchandising, buying, retail planning, online retail positions and retail loss prevention are also captured under ANZSCO, but this level of detail (the six-digit ANZSCO level) is generally not available from data sources such as labour force surveys and education collections and has not been included in the analysis below.

23 ANZSCO skill levels are measured operationally by the level or amount of formal education and training, the amount of previous experience in a related occupation, and the amount of on-the-job training within the occupation. See ABS, 2006, 'The concept of skill level', *Australian and New Zealand Standard Classification of Occupations (ANZSCO)*, 1st edn, cat. no. 1220.0, ABS, Canberra, p. 6.

24 Ibid., p. 8.

Sales assistants make up close to 40 per cent of the retail workforce and are the largest occupational group in Australia.²⁵ This category includes Sales Assistants (General) (which makes up nearly one-third of employment across the retail industry) and a number of other sales assistant classifications (such as Pharmacy Sales Assistants, ICT Sales Assistants, and Sales Assistants and Salespersons not further defined). An additional 130,000 sales assistant workers are employed in other industry sectors, such as Accommodation and Food Services, Manufacturing and Wholesale Trade.²⁶ The next largest occupation in the retail industry is Retail Managers at 13 per cent, followed by Checkout Operators and Office Cashiers at 10 per cent.

Table 7 Top 30 retail occupations (ANZSCO four-digit) in retail industry and all industries, 2012 (four-quarter average)

ANZSCO code	Occupation	Employment in retail ('000)	Employment in all industries ('000)	Proportion of occupation in retail (%)	ANZSCO skill level
6211	Sales Assistants (General)	370.3	501.7	73.8	5
1421	Retail Managers	163.2	230.4	70.8	2
6311	Checkout Operators and Office Cashiers	118.9	141.2	84.2	5
8912	Shelf Fillers	59.8	63.5	94.3	5
6214	Pharmacy Sales Assistants	32.0	32.8	97.4	5
6215	Retail Supervisors	31.2	35.8	87.0	4
6213	Motor Vehicle and Parts Salespersons	23.3	34.1	68.3	4
7411	Storepersons	22.6	116.4	19.4	4
3512	Butchers and Smallgoods Makers	19.1	22.4	85.5	3
2515	Pharmacists	18.7	23.3	80.4	1
6113	Sales Representatives	18.1	96.8	18.7	4
5911	Purchasing and Supply Logistics Clerks	17.7	85.5	20.7	4
1311	Advertising and Sales Managers	14.6	124.7	11.7	1
3212	Motor Mechanics	13.0	82.1	15.8	3
5511	Accounting Clerks	11.3	146.1	7.7	4
6210	Sales Assistants and Salespersons nfd	11.1	16.8	65.8	na
5311	General Clerks	10.6	214.9	4.9	4
5121	Office Managers	9.8	145.9	6.7	2

25 ABS, 2013, *Labour force, Australia, May*, cat. no. 6291.0.55.003, ABS, Canberra.

26 AWPA, 2013, *Retail trade: industry snapshot*, Commonwealth of Australia, Canberra.

Table 7 (continued)

ANZSCO code	Occupation	Employment in retail ('000)	Employment in all industries ('000)	Proportion of occupation in retail (%)	ANZSCO skill level
6216	Service Station Attendants	9.4	10.5	89.9	5
3511	Bakers and Pastrycooks	8.1	30.9	26.1	3
8321	Packers	7.7	65.8	11.7	5
5512	Bookkeepers	7.1	113.5	6.2	4
5421	Receptionists	6.1	184.0	3.3	4
8994	Motor Vehicle Parts and Accessories Fitters	5.9	16.6	35.2	4
3621	Florists	5.7	5.8	98.2	3
8111	Car Detailers	5.5	17.7	31.0	5
7213	Forklift Drivers	5.4	66.8	8.2	4
6217	Street Vendors and Related Salespersons	5.4	11.9	45.7	5
6212	ICT Sales Assistants	5.4	15.9	33.7	5
1492	Call or Contact Centre and Customer Service Managers	4.9	34.3	14.2	2

nfd = not further defined; na = not applicable.

Source: ABS, *Labour force, Australia*, custom request.

The retail industry is characterised by a lack of formal qualification holding. Table 8 shows the qualification profile of the retail workforce derived from census data. In 2011, only 37 per cent of the retail workforce held a post-school qualification compared to 60 per cent for all industries (although the proportion increased from 31 per cent in 2006).²⁷ Of those workers who did have a post-school qualification, 47 per cent had a certificate obtained through the VET system. It is important to note that the census data is a snapshot of the Australian population. Respondents self-nominate as working in the retail industry, and record the highest level qualification they have achieved over their lifetime, which may be unrelated to the industry in which they currently work. Because of this, the census data gives a different picture to the retail-specific data on education and training commencements and completions discussed below.

27 DEEWR, 2012, *Australian jobs 2012*.

Table 8 Qualification profile, retail industry and all industries, 2006 and 2011

Highest level of education	Retail 2006 (%)	Retail 2011 (%)	All industries 2006 (%)	All industries 2011 (%)
Not applicable	63.4	59.6	41.9	37.2
Total post-school qualifications	31.5	37.6	54.6	60.3
Postgraduate or above	4.6	5.9	10.8	12.6
Bachelor degree level	24.0	24.7	30.0	30.8
Advanced diploma and diploma level	18.6	18.6	16.6	16.7
Certificate level	52.9	47.6	39.6	37.6
Level of education inadequately described	4.0	3.2	3.0	2.4

Source: ABS, 2011 and 2006 census data.

Language, literacy and numeracy skills are essential elements of human capital. Table 9 shows results from the 2013 OECD Programme for the International Assessment of Adult Competencies survey for Australia. Retail occupations have, on average, literacy and numeracy skill levels that are comparable with those of the total workforce. Level 3 is regarded by the survey developers as 'the minimum required for individuals to meet the complex demands of everyday life and work in the emerging knowledge-based economy' for literacy and numeracy, and level 2 and above for problem solving in technology-rich environments.²⁸

While in this recent survey the retail industry scored at around average levels, the earlier Adult Literacy and Life Skills Survey conducted in 2006 found that literacy and numeracy skills in the retail industry were below the industry average. The majority of retail employees were at prose and document literacy levels 2 and 3 and numeracy and problem-solving skills were less developed. Level 3 is identified as the minimum level required by individuals to meet the complex requirements of daily life and work.²⁹

There is a clear link between higher levels of qualifications within an industry and greater productivity. Stakeholder submissions to this study also highlighted language, literacy and numeracy skills as a priority.

28 ABS, 2013, *Programme for the International Assessment of Adult Competencies, Australia, 2011–12*, cat. no. 4228.0, ABS, Canberra, www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4228.0Explanatory%20Notes12011-12?

29 ABS, 2006, *Adult Literacy and Life Skills Survey*, cat. no. 4228.0, ABS, Canberra.

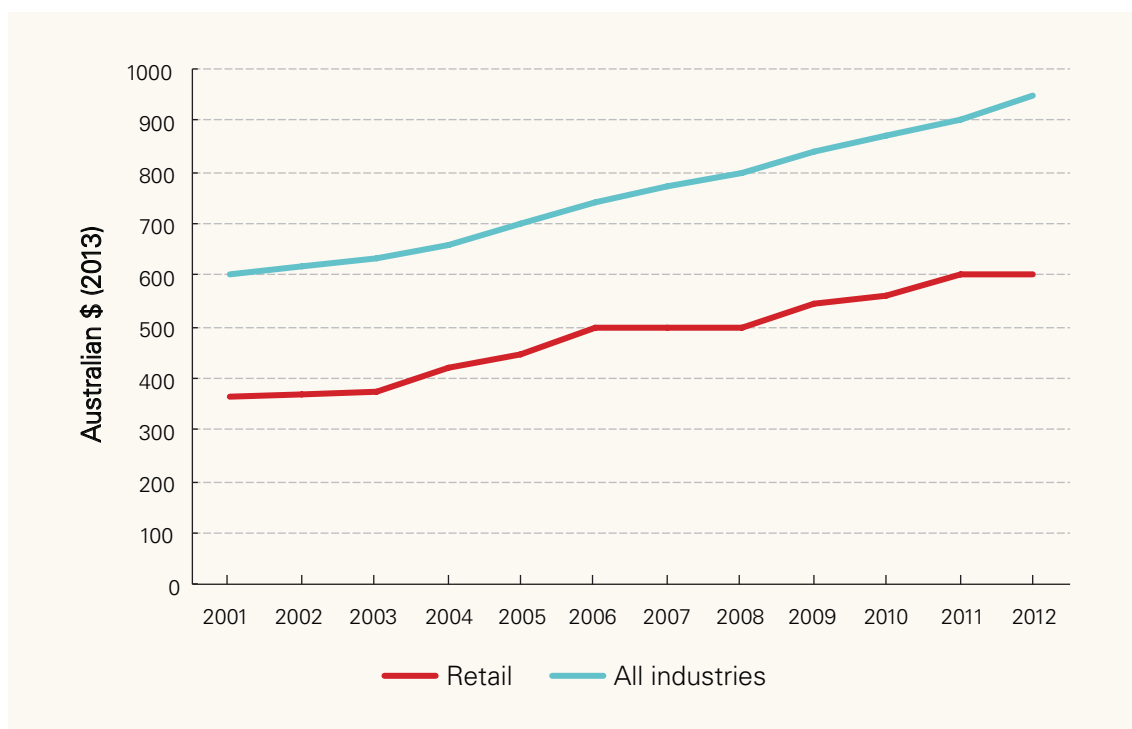
Table 9 Literacy, numeracy and problem solving skill level of employed persons aged 15–64 years in Australia, Retail Trade and all industry, 2013

	Literacy scale				Numeracy scale				Problem solving in technology-rich environments scale			
Proportion (%)												
	Below Level 1/ Level 1	Level 2	Level 3	Level 4/5	Below Level 1/ Level 1	Level 2	Level 3	Level 4/5	Below Level 1	Level 1	Level 2/3	Not classified
Retail Trade	10.0	30.5	41.8	17.7	17.9	35.0	35.9	11.2	10.6	34.7	35.9	18.8
All industries	9.8	28.5	42.2	19.4	15.9	32.5	36.2	15.4	13.1	34.9	34.2	17.7

Source: ABS, 2013, *Programme for the International Assessment of Adult Competencies, Australia, 2011–12*, cat. no. 4228.0.

The retail industry has significantly lower median full-time weekly earnings in comparison to the all-industries average (see Figure 10). Retail trade has the lowest median weekly total cash earnings for all full-time non-managerial adults (\$885.00). One in four full-time non-managerial adults in retail received weekly total cash earnings of \$760.00 or less, while only one in four received \$1,100.00 or more.³⁰

Figure 10 Median full-time weekly earning in main jobs, 2013



Source: ABS, *Employee earnings, benefits and trade union membership*, cat. no. 6310.

30 ABS, 2012, *Employee earnings and hours, Australia*, May 2012, cat. no. 6306.0, ABS, Canberra.

Productivity trends

The Productivity Commission's 2011 analysis of the retail industry estimated industry growth using long-term trends measured between peaks in productivity cycles. The Productivity Commission assessed productivity cycle trends comparing retail to the 12-industry market sector³¹ to show annualised growth over the past 20 years against labour productivity, capital deepening and multi-factor productivity measures.

Growth in retail industry labour productivity over the past two decades was comparable to the 12-industry market sector, but declined in the last cycle (see Table 10). Annual growth in capital deepening was at a lower level for the retail industry compared to the 12-industry market sector, while multifactor productivity was at a higher level of annual growth. The growth in multifactor productivity was associated with the retail industry's adoption of technological change in the form of scanning and computerisation, which reduced labour input and changed management systems.³²

Table 10 Retail and market sector productivity trends

Retail ^a				12-industry market sector		
Annual growth (%)				Annual growth (%)		
Productivity cycle	Labour productivity ^b	Capital deepening	Multifactor productivity	Labour productivity	Capital deepening	Multifactor productivity
1988–89 to 1993–94	2.4	0.7	1.7	2.2	1.5	0.8
1993–94 to 1998–99	3.0	1.0	2.1	3.3	1.2	2.1
1998–99 to 2003–04	2.0	0.8	1.2	2.2	1.2	1.0
2003–04 to 2007–08 ^c	1.2	1.1	0.3	1.2	1.6	–0.3
1985–86 to 2009–10	1.9	0.9	1.0	2.1	1.4	0.8

a—Labour productivity is the sum of capital deepening and multifactor productivity. Figures may not add due to rounding.

b—Includes Motor Vehicle and Parts Retailing and Fuel Retailing.

c—The last ABS productivity cycle does not appear to reflect the cycle in the retail industry, where there was a boost in multifactor productivity growth in 2009–10. From 2003–04 to 2009–10, multifactor productivity growth in retail was 1.0 per cent per annum.

Source: ABS, *Experimental estimates of industry multifactor productivity, Australia: detailed productivity estimates*, cat. no. 5260.0.55.002, Productivity Commission estimates.

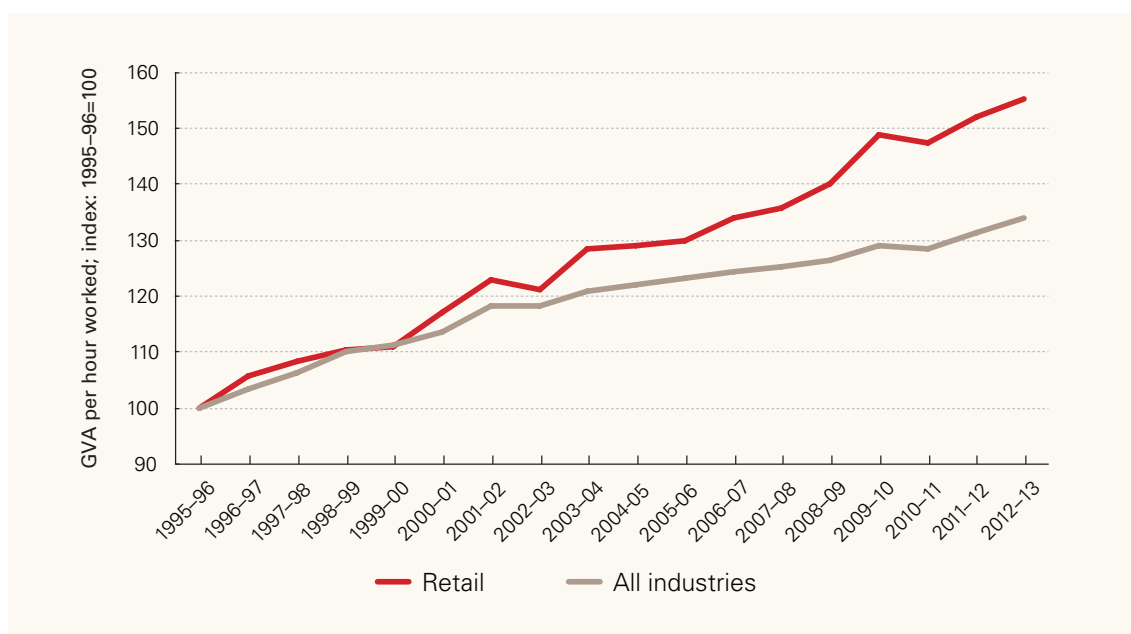
31 The 12-industry market sector comprises Agriculture, Forestry and Fishing; Mining; Manufacturing; Electricity, Gas, Water and Waste Services; Construction; Wholesale Trade; Retail Trade; Accommodation and Food Services; Transport, Postal and Warehousing; Information, Media and Telecommunications; Financial and Insurance Services; and Arts and Recreation Services.

32 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*, pp. 61–62.

The Productivity Commission notes that the retail industry has lower levels of labour productivity mainly because of the labour-intensive nature of work in the industry.³³ Figure 11 shows trend data on labour productivity as measured by gross value added per hour worked. The retail industry has outperformed the all industries average since 2000–01.

The Productivity Commission suggests that productivity growth in Australia's retail industry has been associated with the growth of big-box or large-format retail establishments and investment in computerisation and machinery, rather than the types of innovations undertaken to date in other OECD countries to improve management and operations.³⁴

Figure 11 Gross value added per hour worked for the Retail Trade industry and all industries 1995–96 to 2012–13



Sources: ABS, *Australian national accounts: national income, expenditure and product*, cat. no. 5206; *Labour force, Australia*, cat. no. 6291.0.55.003.

Summary

The retail industry is significant to the Australian economy. In 2012–13 it contributed 4.5 per cent (\$68.5 billion) to Australia's gross domestic product.

As at June 2012 it comprised just over 140,000 businesses and employed more than 1.2 million people.

The industry's structure and workforce are diverse, which presents challenges for developing a coherent workforce development strategy. The subdivision that made the largest contribution to industry value added in 2011–12 was Other Store-Based Retailing (51 per cent), followed by Food Retailing (21 per cent).

A major factor driving trends in retail sales is the diminishing share of household expenditure on

³³ Ibid., p. 59.

³⁴ Ibid., pp. 27, 67, 71.

retail goods. This has also influenced employment trends within sectors of the retail industry—some have shown strong growth over the past decade while others have contracted.

The retail industry has the highest proportion of part-time employees of any industry, and around 38 per cent of employees are employed on a casual basis (compared to 26 per cent for all industries). The retail industry also has higher labour turnover compared with other industries.

A wide range of occupations are represented in the retail industry, the majority of which are classified by the ABS as low skilled. Only 37 per cent of the retail workforce has a post-school qualification compared to 60 per cent for all industries.

Sales Assistants (General) account for nearly one-third of retail employment. The next largest occupation is Retail Managers, followed by Checkout Operators and Office Cashiers. The industry has significantly lower median full-time weekly earnings in comparison to the all-industries average and labour productivity since 2008 has fallen behind the all-industries average growth.

Challenges facing the industry

This section discusses a range of challenges and opportunities facing the retail industry workforce over the next five to ten years.

Demographic changes

The retail industry has traditionally employed a larger proportion of young people, women, casual staff and part-time staff than other industries. From the employer perspective, part-time and casual work gives them the flexibility to meet changing seasonal demands and to customise shifts to meet the day-to-day needs of the business. From the employee perspective, it allows them to balance work with other activities such as study, home duties and caring. Retail can also serve as a transition pathway from study to work by providing the opportunity for the practical development of employability skills. However, for those who get locked into low-paid and/or insecure work, the implications for living standards and financial independence can be significant.

Younger and older workers

Projections of the emerging profile of the Australian workforce suggest a number of issues that will affect employment and recruitment practices in retail.³⁵ It is anticipated that there will be a dramatic increase in the number of older Australians, with the number of people aged 65 to 84 set to double and the number over 85 set to quadruple by 2050.³⁶

In the future, retailers will be competing with other industries for a cohort of younger workers whose share of the workforce will be gradually declining. This may encourage employers to seek older employees to meet their labour needs.³⁷ Increased living costs and longer life spans are projected to delay retirement and the number of mature-age workers will increase.

Face-to-face sales positions are projected to continue to make up the bulk of employment opportunities in retail. These positions can be physically demanding, requiring long periods of standing, lifting and packing. They are also often part-time or casual in nature. The retail industry may need to consider job redesign in order to attract and retain older workers. The advent of new technologies across the enterprise may well be an enabler of such change, and the demand for more sophisticated interpersonal skills to engage customers may provide a good fit for mature-age workers.

According to Service Skills Australia, the sector already appears to be responding: the proportion of workers aged 45 and over in retail increased by approximately 15.9 per cent between 2005 and 2011.³⁸ Nevertheless, a significantly higher proportion of younger workers are employed in retail compared to the all-industries average (see Figure 12). Retail has one of the youngest age profiles, second only to Accommodation and Food Services, with almost three-quarters of workers aged under 45 years and around a third aged 24 years or younger.³⁹

35 Department of the Treasury, 2010, *Australia to 2050: future challenges—the 2010 intergenerational report*, Commonwealth of Australia, Canberra.

36 ABS, 2010, *Population by age and sex, Australian states and territories, June*, cat. no. 3201.0, ABS, Canberra.

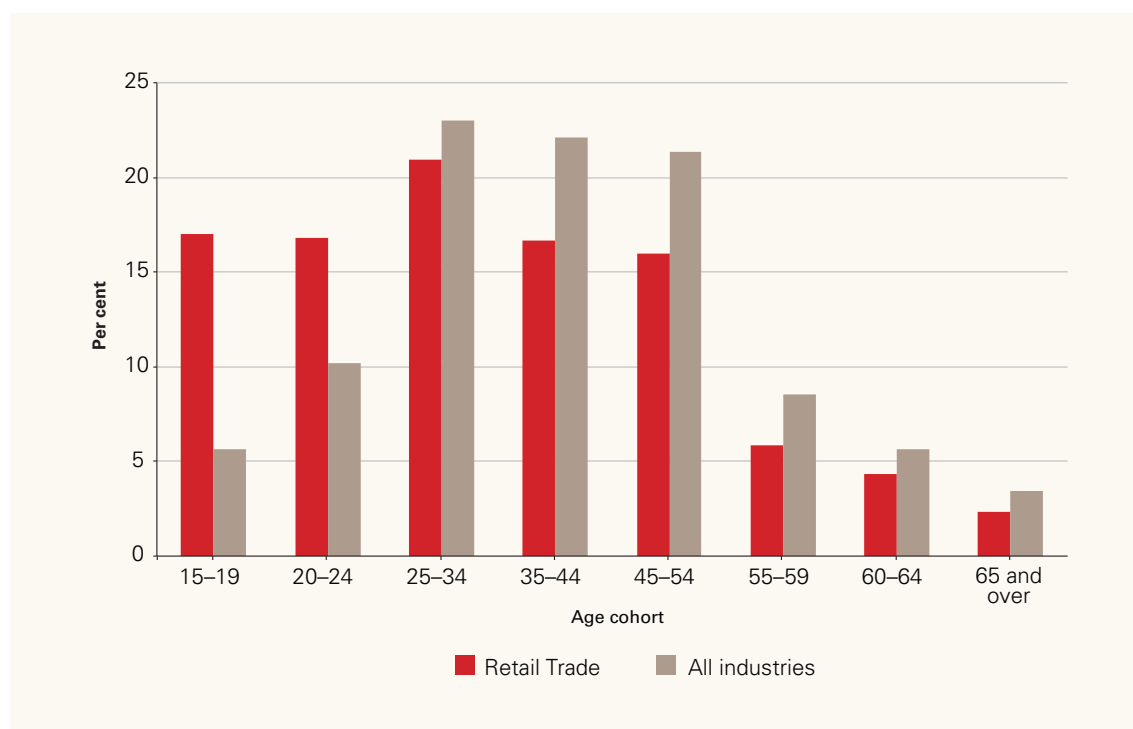
37 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*.

38 Service Skills Australia, 2013, *Retail, wholesale and floristry environmental scan*, Service Skills Australia, Sydney.

39 ABS, 2013, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

With ongoing innovation and technology driving changes to the industry, employers have an opportunity to learn from younger workers (who invariably have well-developed technology skills including the use of social media) and to market jobs in a way that appeals to young people.

Figure 12 Age distribution of workers in retail and all industries, 2013 (percentage terms)



Source: ABS, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

The retail industry's large part-time workforce is overwhelmingly concentrated among the youngest and oldest age cohorts—that is, workers aged 24 years and under and 65 years and over. Of workers aged 24 years and under, a significant majority (89 per cent) are employed on a part-time or casual basis.⁴⁰

Given that retail is a large employer of young people, including students, it is important to recognise that the low proportion of post-school qualifications among the total workforce reflects this age profile.⁴¹ A high proportion of young workers are currently engaged in secondary or tertiary education, which has a clear influence on the overall educational profile of the industry. Data from the Household, Income and Labour Dynamics in Australia survey indicates that 21 per cent of respondents working in the retail industry were still attending school, and an additional 16 per cent were studying full-time at a tertiary institution.⁴² This indicates that retail trade is an industry that provides entry-level opportunities within the labour market, enabling people to gain a foothold in the world of work while pursuing study or other

40 ABS, 2013, *Labour force, Australia, detailed, quarterly*, May 2013, cat. no. 6291.0.55.003.

41 ABS (2013) *Labour force, Australia, detailed, quarterly*, February 2013, cat. no. 6291.0.55.003.

42 Centre for Research on Education Systems, 2012, *Destinations survey for the service industries: HILDA survey*, report prepared for Service Skills Australia, University of Melbourne.

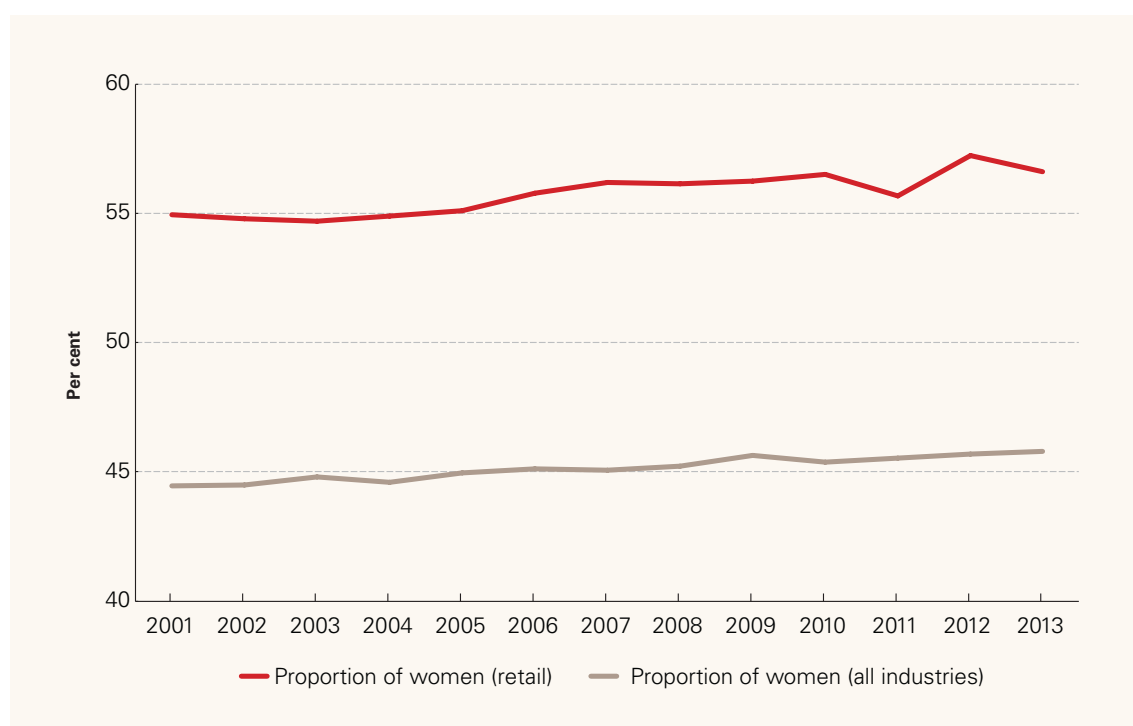
responsibilities. Many of these young workers stay with the same employer and/or the broader industry for many years while studying, which gives them significant labour market experience and skills sought after in other industries.

The importance of attracting and providing entry-level work experience and skills, and supporting those engaged in further study, is a significant issue for the retail industry to maintain a pool of younger workers. However, although the retail industry serves as an effective entry point into the labour market, it also provides longer term career opportunities. It can also provide second-chance career opportunities for the large number of mature-age workers and young people who left school without completing a secondary qualification or who have been out of the labour force for some time.

Employment by gender and job roles

Retail has the third highest proportion of female workers among Australian industries, with women accounting for 56.6 per cent of total employment.⁴³ The percentage of women employed in the retail industry has remained relatively stable since 2001 (see Figure 13). It has consistently been around 10 percentage points above the all-industries average.

Figure 13 Percentage of females employed in retail sector compared to all industries (four-quarter average)



Note: The average for 2013 is based on three quarters.

Source: ABS, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

43 DEEWR, 2012, *Australian jobs 2012*.

Table 11 shows that young workers in the retail industry are more likely to be women, while workers aged 65 and over are more likely to be men. However between 25 and 34 the percentage of males and females is almost equal (females 49 per cent and males 51 per cent).

Table 11 Employment in retail by gender and age group, 2013 (four-quarter average)

Age (years)	Females		Males		Total	
	'000	%	'000	%	'000	%
15–19	128.74	61.00	82.32	39.00	211.06	100
20–24	119.20	57.09	89.61	42.91	208.81	100
25–34	128.34	49.38	131.54	50.62	259.89	100
35–44	117.80	56.98	88.94	43.02	206.75	100
45–54	121.39	61.27	76.74	38.73	198.13	100
55–59	42.98	59.24	29.58	40.76	72.56	100
60–64	30.66	56.75	23.37	43.25	54.03	100
65 and over	13.06	45.03	15.95	54.97	29.02	100
Total	702.19	56.62	538.05	43.38	1240.24	100

Source: ABS, 2013, *Labour force, Australia, May, detailed, quarterly*, cat. no. 6291.0.55.003.

Traditionally, job roles in retail have been highly stratified by gender, type of occupation and whether employees work on a part-time or full-time basis.⁴⁴ As Table 12 shows, the occupation with the highest percentage of women is Pharmacy Sales Assistants (93 per cent), followed by Checkout Operators and Office Cashiers (77 per cent). More than two-thirds (70 per cent) of those employed in the largest occupation, Sales Assistants (General), are female, accounting for around 260,000 workers. Conversely, males make up a majority of Shelf Fillers (60 per cent). The occupation of Retail Managers is fairly evenly split between men and women.

44 Chang J and Travaglione A, 2012, 'Gender and employment-structure patterns in Australia's retail workforce: an intra-industry analysis', *Australian Bulletin of Labour*, Vol. 38, No. 4, pp. 315–344.

Table 12 Gender distribution in the top five retail occupations, 2011

Occupation		Females		Males		Total
		'000	%	'000	%	'000
6214	Pharmacy Sales Assistants	29.8	93	2.2	7	32.0
6311	Checkout Operators and Office Cashiers	91.8	77	27.1	23	118.9
6211	Sales Assistants (General)	259.6	70	110.7	30	370.3
1421	Retail Managers	79.5	49	83.7	51	163.2
8912	Shelf Fillers	24.0	40	35.8	60	59.8
Retail (all occupations)		678.3	56	535.2	44	1,213.5
All industries		5,241.7	46	6,228.2	54	11,469.9

Sources: Adapted from Workplace Gender Equality Agency, 2012, *Industry snapshots: retail trade* (citing ABS, 2011, *Census 2011*, 'Australia (Statistical Local Area), occupation by sex and industry of employment'.

Analysis of 2009 *Australia at work* data confirms that while women dominate employment in the retail sector, their roles tends to be part-time and lower skilled, while men tend to be employed in more physical jobs or more senior, permanent full-time positions.⁴⁵ Men employed in retail trade work an average of 33.4 hours per week, while women work an average of 25.3 hours.⁴⁶ This has repercussions for part-time workers having access to jobs in management, since skilled positions in retail are more likely to be occupied by full-time workers.⁴⁷

Data published by the Workplace Gender Equality Agency indicates that while almost three out of five employees in retail organisations reporting to the agency are female (58 per cent), only 47 per cent of managerial roles are filled by women.⁴⁸ The total pool of part-time managers in retail is small: only around 4 per cent of management positions are filled on a part-time basis (compared to 96 per cent full-time). Female managers account for less than half of management roles overall, and most of their managerial representation occurs in casual positions (52 per cent).⁴⁹

Also, fewer than one in 10 chief executive roles are filled by women (7 per cent)—a lower proportion than for all industries (12 per cent).⁵⁰ With its much higher proportion of part-time workers compared to other industries, a lack of access to permanent, part-time management roles may be a structural issue for the retail industry in terms of attracting and retaining staff.

45 Wanrooy B, Jakubauskas M, Buchanan J, Wilson S, and Scalmer S, 2008, *Australia at work, working lives: statistics and stories*, University of Sydney, Sydney.

46 ABS, 2013, *Labour force, Australia, May*, cat. no. 6291.0.55.003.

47 Chang J and Travaglione A, 2012, 'Gender and employment-structure patterns in Australia's retail workforce: An intra-industry analysis'.

48 Workplace Gender Equality Agency, 2012, *Industry snapshots: retail trade*. Data is from organisations with over 100 employers who submit a report annually to the Workplace Gender Equality Agency on matters including the gender composition of their workforce. A total of 180 organisations report to the agency from the retail industry.

49 Ibid. Part-time manager roles are marginally higher across all industries, at around 6 per cent, indicating that part-time roles in management are few and far between, regardless of sector.

50 Ibid.

Given that the retail sector faces challenges in attracting people with aspirations for a career in the industry, these obstacles are not insignificant. Retail is often seen as a short-term, stopgap employment option without career options. This hinders workforce development, in particular in transitioning shop-floor employees into higher level and back office positions, in retaining quality staff and in developing the necessary management and leadership capability.

The rise of new technologies

Technology plays an important role in increasing productivity within the industry—across all parts of the supply chain. It also opens up new markets, enabling Australians to have access to products and ideas not previously available here. Retail is experiencing the impact of various technological innovations across every aspect of operations, which is posing significant challenges for the industry. Technology is changing the industry in four key areas: the growth of online retailing, the rise in mCommerce, the role that technology and the internet play in collecting data, and the uptake of advanced technologies throughout the supply chain.

Each of these areas requires a change in marketing skills. Successful businesses are able to adapt to the new demand for more personalised marketing, capitalising on the internet and social media to direct campaigns. Consumers are now also using smart devices to compare prices and engage family and friends in decision making before they are ready to buy.

There are also changes in marketing practice, with a shift from retail-centred activities such as direct marketing and discount sales, to customer-focused marketing providing individual deals for the consumer and using social media to create conversations online. The rise of social media is providing opportunities for retailers that are looking to deepen customer relationships. This means that retailers need more advanced marketing strategies. Increasingly, brands are controlling the whole supply chain.

Overall, retailers need a holistic strategy to integrate technologies across the enterprise, incorporating selling, supply chain management, inventory management and marketing. This provides a unique opportunity for younger workers to use their social media and other ICT skills to help marketing staff adapt to these rapid changes.

The National Retail Association, with funding from the Australian Government, has developed a suite of resources—Digital Business Kits—to assist retailers to understand and make use of new technologies and high-speed broadband.

The growth of online retailing

Arguably, the most significant innovation in the sector is the growth of online retailing, through pure play sites (dedicated online platforms such as Amazon) and multi-channel retailing (online sales coupled with bricks and mortar sites). A sale is considered to have been conducted online if the commitment to purchase is made on a computer-mediated network.⁵¹

Accurate statistics on the amount of retail trade conducted online by Australian domestic businesses are difficult to compile, due to the variety of ANZSIC codes a business may be categorised under. However, the ABS has varied the retail business survey to improve the estimates of online sales. It has concluded that 1.8 per cent of the May 2013 estimate of

51 ABS, *Measurement of online trade*, p. 4.

domestic retail turnover was derived from online sales.⁵² Other research has found that online sales currently account for 6 per cent of total retail sales and they are anticipated to grow to 9 per cent by 2016.⁵³ A study by the Australian Communications and Media Authority in 2010 noted that 61 per cent of respondents had purchased goods online sometime in the previous six months.⁵⁴ A recent study published by *The Australian* newspaper in association with GE found that, in the past 12 months, 68 per cent of consumers had bought a product online.⁵⁵

Australia is not as engaged with the internet as other countries and so our online sales make up a lower proportion of total sales. The proportion of online sales is expected to continue to rise as internet coverage and speed improves in Australia.⁵⁶ Australia cannot afford to continue to lag behind other countries in the take-up of new technologies, as sales will be lost to international retailers with more advanced online marketing and sophisticated distribution systems.

While 88 per cent of Australian retailers have access to the internet, only 44 per cent have an online presence.⁵⁷ Multi-channel and omni-channel retailing are increasing, which is creating significant pressure for retail enterprises to develop an online presence.⁵⁸ However, even if the physical shop is no longer the main location for the transaction, it will continue to act as a place for consumers to see, touch and try out goods. It will be important for shops to translate this footfall into sales on a different platform.⁵⁹ Many retailers are looking for ways to address the impact of 'showrooming', when customers check out items in a physical store and then use barcode scanners to find the cheapest price online. Retailers are using a number of strategies such as loyalty incentives and additional services to attract customers to their shops.⁶⁰

Sportsgirl has recently introduced connected fitting rooms with interactive mirrors, so that customers can share images with friends through social media. This is not only attractive to the connected customer, but also a marketing opportunity for the enterprise, as customers become champions of the brand online.

In the United Kingdom, Burberry's new flagship store in London offers a range of technologies, as well as in-store attractions. Radio-frequency identification (RFID) technology on certain garments can be used to trigger multimedia content on the product, turning mirrors instantly into screens with runway footage and video. Shop assistants carry iPads that provide an extensive purchase history, enabling a tailored shopping experience. Various speakers, screens and 'disruptive' digital takeovers are synchronised at set times during the day. Burberry also hosts live concerts in a bid to showcase emerging British talent.⁶¹

Technology can also facilitate direct interactions between producers and consumers, in some cases bypassing retail and wholesale altogether. Disintermediation (bypassing the 'middleman')

52 ABS, *Measurement of online trade*.

53 PricewaterhouseCoopers and Frost & Sullivan, 2012, *Australian online shopping market and digital insights*, www.pwc.com.au/industry/retail-consumer/assets/Digital-Media-Research-Jul12.pdf.

54 Productivity Commission, *Economic structure and performance of the Australian retail industry*, p. 75.

55 Based on a Newspoll survey. Kitney D, 2012, 'A life online, at work and at play', in *Path to prosperity*.

56 Productivity Commission, *Economic structure and performance of the Australian retail industry*, pp. 73–78.

57 ABS, 2011, *Summary of IT use and innovation in Australian business*, cat. no. 8166.0, ABS, Canberra.

58 PricewaterhouseCoopers and Frost & Sullivan, 2012, *Australian online shopping market and digital insights*; Jude G, et al., 2012, *How you can join the omnichannel shopper in transforming Australian retail*, Telstra.

59 Economist Intelligence Unit, 2012, *Retail 2022: how the Economist Intelligence Unit see the retail landscape changing over the next decade*, p. 6.

60 Wilson D, 2013, 'Drop that mobile! The retailers are fighting back against showrooming', *Sydney Morning Herald*, January 15, www.smh.com.au/small-business/managing/drop-that-mobile-the-retailers-fighting-back-against-showrooming-20130115-2cqki.html.

61 Clarke N, 2013 'The devil is in the retail', in *Voyeur*, Virgin Australia.

is enabled by the internet and is increasingly creating new channels for producers.⁶² Many organisations sell customised products to individuals through online orders only, bypassing traditional retail channels. Dell Computers is a well-known example. Traditional retailers need to be able to add real value to attract customers to their outlets and products.

A new suite of skills is required for a business to become involved in online retailing, not the least of which is familiarity with the internet. Although the original establishment of an online site can be outsourced, it is expensive. And online retailing still requires the development of the skills needed to promote and sell online: as the interaction with the consumer is different so too are the sales techniques needed. Upskilling is also required to handle the more advanced accounting that comes with diversifying a business in this manner. There are opportunities for retailers to collaborate in this area.

The emergence of mCommerce

Mobile commerce (or mCommerce as it is known) is a more recent development, made possible by the increasing prevalence of mobile devices such as smartphones and tablets. Mobile devices impose different constraints than desktop computers but they also open the door to a slew of new applications and services. They follow the user wherever they go, making it possible to look for a nearby restaurant, stay in touch with colleagues, and order and pay for items at a store.⁶³ A number of retailers are tapping into this, by encouraging customers to provide reviews and ratings of their products and services.

Retailers will need to develop skills similar to those required for general online retailing to maximise opportunities from the growth in mCommerce. An important skill will be identifying the differences between the two platforms and how people use them, such as the difference in the amount of data an mCommerce page should hold compared to a normal internet page.⁶⁴ mCommerce allows the retailer to interact with the consumer at more locations in the online environment, increasing the opportunities for sales. For example, Amazon and iTunes offer 'anywhere, anytime, any device' shopping that allows a customer to buy with the press of a button. Marketing announcements sent via mobile devices provide the option to press the button and buy immediately, using credit card details that have been stored. Recent developments include an ability to scan a QR code next to a picture in a magazine and be taken to a site to purchase the product immediately.

Coupled with the opportunities, the growth of mCommerce also brings challenges. It enhances the ability of people to use shops for showrooming—quickly checking whether the store they are in offers the most competitive price. Better marketing skills are needed to prevent losing sales once the customer has walked in the door.

While mobile devices allow customers to compare prices and product details quickly and easily, they also enable retailers to take advantage of location-based mobile marketing. 'Geofencing' allows companies to target specific customers by setting up a virtual boundary. By opting in, a customer receives offers or notifications in real time when they step into that boundary. A recent study found that 74 per cent of consumers in the United States (where the use of geofencing is more advanced than in Australia) are willing to exchange their geolocation

62 Barrington J, 2012, '21st century disintermediation', Barrington Consulting Group, www.barrington.com.au/news/article/09122012-11/21st-century-disintermediation.aspx.

63 Mobile Commerce Lab, <http://mcom.cs.cmu.edu>.

64 Internet Retailer, *GNC bulks up its m-commerce site, and suffers for it*, www.internetretailer.com/2013/10/24/gnc-bulks-its-m-commerce-site-and-suffers-it.

for tailored offers, and metrics show that 50 per cent of customers who receive a particular promotion enter the store and 20 to 25 per cent purchase something.⁶⁵

Big data

New technologies have enabled businesses to collect massive amounts of data. This 'big data' can be collected on almost anything from sales to detailed information about the consumer. Big data involves high volumes and a large variety of information about individuals and their behaviours. New forms of technology are required to capture and organise the data. Used correctly it can provide deep insights into individual customers to inform retailers' decisions about business models, marketing, logistics, supply chain operations, management, finances and, importantly, in-store services and online design.⁶⁶ It can also assist a retail business in making more efficient choices about inventory.

However, the very nature of the data—its sheer quantity—presents difficulties. Complex analytical and statistical skills are required to be able to draw accurate conclusions from the data. Understanding what key questions to ask of the data is also an important skill. Businesses also need to invest in infrastructure that can store and process the data. These functions can be outsourced, but either option requires an understanding of the technology involved. This is another area for potential industry collaboration on skills development.

The advent of advanced technologies

The choice of technologies available to respond to customer preferences and behaviours is constantly expanding. For example, some retailers are providing their sales staff with smart devices so that they can be mobile while still being able to process transactions, look for alternative products, and access more detailed product information. Retailers such as Woolworths and Co-Op Bookshop have installed interactive screens in convenient locations such as train stations so shoppers can purchase goods while waiting for the train and then have them home-delivered.

Advances in technology are found more broadly than just at the point of sale end. Advances are also affecting the way retailers interact with their customers. For example, automated everyday shopping using smart home technologies allows for automatic messages to replace items as they run out. For example, the smart fridge uses RFID technology to automatically alert the customer or even a designated shop when a product needs replacing, such as eggs, milk or butter.

Due to greater accessibility and faster knowledge transfer available through the internet, new technology is being invented at a faster rate. In some cases, the products will be highly sophisticated with the technologies built in to user-friendly interfaces, making them intuitive to use. In other cases, they will require considerable upskilling of workers and changes to training materials.

There are a number of factors that could potentially contribute to a greater rate of adoption of new technologies. One critical factor relates to the skill level of the adopter. If a business does not understand or have the required skill to use the new technology, it may not risk adopting it. Or if it does adopt, it may not gain the full benefit of its application. Submissions to this study echoed this view, articulating the need for upskilling the workforce to use new technology.

65 Clarke N, 2013, 'The devil is in the retail'.

66 Love D, 2013, 'How to use big data to make a fortune in the retail industry', *Business Insider Australia*, <http://au.businessinsider.com/big-data-in-retail-2013-6>.



This is generally less of a problem for younger employees in the workforce. Therefore, it is important to determine not only what skills people need to invent new technologies, but also whether they have the skills to capitalise on them. Views raised in submissions also suggest that the ability to make the right choice about when to invest in new technologies is a skill that needs some development among industry leaders and managers.

New markets and products

New opportunities for Australian retailers will arise through greater engagement with the global marketplace. Retailers will also need to find ways to engage with the new types of products that are emerging, including the growing availability of 3D printing. Globalisation, however, also presents the industry with the challenge of international retailers establishing themselves in Australia and competing in the local marketplace, increasing the breadth of brands, products and services available to consumers. In order to capitalise on Australia's geographic location, Australian retailers need to develop knowledge and capability to identify opportunities within the global market; provide appropriate goods and services to international customers; and compete with large international retailers who can benefit from economies of scale.

As a result, Australian retailers are under growing pressure to innovate and remain relevant to the consumer.

In international markets, and increasingly in Australia, large retailers are entering new markets through both horizontal integration (for example, offering financial services) and vertical integration (by developing their own branded goods).

Globalisation and the rise of Asian markets

Australia operates in a global economy and, as such, the decisions, fortunes and misfortunes of other countries and regions have an impact on our economy. Currently we are seeing the transformation of the Asian region into an economic powerhouse with an expanding middle class. Australia is well positioned geographically, economically and politically to benefit from the increased prosperity of Asian countries, including China, India and Southeast Asian countries. Over coming decades, Asia will become the largest producer of goods and services and the largest consumer of them.⁶⁷ The retail industry has the opportunity to capitalise on this growing middle class and its appetite for luxury brands and unique products. Consumers across Asia are becoming more sophisticated and more discerning. As incomes of the middle class rise, consumption choices will become more diversified—including a desire for higher quality, and potentially tailored, goods and services.⁶⁸

International retailers attracted to Australia's geographic position and relative economic strength continue to establish outlets in Australia. According to Colliers International, there is likely to be an even greater influx of international retailers over the next five years, mainly from the fashion and general apparel sectors. In total, Colliers has identified plans for approximately 200 new international retail outlets in Australia in the next five years.⁶⁹

67 Department of the Prime Minister and Cabinet, 2012, *Australia in the Asian century issues paper*, Commonwealth of Australia, Canberra.

68 Ibid.

69 Farren N, 2013, *International retailers Australia is hot property*, white paper, Colliers International, Sydney.

With globalisation comes a range of challenges. Other countries have different legislative regimes in areas such as trade practices, employment law and consumer rights that Australian retailers need to fully understand. Similarly, cultural differences between countries and preferences for particular goods and services will demand different types of customer service, language proficiency and cultural understanding, all of which will affect merchandise and marketing strategies and particularly the skills required of the workforce.

A different range of skills will be required to capitalise on the rise of Asian markets. These capabilities include adaptability, flexibility, resilience, creative thinking, and the confidence and readiness to interact with and operate in Asia. Further Asia-relevant capabilities include cultural and representational skills to make informed decisions in an increasingly complex environment.⁷⁰

In the retail industry, capabilities required to build a successful global business include stronger entrepreneurial, management and technical skills to connect to global industry value chains. This includes 'supply chain management skills, including consistency of supply and the tailoring of products and services to specific market needs'.⁷¹ These skills are especially important given that expanding into Asian countries will increase a business's interaction with potentially large international retailers that have economies of scale. A well-developed understanding of work practices and cultures in countries will also assist in building the relationships that are essential for exporting goods. Businesses will need to develop skills to understand the diversity of preferences, cultures and circumstances that can affect how products are produced, presented and transported for different Asian markets.⁷²

Realising a vision of Australia as a leader in global retail depends to a large extent on the industry driving up its skill levels across the workforce—management and leadership skills will be critical in achieving this.

The founder of Australian fashion e-tailer The Affair, 33-year-old Zoltan Csaki, operates a truly global business: his web developer is based in Guatemala, his manufacturer lives in Portugal and the goods he sells (graphic T-shirts and prints inspired by cult literature) are mailed from a warehouse near London to destinations around the world.⁷³

New products

Consumers have always demanded new products once they become aware of them. Today the speed at which new products are introduced to the market and consumers request them is increasing. Retailers that have the adaptive flexibility to quickly incorporate new products into their supply chains are able to maximise these opportunities. Sometimes, however, the new products require the quick development of knowledge about a completely new type of technology or process, such as 3D printing.

70 Australian Government, 2012, *Australia in the Asian century*, white paper, Department of the Prime Minister and Cabinet, Canberra, p. 163.

71 Ibid., p. 216.

72 AgriFood Skills Australia, 2013, *2013 environmental scan of the agrifood industry*, AgriFood Skills Australia, Canberra, p. 9.

73 Bingemann, M, 2012, 'Have laptop. Will do business', in *Path to prosperity*, *The Australian* in partnership with GE.

3D printing is an additive technology. Objects are built up by laying down a great many thin layers. The object is printed from a three-dimensional digital model on a computer. This new technology represents a significant challenge for the retail industry. People will be able to have a product produced immediately for them. Unfortunately for the retail industry, the technology lets anyone do this from home, once they purchase a machine or interact directly with a service provider. Some experts consider it a major game changer for retail, though there is still ongoing debate about the feasibility and economic viability of the at-home 3D printing market.⁷⁴ Many retailers are beginning to offer their own 3D printing services, both online and in-store. To sell through this completely new process, retailers need to develop detailed product knowledge and design skills. It is an area for potential innovation to respond to different tastes in the growing Asian market, for example.

Innovative shoe retailer Shoes of Prey currently uses a 3D designer to allow customers to view their creations as they design them. The business is currently exploring methods for using a 3D printer to produce the individually designed shoes.

Consumer demand for sustainable and ethical practices

Australians are now more conscious about the quality of their products and are becoming more aware of production methods—in particular, whether they are socially responsible and environmentally sustainable. This trend has been observed in the food retail industry for some time, but is becoming increasingly prevalent in other retail sectors, such as clothing. The public backlash after the recent tragedy in Savar, Bangladesh—when a garment factory building collapsed with a reported death toll of more than 1,120 and many more injuries—highlighted the need for retailers and brands to take more responsibility for the safety of their workers and ensuring the products they are sourcing from countries such as Bangladesh are ethically produced. Since the establishment of the Bangladesh Accord, more than 100 companies worldwide have signed up, including six companies with global headquarters in Australia.⁷⁵

Australian consumers are seeking reassurance about practices in all parts of the supply chain. Retailers will need to develop the skills and knowledge required to understand their products' journey across the full supply chain. Consumers have access to a growing number of apps that allow them to quickly view not only where a product has come from, but also under what environmental and human rights conditions it has been produced and transported. Businesses will also need the skills and knowledge to address any negative community concerns and appropriate media communication skills to manage issues as they arise.

A number of retailers have established partnerships with charity organisations as a way of encouraging customer loyalty and demonstrating corporate social responsibility.

Restructuring of the economy and changing consumer tastes

Retail spending overall grew strongly in dollar terms through to the 2008 global financial crisis, when it declined sharply. While it has since recovered, the rate of growth of nominal retail turnover (at just over 3 per cent in 2012) remains somewhat below the rate of the first half

74 ARN, www.arnnet.com.au/article/527786/will_3d_printing_good_retail.

75 www.just-style.com/analysis/who-has-signed-the-bangladesh-safety-accord-update_id117856.aspx.

of the last decade. A recent Deloitte Access Economics report forecasts real retail sales of 2.2 per cent for the 2013 calendar year, rising to 2.7 per cent in 2014 and 3.3 per cent in 2015. According to the forecasters, retail, like the economy as a whole, was patchy in 2013; however, fundamentals have improved with low interest rates, a relatively low dollar and a post-federal election bounce in consumer confidence.⁷⁶

In volume terms, retail sales have increased substantially over the past two decades as a share of household spending. In nominal terms however, the movement has been the opposite, with retail turnover falling as a share of household consumption.⁷⁷ The difference between these two measures reflects the fact that the prices of Australian-produced services have been rising faster than the prices of retailed goods. One reason for the disparity is that the opportunities for productivity gains through technology have generally proved greater in the goods sector than in services. In addition, tariff cuts, a stronger Australian dollar, the shift of manufacturing to China and other low-cost producers, and vigorous global competition, have all led to the prices of many retail goods increasing markedly less than the price level as a whole.⁷⁸

Nevertheless, both the volume and the value measures of retail sales are important. The volume of sales is related to industry size and the number of employees. The relatively slow growth in the nominal value of sales may largely reflect lower wholesale costs, for the reasons given above, but to the extent that it reflects changing retail margins, the nominal sales value will have a more direct influence on profits and the ability of retail businesses to sustain debt.

Deloitte Access Economics found that over the past six years the composition of consumption in general has changed. Australians are spending less on items such as furniture, appliances, fixed-line telecommunications, home computers, books and magazines, tobacco, and toiletries and cosmetics. Over the same period, spending has increased on rent and mortgage interest payments, health insurance and medicines, private school fees, child care, pay TV fees, internet charges, overseas holidays and other services.⁷⁹

The composition of retail sales is also changing. Fresh food sales have continued to trend up strongly, as has spending on eating out and on 'other retail' (including, for example, stores selling mobile phones). For some years, however, spending in department stores, and in particular spending on clothing, footwear and household goods, has been growing only slowly. This is true in volume terms, and even more apparent in dollar terms.⁸⁰

Retail sector analyst Steve Ogden-Barnes notes that consumer behaviour coming out of the most recent economic downturn has been unlike previous downturns:

When we take a long hard look at the retail landscape, it's no longer a simple game of causal relationships (a bad economy sees value retailers prosper; a good economy sees luxury retailers prosper; more marketing results in more sales; more sales means more profits, less sales means less profits, etc). The retailers who do well, regardless of sector or size, country of origin, country of operation or market position are first and foremost innovators.⁸¹

76 Australian Associated Press, 2013, 'Retail to improve on patchy 2013: Deloitte'.

77 ABS, 2013, *Retail trade, Australia, May*, cat. no. 8501.0, ABS, Canberra.

78 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*.

79 Deloitte Access Economics, 2012, *Consumer spending patterns and retail implications*, www.deloitte.com/view/en_AU/au/industries/consumerbusinessandtransport/21374d79832c5310VgnVCM3000001c56f00aRCRD.htm.

80 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*.

81 Ogden-Barnes S, 2013, '2013—your year of innovation', in *Retailer*.

Summary

Retail has one of the youngest age profiles of any industry. Almost three-quarters of the workforce is aged under 45 years and around a third aged 24 years or younger, of which almost all (89 per cent) are employed on a part-time or casual basis. The main reason for this is that a high proportion of young workers are also engaged in secondary or tertiary education. In this way, retail provides employees with entry-level opportunities in the labour market while supporting other responsibilities. Job roles in retail tend to be highly stratified by gender. Women account for 70 per cent of the largest occupation, Sales Assistants (General), and the majority of chief executives are male.

The retail industry is undergoing restructuring that is driving change in a number of areas. These include the rise of new technology, emerging markets and products, and increased consumer demand for sustainable and ethical practices. In parallel with these developments is the rise of the smart consumer, a shopper now armed with more information and choices than ever before.

Innovation in the retail industry globally takes a number of forms:

- logistics and warehousing and managing global supply chains (including the use of radio-frequency identification to track goods)
- online retail service
- the use of technology within stores (electronic point-of-sale technologies)
- the use of consumer data in targeting advertising
- the use of loyalty cards
- widening the range of products and services provided.⁸²

These changes in the industry necessarily trigger a change in the profile of skills required.

82 UKCES, 2012, *Sector skills insights: retail*, Evidence Report 53.

Supply of skills to the industry

There are a number of sources of labour for the retail sector, including graduates from VET and higher education as well as school-based programs. For many occupations, however, there are no specific prerequisite qualifications. This is reflected in the current skills profile of the sector's workforce. Typically people are recruited into retail on a part-time or casual basis and receive informal on-the-job induction training. Some are employed through a traineeship or other formal qualification, or alternatively on a full-time basis supported by internal or unaccredited training programs. Managers most often are developed and promoted through internal programs. However, some managers complete a Certificate IV qualification, or achieve a degree or Master of Business Administration, some with a retail specialisation.⁸³

In addition to formal education and training courses, a considerable amount of unaccredited and informal training occurs across the industry, including vendor training. The National Centre for Vocational Education Research (NCVER) provides definitions for the different types of training as follows:⁸⁴

- Vocational qualifications are nationally recognised qualifications. These qualifications are delivered by registered training organisations such as TAFE colleges, private providers and vocational divisions of universities.
- Unaccredited training is training that does not lead to a nationally recognised qualification. The training activity must have a specified content or predetermined plan designed to develop employment-related skills and competencies.
- Informal training refers to training that usually occurs on the job through interactions with co-workers as part of an employee's day-to-day work.

Table 13 shows the results of the NCVER survey of employers' use of training, comparing the retail industry with the all-industries average, in 2011 and 2013. The level of training use declined between 2011 and 2013 for VET, unaccredited and informal training, although the last of these is the most widely used in both retail and across all industries. The proportion of employers using the VET system was lower in retail than in other industries.

83 Service Skills Australia, 2012, *Retail futures—progress report—stage one*, Service Skills Australia, Sydney.

84 NCVER, 2013, *Australian vocational education and training statistics: employers' use and views of the VET system 2013*, item 2675.

Table 13 Use of training in the last 12 months by employer characteristics, 2011 and 2013 (%)

	Employers using the VET system		Employers using unaccredited training		Employers using informal training		Employers providing no training	
	2011	2013	2011	2013	2011	2013	2011	2013
Retail Trade	40.2	37.1	45.6	41.5	78.4	77.6	12.0	14.4
All industries	56.1	51.9	49.0	47.5	78.3	77.6	9.3	12.4

Source: NCVER, 2013, *Australian vocational education and training statistics: employers' use and views of the VET system 2013*, item 2675.

The delivery of accredited education and training is regulated through national regulatory bodies and is supported by a range of funding mechanisms and support structures. The costs of the various types of education and training are shared (in varying proportions) between individuals, employers and governments and funding mechanisms vary significantly between jurisdictions, as discussed further below.

VET courses

This section reviews commencement and completion data for the retail training package. The available data covers only publicly funded training plus TAFE fee-for-service activity. It therefore does not include the significant amount of privately funded training that occurs in the industry. This makes it difficult to discern clear trends, particularly when policies on public funding are continually changing. The data for apprenticeships and traineeships, because it is from a different source (a contract between an employer and a trainee/apprentice), includes all activity—regardless of funding source.⁸⁵

As noted above, employers in retail are less likely than employers in other industries to use the VET system for their training needs. Around 37 per cent of retail employers used the VET system in 2013 compared with 52 per cent across all industries. The 2011 census found that only 37.6 per cent of the retail workforce had a post-school qualification. Of these, 47.6 per cent (189,300) held a certificate-level qualification and 18.6 per cent (74,000) held a diploma or advanced diploma.

⁸⁵ The National VET Provider Collection is a set of administrative data on VET students, the courses they undertake and the level of qualification they achieve. The information is sourced from student enrolment records and communicated to NCVER by state training authorities from registered training providers. The Apprentice and Trainee Collection is a set of administrative data on apprentices and trainees and their employers. The data is sourced from Australian Apprenticeships Centres on the basis of the contracts registered at the time of commencement of an apprenticeship/traineeship, and is updated throughout the life of the contract. The data is reported to state training authorities, which in turn communicate the data to NCVER. Apprentices and trainees in publicly funded VET courses are included in the National VET Provider Collection data. However, the data in these collections are incompatible for comparison given that the Apprentice and Trainee Collection includes data that is excluded from the National VET Provider Collection. This results from the fact that the Apprentice and Trainee Collection includes data on apprentices and trainees who have completed their qualification, but not their contract of training; entered into a contract of training, but not yet enrolled in a qualification with a registered training organisation; withdrawn from their qualification but not cancelled the contract of training; or chosen not to enrol for a semester. For these reasons care should be taken when using the National VET Provider Collection to obtain information on apprentices and trainees.

In addition to formal education and training courses there is a significant amount of unaccredited training occurring within the industry, including vendor training. It is not clear how much formal training is being funded privately by individuals and firms. Also, the data does not show whether there has been a substitution between publicly funded training and fee-for-service training (and vice versa) as funding policies of governments have changed.⁸⁶ These issues are discussed further below.

Trends in VET commencements

The Retail Services Training Package covers a number of qualifications. All qualifications within the training package are included in the analysis in this section except the Certificate II in retail fast food, as it is considered outside the scope of this study. Appendix C sets out the full list of the qualifications analysed.

Table 14 shows commencements from 2007 to 2012 for each qualification level within the retail training package. The number of people commencing a qualification grew in the industry despite the total number employed in the industry dropping over the same period. Between 2007 and 2012 there was an average annual increase of 5.1 per cent in the number of commencements, compared with 6.0 per cent across all VET commencements. In percentage terms, growth was strongest at the diploma level, followed by Certificate IV (albeit from low levels).

Between 2007 and 2011, Certificate II was the most commonly commenced qualification; however, in 2012, it was overtaken by Certificate III. As shown in Figure 14, there was a more gradual increase in the uptake of Certificate IVs and diplomas and a decrease in the number of people commencing a Certificate I. Note that the data includes community pharmacy training package commencements, which were included in the retail training package up to 2011, after which they were incorporated into a separate training package.⁸⁷

86 The VOCSTATS data also includes fee-for-service training by public providers. It therefore includes training that is publicly funded in public providers; publicly funded in private providers; and fee for service in public providers.

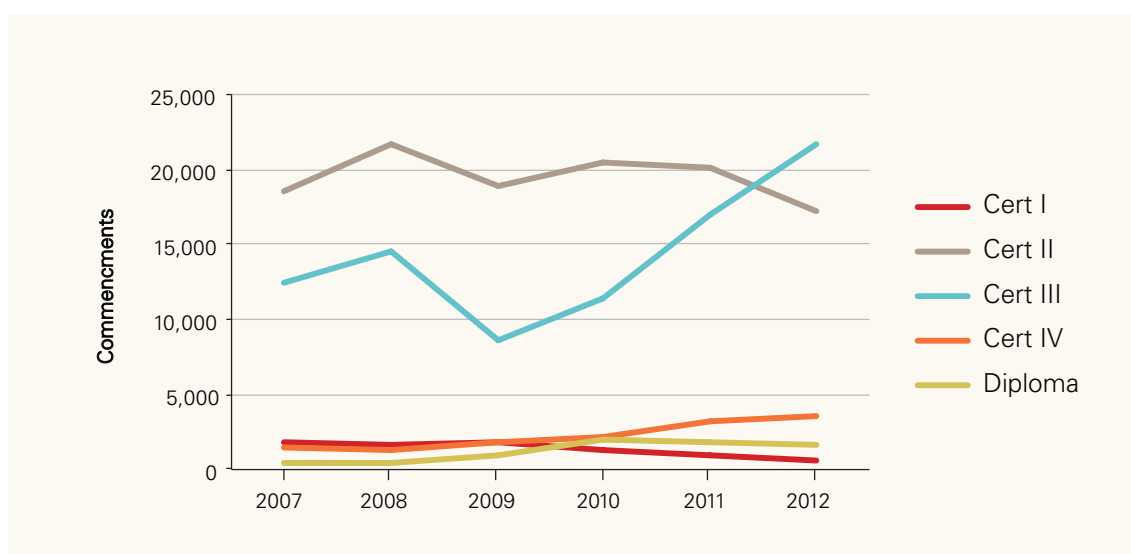
87 Service Skills Australia, 2012, *Retail, wholesale and floristry: environmental scan*, Service Skills Australia, Sydney, p. 45.

Table 14 Total VET commencements in retail-related qualifications (including pharmacy) and total VET commencements

	2007	2008	2009	2010	2011	2012	Average annual growth 2007 to 2012 (%)
Certificate I	1,892	1,661	1,810	1,258	951	581	-21.0
Certificate II	18,521	21,643	18,876	20,393	20,063	17,224	-1.4
Certificate III	12,399	14,515	8,594	11,483	16,925	21,653	11.8
Certificate IV	1,556	1,301	1,775	2,129	3,224	3,494	17.6
Diploma	439	443	908	1,913	1,762	1,699	31.1
Total retail training package	34,807	39,563	31,963	37,176	42,925	44,651	5.1
Total VET commencements	890,422	932,859	945,413	1,029,520	1,068,890	1,192,371	6.0

Source: VOCSTATS, Student and Courses Collection, 2007–12.

Figure 14 VET commencements in retail-related qualifications (including pharmacy)

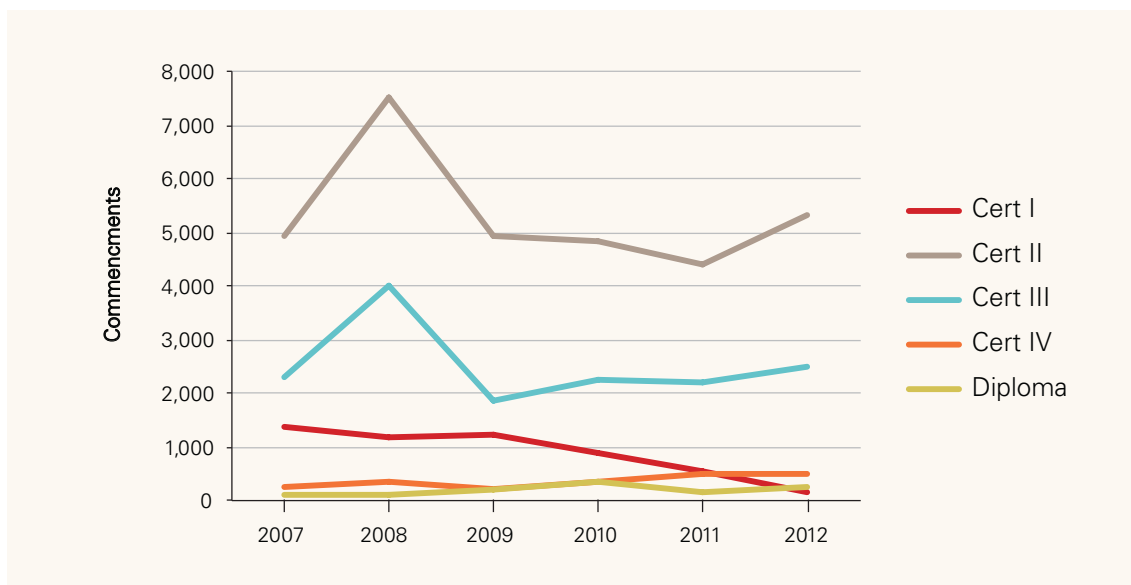


Source: VOCSTATS, Student and Courses Collection, 2007–12.

VET commencements can also be examined on a state level to identify any specific trends as a result of changes to incentives and funding models, both of which play a significant role in the training choices individuals and businesses make. The two states of particular interest examined below are New South Wales and Victoria. The rationale for focusing on these two states is that more than half of the total number of people who commence training do so in these states. Also, Victoria recently made changes to its funding incentive model, while New South Wales is yet to introduce its entitlement model.

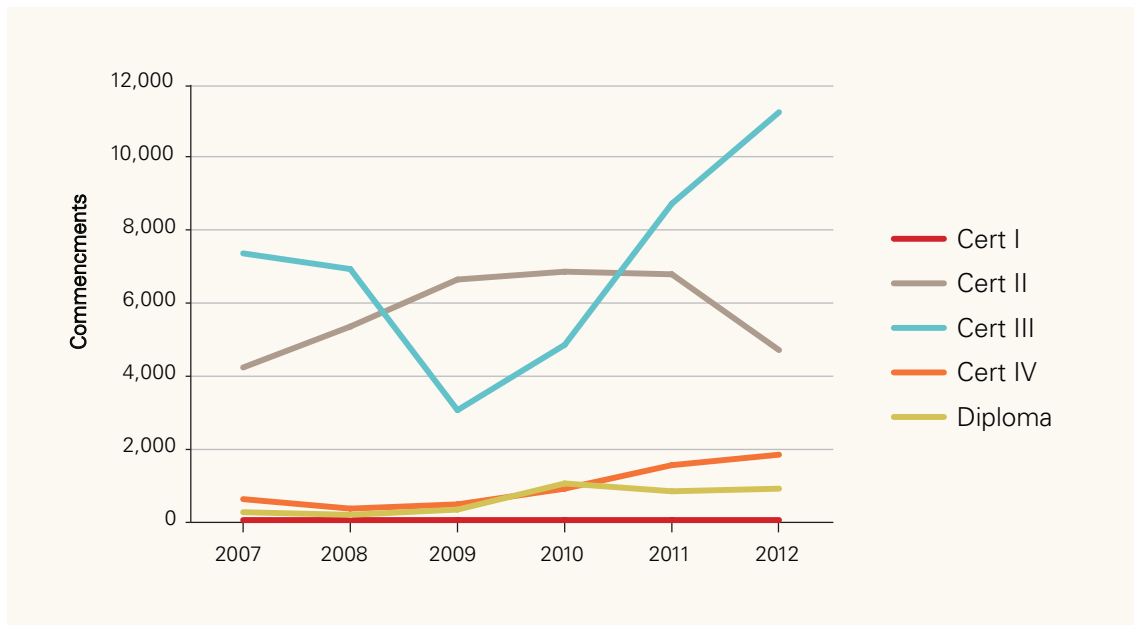
Figure 15 and Figure 16 show the breakdown of the number of students commencing in retail VET qualifications (excluding pharmacy) from 2007 to 2012 for both states. They show the effect state policy can have on the qualifications people choose to commence. Certificate II is still the most commonly commenced qualification in New South Wales, but in Victoria there has been a dramatic increase in Certificate III commencements since 2009 and a decrease in Certificate II commencements since 2011. The trend in Victoria has been attributed to the change in funding incentives since the introduction of the Victorian Training Guarantee.

Figure 15 Retail VET commencements in New South Wales



Source: VOCSTATS, Student and Courses Collection, 2007–12.

Figure 16 VET commencements in Victoria



Source: VOCSTATS, Student and Courses Collection, 2007–12.

Trends in VET completions

The number of people completing qualifications in retail is also increasing (see Table 15). Completions in retail training packages have increased by an annual average of 13 per cent since 2008, which is above the all-training package average of 12 per cent and a significantly faster rate of increase than for commencements.

The Productivity Commission has suggested that there are high levels of non-completions in retail training which may be partially due to the fact that a retail qualification is not a prerequisite for employment.⁸⁸ A Service Skills Australia survey of students suggests that the main reasons for non-completion relate to changes in work circumstances such as resignation from a job, finding a job elsewhere, or termination of employment.⁸⁹ Subsequent research found that the reasons for non-completion are numerous and recommends that reasons for non-completion be captured in the VET survey data.⁹⁰

⁸⁸ Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*.

⁸⁹ Service Skills Australia, 2011, *Submission to the Productivity Commission inquiry into the economic structure and performance of the Australian retail industry*, Service Skills Australia, Sydney.

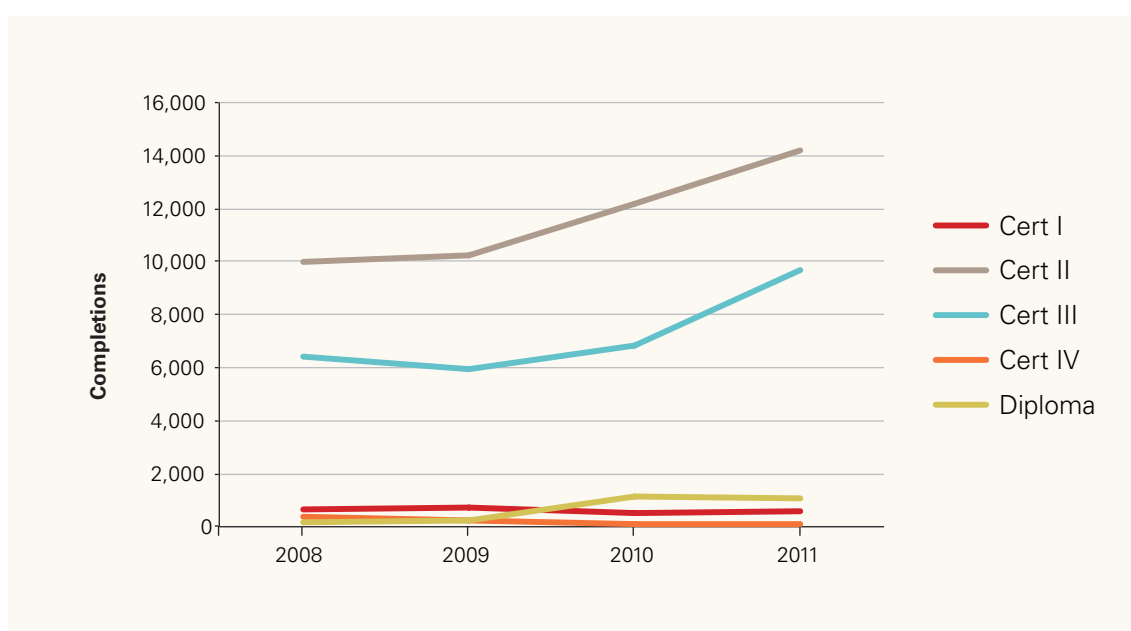
⁹⁰ John Mitchell & Associates, 2011, *The benefits of accurately measuring non-completions*, report prepared for Service Skills Australia.

Table 15 VET completions in retail qualifications (including pharmacy) and total VET completions

	2008	2009	2010	2011	Average annual growth 2008 to 2011 (%)
Certificate I	657	728	485	588	-3.6
Certificate II	9,991	10,207	12,154	14,183	12.3
Certificate III	6,385	5,945	6,804	9,692	14.9
Certificate IV	404	231	85	64	-45.8
Diploma	146	216	1,119	1,101	96.1
Total retail training package	17,583	17,327	20,647	25,628	13.3
Total VET completions	351,556	393,854	443,501	521,434	14.04

Source: VOCSTATS, Student and Courses Collection, 2007–12.

Figure 17 VET completions in retail training packages (including pharmacy)

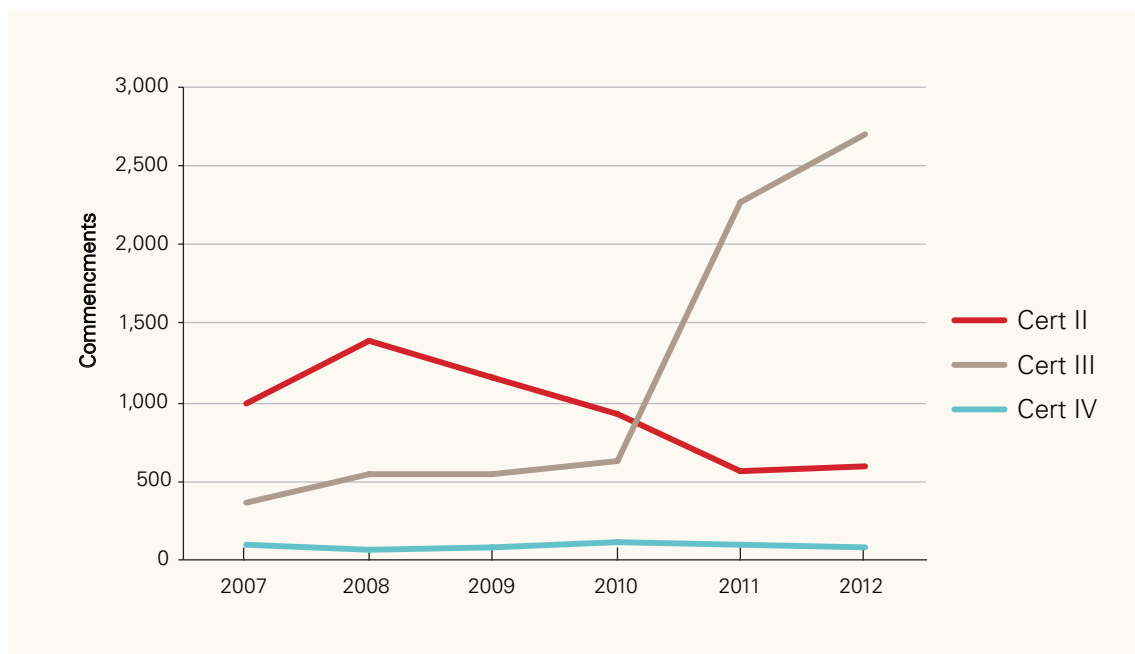


Source: VOCSTATS, Student and Courses Collection, 2007–12.

Pharmacy training

Figure 18 shows commencements data for the retail pharmacy sector, which as noted above established its own community pharmacy training package in 2011. The graph shows a significant increase in Certificate III take-up from that time. In the pharmacy sector, pay scales are linked to qualifications attained. It therefore might be expected that growth or decline of particular levels of qualifications would not be as strongly linked to incentive and funding policy fluctuations, but more closely linked to industrial and regulatory arrangements.

Figure 18 Commencements in pharmacy assistant training package



Source: VOCSTATS, Student and Courses Collection, 2007–12.

VET in Schools

VET in Schools (VETiS) programs are nationally recognised VET qualifications delivered to secondary school students by registered training organisations. They include school-based apprenticeships and traineeships. Although VETiS could be considered a platform for recruiting young people into a retail career, Service Skills Australia reports that there is concern within the industry about the poor quality of some VETiS programs.⁹¹ Commencements in retail-related VETiS courses appear not to have followed the trends observed in other avenues through which people undertake VET courses (see Table 16). However, any conclusions are limited by the short time period over which data is available and the small numbers engaged in the program.

91 Service Skills Australia, 2013, *Retail, wholesale and floristry environmental scan*.

**Table 16 Commencement in VET in Schools retail-related courses
(excluding fast food retailing)**

	2010	2011	2010 to 2011 change (%)
Certificate I	1,043	795	-23.8
Certificate II	6,792	7,448	9.7
Certificate III	1,219	1,660	36.2

Source: VOCSTATS, Student and Courses Collection, 2007–12.

Traineeships and apprenticeships

Apprenticeships and traineeships are an entry pathway into the industry that combines study with an employment contract. Table 17 shows that commencements in retail traineeships and apprenticeships decreased markedly in 2012–13. Commencements declined at all qualification levels in 2012–13, with the sharpest decline evident in Certificate III level qualifications (refer to Figure 19). However, Certificate III remains the most frequently commenced qualification.

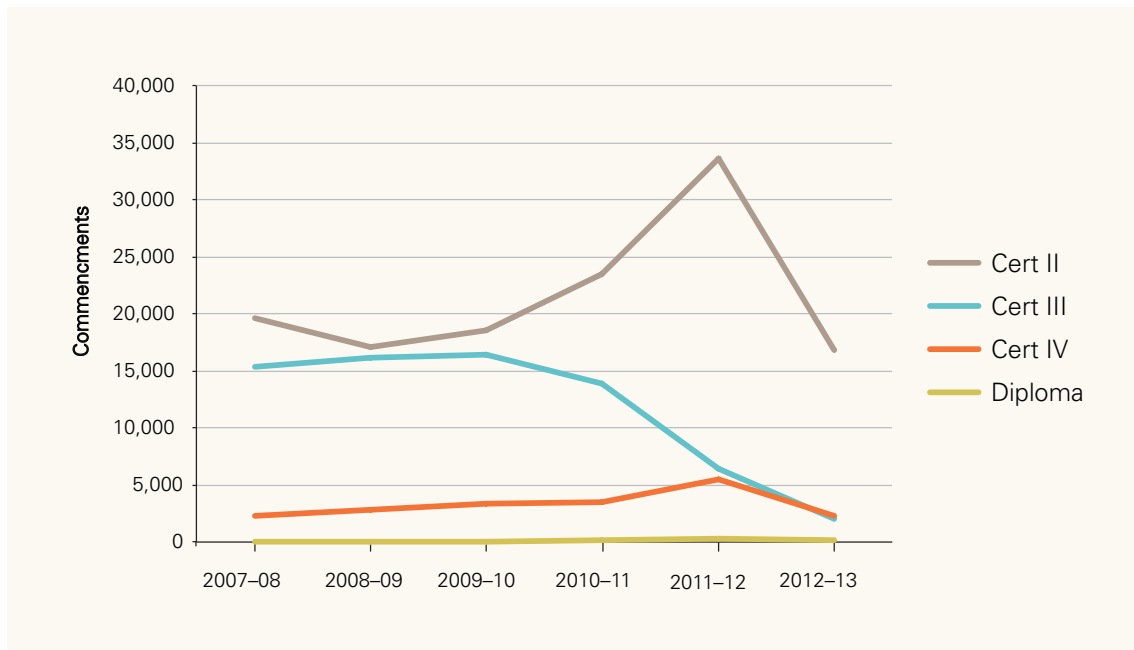
The decline in retail commencements of 53.7 per cent in 2012–13 compares with a decline in total commencements (across all sectors) of 38.6 per cent. Non-trades commencements decreased by 48.2 per cent, while trades commencements decreased by 11.8 per cent over the year.

**Table 17 Traineeship and apprenticeship commencements in retail training package
(including pharmacy)**

	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	Average annual change (%)
Certificate II	15360	16157	16416	13914	6490	2004	-33.5
Certificate III	19565	17125	18597	23475	33582	16757	-3.1
Certificate IV	2242	2847	3408	3488	5550	2350	0.9
Diploma	0	0	50	142	250	130	-
Total	37167	36129	38471	41019	45872	21241	-10.6

Source: VOCSTATS, Student and Courses Collection, 2007–12.

Figure 19 Traineeship and apprenticeship commencements in retail training package (including pharmacy)



Source: VOCSTATS, Student and Courses Collection, 2007–12.

Table 24 in Appendix D shows retail traineeship and apprenticeship commencements by qualification between 2007–08 to 2012–13.

VET student outcomes

The commencement and completion data analysed above suggests that lower level qualifications are significant to the retail industry. They provide skills training for entry-level jobs, including through VET in Schools arrangements, and for second-chance job seekers. There are a number of reports on the effectiveness of this training in terms of attracting and retaining employees for the retail industry.

The most recent NCVER Student Outcomes Survey shows that a higher proportion of those completing training in training packages overseen by Service Skills Australia work on a part-time basis (39 per cent) compared to the total industry skills training package outcome (29 per cent), which reflects the broader employment profile of the services sector (see Table 18).⁹²

⁹² Note that the NCVER Student Outcomes Survey data is reported by Industry Skills Council and is not exclusive to retail training packages.

Table 18 Employment outcomes for the VET graduates in Service Skills Australia training packages

	Total employed (full-time)	Total employed (part-time)	Total employed (hours not stated)	Total unemployed (looking for full-time)	Total unemployed (looking for part-time)	Total not in labour force	Total not employed (not further identified)	Total
Service Skills Australia								
Number	1,324	1,508	34	256	284	452	20	3,878
Percentage	34	39	1	7	7	12	1	100
Total Industry Skills Councils								
Number	14,046	8,723	206	1,795	1,813	3,584	94	30,261
Percentage	46	29	1	6	6	12	0	100

Source: VOCSTATS, Student Outcomes Survey 2012.

Research undertaken for Service Skills Australia involved a destinations survey for the services industries that examined the employment destinations and other outcomes of people who obtained a qualification in the services industries. The survey demonstrated the value of lower level qualifications in providing individuals, especially school leavers and other younger people, with employability skills and attachment to the labour market, as well as a stepping stone to higher level qualifications.⁹³

Other research questions the value of retail qualifications for sales staff. The NCVER's submission to the AWPA retail workforce issues paper pointed to a range of recent research that demonstrates mixed results for employees engaging in training. Two reports from Pocock and colleagues show that a major driver of training and skills development in retail workplaces was created by managers' desire for employees to be able to provide good service to customers (for example, acquiring product knowledge). In the retail sector, especially in smaller firms and those with high rates of turnover and/or casual workers, beyond mandatory training, employers sought 'cost neutral' training. Some retail workers recognised that formal qualifications were not always valued by employers and so did not seek them; however, some workers in the retail sector also believed their qualification gave them an edge over other job applicants. The main driver of training is the need to gain or retain a job, and the costs of participation are high as far as time, money and effort goes. For low-paid workers the financial rewards for training are low.⁹⁴ Research has also found that in some cases employment recruitment is based on personal attributes rather than qualifications or skills, and in these circumstances equipping individuals with qualifications makes little difference to their employment chances.⁹⁵

93 Centre for Research on Educational Systems, 2012, *Destinations survey for the services industries: overview*, report prepared for Service Skills Australia, University of Melbourne.

94 Pocock B, Elton J, Green D, McMahon C and Pritchard S, 2011, *Juggling work, home and learning in low-paid occupations: a qualitative study*, NCVER, Adelaide, www.ncver.edu.au/publications/2369.html.

95 Pocock B, Skinner N, McMahon C and Pritchard S, 2011, *Work, life and VET participation amongst lower-paid workers*, NCVER monograph series 05/2011, NCVER, Adelaide, www.ncver.edu.au/publications/2378.html.

Funding incentives for VET training

In recent years, Australia's VET system has undergone a number of major reforms, including the move to national regulation of providers, a commitment by all governments to harmonisation of apprenticeships, the introduction of demand-based funding and student entitlement models, and greater contestability among providers. Changes have also been made to the administration and funding arrangements for publicly owned TAFE colleges.

Since agreeing to a revised National Partnership Agreement on Skills Reform at the Council of Australian Governments meeting in April 2012, nearly all states and territories have embarked on reforms to their training systems. In some jurisdictions (in particular, Victoria) the reforms are already well progressed.

A key plank of these reforms is the move to a student demand-driven system. However, because each state and territory is free to adopt its own mechanisms to achieve this, a complex set of arrangements has resulted. The complexity and inconsistencies in institutional arrangements and funding models across jurisdictions have been raised by stakeholders as a significant issue for the industry, particularly for national employers.

The introduction of student demand systems has put pressure on already constrained state budgets. In response, a number of jurisdictions have reduced the subsidies available for certain qualifications or put caps in place to limit numbers. Retail qualifications have been affected in this way in some states. The majority of jurisdictions have used or plan to use 'skills needs lists' to determine priority qualifications that will receive subsidies. All jurisdictions continue to monitor and adapt their funding policies, making it difficult for students, employers, intermediaries and registered training organisations to keep up with current arrangements and to plan ahead.

Funding models play an important role in influencing who gets access to training. There is strong evidence that funding changes are driving behaviour among both students and employers, as well as affecting provider capacity. For example, in Victoria—the first state to introduce an entitlement model—the scheme commenced with a guarantee of government-subsidised training places for individuals up to their first Certificate III qualification.

In 2011, enrolments in publicly funded qualifications from the Retail Services Training Package in Victoria increased by 42.2 per cent from the previous year. In all other states and territories, the increase was a much more modest 5 per cent. The rapid increase in Victoria placed a strain on its training budget, leading to the implementation of new arrangements that applied different subsidy rates for courses and qualifications based on 'areas of greatest public benefit and future jobs growth'.⁹⁶ From 1 July 2012, the new fee arrangements grouped qualifications into five subsidy bands, with subsidies ranging from under \$2 per hour to over \$10 per hour. Most retail courses in Victoria now attract the lowest subsidy, meaning that individual students pay much higher fees for such courses.

All nationally recognised qualifications receive at least some level of subsidy in Victoria. The other jurisdictions, however, have chosen to restrict the number of qualifications available for subsidy and to reserve the right to apply caps to limit enrolment numbers (as well as provide incentives) to steer student choice. Again, this is done in various ways across jurisdictions, but generally foundation courses and courses linked to 'priority occupations' attract the highest level of subsidy. A number of jurisdictions also provide higher subsidy rates for apprenticeships and some traineeship qualifications undertaken through training contracts.

96 Victorian Government, 2012, *Refocusing vocational training in Victoria*, www.education.vic.gov.au/Documents/about/department/refocusingvetstatement.pdf.

A number of jurisdictions apply different eligibility criteria for different learner cohorts (for example, young people, unemployed people, and people without a post-school qualification) as well as regional and remote loadings. Despite this, a number of stakeholders have raised the issue of access to training in regional areas as a barrier to investment in training.

South Australia has recently capped enrolments in a number of retail courses, including for higher level qualifications. It has also moved to a 'price banding' system (similar to Victoria) to determine subsidies to be applied to different qualifications. While not all jurisdictions have yet released details of their subsidies for retail qualifications, Service Skills Australia has noted its concern about the recent reductions in or removal of subsidies for retail courses. According to Service Skills Australia, there is a risk that the reduction in funding for retail qualifications will result in a loss of productivity in the industry, which is crucial given the intensified competition from online and international outlets. In addition, it places an extra burden on small and micro enterprises struggling to upskill their staff. Industry is concerned about the lack of funding for diploma-level qualifications in some jurisdictions, as these qualifications are seen as providing crucial management and business skills. Moreover, the removal of this higher level qualification may entrench existing perceptions that the retail sector requires low levels of skill and lacks professionalism, and may prevent career progression.⁹⁷

At the national level, it is reported that changes to employer incentives for apprenticeships and traineeships in non-priority areas are also affecting the industry. Stakeholders within the industry believe that the removal of Australian Government employer incentives for Certificate II level traineeships has had a detrimental impact on their training efforts. However, a recent survey undertaken in Western Australia suggests that factors other than (or in addition to) funding are also having an impact—for example, the difficulties navigating the system and the time and cost of supervision of trainees. In some jurisdictions other policy decisions, such as the removal of payroll tax rebates, has further compounded the effects.

The industry also has concerns about the recent removal of Certificate III completion payments for existing worker trainees, including retail, given that these workers have shown a commitment to a career in the industry. Stakeholders have also commented that the casual and part-time nature of much of the work in the industry does not fit the traditional apprenticeship and traineeship model.

A lack of public funding for initial qualifications can have a detrimental impact on employers that want to provide entry-level opportunities for job seekers or a recognised qualification for existing workers.

Concerns have also been raised about the eligibility guidelines and co-contribution model for the National Workforce Development Fund and the impact this has on the retail industry. That issue is discussed further in Part Two of this report.

97 Service Skills Australia, forthcoming, '2014 environmental scan'.

Higher education

The majority (70 per cent) of workers employed in professional occupations in retail (approximately 51,200 workers or 4 per cent of the retail workforce in 2011) hold a bachelor degree or higher qualification. Currently, 20 per cent of managers working in retail hold a bachelor degree or higher qualification.

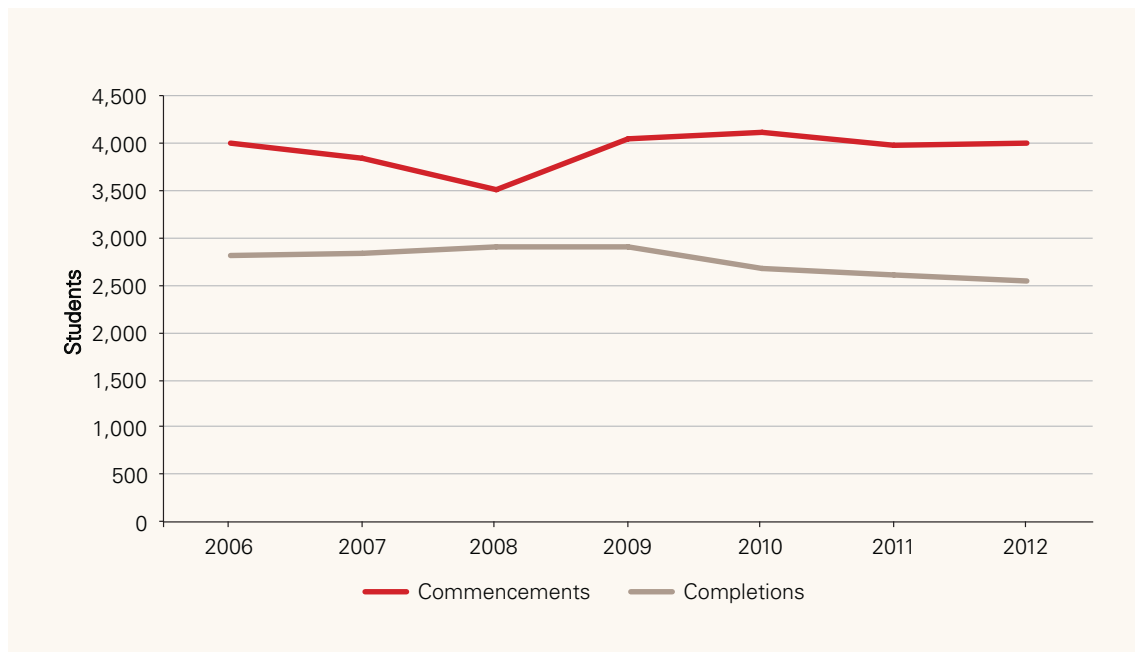
There are a number of retail-specific higher education offerings; for example:

- University of Wollongong—Master of Retail Management
- Deakin University—Graduate Certificate of Retail Management
- University of Western Sydney (in collaboration with Service Skills Australia)—Bachelor of Business and Commerce (Retail Management)
- Swinburne University—Associate Degree of Business Administration (Retail Management)
- Victoria University—Bachelor of Business in Retail Commerce.

However, like the VET retail management courses, there is reportedly a low take-up of these programs.⁹⁸

Figure 20 shows higher education commencements and completions in the sales and marketing field since 2006.

Figure 20 Higher education domestic commencements and completions in field of education: sales and marketing



Source: Department of Education, *Higher education statistics*.

98 Service Skills Australia and Deakin University report that it has been difficult to recruit students for retail-specific management programs.

It is reported that workers for back office occupations are often recruited with specialist, non-retail degrees, such as fashion or accountancy. A small number of these positions are filled internally with some in-house development and/or the completion of a specialist qualification.⁹⁹

Migration

Interviewees for Service Skills Australia's *Retail futures* project suggested that people for higher level retail positions such as retail buying, merchandising, planning, marketing and digital skills are being sought internationally, particularly from the United Kingdom, because there are insufficient skills in those areas locally.¹⁰⁰

An option for employers to address labour and skill shortages is to directly employ migrants on 457 visas. Table 19 shows data on 457 visas granted for select retail occupations between 2007–08 and 2012–13. The data indicates that there has been an increase in the number of visas granted in recent years for Retail Managers, Advertising and Sales Managers, and Call or Contact Centre and Customer Service Managers.

Table 19 457 visas granted for select retail occupations, 2007–08 to 2012–13

ANZSCO code	Occupation	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
1421	Retail Managers	90	100	40	50	90	260
6215	Retail Supervisors	10	20	0	0	10	60
3512	Butchers and Smallgoods Makers	50	40	10	10	30	50
2515	Pharmacists	30	20	20	20	10	10
1311	Advertising and Sales Managers	820	620	490	730	1,020	1,070
3511	Bakers and Pastrycooks	250	180	70	110	270	510
1492	Call or Contact Centre and Customer Service Managers	300	220	190	230	440	1,280

Source: Department of Immigration and Citizenship, 2012 (BE5607.01).

⁹⁹ Service Skills Australia, 2012, *Retail futures—progress report—stage one*.

¹⁰⁰ Ibid.

Summary

Many retail occupations do not have prerequisite qualifications; however, a considerable amount of unaccredited and informal training occurs across the industry. Around 37 per cent of retail employers used the VET system in 2013 compared to 52 per cent for all industries.

In the past five years there has been an increase of 5.1 per cent per annum in students commencing retail VET qualifications. Certificate II was the most commonly commenced qualification until 2012 when Certificate III became the most common. Traineeships and apprenticeships have followed the overall trend in VET commencements. Completions in retail training package qualifications have increased by an annual average of 13 per cent since 2008, which is above the all-training package average. Of those completing, 39 per cent work part-time.

Funding arrangements across jurisdictions for retail qualifications have become increasingly complex for employers and students. In Victoria, there has been a significant increase in Certificate III commencements since 2009 and a decrease in Certificate II commencements since 2011. The trend in Victoria has been attributed to the change in funding since the introduction of the entitlement model. Service Skills Australia has identified a risk that the reduction in funding for retail qualifications will result in a loss of productivity in the industry and affect the scale of registered training organisation provision.

Future outlook (medium and longer term)

Employment demand to 2017

The Department of Employment projects an increase in retail employment of 8.9 per cent in the five years to 2017, an average of 1.7 per cent per annum (see Table 20). This represents a projected increase of 109,100 workers. The projected 1.7 per cent rate of growth compares with growth of 1.0 per cent per annum over the past decade, and a growth of 0.2 per cent per annum over the past five years.

Over the next five years, strong employment growth is expected in a number of retail industry subsectors (at the ANZSIC three-digit level). These include:

- Electrical and Electronic Goods Retailing (total growth of 19 per cent)
- Specialised Food Retailing (15.7 per cent)
- Retail Commission-Based Buying and/or Selling (13.2 per cent)
- Hardware, Building and Garden Supplies Retailing (10.9 per cent)
- Supermarket and Grocery Stores (5 per cent).¹⁰¹

Employment in Non-Store Retailing is projected to decline by 32 per cent, according to these latest projections from the Department of Employment. This appears at odds with the expected growth in online retail over the next decade. It is also surprising given that in the previous set of projections, the Department of Employment projected a 33 per cent increase.

101 ABS, 2013, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

Table 20 Employment projections by retail industry sector (ANZSIC) to 2017

ANZSIC	Industry sector	Employment level, November 2012 ('000)	Employment growth, November 2012 to November 2017 ('000)	Employment growth, November 2012 to November 2017 (%)	Projected employment level	Annual average growth (%)
G	Retail Trade	1,220.5	109.1	8.9	1,329.6	1.7
39	Motor Vehicle and Motor Vehicle Parts Retailing	87.9	2.2	2.6	90.1	0.5
391	Motor Vehicle Retailing	56.8	1.9	3.4	58.7	0.7
392	Motor Vehicle Parts and Tyre Retailing	30.0	1.0	3.2	30.9	0.6
40	Fuel Retailing	33.3	1.9	5.8	35.2	1.1
41	Food Retailing	373.1	29.1	7.8	402.2	1.5
411	Supermarket and Grocery Stores	273.1	13.6	5.0	286.6	1.0
412	Specialised Food Retailing	95.0	15.0	15.7	110.0	3.0
42	Other Store-Based Retailing	664.6	52.7	7.9	717.3	1.5
421	Furniture, Floor Coverings, Houseware and Textile Goods Retailing	49.7	5.3	10.7	55.0	2.0
422	Electrical and Electronic Goods Retailing	65.2	12.4	19.0	77.6	3.5
423	Hardware, Building and Garden Supplies Retailing	71.9	7.8	10.9	79.7	2.1
424	Recreational Goods Retailing	61.7	2.1	3.4	63.8	0.7
425	Clothing, Footwear and Personal Accessory Retailing	153.8	8.9	5.8	162.7	1.1
426	Department Stores	98.3	0.1	0.1	98.4	0.0
427	Pharmaceutical and Other Store- Based Retailing	164.3	14.8	9.0	179.1	1.7
43	Non-Store Retailing and Retail Commission-Based Buying and/or Selling	18.0	-0.2	-1.2	17.7	-0.2
431	Non-Store Retailing	14.6	-4.7	-32.0	9.9	-7.4
432	Retail Commission-Based Buying and/or Selling	1.3	0.2	13.2	1.5	2.5

Source: Department of Employment, Industry employment projections.

Occupational demand

Table 21 shows projected growth in key retail occupations over the next five years. The data includes workers employed across all industries, not just in the retail sector.

Table 21 Employment projections for key retail occupations (ANZSCO four-digit) to 2017, all industries

ANZSCO code	Occupation	Employment level, November 2012 ('000)	Employment growth, November 2012 to November 2017 ('000)	Employment growth, November 2012 to November 2017 (%)	Projected employment level, November 2017 ('000)	Annual average growth (%)
6211	Sales Assistants (General)	511	45.5	8.9	556.5	2.2
1421	Retail Managers	227	3	1.3	230.1	0.3
6311	Checkout Operators and Office Cashiers	135.9	13.7	10.1	149.6	2.4
8912	Shelf Fillers	67.2	12.4	18.5	79.6	4.3
6214	Pharmacy Sales Assistants	30.9	2	6.4	32.8	1.5
6215	Retail Supervisors	34.4	3.6	10.6	38	2.5
6213	Motor Vehicle and Parts Salespersons	36.8	5.3	14.4	42.1	3.4
7411	Storepersons	120.6	11.5	9.5	132.1	2.3
3512	Butchers and Smallgoods Makers	22.7	-1.2	-5.5	21.4	-1.5
2515	Pharmacists	24.1	1.1	4.7	25.2	1.1
6113	Sales Representatives	98	8.5	8.7	106.5	2.1
5911	Purchasing and Supply Logistics Clerks	81.6	6.9	8.5	88.5	2.1
1311	Advertising and Sales Managers	124.1	21.1	17	145.2	4.0
6216	Service Station Attendants	11.4	-0.8	-7.1	10.6	-1.8
3511	Bakers and Pastrycooks	27	0.4	1.5	27.4	0.4
8321	Packers	72.6	1.1	1.5	73.7	0.4
3621	Florists	6.3	0.6	9.1	6.9	2.3
6217	Street Vendors and Related Salespersons	13.6	0.2	1.6	13.8	0.4
6212	ICT Sales Assistants	13.5	-4	-29.4	9.5	-8.4
1492	Call or Contact Centre and Customer Service Managers	32.5	7.9	24.3	40.4	5.6
6395	Visual Merchandisers	6.2	1.6	25.9	7.8	5.9

Sources: Department of Employment, Occupation employment projections; ABS, 2013, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

Employment is projected to increase between 2012 and 2017 in several key occupations:

- Employment of Retail Supervisors is projected to grow by 10.6 per cent (representing 3,600 jobs).
- Retail Managers' employment is projected to increase by 1.3 per cent (representing 3,000 workers).
- Sales Assistants' employment is projected to increase by 8.9 per cent (representing 45,500 workers). This represents strong growth relative to the previous decade of relatively steady employment numbers.
- Employment of Visual Merchandisers is projected to increase by 25.9 per cent (representing 1,600 workers).
- Shelf Fillers' employment is projected to increase by 18.5 per cent (representing 12,400 workers). Industry has suggested that this occupation will grow in line with the demand for online retail as these workers are responsible for managing stock in warehouses and distribution centres.
- Employment of Checkout Operators is projected to increase by 10.1 per cent (representing 13,700 workers).

For other occupations, it is anticipated that employment will continue to grow modestly—with the exception of Butchers and Smallgoods Makers, Service Station Attendants and ICT Sales Assistants, for which employment is expected to decline (the last of these is projected to have the largest decline in employment). The data does not necessarily capture shifts in employment between online retail roles, back office occupations and other emerging retail areas.

Table 22 shows—at ANZSCO four-digit level—projected employment demand for select back office occupations that provide services to the retail industry. While retail is not a significant employer of Multimedia Specialists and Web Developers in terms of share of employment, the growth of online retail will mean they will play a larger role in the retail industry in the future. Across all industries, the Department of Employment expects employment in this occupation to increase by 33.2 per cent in the next five years—the largest relative increase of the various back office occupations servicing retail.

Table 22 Projected employment demand for retail industry back office service occupations (ANZSCO four-digit) to 2017

ANZSCO code	Occupation	Employment level November 2012 ('000)	Employment growth November 2012 to Nov 2017 ('000)	Employment growth November 2012 to November 2017 (%)	Projected employment level November 2017 ('000)	Annual average growth (%)	Skilled Occupation List	Specialised Occupation List	ANZSCO skill level
1322	Finance Managers	45.3	-0.6	-1.4	44.7	-0.3			1
1323	Human Resource Managers	50.1	5.9	11.9	56.0	2.8			1
1333	Importers, Exporters and Wholesalers	20.6	2.9	13.9	23.5	3.3			1
1336	Supply and Distribution Managers	43.1	1.8	4.1	44.9	1.0			1
1351	ICT Managers	51.8	3.4	6.5	55.2	1.6			1
1499	Other Hospitality, Retail and Service Managers	72.1	1.9	2.6	73.9	0.6			2
2211	Accountants	169.7	21.4	12.6	191.1	3.0	X	X	1
2231	Human Resource Professionals	48.6	0.7	1.5	49.3	0.4			1
2251	Advertising and Marketing Professionals	54.9	5.4	9.8	60.3	2.4			1
2252	ICT Sales Professionals	14.4	2.2	15.1	16.6	3.6			1
2254	Technical Sales Representatives	35.3	2.8	7.9	38.1	1.9			1
2324	Graphic and Web Designers, and Illustrators	50.6	6.9	13.6	57.5	3.2			1
2611	ICT Business and Systems Analysts	33.9	3.3	9.6	37.2	2.3	X	X	1
2612	Multimedia Specialists and Web Developers	11.1	3.7	33.2	14.8	7.4			1
2613	Software and Applications Programmers	80.5	3.6	4.4	84.0	1.1	X	X	1
2621	Database and Systems Administrators and ICT Security	34.0	3.9	11.5	37.9	2.8			1
5612	Couriers and Postal Deliverers	39.3	2.8	7.1	42.1	1.7			5
5912	Transport and Despatch Clerks	29.7	2.1	7.1	31.9	1.7			4

Source: Department of Employment, Occupation employment projections.

The projections of strong growth for several ICT-related occupations align with the Productivity Commission's findings on the potential for employment growth from online retailing. It found:

A number of skills are likely to be in demand in the future due to sustained growth in online retailing. These include: administrative staff required for technical support, updating databases and website maintenance; staff for transport services to deliver physical merchandise; electronic financial service skills including security systems specialists, online consultants and specialists; and IT professionals such as computer engineers. Other skills and occupations in demand include IT consultants and software and website developers; photographers and people with graphic art and creative skills to develop and maintain content on websites to encourage sales.¹⁰²

Employment demand to 2025

AWPA has developed a suite of scenarios for Australia to 2025 as a basis for modelling Australia's workforce needs and developing policy to help meet those needs and avoid skills shortages. The four scenarios—Long Boom, Smart Recovery, Terms of Trade Shock and Ring of Fire—outline possible, plausible futures for Australia that help us to plan for an uncertain world.

- In the Long Boom scenario, the high demand for resources traded with China and other countries continues. Industries challenged by the high terms of trade undertake structural adjustment. This results in an environment of sustained prosperity and a restructured economy.
- In Smart Recovery, the challenges facing Europe and the United States affect financial markets, which leads to low growth for Australia to 2014–15. Growth then improves and Australia benefits from industry and government strategies to implement a knowledge economy.
- In Terms of Trade Shock, resource prices fall mainly due to increased supply from other countries, the Australian dollar falls and we move to a broader-based economy.
- Ring of Fire is a risky world with multiple economic and environmental shocks resulting in ongoing low growth.

Modelling against each of the four scenarios was undertaken by Deloitte Access Economics to determine the skills demand for the economy into the future.¹⁰³

The outlook to 2025 shows varying growth rates depending on which future scenario eventuates (see Table 23). Under all four scenarios, all retail industry subdivisions are projected to experience some employment growth each year to 2025, with the exception of Fuel Retailing and Other Store-Based Retailing in the lowest growth scenario, Ring of Fire. Non-Store Retailing and Retail Commission-Based Buying and/or Selling are expected to experience the strongest employment growth, although this is from a relatively small base (combined these subdivisions currently employ less than 20,000 workers).¹⁰⁴ The modelling suggests that overall there will be below average growth in retail employment whichever scenario eventuates.

102 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*, p. 401.

103 A description of the scenarios and the Deloitte Access Economics modelling of employment in each, with state and territory breakdowns, is available on the AWPA website, www.awpa.gov.au/our-work/national-workforce-development-strategy/2013-workforce-development-strategy/Pages/Scenario-Development.aspx.

104 ABS, 2013, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003.

Table 23 Average annual retail industry employment growth under four scenarios, 2011 to 2025 (% per annum)

Industry	Long Boom	Smart Recovery	Terms of Trade Shock	Ring of Fire
Motor Vehicle and Motor Vehicle Parts Retailing	1.0	0.6	0.6	0.0
Fuel Retailing	-3.3	-3.6	-3.7	-4.2
Food Retailing	1.2	0.8	0.7	0.2
Other Store-Based Retailing	0.9	0.6	0.5	-0.1
Non-Store Retailing and Retail Commission-Based Buying and/or Selling	15.7	15.3	15.2	14.6
Retail	1.4	1.0	0.9	0.4
All industries	2.0	1.5	1.6	0.7

Source: Deloitte Access Economics, 2012, *Economic modelling of skills demand and supply*, scenario output—detailed employment results.

A comparison of projected growth in occupational employment over the period to 2025 across each of the scenarios shows patterns of modest growth for roles such as Retail Supervisors, Advertising and Sales Managers, Sales Assistants (General) and Storepersons. However, employment opportunities for Shelf Fillers and Checkout Operators and Office Cashiers are expected to decline under the majority of the four scenarios. For retail industry back office occupations, employment is projected to almost double for ICT-related occupations under most scenarios—view Table 25 and Table 26 in Appendix E for details.

Deloitte Access Economics also modelled replacement demand and net replacement rates for occupations in the retail industry to 2025.¹⁰⁵ Table 27 in Appendix E provides a breakdown of replacement rates and projections for total job openings to 2025 in retail industry occupations. Under all four scenarios, the occupations with the highest annual growth in job openings, such as Checkout Operators and Street Vendors, have high turnover rates compared to most of the other occupations listed. Occupations with the largest number of job openings to 2025 include Sales Assistants (General), Retail Managers, Checkout Operators, and Advertising and Sales Managers. Table 28 shows the same information for back office occupations. Replacement rates are generally lower for back office occupations, compared with sales occupations.

Table 29 in Appendix E shows the balance (non-cumulative) between supply and demand of qualifications for key retail occupations in 2025 for the various scenarios. As outlined in AWPAs *Future focus, 2013 National Workforce Development Strategy*, the modelling assumes an increase in multiple qualification holding and shows that demand is expected to be strongest at the higher qualification levels. The table shows a shortfall in the number of qualifications across all scenarios for occupations such as Retail Managers, Advertising and Sales Managers, and

¹⁰⁵ Net replacement rates estimate demand for new entrants to an occupation resulting from workers leaving the occupation net of those re-entering. By implication, net replacement demand provides an estimate of demand for new entrants with qualifications at a certain level. Additional demand resulting from employment growth also contributes to the number of job openings for new entrants. The AWPAs methodology is based on the 2006 and 2011 censuses. A correction for shrinking occupations is applied to the census data and corrections for changes in the business cycle and age-related structural changes in the labour force are made on the basis of the ABS labour force survey.

Call Centre and Customer Service Managers. Table 30 in Appendix E shows that for back office occupations servicing the retail industry, most occupations have a projected undersupply of qualifications, especially ICT professionals.

The projections to 2025 show an increase in the proportion of sales workers holding a Certificate III or IV qualification from the current level of 10 per cent to 21–31 per cent across the three higher growth scenarios. This trend is also expected to be observed among clerical and administrative workers in the retail sector. The proportion of those workers holding a Certificate III or IV is projected to increase from 17 per cent in 2011 to 28–33 per cent in 2025 in the three higher growth scenarios.¹⁰⁶

¹⁰⁶ ABS, 2012, *Survey of education and work*, cat. no. 6227.0, ABS, Canberra; Deloitte Access Economics, 2012, unpublished data.

Demand and supply balance of skills in retail

The qualifications profile of the retail industry has both advantages and disadvantages for industry and individuals alike. On the one hand, retail is an industry that provides entry-level opportunities within the labour market, enabling people to gain a foothold in the world of work. It also provides opportunities for individuals seeking flexible hours and conditions, such as students and people with caring responsibilities, or those phasing into retirement.

On the supply side, the current lack of a requirement for post-school qualifications in most retail occupations means there are few bottlenecks or barriers to entering the retail workforce. This gives the retail industry access to a large pool of potential workers, particularly young people, people seeking to transition into the labour market for the first time, and those choosing to re-enter the workforce at other stages in life. The lack of formal education requirements therefore makes employment in retail accessible to a wide cross-section of people and encourages a flexible and adaptable workforce.

On the demand side, it can also be argued that the industry simply has little demand for formal qualifications due to the preponderance of lower skilled occupations. This suggests that the current education profile of the retail sector reflects the lack of demand for qualifications at the occupational level.

As identified in the above analysis of training data, this raises the question of the extent to which the retail industry is being served by informal, unaccredited skills learned on the job rather than by formal, nationally recognised qualifications that can be transported to other job roles, or other employers. A perceived lack of identified pathways to progression or longer term career opportunities within the retail sector may be one consequence of retail's 'low skills' profile in the job market. Better articulation of the kinds of higher skilled job roles available within the sector, the promotion of new and emerging occupational areas, and clearer career pathways are just some of the possible solutions that may help broaden retail's appeal to workers of all skill levels. Strategies for achieving these goals are discussed in Part Two.

Specialised occupations

The Specialised Occupations List is a tool developed by AWPA to assist in workforce development planning. Specialised occupations are defined as those 'where specialised skills, learned in formal education and training, are needed at entry level and where the impact of market failure is potentially significant for the economy and/or the community'.¹⁰⁷ The only retail-related occupation on the Specialised Occupations List is Pharmacists.

About 23,000 people are employed as Pharmacists. More than 80 per cent are working as Retail Pharmacists, 10 per cent as Hospital Pharmacists, and a small proportion as Industrial Pharmacists.

¹⁰⁷ AWPA, 2013, *Specialised Occupations List*, www.awpa.gov.au/our-work/labour-market-information/specialised-occupations-list/Pages/default.aspx.

The labour market indicators for this occupation show:

- significant employment growth over the past five years, with a 26.5 per cent increase; further growth of 4.7 per cent is projected over the next five years
- a very low occupational unemployment rate of 1.3 per cent
- a very large increase in advertised vacancies over the past 12 months (40 per cent), against an overall trend of decreased vacancies (however the current level is 40 per cent below the mid-2008 peak).
- a low turnover rate and young age profile (only 29.6 per cent are aged 45 and older), which indicates there are few replacement job openings
- very low graduate earnings of \$38,000 per year (although this is impacted by the intern year), compared with an average of \$56,000 for all Professionals; graduate earnings growth in recent years is also below average, at 2.8 per cent compared with 3.8 per cent for all Professionals
- a higher number of graduates seeking employment compared to the number of entry level positions available
- strong growth in graduate numbers, especially postgraduate
- a fall in earnings as a proportion of male average full-time weekly earnings.

In 2013, retail pharmacists were removed from the Department of Immigration and Border Protection's Skilled Occupation List under the general skilled migration visa program as the indicators pointed to future oversupply of people qualified to work in the occupation.

Demand for back office and online support occupations

While there are large numbers of people working in associated or supporting occupations within the retail sector (for example, in accounting or auditing), these roles are not defined as 'retail' occupations per se, as they provide services across a range of industries. Some of these occupations are listed on the Specialised Occupation List.

A number of back office occupations require particular streams of qualifications or professional accreditation, such as Human Resource Professionals, Accountants, and Web and Multimedia Designers. They then apply these skills to the retail industry, but may also provide services to a range of other industry sectors. This overlap creates competition with other industries that are perceived to offer better working conditions, remuneration and opportunities. Other occupations, such as ICT Sales Assistants, have multiple training pathways.¹⁰⁸ None of these occupations is currently deemed to be in shortage.¹⁰⁹

108 AWPA, 2013, *ICT workforce study*, Commonwealth of Australia, Canberra, p. 57.

109 AWPA has undertaken recent studies on the ICT workforce and Accountants that provide more specific information for some of the occupations listed. See www.awpa.gov.au/our-work/sector-specific-skill-needs/Pages/default.aspx.

Survey respondents in *Retail futures* confirm that there has been a shift away from in-store retail employment in favour of back-of-house roles.¹¹⁰ The Productivity Commission also suggests that:

Growth of online retailing will result in a redistribution of employment through the economy. The combination of growth in the number of domestic pure play retailers, growth in sales activity of existing pure plays, and growth in activity of the online divisions of Australian multi-channel retailers will contribute to the redistribution of jobs away from bricks and mortar operations to online retailing and services such as website development and maintenance. Employment is also expected to shift to industries linked to retail such as transport delivery services and warehousing as a result of growth in online shopping.¹¹¹

Past job opportunities offered by online-only retail sites such as Amazon, Groupon and Ozsale include:

- Online Category Manager
- Mobile Commerce Designer
- Consumer Relationship Manager Analyst
- delivery personnel.

As online retail is heavily reliant on the development and maintenance of user-friendly e-commerce sites, there will also be ongoing demand for IT specialists in roles such as:

- Data Analyst
- User Experience Designer
- User Experience Researcher
- Software Development Engineer.

While positions such as Data Analyst and Software Development Engineer have been defined and understood in the context of other industries, there is need for a better understanding of their role in the retail context, including the extent to which IT services are 'bought in' to the sector and/or the extent to which these roles are maintained in-house, particularly in the case of large organisations.

Data limitations

Service Skills Australia has noted that many ANZSCO titles do not reflect current job titles and roles in the industry. For example, retailers have argued that the occupational titles 'Shelf Fillers' and 'Checkout Operators' imply that individuals classified under these titles only undertake a few core tasks. However, it is accepted business practice that an individual who fills shelves and maintains displays will also be responsible for processing sales and other retail-specific tasks. This means that the skill levels identified in ANZSCO for these occupations do not reflect industry practices.¹¹²

The Productivity Commission notes that employment data may not capture back office

110 Service Skills Australia, 2012, *Retail futures—progress report—stage one*.

111 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*, pp. 388–389.

112 Service Skills Australia, forthcoming, '2014 environmental scan'.

occupations in the retail industry, or any changes to growth in employment of those occupations.

It is ... unclear if employment data for non-store retailing includes the administrative, warehousing, transport and delivery personnel employed to support the online shopping process, as well as IT specialists and other staff required to set up and maintain online platforms. Some of these jobs would be contract-based and may be regarded as placements for employees of labour hire or employment agencies rather than staff of non-store retailing establishments.

Given these potential data deficiencies, it may be difficult to monitor trends in employment created by online shopping in the future, but it will be much easier to monitor job losses in store-based retailing.¹¹³

There are also a range of emerging or converging occupations that are not captured by existing ANZSCO classifications. For example, the ANZSCO four-digit classifications do not describe some of the emerging or converging occupations, such as marketing professionals and ICT occupations working on retail industry 'big data'.¹¹⁴

While quantitative data sources are limited in the extent to which they can tell us which individual occupations will be most in demand, there are growing indications in the qualitative research that there will be a greater need for technology and back office occupations to support online design, display, purchasing, customer service, warehousing and delivery, as well as marketing, branding and consumer analysis. There is also little data about the demand for back-of-house, retail-specific skills, although *Retail futures* indicates that there is a demand for positions such as visual merchandisers (both in-store and online), retail buyers, retail planners, brand managers and fit-out designers.¹¹⁵

113 Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*, p. 377.

114 'The decade of the big data masters', *Careers, Adelaide Advertiser*, 12 October 2013, p. 5.

115 Service Skills Australia, 2012, *Retail futures—progress report—stage one*.

Summary

The analysis of available data on supply and demand for retail occupations shows no evidence of significant skill shortages. Nevertheless, industry members have reported difficulties in recruiting experienced store managers and in sourcing workers with skills in retail buying, merchandising, planning, marketing and digital media.

It is also likely that skills gaps in the current workforce, including ICT and language, literacy and numeracy skills, as well as leadership and management skills, are inhibiting innovation and productivity growth.

AWPA's scenario analysis points to a shortfall of qualifications in 2025 in a number of retail occupations, including back office roles.

Further, while none of the main occupations are currently deemed to be in shortage, there are data limitations clouding occupational analysis for the retail workforce. For example, many ANZSCO titles do not reflect current job titles and roles in the industry, and data may not capture back office occupations or changes to growth in employment of emerging or converging occupations.

In terms of the future outlook, the short and medium term projections are somewhat contradictory— strong growth is expected in the short term, but growth in the medium and longer term is lower. Projected growth rates also vary for retail and back office support occupations.



Part Two: Implications for skills and workforce development

In this part of the report we consider the challenges facing the industry discussed in Part One, and draw out the implications for skills and workforce development. While there is a significant body of research looking at retail trends, in particular the impact of new technologies, there is less research on the implications for attracting, developing and retaining a skilled workforce to support industry transformation.

A range of strategies designed to address the workforce challenges facing the industry are discussed, and a set of recommendations presented. These will be implemented jointly by industry, unions, governments and education and training providers, with input from workers and job seekers. As the Industry Skills Council for the sector, Service Skills Australia will have a key role in leading and coordinating the implementation of many of the recommendations.

The changing retail landscape

Ongoing developments in technology, the economy and society mean that retail will continue to evolve, driving the need for a more highly skilled workforce. As discussed in Part One, the drivers of change are profound and pervasive, encompassing changing demographics, changed economic circumstances and consumer preferences, globalisation, new forms of competition, a new awareness of the need for sustainable practice, and new and emerging technologies.

In response to the changes underway, a number of retailers are reviewing their practices and transforming the way they operate. They are placing a greater emphasis on customer service and loyalty, together with environmental sustainability and ethical procurement, new ways of marketing, the development of alliances and collaborations, and the provision of add-on services and in-store attractions.

Given the significant implications for skills and workforce development resulting from these changes, it is worthwhile considering some of the barriers or stumbling blocks that might stand in the way of raising the skills profile of the industry. This study has identified a number of challenges that will need to be addressed if the industry is going to embrace the changes in a way that is profitable and productive, and that creates rewarding jobs for workers. These include:

- the general lack of a formal training culture within the industry
- cost barriers associated with training, particularly for SMEs
- the complexity and availability of public funding for retail qualifications
- entrenched perceptions of the industry as being low skilled and lacking career prospects
- a lack of dedicated human resources personnel in many firms to support workforce development strategies
- a general lack of leadership skills across the industry to drive strategic change and industry transformation
- insufficient understanding of the skills required for new and emerging occupations, including back office roles.

High staff turnover within the industry can be a disincentive for employers to invest in skills and workforce development. This goes at least some way towards explaining why there is a low transition rate from part-time and casual work to full-time careers in retail. However, research suggests that employer investment in training is in fact one of the most effective ways of reducing worker turnover. When combined with other workforce development strategies such as flexible working arrangements, job design and more autonomy for staff, the impact is even greater.

While large enterprises tend to have well-developed workforce development strategies, incorporating formal training, among SMEs there is little evidence of the use of formal training. SMEs in retail are often non-employing or have only a small number of employees, with few resources to spare for outside training or on-the-job supervision. Overall there is a sense that training is difficult to organise in small organisations, be it a stand-alone business, a franchise or a small outlet that is part of a bigger chain of outlets.

While employers who use the formal training system are generally satisfied with the outcomes and see the benefits in terms of productivity and retention, those who do not claim they find it overly bureaucratic, inflexible and costly. A recent survey of Western Australian retailers found that there is a lack of knowledge among small business owners about employer incentives, available training and accessing training. Approximately 60 per cent of employers were aware of available training but were not aware of how to access it. Of these, more than 50 per cent were unaware of employer incentives.¹¹⁶

Industry stakeholders have expressed concern about the complex funding arrangements across jurisdictions for retail qualifications, as well as recent changes to Australian Government incentives for employers engaging apprentices and trainees in retail occupations.

According to industry, the changes in public funding for retail qualifications threaten to reduce the amount of structured training occurring in the industry at a time when more skills are needed. The removal of public funding for higher level qualifications in some jurisdictions may entrench existing perceptions that the industry is low skilled and lacks professionalism.

Of particular concern for the industry is a lack of high-level leadership and management skills to drive strategic change and transformation and to promote workforce development within firms. Managers are typically employed without a formal qualification and promoted internally on the basis of hard work, with minimal development. This has created significant skills deficits among managers, for example, in basic financial management, in people management and in strategic thinking and learning. While there are some retail-specific management programs, they are generally not well subscribed and attitudes towards the need for retail-specific qualifications are mixed within the industry.

As retail industry analyst Steve Ogden-Barnes notes:

Here's the challenge for Australian retailers. It's difficult to be innovative if it's not in your DNA, if you've got your head buried in the accounts and if you simply lack the know-how of innovative and entrepreneurial thinking. Without wishing to give Australian retailers too much of a hard time, there is a school of thought which paints them often as global followers not as global leaders. They're seen as being late—rather than early—adopters of retail innovation. This image is slowly being revised, but there is still plenty more scope for retailers in Australia not just to administer their businesses more rigorously, but to invest more time and energy in more radical creativity, innovation and experimentation.¹¹⁷

There is a growing recognition within the industry that coordinated action and leadership is needed to address these challenges.

116 WA Retail and Personal Services Training Council, 2013, *Workforce development plan*.

117 Ogden-Barnes S, 2013, '2013—your year of innovation'.

Strategies for the future

In order to adapt and adopt new technologies and practices in response to the factors shaping the future of the industry, a conducive culture is required. Retail enterprises need big picture leadership that prioritises doing different things as well as doing things differently; a culture that encourages collaboration, experimentation and an openness to find appropriate new practices and technologies; skills and tools that create adaptive capacity within the workforce; and systems that embed innovative practices within day-to-day work.

Workforce development approaches can be applied at both the industry and the firm level, as well as within a regional cluster. A workforce development approach at industry level would involve developing strategies to improve career opportunities and pathways into and within the industry and to communicate them more effectively to the public. Another priority is to review the skills needs of retail occupations. Education and training options also need reviewing to ensure they reflect skills needs and are attractive and accessible to potential participants. Industry support is needed for firms with limited capacity for workforce development such as SMEs.

At the firm level, better knowledge of good practice workforce development could result in increased attention to recruitment strategies and job redesign. For instance, skills audits could help identify the training needs of existing staff. Similarly, improved leadership and management capability would enhance retention through better employee engagement.

The factors that attract people to retail include the general availability of jobs, flexible working hours that allow people to meet other commitments, working with and helping people, a passion for customer service or brand, the lack of a requirement for a qualification, and the opportunity to re-enter the workforce.

Factors that enable progression include training and development (both internal and external), the ability to expand retail job roles to a wider variety of tasks, development of leadership potential, networking opportunities with head office staff, structured career paths, consistent recognition of high performance and employment tenure.

Drakes Supermarkets—workforce development strategy

Drakes Supermarkets recently won the employer of the year award at the Australian Training Awards. One of the company's distinguishing features is its commitment to staff training. Drakes seeks to foster its next generation of staff to ensure its continued growth. The company aims to attract employees to a career in the retail grocery industry.

The retail industry has a high level of staff turnover, which can make businesses reluctant to invest in training. Drakes Supermarkets, however, believes the best way to retain staff is to embed a culture that promotes staff from within. The company believes that good staff are the key to a strong business. Drakes concentrates its training efforts on developing people who want a career in the industry and providing them with the skills they need to successfully manage all areas of the business. In line with this philosophy, the company did not cut its training budget during the recent difficult financial times and has continued to focus on upskilling those employees who have the desire and potential to achieve in management positions.

Drakes Supermarkets has become a registered training organisation and so can offer a range of nationally accredited training. It also partners with external registered training organisations that offer a wide variety of courses ranging from Certificate II in Retail to Diploma of Retail Management through to business administration, first aid and forklift training. All training is customised to suit the business. Drakes also offers a range of non-accredited training such as induction training, computer skills, workplace health and safety including preventing bullying and harassment, manual handling, food safety, injury management, hazard identification, risk assessment and stress management.

The training is delivered through a combination of face-to-face instruction and e-learning. Every trainee has a personal workplace coach. Recognition of Prior Learning is a key strategy to fast-track trainees through accredited training because it builds skills and knowledge and provides evidence of competency over the course of an employee's career with Drakes. The company's policies, procedures and documentation such as budgets and staff rosters are embedded throughout the training. This helps provide the participants with real-world material that they may be exposed to during their employment at Drakes. In addition, a wide range of additional external training is provided to staff from senior executive level to store department management level.

In line with the company's workforce development strategy to promote from within, new recruits who wish to pursue a career in retail are identified. Those with the potential are encouraged to undertake training programs. Employees more broadly are provided with security and a career path knowing that the company values competent and dedicated staff.

The company's workforce development strategy is carried out on a regional basis so there is a reserve pool of talent which is ready to move at short notice, when the need arises to take over a store or staff a new greenfields site. This gives the company a mobile workforce that is opportunity-based rather than scheduled. Staff are developed and undergo training to take the next step in their career. Each region has managers in training, third-in-charge department managers and duty managers, who are holding positions that are, in effect, additional rungs in the career ladder and designed to prepare staff for the next step in their career progression. This pool of trained managers provides the company with the talent required to continue to grow. In 2012, Drakes was able to acquire eight new stores in Queensland because of its workforce development strategy.

Drakes believes the success of its training program can be measured in a number of ways. It can be clearly measured through the retention of staff, the low dropout rates and the progression of trainees through the accredited qualifications. Drakes is renowned for the number of long-term employees that remain in the business. It has one of the highest staff retention rates in the supermarket retail industry—in 2013, it had 10 people with 30 years' service, 35 people with 20 years' service and 360 people with 10 years' service.

Drakes has a highly successful meat apprenticeship program, which has produced excellent outcomes for both the apprentices and the company. Out of 21 apprentices trained in South Australia in recent years, 10 are now meat managers and 11 are assistant meat managers. This is an outstanding success rate considering the size of the company, and it has enabled the company to establish a \$10 million meat production centre, which prepares meat for a number of stores and utilises economies of scale for the meat business.

In-house training can also have a significant benefit. In 2011, the company conducted training in its time and attendance system—KRONOS. Training was delivered to all management staff across the company who are responsible for staff rostering and attendance. This training led to an improvement in the achievement of wages budgets through more efficient and effective scheduling of staff. Following the KRONOS training, the company has realised a \$65,000 saving to the bottom line over three months.

In 2012–13, the Certificate IV and diploma combined achieved a 92 per cent completion rate, with a total of 252 students.

Finally, and very importantly, the workforce development strategy has allowed Drakes to retain market share in the very competitive supermarket industry due to the quality of its staff.

A number of retailers have developed formal agreements with unions and workers that reflect the company values and put into words the values and expectations of both employer and workers. These include commitments to use the skills of workers, promote permanent employment wherever possible and to invest in training for employees. Examples of agreements from retailers such as IKEA, Kmart and Officeworks are available on the Fair Work Commission website.

In the United Kingdom, the John Lewis Partnership provides an innovative model of employee engagement that has helped it expand and secure its place as one of the UK's top retailers.



John Lewis Partnership

John Lewis began in 1864 with the opening of the first shop in London's Oxford Street. It is now the largest department store retailer in the UK. All 85,500 permanent staff are partners who own 40 John Lewis shops across the UK (30 department stores and 10 John Lewis at home), 302 Waitrose supermarkets, an online and catalogue business, a production unit and a farm. The business has annual gross sales of over £9.5 billion. Partners share in the benefits and profits of the business.

This section considers these possibilities in more detail and presents recommendations to achieve the required changes.

Attracting and retaining a capable workforce

Finding the right staff—of any age—is a significant issue for many retailers. Much of the difficulty can be attributed to the negative image that retail suffers from.¹¹⁸ The view that the industry lacks career prospects and is low skilled is firmly entrenched in the general public's opinion. Many people consider retail a short-term employment option with difficult working conditions. People are not familiar with the scope of careers available beyond the shop counter, such as marketing, human resources and finance, and therefore readily dismiss the option of a career in retail. Interestingly, most full-time employees never considered a retail career when they were younger, but hold largely positive views about working in retail.¹¹⁹ The challenge for the industry is to shift the recruitment profile towards a larger share of recruits who see retail as a career, rather than something they have 'fallen into'.

It is ironic that an industry dependent on designing marketing strategies to attract consumers is unable to similarly market the benefits and attractions of its industry. Retail would benefit from raising and modernising its professional profile.

Strategies for approaching this challenge should consider multi-pronged re-branding and marketing campaigns to 'sell' the breadth of opportunities and benefits of a career in retail.¹²⁰ The campaign should target distinct groups that both make and influence career development decisions. These include schools and parents, school leavers, people in the workforce and job seekers.

The high levels of staff turnover and difficulties in retaining workers are also linked to the negative perceptions of the industry. The view of retail as a short-term job with limited career opportunities means that even if a retailer gets staff into jobs, it may not keep them. Retention is a major issue for businesses because turnover can be very costly, and when it comes to replacing staff, the talent pool is shrinking. Retaining staff is also important for customer loyalty. Good customer service is sometimes the only competitive advantage that retail businesses have.

118 Australian Centre for Retail Studies, 2011, *The war for talent*, Monash University, Melbourne.

119 Australian Centre for Retail Studies, 2007, *Attracting and retaining a cross-generational workforce*, Monash University, Melbourne.

120 Hart C, Stachow G, Farrell A and Reed G, 2007, 'Employer perceptions of skills gaps in retail: Issues and implications for UK retailers,' *International Journal of Retail and Distribution Management*, Vol. 35, Issue 4, pp. 271–288.

With increased competition for workers in a diminishing market, it is even more important that people are employed that 'fit the business'. Talent sourcing should be proactive and flexible and attraction strategies should encourage workers to stay. Retailers need to take a longer term perspective on how to manage current and future employees. Businesses that plan and develop strategies for attracting and retaining the best talent are better equipped for future success. If an organisation is proactive and works to retain its good staff, the business is more likely to succeed.¹²¹

Another strategy that will help retain employees is to ensure that there is career progression and that staff are aware of it. The scope of jobs available within retail is generally unknown, which keeps people from seeing retail as a possible career. The lack of awareness among employees about the prospects available to them contributes to high turnover.¹²²

To address these issues, the priority is to challenge the perception issues (including self-perception) facing the industry by showcasing a range of interesting and innovative jobs in the industry to shift people's thinking from the stereotype of 'everydayness' associated with retail jobs. Industry leaders and champions can use case studies to promote a more positive and professional image of the industry based on success stories, as well as focusing on the things that currently attract people to work in the industry.

Strategies that directly target different groups through customised resources and awareness campaigns will be more effective than a one-size-fits-all approach. Customised programs can be developed by identifying and focusing on those who want to pursue a career in the industry. The target group may be young people already working in the industry, people studying relevant qualifications at the tertiary level (such as marketing or other back office areas), or those looking for a second-chance career, including mature-age workers and other under-represented groups.

Strategies to improve recruitment and retention could include expanded opportunities for training and development (including for casual and part-time staff), job redesign to allow employees to undertake a wider variety of tasks, structured career paths within organisations, and rewarding staff for good performance. It is also important that prospective employees have a chance to 'try before they buy', for example through VET in Schools programs which incorporate a work placement and through other opportunities for work experience. Employers that provide these opportunities also have a chance to identify capable and committed recruits.

Specsavers—winner of the 2012 Australian Retailers Association retailer of choice award

Specsavers was named the retailer of choice in 2012 because of its continued focus on staff development. The culture that Specsavers creates and the benefits it offers its employees are second to none. Staff enjoy a range of benefits, including high-level training, regular and effective internal communication, clearly defined career paths and the opportunity for career development, as well as staff recognition and rewards. Specsavers' goal of offering only the best to its customers begins internally with offering only the best to its employees. All of this assisted in cementing Specsavers' position as the number one company in Australia's retail optic market in early 2013.

121 Australian Centre for Retail Studies, 2007, *Shopfloor to boardroom*, p. 104.

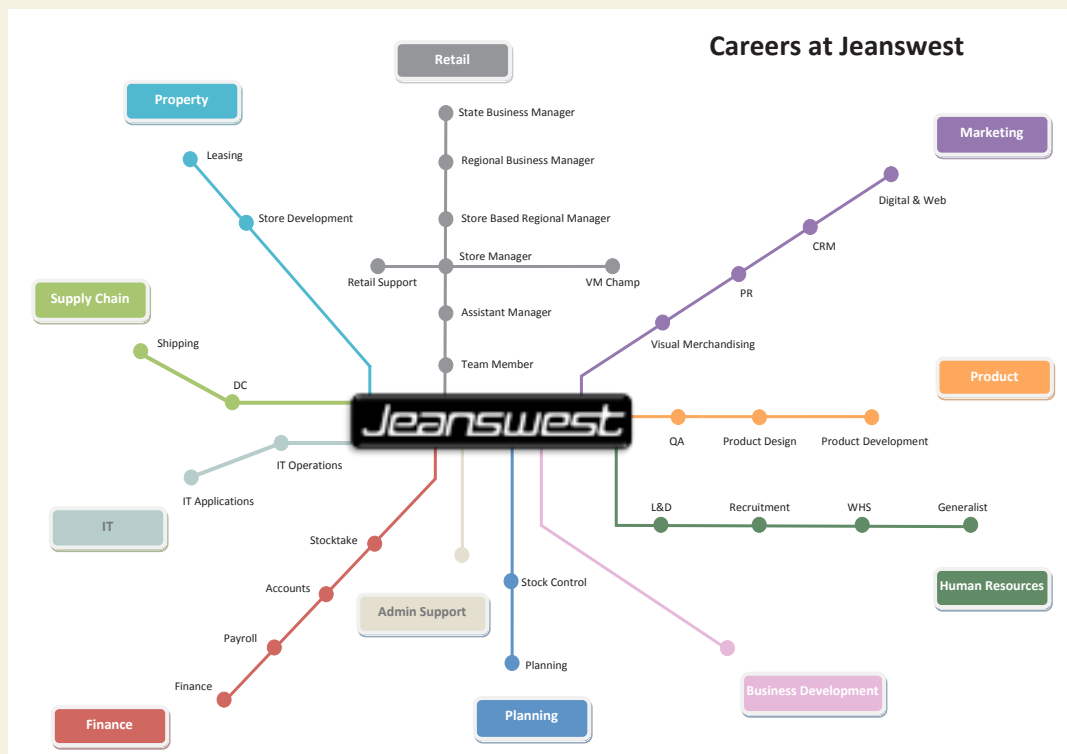
122 Ibid., p. 106.

Jeanswest's approach to workforce development

In 2012, Jeanswest won the Australian Retailers Association's BDO Retail Employer of the Year because of its focus on training, communication and career development for the company's team members. In 2010 Jeanswest launched Denim Uni, a self-paced e-learning platform over the internet, to train and educate all store managers and team members, with a comprehensive reporting system on all progress and levels attained. This program is unique and allows Jeanswest to achieve a focused, consistent level of training. Denim Uni hosts Jeanswest's induction curriculum, which includes product and service training modules, as well as a variety of personal development (behavioural) materials, to enable team members to access modules to assist them in being ready for promotion.

Jeanswest also partners with Franklyn Scholar to provide certified training to its retail team, along with delivering the Diploma of Management to select team members nationally. All store managers participate in classroom based training, as well as senior store manager conference calls and meetings to enable ongoing development throughout the year.

Jeanswest's career pathway tool demonstrates the various career options available to team members and is to be interactive and accessible on Denim Uni. This will allow team members to select functions of the business and learn what skills and experience are required in each role. It will provide a more structured pathway showcasing the progression from retail team member to management, and entry level roles into the support office. The career pathway tool is aligned to Jeanswest's talent pool program, which identifies high performers who are provided with additional learning opportunities to enable their internal career progression.



Industry-wide strategies to combat the negative perception of retail are needed. Gaining acceptance of retail as a valid career choice among parents, career advisers, students and job seekers will help improve the industry's attraction and retention rates.

Recommendation 1

That retail industry leaders develop and lead a promotion strategy to demonstrate to existing and potential workers the range of jobs and career opportunities within the industry, in order to attract and retain skilled and committed workers, and raise the public perception and professionalism of the industry.

Such a promotion strategy needs to be underpinned by high-quality, accessible careers resources which can be used by individuals and intermediaries to make informed career choices. These should build on the resources already available to ensure a coordinated and comprehensive approach.

Career advice resources

In 2010, Service Skills SA designed a retail careers atlas to help people make more informed choices about working in the retail industry. The atlas was funded through industry contributions. The SA *Retail careers atlas* is an Australian first and aims to provide young people, parents, current retail employees and employers with quality industry-specific career and training information so that the right people get the skills to work in the right jobs. The project also involved producing 18 sector-specific leaflets to promote the opportunities that exist in each sector. The career atlas describes the different retail sectors and the different types of occupations and roles. As well as mapping career paths, the atlas discusses different training opportunities and provides more general advice for career development. The atlas is also designed to be a useful tool for career advisers (see www.retailexecutive.com.au/files/4_career_atlas10.pdf).

Service Skills Australia also provides careers resources for students and job seekers, including information on qualifications and training required for careers in the services industries (see www.serviceskills.com.au/sites/default/files/JobLove_WEB.pdf).

The Western Australian Retail and Personal Services Training Council has developed a career information brochure for retail that provides detail on training and career options (see <http://rapstc.com.au/wp-content/uploads/2011/12/Retail3.pdf>).

The UK retail recruitment website provides another model for a resource that could be developed in the Australian context.

UK retail jobs web portal

YourRetailJob.com was developed and launched in January 2013 by TheRetailBulletin.com, the UK's first and foremost digital retail media and events company. It is a retail-specific recruitment website that bridges the gap between the smaller niche sites and the huge generic job boards.

It includes details of job vacancies in the industry, together with a range of resources to assist job seekers to improve their job-seeking skills, as well as track and manage their job applications. It uses the latest intelligent search and matching technology to make the entire recruitment process faster, simpler and far more effective for everyone involved (see www.yourretailjob.com).

The Australian site Jobs in Retail (www.jobsinretail.com.au) is a collaboration between Westfield and My Career and lists vacancies in major shopping centres around Australia.

Recommendation 2

That a suite of resources be developed by industry, in conjunction with Service Skills Australia, to support Recommendation 1. These resources would demonstrate the complexities and rewards of jobs in retail, as well as showcase a number of innovative individuals who have built successful retail careers. These resources should bring together the best of existing resources developed by state, territory and Australian governments and industry associations.

As discussed in Part One, substantial changes are occurring in the VET system across states and territories as a result of the reforms under the National Agreement for Skills and Workforce Development. These changes have impacted on the availability of public subsidies for retail qualifications in a number of jurisdictions. Changes to Commonwealth employer incentives for apprenticeships and traineeships are also affecting the industry's training effort.

Concerns about the effects of these policy changes were a recurring theme in the submissions to this study. A lack of public funding for initial qualifications can have a detrimental impact on those employers wanting to provide entry-level opportunities for job seekers or a recognised qualification for existing workers.

Retail industry stakeholders have argued that the lack of funding for lower level qualifications is disadvantaging the industry, given that Certificate II is the accepted entry-level qualification. Industry's view is that both existing and new workers who do not already have a post-school qualification should have access to Certificate II level training and that this training will be most effective if combined with structured workplace learning.

Further, industry believes that the requirement for workers to have a pre-existing qualification at the Certificate III level or above to be eligible to access funding for skill sets is a barrier that precludes many workers in the sector from accessing the skills they need to progress in their careers.

As discussed in *Future focus*, AWPAs recognises that Certificate II is a key entry point for a number of industries including parts of the service sector. This study has confirmed that Certificate II level qualifications are widely used in the retail industry; however, there has been a steady trend towards Certificate III level qualifications. It should also be noted that it is not a straightforward task to analyse the use of Certificate II level qualifications and skill sets (in any industry) or to determine what factors may be driving trends in their use. It is also difficult, in the absence of any documented requirements, to define and measure what the industry standard is.

While the trend towards Certificate III level qualifications is encouraging, it is clear that for many jobs in the sector Certificate II will continue to be the appropriate level. It is also arguable that workers in these jobs can improve their productivity (and be rewarded through pay increases) by gaining additional skills that do not necessarily require a full qualification (but may lead to one over time). This can be achieved through the acquisition of skill sets. Skill sets that are endorsed in training packages have portability and recognition among employers and across jurisdictions, which is an important consideration from AWPAs perspective.

Further, as shown in Part One, a large proportion of the current workforce has no post-school qualification. If the industry is going to be successful in developing a culture of structured training, it is likely that a significant number—particularly those who left school early—will need to enter study at the Certificate II level.

Given this, AWPAs is of the view that, in retail sectors where Certificate II is demonstrated as the industry standard qualification, public funding should be available, particularly where the training is combined with structured workplace learning. A logical extension of this is that existing workers with a Certificate II should also have access to publicly subsidised skill sets, where they are endorsed in training packages.

Recommendation 3

That governments provide funding for Certificate II level qualifications in retail where a Certificate II is demonstrated to be the industry standard entry level qualification and preferably where the training is integrated with structured workplace learning. Public funding should be available for both training subsidies and employer incentives. Individuals who gain a Certificate II at entry level should also have access to subsequent skill sets subsidised through public funding. This will help increase the number of workers within the industry who have nationally recognised qualifications and support upskilling and reskilling of the existing workforce.

The retail industry has been an active participant in the National Workforce Development Fund (NWDF); more than 2,000 learners have enrolled in, or completed, qualifications since the program commenced in July 2011. The retail trade comprises the seventh largest cohort of learners in the NWDF, and the Certificate IV in Retail Management is the eleventh most popular qualification supported under the fund, with over 1,000 learners undertaking this qualification. Other popular qualifications are the Certificate IV in Frontline Management, Diploma of Management and Certificate III in Retail Operations.

The NWDF's co-contribution funding model has been identified by some stakeholders as a disincentive for businesses to access funding, particularly micro-businesses (fewer than five employees), which may be deterred by the 33 per cent contribution required from them. While

comprehensive data on micro-business participation in the NWDF is not available, program data does show that businesses with fewer than 20 employees make up 19 per cent of all retail learners engaged in the program. Research undertaken by AWPA on micro-business participation in the NWDF has also found that factors other than the co-contribution rate influence whether micro-businesses engage in the NWDF. These include the availability of a lead organisation for an application, a lack of time to undertake training (particularly for non-employing sole traders and independent contractors), a perceived lack of benefit in further training, and the need for assistance with workforce development planning.

It should also be noted that the NWDF's co-contribution model has been cited as an impediment for larger retail businesses, which generally have significant numbers of workers to train, but which also operate on tight profit margins. However, program data indicates that large businesses provide over half of all retail learners engaged in the NWDF, suggesting that not all large employers view the co-contribution rate as an impediment.

Developing collaborative approaches to workforce development

Increasingly retailers recognise that, as the industry transforms and struggles to retain suitable workers, there is a need to collaborate on areas such as skills and workforce development, including workforce planning. Collaboration can be done through clusters of retailers from a particular region, sector or supply chain. A number of successful initiatives have been developed in recent years through the NWDF, state-based programs and industry and regional collaborations. Developing collaborative structures among retailers to promote sharing of resources, knowledge and staff can create more employment security for workers while maintaining flexibility for employers. Group training and group employment schemes are examples of this type of collaboration.

Franchise Council of Australia—collaborative training

Small retail businesses often struggle to make training cost-effective because of the low number of staff they have, especially when their training needs to be customised. However, some retail associations are assisting their members by offering customised training. One such association is the Franchise Council of Australia.

The Franchise Council of Australia is the peak representative body for the franchise sector in Australia. It is a not-for-profit membership-based organisation that represents more than 600 members. The council identified the need to deliver vocational education to lift franchisees' core competencies and shift them from business owners to business managers and leaders. It engaged with its members to find out about their business challenges and opportunities, so it could design a training program specific to their needs with Franklyn Scholar, the council's vocational education partner. The training was designed to be a combination of collective workshops in key metropolitan and regional centres; workplace, remote and online mentoring including application of social media; and trainer visits to each franchisee business location.



Workforce Futures

Workforce Futures¹²³ is an innovative program for the Tourism and Hospitality industry run through Service Skills Australia. The initiative is designed to improve the capacity and capability of this sector's workforce. With funding from the Australian Government, three interconnected projects are being rolled out across Australia that are designed to address key workforce development priorities for tourism and hospitality businesses.

Through a national network of over 100 industry skills advisors, 2,500 tourism and hospitality businesses will undertake a comprehensive business analysis leading to a workforce development plan. Each plan will be developed through collaboration between the business and the industry skills advisor and will strategically respond to identified workforce issues affecting the business's performance.

The engagement process has three key elements that lead to businesses making informed and responsive decisions about their workforce. The initial expression of interest form provides the industry skills advisor with an informed starting point to engage with the business. The expression of interest is the first part of a detailed business diagnostic.

The comprehensive business diagnostic covers key areas of business operations and is undertaken consultatively by the business operator or owner and the skills advisor. The key output of the diagnostic process is a workforce development plan. The plan allows the business to understand how its people influence, determine and drive the business. The plan identifies the key workforce issues for the business and a range of actions to assist the business to respond.

Recommendation 4

That a cluster-based development program for business owners on growing and structuring their workforce be developed, to develop, support and build profitable businesses in the future. This could be based on the successful Workforce Futures initiative operating within the Tourism sector, and could be funded through a National Workforce Development Fund innovative project.

¹²³ www.workforcefutures.com.au

Retail Connect

Faced with competition from the mining industry, near full employment, and the development of a new Caneland department store, the Mackay retail community worked collectively to form a business forum—Retail Connect. The purpose of the forum was to formulate an action plan for addressing the workforce development needs and other shared concerns of retailers in the Mackay retail community, including attracting people to retail jobs through training pathways. Novel solutions to recruitment have included developing online recruitment portals and using social media—for example, the Facebook group ‘Mackay women wanting to return to the workforce’.¹²⁴ The group acts as a forum for the community to share information about jobs and training opportunities and has led to the creation of a broader website accessible by people who are not on Facebook.¹²⁵ The community reports that these endeavours have proven to be highly successful.¹²⁶

Recommendation 5

That industry work together to develop a project focused on supporting small businesses in regional areas to recruit labour and skills and to build the adaptive capacity of workers within regions. The program could be based on the Mackay Retail Connect initiative. Again, funding could be sought through the National Workforce Development Fund innovative projects stream.

Developing the workforce to meet future skills needs

In developing a more highly skilled workforce to support industry transformation and drive productivity improvements, some key areas of focus have been identified through this study:

- developing a skilled and adaptable sales workforce, with a focus on customer service and product knowledge
- developing managers and leaders who can run the day-to-day business while responding to the strategic challenges of change
- understanding and developing the skills for back office and emerging functions
- developing the ICT skills (including digital literacy) and foundation skills of the workforce more broadly
- improving skills utilisation among the existing workforce
- improving skills recognition among the existing workforce.

The tight operating environment facing retailers, combined with a general lack of understanding of the value of formally recognised training, particularly among smaller retailers, currently militates against employers’ investment in structured training. A new approach is needed which develops appropriate strategies based on the requirements of the job and the workplace,

124 [www.facebook.com/pages/Mackay-Women-Wanting-to-Return-to-the-Work- Force/161269897263327](https://www.facebook.com/pages/Mackay-Women-Wanting-to-Return-to-the-Work-Force/161269897263327).

125 <http://mackaywomenreturntowork.webs.com>.

126 Service Skills Australia, 2012, *Retail, wholesale and floristry environmental scan*, pp. 19–20, 52.

as well as the career aspirations of employees. For some employees, online and/or short workshops combined with on-the-job training are all that is required. For others, an initial qualification followed by skill sets in particular areas of knowledge may be appropriate. For those pursuing a career, higher level VET or higher education offerings will be more suitable.

This type of targeted approach will require a shift in the mindset of both workers and employers, supported by appropriate funding models and access to business and workforce development advice. A better understanding of the nature of emerging and converging jobs, and their education and training pathways, will also be required. While training plays an important part in the workforce development of an organisation or industry, it is important to identify what is needed and how best to deliver it, taking into account the needs and preferences of different business types, as well as the different segments of the workforce.

Recommendation 6

That Service Skills Australia develop an education and awareness program focused on the value of investing in skills, to educate business owners (particularly SMEs) on the returns on investment from recognised training.

VET in Schools programs

Given that the retail industry is a major employer of young people and that there will be increasing competition for a diminishing pool of young people due to changing demographics, it is important that VETiS programs attract students and provide them with quality training and viable employment options. Industry has expressed concerns about the lack of success of VETiS programs in terms of employment outcomes, which might be partially attributable to the fact that many do not include work-based application.

The attraction of school-age employees to a career in retail is an important area for further investigation for the retail industry, but would also need to be part of a broader study of options for improving VETiS programs across industry. AWPA has identified the importance of policy clarity about the purpose of VETiS and the need to review its effectiveness in preparing students for both further education and workforce participation. AWPA will be initiating some research on these issues in 2013–14.

Understanding current and emerging skills

Sales assistants, general clerks and retail managers rank in the top three of four occupations that currently have no requirement for a post-school qualification.¹²⁷ However, employers know that high-quality sales staff who understand retail, the customer and the product are invaluable. They are the direct interface with the customer. Given the changes in customer expectations, the skill levels of sales staff will become increasingly important.

Sales positions are fundamental to the perception of the industry and are often the entry point to the industry. A contemporary assessment of sales competencies may indicate a need to refresh job design, recruitment practices, skills utilisation and content training and to increase the focus on facilitating career progression.

¹²⁷ AWPA, 2012, *Future focus: Australia's skills and workforce development needs—discussion paper*, Commonwealth of Australia, Canberra.

The evolution of the retail environment is also creating a demand for non-store-based staff who can operate, develop and guide enterprises into the future. This provides great opportunities both for the retail workforce and also for external professionals looking for challenging and interesting work. However, the opportunities for employment or internal progression within the retail industry seem poorly understood.

Many of these roles have yet to be fully defined. There is some evidence that retailers are employing generalists, mathematicians and psychologists to apply their knowledge and skills to the retail environment. However, increasingly there will be a need for retail specialists in these emerging areas, and their roles and associated skills need better definition.

As identified in *Future focus*, foundation skills are a key issue underpinning labour force participation. Around 50 per cent of Australians have been assessed as having literacy and/or numeracy scores below the minimum standard required to undertake many aspects of life and work. Those with literacy and numeracy needs can find it difficult to obtain higher level qualifications and they are more likely to be unemployed or not in the labour force. There is a very strong relationship between numeracy and having a job.¹²⁸

For the retail industry, the picture is concerning. The 2006 Adult Literacy and Life Skills Survey revealed that literacy and numeracy skills in the retail industry are below the industry average. The majority of retail employees are at prose and document literacy levels 2 and 3 and numeracy and problem-solving skills are less developed. Level 3 is identified as the minimum level required by individuals to meet the complex requirements of daily life and work.¹²⁹

In the retail industry, there also appear to be barriers to the adoption of new technologies. Improving businesses' technology skills and boosting the qualification and language, literacy and numeracy levels of the retail workforce could impact positively on the industry's productivity and innovation performance.¹³⁰

The increasing deployment of technology in retail enterprises requires ICT skills in almost all roles. For example, in-store sales staff need to be able to adapt to the range of new technologies, including cashless transactions, the connected consumer and the endless counter. Similarly, retail managers need technology skills to understand social media marketing, supply chain management, social media recruitment, real-time auditing and finances. Online stores need visual merchandise designers, user interface designers, delivery and warehouse personnel, and customer service assistants.

Leaders and professionals need to keep up to date with the range of emerging technologies as well as strategies for customising them to their enterprises.

Effective managers have been shown to reward workplaces with improved efficiency, innovativeness and profitability.¹³¹ Yet developing human capital, such as leadership and management skills, to add value to an enterprise does not appear to be a priority for many Australian organisations, including within the retail sector.¹³² Management and leadership

128 Ibid.

129 Australian Bureau of Statistics, 2006, *Adult Literacy and Life Skills Survey*, cat. no. 4228.0.

130 Cited in Service Skills Australia, 2013, *Retail, wholesale and floristry environmental scan*.

131 Bloom N, et al., 2007, 'Management practice and productivity: why they matter', *Management Matters*, November, p. 10, www.stanford.edu/~nbloom/ManagementReport.pdf.

132 Cutler T, et al., 2008, *Venturous Australia: building strength in innovation*, Cutler & Company, Melbourne; Watson I, 2008, 'Skills in use: labour market and workplace trends in skills use in Australia', paper presented to the Jobs Australia National Conference, Brisbane, 8–10 September.

skills play an important role in generating innovation and labour productivity. Incorporating best practice in these areas into business operations is likely to result in improved business productivity.¹³³

Front-line managers tend to have the greatest impact on employees' behaviours and attitudes.¹³⁴ These managers are often promoted up the rank and are unlikely to have formal management qualifications. Nevertheless, they are expected to perform tasks ranging from financial management to people management.¹³⁵ In the retail sector especially, managers will increasingly need to be equipped with skills to operate in international markets and to adapt to new technologies as they emerge.

Improving leadership and management skills will be very important in the Asian century. Managers will be required to develop new business models and designs that are tailored for the Asian business, social and cultural environments. The issue of management skills also needs to be revisited to reconcile complex demands such as practical retail experience and financial management skills.

Leadership skills are critical in any industry, but particularly for those undergoing significant transformation. However, there are reportedly few systems in place to develop the necessary skills of managers and leaders within the retail industry.

Currently only around half of retail managers hold formal qualifications and many lack adequate financial, people and strategic management skills.¹³⁶ Enrolments in available retail management qualifications are not high, and views on the need for or usefulness of them are mixed.¹³⁷ Many organisations do offer their own leadership and management programs and there is an abundance of professional development resources available. However, the retail industry is lacking a national standard for retail management and leadership and an industry-wide career framework. This impacts negatively on the portability of employees across enterprises, which perhaps contributes to the low perception of retail's professionalism.¹³⁸

Management internship programs have been identified as a potentially successful strategy for developing the workforce.

Recommendation 7

That Service Skills Australia review the training and education standards and pathways for existing and new jobs in the industry, including working with the higher education sector to explore suitable offerings and articulation arrangements. These standards and pathways should be based on an updated analysis of the skills and knowledge required for contemporary and emerging jobs in the industry.

133 Green R, et al., 2009, *Management matters in Australia: just how productive are we?*, Department of Innovation, Industry, Science and Research, Canberra.

134 Advisory, Conciliation and Arbitration Service, 2009, *Front line managers*, www.acas.org.uk/CHttpHandler.ashx?id=308&p=0.

135 Chartered Institute of Personnel and Development, 2012, *Role of front line managers in HR*, www.cipd.co.uk/hr-resources/factsheets/role-line-managers-hr.aspx.

136 Shah S and Long M, 2010, *Forecasts of labour and skills requirements in the service industries, 2010–15, report prepared for Service Skills Australia by the Centre for the Economics of Education and Training*.

137 Service Skills Australia, 2012, *Retail futures—progress report—stage one*.

138 Ibid.



South Australian Retail Executive Program

The Retail Executive Program is recognised as a best practice industry-driven workforce development initiative. Developed by Service Skills SA in 2007 and now in its fifth round, the program aims to:

- upskill the existing retail workforce to develop a higher level of management capability to drive business model change, productivity improvements and innovation
- create an innovative workforce development framework designed to increase the attraction and retention of highly skilled retailers able to fill senior positions in the industry
- provide expert mentors to program participants to use as role models for their own professional development and career trajectory
- make retail a career of choice and not just a transitional job by raising the profile of the industry and professionalising retail management in South Australia.

The program has four key elements.

Upfront skills recognition—current and past work experience and studies are assessed before a participant starts. This reduces unnecessary repetition of training and can fast-track progress towards retail qualifications.

Professional development—participants are provided with access to industry experts, networks, events and forums that are designed around their needs, to provide access to broader industry expertise.

Mentoring—each participant is assigned a personal mentor. The mentors act as a ‘sounding board’ and provide advice and support related to learning and development.

Individual support—participants receive support from their trainer, from their employer and from the retail industry that will assist in skills development. An individual learning plan is completed for each participant based on their current skills, workforce needs and future goals.

At the completion of the current funding round in June 2014, it is expected that Service Skills SA will have facilitated the delivery of more than 2,100 qualifications to 1,000 participants from over 150 employers through the program’s 21 partner registered training organisations with an average overall completion rate of 88 per cent.

Service Skills SA is committed to the continuous improvement of the program. Planned enhancements include developing a regional hub model; providing cultural awareness training with a focus on Indigenous, migrant and disability employment for employers; and working closely with registered training organisations involved in the program to monitor the delivery of quality training and to maximise completion outcomes.



Service Skills SA has also been working closely with the University of South Australia to develop an industry-based Graduate Certificate in Retail for program graduates to enter upon completion of the Diploma in Retail Management. The qualification would then articulate directly into the University of South Australia MBA.

In 2011, the Retail Executive Program received the Industry Collaboration Award at the SA Training Awards and was acknowledged nationally as one of the top three industry collaboration initiatives.

Recommendation 8

That a national retail executive program be established to develop and foster the skills required for innovative approaches to change among retail managers and leaders, and potential leaders, including high-level ICT skills and an understanding of changing business models.

Skills utilisation

Skills utilisation is a key element of workforce development, and can enable organisations to increase productivity, engage employees and increase satisfaction. Various triggers stimulate organisations to seek to improve skills utilisation, including market forces, regulation, exhortation and staff retention. A variety of practices enable skills utilisation, including participation, autonomy, skills audits, knowledge transfer and job design within the retail industry.

Retail businesses generally have no problem attracting people at the lower level, but it is hard to attract people who want a career. Businesses also struggle to get the right people in back office jobs, because they have to compete with other industries. The Australian Centre for Retail Studies, in a recent report into attitudes among high school students, university students and shop floor employees, found a prevailing belief that retail is a short-term career, is not a post-university career and is hard work for little reward.¹³⁹ Better developing and utilising the skills of employees can help to place employees into customer service roles in work they are most talented at and motivated by, and help employees feel more engaged and valued at work.

When organisations commit to strategies to better utilise the existing skills of their workforce, there are rewards for both employer and employee.¹⁴⁰ Job redesign and employee autonomy are two important strategies that organisations can implement to improve skills use.

Job redesign looks at how tasks can be reorganised, changed or realigned to enable the best use of employees' skills. It can involve increasing the variety of tasks and functions that employees undertake, or changing how work is organised to include teamwork, flexible job descriptions, multi-skilling and flexible work arrangements.¹⁴¹ Its benefits include more motivated and satisfied employees. This can lead to increased productivity for the business and

¹³⁹ Australian Centre for Retail Studies 2007, *Shopfloor to boardroom*.

¹⁴⁰ AWPA, 2013, *Future focus: 2013 National Workforce Development Strategy*, Commonwealth of Australia, Canberra.

¹⁴¹ Guest D, Michie J, Conway N, and Sheeham M, 2003, 'Human resource management and corporate performance in the UK,' *British Journal of Industrial Relations*, Vol. 41, No. 2, p. 299.

can also improve staff retention and loyalty.¹⁴² The retail industry is also well placed to benefit from the increased flexibility that job redesign can offer.

In order for the retail sector to utilise the skills of older workers more effectively, it will be important to redesign face-to-face sales positions. These positions are often physically demanding, requiring long periods of standing, lifting and packing. Many older workers are likely to be more attracted to positions in other industries that can also offer greater flexibility, more internal development opportunities, and some security of employment.

Another strategy that provides opportunities for staff to use their skills more effectively is improved employee autonomy. Autonomy involves enabling employees to make decisions affecting their work, being able to use and improve their skills as well as being able to exercise control over their job.

Workers who have no autonomy in their jobs, and who are just following very detailed job descriptions, can become like robots ... Equally, employees have a need to be able to develop their potential to operate effectively in whatever sphere they are working. Those whose potential and skills are underused become alienated, and are likely to register low levels of well-being.¹⁴³

As with job design, autonomy also creates positive outcomes for organisations and their employees. Many of these go hand in hand, such as increased employee satisfaction leading to better retention rates. Similarly, greater autonomy for employees often results in more innovative work practices.¹⁴⁴ Other workforce development strategies include performance management, talent management, coaching and mentoring.

Quality training

The quality of VET training is contingent on a number of factors including the ease of accessing the system and the quality and relevance of the off-the-job training. But also important for quality is employer support for on-the-job training.

Retailers who use the training system are generally satisfied and believe it has a positive effect on both productivity and retention. They also stress that the skills and retail experience of the trainer and the quality of the registered training organisation are critical.¹⁴⁵

Service Skills Australia has implemented a quality implementation framework to address concerns about the quality of learning and assessment within the services industry. It consists of two parts: Training Package User Guides and the Right Way Program.

The user guides stipulate assessment and learning requirements, assessor and trainer qualifications, professional development requirements, work placement requirements, guidelines for selecting and recruiting students, equipment and facility requirements and minimum duration for qualifications.

The Right Way Program is a national industry accreditation system for quality training providers delivering training in Service Skills Australia's Training Package areas. The program focuses

142 Skills Australia, 2012, *Better use of skills, better outcomes: a research report on skills utilisation in Australia*, Commonwealth of Australia, Canberra.

143 Green F, et al., 2010, 'Measuring the dynamics of organisations and work: employee level survey', *The Meadow Guidelines*, Grigny, CEE (Centre d'Etudes de l'Emploi), European Commission, p. 164.

144 Skills Australia, 2012, *Better use of skills, better outcomes: a research report on skills utilisation in Australia*, Commonwealth of Australia, Canberra.

145 Service Skills Australia, 2012, *Retail futures—progress report—stage one*.

on three key areas: quality training and assessment facilities, quality trainers and assessors, and quality learning resources. Through the program, Service Skills Australia seeks to facilitate industry recognition of facilities, trainers, assessors and learning resources. Participants in the program must adhere to strict standards and provide evidence of quality through an application and assessment process operated by Service Skills Australia and its network of agencies.¹⁴⁶

These resources are important in promoting quality training in the industry and need to be supported by an effective regulatory system and informed consumers.

Accessing workforce development advice

There are a variety of workforce development plans and tools available to assist businesses to undertake workforce development. While larger firms may have many of these in place, it is the large number of SMEs who need the most support.

SMEs face greater challenges in undertaking workforce development activities as they are much less likely to have the support of human resources or other corporate services than larger organisations. During AWPAs consultations in developing *Future focus*, stakeholders raised this issue and suggested the need for support such as funding assistance for workforce development activities.

Skills Connect currently provides enterprises with access to government assistance, funding and resources targeted at workforce development and planning. Enterprise Connect offers comprehensive, confidential advice and support to eligible Australian SMEs to help them transform and reach their full potential.

In *Future focus*, AWPAs recommended extending Enterprise Connect services to provide greater support for organisations in labour-intensive industries such as retail. The report also highlighted the potential for greater alignment between business improvement and skills programs (Enterprise Connect and Skills Connect) to support workforce development for SMEs. Aligning the programs would provide them with the opportunity to work with clients on issues relating to skills and workforce development and planning, not only to provide a better, more holistic service to clients, but also to more effectively harness the skills and resources available within a business.¹⁴⁷

Recommendation 9

That retail businesses have access to the business development services provided through the Australian Government's Enterprise Connect program, and that they be closely linked with the services currently available through Skills Connect. This would include joint funding proposals (including through the National Workforce Development Fund) to achieve greater alignment of business improvement and skills programs that support workforce development for businesses in the retail industry.

¹⁴⁶ For more information on the Right Way Program, see www.serviceskills.com.au/rightway.

¹⁴⁷ AWPAs, 2013, *Future focus: 2013 National Workforce Development Strategy*.

Work-integrated learning

The industry's commitment to training and employee retention could also be increased through a greater focus on work-integrated learning, including cadetships and internships.

Gaining experience of a real-world working environment enables students to develop an awareness of workplace cultures and expectations, gain practical skills, build networks and develop soft skills in communication, teamwork and leadership.¹⁴⁸ The industry benefits through a supply of graduates who are better prepared for the workplace, and individual employers can benefit by establishing access to networks of potential recruits and through opportunities for existing staff to gain supervisory and mentoring experience.

Many employers in the industry already offer traineeships, which is a form of work-integrated learning. At higher skill levels, cadetships and internships can be an effective way of integrating work with learning, and providing employers and employees with the opportunity to demonstrate their commitment to the industry.

Service Skills Australia would have an important role here in identifying appropriate education and training offerings that could be linked to these employment arrangements.

Recommendation 10

That retail employers and education and training providers, supported by Service Skills Australia, work together to increase the number of work-integrated learning options in retail, including through cadetships and internships aimed at those employees seeking a career in retail.

Increasing the diversity of the retail workforce

Increasing the diversity of the retail workforce will ensure that there are different approaches to problem solving and decision making within businesses, and provide benefits for individuals in the form of financial security and increased well-being, self-esteem and social engagement.

The retail industry's attraction, retention and recruitment practices will have to adapt as demographics change. Traditionally, the retail workforce has comprised a large proportion of young, predominantly female, workers. One in two Australians under 25 is employed by a retail organisation.¹⁴⁹ As the pool of younger people in the labour force shrinks and the retirement age and life expectancy increase, the retail industry will need to focus more on attracting and retaining older workers as well as younger ones; together with 'non-traditional' sources of labour including Indigenous Australians and people with a disability.

148 Ibid., p. 107.

149 ABS, 2007, *Retail trade*, cat. no. 8501.0, ABS, Canberra.

Tita Yangadlitya—Retail for the Future

Between June 2011 and June 2013, Service Skills SA ran a successful employment project integrating recruitment, training, case management and mentoring services in response to the Australian Government's Indigenous employment policy. The project's aims included:

- creating sustainable employment for 150 Indigenous South Australians in the retail industry over two years
- providing 70 opportunities for career progression and retention for Indigenous people employed in the industry through upskilling and mentoring
- providing the South Australian retail sector with a holistic and strategic framework to enhance and improve sustainable Indigenous employment outcomes.

Another major focus of the project was improving the retention of Indigenous people in employment via career advice, mentoring and further upskilling in the retail sector. In addition to existing initiatives, links were created with a number of workforce development projects, including South Australian Government funded programs and the joint state–Commonwealth Productivity Places Program.

Pivotal to the success of the project were strong links to the Indigenous community. To ensure the project addressed the community's needs, social dynamics and regional spread, cultural awareness training was provided for employers and mentoring for the participants.

In the first year, more than 88 per cent of people who completed the pre-employment training were employed.

Lessons learned from the project include:

- employer buy-in and commitment are important in the lead-up to skilling opportunities
- a gradual transition into the workplace is critical (minimum work of 18 hours per week building up to 25 and more)
- work experience is essential, as are mentoring support and buddy systems
- social media plays a critical role in keeping in touch with participants, some of whom are without stable accommodation
- pre-employment training needs to incorporate personal presentation, résumé writing, healthy eating and digital literacy
- cultural awareness training for employers is essential
- expectations and communication between partners in the program need to be clear.

Woolworths Reconciliation Action Plan

Woolworths launched its Reconciliation Action Plan in June 2011 and in its 2012 annual report reported that it has over 900 Indigenous employees, of which some 200 were recruited in 2011–12 through community-based pre-employment programs. Initiatives under the plan include formal and informal access to work programs, working with Indigenous-owned small businesses, and community investment programs. Woolworths also entered into an agreement with the Australian Indigenous Minority Supplier Council to work with Indigenous suppliers of goods and services where appropriate. Through the agreement, Woolworths has engaged a number of different Indigenous service providers.¹⁵⁰

People who experience labour market disadvantage may have low language, literacy and numeracy skills, which will need to be addressed if they are to participate to their full potential in the workplace and in training opportunities. Retail workers, on average, have lower levels of language, literacy and numeracy skills than workers in many other industries. This is likely to be affecting their ability to reach their full potential, as well as inhibiting the development and uptake of new innovations and technologies across the industry.

Woolworths disability employment strategy

Woolworths employs more than 900 people with a disability, 439 of whom were recruited through the company's disability employment partner, Workfocus.

In 2011, the National Disability Recruitment Coordinator was awarded an innovation grant to partner with Woolworths on streamlining the process for people with a disability to obtain work in Woolworths stores located in south-east Victoria. During the 12-month period of the funding:

- 45 placements were made in south-east Victoria
- 101 managers attended disability awareness training
- job role competencies were reviewed to support disability placements
- a guide to disability employment was developed for store managers nationally.¹⁵¹

150 Woolworth Limited, 2012, 2012 Annual Report, Woolworths Limited, http://www.woolworthslimited.com.au/annualreport/2012/pdf/WW_AR12_Full.pdf.

151 Ibid.

Recommendation 11

That public funding be provided for programs to support workforce participation of Indigenous Australians, people with a disability and other under-represented groups in the industry, especially for programs coordinated by employers and/or retail industry associations. The programs should provide tailored support services (including language, literacy and numeracy services) to those who require them, based on existing successful models.



Conclusion

The retail industry contributes significantly to the Australian economy, employing more than 1.2 million workers across 140,000 businesses and accounting for around 4.5 per cent of gross domestic product.

The industry is recognised for the role it plays in providing many young Australians with their first job and equipping them with skills highly sought after in other industries. It also provides opportunities for second chance job seekers. At the other end of the spectrum, it encompasses a range of highly skilled professional jobs, most of which are not visible to the general public or even to many people working in the industry.

Retail has adapted to a range of innovations over recent decades but will need to become more agile and skilled to deal with the significant challenges and opportunities that lie ahead, resulting from ongoing developments in technology, society and the economy.

While there is a clear need for a more highly skilled retail workforce, this is not without its challenges.

These include the cost of training, particularly for SMEs; the complexity and availability of public funding for retail training; entrenched perceptions of the industry as low skilled and lacking career prospects; a lack of dedicated human resources personnel within many firms to support workforce development; and a general lack of leadership skills to drive strategic change and industry transformation.

The retail workforce has a lower skill level than average across the workforce and is often seen as a short-term, stopgap employment option without career pathways. Retail needs to shift its recruitment profile towards a larger share of recruits who see retail as a career, rather than something they have 'fallen into'.

Addressing the workforce challenges and opportunities facing the industry will require a multi-faceted approach. Strong industry leadership will be critical to future success.

This study has identified a range of strategies designed to address the workforce challenges and opportunities on offer, and there is growing commitment within the industry to coordinated action and leadership to implement the recommendations.

As the Industry Skills Council for the sector, Service Skills Australia will have a key role in leading and coordinating implementation of many of the recommendations.



Appendix A

Retail classifications: division, subdivisions and groups (ANZSIC 2006)

Division G—Retail Trade

Subdivision 39—Motor Vehicle and Motor Vehicle Parts Retailing

- Motor Vehicle Retailing
- Motor Vehicle Parts and Tyre Retailing

Subdivision 40—Fuel Retailing

Subdivision 41—Food Retailing

- Supermarket and Grocery Stores
- Specialised Food Retailing

Subdivision 42—Other Store-Based Retailing

- Furniture, Floor Coverings, Houseware and Textile Goods Retailing
- Electrical and Electronic Goods Retailing
- Hardware, Building and Garden Supplies Retailing
- Recreational Goods Retailing
- Clothing, Footwear and Personal Accessory Retailing
- Department Stores
- Pharmaceutical and Other Store-Based Retailing

Subdivision 43—Non-Store Retailing and Retail Commission-Based Buying and/or Selling

- Non-Store Retailing
- Retail Commission-Based Buying and/or Selling

Appendix B

Types of retail businesses

There are a wide variety of retail businesses, including:

- department store—a large store, offering an assortment of goods including fashion, food, furniture and whitegoods
- boutique—a small outlet, either stand-alone or part of a chain or franchise, specialising in fashion goods
- specialty store—a small retail outlet, either stand alone or part of a chain or franchise, offering specialty goods such as pets or books
- discount store—a retail outlet that competes on price and offers a variety of goods
- market stall—a retailer that offers products in a marketplace for a restricted period of time on a dismountable counter and display
- franchise—an enterprise that is set up using another firm's business model. A franchisee has access to trademarks and distributes the franchisor's goods. Examples include 7-Eleven and McDonalds
- pure play—an enterprise that sells goods purely through the internet with no physical store, for example Amazon
- multi-channel—a retail establishment that has both a physical bricks and mortar store and an online outlet
- omni-channel—a retail establishment that has both a physical bricks and mortar store and an online outlet. It can be distinguished from multi-channel retailing as it seeks to promote a more seamless approach to customer experience through all available shopping channels
- door to door—a business that sells goods in the home, for example energy companies and some fashion companies
- big box—a store that is characterised by a large amount of floor space (generally more than 50,000 square feet), a wide array of items available for sale, and a suburban location. Big-box stores often can offer lower prices because they buy products in high volume
- supermarket—a large self-service store offering a variety of grocery products and limited non-food items
- general store—a local store that supplies the main needs for the local community
- retail chain—retail outlets that share a brand and central management and usually have standardised business methods and practices
- micro-retailer or mum and dad store—a store that is owned and operated by a family, a couple or a single person, does not employ anyone and is categorised as a micro business (under five employees).



Appendix C

Qualifications used in VET analysis

SIR10112—Certificate I in Retail Services
SIR20207—Certificate II in Retail
SIR30207—Certificate III in Retail
SIR30212—Certificate III in Retail Operations
SIR30312—Certificate III in Retail Supervision
SIR40207—Certificate IV in Retail Management
SIR40212—Certificate IV in Retail Management
SIR50107—Diploma of Retail Management
SIR50112—Diploma of Retail Management
SIR50207—Diploma of Visual Merchandising
SIR50212—Diploma of Visual Merchandising
WRR10102—Certificate I in Retail Operations
WRR10197—Certificate I in Retail Operations
WRR20102—Certificate II in Retail Operations
WRR20197—Certificate II in Retail Operations
WRR30102—Certificate III in Retail Supervision
WRR30197—Certificate III in Retail Operations
WRR30202—Certificate III in Retail Operations
WRR40102—Certificate IV in Retail Management
WRR40197—Certificate IV in Retail Management
WRR50102—Diploma of Retail Management
WRR50197—Diploma of Retail Management
WRR50204—Diploma of Visual Merchandising
SIR30412—Certificate III in Business to Business Sales
SIR80112—Vocational Graduate Certificate in Retail Leadership
SIR20107—Certificate II in Community Pharmacy
SIR20112—Certificate II in Community Pharmacy
SIR30107—Certificate III in Community Pharmacy
SIR30112—Certificate III in Community Pharmacy
SIR40107—Certificate IV in Community Pharmacy
SIR40112—Certificate IV in Community Pharmacy
WRP20102—Certificate II in Community Pharmacy
WRP30102—Certificate III in Community Pharmacy
WRP40102—Certificate IV in Community Pharmacy

Appendix D

Retail traineeship and apprenticeship commencements by qualification

Table 24 Retail traineeship and apprenticeship commencements by qualification, 2007–08 to 2012–13

Qualification	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	Total
SIR20107—Certificate II in Community Pharmacy	91	1,011	938	686	323	114	3,163
SIR20112—Certificate II in Community Pharmacy	0	0	0	0	0	176	176
SIR20207—Certificate II in Retail	1,076	13,456	15,477	13,227	6,167	1,713	51,116
SIR30107—Certificate III in Community Pharmacy	119	1,362	1,321	2,037	2,471	1,376	8,686
SIR30112—Certificate III in Community Pharmacy	0	0	1	7	65	813	886
SIR30207—Certificate III in Retail	1,110	10,162	17,273	21,424	30,957	9,023	89,949
SIR30212—Certificate III in Retail Operations	0	0	0	5	88	5,265	5,358
SIR30312—Certificate III in Retail Supervision	0	0	0	0	0	228	228
SIR30412—Certificate III in Business to Business Sales	0	0	0	0	0	51	51
SIR40107—Certificate IV in Community Pharmacy	2	93	116	109	125	26	471
SIR40112—Certificate IV in Community Pharmacy	0	0	0	2	18	55	75
SIR40207—Certificate IV in Retail Management	277	2,419	3,292	3,373	5,374	1,040	15,775
SIR40212—Certificate IV in Retail Management	0	0	0	4	33	1,229	1,266
SIR50107—Diploma of Retail Management	0	0	50	142	249	110	551
SIR50112—Diploma of Retail Management	0	0	0	0	1	20	21
WRP20102—Certificate II in Community Pharmacy	1,112	43	0	0	0	0	1,155
WRP30102—Certificate III in Community Pharmacy	1,162	57	1	0	0	0	1,220
WRP40102—Certificate IV in Community Pharmacy	78	6	0	0	0	0	84
WRR20102—Certificate II in Retail Operations	13,081	1,647	1	1	0	0	14,730



Table 24 (continued)

Qualification	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	Total
WRR30102—Certificate III in Retail Supervision	4,902	1,386	1	2	0	0	6,291
WRR30197—Certificate III in Retail Operations	1	0	0	0	0	0	1
WRR30202—Certificate III in Retail Operations	12,271	4,158	0	0	1	0	16,430
WRR40102—Certificate IV in Retail Management	1,885	329	0	0	0	0	2,214
Total	37,167	36,129	38,471	41,019	45,872	21,241	219,899



Appendix E

Scenario projections, 2011 to 2025

Table 25 Total retail industry occupational employment projections, 2011 to 2025
(total and average annual growth)

ANZCO	Occupation	2011	2025							
			Long Boom		Smart Recovery		Terms of Trade Shock		Ring of Fire	
		'000	'000	%	'000	%	'000	%	'000	%
6211	Sales Assistants (General)	51,842	60,371	1.1	57,438	0.7	57,514	0.7	53,198	0.2
1421	Retail Managers	24,576	30,772	1.6	29,119	1.2	29,234	1.2	26,701	0.6
6311	Checkout Operators and Office Cashiers	15,014	15,197	0.1	14,567	-0.2	14,538	-0.2	13,562	-0.7
8912	Shelf Fillers	6,437	5,917	-0.6	5,603	-1.0	5,537	-1.1	5,108	-1.6
6214	Pharmacy Sales Assistants	3,519	3,595	0.2	3,420	-0.2	3,396	-0.3	3,142	-0.8
6215	Retail Supervisors	3,154	4,451	2.5	4,277	2.2	4,264	2.2	4,017	1.7
6213	Motor Vehicle and Vehicle Parts Salespersons	3,477	3,901	0.8	3,681	0.4	3,646	0.3	3,353	-0.3
7411	Storepersons	11,803	14,778	1.6	13,910	1.2	13,715	1.1	12,733	0.5
3512	Butchers and Smallgoods Makers	2,189	2,595	1.2	2,488	0.9	2,465	0.9	2,354	0.5
2515	Pharmacists	2,684	2,787	0.3	2,626	-0.2	2,673	0.0	2,382	-0.8
6113	Sales Representatives	10,648	11,771	0.7	10,991	0.2	11,013	0.2	10,343	-0.2
5911	Purchasing and Supply Logistics Clerks	8,487	9,868	1.1	9,374	0.7	9,383	0.7	8,776	0.2
1311	Advertising and Sales Managers	13,087	20,071	3.1	18,779	2.6	18,927	2.7	17,522	2.1
6216	Service Station Attendants	905	813	-0.8	779	-1.1	773	-1.1	725	-1.6
3511	Bakers and Pastrycooks	2,691	3,204	1.3	3,115	1.1	3,163	1.2	3,282	1.4
8321	Packers	6,399	6,293	-0.1	5,994	-0.5	6,120	-0.3	6,168	-0.3
3621	Florists	597	680	0.9	652	0.6	643	0.5	604	0.1
6217	Street Vendors and Related Salespersons	1,043	2,474	6.4	2,349	6.0	2,346	6.0	2,162	5.3
6212	ICT Sales Assistants	1,918	2,688	2.4	2,505	1.9	2,527	2.0	2,325	1.4
1492	Call or Contact Centre and Customer Service Managers	4,261	6,437	3.0	5,966	2.4	6,016	2.5	5,345	1.6

Source: Deloitte Access Economics, 2012, *Economic modelling of skills demand and supply*, scenario output—detailed employment results.

Table 26 Total retail back office occupational employment projections, 2011 and 2025 (total and average annual growth)

ANZSCO	Occupation	2011	2025							
			Long Boom	Smart Recovery		Terms of Trade Shock		Ring of Fire		
		'000	'000	%	'000	%	'000	%	'000	%
1322	Finance Managers	47.2	78.5	3.7	73.6	3.2	73.7	3.2	66.8	2.5
1323	Human Resource Managers	45.7	77.8	3.9	73.2	3.4	74.0	3.5	67.0	2.8
1333	Importers, Exporters and Wholesalers	21.9	32.5	2.9	30.5	2.4	30.5	2.4	28.0	1.8
1336	Supply and Distribution Managers	34.5	47.4	2.3	44.5	1.8	44.2	1.8	40.6	1.2
1351	ICT Managers	46.1	78.5	3.9	70.9	3.1	72.9	3.3	64.5	2.4
1499	Other Hospitality, Retail and Service Managers	69.9	85.0	1.4	81.4	1.1	81.0	1.1	75.3	0.5
2231	Human Resource Professionals	63.0	87.0	2.3	81.7	1.9	83.1	2.0	74.7	1.2
2251	Advertising and Marketing Professionals	47.2	77.9	3.6	71.4	3.0	73.2	3.2	64.9	2.3
2252	ICT Sales Professionals	15.8	25.2	3.4	22.5	2.6	23.3	2.8	20.2	1.8
2254	Technical Sales Representatives	36.3	51.6	2.5	48.6	2.1	49.2	2.2	45.7	1.7
2324	Graphic and Web Designers, and Illustrators	58.5	74.1	1.7	66.1	0.9	69.3	1.2	62.4	0.5
2611	ICT Business and Systems Analysts	27.6	52.6	4.7	48.1	4.1	49.3	4.2	43.8	3.4
2612	Multimedia Specialists and Web Developers	9.9	21.9	5.8	18.9	4.7	20.0	5.1	16.1	3.5
2613	Software and Applications Programmers	96.4	166.8	4.0	148.0	3.1	153.7	3.4	133.6	2.4
2621	Database and Systems Administrators and ICT Security	36.7	62.4	3.9	57.5	3.3	58.9	3.4	52.2	2.5
5612	Couriers and Postal Deliverers	49.1	56.5	1.0	53.7	0.6	52.6	0.5	47.0	-0.3
5912	Transport and Despatch Clerks	35.2	43.1	1.4	41.2	1.1	40.7	1.0	37.9	0.5

Source: Deloitte Access Economics, 2012, *Economic modelling of skills demand and supply*, scenario output—detailed employment results.

Table 27 Replacement rates and total job openings by retail industry occupations resulting from replacement demand and employment growth to 2025 (total and average annual growth)

ANZCO	Occupation	Net replacement rate per annum (%)	Long Boom		Smart Recovery		Terms of Trade Shock		Ring of Fire	
			'000	%	'000	%	'000	%	'000	%
6211	Sales Assistants (General)	5.2	35,745	6.3	33,285	6.0	33,530	6.0	30,604	5.4
1421	Retail Managers	2.2	11,585	3.8	10,342	3.4	10,476	3.4	8,575	2.8
6311	Checkout Operators and Office Cashiers	8.1	14,432	8.2	13,830	7.9	13,892	7.9	13,183	7.4
8912	Shelf Fillers	6.0	3,811	5.4	3,605	5.0	3,678	4.9	3,492	4.3
6214	Pharmacy Sales Assistants	3.8	1,581	3.9	1,487	3.6	1,539	3.5	1,459	3.0
6215	Retail Supervisors	1.7	1,574	4.2	1,451	3.9	1,441	3.9	1,253	3.5
6213	Motor Vehicle and Vehicle Parts Salespersons	2.5	1,342	3.3	1,177	2.9	1,155	2.8	1,004	2.2
7411	Storepersons	1.8	4,934	3.4	4,297	2.9	4,168	2.8	3,424	2.3
3512	Butchers and Smallgoods Makers	2.9	1,273	4.1	1,205	3.8	1,200	3.8	1,158	3.4
2515	Pharmacists	1.5	1,309	1.8	1,193	1.4	1,230	1.5	1,041	0.7
6113	Sales Representatives	2.5	4,034	3.2	3,416	2.7	3,486	2.7	2,966	2.2
5911	Purchasing and Supply Logistics Clerks	1.7	2,506	2.8	2,140	2.4	2,151	2.4	1,904	1.9
1311	Advertising and Sales Managers	2.1	8,149	5.2	7,150	4.7	7,263	4.8	6,194	4.2
6216	Service Station Attendants	2.3	354	1.5	348	1.2	353	1.2	343	0.7
3511	Bakers and Pastrycooks	1.9	1,040	3.1	1,051	2.9	1,078	3.0	1,131	3.3
8321	Packers	3.2	2,208	3.0	2,151	2.7	2,177	2.8	2,208	2.9
3621	Florists	2.4	342	3.3	336	3.0	339	2.9	331	2.5
6217	Street Vendors and Related Salespersons	3.7	1,554	10.1	1,454	9.7	1,457	9.7	1,309	9.1
6212	ICT Sales Assistants	4.3	1,597	6.8	1,440	6.3	1,464	6.3	1,292	5.7
1492	Call or Contact Centre and Customer Service Managers	2.1	2,885	5.1	2,522	4.6	2,562	4.6	2,058	3.8

Table 28 Replacement rates and total job openings by retail industry back office occupations resulting from replacement demand and employment growth to 2025 (total and average annual growth)

ANZSCO	Occupation	Replacement rate per annum (%)	Long Boom		Smart Recovery		Terms of Trade Shock		Ring of Fire	
			'000	%	'000	%	'000	%	'000	%
1322	Finance Managers	2.4	3,755	6.1	3,360	5.7	3,378	5.7	2,829	4.9
1323	Human Resource Managers	1.6	3,142	5.5	2,794	5.0	2,858	5.1	2,332	4.4
1333	Importers, Exporters and Wholesalers	0.6	944	3.5	800	3.1	798	3.1	629	2.5
1336	Supply and Distribution Managers	2.1	2,060	4.7	1,832	4.2	1,803	4.1	1,526	3.5
1351	ICT Managers	1.1	3,324	4.9	2,789	4.2	2,923	4.4	2,333	3.5
1499	Other Hospitality, Retail and Service Managers	1.1	2,629	2.5	2,368	2.2	2,347	2.2	1,942	1.7
2231	Human Resource Professionals	1.1	2,996	3.4	2,672	2.9	2,695	3.0	2,238	2.3
2251	Advertising and Marketing Professionals	1.1	2,759	4.8	2,284	4.1	2,412	4.3	1,813	3.4
2252	ICT Sales Professionals	1.6	1,206	5.0	1,009	4.2	1,059	4.4	839	3.4
2254	Technical Sales Representatives	0.9	2,063	3.4	1,852	3.0	1,899	3.1	1,650	2.5
2324	Graphic and Web Designers, and Illustrators	1.4	3,447	3.0	2,870	2.2	3,087	2.5	2,658	1.8
2611	ICT Business and Systems Analysts	1.0	2,058	5.6	1,733	5.0	1,819	5.2	1,427	4.3
2612	Multimedia Specialists and Web Developers	0.2	886	5.9	694	4.9	763	5.3	504	3.6
2613	Software and Applications Programmers	1.8	7,864	5.8	6,410	4.9	6,832	5.2	5,318	4.1
2621	Database and Systems Administrators and ICT Security	1.8	2,817	5.7	2,436	5.0	2,548	5.2	2,034	4.3
5612	Couriers and Postal Deliverers	2.1	1,565	2.5	1,351	2.2	1,297	2.0	1,043	1.2
5912	Transport and Despatch Clerks	1.3	1,893	3.4	1,743	3.1	1,691	3.0	1,468	2.5



Table 29 Balance between supply and demand of new qualifications for key retail occupations in 2025

ANZSCO	Occupation	Long Boom	Smart Recovery	Terms of Trade Shock	Ring of Fire
6211	Sales Assistants (General)	5,589	16,962	10,040	21,047
1421	Retail Managers	-11,788	-8,646	-10,941	-6,074
6311	Checkout Operators and Office Cashiers	-2,879	-356	-1,819	805
8912	Shelf Fillers	413	628	502	726
6214	Pharmacy Sales Assistants	926	1,520	1,144	1,687
6215	Retail Supervisors	-341	518	-29	990
6213	Motor Vehicle and Vehicle Parts Salespersons	-1,285	-512	-978	28
7411	Storepersons	5,252	6,266	5,643	5,777
3512	Butchers and Smallgoods Makers	443	543	435	451
2515	Pharmacists	1,494	1,667	1,374	1,697
6113	Sales Representatives	-969	1,813	-380	1,618
5911	Purchasing and Supply Logistics Clerks	-1,934	150	-1,201	642
1311	Advertising and Sales Managers	-18,304	-13,815	-16,396	-7,699
6216	Service Station Attendants	41	165	91	219
3511	Bakers and Pastrycooks	516	729	561	565
8321	Packers	-716	-442	-549	-324
3621	Florists	1,118	1,079	1,067	949
6217	Street Vendors and Related Salespersons	-2,307	-1,568	-2,009	-1,008
6212	ICT Sales Assistants	-903	-388	-651	54
1492	Call or Contact Centre and Customer Service Managers	-4,741	-3,783	-4,333	-2,163

Source: Deloitte Access Economics, 2012, *Economic modelling of skills demand and supply*, scenario output—detailed employment results.

Table 30 Balance between supply and demand of new qualifications for key retail back office occupations in 2025

ANZSCO	Occupation	Long Boom	Smart Recovery	Terms of Trade Shock	Ring of Fire
1322	Finance Managers	-4,630	-3,360	-4,334	-1,477
1323	Human Resource Managers	-4,608	-3,268	-4,465	-1,163
1333	Importers, Exporters and Wholesalers	-1,864	-1,362	-1,685	-914
1336	Supply and Distribution Managers	-4,115	-3,281	-3,664	-2,069
1351	ICT Managers	-7,841	-5,658	-8,094	-4,593
1499	Other Hospitality, Retail and Service Managers	-4,301	-3,489	-4,112	-2,322
2231	Human Resource Professionals	6,968	6,174	6,127	6,391
2251	Advertising and Marketing Professionals	-3,003	-2,189	-2,870	-1,253
2252	ICT Sales Professionals	-1,597	-1,253	-1,527	-1,026
2254	Technical Sales Representatives	-2,414	-1,951	-2,167	-1,815
2324	Graphic and Web Designers, and Illustrators	-2,019	-1,263	-2,313	-1,534
2611	ICT Business and Systems Analysts	-4,201	-3,286	-4,014	-2,425
2612	Multimedia Specialists and Web Developers	-3,450	-2,752	-3,232	-2,019
2613	Software and Applications Programmers	-14,156	-10,486	-13,806	-7,752
2621	Database and Systems Administrators and ICT Security	-4,347	-3,466	-4,117	-2,590
5612	Couriers and Postal Deliverers	-2,384	-1,662	-1,864	-744
5912	Transport and Despatch Clerks	-1,659	-731	-1,070	38

Source: Deloitte Access Economics, 2012, *Economic modelling of skills demand and supply*, scenario output—detailed employment results.



Appendix F

Retail study reference group

Mr Robin Shreeve (Chair), Chief Executive Officer, Australian Workforce and Productivity Agency (AWPA)

Ms Jeanette Allen (Deputy Chair), Chief Executive Officer, Service Skills Australia

Mr Ian Blandthorn, National Assistant Secretary, Shop, Distributive & Allied Employees Association

Ms Alison Briers, Human Resources Manager—Performance and Training, David Jones

Mr Christopher Cosier, People and Development Manager, Suzanne Grae Corporation

Mr Michael Lonie, NSW State Director, National Retail Association

Ms Judith McDonald, Dive Action Pty Ltd

Ms Margy Osmond, Chief Executive, Australian National Retailers Association

Mr Gary Wheelhouse, General Manager—Online, Harvey Norman

Mr Russell Zimmerman, Executive Director, Australian Retailers Association

Reference group secretariat

Ms Lise Windsor, AWPA

Dr Katherine Barnes, AWPA

Dr Caroline Smith, AWPA

Ms Katherine Byron, AWPA

Ms Robyn Grant, AWPA

Dr Simon Stratton, AWPA

Ms Jingning Xue, AWPA

Ms Kirsten Woyzbun, AWPA

Ms Karen Banks, Service Skills Australia

Mr Mark Farthing, Service Skills Australia

Ms Tess Julian, Ratio Consulting.

Bibliography

- ABS (Australian Bureau of Statistics), 2006, *Adult Literacy and Life Skills Survey*, cat. no. 4228.0, ABS, Canberra.
- ABS, 2006, 'The concept of skill level', *Australian and New Zealand Standard Classification of Occupations (ANZSCO)*, 1st edn, cat. no. 1220.0, ABS, Canberra.
- ABS, 2007, *Retail trade*, cat. no. 8501.0, ABS, Canberra.
- ABS, 2010, *Population by age and sex, Australian states and territories, June*, cat. no. 3201.0, ABS, Canberra.
- ABS, 2011, *Counts of Australian businesses, including entries and exits*, cat. no. 8165.0, ABS, Canberra.
- ABS, 2011, *Summary of IT use and innovation in Australian business*, cat. no. 8166.0, ABS, Canberra.
- ABS, 2012, *Australian industry, 2010–11*, cat. no. 8155.0, ABS, Canberra.
- ABS, 2012, *Australian system of national accounts*, cat. no. 5204.0, ABS, Canberra.
- ABS, 2012, *Employee earnings and hours*, Australia, May 2012, cat. no. 6306.0, ABS, Canberra.
- ABS, 2012, *Forms of employment*, Australia, November 2012, cat. no. 6359.0, ABS, Canberra.
- ABS, 2012, *Survey of education and work*, cat. no. 6227.0, ABS, Canberra.
- ABS, 2013, *Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (revision 2.0)*, cat. no. 1292.0, ABS, Canberra.
- ABS, 2013, *Measurement of online retail trade in macroeconomic statistics*, cat. no. 8501.055.007, ABS, Canberra.
- ABS, 2013, *Labour force, Australia, detailed, quarterly*, cat. no. 6291.0.55.003, ABS, Canberra.
- ABS, 2013, *Labour mobility, Australia, February 2013*, cat. no. 6209.0, ABS, Canberra.
- ABS, 2013, *Retail trade, Australia, May*, cat. no. 8501.0, ABS, Canberra.
- ABS, 2013, *Programme for the international assessment of adult competencies, Australia, 2011–12*, cat. no. 4228.0, ABS, Canberra.
- Advisory, Conciliation and Arbitration Service, 2009, *Front line managers*, www.acas.org.uk/CHttpHandler.ashx?id=308&p=0.
- AgriFood Skills Australia, 2013, *2013 environmental scan of the agrifood industry*, AgriFood Skills Australia, Canberra.
- Australian Associated Press, 2013, 'Retail to improve on patchy 2013: Deloitte', *Financial Review*, 4 December, www.afr.com/p/national/retail_to_improve_on_patchy_deloitte_q1oflsJAGaJ0K1F8QTX3H.
- Australian Centre for Retail Studies, 2007, *Attracting and retaining a cross-generational workforce*, Monash University, Melbourne.
- Australian Centre for Retail Studies, 2007, *Shopfloor to boardroom*, Monash University, Melbourne.
- Australian Centre for Retail Studies, 2011, *The war for talent*, Monash University, Melbourne.
- Australian Government, 2012, *Australia in the Asian century*, white paper, Department of the Prime Minister and Cabinet, Canberra.

AWPA (Australian Workforce and Productivity Agency), 2012, *Future focus: Australia's skills and workforce development needs—discussion paper*, Commonwealth of Australia, Canberra.

AWPA, 2013, *Future focus: 2013 National Workforce Development Strategy*, Commonwealth of Australia, Canberra.

AWPA, 2013, *ICT workforce study*, Commonwealth of Australia, Canberra.

AWPA, 2013, *Specialised Occupation List*, www.awpa.gov.au/our-work/labour-market-information/specialised-occupations-list/Pages/default.aspx.

AWPA, 2013, *Retail trade: industry snapshot*, Commonwealth of Australia, Canberra.

Barrington J, 2012, *21st century disintermediation*, Barrington Consulting Group, www.barrington.com.au/news/article/09122012-11/21st-century-disintermediation.aspx.

Bingemann M, 2012, 'Have laptop. Will do business' in *Path to prosperity*, *The Australian* in partnership with GE.

Bloom N, et al., 2007, 'Management practice and productivity: why they matter', *Management Matters*, November, p. 10, www.stanford.edu/~nbloom/ManagementReport.pdf.

Buddelmeyer H and Wooden M, 2008, *Transitions from casual employment in Australia*, Institute of Applied Economic and Social Research, Melbourne.

Centre for Research on Education Systems, 2012, *Destinations survey for the service industries: HILDA survey*, report prepared for Service Skills Australia, University of Melbourne.

Centre for Research on Education Systems, 2012, *Destinations survey for the services industries: overview*, report prepared for Service Skills Australia, University of Melbourne.

Chang J and Travaglione A, 2012, 'Gender and employment-structure patterns in Australia's retail workforce: an intra-industry analysis', *Australian Bulletin of Labour*, Vol. 38, No. 4, pp. 315–344.

Chartered Institute of Personnel and Development, 2012, *Role of front line managers in HR*, www.cipd.co.uk/hr-resources/factsheets/role-line-managers-hr.aspx.

Clarke N, 2013, 'The devil is in the retail', in *Voyeur*, Virgin Australia.

Cutler T, et al., 2008, *Venturous Australia: building strength in innovation*, Cutler & Company, Melbourne.

Deloitte Access Economics, 2012, *Consumer spending patterns and retail implications*, www.deloitte.com/view/en_AU/au/industries/consumerbusinessandtransport/21374d79832c5310VgnVCM3000001c56f00aRCRD.htm.

Deloitte Access Economics, 2012, *Economic modelling of skills demand and supply*, report prepared for AWP.

Department of Education, Employment and Workplace Relations, 2012, *Australian jobs 2012*, Australian Government, Canberra.

Department of the Prime Minister and Cabinet, 2012, *Australia in the Asian century issues paper*, Commonwealth of Australia, Canberra.

Department of the Treasury, 2010, *Australia to 2050: future challenges—the 2010 intergenerational report*, Commonwealth of Australia, Canberra.

Economist Intelligence Unit, 2012, *Retail 2022: how the Economist Intelligence Unit sees the retail landscape changing over the next decade*.

Farren N, 2013, *International retailers Australia is hot property*, white paper, Colliers International, Sydney.

- Gambin L, Hogarth T, Atfield G, Li Y, Breuer Z, Garrett R, 2012, *Sector skills insights: retail evidence report 53*, UK Commission for Employment and Skill.
- Green F, et al., 2010, 'Measuring the dynamics of organisations and work: employee level survey', *The Meadow Guidelines*, Grigny, CEE (Centre d'Etudes de l'Emploi), European Commission, p. 164.
- Green R, et al., 2009, *Management matters in Australia: just how productive are we?*, Department of Innovation, Industry, Science and Research, Canberra.
- Guest D, Michie J, Conway N, and Sheeham M, 2003, 'Human resource management and corporate performance in the UK', *British Journal of Industrial Relations*, Vol. 41, No. 2.
- Hart C, Stachow G, Farrell A and Reed G, 2007, 'Employer perceptions of skills gaps in retail: Issues and implications for UK retailers', *International Journal of Retail and Distribution Management*, Vol. 35, No 4, pp. 271–288.
- IBISWorld, 2009, 'Retail trade in Australia: G', *IBIS World Industry Report*, p. 11.
- Independent Inquiry into Insecure Work in Australia, 2012, *Lives on hold: unlocking the potential of Australia's workforce*, report commissioned by the Australian Council of Trade Unions.
- Internet Retailer, *GNC bulks up its m-commerce site, and suffers for it*, www.internetretailer.com/2013/10/24/gnc-bulks-its-m-commerce-site-and-suffers-it.
- John Mitchell & Associates, 2011, *The benefits of accurately measuring non-completions*, report prepared for Service Skills Australia.
- Johnson S, 2010, *Where good ideas come from: the seven patterns of innovation*, Penguin, United Kingdom.
- Jude G, et al., 2012, *How you can join the omnichannel shopper in transforming Australian retail*, Telstra.
- Kitney D, 2012, 'A life online, at work and at play', in *Path to prosperity*, *The Australian* in partnership with GE.
- Love D, 2013, 'How to use big data to make a fortune in the retail industry', *Business Insider Australia*, <http://au.businessinsider.com/big-data-in-retail-2013-6>.
- MacKenzie I, Meyer C and Noble S, 2013, *How retailers can keep up with consumers*, McKinsey & Company, www.mckinsey.com/insights/consumer_and_retail/how_retailers_can_keep_up_with_consumers.
- Mobile Commerce Lab, <http://mcom.cs.cmu.edu>.
- NCVER (National Centre for Vocational Education Research), 2012, *Overview of apprenticeship and traineeship institutional structure*, report prepared for the Apprenticeships for the 21st Century expert panel, NCVER, Adelaide.
- NCVER, 2013, *Australian vocational education and training statistics: employers' use and views of the VET system 2013*, item 2675.
- Ogden-Barnes S, 2013, '2013—your year of innovation', in *Retailer*.
- Oliver D, 2012, *Lower-level qualifications as a stepping stone for young people*, NCVER, Adelaide.
- Pocock B, Elton J, Green D, McMahon C and Pritchard S, 2011, *Juggling work, home and learning in low-paid occupations: a qualitative study*, NCVER, Adelaide, www.ncver.edu.au/publications/2369.html.

Pocock B, Skinner N, McMahon C and Pritchard S, 2011, *Work, life and VET participation amongst lower-paid workers*, NCVER monograph series 05/2011, NCVER, Adelaide, www.ncver.edu.au/publications/2378.html.

PricewaterhouseCoopers and Frost & Sullivan, 2012, *Australian online shopping market and digital insights*, www.pwc.com.au/industry/retail-consumer/assets/Digital-Media-Research-Jul12.pdf.

Productivity Commission, 2011, *Economic structure and performance of the Australian retail industry*, Productivity Commission Inquiry Report No. 56, Commonwealth of Australia, Canberra.

Service Skills Australia, 2011, *Submission to the Productivity Commission inquiry into the economic structure and performance of the Australian retail industry*, Service Skills Australia, Sydney.

Service Skills Australia, 2012, *Retail futures—progress report—stage one*, Service Skills Australia, Sydney.

Service Skills Australia, 2012, *Retail, wholesale and floristry environmental scan*, Service Skills Australia, Sydney.

Service Skills Australia, 2013, *Retail, wholesale and floristry environmental scan*, Service Skills Australia, Sydney.

Service Skills Australia, forthcoming, '2014 environmental scan'.

Shah S and Long M, 2010, *Forecasts of labour and skills requirements in the service industries, 2010–15*, report prepared for Service Skills Australia by the Centre for the Economics of Education and Training.

Skills Australia, 2010, *Australian workforce futures*, Commonwealth of Australia, Canberra.

Skills Australia, 2012, *Better use of skills, better outcomes: a research report on skills utilisation in Australia*, Commonwealth of Australia, Canberra.

UKCES, 2012, *Sector skills insights: retail*, Evidence Report 53.

Victorian Government, 2012, *Refocusing vocational training in Victoria*, www.education.vic.gov.au/Documents/about/departments/refocusingvetstatement.pdf.

WA Retail and Personal Services Training Council, 2013, *Workforce development plan*.

Watson I, 2008, 'Skills in use: labour market and workplace trends in skills use in Australia', paper presented to the Jobs Australia National Conference, Brisbane, 8–10 September.

Wilson D, 2013, 'Drop that mobile! The retailers are fighting back against showrooming', *Sydney Morning Herald*, January 15, www.smh.com.au/small-business/managing/drop-that-mobile-the-retailers-fighting-back-against-showrooming-20130115-2cqki.html.

Woolworths Limited, 2012, *2012 annual report*, http://www.woolworthslimited.com.au/annualreport/2012/pdf/WW_AR12_Full.pdf.

Workplace Gender Equality Agency, 2012, *Industry snapshots: retail trade*.

