

Retail Trade

Industry Overview

Retail is a diverse and complex industry that influences the lives of all Australians every day and contributes to the economy of every community across the nation, no matter how small.

Retail is an exceptionally important industry comprising a collective of micro, small and medium businesses, large employers, retail chains and franchising companies that employs around 10% of the total Australian workforce. Retail businesses represent the diversity of Australian retailing, which requires a depth of talent, knowledge, and resilience to participate in the complex retail industry.¹

Retail is a people-facing customer driven industry, therefore the market is likely to change by customer, as each customer is different and expectations will vary. Retail is the largest private employer in Australia, the third largest employer in WA.

Spread across six main sectors which includes:

food retailing; household goods; clothing footwear and accessories; department stores; other retailing; cafes, restaurants and takeaway food services.

These six sectors are further segmented into forty sub-sectors.²

Retail is a broad-based industry that encompasses many product and operational formats. The diversity of the industry offers a wide selection of job roles and more skilled, specialised or professional career pathways than those offered by most other industry groups. The multiplicity of retail business types offers employment and a variety of opportunities and pathways, which includes roles such as:

sales, marketing, merchandising, administration, finance, technology and logistics

Compared with other states, in recent years WA retail has seriously underperformed. The ailing local economy and low wage growth and prolonged declining levels of consumer confidence has equated to reduced consumer spending. The impact of on-line shopping on bricks and mortar small business retailers has also contributed to poor results.

The average growth rate of the e-commerce sector, across all marketplaces grew 18.7 per cent in 2017 and is expected to see continued growth.³

Across industries, the shift to digital technology continues to gain momentum, yet the transition within the retail industry has been slower. The adoption of technology within retail, although narrow, appears to be more difficult for SME's to embrace. The types of business vary in operational modes and methods and the demands are more market and consumer driven than systems compliance.

Digital technology has changed the skills requirements in retail. From the cashier at the front of shop, to administration, purchasing, marketing and distribution functions, technology has changed, and will further change job roles in the future. As the use of technology is increased and further applications adopted changes will continue to impact on the retail sector.

¹ RAPS Retail Report 2017

² Australian Bureau of Statistics

³ CommBank Retail Insights Report- 6th Edition - Feb 2018

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Supply and demand

Several factors indicate a significant increase in the workforce over the next 4 years. The increased demand is the combined result of shopping centre development activity across the metropolitan and regional areas, the anticipation of market stabilisation and future expectations of a recovery in retail.

There are currently 16 metropolitan and regional shopping centre expansion programs valued at around \$5 billion, which are either under construction or in the development pipeline. An increase of over 360,000 square metres of additional retail selling floor space will become available, with a predicted growth of between 2,400 to 2,800 jobs being required. All of these projects are due for completion between 2018 and 2020.⁴

Requirements will be across multiple job roles which include, skilled retail store/sales managers; supervisors; sales assistants and technology based support staff.

Employment in the industry is expected to accelerate through to November 2020, however, engagement will be progressive and expected to increase gradually over the next 4 years.⁵

Supply, Skills demand and shortages

The foundation skills of communication, service and relationships within the retail industry are unchanged, what has changed is the way that today's consumers shop. Today retail is a global shop easily accessed from within the comforts of home through online, digital technology services and the use of mobile commerce. Competition has increased through new entries, of which many of these are international brands.

Increased skills across all key position job roles are required to meet the needs of industry and to meet the customer expectations. Industry requirements include general skills to the more specialised skills and qualifications that meet the requirements of Sales Assistants/Cashiers, Retail Supervisors and Retail Managers/Sales Managers.

The skills within each of these qualifications are developed and refined through on-the-job training. Additionally, individual businesses always want experienced staff, particularly in specialised management positions which include merchandising, marketing, IT, HR, finance and distribution roles.

The retail sector has raised concerns regarding the value of institutionally delivered qualifications. Many graduates have learnt the fundamentals, but generally lack experience of operational independence and customer contact. During consultations, employers over a broad range of retail industry sectors have stated strongly, that they would not employ people with the VET in Schools qualifications of Certificate II in Retail Services and Certificate III in Retail as they have no confidence in the ability of the person to carry out the required tasks on the job. Employers stated that these young people had no understanding of the industry or what a job is and could not contribute to the business. In order to regain confidence in retail

⁴ Commercial Real Estate - (August 2016)

⁵ Commercial Real Estate - (August 2016)

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qualifications it is essential that real workplace experience is required and competencies be assessed in the workplace, not in a simulated environment.⁶

Digital Technology

Digital skills have become essential in all work settings, there is an assumption that people training for and entering occupations already possess the necessary digital skills. It is increasingly evident that the general workforce, including those engaged in low-skilled occupations, requires digital skills to navigate through workplaces that are becoming highly mechanised and digitised.⁷

Development of sound digital knowledge is required to ensure the future growth, particularly SME's.

According to the latest CommBank Retail Insights Report, retailers are predicting an almost 20 per cent increase in e-commerce for the year ahead, which will result in online sales representing around a third of total retail sales volume. Much of the growth of online business is due to the strengthened use of mobile commerce.⁸

As the shift to digital technology continues to gain momentum, the transition within the retail industry is far from over, innovation in technology and customer driven retailing is fundamentally changing the way businesses work and operate. As technology continues to advance, it further elevates consumers' expectations. Generally, the sector needs to look at problems differently and this will require a shift in mindset for many businesses.

The adoption of technology within the retail industry has or will change the skills requirements for most job roles.

The increasing use of on-line transactions, digital technology and social media formats, has identified a need for the technology content in the Retail Training Package across all qualifications to be developed in order to address current and future needs of the retail sector.

To meet industry needs, the development of a skills-set is required to assist retailers to gain the knowledge to select, establish and manage technology and social platforms. Skill sets must offer a choice of units that will meet the needs of the business. Skill sets will also need to be developed in a noncomplex format and be easily accessible

In most cases, SME's cannot leave the business to attend training courses; therefor units will need to be in a simplified format, user friendly, easy access and navigation and have flexible delivery options.

Cultural diversity

Cultural and diverse backgrounds in front-line businesses can include employees and customers. Employers and employees are likely to encounter and engage in communication with diverse groups in the workplace, business dealings or social activities on a daily basis.

⁶ Retail Industry Advisory Group and Industry Consultation

⁷ NCVER Historical time series of apprenticeships and traineeships in Australia from 1963 to 2016 (NCVER 2016)

⁸ CommBank Retail Insights Report - 6th Edition - Feb 2018

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Cultural diversity is empowered under legislation with legal implications, obligations and penalties imposed for non-compliance. All employers and employees must be aware of the importance of cultural diversity in conversation and actions, as ignorance can easily become a major communication and legal issue for both companies and the individual

Changes in policy

Retail was an active training industry until the removal of employer subsidies for entry-level training in 2011. The lack of financial assistance (employer subsidies) that assisted small business to employ and train entry-level trainees in Certificate II in Retail Services halted industry and business participation. Since then there has been a serious decline in the uptake of traineeships by employers across all levels of qualifications. The consequence of this contributed to lower entry and completion rates that impeded participation in the Certificate III in Retail flowing into the Certificate IV in Retail Management, resulting in obstruction of career pathway outcomes. **At the time of the removal of employer incentives in 2011, 6.1% of training rates by occupation were sales workers, which has progressively declined to 2.2% in 2016.**⁹

The rapid changes, economic difficulties encountered and the predicted workforce requirements of 2,800 additional jobs, the re-instatement of entry-level assistance to stimulate further career pathway training. To support this, industry requires upskilling for existing workers through funded skills sets, these will provide the skills required to meet the business needs, where full formal qualifications are not always required.

Training leads to higher levels of student engagement, promotes more collaborative learning and may encourage increased rates of course completions. It also equips students with the skills required in the workplace.

Specific training product issues

The use of on-line transactions, digital technology, social media formats and cultural diversity training has identified the need for units and skillsets to be available within all qualifications in the SIR Retail Training Package.

A recent digital skills training content analysis of 11 training packages by NCVER, found that the VET system contains a significant amount of digital training content, spread across different units of competence. However, a large number of these units of competence are elective rather than core units within respective occupation qualifications. Digital training units are generally broad and generically based content, not according the 'essential skills' status expect by trainees and employers.¹⁰

Digital skills training is an essential requirement for all occupational levels within the retail sector.

⁹ NCVER Historical time series of apprenticeships and traineeships in Australia from 1963 to 2016 (NCVER 2016)

¹⁰ NCVER conference paper: Australian apprenticeships: trends, challenges and future opportunities for dealing with industry 4.0 (2017)

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To meet industry needs, a content revision of technology units in the qualifications and the development of a noncomplex format and easily accessible skill sets in digital technology is required to assist retailers to gain the knowledge to select, establish and manage technology and social platforms.

In most cases, SME's cannot leave the business to attend training courses; therefor units will need to be in a simplified format, user friendly, easy access and navigation and have flexible delivery options.

To better address the topic of cultural diversity, the industry requires specific, stand-alone unit/s, which provides a comprehensive knowledge of this subject. These modern and legal compliance communication units should be included as core units in Certificate II in Retail Services and Certificate III in Retail and Certificate IV Retail Management.¹¹

Industry workforce priorities

Larger retail companies have a business/strategic plan, but given the changing market conditions, many components of the plan are variable. The biggest difficulties are in the areas of overheads and inventory. Many of the smaller operations focus is on survival and doing what is needed, when it is needed, generally reacting to, or following industry leadership, market trends and pressures.

However, some smaller organisations have informal strategic plans to meet development aspirations for the future.

Industry workforce priorities for the next 4 years

- Employer funding/assistance for entry level training at Certificate II level
- Revision of the SIR Retail Training Package qualifications to include units that will meet the changing operational and administrative requirements of the industry as outlined above in the areas of customer service, communication-specifically cultural diversity and digital technology
- To meet skills shortages in retail management and supervisory roles, prioritise entry level training and funded skill sets for the upskilling of existing personnel and to re-establish a strong career pathway in retail training
- The 3 months' probation timeline is too short for employers to establish employee potential or to define the best future job role and career pathway. For industry to access the traineeship and to meet participant and the business needs, it is recommended that the probation timelines be extended to 6 months.
- Addressing the modern skills requirements to provide better client services through the SIR Retail Training Package utilising the delivery of specific skills sets to meet individual business needs

¹¹ Retail Industry Advisory Group