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Wholesale and Retail

Industry Reference Committee

Draft 2018 Industry Skills Forecast for Public Consultation

Skills Forecast

Name of IRC: Wholesale and Retail

Name of SSO: SkillsIQ Limited

About SkillsIQ

SkillsIQ supports 17 Industry Reference Committees representing diverse ‘people-facing’ sectors. These sectors provide services to people in a variety of contexts such as customer, patient or client. The Industry Reference Committees are collectively responsible for overseeing the development and review of training package products, including qualifications, serving the skills needs of sectors comprising almost 50 per cent of the Australian workforce.

Sector Overview

The sectors represented by the Wholesale and Retail Industry Reference Committee (IRC) cover three key areas:

- Retail
- Wholesale Business to Business Operations
- Community Pharmacy

Retail and Wholesale

The range of activities in which this sector is predominantly involved includes purchasing, on-selling, or the commission-based buying and/or selling of goods without significant transformation to either the general public (in retail trade) or to businesses (in wholesale trade).¹ Buying and selling transactions can take place via physical locations (with premises showcasing merchandise and goods in visual displays) which have walk-in customers; via warehouse, office or storage facilities (specifically for wholesale trading); or via online channels. Goods and merchandise exchanges can span various industries, with examples such as:²

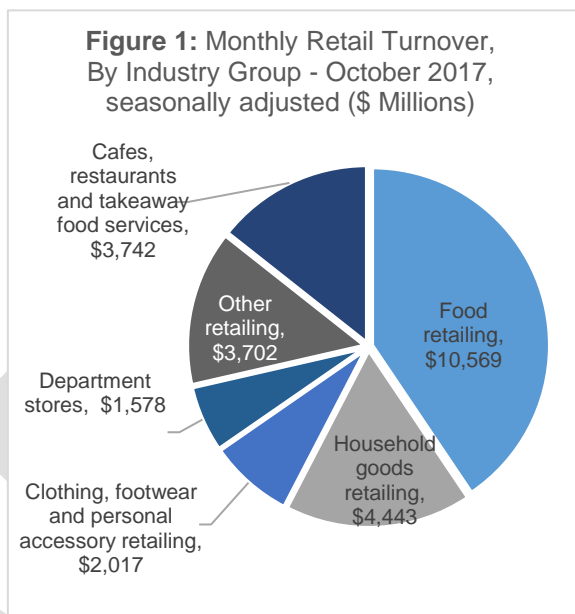
- **Food and beverage** retailing, e.g. supermarkets, grocery and liquor stores
- **Household goods** retailing, e.g. furniture, floor coverings, housewares, electrical and electronic goods, hardware, building and garden supplies
- **Clothing, footwear and personal accessory** retailing
- **Newspaper and book** retailing
- **Recreational goods** retailing, e.g. sports and camping equipment, entertainment media, toys and games
- **Pharmaceutical, cosmetic and toiletry goods.**

¹ Australian Bureau of Statistics (ABS) 2013, 1292.0 - Australian and New Zealand Standard Industrial Classification (ANZSIC), (Revision 2.0) – Division F Wholesale Trade and Division G Retail Trade (<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/060D3EA346D54FC4CA257B9500133B5E?opendocument> Accessed 2 January 2018).

² Australian Bureau of Statistics (ABS) 2017, 8501.0 - Retail Trade, Australia, Oct 2017, Explanatory Note (<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8501.0Oct%202017?OpenDocument> Accessed 2 January 2018)

Representing 4.7% (retail trade) and 4.2% (wholesale trade) of Australia's real Gross Value Added (GVA), this equates to a sizeable value of \$75.6 billion and \$71.1 billion respectively.³ Since the activities of these sectors overlap with a number of different industries, the potential economic contribution of each is likely to be higher than the figures quoted.

Looking within the retail sector, food retailing (such as supermarket, grocery and convenience store sales, liquor and specialised food transactions) has been consistently the largest contributor to Australia's retail turnover, representing \$10.6 billion (41% of the total monthly turnover) (see **Figure 1**). Household goods (\$4.4 billion) and hospitality services (\$3.7 billion) delivered by cafés, restaurants and takeaway food services were the second and third most popular contributors to the sector's turnover generation.



Source: Australian Bureau of Statistics 8501.0 - Retail Trade, Australia, Oct 2017

Whilst not specifically captured in the figures above, **online retailing** today is a significant component of the sector in Australia, as consumer preferences have expanded from traditional bricks-and-mortar retailers, to online options. Retail and wholesale enterprises across industries are increasingly engaging in online activities to meet consumer demand, and the total monthly online retail turnover in Australia is estimated at \$1.2 billion (October 2017)⁴.

Online shopping is a significant component of online retailing, and its contribution to the economy is two-fold, as the transactions include not only retail (and wholesale) traders but also rely on multiple industry enterprises in transport, e-commerce and internet services. Its value and position in Australia's economy is expected to continue to grow strongly over the next five years at an annual rate of 9.4%, with clothing, footwear and personal accessories being the most popular online sale purchases.⁵

Overall, the sector is characterised by a highly competitive and open marketplace, attracting local and international players of all sizes. During the last few years, Australia has seen a number of significant international entrants to its local marketplace, and now 39 of the Top 250 global retailers are operating in Australia.⁶ Some of the more recent entrants include Amazon (online retail) and Decathlon (bricks-and-mortar store and online retail). This trend is not expected to slow, with other

³ Australian Bureau of Statistics (ABS) 2017, 5204.0 Australian System of National Accounts, Table 5. Gross Value Added (GVA) by Industry (Accessed 3 January 2018)

⁴ Australian Bureau of Statistics (ABS) 2017, 8501.0 - Retail Trade, Australia, Oct 2017, Appendix 1

⁵ IBISWorld Industry Report X0004 Online Shopping in Australia (August 2017)

⁶ Deloitte, *Global Powers of Retailing 2017*

major international companies, such as Lidl and brands affiliated with China's Alibaba, starting to invest in local property and the workforce.⁷

Digitalisation and the continuing increase in consumer demand for online and social media interactions mean that online and social media engagement is (and will continue to be) an essential area in which retail and wholesale businesses are involved. In addition, significant developments in technology and consumer expectations and behaviour have seen structural shifts in Australia's retail delivery models in order to stay competitive and economically viable. These factors (as well as others discussed in more detail in the section [Challenges and Opportunities](#)), are progressively shifting the skills needs of the workforce for the sector.

Retail is the second biggest employing sector in Australia (after the Health Care and Social Assistance sectors), with a workforce of approximately 1.3 million.⁸ The occupations across the sector are diverse, and those supported by the training package can range from sales assistants and retail managers to visual merchandisers and merchandise planners and buyers. The sector in Australia is mainly made up of small businesses. According to the Australian Bureau of Statistics (ABS), there are just over 130,000 Australian businesses trading in retail operations, with 96% representing small businesses with fewer than 20 employees.⁹ Wholesale trading businesses number 79,000, and 95% of these also represent mainly small business types.¹⁰ The approximate 49,200 businesses in Australia involved in online shopping are again mainly small business-sized enterprises.¹¹

While large national and international brands often dominate discussions and developments with the sector, small and medium-sized enterprises can underpin the performance and innovation of the Australian retail sector through the sheer number of traders. It is therefore fundamental that workforce skills development is monitored according to the needs of small employers.

Franchising is a common model used to grow a business in the wholesale and retail sector. Some of the larger franchisors in Australia's market are Harvey Norman Holdings Ltd, a franchisor for 194 Harvey Norman, Domayne and Joyce Mayne franchised stores in Australia, as well as Retail Food Group Limited, a franchisor for numerous food retail brands, including Donut King, Brumby's Bakery and Michel's Patisserie.¹² Growth in franchising has, however, been slowing, and a combination of issues, including high franchise fees, has recently seen the Retail Food Group close up to 200 franchised stores.¹³ Franchisee fees involve the cost of training and support to establish a new business,¹⁴ and key skills areas of need for franchisees can involve finance, customer service, technology and systems use, stock management and marketing. This training package plays an

⁷ Business Insider Australia (2018) *The 3 threats to Australian retailers in 2018* (<https://www.businessinsider.com.au/the-3-threats-to-australian-retailers-in-2018-2018-1> Accessed 8 March 2018)

⁸ Australian Bureau of Statistics (ABS) 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Feb 2018

⁹ Australian Bureau of Statistics (ABS) 2018, 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2017

¹⁰ Industries included are defined in the Australian and New Zealand Standard Industrial Classification (ANZSIC) and are listed at <http://www.abs.gov.au/ausstats/abs@.nsf/exnote/8501.0> (Retail ANZSIC Industry Codes selected are 39 to 43, Wholesale ANZSIC Industry Codes selected are 33 to 38) (Accessed 3 January 2018)

¹¹ IBISWorld Industry Report X0004 Online Shopping in Australia (August 2017)

¹² IBISWorld Industry Report X0002 Franchising in Australia (January 2018)

¹³ InsideRetail (March 2018) Retail Food Group to close 200 outlets after \$87.8 m loss (Available at <https://www.insideretail.com.au/blog/2018/03/04/rfg-to-close-200-outlets-after-87-8m-loss/> Accessed 20 April 2018)

¹⁴ IBISWorld Industry Report X0002 Franchising in Australia (January 2018)

important role in supplying these essential skills for running a business and supporting franchisees, and staff, maximise the longevity of operations.

Community Pharmacy

Community pharmacy plays an important role in the health care sector through the supply to the general public of prescription-based medicine, non-prescription-based medicine when permitted, and a range of information and health care services. Health care services can include:¹⁵

- Medication management services, e.g. Home Medicine Reviews, MedsChecks & Diabetes MedsChecks
- Aged care services, e.g. Residential Medication Management Reviews, continence products and advice
- Minor ailments services, e.g. wound care, dermatitis
- Health checks to support early detection and appropriate referral to GPs
- Health promotion
- Chronic disease management support, e.g. dose administration aids, sleep apnoea, INR (International Normalised Ratio) monitoring (which measures the speed at which blood clots or coagulates) and mental health staged supply
- Immunisation and general health screening services
- Transitional care services (from hospital to home or other facility).

The sector in Australia specifically plays a pivotal role in optimising access to health and pharmacy services in regional and remote communities where accessibility to primary health care services can be limited compared to metropolitan areas.

To recognise the key role community pharmacy has in the health sector, a Community Pharmacy Agreement (CPA) was first established in 1991 between the Australian Government and the Pharmacy Guild of Australia. It outlines specific funding and program responsibilities, with the most recent five-year Sixth Community Pharmacy Agreement (6CPA) launched on 1 July 2015 establishing:

- \$18.9 billion in remuneration for community pharmacy.
- The Community Services Obligation – a duty to provide timely access to Pharmaceutical Benefits Scheme (PBS) medicines to the public in all regions and at all times, with specific references to the role of pharmaceutical wholesalers.
- Community Pharmacy programs – various initiatives which focus on supporting patients to improve the management of their medications, e.g. by providing direct access to the National Diabetes Services Scheme.

¹⁵ The Pharmacy Guild of Australia, 2014, Community Pharmacy – an Opportunity for Primary Health Care (presentation accessed 3 January 2018)

With the average Australian visiting a community pharmacy at least 14 times in one year,¹⁶ the sector is enabling fast, accessible and, in some cases, life-saving support to the public. This, in turn, is reducing the demand and resource-burden on primary health care facilities.

The community pharmacy sector is categorised within the wider retail industry via the Australian and New Zealand Standard Industry Classification (ANZSIC) and includes the sale of pharmaceutical goods, toiletries and cosmetics.¹⁷ The latest figures show that across Australia there are just over 4,000 pharmacies (2016-17)¹⁸ which is noticeably lower than the 5,500 community pharmacy count published by The Pharmacy Guild of Australia for 2015.¹⁹ This variation may be attributed to some extent to different definitions (i.e. pharmacy versus community pharmacy enterprise), or may reflect an actual downward trend in establishment numbers as regulations, increasing competition and changing market structures impact the viability of pharmacies to trade.

Pharmacies mainly represent a combination of small to medium-sized businesses. However, there are some large operators, such as My Chemist, Terry White, Chemist Warehouse and Priceline, which are gaining market share in the industry. In order to stay competitive, many community pharmacies are increasingly relying on strategies such as providing multi-disciplinary services and products (i.e. retail) and price discounting, as well as staying open after normal weekday and weekend business hours, as well as on public holidays.

The annual revenue of the community pharmacies industry is approximately \$16.3 billion (2016-17), and it is expected to experience small levels of growth during the next five years, equivalent to 1.3% per annum.²⁰

Individuals involved in community pharmacy can take on various health professional roles, including pharmacists, pharmacy technicians and pharmacy assistants, of which the latter is directly supported by this training package.

Wholesale and Retail (incl. Community Pharmacy) Qualifications - Current at April 2018

The current qualifications specific to **Wholesale and Retail** are:

- SIR10116 Certificate I in Retail Services
- SIR20216 Certificate II in Retail Services
- SIR30216 Certificate III in Retail
- SIR30316 Certificate III in Business to Business Sales
- SIR40316 Certificate IV in Retail Management
- SIR50116 Diploma of Retail Leadership
- SIR50217 Diploma of Visual Merchandising (new qualification released August 2017)
- SIR50317 Diploma of Retail Merchandise Management (new qualification released August 2017).

¹⁶ The Pharmacy Guild of Australia, 2016, Vital facts on community pharmacy (Accessed 3 January 2018)

¹⁷ Australian Bureau of Statistics (ABS) 2013, 1292.0 Australian and New Zealand Standard Industrial Classification (ANZSIC) (Accessed 3 January 2018)

¹⁸ IBISWorld Industry Report G4271a Pharmacies in Australia (March 2017)

¹⁹ The Pharmacy Guild of Australia, 2016, Vital facts on community pharmacy (Accessed 3 January 2018)

²⁰ IBISWorld Industry Report G4271a Pharmacies in Australia (March 2017)

Table 1 indicates the number of Registered Training Providers (RTOs) with Wholesale and Retail qualifications on scope. This data is current as at 6 April 2018, as listed on the National Register of VET (www.training.gov.au)

Table 1: Number of RTOs by nationally recognised Wholesale and Retail qualifications on scope – Wholesale and Retail Training Package

Code	Qualification title	No. of RTO with qualification on scope
SIR10116	Certificate I in Retail Services	39
<i>SIR10112</i>	<i>Certificate I in Retail Services (superseded)</i>	2
SIR20216	Certificate II in Retail Services	166
<i>SIR20212</i>	<i>Certificate II in Retail Services (superseded)</i>	4
SIR30216	Certificate III in Retail	174
<i>SIR30212</i>	<i>Certificate III in Retail Operations (superseded)</i>	5
<i>SIR30312</i>	<i>Certificate III in Retail Supervision (superseded)</i>	0
SIR30316	Certificate III in Business to Business Sales	9
<i>SIR30412</i>	<i>Certificate III in Business to Business Sales (superseded)</i>	29
SIR40316	Certificate IV in Retail Management	86
<i>SIR40212</i>	<i>Certificate IV in Retail Management (superseded)</i>	1
SIR50116	Diploma of Retail Leadership	22
<i>SIR50112</i>	<i>Diploma of Retail Management (superseded)</i>	0
SIR50217	Diploma of Visual Merchandising (new qualification released August 2017)	5
<i>SIR50212</i>	<i>Diploma of Visual Merchandising (superseded)</i>	9
SIR50317	Diploma of Retail Merchandise Management (new qualification released August 2017)	0

Source: Training.gov.au. RTOs approved to deliver this qualification. Accessed 6 April 2018

The current qualifications specific to **Community Pharmacy** are:

- SIR20116 Certificate II in Community Pharmacy
- SIR30116 Certificate III in Community Pharmacy
- SIR40116 Certificate IV in Community Pharmacy
- SIR40216 Certificate IV in Community Pharmacy Dispensary

Table 2: Number of RTOs by nationally recognised Community Pharmacy qualifications on scope – Wholesale and Retail Training Package

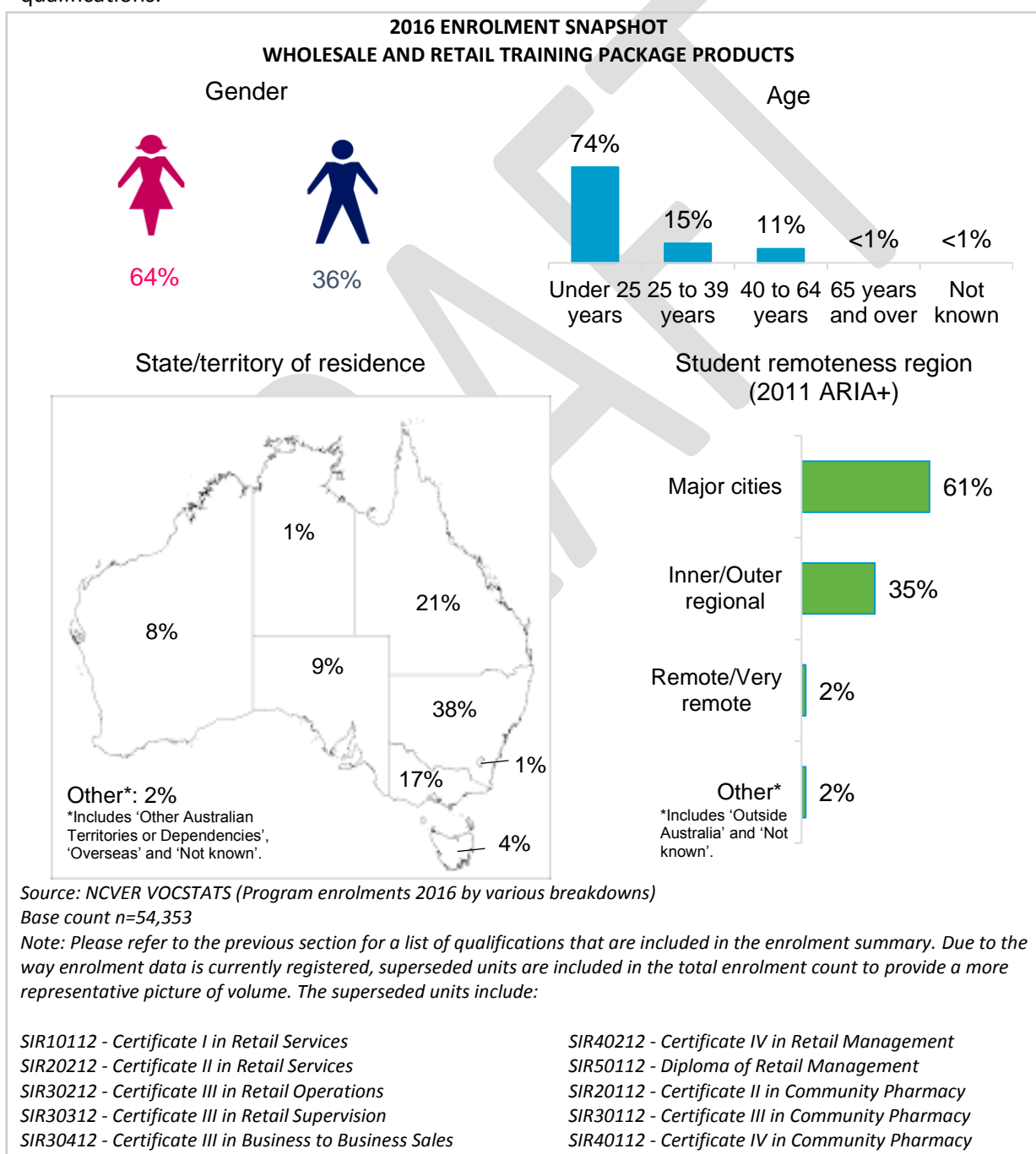
Code	Qualification title	No. of RTO with qualification on scope
SIR20116	Certificate II in Community Pharmacy	7
<i>SIR20112</i>	<i>Certificate II in Community Pharmacy (superseded)</i>	0
SIR30116	Certificate III in Community Pharmacy	13
<i>SIR30112</i>	<i>Certificate III in Community Pharmacy (superseded)</i>	0
SIR40116	Certificate IV in Community Pharmacy	5
<i>SIR40112</i>	<i>Certificate IV in Community Pharmacy (superseded)</i>	0
SIR40216	Certificate IV in Community Pharmacy Dispensary	5

Source: Training.gov.au. RTOs approved to deliver this qualification. Accessed 6 April 2018

Qualification Enrolments and Completions

In 2016, there were just over 54,300 enrolments across all VET qualifications catered for by the Wholesale and Retail training package products, including approximately 5,000 enrolments in Community Pharmacy qualifications. The most popular qualifications in 2016 included the *Certificate II in Retail Services* and *Certificate III in Retail* (with 20,900 and 24,550 enrolments each). Diploma qualifications in Retail Management (approximately 430 enrolments) and Visual Merchandising (400) attracted the lowest number of enrolments in 2016.

An overview of the key traits regarding Wholesale and Retail training package product enrolments for 2016 is provided below, followed by a breakdown of enrolments and completions for individual qualifications.



General notes on statistics:

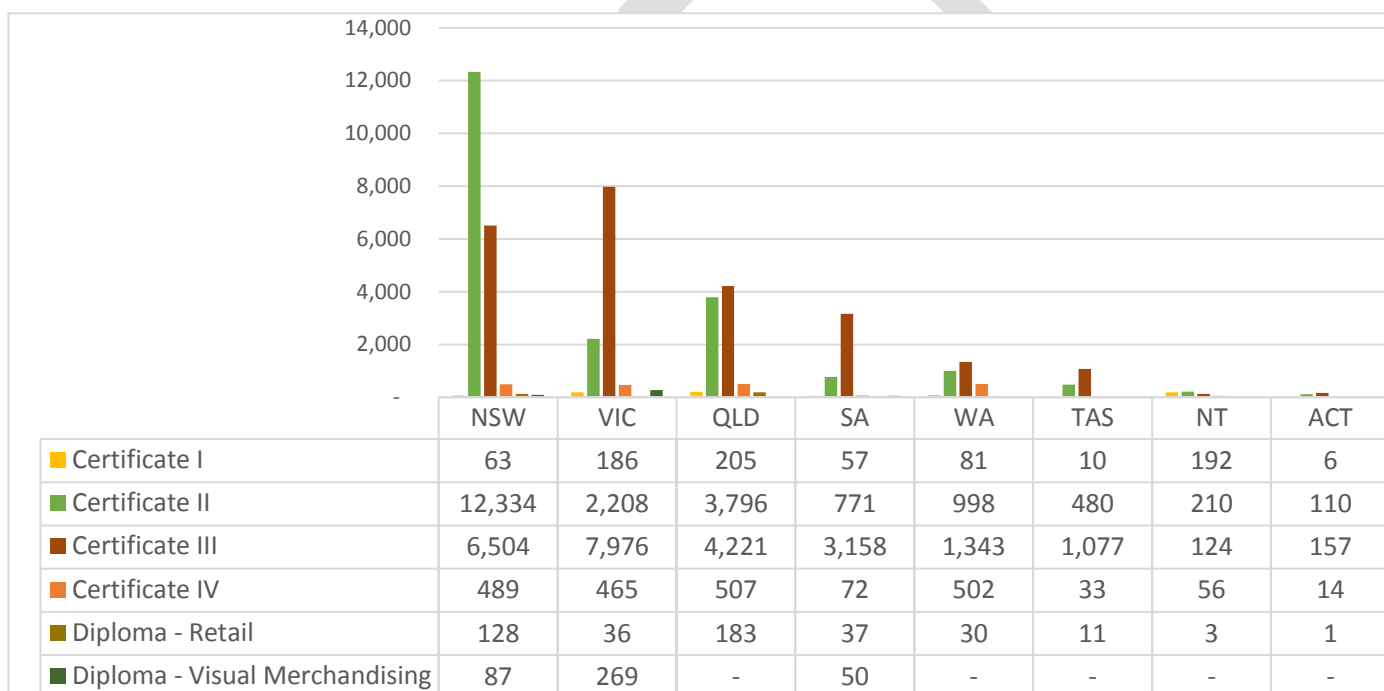
1. Enrolment and completion data is sourced from NCVER VOCSTATS (Program enrolments and completions 2014 – 2016), accessed October 2017.
2. It is important to note that not all training providers are currently required to submit enrolment and completion data, and some figures presented may therefore underrepresent the true count of enrolments and completions for a qualification. From 2018, **all** training providers will be required to submit data, and the current discrepancies noted between the national NCVER figures and actual attendance should therefore be minimal in future releases. The data presented in this report is shown for indicative purposes.
3. Figures reflect public and private RTO data.
4. 'E' represents Enrolment.
5. 'C' represents Completion.
6. '-' symbol indicates the qualification was not listed in NCVER data at the time of reporting.
7. Completion data for 2016 represents preliminary outcomes (i.e. not a full year)
8. Superseded qualifications, and their respective enrolment data, are tabled and in italics.

Table 3: Total number of enrolments (Total VET Activity, [TVA]) and completions by nationally recognised **Wholesale and Retail** qualifications on scope – Wholesale and Retail Training Package

Qualification	E/C	2014	2015	2016	Total
SIR10116 Certificate I in Retail Services	E	0	0	0	0
	C	-	-	-	-
<i>SIR10112 Certificate I in Retail Services (superseded)</i>	<i>E</i>	<i>903</i>	<i>839</i>	<i>802</i>	<i>2,551</i>
	<i>C</i>	<i>522</i>	<i>525</i>	<i>348</i>	<i>1,395</i>
SIR20216 Certificate II in Retail Services	E	0	0	420	420
	C	0	0	86	86
<i>SIR20212 Certificate II in Retail Services (superseded)</i>	<i>E</i>	<i>29,701</i>	<i>23,245</i>	<i>20,479</i>	<i>73,423</i>
	<i>C</i>	<i>7,162</i>	<i>6,870</i>	<i>5,841</i>	<i>19,873</i>
SIR30216 Certificate III in Retail	E	0	0	1,078	1,078
	C	0	0	163	163
<i>SIR30212 Certificate III in Retail Operations (superseded)</i>	<i>E</i>	<i>16,561</i>	<i>18,059</i>	<i>22,936</i>	<i>57,565</i>
	<i>C</i>	<i>6,549</i>	<i>6,695</i>	<i>6,833</i>	<i>20,077</i>
<i>SIR30312 Certificate III in Retail Supervision (superseded)</i>	<i>E</i>	<i>1,024</i>	<i>740</i>	<i>532</i>	<i>2,300</i>
	<i>C</i>	<i>439</i>	<i>345</i>	<i>183</i>	<i>967</i>
SIR30316 Certificate III in Business to Business Sales	E	0	0	0	0
	C	-	-	-	-
<i>SIR30412 Certificate III in Business to Business Sales (superseded)</i>	<i>E</i>	<i>212</i>	<i>239</i>	<i>199</i>	<i>647</i>
	<i>C</i>	<i>32</i>	<i>84</i>	<i>64</i>	<i>180</i>
SIR40316 Certificate IV in Retail Management	E	0	0	44	44
	C	0	0	3	3
<i>SIR40212 - Certificate IV in Retail Management (superseded)</i>	<i>E</i>	<i>3,031</i>	<i>2,381</i>	<i>2,095</i>	<i>7,506</i>
	<i>C</i>	<i>1,248</i>	<i>989</i>	<i>817</i>	<i>3,054</i>

Qualification (continued)	E/C	2014	2015	2016	Total
SIR50116 Diploma of Retail Leadership	E	0	0	4	4
	C	-	-	-	-
<i>SIR50112 - Diploma of Retail Management (superseded)</i>	E	642	610	434	1,684
	C	374	318	150	842
SIR50217 Diploma of Visual Merchandising	E	-	-	-	-
	C	-	-	-	-
<i>SIR50212 Diploma of Visual Merchandising (superseded)</i>	E	457	478	401	1,340
	C	151	133	125	409
SIR50317 Diploma of Retail Merchandise Management	E	-	-	-	-
	C	-	-	-	-

Figure 2: Total number of enrolments (Total Vet Activity, [TVA]) in **Retail** qualifications – by delivery location, 2016



Note:

Certificate I includes: SIR10116 and SIR10112 - Certificate I in Retail Services

Certificate II includes: SIR20216 and SIR20212 - Certificate II in Retail Services

Certificate III includes: SIR30216, SIR30212 and SIR30312 – Certificate III in Retail / Retail Operations / Retail Supervision

Certificate IV includes: SIR40316 and SIR40212 – Certificate IV in Retail Management

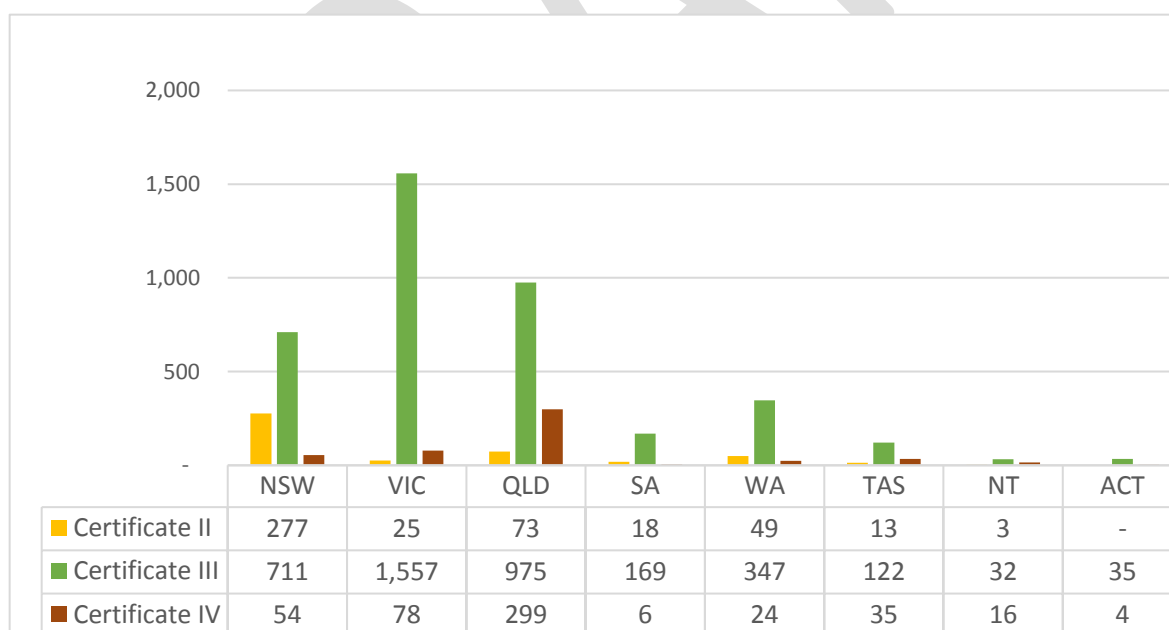
Diploma – Retail includes: SIR50116 and SIR50112 – Diploma of Retail Leadership / Retail Management

Diploma – Visual Merchandising includes: SIR50217 and SIR50212 Diploma of Visual Merchandising

Table 4: Total number of enrolments (Total VET Activity, [TVA]) and completions by nationally recognised **Community Pharmacy** qualifications on scope – Wholesale and Retail Training Package

Qualification	E/C	2014	2015	2016	Total
SIR20116 Certificate II in Community Pharmacy	E	0	0	4	4
	C	-	-	-	-
<i>SIR20112 Certificate II in Community Pharmacy (superseded)</i>	E	1,305	745	454	2,510
	C	610	354	188	1,152
SIR30116 Certificate III in Community Pharmacy	E	0	0	25	25
	C	-	-	-	-
<i>SIR30112 Certificate III in Community Pharmacy (superseded)</i>	E	3,383	3,100	3,935	10,418
	C	1,103	678	1,146	2,927
SIR40116 Certificate IV in Community Pharmacy	E	-	-	-	-
	C	-	-	-	-
<i>SIR40112 Certificate IV in Community Pharmacy (superseded)</i>	E	629	733	511	1,874
	C	125	101	131	357
SIR40216 Certificate IV in Community Pharmacy Dispensary	E	-	-	-	-
	C	-	-	-	-

Figure 3: Total number of enrolments (Total Vet Activity, [TVA]) in **Community Pharmacy** qualifications – by delivery location, 2016



Note:

Certificate II includes: SIR20116 and SIR20112 - Certificate II in Community Pharmacy

Certificate III includes: SIR30116 and SIR30112– Certificate III in Community Pharmacy

Certificate IV includes: SIR40116 and SIR40112 – Certificate IV in Community Pharmacy

Stakeholders

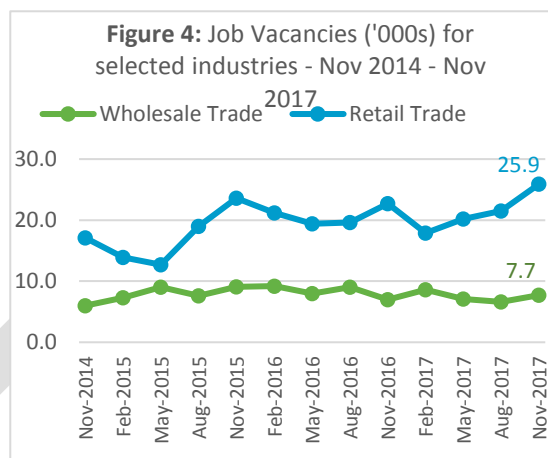
The following list represents a range of organisations that perform a variety of key roles in this sector. These organisations and their networks are well placed to offer industry insights at the time of training package review. Industry engagement will include a broad and inclusive range of industry stakeholders beyond those included within this list.

- Government departments and agencies
- Peak and industry associations
 - Australasian Association of Convenience Stores (AACS)
 - Australian Community Pharmacy Authority (ACPA)
 - Australian Retailers Association (ARA)
 - Australian Liquor Stores Association (ALSA)
 - Australian Sporting Goods Association (ASGA)
 - Australian Health Practitioner Regulation Agency (AHPRA)
 - Master Grocers Australia
 - National Pharmacies
 - National Pharmaceutical Services Association (NPSA)
 - National Retail Association (NRA)
 - Pharmaceutical Society of Australia (PSA)
 - The Pharmacy Guild of Australia
 - Pharmacy Board of Australia
- Employee associations
 - Shop Distributive Allied Employees Association
- State-based industry advisory bodies
 - Retail and Personal Services Skills Advisory Council
 - Industry Skills Advisory Council Northern Territory
 - Service Skills SA
 - SkillsIQ NSW ITAB
 - Service Skills Victoria
- Regulators
- Large and small employers across metropolitan, regional, rural and remote areas
- Registered training providers both public and private.

Challenges and Opportunities

Attraction, retention and career pathways

Nationally, recruitment and retention across the wholesale and retail sector has been an ongoing issue, and the latest vacancy figures show that in November 2017, more than 7,000 and 25,000 jobs were vacant across each sector respectively (see **Figure 4**). The retail sector alone registered the second highest number of vacancies, with only the administrative and support services sector surpassing it with 38,200 vacancies. Individual states and territories are all experiencing challenges in employing suitably skilled staff.



Source: Australian Bureau of Statistics (ABS) 6354.0 Job Vacancies, Australia, and Nov 2017 (Released January 2018)

The sector offers unique and flexible opportunities for employment which have prompted high levels of diversity in the workforce. Nevertheless, the challenges in attracting and retaining staff are complex. The key factors of significance regarding attraction and retention are summarised below.

Diversity of workforce

Diversity of the workforce is an important societal issue that has implications for how shoppers perceive retailers. The minimal entry requirements and casual hours the retail industry offers its workforce provide opportunities for people of diverse backgrounds to secure a realistic first start to employment.

Compared to other sectors, the workforce is characterised by a relatively young staff cohort, with the median age for workers being 33 years. This is several years younger than the national workforce average age of 40 years.²¹ Casual employment is also more common in retail than in other sectors. Just over a third (36%) of employed persons in retail are working casually, making it the fourth largest sector regarding casual employment (with accommodation and food services at the top with 65% of employed persons in casual employment).²²

The sector caters to a range of individuals with different backgrounds and abilities, specifically providing opportunities for employment for sub-groups of the population including **women, older Australians, people with a disability, Aboriginal and Torres Strait Islander people and migrants**. Summaries of each group's key skills and employment issues are discussed as follows:

Women

The retail industry employs more than 600,000 women across Australia, making it the second largest employer of females in the country. The sector provides work opportunities for more than 1 in 4 (26.7%) young women (15-24 years), making it the largest female youth employer in the country.²³

²¹ Department of Jobs and Small Business, (August 2017) *Labour Market Information Portal-Accommodation and Food Services* <http://lmip.gov.au/default.aspx?LMIP/GainInsights/IndustryInformation/RetailTrade>

²² Australian Bureau of Statistics (ABS) 6333.0 Characteristics of Employment, Australia, August 2016 (Released May 2017)

²³ National Retail Association, *Women and the Australian Retail Industry, Industry Report* (April 2016)

Estimates also show that almost 40,000 women employed in retail are single parents, responsible for the care of at least one dependent child. Analysis conducted by the National Retail Association (NRA) indicates that approximately 60% of female retail employees working across Australia have a Year 12 level of education or lower. Significantly, this is the highest proportion of female workers with no post-high school qualification of any sector across Australia.

Women in retail are employed in a range of sales and non-sales roles, including management, human resources, marketing and accounting. Opportunities for promotions into management roles can be facilitated by internal promotions. However, within small to medium-sized businesses, which represent a large segment of the sector, succession planning is limited. Access to professional development and training can be limited and/or not encouraged due to the operational and trading pressures of running small businesses, which can especially affect retention of female employees.

Ageing Workforce

Labour force participation by people 55 and older has never been higher (reaching 67% for 55-64 year olds)²⁴, and it is continuing to grow. The retail sector hosts a large number of employees aged 55 years and over, and employment rates are generally higher than national industry averages. For example, 21.6% of Retail Managers are aged 55 years and over, which is higher than the national job average of 18.4%.²⁵ Retail can offer less physically intensive and more flexible work practices (e.g. full-time and part-time options, flexible hours and operating conditions), making it more suitable and appealing for older Australians than other sectors.

Stereotyping of older workers in the sector, however, will be a challenge as the sector (and the economy overall) continues to adapt to technological advancements. The digitalisation of operations in particular is seeing new procedures and devices introduced to the workplace. To ensure older Australians are not left behind, opportunities for re-skilling and/or up-skilling need to be facilitated and encouraged across the sector.

People with a Disability

People with a disability are likely to experience lower rates of participation in the workforce (53% of 15-64 year olds with a disability) compared to people without a disability (83%).²⁶ Whilst Australia's employment rate for people with a disability is at the same level as that of other developed countries, there are a number of barriers which continue to affect the employment of people with a disability. As the Australian retail industry is dominated by small to medium-sized businesses which are characterised as being 'time poor', with very few human resources available and little time to commit to workplace support and development, the barriers to employment can be vast.

²⁴ Australian Bureau of Statistics (ABS) and indeed, Australia's Ageing Workforce is Creating New Challenges for Employers (December 2017)(Available at <http://blog.au.indeed.com/2017/12/04/australias-older-workforce-is-creating-new-challenges-for-employers/> Accessed 11 April 2018)

²⁵ Australian Government, Department of Jobs and Small Business, Job Outlook, Retail Managers: ANZCO code: 1421 (<http://joboutlook.gov.au/Occupation.aspx?search=alpha&code=1421> Accessed 3 January 2018)

²⁶ Australian Bureau of Statistics (ABS) 430.0 - Disability, Ageing and Carers, Australia: Summary of Findings, 2015. Australian Network on Disability, Disability Statistics (Available at <https://www.and.org.au/pages/disability-statistics.html> Accessed 11 April 2018)

Myths and common misconceptions surrounding employing people with a disability, such as higher insurance and safety costs, lower productivity, and the perception that people with a disability will not 'fit in', are prevalent. Many retailers lack the confidence to employ people with a disability and do not know where to source support or further information. Facilitating and empowering retail small and medium-sized businesses to employ people with a disability will benefit job seekers with a disability. The benefits of employing someone with a disability also needs promotion. The benefits include accessing a larger talent pool when recruiting, better engagement from staff, and lower turnover.

Aboriginal and Torres Strait Islander people

Retail offers unlimited career progression opportunities and flexible rosters in locations across Australia, and a number of Indigenous workforce development programs with these aims are being implemented across Australia. Each is achieving positive outcomes for Indigenous Australians as well as retail enterprises, both in metropolitan locations and in more remote locations.

One example of a successful program is **First Steps** run by Coles. Coles conducted five retail training programs for Indigenous job seekers in 2017 at Kalgoorlie and Secret Harbour (Western Australia), Wollongong (New South Wales), Epping North (Victoria) and the Gold Coast (Queensland). The three-week pre-employment training program assists Coles to recruit, train and support Aboriginal and Torres Strait Islander team members, and provide mentoring for the first six months of employment. Since 2011, the First Steps program has resulted in over 800 additional Indigenous team members being employed by Coles across Australia.²⁷

In more remote community locations, indigenous retail stores are the dominant provider of food to the local Aboriginal and Torres Strait Islander people, who represent most of the customer base. The unique opportunity is for retail stores to positively influence the local Indigenous community by offering them a career pathway from casual sales staff through to management. Progression to senior roles requires training and mentoring. However, remote locations often face the challenges of distance and the availability of certified trainers prepared to work in remote locations. **Community Enterprises Queensland (CEQ)** in the Torres Strait has retail stores throughout the region and its operational vision regarding staff is for local Indigenous people to assume senior management roles.

Migrants

Employment of migrant workers across a range of roles has been common practice in the retail sector to address skills shortages. Migrants also run a significant number of businesses and, according to the 2017 Migrant Small Business Report by CGU, one in three Australian small businesses are owned by migrants. Migrant business owners place a high priority on contributing to the communities in which live and work. Training young people and supporting community projects are just some of the ways that they are giving back. The research conducted by CGU indicates that 25% of migrant-owned

²⁷ Innovative Solutions Australia, *Coles Indigenous Employment Program* (Available at <http://innovativesolutions.net.au/innovative-employment-programs/indigenous-employment-programs/> Accessed 11 April 2018)

businesses are providing training to young people, compared to 19% of non-migrant businesses. Migrants are also significantly more likely to employ other migrants in their businesses.²⁸

Recent changes in government policy and eligibility criteria for the 457 visas which permitted the employment of migrant labour have impacted the recruitment practices of the retail sector. Moving forward it will be important for the sector to continue supporting the current migrant workforce with training so productivity continues to increase for businesses, and opportunities for progression continue to be made available.

'Gig' economy

The growing 'gig' economy means that individuals are increasingly preferring to work on a casual basis and manage their own earnings by working independently, completing different gigs (i.e. tasks) rather than obtaining full-time positions. Casual contracts are easily obtained via digital platforms such as AirTasker, Uber, and Deliveroo, and this freelance economy is driving an individually-focused and self-motivated approach to work. The implications for industry mean that the workforce is perhaps more than ever less loyal and less committed to a place of employment, further increasing retention issues for this sector.

Careers in the sector

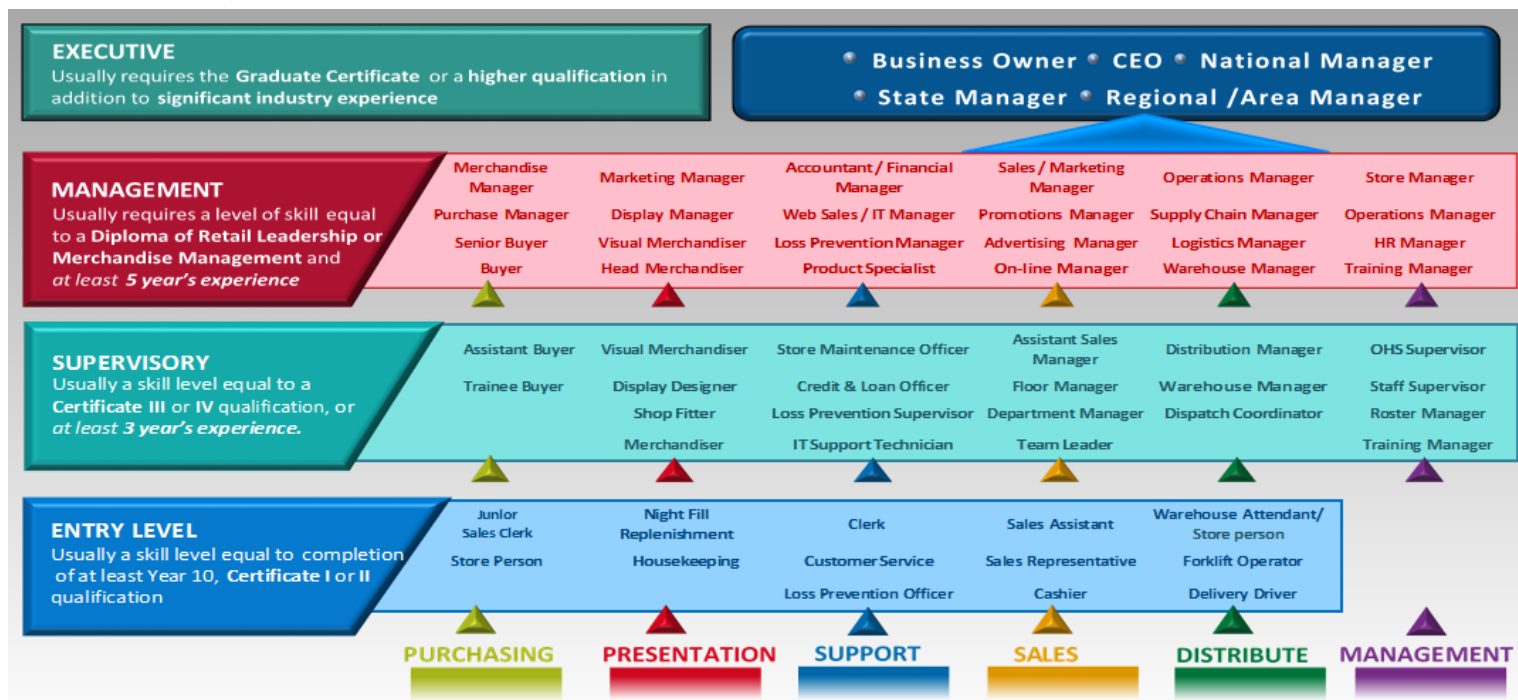
The career pathways available in the wholesale and retail sectors can be endless (see **Figure 5**). Individuals can start as a cashier or retail executive and progressively move into roles involving managing a team of staff as a retail manager or operations manager. Careers and pathways in wholesale and retail, however, can also be unknown, thereby creating further barriers to attracting suitably skilled staff. The preponderance of young and casual workers in the sector may also endorse the perception that the sector does not provide long-term career pathways.

The training package is essential in supporting training at varying skills levels for progression (see **Figure 5** for examples of roles and pathways), and the sectors' skills issues would benefit from an increase in awareness of the medium-to-long term opportunities available.

Industry needs to work on building and promoting visible career pathways to encourage new entrants to the industry and to retain existing workers.

²⁸ CGU (2017) *Migrant Small Business Report* (Available at https://www.cgu.com.au/migrantsmallbusiness/assets/CGU_Migrant_Small_Business_Report.pdf)

Figure 5: Retail Industry Career Pathway (supplied by Retail and Personal Services Skills Advisory Council)



The Foundation for Young Australians (FYA) has identified a need for a **national enterprise skills and careers education strategy** to tackle the ongoing skills challenges of the sectors.²⁹ Organisations and businesses within the Wholesale and Retail sector need to develop workplace strategies to improve staff retention by, for example, offering their workers the right experience to overcome skills shortages as well as by **demonstrating career pathways for career development opportunities**.³⁰ The skills information provided should incorporate four principles:³¹

- **Applies to whole-of-workforce:** Reflects the skills required across the whole economy, rather than for select or niche occupations.
- **Reflects dynamism of working lives and lifelong learning:** Recognises that working lives are most likely to be broader than a single occupation and involve multiple career shifts, which often draw on similar skills. Reflects the concept of lifelong learning.
- **Encompasses all types of skills:** Holistically represents skill requirements as comprising both technical and enterprise skills.
- **Applies now and in the future:** Reflects skill requirements for today and for the future.

Mismatch of Skills

Workers with mismatched qualifications include those who are over-qualified, those who are under-qualified and those who have misaligned qualifications with respect to their job roles. A study

²⁹ Foundation for Young Australians (FYA) (2016) The New Work Mindset. 7 new job clusters to help young people navigate the new work order. New Work order report series

³⁰ Deloitte Access Economics 2015, *Australian tourism labour force report: 2015-2020*, Australian Trade Commission, Austrade, viewed 12 August 2016.

³¹ Foundation for Young Australians (FYA) (2016) The New Work Mindset. 7 new job clusters to help young people navigate the new work order. New Work order report series

conducted by SkillsIQ measured the cost of over-qualification to Australian workers to be valued at \$4.1 billion per year, and the wholesale and retail industries were sectors where rates of over-qualification were significantly high. Just over half (51%) of the wholesale and retail workforce were identified as being over-qualified compared to the economy's average of 35%.³² The mismatch is attributed to either:

- employers seeking workers with higher qualifications than needed to undertake a role (e.g. an employer seeks an individual with a Diploma when the role's duties and skills needs are met with a Certificate III qualification); and/or
- individuals with higher-level qualifications (such as degrees) in non-related disciplines are employed in entry level or administrative roles.

A key issue surrounding the mismatch of qualifications is high staff turnover. Ensuring employees are equipped with the *right* type and level of qualification to undertake a role is therefore essential to address this. Individuals, employers and education providers can all play a role in supporting retention strategies for the combined sector by doing the following:

- Individuals should consider pursuing qualifications that meet their career stage and may offer practical work experience rather than favouring a higher qualification
- Education providers should better align qualifications with job roles and sectors and, in turn, aid student expectations regarding career pathways
- Employers should consider the 'skills-ready' suitability of a candidate, and the practical skills needed for a job in preference to the attainment of advanced levels of qualifications.

Whilst SkillsIQ's research quantified the issue of qualification (and skills) mismatch in the sector, employers are also citing the fact that there is a gap in the **soft skills** that individuals are required to have for job roles.³³ While having a qualification, technical knowledge and content knowledge for an occupation is important, the focus for employers is now more than ever on **employability** skills:

- Communication
- Teamwork
- Problem-solving
- Initiative and enterprise
- Planning and organising
- Self-management
- Learning
- Technology.

There is a need to ensure that training is available in key soft skills, identified above, as well as in entrepreneurial skills involving financial, resource and management skills to support the progress of individuals in their industry. This is particularly important at a middle-management level as employees move from operational to supervisory and management roles.

³² SkillsIQ (2017) *Right Skills. Right Time?*

³³ The Foundation for Young Australians (FYA) 'New Work Order' series (trends 2012-2015)

Internationalisation

The wholesale and retail sector's structure is borderless, and the nature of operations make it an internationally-operative industry. The supply and demand (i.e. sales) channels of the sector regularly involve the transfer of goods, services and materials from one country to another. Australian wholesalers and retailers deal with overseas suppliers and customers frequently. The supply and demand for skills is no different, and the transferability of workers across borders occurs frequently as they seek to learn new skills and/or fill job vacancies in Australia and in overseas countries.

In Australia, employers have been using the supply of an international workforce to help combat the skills shortages experience. In a highly competitive and global marketplace, access to overseas talent to meet shortages has been described as fundamental to the retail sector's ability to thrive and continue doing business.³⁴ Changes, however, in visa eligibility conditions (as in the former 457 visa program, for example), and the removal of over 200 occupations from the Department of Jobs and Small Business's Skills Shortage List means that the retail sector will need to identify other channels for sourcing adequately skilled staff. Such changes have seen the Australian Retailers Association (ARA) identify 2018 as a year where 'critical skills needs' will be experienced by retailers.³⁵

In order to mitigate the issues, a combination of strategies to remove barriers to accessing overseas workers, as well as the ability to attract and train the pool of local employees, will be important.

Increased international competition

The wholesale and retail sector is characterised by a highly competitive marketplace, with new providers emerging at a rapid pace. Australian retail and wholesale providers are particularly challenged by the globalisation of markets, and businesses are continuously competing with growing international entrants. Retailers via the latest Australian Retail Outlook survey (2018) indicated that international entrants (40.7%) and offshore online retailers (37.7%) are some of the biggest concerns and challenges that they currently face.³⁶

Whilst international entrants are predominantly a concern to local businesses, the Australian retail sector (and wider economy) is benefiting from international entrants. International enterprises operating in Australia are investing in local property, capital, infrastructure, and staff. Their presence is popular with many customers as they inject new products and innovative services to the marketplace. For example, JD Sports, a British retailer that recently entered the Australian market, offers an extensive range focused on 'athleisure' which local brands such as Rebel Sport do not stock. Debenhams, also a British retailer that recently entered the Australian market, is offering in its store a portable Point of Sale (POS) system so purchases can be processed anywhere in the store, as well as having change rooms at the click-and-collect counter.³⁷ These services appeal to time-poor target audiences. International operators such as Apple, Zara and Topshop are also offering different

³⁴ Australian Retailers Association (ARA) *ARA Future Proofing Australian Retail Talent* (5 June 2017) (Available at <https://www.retail.org.au/mediacentre/ara-future-proofing-australian-retail-talent/>)

³⁵ Australian Retailers Association (ARA) *Retail skills shortage mounts* (11 January 2018) (Available at <https://www.retail.org.au/mediacentre/ara-future-proofing-australian-retail-talent/>)

³⁶ Inside Retail, *Australian Retail Outlook 2018* (Azurim)

³⁷ InsideRetail, *Australian Retail Outlook 2018* (Azurim & Ferrier Hodgson)

products which are attracting high numbers of store visits in complexes where Australian department stores such as Myers and David Jones also trade.

Competition is an important driver for improved performance. For the wholesale and retail sector, international competition can promote further innovation and investment into operations and the workforce.

Heightened customer expectations

The customer landscape has been evolving in line with wider industry trends regarding technology, innovation and globalisation. As a result, the general public has never been more educated nor informed about products, services and brands. Customers are accessing a wealth of news, data and reviews to support or discourage the purchase of a product or service. An increase in knowledge is consequently heightening customer expectations across all touch points of the customer journey, and a gap between expectations and what businesses are offering is being created.³⁸ For the retail industry, this is of particular significance as customer loyalty to brands and products is diminishing. Retail customer expectations now include:³⁹

- **Store experience** – no queues and the presence of efficient payment processing which allows digital and mobile payment solutions
- **Digital experience** – online platforms which provide responsive and personalised customer service through customised communication and delivery options
- **Physical and digital integration** – omnichannel offerings which provides a seamless experience across all channels (online, via telephone or in bricks-and-mortar stores)
- **Mobile experience** – access to mobile 'apps' which provide innovative and fun ways of interacting with products and brands, including the ability to tailor information and marketing to customer preferences
- **Personalisation** – communication and offers regarding shopping channels, product variability, payment options, delivery and pick-ups which are customised to resonate with customers.

Exceeding customer expectations is now an essential business survival function. Obtaining an in-depth understanding of customers, including their needs across the factors listed above, will support businesses to achieve this and ultimately establish a point of difference.

³⁸ Phelps, S. 27 January 2017. *Mind the Customer Expectation Gap* (<https://www.forbes.com/sites/stanphelps/2017/01/27/mind-the-customer-expectation-gap/#52ac48587cb7> Accessed 3 January 2018)

³⁹ IBM 2017 Customer Experience Index (CEI), Executive Report, *Retail and Consumer Products*

Technology – Devices, Artificial Intelligence and Big Data, Online Shopping, E-commerce

The digital revolution is well and truly here, and technological disruptions have been changing the way customers and businesses interact and operate across all industries in Australia. The wholesale and retail sector is no exception and, in fact, is one of the sectors that has been impacted the most by technological developments compared to others.

The adoption of new technology in the sector, however, is varied, with small businesses in particular postponing its introduction into daily operations. Research conducted by the Commonwealth Bank shows that 80% of small businesses delay technology adoption, and nearly half (48%) are reluctant to adopt new digital technology due to a lack of understanding of how it works, and the benefits it offers.⁴⁰ Overall, the small business community is unsure of the role of new technology, and lacking the skills and knowledge to adopt devices and trends to improve business practices.

Despite the challenges small businesses face in the digital race, the sector is advancing, and below are some of the key technological trends shaping the industry, and influencing the skills needs of the workforce.

Devices

The adoption of technology by industries has been driven by consumers⁴¹ who have been proactive in embracing devices and tools to enhance daily living. For example, there has been a 63% increase in the number of mobile handset subscribers in Australia over the past five years, reaching a new high of 26.3 million.⁴² Access to mobile devices (and consequently internet subscriptions) has pushed retail and wholesale traders to embrace online shopping and online engagement activities. While online shopping is a significant element of the sector (and discussed separately below), other technologies which have been shaping the sector's activities include:⁴³

- **Chat Bots and Virtual Assistants** – which enable direct engagement with customers in virtual formats such as question-answer pop-up boxes, and provide recommendation capabilities to provide personalised sales experiences
- **Sensory technology** – which is used to collect shopper demographic data and activity detection
- **Mobile payments**
- **Robotics** – which use robots to support supply chain functions, i.e. packing and shipping in warehouse operations
- **Drone delivery**

⁴⁰ Commonwealth Bank (19 September 2016) Majority of small businesses delay adoption of technology offering long-term benefits (Media Release available at <https://www.commbank.com.au/guidance/newsroom/small-businesses-research-tech-201609.html>)

⁴¹ Deloitte, 2016/17, *Technology in Retail: From centre stage to supporting player*. Retail trends Vol. 1.

⁴² Australian Bureau of Statistics (ABS) 81530DO001_201706 Internet Activity, Australia, June 2017

⁴³ List is compiled from multiple sources, including: Australian Information Industry Association (AIIA). AIIA *Skills for Today. Jobs for Tomorrow*, Deloitte. *Technology in Retail: From centre stage to supporting player*. RetailDIVE. 5 technologies reshaping retail in 2017 (articled <https://www.retaildive.com/news/5-technologies-reshaping-retail-in-2017/433954/> Accessed 5 January 2018), AJP.com.au. *What's trending: Technology in pharmacy* (article <https://ajp.com.au/features/whats-trending-technology-pharmacy/> Accessed 5 January 2018), Australian Government, Australian Digital Health Agency *What is digital health?*

- **Virtual Reality (VR)** – in which technology is implemented across the sector not only to enhance the customers' experience when engaging with businesses but also to enhance engagement with staff, and specifically use the technology to train staff⁴⁴
- **3D fashion technology** – where designers collaborate to create 3D renderings which are used to replace portions of physical samples with life-like virtual ones, saving retailers in material and production costs⁴⁵
- **E-commerce anti-fraud** – where the threats of fraud increase as e-commerce activities continue to grow, increasing the need for cybersecurity tools and anti-fraud software
- **Employee shift-scheduling apps** – where employers use web-based solutions to schedule staff rosters, manage timesheets, update finance and administrative details, as well as share and communicate details with employees
- **(Community Pharmacy) Medications management apps** – to improve collection of clinical data
- **(Community Pharmacy) Digital health** – where apps like the My Health Record system provide pharmacies with a range of healthcare documentation including discharge summaries, e-referrals and prescription records
- **(Community Pharmacy) Automated dispensing.**

The adoption of technology has meant workforce skills requirements have changed and will continue to change. There will be a need for skills involving technical abilities and the knowledge to be able to use devices and software, but also a need for wider cognitive skills for learning and interpreting what new devices offer a business. Automation and online engagement facilitated by technology will mean the skills requirements of all role types across the industries will need to evolve to reflect the new working environments. Examples include assistants learning how to read customer data from sensory devices in order to understand customer behaviour, and managers embracing online and personalised campaign developments.

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Artificial Intelligence (AI) and Big Data

AI is a powerful development which is generating new systems and processes across retail and wholesale industries. AI software and systems are expected to reach a global market size of USD 5

⁴⁴ Australian Retailers Association (ARA) Innovating in-store (7 April 2018)(Available at: <http://blog.retail.org.au/newsandinsights/innovating-in-store->)

⁴⁵ Kalypso (2018) Retail Innovation in a Digital World (page 6)

billion by 2022⁴⁶ and businesses are progressively implementing AI to stay competitive. These systems and processes are subsequently transforming business operations and the skills needs of employers.

Automation is a key outcome of AI, especially in regard to inventory and supply chain optimisation for businesses. Tasks originally conducted by humans are being replaced by machine-led activities, and this is changing the entire skills environment of businesses. AI tools are also generating significant amounts of Big Data, offering in-depth insights on customer behaviour (e.g. transactions and amounts, visit times, length of stay, etc.). Leveraging Big Data can optimise a customer's experience as services can be better tailored to individuals, sales forecasts can be improved and customers can be accurately segmented and targeted so that marketing efforts better resonate with audiences to trigger purchases.⁴⁷

Skills regarding data analytics, statistics, data processing, online metrics and customer behaviour analytics are growing in importance across the wholesale and retail sector. New job roles and titles, such as data scientists, are being created as businesses recognise the importance of unlocking insights in order to gain competitive advantages in the ever-changing marketplace. Complementing these skills areas with some work experience in the sector will ensure outputs generated by individuals are in context and relevant to retail and wholesale operations.

Online shopping

All industries are touched by online shopping services in some way. However, the impact of online shopping across the retail industry has been substantial. In Australia, online shopping revenue is equivalent to \$20.1 billion, and over the next five years it is expected to grow annually at a rate of 9.4% to reach \$31.4 billion.⁴⁸ The growth in Australia of online retail is attributed to a number of factors, including improved access to the internet, the increased use of mobile devices, and the continual innovation in digital technology. Traditional bricks-and-mortar traders are expected to embrace the omnichannel provision of products and services even more significantly and establish online and mobile channels for customer engagement.

Overall, the online market is highly competitive. To be successful at online retailing, therefore, it is recommended that businesses establish a clear market position through their websites; provide superior customer service (including after-sales service); adopt new technology quickly; and establish a loyal customer base. The entrance of Amazon to Australia is certainly a significant development in this country's retail industry, further asserting the role of online shopping in the marketplace. Key online engagement skills such as customer service, communication and marketing (via digital platforms) will be fundamental to success in a competitive online marketplace which attracts not only local but also national and international businesses.

⁴⁶ Research and Market. *Artificial Intelligence in Retail Market 2017 - Global Forecast to 2022 - Research and Markets* (<https://www.businesswire.com/news/home/20171030005431/en/Artificial-Intelligence-Retail-Market-2017--Global>) (Accessed 5 January 2018)

⁴⁷ TERADATA. Big Data, Retail (<http://bigdata.teradata.com/GB/Big-Ideas/Industries/Retail>) Accessed 5 January 2018)

⁴⁸ IBISWorld Industry Report X0004 Online Shopping in Australia (August 2017)

E-commerce

E-commerce payment infrastructures are facilitating a range of cashless transactions such as electronic payments, mobile payments, online auctions, internet banking and online ticketing. Australia is increasingly becoming a cashless economy, and is ranked 7th in the world's most cashless countries list.⁴⁹ In Australia, businesses of all sizes are integrating systems to their business models to respond to strong consumer demand for online and mobile phone options.

The e-commerce environment, however, is complex, and growth in omnichannel retailing has meant that businesses are challenged in providing customers with a seamless experience across multiple channels and electronic devices. The infrastructure implemented to support omnichannel retail can be just as challenging to utilise, and fragmented in functionality. Businesses are therefore tasked with additional requirements to streamline back-end operations and maximise efficiencies. For example, Point of Sale (POS) online transactions captured via a retailer's website may not be connected to inventory stock management systems, and so inventory reports drawn from the system will not be accurate if they are not updated manually with POS data.

Integrating e-commerce systems will be an important element of any omnichannel retail strategy. A workforce equipped with technical skills and knowledge, as well as the communication and organisation skills to support the planning and implementation of e-commerce systems, will be critical for businesses in terms of maximising efficiencies and supporting continued growth.

Social media and digital marketing

Social media has undoubtedly become a popular online platform and, for many individuals, one that is accessed on a daily basis. The latest statistics show that in Australia there are 17 million active Facebook users.⁵⁰ This is equivalent to 70% of the population. Other platforms with which consumers engage regularly include YouTube, WordPress.com and Instagram. While the general public is actively using social media, the extent to which businesses are embracing social media and running digital campaigns is not as high. National estimates available from the Australian Bureau of Statistics (ABS) have revealed that across the retail industry just over half of businesses (53.3%) have a social media presence. This figures drops in the wholesale trade industry, with only 42.6% of businesses involved in social media.⁵¹

Social media provides a 'two-way' interaction channel with customers. In retail, it is a platform which can be used to track customer insights (i.e. feedback), connect with customers (i.e. online communities and responses), and increase brand visibility and awareness.⁵² Marketing via social media is considered a more effective means for retailers to enhance sales growth and engage with customers than previous traditional methods used such as print, billboards, radio and television.⁵³ The ability of businesses to market themselves online has become a significant factor for success. Online

⁴⁹ Forex Business (2017) The World's Most Cashless Countries (Available at: <http://www.forexbonuses.org/cashless-countries/>)

⁵⁰ <https://www.socialmedianews.com.au/social-media-statistics-australia-september-2017/> Accessed 17 October 2017)

⁵¹ Australian Bureau of Statistics (ABS), 81660DO001_201516 Summary of IT Use and Innovation in Australian Businesses, 2015-16

⁵² CP Communications. *How retailers can use social media to their advantage* (<https://socialmediasydney.net.au/how-retailers-can-use-social-media-to-their-advantage/>) Accessed 5 January 2018)

⁵³ RETAIL Team. Social Media and the Retail Industry. (<http://otretailteam.co.uk/blog/social-media-retail-industry/>) Accessed 5 January 2018)

engagement strategies coupled with a presence on social media platforms are now an integral component of online engagement efforts.

Despite strong customer demand for online and social media engagement, businesses are struggling to meet this demand. Findings from SkillsIQ's cross-sector project, *Consumer Engagement via Online & Social Media*,⁵⁴ have showed that the challenges raised by businesses (predominantly small and medium-sized enterprises) to effectively engage with consumers via online and social media comprise three key themes:

- **Capacity** – no time or staff available
- **Capability** – lack of skills and knowledge by workforce
- **Value for money** – cost perceived too high for outcomes.

Workforce skills training is therefore an essential component in supporting businesses in building internal capabilities to engage effectively and also to indirectly address capacity issues and negative value-for-money perceptions. The cross-sector project's consultation phase revealed that the key skills required can include a combination of technical and non-technical skills such as:

- Digital literacy
- The ability to set up a Facebook or Twitter account and to use it on behalf of an organisation
- The ethical use of social media
- Content creation
- Risk management, which involves having the skills to communicate and respond to negative reviews.

The specific training package products (i.e. units of competency) resulting from this cross-sector project will positively complement the *SIR Retail Services* training package and ensure individuals and employers have access to relevant and up-to-date training options.

Merchandise and supply chain management

Technological developments and the shift of service provision and engagement to online and social media platforms have also significantly impacted the supply chain management processes within the sector. Staying innovative, flexible, proactive and transparent are essential for retail and wholesale providers to keep up with changes in technology,⁵⁵ and a recent survey found that 70% of retail and manufacturing companies have started a digital transportation project in their supply chain and logistics operations.⁵⁶

⁵⁴ SkillsIQ's Cross-Sector Project: Consumer Engagement via Online & Social Media, Case for Change Final (Available at <https://www.skillsiq.com.au/CurrentProjectsandCaseStudies/Consumerengagement>)

⁵⁵ Capgemini Consulting, *The Future of Supply Chain Management – A Trend Analysis* (October 2017) (Available at <https://www.capgemini.com/consulting/2017/10/the-future-of-supply-chain-management-a-trend-analysis/>)

⁵⁶ Business Insider, *How IoT logistics will revolutionize supply chain management* (December 2016) (Available at <http://www.businessinsider.com/internet-of-things-logistics-supply-chain-management-2016-10/?r=AU&IR=T>)

Some of the trends emerging which have the potential to change future supply chain management practices are:

- **Radio Frequency Identification (RFID) tags** – which provide data on items to which they're attached for inventory and warehouse management⁵⁷
- **Customer intimacy** – to better understand customers through the management of information collection to achieve operational excellence
- **Internet of Things (IoT) Business Solutions** – which involve asset tracking solutions and connected transportation (fitting vehicles with Wi-Fi or other sensors to enable monitoring and connectivity during travel)⁵⁸
- **Supply-Chain-as-a-Service Architecture (ScaaSA)** – which is a Service-Oriented Architecture (SOA) to optimise supply chain processes
- **Virtualisation** – which can include the formation of virtual trading communities, the emergence of virtual knowledge communities and the relocation and integration of inter-organisational business processes in cyberspace
- **Web-based Logistics Portals**
- **Warehouse robotics** – which include automated guided vehicles.

As the sector continues to innovate with technological advancements, skills demand will continue to evolve and align with technology to support its use. Key skills for using some of the systems outlined above include digital literacy, understanding Big Data, business analytics and monitoring tracking systems.

Broadening of services (Community Pharmacy)

The community pharmacy sector has undergone significant shifts over the past decade in order to continue operating in the new and evolving pharmacies' industry landscape. Large-scale mergers (e.g. Terry White, Chemist Warehouse and Chemmart) and increasing competition from retail pharmacies, as well as supermarket and grocery stores, have meant that pharmacies overall have been reviewing business models to stay competitive.⁵⁹ Broadening lines of business and offering a diverse range of products and services is one way traditional pharmacies have been adapting to meet consumer demand and behavioural shifts regarding convenience and accessibility. Some examples of new areas of focus for community pharmacies include:

- The provision of community health services, such as drug information, clinical interventions and preventative care for patients with chronic conditions
- Marketing medication reviews for doctors
- Pharmacy-delivered vaccinations (permitted in New South Wales, Victoria, Queensland, South Australia, Western Australia and the Australian Capital Territory)
- Remunerated professional services related to preventative and primary health care
- The provision of new product lines.

⁵⁷ Capgemini Consulting, *The Future of Supply Chain Management – A Trend Analysis* (October 2017) (Available at <https://www.capgemini.com/consulting/2017/10/the-future-of-supply-chain-management-a-trend-analysis/>)

⁵⁸ Business Insider, *How the Internet of Things will transform private and public transportation* (December 2016) (Available at <http://www.businessinsider.com/internet-of-things-connected-transportation-2016-10/?r=AU&IR=T>)

⁵⁹ IBISWorld Industry Report G4271a Pharmacies in Australia (March 2017)

The diversification of business models is driving demand for diversified skills for the workforce. While skills and knowledge of primary health care services and prescription medication will continue to be fundamental elements of the various roles in community pharmacy, it is clear that employer skills needs will be broader.

Market fluctuations (Wholesale)

Wholesaling covers a very diverse and segmented range of areas in which intermediaries are used to either sell, or on-sell, goods to businesses and, in some cases, to end-users or consumers. Wholesalers can experience significant challenges as a result of international, economic and environmental fluctuations. For example, whilst the cyclic nature of the construction industry's performance impacts on hardware and plumbing wholesalers, weather conditions and harvest yields are key influencers in cereal grain, livestock and wool wholesaling. The revenue growth for metal and mineral wholesaling in Australia has been limited due to volatile metal and ore prices over the past five years.

Variations in other market conditions such as currency exchange rates, and local, national and/or overseas importing and/or exporting regulations and policy can affect the operations and business outcomes of the sector significantly. In turn, the workforce will contract or expand as wholesalers respond to the changes to maintain profitable operations.

Disintermediation (Wholesale)

In some instances, wholesale bypass is occurring due to cost-saving measures that are driven by prevailing low margins, as well as limited innovation and value-adding service offerings. The negative flow-on effects of this trend are impacting supply chain efficiencies that are proactively trying to anticipate customer needs and reduce turnaround times. Removing manufacturers and wholesalers from the supply chain has created opportunities for international competitors, like Amazon, to penetrate the market and implement new order fulfilment strategies.

Some organisations who supply directly to consumers do not perceive themselves as wholesalers, nor organisations involved in wholesaling, as they do not recognise wholesaling functions in their core business model. The activities and supply processes, however, are wholesale functions, and so the skills needs and knowledge of the workforce will need to cover a range of related areas including supply and merchandise management, logistics and administration. Disintermediation is contributing to the perceived invisibility of the sector despite wholesaling functions and duties commonly being conducted across the sector.

Household Income and Consumer Confidence

Australia's economy is slowing. Figures show the growth of Gross Domestic Product (GDP) during the last quarter (December 2017) was an increase of only 0.4%, which was lower than the forecasted growth of 0.7%.⁶⁰ Low wage growth and moderate employment forecasts mean that the future growth in household income is expected to be moderate, and consequently there will be less discretionary

⁶⁰ Trading Economics, *Australia GDP Growth Rate* (Available at <https://tradingeconomics.com/australia/gdp-growth> Accessed 16 March 2018)

income available. Job security is a concern for households, driven by the structural shifts occurring in many industries, as well as the casualisation of employment (i.e. the gig economy), automation and technology, further instigating uncertainty about future income.⁶¹ Consumer spending has been adapting to this concern by shifting more towards essential goods and services such as health, housing and education. Consumption of discretionary items including clothing and footwear, furnishings and recreation is now a smaller proportion of total household spend. Consumer confidence as measured by the Westpac Melbourne Institute Index of Consumer Sentiment fell by 2.3% between January and February 2018 and is now sitting at 102.7, with family finance sentiments (as measured via the Index) also contracting.⁶²

Conservative growth in household income combined with decreasing consumer confidence will impact the wholesale and retail sector through shifting (and potentially decreasing) patterns of spend on discretionary items. Businesses may experience financial pressures through reduced economic activity, and this may affect workforce training and hiring practices as they adapt, in order to continue running profitable operations.

⁶¹ NAB (September 2017) *The Future of Retail. The trends reshaping retail and the future implications of the Australian marketplace*

⁶² Westpac Bulletin (14 February 2018) *Consumer Sentiment falls in response to market turmoil* (Available at <https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/economics-research/er20180214BullConsumerSentiment.pdf>)

Employment Skills and Outlook

Labour force data

The principal data collection that provides workforce data and trends regarding roles of relevance to this training package at a national level is Census data collected by the Australian Bureau of Statistics (ABS) and the Department of Jobs and Small Business. The workforce statistics and projections presented in this section are based on Census collections, and are reported according to prescribed Australian and New Zealand Standard Industrial Classification (ANZSIC) and Australian and New Zealand Standard Classification of Occupations classifications (ANZSCO).

Roles covered by the wholesale and retail training package are captured across various ANZSIC and ANZSCO categories as outlined below:

- ANZSIC Division F – **Wholesale Trade**
 - ANZSIC Division G – **Retail Trade**
-
- ANZSCO 1421 **Retail Managers** (categorised under the main headings (1) Managers – (14) Hospitality, Retail and Service Managers)
 - ANZSCO 6215 **Retail Supervisors** (categorised under the main headings (6) Sales Workers – (62) Sales Assistants and Salespersons)
 - ANZSCO 6211 **Sales Assistants (General)** (categorised under the main headings (6) Sales Workers – (62) Sales Assistants and Salespersons)
 - ANZSCO 6311 **Checkout Operators and Office Cashiers** (categorised under the main headings (Sales Workers) – (63) Sales Support Workers)
 - ANZSCO 6395 **Visual Merchandisers** (categorised under the main headings (6) Sales Workers – (63) Sales Support Workers)
 - ANZSCO 5911 **Purchasing and Supply Logistics Clerk** (categorised under the main headings (5) Clerical and Administrative Workers - (56) Other Clerical and Administrative Workers)
 - ANZSCO 6214 **Pharmacy Sales Assistants** (categorised under the main headings (6) Sales Workers – (62) Sales Assistants and Salespersons)

Please note that the current definitions, and the labelling used for the categories, as well as the aggregation of roles across each code, are limited in providing a true picture of the wholesale and retail sector's workforce. The sectors host a multitude of job functions, and consequently comprise job titles which go beyond the categories listed in ANZSCO. Emerging skills needs in relation to technology, Big Data, AI and social media have seen new roles established for businesses which are not currently captured in ANZSCO. As outlined in the previous section ([Attraction, retention and career pathways, Figure 5](#)), the pathways are broad and the job roles can include:

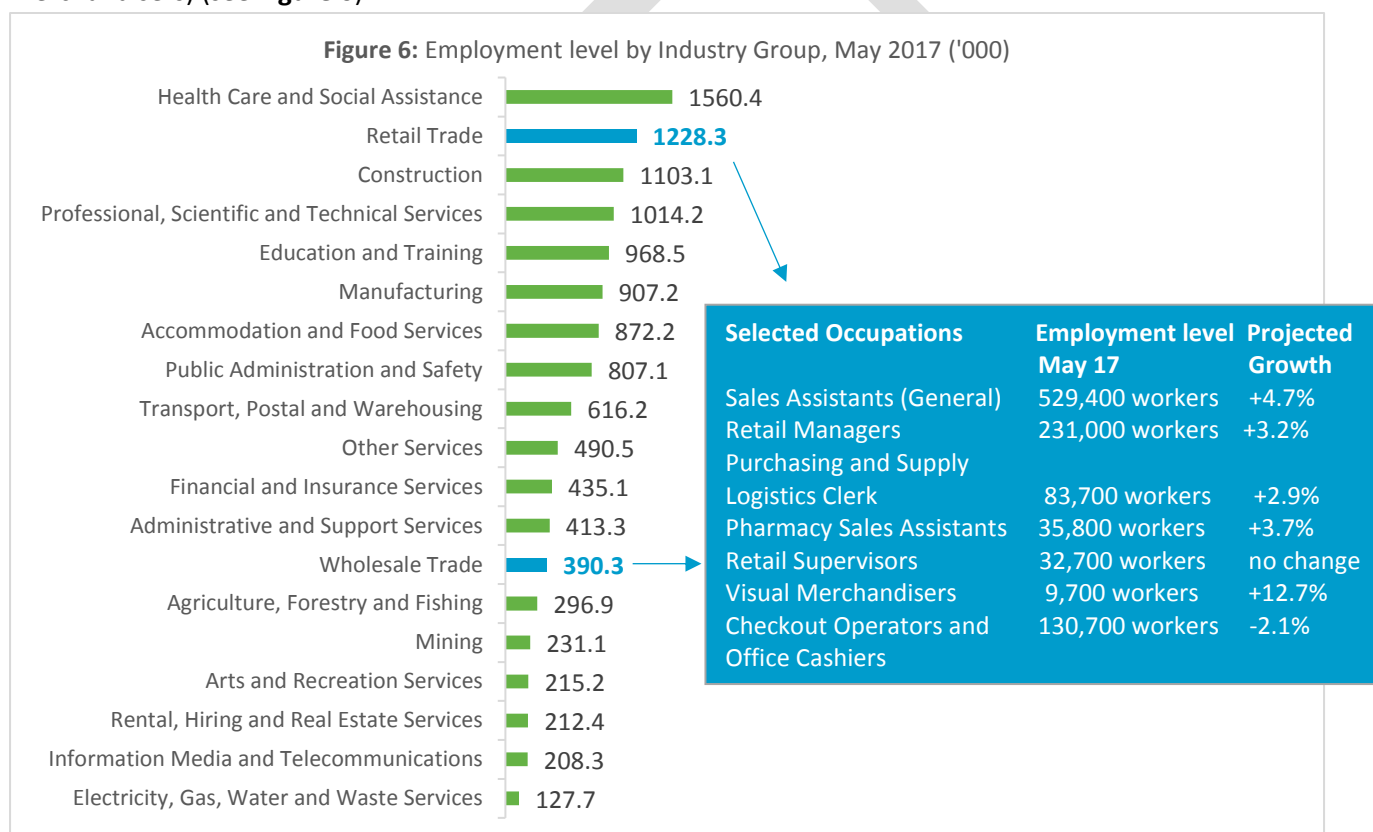
- Store Person
- Sales Clerk
- Customer Service Officer
- Cashier
- Floor Manager
- Marketers / Digital Marketers
- Assistant Sales Manager
- Warehouse Manager
- Display Designer
- Visual Merchandiser
- Senior Buyer
- Merchandise Manager
- Sales Manager
- Supply Chain Manager
- Store Manager.

Currently, the labour market trends for the sector are restricted to Census data categorisations, and so a comprehensive picture of the exact nature of the labour force (including all roles) is not available. The statistics in this section are provided as an indicative overview of the sector only.

Workforce trends

The retail trade sector employs over 1.2 million workers across the country, the second largest employing industry in Australia. Wholesale trade employment accounts for an additional 390,000 workers (see **Figure 6**).⁶³ This is equivalent to 10.3% and 3.1% of total employment, respectively⁶⁴ in Australia, with both sectors expected to grow modestly over the next five years, by 3.7% (representing an additional 45,600 jobs in the retail trade) and 0.5% (an additional 1,900 jobs in the wholesale trade).

Many of the relevant occupations supported by the training package are listed in the Top 10 Occupations for the retail industry⁶⁵ (e.g. sales assistants, retail managers and pharmacy sales assistants), with other role types expecting significant growth rates in the next five years (e.g. visual merchandisers) (see **Figure 6**).



Source: Department of Jobs and Small Business, 2017 Industry and Occupation projections – five years to May 2022

An overview of a selection of relevant occupations supported by the SIR Retail Services training package (including community pharmacy qualifications) is provided below, along with key workforce traits and projections. Please note that some individuals employed in the occupations listed will be working in other sectors such as Hospitality, Manufacturing and Transport. The profiles may therefore not be exclusive to the wholesale and retail sector.

⁶³ Department of Jobs and Small Business, Labour Market Information Portal – Retail Trade (Accessed 3 January 2018)

⁶⁴ Department of Jobs and Small Business, 2017, Australian Labour Market Update (Accessed 3 January 2018)

⁶⁵ Department of Jobs and Small Business, Labour Market Information Portal – Retail Trade (Accessed 13 April 2018)

Sales Assistant (General)⁶⁶

This role involves selling a range of goods and services in retail and wholesale establishments. Goods and services can include food, clothing, hardware, household appliances, office supplies and cosmetics. Key skills requirements involve predominantly soft skills areas regarding communication and customer service. The main characteristics of the workforce are:

- The **workforce is significantly younger** than that of other job roles, with the average age of an employee being 23 years.
- Just over two thirds (67.1%) of the **workforce is female**.
- A significantly high proportion of workers are **employed part-time**, representing 72.7% of all Sales Assistant (General) contracts.
- 7 in 10 workers (72.3%) are **employed in the Retail Trade**, followed by Accommodation and Food Services (16%), Manufacturing (4.5%) and the Wholesale Trade (2.7%).
- Reflecting the age of the workforce, the largest proportion of workers are educated to Year 12 or below (68.6%), with 22% holding a VET qualification (14% a Certificate III or IV and 8% a Diploma or Advanced Diploma).

529,400

employed

+ 4.7%

+ 24,900 jobs

(2017 – 2022)

Top Skills Areas

- ✓ Active listening
- ✓ Persuasion
- ✓ Speaking
- ✓ Service Orientation
- ✓ Negotiation

Top Knowledge Areas

- ✓ Customer and Personal Service
- ✓ Sales and Marketing
- ✓ English Language
- ✓ Mathematics
- ✓ Administration and Management

Retail Manager⁶⁷

231,000

employed

+ 3.2%

+ 7,400 jobs

(2017 – 2022)

Top Skills Areas

- ✓ Active listening
- ✓ Persuasion
- ✓ Speaking
- ✓ Service Orientation
- ✓ Negotiation

Top Knowledge Areas

- ✓ Customer and Personal Service
- ✓ Sales and Marketing
- ✓ Administration and Management
- ✓ Mathematics
- ✓ English Language

Retail Managers are responsible for organising and controlling the operations of establishments which provide retail services. The tasks they conduct can range from determining product mix, stock levels and services standards, to hiring, training and supervising staff and undertaking budgeting for a business. Key skills requirements cover different areas including organisation, management and marketing. The main characteristics of the workforce are:

- The **average age of a Retail Manager is 42 years** which is similar to the average age of the workforce nationally (40 years).
- A **slightly higher proportion of the workforce is male** (53.4%) compared to 46.6% who are female.
- Employment is **predominantly on a full-time basis**, with 8 in 10 workers (82.8%) working full-time.
- Just **over a third of workers have a VET qualification**, with either a Certificate III or IV (20.5%) or a Diploma or Advanced Diploma (14.2%).

⁶⁶ Australian Government, Department of Jobs and Small Business, Job Outlook, Sales Assistants (General): ANZCO code: 6211 (<http://joboutlook.gov.au/occupation.aspx?search=alpha&code=6211> Accessed 14 March 2018)

⁶⁷ Australian Government, Department of Jobs and Small Business, Job Outlook, Retail Managers: ANZCO code: 1421 (<http://joboutlook.gov.au/Occupation.aspx?search=alpha&code=1421> Accessed 14 March 2018)

83,700
employed

+ 2.9%
+ 2,400 jobs
(2017 – 2022)

Top Skills Areas

- ✓ Reading Comprehension
- ✓ Speaking
- ✓ Active listening
- ✓ Writing
- ✓ Complex Problem Solving

Top Knowledge Areas

- ✓ Clerical
- ✓ Customer and Personal Service
- ✓ Administration and Management
- ✓ English
- ✓ Mathematics

Purchasing and Supply Logistics Clerks⁶⁸

This role can involve conducting a range of activities regarding processing, preparing, monitoring and maintaining stock and inventory levels across an organisation. It is also responsible for preparing production schedules and coordinating storage and distribution operations. Literacy, numeracy, and administrative skills are key, along with problem-solving, in order to effectively carry out the role. The main characteristics of the workforce are:

- The **average age of a worker is 39 years** which is similar to the average age of the workforce nationally (40 years).
- A **higher proportion of the workforce is male** (59.2%) compared to 40.8% who are female.
- Employment is **predominantly on a full-time basis**, with 8 in 10 workers (83.7%) working full-time.
- Just **under a third of workers have a VET qualification**, with either a Certificate III or IV (22.0%) or a Diploma or Advanced Diploma (10.7%). Nearly half (46.4%) of workers have a Year 12 or lower level of education.

Pharmacy Sales Assistant⁶⁹

This role involves selling pharmaceutical goods, toiletries and related goods in retail pharmacies. The role's responsibilities also lie in advising customers and providing information regarding the selection, usage and storage of prescriptive and non-prescriptive medicines. Social perceptiveness and listening and communication skills are therefore key for this occupation, as the customer base will include individuals experiencing health issues who will in some cases be vulnerable. The main characteristics of the workforce are:

- Similar to the Sales Assistant roles described earlier, the **workforce is significantly younger** than that of other job roles, with the average age of an employee being 25 years.
- A majority (89.9%) of the **workforce is female**.
- Part-time work is popular in this role, with 71.3% of workers working on a part-time basis.
- Nearly all (98.6%) are **employed in the Retail Trade**, with a minority in the Wholesale Trade (0.6%) and Health Care and Social Assistance (0.5%).
- Reflecting the age of the workforce, the largest proportion of workers are **educated to Year 12 or below** (72.3%), with 13.8% holding a VET qualification, mainly a Certificate III or IV (10.9%).

35,800
employed

+ 3.7%
+ 1,300 jobs
(2017 – 2022)

Top Skills Areas

- ✓ Active listening
- ✓ Service Orientation
- ✓ Speaking
- ✓ Reading Comprehension
- ✓ Social Perceptiveness

Top Knowledge Areas

- ✓ Customer and Personal Service
- ✓ English Language
- ✓ Clerical
- ✓ Sales and Marketing
- ✓ Law and Government

⁶⁸ Australian Government, Department of Jobs and Small Business, Job Outlook, Purchasing and Supply Logistics Clerks: ANZCO code: 5911 (<http://joboutlook.gov.au/Occupation.aspx?search=Career&code=5911> Accessed 14 March 2018)

⁶⁹ Australian Government, Department of Jobs and Small Business, Job Outlook, Pharmacy Sales Assistants: ANZCO code: 6214 (<http://joboutlook.gov.au/Occupation.aspx?search=Career&code=6214> Accessed 14 March 2018)

Visual Merchandiser⁷⁰

The tasks and responsibilities of this role primarily involve the planning and installation of internal, window and fixed displays to showcase goods and merchandise to their best advantage. Display arrangements involve planning and sketching models, as well as identifying goods, organising their arrangement, as well as organising supportive signage and lighting. The role requires a combination of soft skill areas such as communication, critical thinking and decision-making, as well as technical abilities in design. The main characteristics of the workforce are:

- The **average age of a Visual Merchandiser is 38 years** which is similar to the average age of the workforce nationally (40 years).
- The role attracts a **mainly female workforce**, with 87.4% of workers being female.
- Unlike other Retail Trade occupations, **full-time and part-time work is relatively evenly distributed**, with 50.2% working full-time and 49.8% part-time.
- The workforce occupies positions **across multiple industries**, including the Retail Trade (48%), Professional, Scientific and Technical Services (22.2%), Manufacturing (15.3%) and the Wholesale Trade (7.4%).

Note: Education level data is not available for this occupation.

9,700

employed

+ 12.7%

+ 1,200 jobs

(2017 – 2022)

Top Skills Areas

- ✓ Active listening
- ✓ Critical Thinking
- ✓ Speaking
- ✓ Judgement and Decision Making
- ✓ Coordination

Top Knowledge Areas

- ✓ Customer and Personal Service
- ✓ Sales and Marketing
- ✓ English Language
- ✓ Administration and Management
- ✓ Design

⁷⁰ Australian Government, Department of Jobs and Small Business, Job Outlook, Visual Merchandisers: ANZCO code: 6395 (<http://joboutlook.gov.au/Occupation.aspx?search=Career&code=6395> Accessed 14 March 2018)

Key Generic Skills – Ranked in Order of Importance

Note: The 12 generic skills listed below, including the descriptors, were provided by the Department of Education and Training for ranking purposes. For the 2018 ranking exercise, an ‘Other’ generic skill option was included in the list to capture any additional key skills for an industry. Please note that, in this case, no other generic skills were identified.

1	CUSTOMER SERVICE / MARKETING	Ability to interact with another human being, whether helping them find, choose or buy something. Ability to supply customers' wants and needs. Ability to manage online sales and marketing. Ability to understand and manage digital products.
2	COMMUNICATION / COLLABORATION / SOCIAL INTELLIGENCE	Ability to understand/apply principles of creating more value for customers and collaborative skills. Ability to critically assess and develop content with new media forms and persuasive communications. Ability to connect in a deep and direct way.
3	LEARNING AGILITY / INFORMATION LITERACY / INTELLECTUAL AUTONOMY / SELF-MANAGEMENT	Ability to identify a need for information. Ability to identify, locate, evaluate, and effectively use and cite the information. Ability to develop a working knowledge of new systems. Ability to work without direct leadership and independently.
4	MANAGERIAL / LEADERSHIP	Ability to effectively communicate with all functional areas in the organisation. Ability to represent and develop tasks and processes for desired outcomes. Ability to oversee processes, guide initiatives and steer employees toward achievement of goals.
5	LANGUAGE, LITERACY & NUMERACY (LLN)	Foundation skills of literacy and numeracy.
6	DESIGN MINDSET/ THINKING CRITICALLY / SYSTEM THINKING / PROBLEM SOLVING	Ability to adapt products to rapidly shifting consumer tastes and trends. Ability to determine the deeper meaning or significance of what is being expressed via technology. Ability to understand how things that are regarded as systems influence one another within a complete entity, or larger system. Ability to think holistically.
7	DATA ANALYSIS	Ability to translate vast amounts of data into abstract concepts and understand data based reasoning. Ability to use data effectively to improve programs, processes and business outcomes. Ability to work with large amounts of data.
8	TECHNOLOGY AND APPLICATION	Ability to create/use of technical means, understand their interrelation with life, society, and the environment. Ability to understand/apply a scientific or industrial processes, inventions, methods. Ability to deal with mechanisation/ automation / computerisation.
9	FINANCIAL	Ability to understand and apply core financial literacy concepts and metrics, streamlining processes such as budgeting, forecasting, and reporting, and stepping up compliance. Ability to manage costs and resources, and drive efficiency.
10	ENTREPRENEURIAL	Ability to take any idea and turn that concept into reality / make it a viable product and/or service. Ability to focus on the next step / closer to the ultimate goal. Ability to sell ideas, products or services to customers, investors or employees etc.
11	ENVIRONMENTAL / SUSTAINABILITY	Ability to focus on problem solving and the development of applied solutions to environmental issues and resource pressures at local, national and international levels.
12	STEM Science, Technology, Engineering and Maths (STEM)	Sciences, mathematics and scientific literacy

Key Drivers for Change and Proposed Responses

Drivers for change and skill needs

The retail sector is experiencing significant and ongoing changes. The ever-shifting nature of technology and innovation, social media, globalisation, the competitor landscape, and (growing) customer expectations, means that employers and the supporting workforce are continually having to review operations and skills needs. Businesses are particularly challenged in finding and retaining skilled labour, and additional difficulties in staffing are being faced with changes in visa programs which restrict the employment of overseas workers, a traditional avenue used to meet skills shortages. In light of these issues, skills training for the local workforce, and the role of this training package in supporting this, is of foremost to consider.

A widespread **multi-channel consultation** involving the following stakeholders has been conducted to identify and validate the key skills gaps and training needs of the sector, and the respective training package product review requirements (if any):

- All Wholesale and Retail Industry Reference Committee (IRC) members representing the following key bodies:
 - Australasian Association of Convenience Stores Ltd
 - Australian Retailers Association (ARA)
 - Australian Workers Union (AWU)
 - Kentucky Fried Chicken Pty Ltd
 - Lagardère Travel Retail
 - Leading Edge Group
 - Master Grocers Australia (MGA)
 - National Retail Association (NRA)
 - Paperbark Woman
 - Retail and Personal Services Skills Advisory Council
 - Shop Distributive and Allied Employees' Association (SDA)
 - The Pharmacy Guild of Australia
- Members and networks of the Wholesale and Retail IRC members
- National online survey distributed to SkillsIQ database during November and December 2017 to identify top skills needs and industry issues
- Stakeholders involved in the consultation regarding the update of the Diploma of Visual Merchandising (which was released in August 2017)

Industry has identified two key gaps in skills training available via the training package. These are:

1. *Higher level skills in visual merchandising*

The recent update of the Diploma of Visual Merchandising, while creating a Qualification that has been adapted to current industry needs, uncovered skills gaps for higher level skills.

People seeking work in positions such as **Visual Merchandise Managers, Freelance Visual Merchandisers, Online Merchandising Styling Coordinators** and **Event Designers and Managers**, along with those working in **place activism/tactical urbanism** require critical skills to perform their roles not currently covered in the Diploma. The skills needs include focussed project management skills, and the ability to initiate, design and work in a team within a complex commercial environment, allowing graduates to lead visual merchandising strategy within an organisation. Graduates with higher-level skills would be capable of working across multiple retail and event environments, to maximise sales and create consumer or client experiences.

The shortages of skilled workers in these roles and the changes to visa requirements limiting access to international workers previously mentioned in this report require that opportunities to acquire appropriate skills and knowledge via national qualifications is essential in terms of building a “home-grown” workforce. Heightened customer expectations both in the physical store environment, and increasingly in the digital space, also require that businesses have access to workers with advanced skills in merchandise strategy and implementation of this strategy.

RTOs supplying Diploma graduates to retailers, including large Department stores, have confirmed that demand for higher skills is continually voiced by all, and both employers and learners will benefit having access to an Advanced Diploma.

2. More flexible training options for small and medium-sized businesses

Existing workers need to learn and re-skill in an ongoing manner, either to keep up with new role requirements or re-skill for new jobs. This is particularly important as new technology is continually being introduced in the retail industry. Continually upskilling allows existing retail workers to add value to businesses, improving their opportunities to remain employable and progress their careers.

Time, financial and operational pressures involved in running small business operations however can mean workforce training is de-prioritised. Small and medium-sized businesses often find they cannot spare their time, nor their employees, to attend fixed training options (i.e. such as a qualification), therefore there is a strong need for more flexible and appealing approaches to training the workforce in the Wholesale and Retail sector.

Skill sets have been identified by industry as a training mechanism which is appealing and suitable to meet the training needs of businesses. Demonstrating the demand for skill set training are the outcomes from the National Retail Association (NRA) Industry Partnership Strategy 2015-16, funded by the Queensland Government. In less than 12 months, the Strategy connected with over 115 unique retail employers wanting to enrol their employees into skills training. Over 400 retail employees enrolled and undertook accredited units of competency with close to 100% completion rate. Training was face-to-face and in community locations. Overwhelmingly, Customer Service was the most sought after skill development area, followed by Food Safety and Visual Merchandising. One of the most encouraging outcomes of the Strategy was that 25% of **participants transitioned into a full qualification after undertaking the skill set training**, citing increased confidence and the assistance provided to access further government funded programs as the reasons.

Proposed response

To address these workforce skills issues and training requirements, the following is proposed:

1. Develop a new Qualification, the **Advanced Diploma of Visual Merchandising**, and associated Units of Competency related to advanced visual merchandising skills.
2. Develop **Skill Sets** to better meet the skills training needs of employers, and the associated the workforce. A range of Skill Sets have been proposed, utilising existing Units of Competency to cover skills needs in areas such as:
 - Workplace health and safety
 - Sales
 - Teamwork
 - Time management and prioritising
 - Customer engagement
 - Visual merchandising
 - Customer services
 - Managing a small business
 - Communication
 - Business
 - Stock control
 - Technology

The final composition of Skill Sets would be confirmed following industry consultation during the Training package product development process.

Retail employers require their employees to have skills in WH&S, customer engagement, security, working in a team, handling stock, visual merchandising, managing difficult customers, sales, and building relationships with customers. The individual units in the Retail qualifications are very suited to be delivered as stand-alone skill sets, enabling a learner to train in the specific areas to best meet employers' needs. A learner could undertake individual units over time and build up to a full qualification. This would benefit the individual, as they would have quality proof of their skills and experience, and would be a more responsive and targeted strategy for retail employers who are interested in developing skills in their employees.

A number of key risks have been identified and are tabled below should the update of the training package products (in line with addressing the skills needs voiced by industry) not take place.

Stakeholder	Risk of no change
Employers (i.e. retailers)	<ul style="list-style-type: none"> - Competitiveness in marketplace will reduce as service offering is not enhanced to meet increasing customer expectations. - Cost implications include time allocated to conduct in-house training with staff which reduces time for business planning and growth strategies.

	<ul style="list-style-type: none"> - Staff turnover can be further affected by the lack of professional development options made available and progression opportunities into middle-management. - Employers lack confidence in key business functions (and skills) to grow their business and ensure operations are maximised and efficient.
Employees	<ul style="list-style-type: none"> - Performance is below employer (and customer) expectations, which can negatively impact the individual's and organisation's reputation. - Lack core skills in customer service and communication to progress to higher-level positions. - Receive poor and inadequate training that does not meet current industry expectations.
Students	<ul style="list-style-type: none"> - Graduate with insufficient skills to support retailers to enhance customer service engagement services, and therefore employability is reduced.
Training Providers	<ul style="list-style-type: none"> - Training offered does not match industry needs and quality and reputation of course delivery is compromised.

The proposed response aims to ensure the retail sector is supported by a high quality trained and skilled workforce. Providing advanced training options in visual merchandising, and facilitating training access via skill sets, will support continued upskilling of the workforce, and help employers enhance productivity and competitiveness nationally and internationally.

Proposed Schedule of Work

2018-19

Year	Project Title	Description
2018-19	Advanced Diploma of Visual Merchandising	The IRC proposes to develop a new Qualification and associated Units of Competency relating to advanced visual merchandising skills: <ul style="list-style-type: none"> • Advanced Diploma of Visual Merchandising.
2018-19	Skills Sets for employers and employees	The IRC proposes to package current Units of Competency to establish Skill Sets to better meet the skills training needs of employers, and the associated the workforce. A range of Skill Sets have been identified using existing Units of Competency in such areas as: <ul style="list-style-type: none"> ○ Workplace health and safety ○ Sales ○ Teamwork ○ Time management and prioritising ○ Customer engagement ○ Visual merchandising ○ Customer services ○ Managing a small business ○ Communication ○ Business ○ Stock control ○ Technology <p>The final composition of Skill Sets would be confirmed following industry consultation during the Training Package product development process.</p>

2019-20

Year	Project Title	Description
2019-20	Community Pharmacy	The IRC proposes to update Qualifications, Skill Sets and associated Units of Competency relating to Community Pharmacy: <ul style="list-style-type: none"> • Certificate II in Community Pharmacy • Certificate III in Community Pharmacy • Certificate IV in Community Pharmacy • Certificate IV in Community Pharmacy (Dispensary)

2019-20	Retail & Wholesale	<p>The IRC proposes to update Qualifications and associated Units of Competency relating to Retail and Wholesale:</p> <ul style="list-style-type: none">• Certificate I in Retail Services• Certificate II in Retail Services• Certificate II in Retail• Certificate III in Business to Business Sales• Certificate IV in Retail Management• Diploma of Retail Leadership
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2018-19 Project Details

Description	Advanced Diploma of Visual Merchandising
<p>Rationale</p>	<p>The recent update of the Diploma of Visual Merchandising, while creating a Qualification that has been adapted to current industry needs, uncovered skills gaps for higher level skills.</p> <p>People seeking work in positions such as Visual Merchandise Managers, Freelance Visual Merchandisers, Online Merchandising Styling Coordinators and Event Designers and Managers, along with those working in place activism/tactical urbanism require critical skills to perform their roles not currently covered in the Diploma. The skills needs include focussed project management skills, and the ability to initiate, design and work in a team within a complex commercial environment, allowing graduates to lead visual merchandising strategy within an organisation. Graduates with higher-level skills would be capable of working across multiple retail and event environments, to maximise sales and create consumer or client experiences.</p> <p>The shortages of skilled workers in these roles and the changes to visa requirements limiting access to international workers previously mentioned in this report require that opportunities to acquire appropriate skills and knowledge via national qualifications is essential in terms of building a “home-grown” workforce. Heightened customer expectations both in the physical store environment, and increasingly in the digital space, also require that businesses have access to workers with advanced skills in merchandise strategy and implementation of this strategy.</p> <p>RTOs supplying Diploma graduates to retailers, including large Department stores, have confirmed that demand for higher skills is continually voiced by all, and both employers and learners will benefit having access to an Advanced Diploma.</p>
<p>Ministers’ Priorities Addressed:</p>	<p>This project is an opportunity to support the COAG Industry and Skills Council to specifically address the following priorities:</p> <ol style="list-style-type: none"> a. identify and remove obsolete training package products from the system b. ensure industry’s expectations of training delivery is reflected in Units of Competency and are fit-for-purposes for industry needs c. provide opportunities to enhance the portability of skills from one related occupation to another and support career progression d. create products that may have application to multiple industry sectors e. foster greater recognition of skill sets
<p>Consultation Plan:</p>	<p>National consultation workshops need to be undertaken, including industry-specific forums where there are significant differences in requirements.</p> <p>Webinars and focus groups can be used to supplement the workshops.</p> <p>The use of an online feedback tool is well established and will be employed.</p>

Timing - estimate duration of project and key dates	<p>Estimated duration: 10 months.</p> <p>The project will involve the following stages:</p> <ul style="list-style-type: none"> • Project initiation: on receipt of Activity Order • Stakeholder consultation (scoping and testing) • Training package product drafting • Stakeholder consultation (drafts) • Finalisation of product and Case for Endorsement <p>A detail project plan, outlining key dates with will be developed and aligned to the Activity Order submission date once known.</p>
Training Package to be revised	SIR Retail Services Training Package
Skills Sets to be Developed/Revised	nil
Qualifications to be Developed/Revised	One (1) – Advanced Diploma of Visual Merchandising
Units of Competency to be Developed/Revised	To be confirmed during consultation

Description	Skills Sets for employers and employees
Rationale	<p>Existing workers need to learn and re-skill in an ongoing manner, either to keep up with new role requirements or re-skill for new jobs. This is particularly important as new technology is continually being introduced in the retail industry. Continually upskilling allows existing retail workers to add value to businesses, improving their opportunities to remain employable and progress their careers.</p> <p>Time, financial and operational pressures involved in running small business operations however can mean workforce training is de-prioritised. Small and medium-sized businesses often find they cannot spare their time, nor their employees, to attend fixed training options (i.e. such as a qualification), therefore there is a strong need for more flexible and appealing approaches to training the workforce in the Wholesale and Retail sector.</p>
Ministers' Priorities Addressed:	<p>The development of training package products proposed are considered opportunities to support the COAG Industry and Skills Council and used consultation activities and stakeholder engagement to identify:</p> <ol style="list-style-type: none"> a. Opportunities to identify and remove obsolete training package products from the system. b. Industry expectations for training delivery and assessment (to be documented within the Companion Volume Implementation Guide). c. Opportunities to enhance the portability of skills from one related occupation to another

	<p>d. Opportunities to remove unnecessary duplication within the system and create training package products that may have application to multiple industry sectors.</p> <p>e. Opportunities for the development of skill sets.</p>
Consultation Plan:	<p>Various channels for national consultation, will be utilised, including workshops and industry-specific forums.</p> <p>Webinars and focus groups can be used to supplement the workshops.</p> <p>The use of an online feedback tool is well established and will be employed.</p>
Timing - estimate duration of project and key dates	<p>Estimated duration: 4-5 months.</p> <ul style="list-style-type: none"> • Project initiation: on receipt of Activity Order • Stakeholder consultation (testing) • Skill set review in line with feedback • Finalisation of skill sets and Case for Endorsement <p>A detail project plan, outlining key dates with will be developed and aligned to the Activity Order submission date once known.</p>
Training Package to be revised	<p>SIR Retail Services Training Package.</p>
Skills Sets to be Developed/Revised	<p>A range of Skill Sets have been proposed, utilising existing Units of Competency to cover skills needs in areas such as:</p> <ul style="list-style-type: none"> • Workplace health and safety • Sales • Teamwork • Time management and prioritising • Customer engagement • Visual merchandising • Customer services • Managing a small business • Communication • Business • Stock control • Technology <p>The final composition of Skill Sets would be confirmed following industry consultation during the Training Package product development process.</p>
Qualifications to be Developed/Updated	<p>nil</p>
Units of Competency to be Developed/Updated	<p>The final composition of Skill Sets would be confirmed following industry consultation during the Training Package product development process.</p>

IRC Sign-off

The 2018 Industry Skills Forecast will be signed off by the IRC Chair before submission to the AISC.