The changing face of retail is creating new career opportunities and more demand for higher skills and training.

Retail is one of Australia’s largest industries—employing over 1.2 million workers across 140,000 businesses—the sector generates 4.5 per cent of our gross domestic product.

It is an industry being transformed by a range of forces: globalisation and new forms of competition; new technologies and the growth of online sales; and changing demographics, economic conditions and consumer preferences, such as a greater focus on sustainable practices.

Its future lies in developing an omni-channel approach—where it offers a mix of shopping channels and customer experiences from physical bricks and mortar stores, to solely online or ‘pure play’ retailers.

It’s the retail industry that provides many young Australians with their first job, allowing them to gain sought after skills and experience. It offers opportunities to second chance jobseekers and those seeking flexible employment options. At the other end of the spectrum, in a less visible role, retail employs highly skilled professionals across a variety of jobs.

Retail’s transformation and move into cutting edge technologies is creating exciting new career opportunities, and a need for stronger leadership to ensure skills and workforce development are keeping pace with the changes.

The skill levels of sales staff are becoming increasingly important—employees need a deeper level of product knowledge, more sophisticated interpersonal skills and higher levels of digital literacy. Managers need to acquire new skills in developing innovative business models and high-end Information and communications technology (ICT) solutions.

Developing these skills will not be easy. The challenges include the cost of training, particularly for small to medium enterprises; the complexity and availability of public funding for training; entrenched perceptions of the industry as low skilled and lacking in career prospects; a lack of dedicated human resources personnel within many businesses to support workforce development; and a lack of leadership skills to drive strategic change and industry transformation.

Addressing these workforce challenges and opportunities will require a multi-faceted approach, and strong industry leadership will be critical to success.

Jobs outlook

Over the next five years retail employment is projected to grow by 8.9 per cent (i.e. 109,100 new jobs), an average of 1.7 per cent per annum. The projected 1.7 per cent rate of growth compares with growth of 1.0 per cent per annum over the past decade and 0.2 per cent per annum in the last five years.

Strong employment growth is expected in a number of industry subsectors including Electrical and Electronic Goods Retailing, Specialised Food Retailing, Retail Commission-Based Buying and/or Selling, Hardware, Building and Garden Supplies Retailing, Supermarket and Grocery Stores.


Four potential growth scenarios, developed by the Australian Workforce and Productivity Agency, suggest varying retail employment growth rates in the years to 2025. All four scenarios show some employment growth is likely for all subsectors (with the exception of Fuel Retailing and Other Store-Based Retailing in the lowest growth scenario). Employment in Non-Store Retailing and Retail Commission-Based Buying and/or Selling—which is solely online retailers—is expected to experience the strongest growth, however this is from a relatively small base.

The modelling suggests that overall there will be below average growth in retail employment in the longer-term, whichever scenario eventuates.
The scenario analysis shows a projected shortfall in qualifications in 2025 in a number of retail occupations, including Retail Managers, Advertising and Sales Managers, Call Centre and Customer Service Managers and ICT Professionals.

Given the changes in technology and customer preferences that are redefining the retail industry a different mix of occupations may be needed to support a diverse range of retail business models in the future.

Skills to grow the industry

While the data on skills demand and supply does not indicate any widespread current or medium term shortages of skilled retail workers, industry is experiencing difficulties in recruiting for higher level positions such as retail buying, merchandising, planning, marketing and digital skills.

Industry snapshot

- Retail is Australia’s second largest employing industry and employs 10 per cent of our workforce.
- The industry contributed 4.5 per cent ($68.5 billion) to gross domestic product in 2012–13.
- The industry is large and diverse, covering 14 subsectors. In 2011–12 its largest subdivision contributor to industry value added was Other Store-Based Retailing (which includes department, furniture, electrical, hardware and clothing stores and pharmacy retailers), with 51 per cent, followed by Food Retailing (21 per cent).
- While retail comprises a range of large employers, retail chains and franchises, it is predominantly made up of small and medium-sized enterprises.
- Large businesses that employ over 200 or more staff employ the majority of the workforce.
- Just under 40 per cent of retail employees work in small enterprises of less than 20 employees.
- The largest employing industry sub-division is Other Store-Based Retailing, with 646,500 employees, followed by Food Retailing, with 390,000 employees in 2013.
- The largest occupational group is Sales Assistants (General), accounting for nearly one-third of retail employment.
- The sector providing the most number of new jobs over the past decade was Food Retailing with 44,100 new jobs.
- Over the last decade, the largest decline in employment in percentage terms occurred in Fuel Retailing, down 2.3 per cent annum—a total of 8,400 jobs.
- Retail industry transformation is being driven by changing technology and consumer demand, with 68 per cent of Australian consumers purchasing a product online, according to a 2012 report.

Workforce profile

- Retail has one of the youngest age profiles, with almost three-quarters of workers aged under 45 years and around a third aged 24 years or younger.
- The industry has the highest proportion of part-time employees of any industry at 49 per cent, compared with an all industries average of 30 per cent.
- Just under 40 per cent of employees in retail are employed on a casual basis, compared to 26 per cent for all industries.
- Fifty-six per cent of workers are women, compared with the all industries average of 46 per cent.
- Job roles within retail tend to be highly stratified by gender with women accounting for 70 per cent of the largest occupation—Sales Assistants. Conversely, only 7 per cent of CEOs are women, compared to an all industries average of 12 per cent.
- Labour turnover is higher (21.7 per cent) than the all industries average (18.2 per cent).
- Retail has significantly lower median full-time weekly earnings in comparison to the all industries average.

Training and education

- The retail workforce has a relatively low level of formal qualifications (37 per cent), compared with an all industries average of 60 per cent. The low proportion in retail reflects, to a large extent, the age profile of the industry—many workers are at the same time undertaking secondary schooling or their first post-school qualification.
- Around 37 per cent of retail employers used the vocational education and training (VET) system in 2013 compared to 52 per cent averaged across all industries.
- In 2012 around 44,651 students commenced publicly funded VET retail courses in Australia, up from 34,807 in 2007.
- In 2012, Certificate III surpassed Certificate II as the predominant qualification held by retail workers.
The *Retail workforce study* found as an industry in transition, retail will need a more highly skilled workforce and that the following key issues were central to developing this.

There is a general deficit of ICT and foundation skills, such as numeracy and literacy including digital literacy across the workforce, and these skills gaps are likely to be inhibiting innovation and productivity growth.

While the use of unaccredited and informal training is relatively high in the retail workforce, it has a relatively low level of formal qualifications. The career progression framework, outlined in the industry training package and higher education offerings, is poorly understood by both employers and potential students, and is generally underutilised.

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 businesses.

Managers are typically being employed without a formal qualification and promoted internally, with minimal formal professional development. This has created significant skills deficits among managers, for example, in basic financial management, in people management and in strategic thinking and leadership.

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.

### Future proofing the workforce

The *Retail workforce study* report puts forward recommendations to build a skilled and capable workforce.

### Attracting and retaining a capable workforce

While in the past retail industry employers have had little difficulty attracting suitable staff employers are now reporting that is changing. The industry is often not seen as a career choice by potential workers, with many employees ‘falling into’ jobs in retail, rather than making a conscious choice to work in the industry. 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.

To address concerns raised by stakeholders about funding for retail qualifications, it is recommended 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

Many in the retail industry understand the need to build a more highly skilled workforce and to collaborate on skills and workforce development, including workforce planning. A number of successful initiatives have been developed in recent years and the *Retail workforce study* report showcases some of them. However, currently the barriers to businesses undertaking workforce development strategies and investing in training, often outweigh the incentives.

The report recommends a cluster-based program be developed to assist businesses to develop and structure their workforces so they can build profitable businesses. This could be based on clusters of retailers from a particular region, sector or part of the supply chain. This program should be based on experience and learnings from successful initiatives, such as the Workforce Futures program in the Tourism and Hospitality sector.

The report also recommends that industry work together to develop a project that supports small businesses in regional areas to recruit labour and skills and build the adaptive capacity of local workers.

### Developing skills in the workforce

The tight operating environment facing retailers, and a lack of understanding of the value of training, is holding back employers’ investment in structured training.

To build the skills required for the future there needs to be a shift in the mindset of both workers and employers combined with appropriate funding models for training and better access to business and workforce development advice. There also needs to be a better understanding of the nature of emerging and converging jobs, and the education and training pathways to them.

A new targeted approach to training is needed which develops strategies based on the requirements of the job and the workplace, and the career aspirations of employees and students. This could include offering online workshops, on-the-job training, or increasing the uptake of training to achieve base qualifications and specific skill sets in particular areas. Higher level VET and higher education offerings will also need to be more accessible and relevant.

The report recommends industry roll out a promotion strategy to improve perceptions of the wide variety of retail career opportunities on offer.
It is important that, regardless of entry point, workers can progress to higher level positions, supported by appropriate quality education and training.

The report recommends the Industry Skills Council, Service Skills Australia, develop an education and awareness program on the value of investing in skills to educate business owners on the returns on investment from training.

To assist retail leaders develop new business models and to embrace high-end ICT solutions, the report recommends a national retail executive program be developed. Access to the business development services offered by the Australian Government’s Enterprise Connect program, and a close linking of these with services provided by the government’s Skills Connect program are also recommended.

The report recommends that employers and education and training providers, supported by Service Skills Australia, work together to increase work-integrated learning opportunities such as cadetships and internships.

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. This provides an opportunity for employers to seek out new sources of workers. A more diverse workforce offers different approaches to problem solving and decision making in businesses.

The report recommends strategies, supported by public funding, to attract under-represented groups, such as Indigenous people and people with a disability, into the retail workforce.

These strategies could include language, literacy and numeracy training and wrap around support services such as mentoring.

Australian Workforce and Productivity Agency

The Australian Workforce and Productivity Agency (AWPA) is an independent statutory authority which advises the Australian Government on the nation’s current, emerging and future skills and workforce development needs.

AWPA developed the Retail workforce study in association with Service Skills Australia and in consultation with industry, unions and education stakeholders.

Service Skills Australia

Service Skills Australia (SSA) is one of 11 Industry Skills Councils funded by the Australian Government to support skills development for industry.

Contact us

You can view or download the Retail workforce study report.

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