# ENVIRONMENTAL SCAN 2015

## Wholesale, Retail and Personal Services

SERVICE SKILLS AUSTRALIA

# KEY MESSAGE

*from the CEO*

**TECHNOLOGY IS A LARGE PART OF THE REASON FOR THE CHANGE—CUSTOMERS HAVE THE WORLD IN THEIR POCKETS AND HANDBAGS—AND IT IS ALSO A LARGE PART OF THE SOLUTION. AT BOTH ENDS OF THE SPECTRUM TECHNOLOGY IS INCREASING THE COMPLEXITY OF JOBS IN THE INDUSTRY**

The wholesale, retail and personal services sector comprises seemingly disparate businesses—from fashion boutiques to funeral homes. We find many common themes in these businesses, however.

First and foremost, the customer is changing. The retailer of twenty years ago would not recognise the customer of today. Today's customer has researched what they are buying online. They have read the maker's sales pitch; they have checked the specifications; they have looked at the reviews; and they know exactly what it costs anywhere in the world. If they are buying it online, they expect it to arrive the same day. If they are buying it in a shop, they expect it to be an 'experience' but they do not expect to pay any more for that.

Things have to be convenient and personalised for the customer of today. Shops and salons have to be open longer. Things have to be done quicker. People in every industry need to know more: the customer is not going to be satisfied if they are the more knowledgeable one in the transaction.

Technology is a large part of the reason for the change—customers have the world in their pockets and handbags—and it is also a large part of the solution. At both ends of the spectrum technology is increasing the complexity of jobs in the industry. Workers need higher levels of skills to meet the demands of the customer, whether they are interacting in social media, meeting the customer face to face or operate the technology powering the business behind the scenes.

The distinction between traditional bricks and mortar and online businesses is obvious but that does not mean customers will accept a distinction in service or experience between the two. Businesses need to be skilled enough to integrate the online and physical sides of their businesses seamlessly. If a customer cannot find what they want in the shop, the sales assistant must be able to arrange delivery to their home. If they can't do it, a competitor can.

The skills required of employees at every level have increased. Digital literacy is becoming mandatory for everyone. At the managerial level, skills in engagement, brand awareness, customer connectivity and supply chains have become vital assets.

The sector has an increased appreciation of the rewards of investing in training and skills development, including in productivity and on the bottom line. Training has also been shown to be a powerful tool for the attraction and retention of staff, an ever more important consideration as businesses compete with each other for working-age candidates.

This Environmental Scan highlights the latest trends in retail, wholesale, community pharmacy, floristry, hairdressing, beauty and funeral services. Each industry is unique but there are commonalities in the challenges they face. This scan outlines how each is engaging with the Vocational Education and Training system and the Industry Skills Council to equip their current and future workforces with the skills to succeed.

Yasmin King
CEO, Service Skills Australia

ABOUT
*Service Skills Australia*

Service Skills Australia supports skills and workforce development in the service industries. These include retail and wholesale, sport, fitness, community recreation, outdoor recreation, travel, tourism, meetings and events, hospitality, accommodation, restaurants and catering, holiday parks and resorts, hairdressing, beauty, floristry, community pharmacy and funeral services.

We are a not-for-profit, independent organisation, which supports skills development for our industries.

Our primary aim when developing nationally recognised training is to ensure that training is in step with the needs of employers and industry as a whole. To achieve this, we consult and engage with as broad a range of stakeholders as possible. Our key stakeholder groups are: industry, both representative organisations and individual businesses; training professionals, including registered training organisations and trainers/assessors; industry regulators; and a range of state/territory and federal government bodies.

# ABOUT
## The Environmental Scan

**OUR PRIMARY AIM WHEN DEVELOPING NATIONALLY RECOGNISED TRAINING IS TO ENSURE THAT TRAINING IS IN STEP WITH THE NEEDS OF EMPLOYERS AND INDUSTRY AS A WHOLE**

Rapid advances in technology, seismic shifts in global demography and the rise of the conscientious consumer are just some of the factors that have left economists and policymakers recognising the limited relevance of historical trends and data as a reliable indicator of the future.

Attempts to predict industry's future workforce and skill development needs can be particularly fraught as industries continue to evolve, converge or re-locate and as new job roles emerge while others become obsolete.

Leading developed nations are establishing 'early warning systems' to quickly detect the onset of trends and building agile vocational training systems capable of responding to issues once identified. Environmental Scans have been conceived on this basis.

Specifically, the Environmental Scan identifies the macro and micro factors currently impacting on the skills needs of the workforce and its composition, it considers how well the national training system, its products and services and industry itself are responding.

Grassroots evidence and real-time intelligence from across Australia are what sets the Environmental Scan apart from other reports in the national training system. It captures intelligence gathered from on-going visits and conversations with industry, key stakeholders, regulators and, critically, the people doing the jobs across the sectors, who experience first-hand the impact of change. It also draws on a range of topical sources such as the latest industry, enterprise and government research and international developments.

As a document in limited size, the Environmental Scan does not seek to capture every issue within every sector. It is a snapshot of a continually evolving story that is intended to alert and inform a wide audience and enhance their capability to act.

This Environmental Scan's formal audience is the Department of Education and Training, although its relevance extends far beyond and continues to be used extensively by state and territory governments, industry bodies, enterprises and many other stakeholders involved in skills and workforce development.

Environmental Scans are produced annually by Australia's Industry Skills Councils as part of their broader role in gathering industry intelligence and undertaking high-quality analysis of the skills needs and profile of the current and future workforce.

# Environmental Scan 2015

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RETAIL

# Summary

- The retail industry is far more complex and highly skilled people are needed at all levels.

- Satisfying the new breed of customer means rethinking operations from top to bottom.

- Most retail spending is still done in shops but the growth in spending is significantly greater online.

- Competing with online shopping calls for 'retail theatre'.

- Retailers are 'laggards' online—only 52 per cent even have a website.

- Distribution is changing beyond recognition—same-day delivery is becoming expected.

- The ability to use social media for marketing is important.

- 'Big data' can inform important decisions but only where you have people skilled enough to interpret it.

- Australian retailers need to think about expanding into overseas markets.
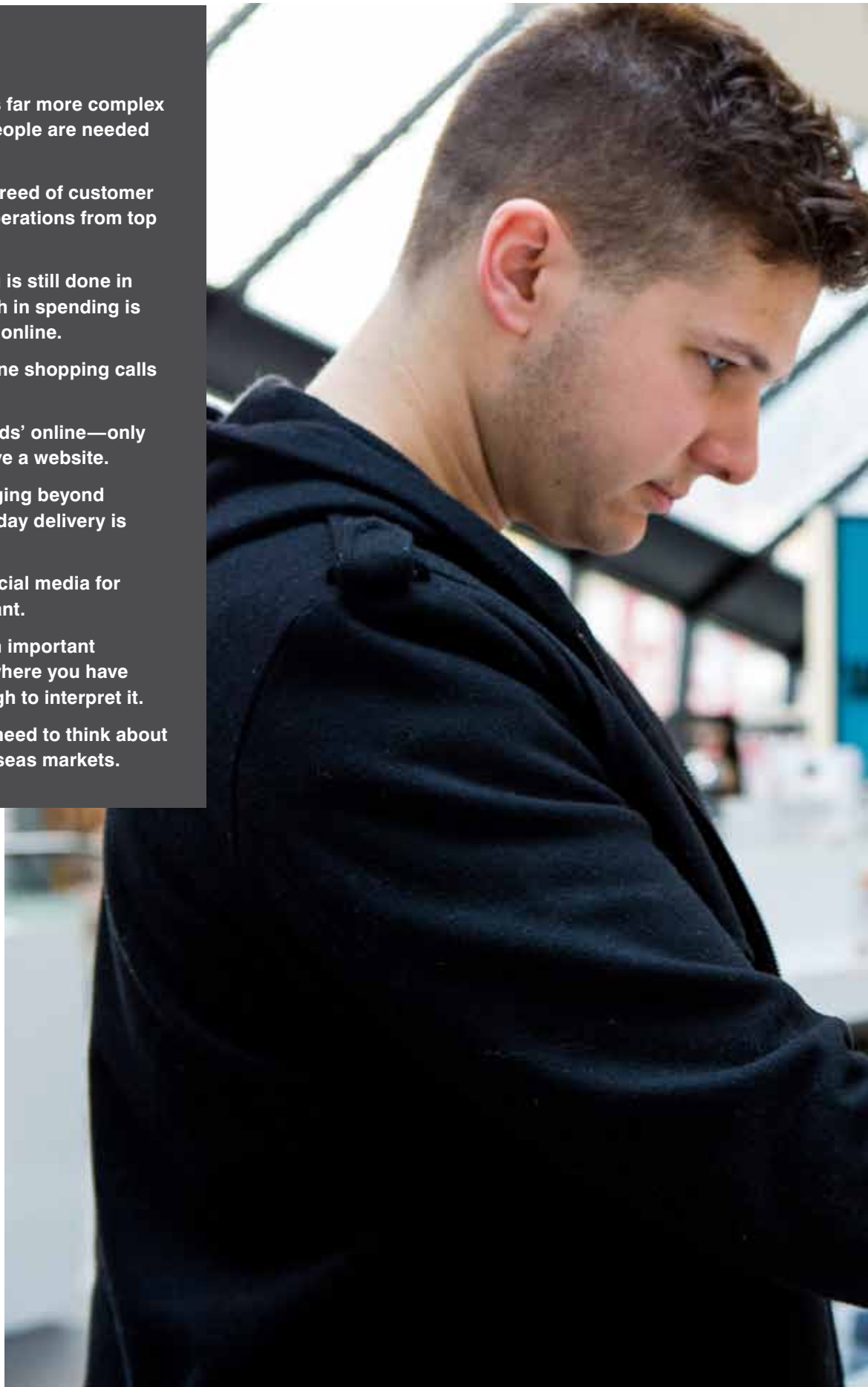
# Industry overview

**10.7%**
of the total workforce is in the retail industry. The retail industry is the largest private employer in Australia, employing 1,240,600 people as at August 2014.[1]

**7.8%**
projected employment growth in retail in the five years to November 2018, representing an increase of 98,200 workers-the third largest projected industry employment growth.[2]

**4.5%**
of Australian GDP was contributed by the retail industry in the year to June 2014.[4]

Retail trade is the largest employing industry of workers aged 15-24 years. As a result the industry is the launching pad for a large percentage of the workforce, offering many their first job and equipping them with skills for the rest of their career.

In line with broader demographic trends, the age profile in retail has become older over the last ten years.[5]

Share of retail trade employment (%)

Increase

Decline

Workers aged 45 and over — August 2003, August 2013

Workers aged 15-19 — August 2003, August 2013
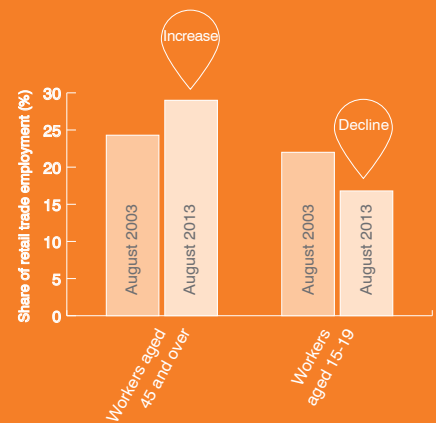
# Latest intelligence

## The changing consumer

'We are at the centre of nothing less than a consumer revolution,' reports the Australian Centre for Retail Studies (ACRS).[6] The modern shopper has vastly different expectations from those of previous decades. Most retailers say today's customers expect far more personalised service, value and convenience. They expect an 'experience'.

To satisfy the new customers, retailers need to re-think their operations from top to bottom. 'If you need to ask if you need to innovate, you have already lost,' says co-founder of online retailer The Iconic, Adam Jacobs.

Shoppers are busier but not so busy they don't study retailer websites, online review sites, online marketplaces and social media before deciding what to buy and from whom to buy it.[7] They are highly price sensitive and can buy from anywhere in the world. They're particularly attracted to things that are bespoke, which is evident from the success of Australian retailers Shoes of Prey and Institchu. Shoes of Prey lets customers design their own shoes—shape, height, colour and materials. Institchu's tailoring customers can choose the fabric for their suits in-store or online and specify their own designs.

The arrival of international retailers in Australia has sharpened customer expectations even further—12 per cent of the top 250 international retailers are already here and more are expected. They bring with them highly developed operations, supply chain mastery, sophisticated customer service and innovative, competitively-priced products.

Customer service is about so much more than meet and greet now, reports the industry. Sales staff—now commonly referred to as 'sale associates'—need to be experts in the products and services they are selling. Supermarket staff regardless of shop size or location are expected to be able to answer questions about the source of fresh produce and their seasonality, for example.

Convenience is becoming king. Customers buy where the process is efficient and streamlined. In-store, staff need to be able to give customers real-time information about stock availability in stores and online. If they don't have the product on hand, they need to be able to get it to the customer's home.

A report from the UK Commission for Employment and Skills (UKCES) notes it is 'vital staff are trained in the technical skills they need, and given continuous training to stay on top of developments and trends.'[8] To keep pace, businesses must take a 'flexible and varied' approach to training. 'Online courses, webinars

**THE RETAIL INDUSTRY IS FAR MORE COMPLEX AND HIGHLY SKILLED PEOPLE ARE NEEDED AT ALL LEVELS**

and other digital platforms mean it is easier than ever to find ways of ensuring workers have as much knowledge as possible at their disposal—allowing businesses to remain competitive in such a rapidly changing landscape.'

## The evolving retail store

It is easy for customers to shop online. For traditional shops to persuade customers to leave their computers or mobile devices and go shopping, they need to focus on the customer experience: to be 'exciting, meaningful, memorable, emotional, entertaining, and educational'.[9]

Popular tactics include introducing 'retail theatre', for example live events or workshops—cooking lessons at Williams-Sonoma or how-to classes at Officeworks. Attractive or dramatic visual merchandise displays also make visiting an actual shop more appealing; as does using technology in-store to streamline the buying process. Re-designing the job description of sales assistants to include product knowledge and an ability to personalise shopping experiences is another tactic.

A great example of the use of in-store technology to make shopping in a traditional shop appealing is the Birdsnest fashion store in Cooma, New South Wales. Customers choose clothes they want to try on, scan

them at the styling stations and the items are delivered to the change rooms from the adjoining warehouse. Customers can ask for additional styles or sizes using the iPads in the change room.

Other emerging in-store technologies include:

- mobile point-of-sale devices rather than traditional cash registers—no queues, receipts by email
- location-based technology, such as iBeacons, that sends product information and personalised deals to a customer's smartphone when they are in the shop
- wearable technology that gives staff or customers access to detailed product information
- augmented reality technologies, which would replace physical goods with virtual versions, enabling 'virtual merchandising'.

## Digital retail

Although online retail spending is estimated at only 6.6 per cent of traditional retail spending in Australia, its growth of 8.6 per cent in the year to July 2014 significantly outpaces that of traditional retail.[10] The success of retailers has become inextricably linked to their digital competence—e-commerce effectiveness, digital marketing, social media and making the online shopping experience work on mobile devices.[11]

Digital shopping is more than shopping with a web browser: the adoption of smart devices means dedicated shopping apps. All but three per cent of Australians shop online and 34 per cent plan to do more of it in the next year. Most in the industry regard an online presence as part of 'normal retail business' today;[12] and there is growing recognition that what happens online needs to be seamlessly integrated with what happens offline.

That said, only 52 per cent of Australian retailers in 2012–13 had an online presence (albeit that was up from 44 per cent in 2011–12).[13] Another recent Australian research also finds 38 per cent of Australian retailers to be 'laggards', 'lacking in both digital execution and engagement.'[14] Despite this, 74.6 per cent of the online spend in Australia is with Australian online retailers.[15]

## Case Study: New Retail Series

Service Skills Australia is working closely with the retail industry to address skills shortages in merchandise management and online retailing, through an innovative training project, The New Retail Series.

Driven by Service Skills Australia and delivered by Australian Retailers Association, The New Retail Series will see participants undergo training prior to training package endorsement. The pilot will incorporate practical application of learning, facilitated by industry leading professionals and allow an opportunity to provide feedback on qualification development to ensure that they meet industry needs.

The Co-Op's CEO, Peter Knock, is one of the retailers that provided input on the project. He said initiatives of this kind are needed to ensure Australian retailers remain competitive.

*'We deal with digital natives every day and their expectations of us as multi-channel retailers is to be as good as anyone else in the world. We believe the skill gaps being identified through this project will contribute to a greater understanding of the ways training can be delivered to ensure we meet their expectations.'*
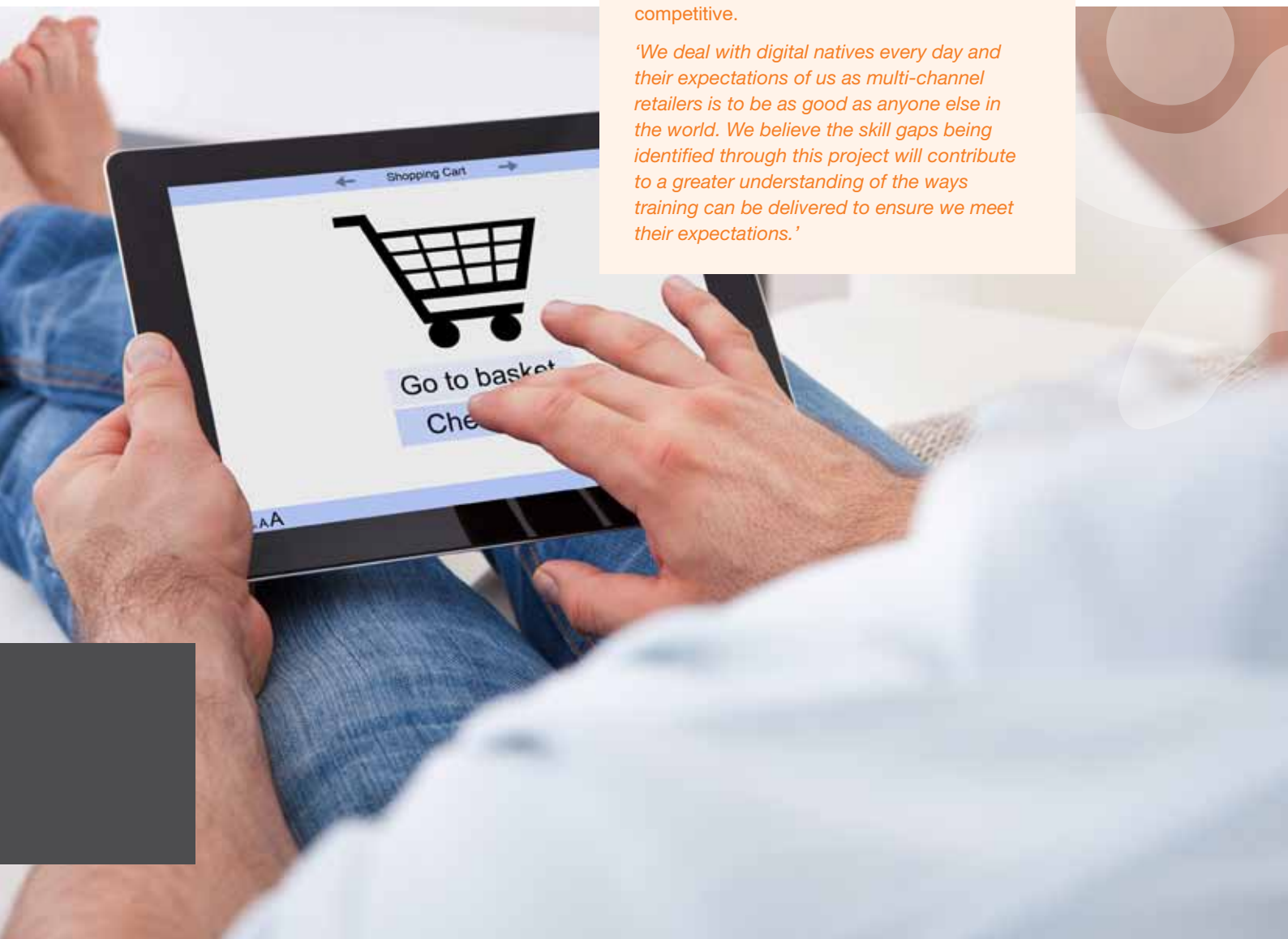
## Merchandise and supply chain management

Managing what was on sale and how much of it was available was always important but it is even more crucial and complicated in the digital environment. A seamless multi-channel strategy requires instant stock visibility for consumers online and staff in-store. When an item is not in-store, sales staff need to be able to quickly help the customers by having it shipped to them. Retailers also need to be able to accept returned products at any location, regardless of where (and in which channel) it was purchased.

This can only happen when inventory and order management systems work across all channels, however, many retailers report difficulties with this. Only 24 per cent have integrated order management and inventory management systems.[16]

The job is not made simpler by customers' substantially increased expectations of delivery speed: next-day delivery has become same-day delivery. The Iconic, for instance, delivers in three hours.

This pressure for speed is keenly felt in distribution centres. Rather than picking and packing bulk batches weekly for a limited number of shops, distribution centres now pick and pack smaller item orders for thousands of individual consumers on a daily basis.

Technology and warehouse automation are critical. Radio Frequency Identification (RFID) tagging for stock is not commonly used in Australia but it is expected to overtake barcoding to become the norm. RFID enables instant stock information; helps customers and staff find merchandise; prevents loss and theft; and feeds information to management systems. American Apparel for instance uses RFID, which has allowed them to fully automate their inventory process. Management has accurate information in real-time and staff have more time for customer service.

The supply chain will undergo another revolution in the next decade, 3D printing. Product development will happen faster and a greater range of products will be able to be customised and made on demand. In some businesses, there will no longer be any need to hold inventory.[17]

## Marketing

Being able to market online has been almost as significant a change in retailing as being able to buy online. 'Customised and interactive forms of customer engagement and relationship building' are seen as strategically important.[18]

Social media is key because marketing is no longer a one-way communication from retailer to customer: it is about a broader notion of 'engagement' or 'conversations' to build relationships with customers. However, ABS figures show just under 42 per cent of retailers have a social media presence.[19]

Many retailers are looking for ways to get customers to make content because it is thought to increase loyalty, total spend and repeat business.[20] Dominos' 'Pizza Mogul' strategy, for instance, encourages customers to promote their own pizza creations to their friends via social media.

Whether a retailer provides a facility for customers to leave reviews or not, there are places online where customers can review products, services and providers. This places more pressure on retailers to give great service in all channels because news of a bad experience can reach a large audience at speeds previously unimaginable. It can also form a lasting part of the online record.

These changes mean highly-developed digital literacy skills are essential for everyone in retail from entry-level upwards; and marketing professionals need particular skills to understand the nuances of social and other online media.

## Data-driven strategy (big data)

With the advancement of in-store and online technologies, as well as the widespread use of loyalty schemes, comes the ability to collect volumes of data. This 'big data' can comprise a wide variety of information about individuals and their behaviours.

Big data can be used to make decisions in areas like logistics, supply chain operations, merchandise management and marketing. Examples include:

- Targeted and personalised marketing based on purchase histories and other data (one of the areas in which Australian retailers lag behind many overseas counterparts).[21]

- Predictive analytics to enable location and time-based deals and suggested purchases.

- Analytics to guide product design, product line choices, and new product introductions.

- Evidence-based decisions about human resources, distribution systems and supply chain operations.

A recent ACRS report argues it is essential for retailers to make the most of the big data they are collecting in order to remain competitive.[22]

It is challenging to make sense of big data, however. *The Retail Workforce Study* notes, '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.' [23]

There are ethical implications, too. Many consumers are concerned about their privacy. The use and storage of data is likely to be the subject of more regulation. Retail managers and executives will need to know what's required to manage the information legally and ethically.

Successful use of big data needs leadership, management and strategy skills. Analytical skills are a key requirement for organisations to succeed in a data-rich environment.

## The opportunities in international markets

When it comes to the global market, Australian retailers have mostly focused on the threats associated with the arrival of international retailers. They should also be considering the global market that has opened up to them.

Asia offers particular potential. Deloitte notes only a small number of Australian retailers have expanded internationally even though they are 'perfectly positioned to move into Asia', particularly given that many already have significant components of their supply chain in Asia.[24] The recent Australian Workforce and Productivity Agency report points out "the [Australian] retail industry has the opportunity to capitalise on Asia's growing middle class and its appetite for luxury brands, unique products and quality. 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.' Importantly, it notes that to achieve this, the workforce will need to develop new and more complex skills in cross-cultural communication, language proficiency, merchandising and marketing.[25]

The retail sector is also a significant part of the tourism industry. Shopping accounts for nine per cent of total international visitor spend and 27.4 per cent of total domestic trip expenditure.[26] Tourism to Australia is expected to grow significantly, so international visitors are likely to become an important source of revenue for the industry. Retailers that can meet the expectations of overseas visitors are well placed to capture the economic benefits of tourism spending, particularly in major tourist destinations.



## SATISFYING THE NEW BREED OF CUSTOMER MEANS RETHINKING OPERATIONS FROM TOP TO BOTTOM

## Identified workforce development needs

## Skill and labour shortages

### Frontline service skills

The recent Westfield *'World Retail Study Tour'* found retailers in the US and UK value and reward their frontline sales staff because they recognise they are vital. The shift in job title and role from 'sales assistants' to 'sales associates' reflects the increasing professionalism of the job. In Australia, however, training runs from the top down and does not adequately focus on frontline staff.[27]

Sales staff are vital because they are the people customers see and talk to. Because those customers are better informed and more demanding, sales staff need more advanced skills to satisfy them.

They need problem-solving and interpersonal or customer engagement skills, and far deeper levels of product knowledge.

Retailers also say they need sales staff who have at least basic business acumen, so they can act more autonomously and understand the impact of what they do. A sales associate who understands the supply chain can, for instance, make a better decision about how to handle a request for a product not available at that moment in the shop. The tactic of relying on a transient workforce with minimal levels of training is increasingly unviable.

## Management skills

Retailers say it is hard to find appropriately skilled high level staff, with the skills gap expected to increase over the next five years when government research says an additional 18,600 retail managers will be needed.[28]

Retail managers need more advanced and broader skills to operate in the increasingly complex retail environment but retailers say store managers and their bosses frequently lack the skills to perform 'retail maths' like calculating turnover, developing inventory plans, determining mark-ups, and calculating budgets and forecasts.

The skill to crunch big data to determine strategy is also critical and is in short supply.

Additionally, coaching and leadership skills are essential. To give customers the experience that is now imperative, store managers need to lead and motivate their teams. Highly skilled team leaders have been shown to make a real impact on organisational performance.

Retailers have specifically identified communication skills as critical for area managers because the job has evolved from compliance to more of a focus on business development.

## Merchandise management (buying and planning) skills

Retailers have severe difficulties finding local merchandise and category managers, and buyers and planners who are up to the standard of their peers overseas. Retailers have had to recruit staff offshore, primarily from the UK, South Africa and USA. It is a solution but it is expensive, the staff are harder to retain and they do not have local knowledge. The two biggest skill gaps are in merchandise planning and commercial design/product development.

There is a shortage of formal qualifications or established in-house development pathways within retail businesses. Those that do exist often do not cover a broad range of retail functions. The industry says there is a need for transferable skills across different retail sub-sectors and models, and that mentoring is needed to train up employees and develop well-rounded practitioners.

## Digital skills

The industry experiences skill shortages in a number of technology-related areas. At a general level, digital literacy is now mandatory for all workers from the shop floor upward. Additionally, retailers need skills to be able to develop websites that give customers a great experience (making purchases, displaying availability and prices, and search engine optimisation).

Industry is also recruiting IT-specific roles for their e-commerce operations, such as:

- Online category manager
- Mobile commerce designer
- Consumer relationship manager analyst
- User experience designer
- User experience researcher

## Attracting and developing talent

As the industry continues to change, the vast proportion of employment growth will be among highly skilled occupations. The shortage of candidates for these roles leads many retailers to call for more promotion of the opportunities in retail and to make career pathways more explicit.

The industry believes people do not look for careers in retail because they do not know what is available beyond the shop counter. They do not know there are careers available in areas like visual merchandising, e-commerce management, supply chain management and merchandise management.

Retail workers themselves do not know much about careers opportunities in the industry; confirmed in a recent survey by the Shop, Distributive Allied Employees Association (SDA). The good news is that participants in the survey wanted more information when they found out there were options available to them.[30]

Parents, teachers and career advisors need to be told about career options in retail and the industry needs to create clear paths for talent to rise through the ranks. The industry also sees that retailers need to talk more about the role they play in the economy and job creation, especially for young and mature-age workers.

Tight profit margins in many retail businesses act as a disincentive to provide formal training because the retailers do not understand there can be a significant return on their investment. Working in conjunction with the Australian Retailers Association, the National Retail Association, and the Franchise Council of Australia, plus eleven other retail groups and associations, Service Skills Australia has conducted as a series of interviews with key industry stakeholders to identify the return on investment that can be achieved through skills development in both accredited and non-accredited training. The retailers, which ranged in size and location, identified that such an investment can increase profit margins by as much as 20 per cent. Significant improvements in staff retention were also noted, with stores in remote and regional locations experiencing a 300 per cent improvement. Some businesses also found that training investments led to increases in average customer spend and significant improvements in mystery shopper results. These early results highlight the value of training investments for the business, but also the industry as a whole as it builds a more skilled workforce and eases skill shortages.

**THERE IS A SHORTAGE OF FORMAL QUALIFICATIONS OR ESTABLISHED IN-HOUSE DEVELOPMENT PATHWAYS WITHIN RETAIL BUSINESSES**

## Social media skills

Half of Australian retail businesses still have not been able to implement social media marketing practices. Businesses that have made the leap report a lack of skills to use it to its full benefit and less than a quarter of small businesses that use social media have a strategy.[29]

Retailers also note there can be immense—often very public—consequences for missteps in the use of social media. Retailers need the skills to implement policies and processes for proper use and content management.

# Current impact of training packages

Between 2012 and 2013, commencements in retail qualifications dropped almost 45 per cent. This did follow a significant increase in enrolments between 2010 and 2012 but enrolments have not been at such low levels in the last decade.

The largest falls in commencements came from Victoria (78 per cent) and the ACT (51 per cent). The lowest fall was in South Australia (only one per cent). All other states and territories saw decreases of at least 10 per cent, except West Australia, which increased one per cent.

The falls can be largely explained by changes in state and territory funding models, and the removal in August 2013 of incentive payments for existing worker traineeship completions in non-priority occupations (including retail). Completion rates continue to rise as the steady increase in the number of students who commenced between 2010 and 2012 finish their studies.

Retail industry stakeholders anticipate the downward trend in commencements will continue. As existing funding is still within the system, it is expected that there will be a reduction in the completion rate in 2015/2016.

Some areas of the retail industry are looking at Certificate III being the entry level qualification, with certificates I and II being a pre-vocational qualification.

Given the current funding arrangements in various jurisdictions, retail stakeholders see a need for businesses to recognise that investing in training themselves is key to success so they should not just rely on funding.

## Table 1: Retail qualification commencements, 2009–2013¥

| | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE I IN RETAIL SERVICES | 2,860 | 2,163 | 1,791 | 974 | 1,075 | 10.37 |
| CERTIFICATE II IN RETAIL SERVICES | 20,960 | 23,552 | 25,334 | 22,668 | 13,435 | -40.73 |
| CERTIFICATE II IN RETAIL FAST FOOD | 0 | 0 | 0 | 0 | 17 | N/A |
| CERTIFICATE III IN RETAIL OPERATIONS | 8,545 | 12,208 | 16,165 | 20,242 | 8,872 | -56.17 |
| CERTIFICATE III IN RETAIL SUPERVISION | 313 | 29 | 0 | 16 | 544 | 3300.00 |
| CERTIFICATE IV IN RETAIL MANAGEMENT | 1,890 | 2,262 | 3,740 | 3,963 | 2,129 | -46.28 |
| DIPLOMA OF RETAIL MANAGEMENT | 718 | 1,865 | 1,695 | 1,387 | 827 | -40.37 |
| DIPLOMA OF VISUAL MERCHANDISING | 287 | 280 | 295 | 497 | 483 | -2.82 |
| TOTAL RETAIL | 35,672 | 42,690 | 49,471 | 50,157 | 28,092 | -43.99 |

## Table 2: Retail qualification completions, 2008–2012

| | 2008 | 2009 | 2010 | 2011 | 2012 | % change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE I IN RETAIL SERVICES | 651 | 728 | 485 | 588 | 567 | -3.57 |
| CERTIFICATE II IN RETAIL SERVICES | 9,424 | 9,626 | 11,463 | 13,614 | 11,977 | -12.02 |
| CERTIFICATE III IN RETAIL OPERATIONS | 4,679 | 5,046 | 6,326 | 9,256 | 14,311 | 54.61 |
| CERTIFICATE III IN RETAIL SUPERVISION | 1,403 | 652 | 141 | 5 | 8 | 60.00 |
| CERTIFICATE IV IN RETAIL MANAGEMENT | 440 | 709 | 994 | 1,344 | 2,711 | 101.71 |
| DIPLOMA OF RETAIL MANAGEMENT | 146 | 216 | 1,119 | 1,101 | 918 | -16.62 |
| DIPLOMA OF VISUAL MERCHANDISING | 87 | 75 | 142 | 118 | 156 | 32.20 |
| TOTAL RETAIL | 16,830 | 17,052 | 20,670 | 26,026 | 30,648 | 17.76 |

# Future directions for endorsed components of training packages

There will be more emphasis on customer engagement, product knowledge and experience for frontline staff and retail store managers because they are responsible for customer service and building brand loyalty

Coaching and leadership will take a greater focus across the training package to equip managers at all levels with the skills to enhance learning opportunities and maximise performance.

A pathway into the Diploma of Visual Merchandising will be created whereby retail staff are able to gain basic visual merchandising skills relevant to their in-store role. There will be an option to move into a highly specialised role of visual merchandiser, linked to the Diploma.

Two new qualifications aligned to retail merchandise management and buying and planning functions will be added. Industry stakeholders say the two most important targets are junior staff—training assistants to become buyers/planners—and very experienced

buyer/planners who need training to reach manager level (also known as head of trade/business unit manager). The new qualifications are:

- Diploma in Retail Merchandise: an entry level qualification aimed at the assistant, trainee and junior level job roles. Retailers could also use this as part of a graduate training scheme.

- Graduate Certificate in Merchandise Management: a more advanced program for experienced buyers, merchandise planners, category managers or similar, which focuses on developing commercial acumen and retail business skills. As a graduate certificate level qualification, it would be attractive to more experienced people who may not have a bachelor degree but who would qualify to undertake the qualification through their work experience. It would also be attractive to those who have a bachelor degree as an alternative to a masters or MBA.

New online retailing components will be embedded across qualifications and a new qualification could potentially be developed. This would cater for businesses of different sizes because smaller retailers do everything from marketing and merchandising to running e-commerce and social media whereas larger organisations have dedicated staff to perform these roles.

The structure of the qualifications will better align to the varying job roles across industry sectors and business sizes.

## Table 3: Occupations and qualifications in demand

| ANZSCO Code | Occupations | Training Package Qualification | Justification/Evidence |
|---|---|---|---|
| 6215 | Retail Supervisors | *SIR30312 Certificate III in Retail Supervision* | The Department of Employment forecasts employment in this occupation will increase by 15.1 per cent between 2013 and 2018 (representing 4,900 workers). |
| 1421 | Retail Managers | *SIR40212 Certificate IV in Retail Management*<br><br>*SIR50112 Diploma of Retail Management* | The Department of Employment forecasts employment in this occupation will increase by 7.4 per cent between 2013 and 2018 (representing 18,500 workers). |
| 6359 | Visual Merchandisers | *SIR50212 Diploma of Visual Merchandising* | While the Department of Employment figures suggest a small decrease in employment level for this occupation, extensive consultation with retail employers indicated that there is a demand for Visual Merchandisers (both in-store and online). |
| 6211 | Retail Sales Assistant | *SIR20212 Certificate II in Retail Services*<br><br>*SIR30212 Certificate III in Retail Operations* | The Department of Employment forecasts employment in this occupation will increase by 7.5 per cent between 2013 and 2018 (representing 39,400 workers). |
| 8912 | Shelf Fillers | *SIR10112 Certificate I in Retail Services*<br><br>*SIR20212 Certificate II in Retail Services* | The Department of Employment forecasts employment in this occupation will increase by 3.1 per cent between 2013 and 2018 (representing 2,300 workers). Industry has also identified 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. |
| 6311 | Checkout Operators and Office Cashiers | *SIR20212 Certificate II in Retail Services* | The Department of Employment forecasts employment in this occupation will increase by 6.5 per cent between 2013 and 2018 (representing 9,700 workers). |
| 2612 | Multimedia Specialists and Web Developers | n/a | 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 ensure they will play a larger role in the retail industry. Across all industries, the Department of Employment expects employment in this occupation to increase by 9 per cent in the next five years. |
| 6392 | Retail and Wool Buyers | n/a | The Department of Employment forecasts employment in this occupation will increase by 11.3 per cent between 2013 and 2018 (representing 600 workers). This reflects industry feedback that back-of-house roles, particularly retail buyers are in shortage. |

GUESS

GUESS

GUESS

GUESS

GUESS

FRAGILE

FRAGILE

FRAGILE

ECOYA

WHOLESALE

# Industry Overview

**403,800**
people are employed in the wholesale industry.[31]

**4.9%**
projected employment growth in wholesale in the five years to November 2018.[32]

**4.0%**
share of GDP in 2013-14.[33]

The wholesale industry—more commonly described within the industry as 'business-to-business' or B2B—is intrinsically linked to the performance of the retail industry. However, the relevance of the wholesale industry has diminished as wholesalers come under increasing pressure from manufacturers that sell directly to retailers and consumers, particularly as online retail continues to grow—a process known as 'disintermediation'.

## Summary

- **Digital technology has changed wholesale as much as retail and in the same ways.**
- **Many businesses in the sector have failed to keep up and have lost value as a result.**
- **Imports are driving down prices but not increasing sales.**

# Latest intelligence

## Changing consumer behaviours and e-commerce

Changing consumer behaviour and the rise of digital technology have changed the marketplace for wholesalers as much as for retailers; and they need to adapt equally as much. Business-to-business customers—retailers or otherwise—expect real-time information on product and orders just as customers expect that information from retailers.

Industry publications describe the new buyer in wholesale as a tech-savvy internet and mobile user who wants the same advanced functionality they see on the retail sites, e.g.:

- an interactive marketplace with real-time product inventory
- up-to-date pricing information
- mobile support
- online forums
- live customer service representatives
- a database with their corporate purchasing history
- shipping preferences
- payment records.

They also want data on available credit and pending returns. Providing this information in real-time allows business customers to tailor each order based on available credit and preferred payment methods.

This might be what a wholesaler's customer wants but research finds that business-to-business e-commerce in Australia is lagging behind both retail e-commerce and wholesalers in much of the world. The industry points out that establishing an online presence requires a large investment, mainly in terms of developing the skills of current staff and/or hiring new staff.[34]

A study conducted by e-commerce software company Hybris in conjunction with Econsultancy found that less than half of the business-to-business organisations surveyed planned to invest in their e-commerce technology in the next 12 months. By comparison, around two thirds of organisations that focus solely on business-to-consumer selling planned to increase spending.[35]

Stakeholders note that not all wholesale customers want an online experience. Contractors in particular

prefer face-to-face interactions because they do not have the time to research items online.

Businesses that have embraced technology have a clear need for the workforce to be skilled enough to make best use of it.

## Ageing workforce

Many traditional wholesale businesses are family owned and their owners are looking to retire. Historically retirements have been funded by selling the business but often these businesses have not kept pace with the digital world, so they have not held their value and cannot fund a retirement.

PwC has found that 38 per cent of private business owners are planning to sell or float their businesses and less than a quarter are planning to pass the business to the next generation. Those who do plan to pass the business down are 'falling behind when it comes to succession planning, something that can be a make or break moment for even the most successful family business.' [36]

## Import challenges

Industry feedback has identified a number of operational challenges presented by overseas imports, particularly from China. Stakeholders noted that the volume of sales has not changed, but that products are sold at a cheaper price, meaning that wholesalers are required to match the prices to remain competitive.

## Identified workforce development needs

## Digital skills

Although an online presence is now considered critical many Australian wholesalers do not have websites. This is largely due to skill gaps in the workforce in terms of implementing and maintaining online facilities. For example, knowledge of how to evaluate the cost of a digital presence and an understanding that such a presence needs to be ongoing and constantly evolving.

# Current impact of training packages

The low uptake of the Certificate II and Certificate III in Wholesale contributed to their being removed from the *SIR07 Retail Services Training Package.* In place of these qualifications Service Skills Australia developed the *SIR30412 Certificate III in Business to Business Sales.* This qualification better reflects job roles in the sector, which are a result of the development of multi-channel retailing and an increasing convergence of the retail and wholesale industries. Industry feedback has endorsed the decision to change the qualification. The Certificate II in Wholesale recorded a significant spike from a low base in 2013. However, all of these enrolments were with one RTO in Victoria.

# Future directions for endorsed components of training packages

The wholesale component of the *SIR Retail Training Package* is being transitioned to the current Standards for Training Packages. It is anticipated this will be submitted for endorsement in 2015.

## Table 4: Business to Business qualification commencements, 2009–2013

|  | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN WHOLESALE* | 31 | 43 | 3 | 84 | 556 | 561.90 |
| CERTIFICATE III IN BUSINESS TO BUSINESS SALES | 68 | 288 | 448 | 326 | 154 | -52.76 |
| TOTAL WHOLESALE | 99 | 331 | 451 | 410 | 710 | 509.14 |

## Table 5: Business to Business qualification completions, 2008–2012

|  | 2008 | 2009 | 2010 | 2011 | 2012 | % Change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN WHOLESALE* | 0 | 0 | 30 | 1 | 52 | 5,100.00 |
| CERTIFICATE III IN BUSINESS TO BUSINESS SALES | 42 | 54 | 64 | 118 | 237 | 100.85 |
| TOTAL WHOLESALE | 42 | 54 | 94 | 119 | 289 | 142.86 |

*This qualification has been deleted

**DIGITAL TECHNOLOGY HAS CHANGED WHOLESALE AS MUCH AS RETAIL AND IN THE SAME WAYS**

COMMUNITY
PHARMACY

## Summary

- **Community pharmacies offer more services, easing the burden on other parts of the healthcare system but require new skills.**

- **Complementary medicines will overtake over-the-counter medicines in sales this year.**

- **Competition is coming from 'big box' chemists and online operations.**

- **Uptake of electronic health records is growing.**

- **Tightening of the Pharmaceutical Benefits Scheme will affect staffing levels.**

## Latest intelligence

### Broadening of services

Community pharmacies have evolved to give advice in areas like preventative health and disease monitoring, which eases the burden on the broader health care system.

Negotiations on the Sixth Community Pharmacy Agreement (6CPA) are underway—with a strong focus on creating all-round health services destinations that provide better patient outcomes. Industry reports suggest that there are four key service areas that will be targeted in the lead up to the 6CPA, which is due to start on 15 July 2015:

- medication management adherence services

- wellness, screening and prevention services

- minor ailments pain management services

- chronic disease management services.[38]

Community pharmacy employees will need the skills to be able to pass on important health advice to customers.

**AN AGEING AND GROWING POPULATION WILL NEED MORE PHARMACY SERVICES**

The workflow in a community pharmacy is changing. The expansion of professional services in line with government initiatives means pharmacists have to spend more time with customers. Pharmacists still have ultimate responsibility for dispensing but dispensary assistants are being asked to take on more responsibilities in dispensing and administration, so pharmacists can spend more time with customers.

The industry suggests community pharmacies will need to continue to make changes to the traditional pharmacy operating model to stay viable. There are already examples of pharmacies that go beyond the traditional scope by working out what their community needs and tailoring products and services to them.

## Demographic changes

Australia's population is aging[39] and growing,[40] which means more need for community pharmacy services: more people simply means more demand and an ageing population means more age-related health conditions needing medication.[41]

An ageing population also has implications for the workforce because the working-age population across all industries continues to shrink.[42] Over half the community pharmacy workforce is 15-24 years old (compared to 16.7 per cent across all occupations) and community pharmacies are competing with other industries seeking to replace their retiring workforce.

It has been noted the industry could be well placed to employ older workers. Currently, workers aged over 45 years only account for 17.7 per cent of the workforce (compared to 39.1 per cent for all occupations). Older workers bring with them a wealth of experience and skills and could help businesses establish effective relationships with their ageing customers.

## Complementary medicines

Complementary medicines are set to overtake over the counter (OTC) medicines in 2015. The complementary medicines industry includes vitamins, minerals and supplements (VMS); sports nutrition; and herbal and traditional products.

The industry has grown by 54 per cent over the last five years to $3.5 billion annually and is expected to grow to $4.6 billion by 2018. The ageing population and the rise in chronic diseases are powering it: one-in-four adults with a chronic condition regularly uses complimentary medicine.[43]

Community pharmacy employees need to understand and provide advice on complimentary medicines. This knowledge can be gained through formal nationally accredited training or ongoing informal supplier training.

## Competition

Greater competition from supermarkets, 'big box' chemists and online businesses is generally believed to be putting pressure on community pharmacies.

Major supermarkets are rolling out new models that include departments dedicated to health and cosmetics. Some of these have been offering additional services such as free health checks and the community pharmacy industry is questioning the appropriateness of this practice.

Competition from discount chemists remains a major issue for traditional community pharmacies. To be able to compete, they are promoting their higher level of customer service; and their product and services knowledge as points of difference. This means they need staff to have outstanding communication and customer service skills and product knowledge.

## 40,400

**people were employed as Pharmacy Sales Assistants at November 2013 and employment is projected to grow by 1.7 per cent to 41,000 by November 2018.[37]**

1.7% Growth



Employed pharmacy sales assistants

November 2013 — November 2018
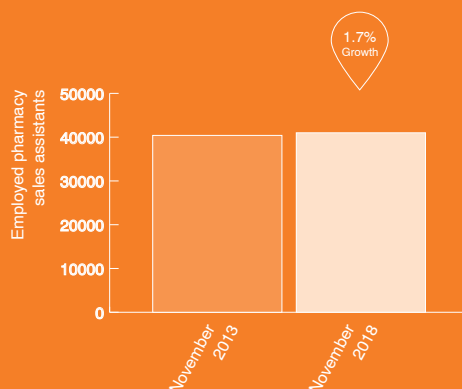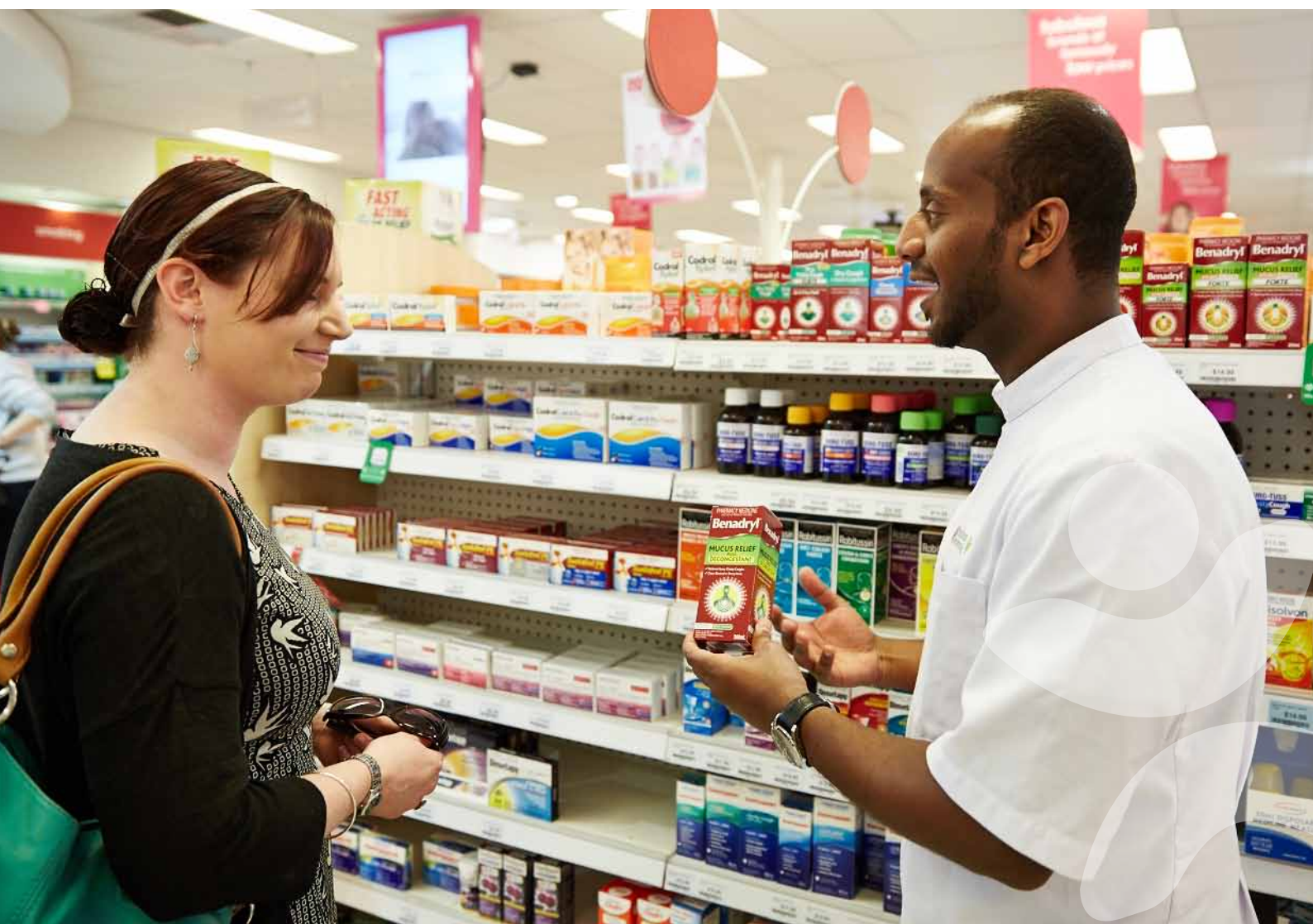
# Technology

The implementation of Personally Controlled Electronic Health Records (PCEHR) continues to grow in community pharmacies. In 2013-14 it was reported that four million of sixteen million new scripts each month were being scanned by pharmacies and inputted to the PCEHRs. This is a four hundred per cent increase from the previous 12 months,[44] which is largely attributable to an incentive introduced for doctors and pharmacists in early 2013.

The increase has the potential to put existing IT infrastructure under pressure particularly when coupled with the range of complicated systems and programs community pharmacies need, as well as increasing customer demand for accessibility and information.

Continued uptake of these initiatives will depend on the digital skill level of the staff employed by the pharmacy and their ability to operate and implement the new technology.

Industry feedback is that community pharmacies are seeing the benefits of automated dispensing systems. While these systems have not been widely adopted, pharmacies that have implemented them have reported that staff are able to spend more time with the customer. It has also been noted that robotic dispensing has minimal effects on the job role of the dispensary assistant. The process simply automates the selection of the medicines. The assistant is still required to label the product and the pharmacist needs to check the items before they are given to the client.

# The pharmaceuticals market

The further tightening of the Pharmaceutical Benefits Scheme (PBS) by the government in 2014 has had wide reaching impacts on community pharmacies. Since 1 April 2012 the prices of some PBS medicines have been reduced as part of the Australian Government's *Expanded and Accelerated Price Disclosure program*. The aim of price disclosure is to

ensure Australians get maximum value for money from manufacturers' discounts and incentives where there is more than one brand on the PBS.

When the acceleration to the PBS price disclosure program was first announced, the industry hoped for some form of compensation for a policy that is estimated to strip up to $30,000-$90,000 from the average pharmacy's turnover in the 2014/15 financial year.[45] The 2014 Federal Budget confirmed pharmacists will not be receiving compensation, however. While the government predicts up to $20 billion in savings by 2017, many pharmacies say they might have no option but to reduce staff and services to remain operational.[46] This in turn would affect the uptake of national training because fewer staff will be required.

## Identified workforce development needs

### Customer service skills

Customers in all service sectors expect better service and know more about what is on offer, which is a particular problem in the community pharmacy sector because the industry is concerned service levels are going down not up. As noted in Service Skills Australia 2014 Environmental Scan, the *Quality Care Pharmacy Program* (QCPP) was created by the Pharmacy Guild of Australia in recognition of this problem.[47]

As well as excellent customer service skills, pharmacy assistants and dispensary assistants need to be able to recognise when customers might benefit from some form of health care support program (for example, medication adherence programs) and to be able to refer them accordingly.

### Rural vs metropolitan pharmacies

According to almost every health indicator, rural Australians are materially worse off than their urban peers. The industry suggests the gap in health services between rural and urban Australia could be addressed by the changing role of the community pharmacy. Eight hundred of Australia's 5,300 community pharmacies are in rural and remote areas. More than half of these are in one-pharmacy towns, where they are the only readily accessible health support.[48] Rural pharmacies could be health hubs that link patients with GPs, specialists and other health professionals. In addition, trained pharmacists in rural communities with limited access to GPs could take on a greater role in diagnosing minor ailments and supplying treatments.

Community pharmacy peak bodies have called for a greater role for rural pharmacies—focusing on vaccinations; the issuing of repeat prescriptions; and collaborative care of patients with chronic conditions. The industry notes these services would require initial government support through funding in addition to the right regulatory frameworks and training.

## Current impact of training packages

Commencements in community pharmacy qualifications have remained steady overall from 2012-2013. There have been increases in commencements in Certificates II and IV in Community Pharmacy but there was a decrease in students commencing the Certificate III.

Interestingly, overall commencements doubled across the board and were even higher in South Australia, Tasmania and Western Australia. South Australia's higher numbers could be attributed to the User Choice funding model within the state, which has led to increased enrolments across all qualifications.[49]

**COMMUNITY PHARMACIES OFFER MORE SERVICES, EASING THE BURDEN ON OTHER PARTS OF THE HEALTHCARE SYSTEM BUT REQUIRE NEW SKILLS**

## Table 6: Community Pharmacy qualification commencements, 2009–2013

|  | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN COMMUNITY PHARMACY | 1,386 | 1,061 | 655 | 673 | 935 | 38.93 |
| CERTIFICATE III IN COMMUNITY PHARMACY | 610 | 679 | 2,301 | 2,742 | 2,397 | -12.58 |
| CERTIFICATE IV IN COMMUNITY PHARMACY | 79 | 129 | 117 | 93 | 198 | 112.90 |
| TOTAL COMMUNITY PHARMACY | 2,075 | 1,869 | 3,073 | 3,508 | 3,530 | 0.63 |

## Table 7: Community Pharmacy qualification completions, 2008–2012

|  | 2008 | 2009 | 2010 | 2011 | 2012 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN COMMUNITY PHARMACY | 567 | 581 | 691 | 569 | 365 | -35.85 |
| CERTIFICATE III IN COMMUNITY PHARMACY | 303 | 247 | 337 | 431 | 1508 | 249.88 |
| CERTIFICATE IV IN COMMUNITY PHARMACY | 35 | 26 | 38 | 62 | 76 | 22.58 |
| TOTAL COMMUNITY PHARMACY | 905 | 854 | 1066 | 1062 | 1949 | 83.52 |

# Future directions for endorsed components of training packages

The continuous improvement review of the Community Pharmacy Training Package components is underway. The review focuses on the development of new units of competency and job roles to meet emerging community pharmacy skill requirements. For instance, the role of a dispensary assistant will be scoped in-depth, with a view to establishing a qualification specific to this role.

## Table 8: Occupations and qualifications in demand

| ANZSCO Code | Occupations | Training Package Qualification | Justification/Evidence |
|---|---|---|---|
| 6214 | Pharmacy Sales Assistants | *SIR20112 Certificate II in Community Pharmacy*<br><br>*SIR30112 Certificate III in Community Pharmacy* | The Department of Employment forecasts employment in this occupation will increase by 1.7 per cent between 2013 and 2018, representing 700 workers. |
| 3112 | Pharmacy Technician / Dispensary Assistant | *SIR30112 Certificate III in Community Pharmacy*<br><br>*SIR40112 Certificate IV in Community Pharmacy* | The Department of Employment forecasts employment in the occupation of 'Medical Technician' (approximately 14 per cent of which are pharmacy technicians/dispensary assistants) will increase by 5.3 per cent between 2013 and 2018. |
| 1421 | Retail Managers | *SIR40112 Certificate IV in Community Pharmacy*<br><br>*SIR40212 Certificate IV in Retail Management*<br><br>*SIR50112 Diploma of Retail Management* | While there were only 3,800 retail managers working in community pharmacies in 2011, industry reports that this will grow substantially as pharmacists move towards more professional roles to improve health outcomes to the general public, with less time to undertake administrative activities, and hence a greater demand for and reliance upon retail managers. Other stakeholders have reported that many community pharmacies are now recognising the need for a dedicated manager. |

# FLORISTRY

## Summary

- **Competition is coming from outside the traditional floristry industry as more businesses sell flowers and the price of flowers opens customers' minds to alternatives.**

- **Florists need to be able to operate online.**

- **The industry is attracting older workers.**

- **Customers want environmentally-friendly options that are hard for the industry to provide.**

# Latest intelligence

## Competition and changing business models

There is increased competition between traditional florists, 'order gatherers' (like Interflora), online florists, studio or boutique florists, local markets and supermarkets. Flower arranging, design and construction skills are the key point of difference relied on by florists.

Competition comes not just from other businesses selling flowers, however. The high cost of flowers has put them in a price bracket where they face competition from other industries. Red roses for Valentine's Day, for instance, now compete with romantic getaways from the tourism industry. Florists are responding by broadening their product offerings to include things like chocolates, hampers and soft toys.

 Industry reports a shift from traditional shops to online and warehousing operations—mostly because of high rents. This shows florists are able to attract sufficient customers through other avenues.

## Technology and social media

There is more use of social media for marketing all service industries. The floristry industry has embraced this. Florists use Instagram and Facebook to post photos to promote their designs and build their profile. Social media is also being used to stay in touch with customers and provide potential new clients with customer testimonials and product information.

The need for an online presence adds to the complexity of business operations, however. The majority of floristry businesses are small and often are not able to hire someone just to look after these functions.

## Sustainability

Customers are demanding environmentally-friendly practices in floristry and allied industries—'green' funerals where everything must be biodegradable, for instance. Many floristry products are not environmentally friendly, however, the industry reports a lack of awareness within the sector of suitable products for something like a green funeral. It has also been reported that graduates are more aware that many frequently used floristry products are toxic and refuse to handle them.

Industry notes the trend for customers to ask for environmentally-friendly products and expects it to grow but there is concern about the cost—sustainable products are often more expensive—and having to pass it onto customers

The *SFL10 Floristry Training Package* addressed the need for sustainability skills by embedding them in the appropriate units of competency. As a result, the successful completion of vocational floristry qualification requires knowledge of the environmental impact of constructing and maintaining floristry products; and best practice for reducing energy usage, proper waste disposal and the appropriate use of hazardous substances.

## Demographic changes

Enrolment data shows older workers are undertaking training and entering the floristry workforce. In 2013, 8.7 per cent of people undertaking Service Skills Australia's qualifications were over 45 but for floristry the proportion was 21.3 per cent.

# Identified workforce development needs

## Business management skills

Industry consultation highlighted the need for small business management skills, particularly in the areas of:

- pricing
- financial management
- human resource management
- operations.

This is especially important because the industry is dominated by small and micro-sized businesses.

# Current impact of training packages

## Decline in apprenticeships and traineeships

Business owners have identified several barriers to entry for training:

- Lack of awareness of career options
- Lack of information about the industry in plain English
- The complexity of the system, including the 'overwhelming' amount of paperwork.

Business factors such as seasonality affect levels of staffing during quiet periods and many businesses in the industry are too small to support apprentices and trainees. This has been made worse by the withdrawal of government support and financial incentives for apprentices and trainees.

Total commencements of floristry qualifications are down about four per cent from 2012 to 2013. However, there has been an increase in commencements for the Certificate III in Floristry—the trade level qualification—and also a slight rise in the Certificate IV. Both the Certificate II in Floristry (Assistant) and the Diploma of Floristry Design saw commencement numbers decrease.

A common theme across all commencement data is the significant increase in South Australia, which can be attributed to the *Skills for All* funding program.[52]
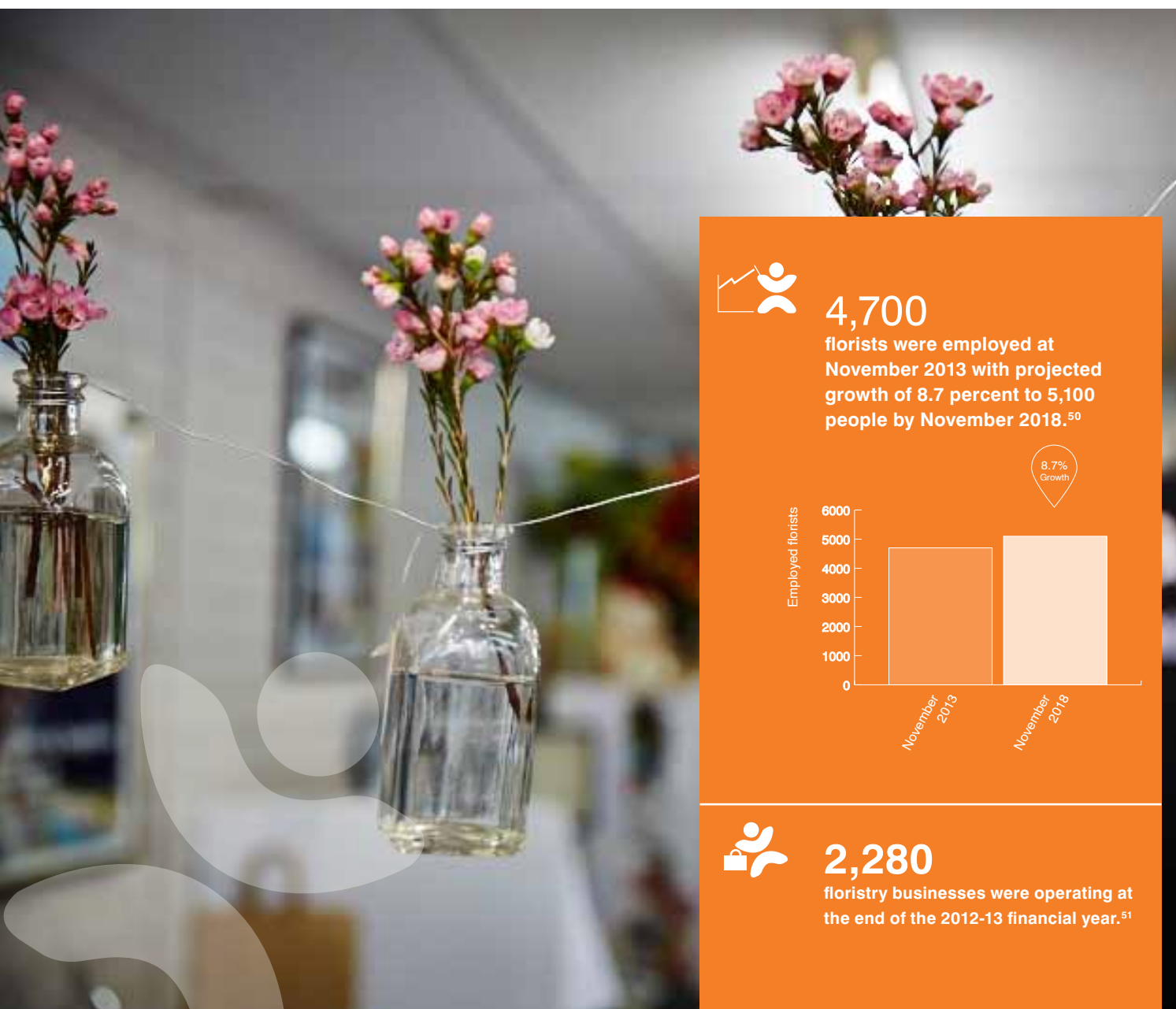
## 4,700

**florists were employed at November 2013 with projected growth of 8.7 percent to 5,100 people by November 2018.[50]**

8.7%
Growth

| Employed florists | | |
| --- | --- | --- |
| 6000 | | |
| 5000 | | |
| 4000 | | |
| 3000 | | |
| 2000 | | |
| 1000 | | |
| 0 | November 2013 | November 2018 |
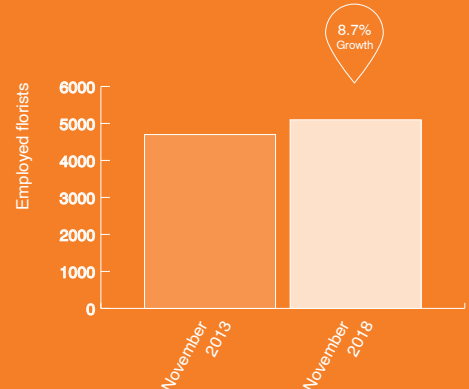
## 2,280

**floristry businesses were operating at the end of the 2012-13 financial year.[51]**

## Table 9: Floristry qualification commencements, 2009–2013

| Year | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN FLORISTRY (ASSISTANT) | 836 | 1019 | 904 | 758 | 623 | -17.81 |
| CERTIFICATE III IN FLORISTRY | 557 | 658 | 557 | 823 | 912 | 10.81 |
| CERTIFICATE IV IN FLORISTRY | 90 | 110 | 75 | 70 | 73 | 4.29 |
| DIPLOMA OF FLORISTRY DESIGN | 0 | 0 | 0 | 32 | 8 | -75.00 |
| TOTAL FLORISTRY | 1,483 | 1,787 | 1,536 | 1,683 | 1,616 | -3.98 |

## Table 10: Floristry qualification completions, 2008–2012

| Year | 2008 | 2009 | 2010 | 2011 | 2012 | % change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN FLORISTRY (ASSISTANT) | 386 | 355 | 489 | 553 | 441 | -20.25 |
| CERTIFICATE III IN FLORISTRY | 300 | 306 | 347 | 413 | 382 | -7.51 |
| CERTIFICATE IV IN FLORISTRY | 5 | 27 | 40 | 45 | 37 | -17.78 |
| DIPLOMA OF FLORISTRY DESIGN | 0 | 0 | 0 | 0 | 24 | |
| TOTAL FLORISTRY | 691 | 688 | 876 | 1011 | 884 | -12.56 |

**COMPETITION IS COMING FROM OUTSIDE THE TRADITIONAL FLORISTRY INDUSTRY AS MORE BUSINESSES SELL FLOWERS AND THE PRICE OF FLOWERS OPENS CUSTOMERS' MINDS TO ALTERNATIVES**

## Future directions for endorsed components of training packages

The continuous improvement review of the *SFL10 Floristry Training Package* started in late 2013 with an evaluation of industry practices and the existing training package. Support for the existing *SFL10 Floristry Training Package* was given by both industry and registered training organisations. Updates were required only to improve or clarify the skills and knowledge required under the revised Standards for Training Packages.

Specifically, additional units of competency have been developed or refined to reflect the customer service skills needed in a floristry business, along with units with a greater focus on design skills. Refinements to the Diploma of Floristry Design have also been made, including the development of floristry-specific design and creativity units of competency. Also assessment requirements are being strengthened to ensure skills have greater application in real workplaces.
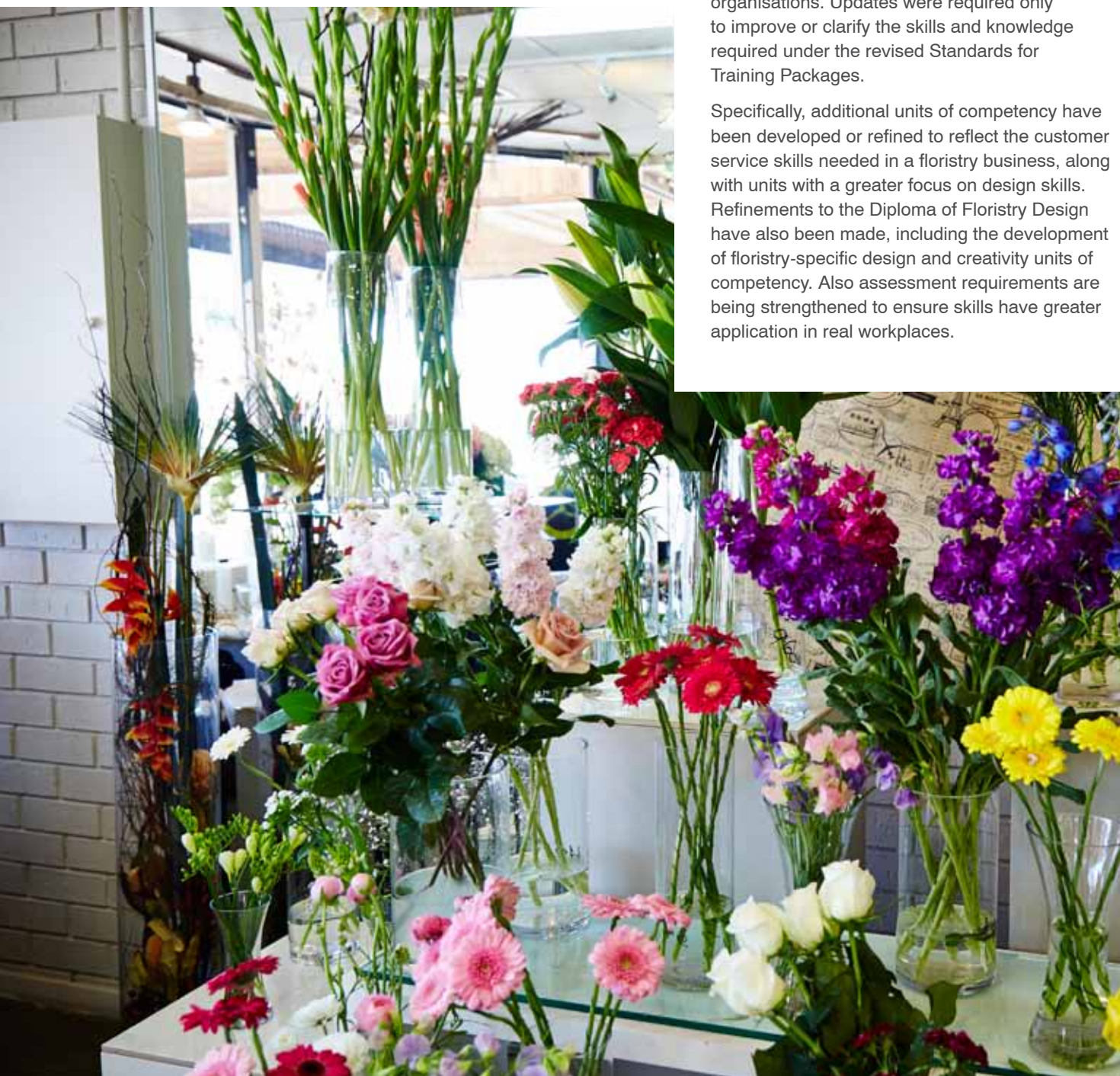
# HAIRDRESSING

## MEN'S GROOMING FASHIONS HAVE LED TO A RE-EMERGENCE OF THE BARBERSHOP BUT BARBERS ARE IN SHORT SUPPLY

## Summary

- **Clients want more but will not pay more.**
- **Men's grooming fashions have led to a re-emergence of the barbershop but barbers are in short supply.**
- **There is concern about a growth in home-based salons.**
- **Businesses are diversifying and looking for points of difference.**
- **Salons are expected to start using technology more.**

## Latest intelligence

### Customer service and client expectations

The hairdressing industry is as affected by higher client expectations as other service businesses. The client is often short on time and expects the convenience of longer salon opening hours and highly personalised service. The industry says the client is generally not willing to pay extra for this, however.

Industry suggests 'chain' salons offering higher discounts are increasing competition and raising clients' expectations. As a result, salon staff need to be well trained in managing client expectations and be able to give high levels of customer service.

### Barbering

The re-emergence of the barbershop is a trend that means more need for specialist barbering skills, especially as the fashions for men is dominated by retro cuts and meticulously groomed facial hair. This trend incorporates traditional barbershops and more modern types of 'boutique' or concept barbershops, particularly found in metropolitan areas.

The industry says it is having trouble finding qualified barbers. The only training options in men's styling are non-accredited barbering courses or the Certificate III in Hairdressing. The main skills needed are cutting and styling using barbering techniques; facial hair grooming; and wet shaving.

## Home salons

Some in the industry are concerned about the number of home-based salons. The argument is that they take business from conventional salons and tarnish the industry's reputation for professionalism. Working from home gives hairdressers flexible work options but it is suggested home salons are often not compliant with health and safety requirements and that they might not be paying tax.

It is believed in some areas of the industry that home hairdressing will continue to grow unless measures are put in place to stop it. Some believe it will have a serious impact on the industry, reducing the workforce available to traditional salons; and posing a risk to the public as the quality of service decreases and safe work practices are compromised.

## Broadening of services

The industry reports it is expanding its service offerings and businesses are looking to diversify to keep their clients. They are incorporating beauty treatments such as spray tans, waxing or make-up services and men's treatments as they look for other revenue streams.

Salons attempting to create such points of difference will typically hire beauty specialists creating a cross over with the beauty industry.

## The changing industry

A survey of hairdressing businesses conducted by Service Skills Australia and distributed throughout its network and via industry associations captured the opinions of more than 300 people on the future of the industry over the next five years.

An increase in the use of technology in salons is expected—WiFi for customers; tablets rather than paper for consulting with clients; and online booking capabilities a necessity.

## Case Study: Barbering

In response to the identified skill shortage in Barbering in Australia, Service Skills Australia is developing the Certificate III in Barbering as part of the new SHB Hair and Beauty training package.

Barber Stephen Monk from T53 Men's Hair noted that 'We are looking for complete mastery of the scissor and comb' and currently apprentices just don't have the skills. Cutting for men's hair differs to women's hair and requires excellent scissor over comb skills as it is a much more precise cut.

From an apprentice's point of view, they are being taught skills (when undertaking the current Certificate III in Hairdressing) they never use in the workplace.

The proposed Certificate III in Barbering will provide practical skills apprentices need to cut men's hair and provide businesses which are experiencing growth, access to a larger pool of appropriately skilled graduates.

## 55,900

**people were employed as hairdressers at November 2013 with projected growth to 60,500 by November 2018, an increase of 8.3 per cent.[53]**

8.3%
Growth

employed hairdressers

80000
70000
60000
50000
40000
30000
20000
10000
0

November 2013    November 2018
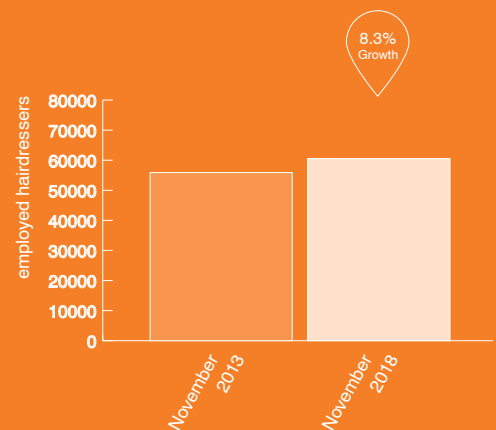
# Identified workforce development needs

## Attraction, retention and career pathways

The industry reports having problems finding apprentices and attracting skilled and qualified staff.

There is also concern that hairdressing is no longer valued as a career by teachers, school career advisors and parents (who would prefer their children to go on to higher education rather than take a trade qualification).

The figures show a low uptake of accredited training to give hairdressers additional skills. The industry suggests this is because businesses value quick training options to meet immediate needs and they are using non-accredited training from product companies or investing in smaller workshop sessions.

Some feedback suggests there may be more job vacancies available in the industry than is reported through formal recruitment mechanisms.

## Skills and labour shortages

### Salon management and mentoring skills

Industry feedback shows that salon managers need better business management skills and knowledge, particularly in the following areas:

- management of expenses
- registering an ABN
- calculating turnover and registering income
- documentation and legal requirements associated with fixed cost for salons
- insolvent trading.

In addition, managers need to be able to work out whom they should be targeting and choose the products and services they offer accordingly. They also need to know how to market to the target customers, including through social media. The ability to integrate the use of technology in salons is also seen as an important skill for managers.

Service Skills Australia's survey of hairdressing businesses gathered feedback on future skills challenges. Considering the next three to five years, respondents predict:

- A shortage of skilled hairdressers.
- Continued concerns about the employability skills, both technical and attitudinal, of qualified hairdressers.
- Insufficient hairdressers with more than 10 years' experience (which the industry sees as a skills shortage, not a labour shortage).

The challenge of having suitably skilled hairdressers is not new for the industry. According to the Department of Employment's labour market rating, the shortage largely remains the same as reported in 2012, although it is mainly felt in metropolitan areas: 'Employers in metropolitan locations continue to experience difficulty recruiting while those in regional areas recruit with relative ease.'[55]

## Specialist skills: Barbering

Service Skills Australia is developing the Certificate III in Barbering as part of the new training package in response to the shortage of specialists in this area.

# Current impact of training packages

## Institutional pathways vs apprenticeships

The job readiness of graduates who were fully trained in a college rather than undertaking an apprenticeship continues to be a topic of discussion in the industry. Many of those who train via the institutional pathway develop technical proficiency but lack exposure to a fast-paced work environment and struggle to adapt and operate at the required level once they secure employment. Industry is also concerned about an increase in one-year accelerated courses that produce graduates without the confidence to perform anything but the most basic tasks.

The majority of industry prefers apprenticeship as the most appropriate delivery model. There was a 6.3 per cent decrease in apprenticeship enrolments for Certificate III in Hairdressing from 2012 to 2013.[56] The continuing decline in apprenticeships is expected to lead to a shortage of skilled hairdressers unless ways are found to attract more people to the industry.

# Commencements and completions

Industry has serious concerns that the Certificate II in Hairdressing continues to be offered because graduates have limited chances of employment. One of the issues is that the Certificate II is mainly offered through VET in Schools (VETiS) programs and high schools do not have the resources to give graduates industry skills.

There has been a reduction of 11 per cent across the board in commencements in the SIH Hairdressing Training Package between 2012 and 2013.

Every qualification had lower commencements, but the Certificate IV in Hairdressing saw the greatest reduction—down 28 per cent on the previous year. New South Wales, Victoria, Queensland, Northern Territory and the Australian Capital Territory all saw reductions in the number of students undertaking hairdressing qualifications. However, commencements in SA increased significantly in the last year— increasing by 66 per cent. This could be attributed to the *Skills for All* funding program recently implemented in the state.

## Table 11: Hairdressing qualification commencements, 2009–2013

|  | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN HAIRDRESSING | 4,679 | 6,599 | 6,233 | 6,395 | 5,542 | -13.34 |
| CERTIFICATE III IN HAIRDRESSING | 6,517 | 7,670 | 7,958 | 8,657 | 8,219 | -5.06 |
| CERTIFICATE IV IN HAIRDRESSING | 712 | 999 | 619 | 823 | 589 | -28.43 |
| GRADUATE CERTIFICATE IN HAIRDRESSING CREATIVE LEADERSHIP | 0 | 0 | 0 | 0 | 9 | n/a |
| TOTAL HAIRDRESSING | 12,315 | 15,990 | 15,215 | 16,180 | 14,360 | -11.25 |

## Table 12: Hairdressing qualification completions, 2008–2012

|  | 2008 | 2009 | 2010 | 2011 | 2012 | % change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN HAIRDRESSING | 1,701 | 2,000 | 2,156 | 2,298 | 2,375 | 3.35 |
| CERTIFICATE III IN HAIRDRESSING | 3,419 | 3,730 | 3,418 | 3,503 | 3,763 | 7.42 |
| CERTIFICATE IV IN HAIRDRESSING | 182 | 307 | 589 | 423 | 529 | 25.06 |
| GRADUATE CERTIFICATE IN HAIRDRESSING CREATIVE LEADERSHIP | 0 | 0 | 0 | 0 | 0 | n/a |
| TOTAL HAIRDRESSING | 5,439 | 6,291 | 6,539 | 6,584 | 6,884 | 4.56 |
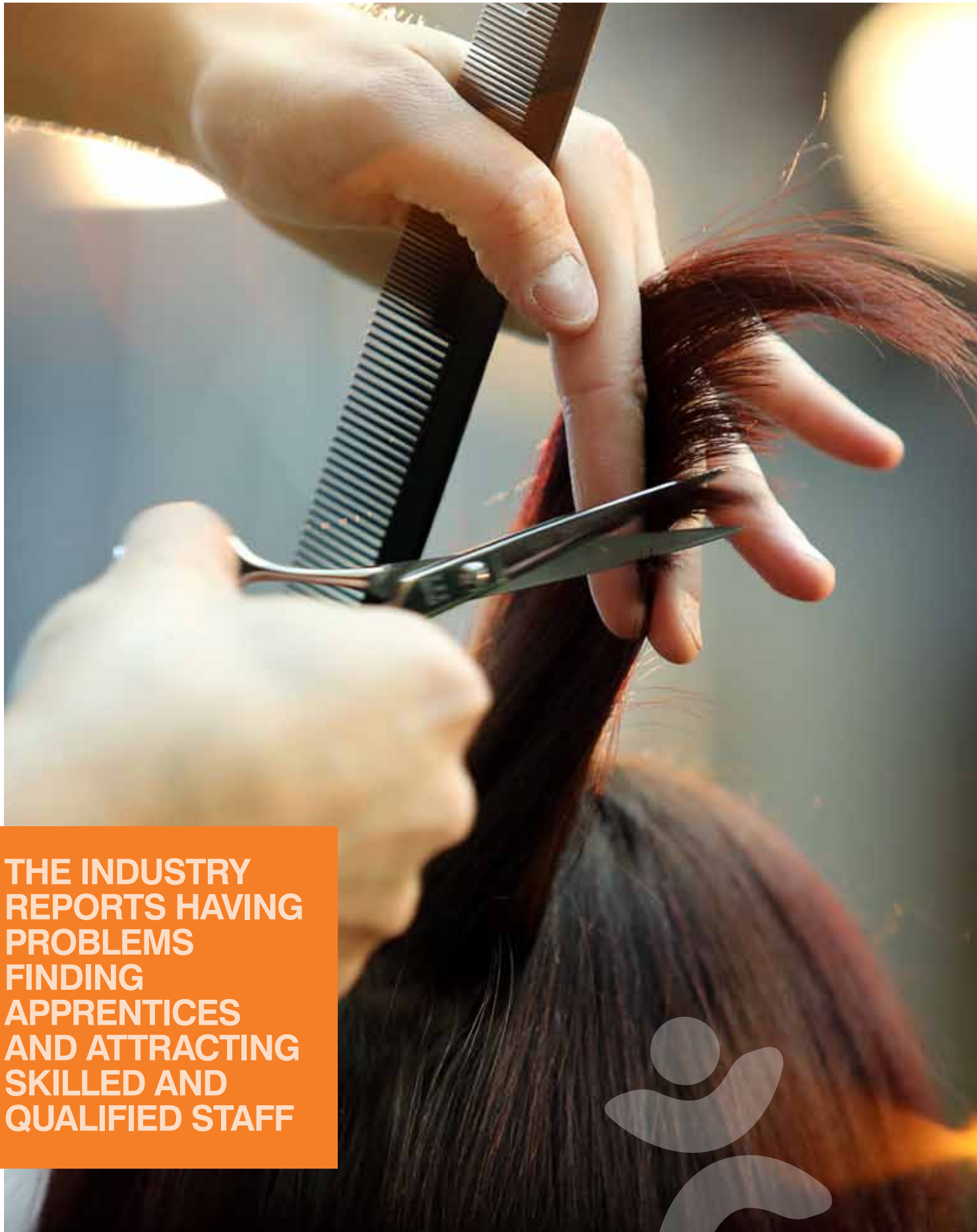
**THE INDUSTRY REPORTS HAVING PROBLEMS FINDING APPRENTICES AND ATTRACTING SKILLED AND QUALIFIED STAFF**

# Future directions for endorsed components of training packages

A new barbering qualification will be developed at the Australian Qualifications Framework (AQF) Level 3 to meet the needs of barbers.

An introductory qualification might need to be developed to replace the Certificate II in Hairdressing, which has limited impact in terms of job outcome. This qualification could be delivered predominantly as a VETiS program.

Assessment requirements for the revised training package will be strengthened to ensure consistent quality of delivery whether it is through apprenticeships or institutions.

Regrouping hair and beauty qualifications into a new Hairdressing and Beauty Services Training Package is being considered to reflect the industries' ANZSIC industrial code.

## Table 13: Occupations and qualifications in demand

| ANZSCO Code | Occupation | Training Package Qualification | Justification/evidence |
|---|---|---|---|
| 391111 | Hairdresser | *SIH30111 Certificate III in Hairdressing*<br>*SIH40111 Certificate IV in Hairdressing*<br>*SIH80113 Graduate Certificate in Hairdressing Creative Leadership* | The Department of Employment has determined that hairdressers are in shortage, particularly due to applicants lacking the required skill level, and have been so since 1997.<br><br>Employers note that senior hairdressers with 3–15 years' experience are particularly in demand. |
| 142114 | Hair or Beauty Salon Manager | *SIB50210 Diploma of Salon Management* | This industry, comprised of predominantly small businesses, is continually professionalising and requires a greater number of highly skilled managers. |
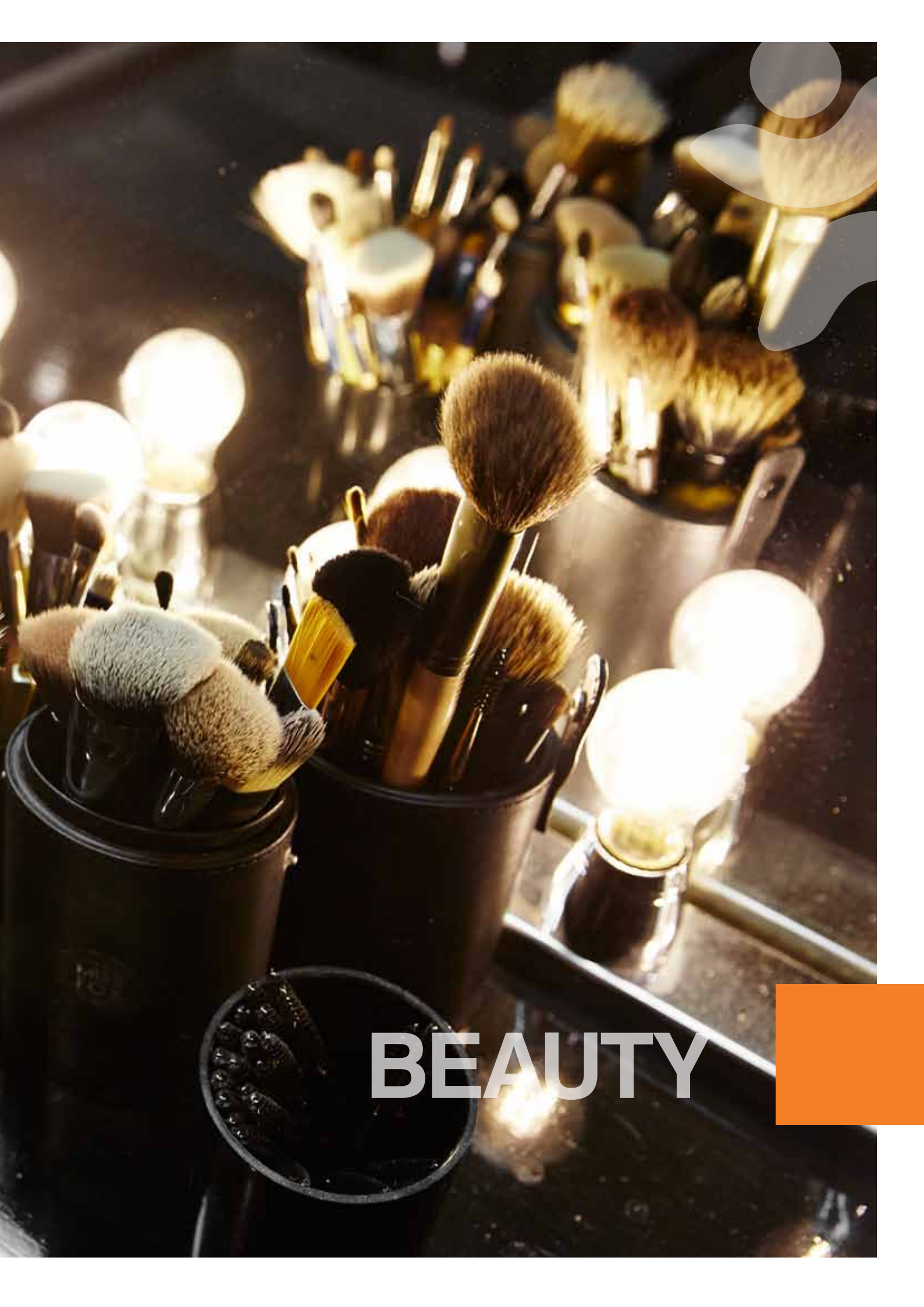
BEAUTY

## Summary

- **Traditional salons continue to be prominent but there are more salons specialising.**

- **More advanced treatments and equipment are becoming common.**

- **The beauty and tourism industries are overlapping more.**

- **There is greater demand for 'organic' treatments, although what 'organic' means is poorly defined.**

- **People are increasingly buying equipment to treat themselves at home.**

- **Clients are using the internet for research.**

- **Technology is fundamental to the industry.**

## Latest intelligence

### Changing business models

Industry reports a move towards more specialisation. Traditional salons are still the dominant model but there has been a notable increase in salons and clinics offering a limited range of treatments and marketing themselves as experts in their chosen area. This trend is expected to affect traditional salons because the specialists are typically able to offer quick and convenient options at a lower price. Often customers do not even need an appointment. These services tend to be based in metropolitan areas, where busy clients are particularly keen on convenient options. The traditional salons model remains successful in metropolitan and regional areas when customers are looking for an 'experience'.

The three main business models are:

- Traditional beauty salons that offer full service, including facials, body treatments, waxing, nails, eyelash tinting and tanning.

- Specialised salons or clinics that offer treatments focused on results or speed. These specialist salons and clinics run from basic—a nail or waxing bar, for instance—through to high end—skin rejuvenation or laser hair removal clinics, for instance.

- Spas that offer relaxation, body treatments and a high-end service where the focus is on the customer experience.

## Advanced treatments

Treatments once considered advanced are now more common because of developments in technologies. For example, intense pulsed light (IPL) and laser are now common in salons. However, training often comes from the supplier of the machine, which means many practitioners do not have the fundamental knowledge and overall skills to perform treatments using different equipment. There are a small number of university-level education options for practitioners looking to specialise in these treatments.

The Australian Nuclear Safety and Radiation Protection Agency is considering regulating the use of IPLs and lasers for cosmetic purposes. If this goes ahead, training would need to incorporate these standards.

There are also risks for clients from cheaper but poor quality machines from overseas.

## Spa and wellness

The overlap between the beauty and the tourism industries continues to grow as 'spa and wellness' tourism increases. Visit Victoria, for instance, recently spent $500,000 advertising the mineral waters of Daylesford and the geothermal waters of the Mornington Peninsula to interstate tourists looking for spa and wellbeing destinations. Internationally, the wellness travel industry is worth US$439 Billion and is forecast to grow by 50 per cent to 2017.[58]

In an increasingly high pressure society, consumers are turning to spa and wellness destinations not simply for luxury but for stress reduction and preventing illness and disease. According to a recent industry article, 'Seeking this kind of rejuvenation is one of the hottest trends in the emerging wellness tourism economy, putting proactive health, mindfulness, and prevention at the centre of consumer decision-making in every corner of the world.'[59]

## Organic products

There is increasing demand for sustainable, organic and natural products and services in salons. Service Skills Australia's 2014 Environmental Scan reported that the adoption of organic products and services was a response to clients asking for them, although the results consumers are looking for cannot always be achieved using organic products and few clients can define what they mean by 'organic'.

There is misinformation about the definition of organic and how to identify products and treatments that are truly organic. Industry reports that companies marketing their products as organic often do not comply with certification rules. Poor consumer awareness of certification leads to misinformed purchases.

## At home treatments

It is reported that more people are using beauty devices at home to achieve salon results. Equipment is available to perform gel polish enhancements, spray tanning and light-based hair reduction. Industry is concerned about the safety risks of untrained people using specialised devices at home, and also worried about the decline in the number of clients seeking these treatments.

The trend is more advanced in Asia but industry says more 'at home' products and equipment are being used in Australia and even more are expected in the future as clients look for more convenient options.[60]

## The changing customer

Clients are using the internet to inform decisions. Therapists need more knowledge about treatments and products to be seen as credible to informed clients.

Reportedly, more men are looking for beauty treatments. Salons are offering men treatments like waxing, anti-ageing skin treatments and hot shaves. It is expected that male grooming will continue to grow and male-only treatments will become more common as salons look for new ways to make money.

Continuing negative perceptions of ageing are bringing in clients looking to prevent or roll back signs of ageing. This encompasses advanced skin treatments through to more aggressive procedures, such as injectables like Botox. Beauty therapists and practitioners are under pressure to be current on the science behind cosmetics and new product ranges.

## Technology

Technology is an integral part of the beauty industry because it is used to administer many of its treatments, such as laser or IPL. Beauty trade shows and industry events are constantly promoting equipment that might achieve better results more quickly (so therapists can see more clients in a day).

The beauty industry has embraced social media as a way to stay in touch with their customers and give potential new clients access customer testimonials and information about products and services. To use these platforms successfully for marketing, salons need to be able to maintain and monitor social media activity to engage with customers, including appropriately responding to customer complaints.

While social media and apps are powerful marketing and operational tools for businesses, they have to be used correctly to be beneficial. With increasingly well-informed customers, salons must be careful to ensure all their communications platforms are well managed, requiring workers to be skilled in content management and complaints handling.

Smartphone apps have emerged that allow users to find salons near them and book and pay for treatments 'on the go'. It is expected that applications of this nature will become more common. To benefit, salons will need to be technologically adept.

The implementation of new salon management software and the transition from appointment books to salon booking systems require salon staff to have better technology skills.

IN AN INCREASINGLY HIGH PRESSURE SOCIETY, CONSUMERS ARE TURNING TO SPA AND WELLNESS DESTINATIONS NOT SIMPLY FOR LUXURY BUT FOR STRESS REDUCTION AND PREVENTING ILLNESS AND DISEASE

# Identified workforce development needs

## Skills and labour shortages

The beauty industry is concerned that training graduates are not skilled or job-ready enough to work effectively in a salon. They lack the ability to:

- organise themselves
- to perform services and treatments in a realistic time
- to sell products.

Industry is also concerned about graduates' varying levels of proficiency in common treatments. It has been noted by industry that therapists tend to undertake ad hoc or supplier training to build their skills, or simply learn from their peers through in-house training.

Therapists specialising in spa treatments are also in short supply.

## 28,500

**beauty therapists were employed at November 2013 with the projected employment level to grow by 13.5 per cent to 32,300 by November 2018.**[56]

13.5% Growth



## 72%

**of the beauty workforce is under 40 years old, but the industry is also an employer of a significant number of mature age workers.**[57]

# Current impact of training packages

While the SIB Beauty Training Package qualifications are not required to operate in the beauty industry, they are viewed by the majority of salon owners and practitioners as necessary. The two key qualifications for beauty therapists are the Certificate IV in Beauty Therapy and the Diploma of Beauty Therapy. The latter is considered to be the more appropriate qualification. Delivery is primarily through institutions and requires registered training organisations to have resourcing and equipment that reflects the environments graduates will work in.

Approximately 10,700 beauty therapists hold Certificate III, IV or diploma-level qualifications.[61]
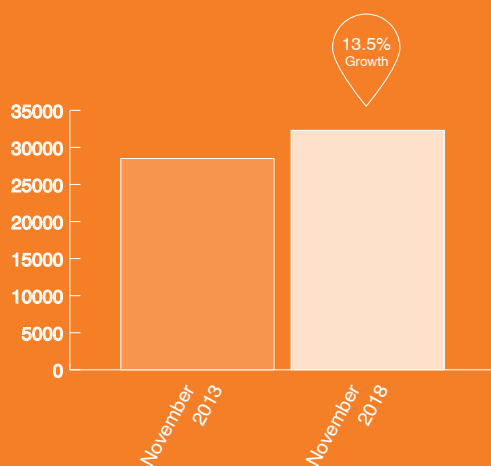
More opportunities exist than ever so there is also a greater focus on the career pathways of therapists and training, which the industry continues to see as an integral part of career development. New qualifications specialising in make-up, skin therapies and laser and IPL for hair and skin are proposed as part of the updated *SIB Beauty Training Package* to meet the demand for giving existing workers more skills.

Overall, commencements for *SIB Beauty Training Package* qualifications rose by 12 per cent from 2012 to 2013. The Certificate III in Beauty Services saw the largest increase (up by 27 per cent). Only the Diploma of Salon Management saw a decrease in commencements (a fall of 41 per cent). The Certificate III in Beauty Services has overtaken the Certificate II in Retail Make-Up and Skin Care as the most popular qualification. This increase could be attributed South Australia's *Skills for All* funding program, which has seen a 122 per cent increase in uptake of the Certificate III in Beauty Services.[62]

**APPROXIMATELY 10,700 BEAUTY THERAPISTS HOLD CERTIFICATE III, IV OR DIPLOMA-LEVEL QUALIFICATIONS**

## Table 14: Beauty qualification commencements, 2009–2013

| | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2012/13 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN RETAIL MAKE-UP AND SKIN CARE | 1,878 | 2,170 | 4,061 | 4,270 | 4,605 | 7.85 |
| CERTIFICATE II IN NAIL TECHNOLOGY | 1,241 | 1,109 | 1,547 | 1,695 | 1,976 | 16.58 |
| CERTIFICATE III IN BEAUTY SERVICES | 2,814 | 3,187 | 3,366 | 3,892 | 4,924 | 26.52 |
| CERTIFICATE IV IN BEAUTY THERAPY | 1,570 | 1,655 | 1,802 | 2,629 | 2,841 | 8.06 |
| DIPLOMA OF BEAUTY THERAPY | 1,468 | 2,432 | 2,177 | 2,556 | 2,633 | 3.01 |
| DIPLOMA OF SALON MANAGEMENT | 0 | 0 | 20 | 181 | 107 | -40.88 |
| VOCATIONAL GRADUATE CERTIFICATE IN INTENSE PULSED LIGHT AND LASER HAIR REDUCTION | 0 | 0 | 4 | 16 | 32 | 100.00 |
| TOTAL BEAUTY | 8,971 | 10,553 | 12,977 | 15,239 | 17,118 | 12.33 |

## Table 15: Beauty qualification completions, 2008–2012

| | 2008 | 2009 | 2010 | 2011 | 2012 | % change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE II IN RETAIL MAKE-UP AND SKIN CARE | 614 | 717 | 874 | 1,224 | 1,435 | 17.24 |
| CERTIFICATE II IN NAIL TECHNOLOGY | 427 | 470 | 459 | 568 | 729 | 28.35 |
| CERTIFICATE III IN BEAUTY SERVICES | 998 | 1,054 | 1,141 | 1,276 | 1,501 | 17.63 |
| CERTIFICATE IV IN BEAUTY THERAPY | 720 | 784 | 795 | 905 | 852 | -33.33 |
| DIPLOMA OF BEAUTY THERAPY | 478 | 598 | 781 | 1,246 | 1,306 | -5.86 |
| DIPLOMA OF SALON MANAGEMENT | 0 | 0 | 0 | 1 | 79 | 4.82 |
| VOCATIONAL GRADUATE CERTIFICATE IN INTENSE PULSED LIGHT AND LASER HAIR REDUCTION | 0 | 0 | 0 | 0 | 2 | n/a |
| TOTAL BEAUTY | 3,237 | 3,623 | 4,050 | 5,220 | 5,904 | 13.10 |

# Future directions for endorsed components of training packages

The *SIB10 Beauty Training Package* is going through the continuous improvement review. A number of changes have been proposed to reflect practices in industry:

- Certificate II in Nail Technology has been reviewed and the new qualification is aligned to Certificate III level to better reflect the skill level.

- A new stand-alone qualification in make-up artistry, the Certificate III in Make-Up, has been developed. It is for make-up artists who work in a commercial or fashion environment. New units of competency have also been developed including airbrushed make-up and creative make-up (where the artist is working to a client brief).

- A new qualification has been proposed to cover advanced treatments, particularly skin treatments.

New units of competency are being developed for:

- eyelash enhancements

- infection control content including sanitation, disinfection and sterilisation

- preparing beauty therapists for the realities of the workplace, including training in organising themselves and managing time.

Regrouping hair and beauty qualifications into a new *SHB Hairdressing and Beauty Services Training Package* is being considered to reflect the industries' ANZSIC industrial code.

## Table 16: Occupations and qualifications in demand

| ANZSCO Code | Occupation | Training Package Qualification | Justification/Evidence |
|---|---|---|---|
| 451111 | Beauty Therapist | *SIB40110 Certificate IV in Beauty Therapy*<br><br>*SIB50110 Diploma of Beauty Therapy* | The employment of beauty therapists is projected to grow by 13.5 per cent, or by 3,800 workers, in the five years from November 2013. |
| 451111 | Nail Technician | *SIB20210 Certificate II in Nail Technology* | Beauty services, including nail treatments, continue to see increased demand, but industry reports that there are insufficient numbers of qualified nail technicians to provide these services with the required safety precautions. |
| 142114 | Hair or Beauty Salon Manager | *SIB50210 Diploma of Salon Management* | This industry, comprised of predominantly small businesses, is continually professionalising and requires a greater number of highly skilled managers. |

REGROUPING HAIR AND BEAUTY QUALIFICATIONS INTO A NEW SHB HAIRDRESSING AND BEAUTY SERVICES TRAINING PACKAGE IS BEING CONSIDERED TO REFLECT THE INDUSTRIES' ANZSIC INDUSTRIAL CODE
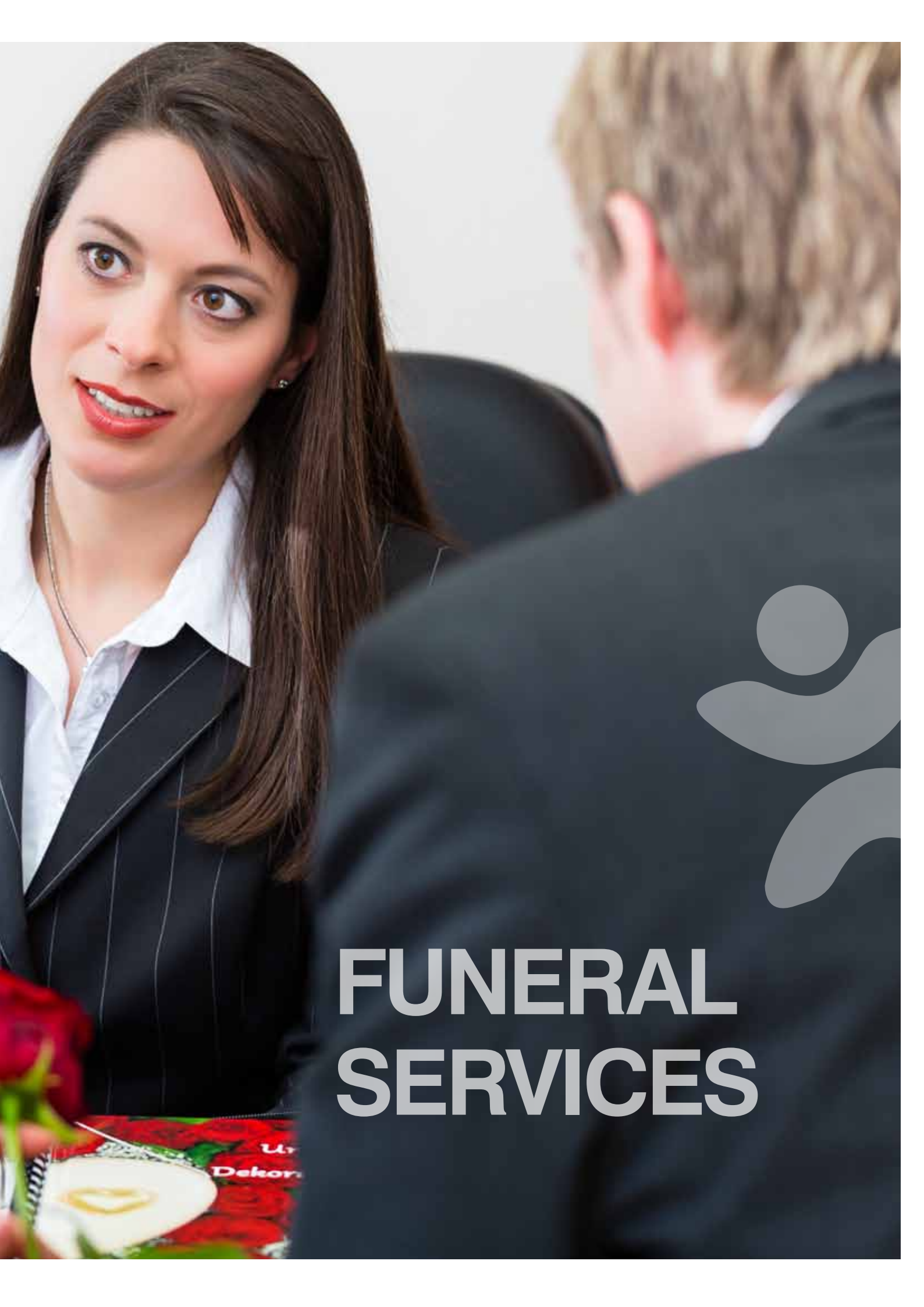
# FUNERAL
# SERVICES

## Summary

- **Funeral service workers tend to be older than workers in other industries.**

- **A more diverse population calls for cultural awareness and an openness to change.**

- **An ageing population means ever more deaths but there is pressure on space.**

- **Customers expect better service and options like environmentally-friendly funerals.**

- **The industry is slow to embrace technology.**

## Social changes

The death rate is projected to increase steadily in line with the ageing population—from 145,000 to 160,000 per year by 2019.[66] The funeral industry expects the impact will really be felt in the 2030s and has implemented strategies to ensure it has adequate staff and facilities.

The increase in obesity nationally requires more manual handling skills and creates issues with equipment: coffins can be custom made but hearses and crematoria cannot be adjusted.[67]

## Changing business models and processes

The industry is not exempt from increased consumer expectations. The customer now expects a streamlined, all-encompassing funeral experience,

## Latest intelligence

### Workforce profile

The industry is a strong employer of mature age people. Twice as many of its workers (42 per cent) are 45-54 and 24 per cent are 65 and over (compared to three per cent across all occupations). The median age of funeral service employees is 53. The median age of employees across all occupations is 40.[64]

### Multicultural Australia

The multicultural, multi-faith composition of the Australian population calls for funeral directors to broaden their range of services and to develop greater cultural awareness, says the industry.[65] The latter is particularly important in establishing relationships with local religious groups.

Greater diversity has also led to more cremations, which are traditional in some cultures and are popular among those with no religious affiliation. Almost 60 per cent of people opt for cremation (70 per cent in urban areas) and the number is slowly increasing.

Demand will shift with time as well as diversity: the industry reports many of the beliefs and customs relating to funeral arrangements are diminishing or changing with younger generations.

Secular funeral events also continue to grow in popularity. These are more variable than services based on long-standing traditions and tend to focus on personalisation. Funeral directors need to expand their knowledge in response to this trend.

including catering and floristry services. This puts more pressure on funeral homes. Funeral service customers are willing to spend money on extras such as audio-visual displays, a themed service or a memorial book.

Some segments of the funeral industry have set up floristry and event management services to meet the demand; others prefer to maintain strong relationships with preferred suppliers, so they need skills in negotiation and relationship management.

The industry faces an issue with limited space for new burials. Some states are introducing limited tenures—leasing sites for a number of years as family plots and applying a process of 'lift and deepen' as new bodies are added. Employees need good communication skills to address the sensitive nature of this process.
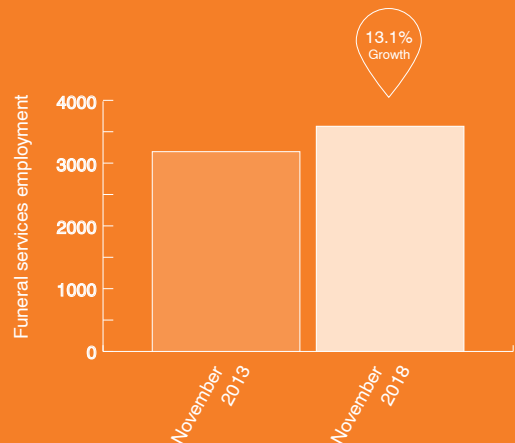
# Environmentally sustainable practices

The industry expects the demand for sustainable funerals to keep growing. In Australia this has mainly lead to more cremations but it is believed that other methods will increase in popularity. Resomation, which uses water and alkali to break down the body, for instance, might increase in popularity, the industry suggests, although it is presently not used much—it is generally expensive and not available in all states.

The number of 'green cemeteries' across the country is slowly increasing. The deceased are buried in biodegradable coffins and only natural fibres are used. Preparatory chemicals are prohibited, as is the placement of artificial tributes or commemorative items on burial sites. In some instances the coffin will be buried with microchip markers and a tree planted over the top. In other cases the grave might be unmarked.



## 3,200

**people were employed in the funeral services industry at November 2013 and the number is projected to grow by 13.1 per cent to 3,600 by November 2018.**[63]

13.1%
Growth

| Funeral services employment | |
|---|---|
| 4000 | |
| 3000 | |
| 2000 | |
| 1000 | |
| 0 | |
| November 2013 | November 2018 |

**A MORE DIVERSE POPULATION CALLS FOR CULTURAL AWARENESS AND AN OPENNESS TO CHANGE**

## Technology

The industry has traditionally adapted slowly to technology—partly due to the older average age of staff, feedback suggests. A recent increase in the use of technology is mainly limited to smart devices used by funeral directors during consultations; and tablet-operated audio-visual systems in chapels.

Some businesses are leading the way in the use of technology, offering webcasts of funerals and WiFi in cemeteries and chapels. There are also instances of QR codes being included on headstones, so people to scan the code with a smartphone for more information about the deceased. These practices are not yet widespread in Australia but it is believed they will be soon.

## Identified workforce development needs

### Attraction, retention and career pathways

Industry feedback indicates that smaller funeral directing businesses are reliant on a mix of casual and part time staff to support unpredictable demand. Casual staff also support seasonal demand for funeral services—the colder winter months usually bring more deaths. Larger funeral organisations are able to move staff across their businesses as required and draw on centralised functions such as embalming or clerical roles to limit the effects of seasonality.

Attracting new employees is more of a challenge than retaining staff. The workforce is ageing and there might not be sufficient numbers of new entrants to the industry to prevent skill shortages in the future. Not all businesses have issues attracting new staff, which could be due to having good systems and processes in place, as well as a reputation for providing training. The funeral industry is aware of the importance of employing the right people and providing them with opportunities to succeed. A stringent screening process ensures greater retention rates, as funeral services workers are clear about the expectations and requirements of working in the industry.

It is difficult to find experienced embalmers and managers. Not all industry stakeholders have experienced high job vacancies in any particular job roles but many businesses are mindful of the need for succession planning for a workforce nearing retirement.

Some industry feedback has highlighted issues with the attraction and retention of younger staff with the right maturity level to work in the industry, although there have been reports of an increase in young, female embalmers who have completed work experience in a funeral home prior to choosing it as a career path.

Job roles vary significantly between regional and metropolitan areas. Funeral service workers in cities are more likely to be employed in distinct roles. Workers in regional businesses are required to be multi-skilled and work across job roles. This is also the case in many small businesses.

## Skill and labour shortages

### Negotiation skills

Funeral directors are required to have excellent negotiation skills so they can deal honestly with clients, discuss the options and navigate family disputes with sensitivity and integrity.

### Training prevalence in industry

The funeral services industry values skilled and experienced employees and invests in training accordingly but enrolment figures in nationally accredited training are still low. The industry attributes this to prohibitive cost and a perception that there will not be value for money. Also the industry does not generally offer higher pay to those with a qualification, so there is no real incentive for staff to get one.

An additional barrier to formal training is the low number of registered training organisations delivering the qualifications, so many companies opt to provide in-house or informal training, which makes training fragmented and inconsistent.

## Current impact of training packages

Commencements in most funeral services qualifications decreased from 2012 to 2013. The exceptions are the Certificate III in Cemetery and Crematorium Operations and the Certificate III in Gravedigging, Grounds and Maintenance. The other qualifications reported no commencements.

Only three states deliver training in funeral services.[68] The majority of training takes place in Victoria and the rest in Queensland and New South Wales.

## Table 17: Funeral Services qualification commencements, 2009–2013

| | 2009 | 2010 | 2011 | 2012 | 2013 | % change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE III IN CEMETERY AND CREMATORIUM OPERATIONS | 0 | 0 | 0 | 16 | 11 | -31.25 |
| CERTIFICATE III IN GRAVEDIGGING, GROUNDS AND MAINTENANCE | 0 | 0 | 0 | 13 | 25 | 92.31 |
| CERTIFICATE III IN FUNERAL OPERATIONS | 0 | 0 | 0 | 0 | 0 | N/A |
| CERTIFICATE IV IN FUNERAL SERVICES | 19 | 0 | 0 | 6 | 0 | -100.00 |
| CERTIFICATE IV IN EMBALMING | 0 | 0 | 1 | 10 | 0 | -100.00 |
| TOTAL FUNERAL SERVICES | 19 | 0 | 1 | 45 | 36 | -20.00 |

## Table 18: Funeral Services qualification completions, 2008–2012

| | 2008 | 2009 | 2010 | 2011 | 2012 | % change 2011/12 |
|---|---|---|---|---|---|---|
| CERTIFICATE III IN CEMETERY AND CREMATORIUM OPERATIONS | 0 | 0 | 0 | 0 | 3 | |
| CERTIFICATE III IN GRAVEDIGGING, GROUNDS AND MAINTENANCE | 0 | 0 | 0 | 9 | 8 | -11.11 |
| CERTIFICATE III IN FUNERAL OPERATIONS | 0 | 0 | 0 | 0 | 0 | |
| CERTIFICATE IV IN FUNERAL SERVICES | 0 | 0 | 8 | 0 | 4 | |
| CERTIFICATE IV IN EMBALMING | 0 | 0 | 0 | 0 | 3 | |
| TOTAL FUNERAL SERVICES | 0 | 0 | 8 | 9 | 18 | 100 |

# Future directions for endorsed components of training packages

The SIF Funeral Services Training Package was endorsed under the Standards for Training Packages in 2013 so there are no plans for a review in the short term. Service Skills Australia will continue to liaise with the funeral services industry to ensure the training package remains responsive to their needs.

## Table 19: Occupations and qualifications in demand

| ANZSCO Code | Occupations | Training Package Qualification | Justification/evidence |
|---|---|---|---|
| 451399 Funeral Workers | Embalmer | *SIF40213 Certificate IV in Embalming* | The Department of Employment forecasts strong growth in employment for funeral workers, increasing by 13.1 per cent over the next 5 years, or 400 workers. The industry is not currently experiencing any recruitment difficulties other than for Embalmers. |

**FUNERAL SERVICE WORKERS TEND TO BE OLDER THAN WORKERS IN OTHER INDUSTRIES**

# APPENDICES
# AND REFERENCES

# Appendices

## Appendix A – Report on previous continuous improvement activity

No changes to training packages have been submitted by Service Skills Australia since the publication of the 2014 Environmental Scan. However, extensive industry engagement and scoping work has been ongoing and areas for development are outlined in the section of this scan titled Future Directions for Endorsed Components of Training Packages.

## Appendix B – Methodology and bibliography

The content examined in this Environmental Scan, and the supplementary sector-specific Environmental Scans, were developed through extensive consultation with key industry stakeholders across Australia. The information was gathered via forums, surveys and targeted interviews and supplemented with a review of related research reports and the media. Additionally, further information was obtained from the past and current work of Service Skills Australia.

Service Skills Australia's Industry Advisory Committees provided feedback and validation for draft versions of the Environmental Scans throughout 2014. The final versions were approved by the committees and Board of Directors in December 2014. Service Skills Australia wishes to thank its board and committee members for their significant contribution throughout the development of these Environmental Scans.

The full bibliography can be seen in the References section of this report.

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