

2018

Wholesale and Retail

INDUSTRY REFERENCE COMMITTEE
INDUSTRY SKILLS FORECAST



SKILLSIQ

CAPABLE PEOPLE MAKE CLEVER BUSINESS

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Skills Forecast

Name of IRC:

Wholesale and Retail

Name of SSO:

SkillsIQ Limited

About SkillsIQ:

SkillsIQ supports 18 Industry Reference Committees (IRCs) representing diverse 'people-facing' sectors. These sectors provide services to people in a variety of contexts such as customer, patient or client. The IRCs are collectively responsible for overseeing the development and review of training package products, including qualifications, serving the skills needs of sectors comprising almost 50% of the Australian workforce.

Our qualifications deliver skilled people that are valued and make a difference to others.

- Cross Sector Skills Committee, February 2018



Executive Summary

The training package products overseen by the Wholesale and Retail Industry Reference Committee (IRC) cover three key areas: retail, wholesale business-to-business operations, and community pharmacy. The main activities undertaken involve buying and/or selling goods to the general public (in retail trade) or to businesses (in wholesale trade), as well as the supply of products, information and health care services (in community pharmacy). The goods exchanged can span various industries such as food and beverages, clothing, footwear and personal accessories, recreational goods, pharmaceuticals, cosmetics and toiletries. Trading is widespread across Australia, covering metropolitan, regional and rural locations, either in the form of bricks-and-mortar establishments, and/or online shopping options. Community pharmacies in particular can play a key role in regional and remote communities by optimising access to health and pharmacy services which can otherwise be limited due to distance and location.

The three areas together are sizeable, and retail alone is the second biggest employing sector in Australia (after the health care and social assistance sector), with a workforce of approximately 1.3 million. The sectors host a multitude of job functions, and the occupations supported by the training package are diverse. Some examples include sales assistant, retail manager, visual merchandiser, merchandise planner and buyer, warehouse manager, operations manager, supply chain manager, store manager, and pharmacy assistant. Technological developments have impacted these sectors significantly in terms of business operations and customer interactions. Emerging skills needs in relation to technology, Big Data, Artificial Intelligence (AI) and social media have seen new roles related to digital marketing, e-commerce and analytics become more common across the workforce.

Overall, the sectors are characterised by a highly competitive and open marketplace, attracting local and international players of all sizes. In Australia, the sector is predominantly made up of small and medium-sized enterprises, with fewer than 20 employees.

The National Schedule details the training package update and development work commissioned by the Australian Industry and Skills Committee (AISC). The

National Schedule is informed by this Industry Skills Forecast, which outlines the proposed timing for the update of existing training package products. This Forecast has been compiled using a number of information sources, including academic literature, statistical data, IRC member input and expertise, feedback received via public consultation, and an industry analysis of both new and emerging workforce skills needs overseen by the Wholesale and Retail IRC.

The sector is currently experiencing several challenges and opportunities which are impacting workforce skills. Some of the main issues include:

- **Low attraction and retention** – This is a significant issue, despite the sector offering unique and flexible opportunities for employment. The sector caters to a range of individuals with different backgrounds and abilities. Nevertheless, retail in particular notes continually high job vacancy rates, and businesses are struggling to recruit individuals with the right skills.
- **Legislative changes affecting access to overseas workers** – The wholesale and retail sector's structure is borderless, and the nature of its operations make it an internationally-operative industry. Changes to visa eligibility conditions reducing access to overseas workers, however, mean that employers need to use alternative channels for filling vacancies, including training pools of local employees with the right skills.
- **Heightened customer expectations** – The customer landscape has been evolving in line with wider industry trends regarding technology, innovation and globalisation, and, as a result, members of the general public are now equipped with a wealth of product knowledge. Customer loyalty to brands and products is diminishing, and the ability to exceed customer expectations is now essential across all touch-points of the customer journey. Visual merchandising is a key skill which, when applied, can create a point of difference for retailers to encourage customers to visit and purchase. Advancements in visualisation and technology, both in the physical store environment and increasingly in the digital space, require a supply of workers with advanced skills in merchandise strategy and implementation.

- **Technology** – Technological advancements have had an enormous impact on the way in which customers and businesses interact, as well as on the way in which businesses operate. Devices, AI, Big Data, online shopping and e-commerce are all prevalent, and the skills needs of the workforce have consequently been shifting to adapt to the digitalisation of functions. The adoption of new technology in the sector, however, is varied, with small businesses in particular postponing its introduction due to a lack of understanding of its functions and benefits and a lack of workforce skills.

To address these workforce skills issues and the sector's training requirements, the following is proposed to be conducted in 2018–19:

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 workforce. A number 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 service (including cross-cultural competency)
- Managing a small business
- Privacy and legal requirements for running a business
- Human resource/staff recruitment and management
- Marketing
- Communication (including cross-cultural competency)
- Quality control
- Business
- Stock control
- Technology.

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.



Sector Overview

The sectors represented by the Wholesale and Retail 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

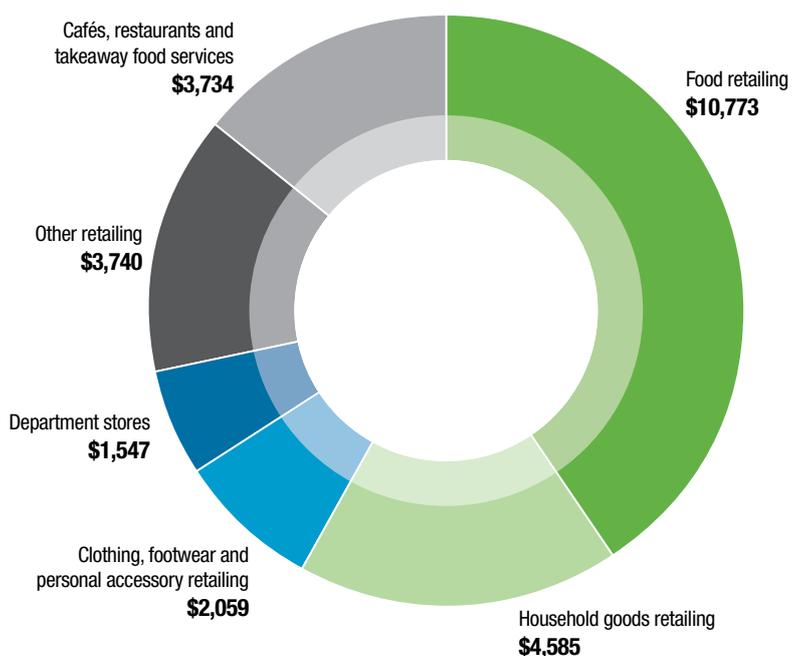
- **Food and beverage** retailing, e.g. convenience stores, supermarkets, grocery and liquor stores
- **Household goods** retailing, e.g. furniture, floor coverings, housewares, electrical and electronic goods, hardware, building and garden supplies
- **Clothing, footwear and personal accessory** retailing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

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 \$10.773 billion (41% of the total monthly turnover) (see Figure 1). Household goods (\$4.585 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. Overall, the monthly turnover for the retail industry in its entirety grew by 2% (between October 2016 and October 2017), with industry specifically noting increases in the business-to-business area and retail sales in regional and rural locations.

Whilst not specifically captured in the figures above, **online retailing** has today become 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

Figure 1 Monthly Retail Turnover, By Industry Group - March 2018, seasonally adjusted (\$ Millions)



Source: Australian Bureau of Statistics (ABS) Retail Trade, Australia, March 2018 (cat. no. 8501.0)

industries are increasingly engaging in online activities to meet consumer demand, and the total monthly online retail turnover in Australia is estimated at \$1.3 billion (March 2018).⁴

Online shopping is a significant component of online retailing, and its contribution to the economy is twofold, 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 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 sector), 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 enterprises.¹¹

While large national and international brands often dominate discussions and developments within 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, Daymayne and Joyce Mayne franchised stores in Australia, as well as Retail Food Group Limited, a franchisor for numerous retail food 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 important role in supplying these essential skills for running a business and supporting franchisees, and staff, maximising 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 (RMMRs), 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, International Normalised Ratio (INR) 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.

The subject of medication management was recently addressed by the Australian Government in its 2018–19

budget. It committed \$28.2 million over five years to improve e-prescribing software systems and to support safety in the management of medicine among GPs, community pharmacies and the public, especially older Australians.¹⁶

With the average Australian visiting a community pharmacy at least 14 times in one year,¹⁷ 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.¹⁸ The latest figures show that across Australia there are just over 4,000 pharmacies (2016–17)¹⁹ which is noticeably lower than the 5,500 community pharmacy count published by The Pharmacy Guild of Australia for 2015.²⁰ 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.²¹

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.

Nationally Recognised Wholesale and Retail Qualifications - Current as at June 2018

The current qualifications specific to **wholesale and retail** are:

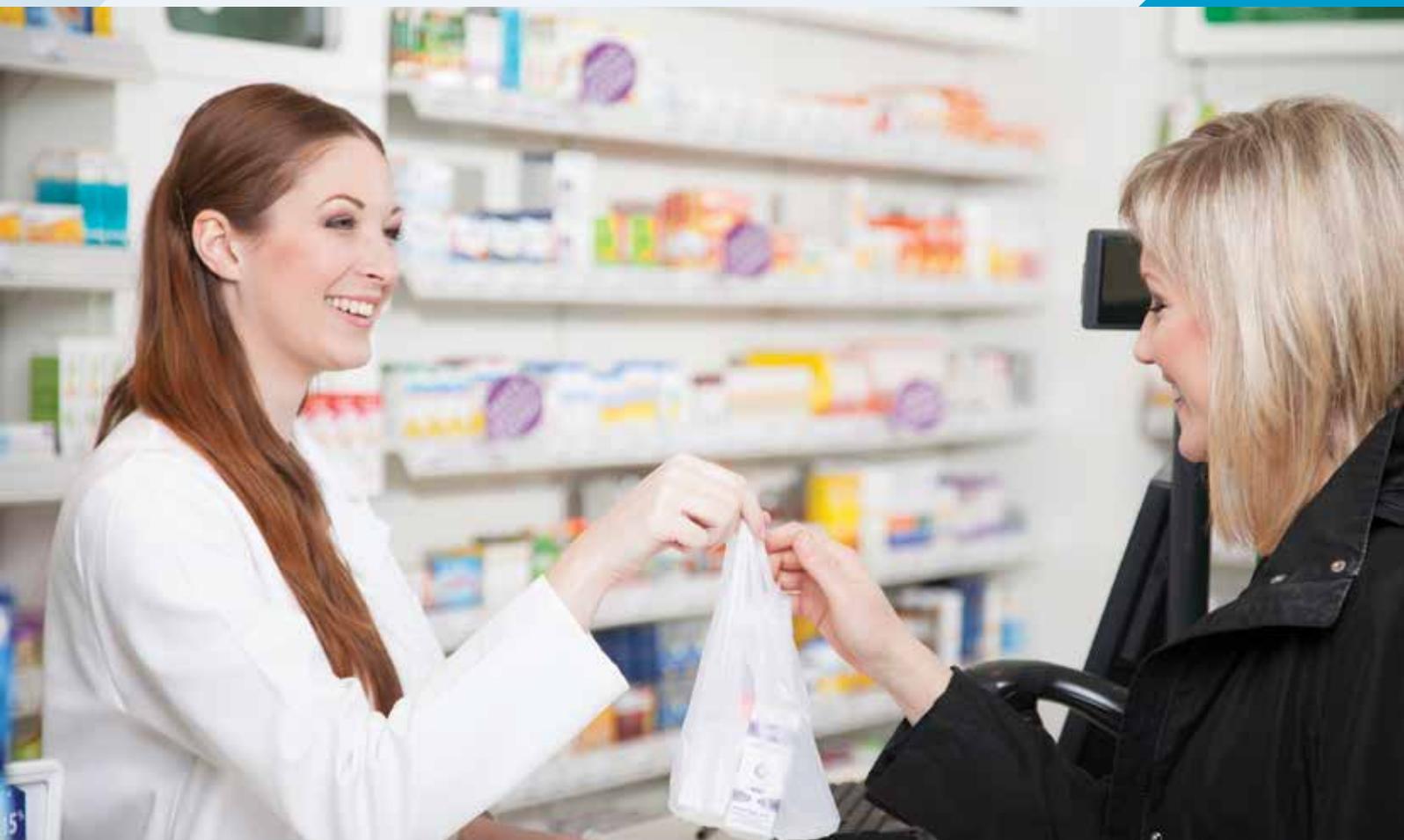
- SIR10116 Certificate I in Retail Services
- SIR20216 Certificate II in Retail Services
- SIR30216 Certificate III in Retail
- SIR30316 Certificate III in Business to Business Sales
- SIR40316 Certificate IV in Retail Management
- SIR50116 Diploma of Retail Leadership
- SIR50217 Diploma of Visual Merchandising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

Table 1 indicates the number of Registered Training Organisations (RTOs) with wholesale and retail qualifications on scope. This data is current as at June 2018, per the listing 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 Products

Qualification Code	Qualification Title	No. of RTOs with Qualification on Scope
SIR10116	Certificate I in Retail Services	40
<i>SIR10112</i>	<i>Certificate I in Retail Services (superseded)</i>	<i>1</i>
SIR20216	Certificate II in Retail Services	168
<i>SIR20212</i>	<i>Certificate II in Retail Services (superseded)</i>	<i>1</i>
SIR30216	Certificate III in Retail	176
<i>SIR30212</i>	<i>Certificate III in Retail Operations (superseded)</i>	<i>3</i>
<i>SIR30312</i>	<i>Certificate III in Retail Supervision (superseded)</i>	<i>0</i>
SIR30316	Certificate III in Business to Business Sales	9
<i>SIR30412</i>	<i>Certificate III in Business to Business Sales (superseded)</i>	<i>0</i>
SIR40316	Certificate IV in Retail Management	84
<i>SIR40212</i>	<i>Certificate IV in Retail Management (superseded)</i>	<i>0</i>
SIR50116	Diploma of Retail Leadership	22
<i>SIR50112</i>	<i>Diploma of Retail Management (superseded)</i>	<i>0</i>
SIR50217	Diploma of Visual Merchandising (new qualification released August 2017)	5
<i>SIR50212</i>	<i>Diploma of Visual Merchandising (superseded)</i>	<i>9</i>
SIR50317	Diploma of Retail Merchandise Management (new qualification released August 2017)	1

Source: Training.gov.au. RTOs approved to deliver this qualification. Accessed 20 June 2018.



Nationally Recognised Community Pharmacy Qualifications - Current as at June 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 Products

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

Source: Training.gov.au. RTOs approved to deliver this qualification. Accessed 20 June 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

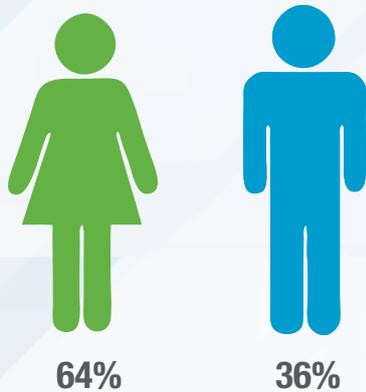
each). Diploma qualifications in Retail Management (approximately 430 enrolments) and Visual Merchandising (400) attracted the lowest number of enrolments in 2016.

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.

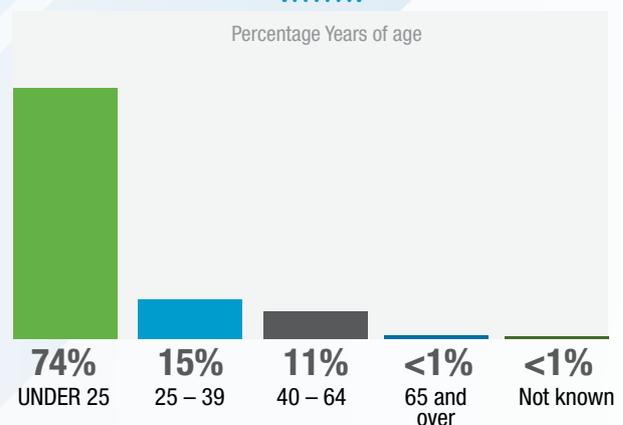
2016 ENROLMENT SNAPSHOT

WHOLESALE AND RETAIL TRAINING PACKAGE PRODUCTS

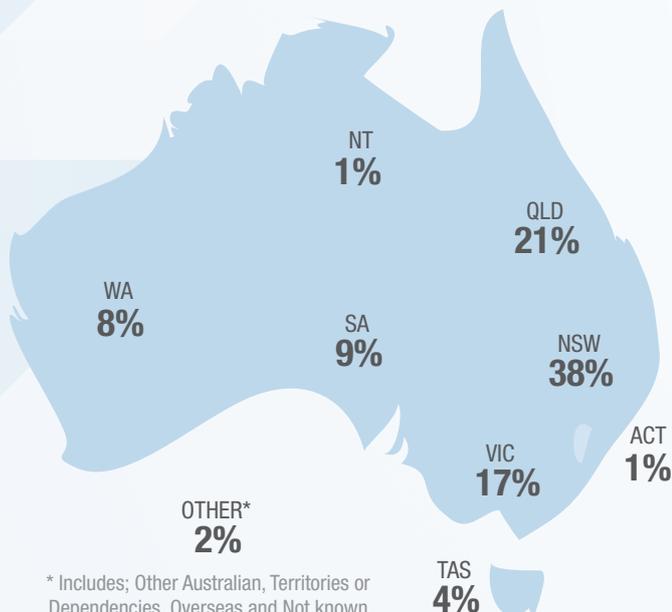
GENDER



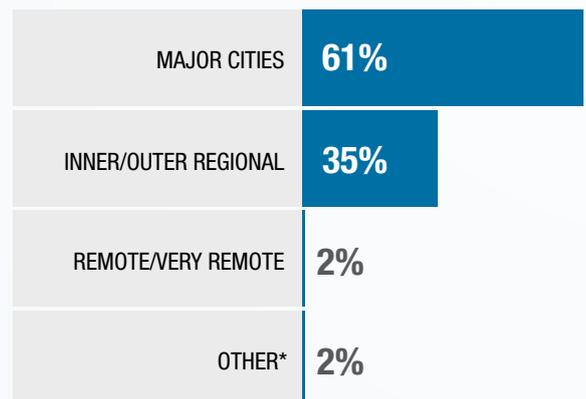
AGE



STATE/TERRITORY OF RESIDENCE



STUDENT REMOTENESS REGION (2011 ARIA+)



* Includes; Outside Australia and Not known

Source: NCVER VOCSTATS (Program enrolments 2016 by various breakdowns) Base count n = 54,353 Note: Please refer to the previous section for a list of qualifications that are included in the enrolment summary. Due to the way enrolment data is currently registered, superseded units are included in the total enrolment count to provide a more representative picture of volume. The superseded units include:

SIR10112 - Certificate I in Retail Services
 SIR20212 - Certificate II in Retail Services
 SIR30212 - Certificate III in Retail Operations
 SIR30312 - Certificate III in Retail Supervision
 SIR30412 - Certificate III in Business to Business Sales

SIR40212 - Certificate IV in Retail Management
 SIR50112 - Diploma of Retail Management
 SIR20112 - Certificate II in Community Pharmacy
 SIR30112 - Certificate III in Community Pharmacy
 SIR40112 - Certificate IV in Community Pharmacy



General notes on statistics

1. Enrolment and completion data is sourced from NCVER VOCSTATS (program enrolments and completions 2014–2016), accessed November 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 under-represent 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 versus 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. Completion data for 2016 represents preliminary outcomes (i.e. not a full year).
5. 'E' represents Enrolment.
6. 'C' represents Completion.
7. '-' symbol indicates that the qualification was not listed in NCVER data at the time of reporting.
8. Qualifications in italics represent superseded qualifications.

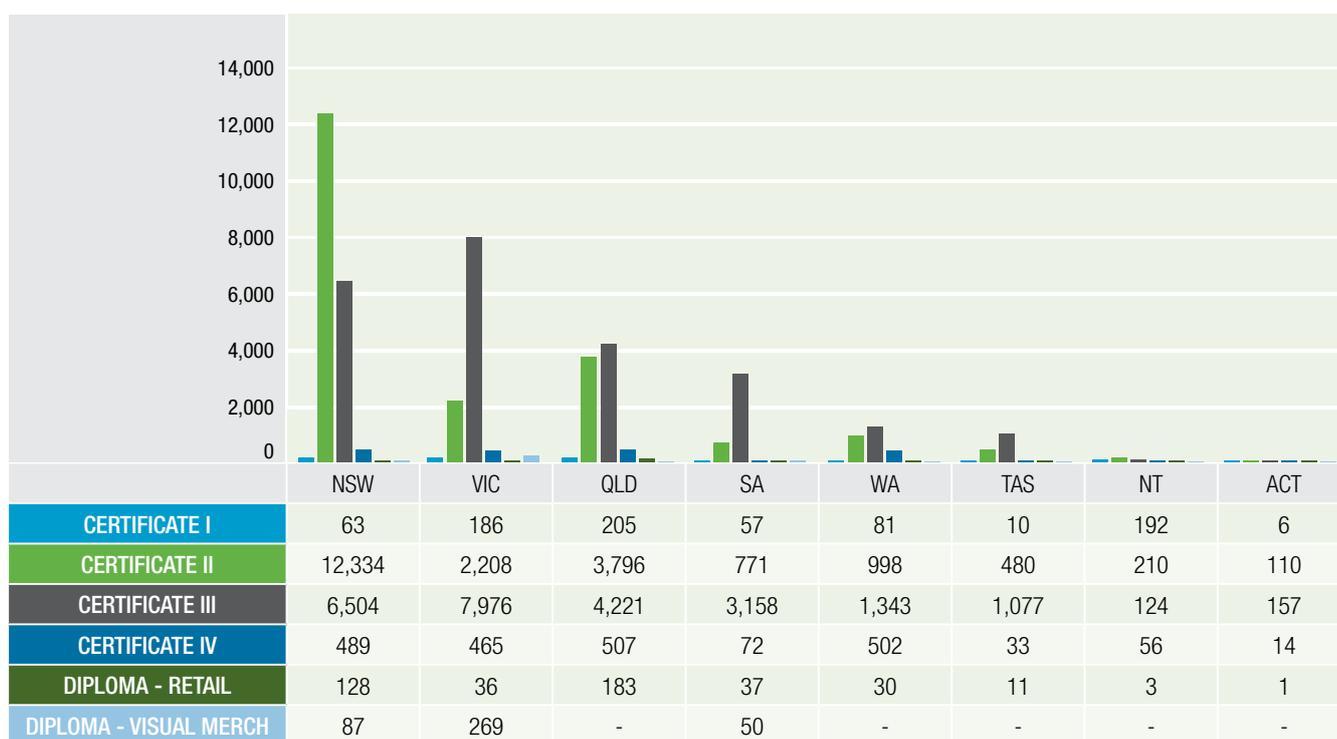
Table 3 Total number of enrolments (Total VET Activity, [TVA]) and completions by nationally recognised Wholesale and Retail qualifications on scope - 2014–2016

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>	E	903	839	802	2,554
	C	522	525	348	1,395
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>	E	29,701	23,245	20,479	73,425
	C	7,162	6,870	5,841	19,873
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>	E	16,561	18,059	22,936	57,556
	C	6,549	6,695	6,833	20,077
<i>SIR30312 Certificate III in Retail Supervision (superseded)</i>	E	1,024	740	532	2,296
	C	439	345	183	967
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>	E	212	239	199	650
	C	32	84	64	180
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>	E	3,031	2,381	2,095	7,507
	C	1,248	989	817	3,054
SIR50116 Diploma of Retail Leadership	E	0	0	4	4
	C	-	-	-	-
<i>SIR50112 - Diploma of Retail Management (superseded)</i>	E	642	610	434	1,686
	C	374	318	150	842
SIR50217 Diploma of Visual Merchandising	E	-	-	-	-
	C	-	-	-	-
<i>SIR50212 Diploma of Visual Merchandising (superseded)</i>	E	457	478	401	1,336
	C	151	133	125	409
SIR50317 Diploma of Retail Merchandise Management	E	-	-	-	-
	C	-	-	-	-

Source: NCVET VOCSTATS, accessed November 2017.



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



Source: NCVET VOCSTATS, accessed November 2017.

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 - 2014–2016

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	2,504
	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	1,873
	C	125	101	131	357
SIR40216 Certificate IV in Community Pharmacy Dispensary	E	-	-	-	-
	C	-	-	-	-

Source: NCVET VOCSTATS, accessed November 2017.

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



Source: NCVET VOCSTATS, accessed November 2017.

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

National Peak Bodies and Key Industry Players

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. Engagement and consultation activities will include a broad range of industry stakeholders beyond those included in this list.

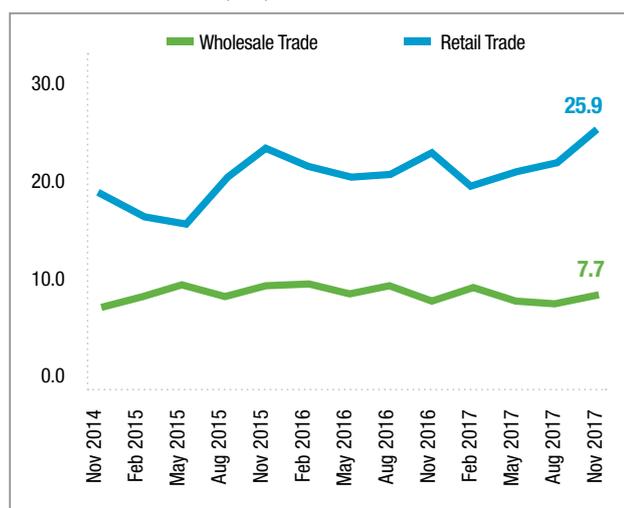
- Government departments and agencies
- Peak and industry associations
 - Australasian Association of Convenience Stores (AACCS)
 - Australian Community Pharmacy Authority (ACPA)
 - Australian Retailers Association (ARA)
 - Australian Liquor Stores Association (ALSA)
 - Australian Sporting Goods Association (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.

FIGURE 4 Job Vacancies ('000) for selected industries, Nov 2014–Nov 2017



Source: Australian Bureau of Statistics (ABS) 6354.0 Job Vacancies, Australia, November 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 as to 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.²² 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 in terms of casual employment (with accommodation and food services accounting for the greatest number, with 65% of employed persons in casual employment).²³

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.²⁴ 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 the 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),²⁵ 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%.²⁶ 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 for, and appealing to, 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 upskilling need to be facilitated and encouraged across the sector. Recent announcements made by the Australian Government via the 2018–19 Budget, and of relevance to this sector, involve incentives to support training individuals over 45 years of age. The *Skills Checkpoint for Older Workers Program* and *Skills and Training Incentive* are examples of incentives that focus on supporting individuals and employers to re-skill, to help ensure career progression opportunities are reached by older Australians.²⁷

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% of whom participate).²⁸ 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.

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

The retail sector 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 has assisted Coles in recruiting, training and supporting Aboriginal and Torres Strait Islander team members, and has provided individuals with mentoring for the first six months of their employment. The First Steps program has resulted in over 800 additional Indigenous team members being employed by Coles across Australia.²⁹

Introductory-level retail qualifications are starting points to enable people to obtain appropriate skills for businesses in regional and remote Indigenous communities. Community retail stores (which are usually owned and managed by Indigenous people in the community) provide job opportunities where opportunities may be limited. However, these stores are often challenged with high staff turnover rates. Career pathways and training options which support employees (who can readily do



job tasks but who may have low levels of literacy) are important to support the retention of long-term staff members.

In more remote community locations, stores owned, managed and operated by Indigenous communities are the dominant provider of food and employment to the local Aboriginal and Torres Strait Islander people. The unique opportunity is for retail stores to positively influence the local Indigenous community by offering career pathways 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. In addition to workforce training issues, stores and businesses located in remote areas are challenged with supply, timing and logistics issues regarding the workforce, and also product and service offerings to their community.

Migrants

The 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 Insurance, one in three Australian small businesses are owned by migrants. Migrant business owners place a high priority on contributing to the communities in which they 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 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.³⁰

Recent changes in government policy and eligibility criteria for the 457 visas which formerly 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 working on a casual basis and managing 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 less loyal and less committed to a place of employment than ever before, 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 challenges 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.

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.³¹ 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**.³² This skills information should incorporate four principles:³³

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

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 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%.³⁴ The mismatch is attributed to either:

- employers seeking workers with higher qualifications than needed to undertake a role (e.g. an employer



Figure 5 Retail Industry Career Pathways (the following content was supplied by Retail and Personal Services Skills Advisory Council WA)

	ENTRY LEVEL Usually a skill level equal to completion of at least Year 10, Certificate I or II qualification	SUPERVISORY Usually a skill level equal to a Certificate III or IV qualification, or at least 3 year's experience	MANAGEMENT Usually requires a level of skill equal to a Diploma or Retail Leadership or Merchandise Management and at least 5 year's experience	EXECUTIVE Usually requires the Graduate Certificate or a higher qualification in addition to significant industry experience
PURCHASING	JUNIOR SALES CLERK STORE PERSON	ASSISTANT BUYER TRAINEE BUYER	MERCHANDISE MANAGER PURCHASE MANAGER SENIOR BUYER BUYER	BUSINESS OWNER CEO NATIONAL MANAGER STATE MANAGER REGIONAL / AREA MANAGER
PRESENTATION	NIGHT FILL REPLENISHMENT HOUSEKEEPING	VISUAL MERCHANDISER DISPLAY DESIGNER SHOP FITTER MERCHANDISER	MARKETING MANAGER DISPLAY MANAGER VISUAL MERCHANDISER HEAD MERCHANDISER	
SUPPORT	CLERK CUSTOMER SERVICE LOSS PREVENTION OFFICER	STORE MAINTENANCE OFFICER CREDIT & LOAN OFFICER LOSS PREVENTION SUPERVISOR IT SUPPORT TECHNICIAN	ACCOUNTANT / FINANCIAL MANAGER WEB SALES / IT MANAGER LOSS PREVENTION MANAGER PRODUCT SPECIALIST	
SALES	SALES ASSISTANT SALES REPRESENTATIVE CASHIER	ASSISTANT SALES MANAGER FLOOR MANAGER DEPARTMENT MANAGER TEAM LEADER	SALES / MARKETING MANAGER PROMOTIONS MANAGER ADVERTISING MANAGER ONLINE MANAGER	
DISTRIBUTION	WAREHOUSE ATTENDANT/ STORE PERSON FORKLIFT OPERATOR DELIVERY DRIVER	DISTRIBUTION MANAGER WAREHOUSE MANAGER DISPATCH COORDINATOR	OPERATIONS MANAGER SUPPLY CHAIN MANAGER LOGISTICS MANAGER WAREHOUSE MANAGER	
MANAGEMENT		OHS SUPERVISOR STAFF SUPERVISOR ROSTER MANAGER TRAINING MANAGER	STORE MANAGER OPERATIONS MANAGER HR MANAGER TRAINING MANAGER	

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 who 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. 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 (including cultural competencies)
- Teamwork
- Problem-solving
- Initiative and enterprise
- Planning and organising
- Quality management
- Self-management/time 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, which comprise financial, resource and management skills, product knowledge, and salesmanship, to support the progress of individuals in their industries. This is particularly important at a middle-management level as employees move from operational to supervisory and management roles.

Internationalisation

The wholesale and retail sector's structure is borderless, and the nature of operations makes 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.³⁶ 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.³⁷

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%) constitute some of the biggest competitive concerns and challenges that they currently face.³⁸

Whilst international entrants are predominantly a concern to domestic businesses, the Australian retail sector (and



wider economy) is benefiting overall 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 into 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.³⁹ These services appeal to time-poor target audiences. International operators such as Apple, Zara and Topshop are also offering different 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 public is now more educated and informed about products, services and brands than it has ever been. 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.⁴⁰ For the retail industry, this is of particular significance as customer loyalty to brands and products is diminishing. Retail customer expectations now include:⁴¹

- **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 provide 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.

Value-adds to enhance customer experiences are important, and some examples for creating positive and long-lasting recollections for the customer can involve the final packaging and wrapping of purchased products. Value-added packaging which stands out and goes beyond the standard sales bag is a method retailers are applying to differentiate their products and services. Exceeding customer expectations is now an essential business survival function. Obtaining an in-depth understanding of customers, including their needs across the expectations listed above, will support businesses to achieve this and ultimately establish a point of difference.

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.⁴² 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 consumers⁴³ 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.⁴⁴ 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 is discussed separately below), other technologies which have been shaping the sector's activities include:⁴⁵

- **Chat bots and virtual assistants** – which enable direct engagement with customers in virtual formats such as question-and-answer pop-up boxes, or have the capability to make recommendations in order to provide personalised sales experiences
- **Sensory technology** – which is used to collect shopper demographic data and activity detection
- **Mobile payments**
- **Robotics** – which involve robots supporting supply chain functions, e.g. packing and shipping in warehouse operations
- **Drone delivery**
- **Virtual Reality (VR)** – in which technology is implemented across the sector to not only enhance customers' experience when engaging with businesses but also to enhance engagement with staff, and specifically used to train staff⁴⁶
- **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 costs⁴⁷

- **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 to 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 health care 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. Skills needs will involve technical abilities and the knowledge to use devices and software, and also 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. This can include assistants learning how to read customer data from sensory devices and understanding customer behaviour, and managers embracing online and personalised campaign developments.

Artificial Intelligence (AI) and Big Data

AI is a powerful development which is generating new systems and processes across the retail and wholesale industries. AI software and systems are expected to reach a global market size of US\$5 billion by 2022⁴⁸ and businesses are progressively implementing AI to stay competitive. These systems and processes are 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.⁴⁹

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.⁵⁰ 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.

E-commerce

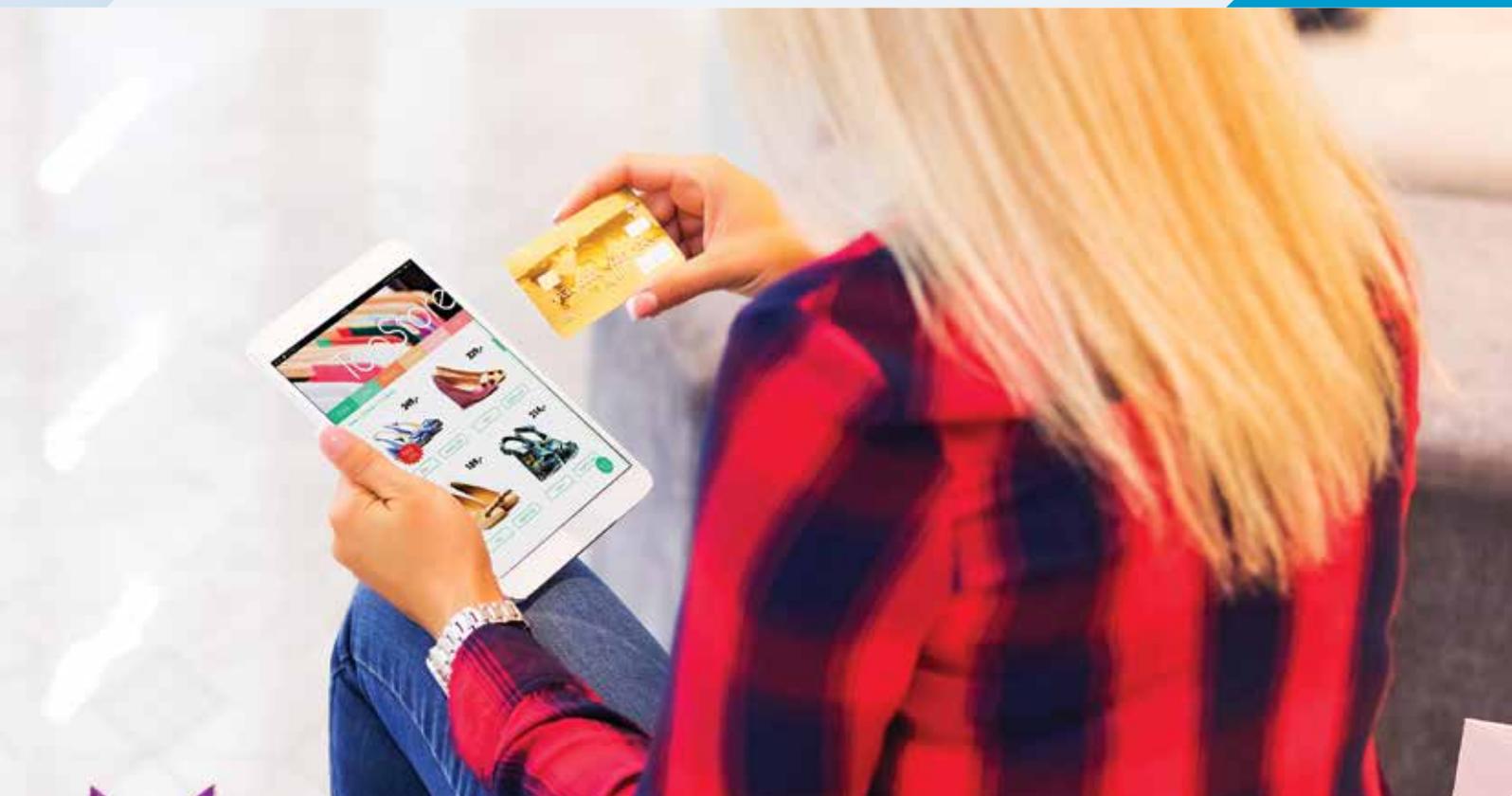
E-commerce payment infrastructures are facilitating a range of cashless transactions such as electronic payments, mobile payments, online auctions, internet banking and online ticketing. Australia is increasingly becoming a cashless economy, and is ranked 7th in the world's most cashless countries list.⁵¹ 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.⁵² 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 figure drops in the wholesale trade industry, with only 42.6% of businesses involved in social media.⁵³

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.⁵⁴ 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.⁵⁵ The ability of businesses to market themselves online has become a significant factor for success. Online 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*,⁵⁶

have shown 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.

Small and Medium-sized Enterprises

As indicated earlier, the sector in Australia is mainly made up of small businesses. Over 120,000 Australian retail businesses are small businesses with fewer than 20 employees.⁵⁷ Wholesale trading businesses⁵⁸ and online shopping businesses⁵⁹ are also dominated by small-enterprise types. Unlike large employers, small businesses do not have infrastructure and divisions that specialise in different business functions such as marketing, finance, human resources and visual merchandising. Instead, business owners are required to undertake all functions, often with little to no background in the areas. The retail sector for many small business owners often represents a new endeavour into which they enter with very little knowledge about running the business in which they have invested, or indeed about the products and services they are selling. Industry has raised an urgent need to support small businesses gain basic, fundamental skills for running a business. Key areas include:

- Finance, i.e. cashflow management, forecasting and budgeting
- Developing business plans, strategies for growing a business and other management documents
- Stock management, i.e. stock take and the impact on cashflow
- Collecting and using management information (i.e. statistics) to support business decisions
- Privacy and legal requirements related to running a business
- Human resources and staff management
- Marketing, i.e. methods, strategies, databases, budgeting, and return on investment.

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,⁶⁰ 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.⁶¹

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 management ⁶²
- **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)⁶³
- **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 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.⁶⁴ 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.

It is noted that retail stores in remote communities can play a particularly important role in supporting the provision of primary health products to communities, similar to large supermarkets, with the sale of bandages,

antiseptics, and other health products. While these stores are not registered to provide a full breadth of primary health services, as is a pharmacy, the remoteness of locations and the distances involved to access services mean retail stores in these communities often provide multi-disciplinary health products (and services) to the local community.

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 cyclical 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)

Disintermediation is the removal of intermediaries from a supply chain.⁶⁵ For this sector, it can mean cutting out the wholesaler so a customer deals directly with a product producer in a transaction. 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 that supply directly to consumers do not perceive themselves to be either wholesalers or 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 there is a requirement that the skills and knowledge of the workforce 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 it.

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%.⁶⁶ Low wage growth and moderate employment forecasts mean that future growth in household income is expected to be moderate, and consequently consumers will have less discretionary 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) and an increase in the use of automation and technology, further instigating uncertainty about future income.⁶⁷ 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.⁶⁸

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.



Employment and Skills Outlook

Labour Force Data

The principal data source 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 sectors' 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 (see Figure 5), the pathways are broad and the job roles can include:

- Store Person
- Sales Clerk
- Customer Service Officer
- Cashier
- Floor Manager
- Marketer/Digital Marketer
- 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.



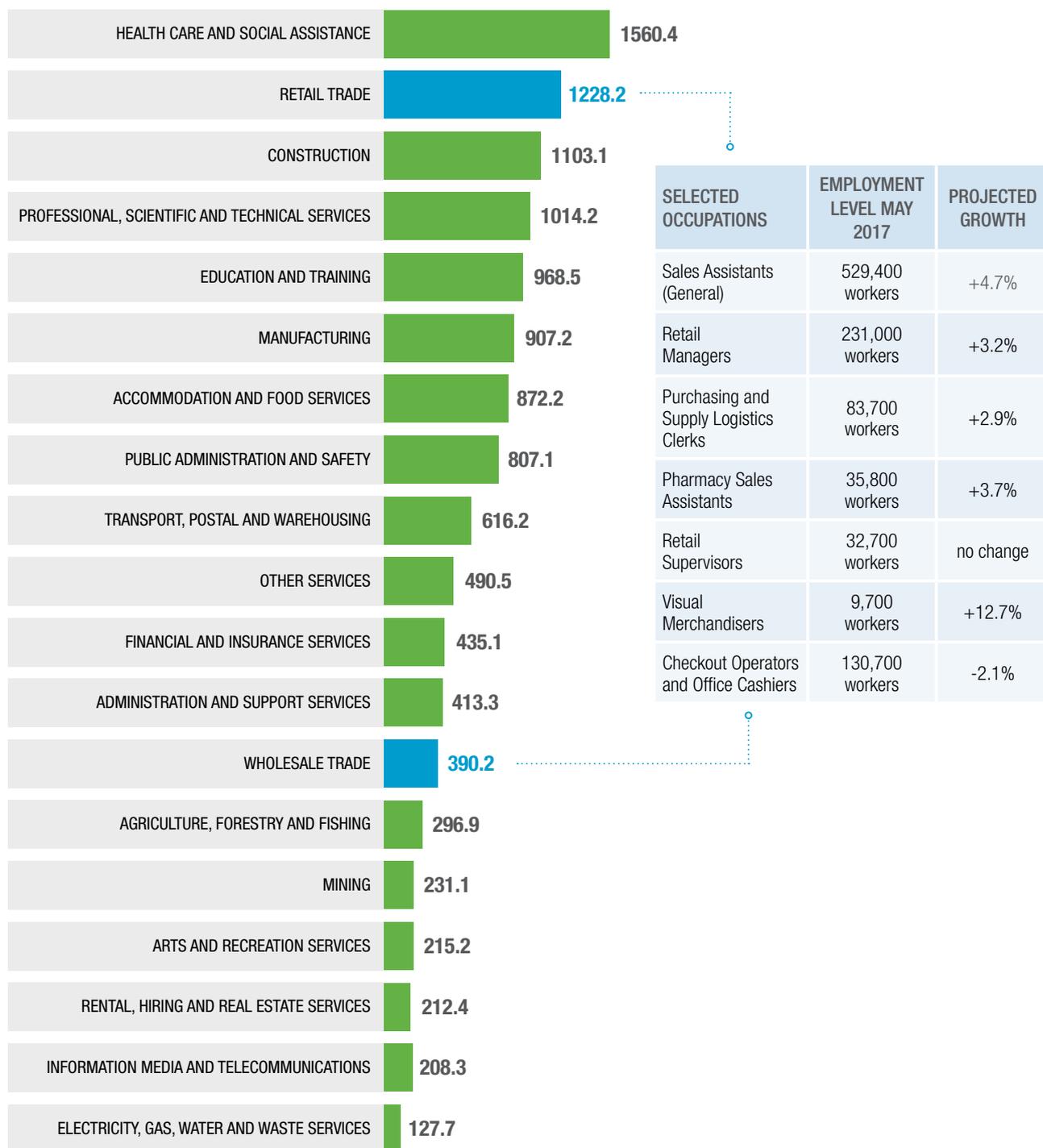
Workforce trends

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).⁶⁹ This is equivalent to 10.3% and 3.1% of total employment respectively ⁷⁰ 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 industry ⁷¹ (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).



Figure 6 Employment Level by Industry Group, May 2017 ('000)



Source: Australian Government 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.

Sales Assistant (General)⁷²

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 in the areas of 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 (16.0%), 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 22.0% holding a VET qualification (14.0% a Certificate III or IV and 8.0% a Diploma or Advanced Diploma).



2017 – 2022:

+4.7% growth

+24,900 jobs

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 Manager⁷³

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 service 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%).



231,000 employed

2017 – 2022:

+3.2% growth

+7,400 jobs

Top Skills Areas

- Active Listening
- Coordination
- Critical Thinking
- Monitoring
- Service Orientation

Top Knowledge Areas

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

Purchasing and Supply Logistics Clerk⁷⁴

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. 0% a Diploma or Advanced Diploma).



83,700 employed

2017 – 2022: **+2.9% growth** **+2,400 jobs**

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



Pharmacy Sales Assistant⁷⁵

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%).



2017 – 2022: **+3.7% growth** **+1,300 jobs**

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

Visual Merchandiser⁷⁶

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, and organising supportive signage and lighting. The role requires a combination of soft skills 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 (48.0%), 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.



2017 – 2022: **+12.7% growth** **+1,200 jobs**

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



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 the purpose of being ranked by industry representatives. 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 other human beings, 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 technical means, understand their interrelation with life, society, and the environment. Ability to understand/apply 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/move 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)	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 competitive landscape and growing customer expectations mean 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 as a result of changes in visa programs which

restrict the employment of overseas workers, a traditional avenue formerly used to ease 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 consideration.

A widespread **multichannel consultation** involving the following stakeholders has been conducted to identify and substantiate the key skills gaps and training needs of the sector, and to determine whether or not there is a need to update the respective training package products:



- 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.
- Networks of the Wholesale and Retail IRC members
- A national online survey distributed via the SkillsIQ database during November and December 2017 that sought to identify top skills needs and priority 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

via the current 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, has uncovered skills gaps in 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 contributing to the emerging field of **place activism/tactical urbanism**, require critical skills to perform their roles not currently covered in the Diploma. The skills needs include targeted project management skills and the ability to initiate, design and work collaboratively within a complex commercial environment, allowing graduates to lead visual merchandising strategy within an organisation. Graduates with higher-level skills

should 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, together with the recent changes to visa requirements limiting access to international workers cited above, mean 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.

RTOs supplying Diploma graduates to retailers, including large department stores, have confirmed that demand for higher skills is an ongoing and critical requirement, and both employers and learners will benefit from 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 continuously, either to keep abreast of new role requirements or in order to retrain for new jobs. This is particularly important as new technology continues to be introduced in the retail industry. The process of continually upskilling allows existing retail workers to add value to businesses, improving their opportunities to remain employable and to progress their careers.

Restrictions on time and the financial and operational pressures involved in running small business operations, however, can mean workforce training is deprioritised. Small and medium-sized business owners often find they cannot spare their time, nor their employees' time, to attend fixed training options (e.g. such as the acquisition of a qualification). There is therefore a significant requirement for more flexible and appealing approaches to training the workforce within the wholesale and retail sector.

Skill sets have been identified by industry as a training mechanism which is both appealing and suitable for meeting the training needs of businesses. The success of skill set training was clearly demonstrated as a result of the National Retail Association (NRA) Industry Partnership

Strategy in 2015–16, funded by the Queensland Government. In less than 12 months, this Strategy connected with over 115 different retail employers who all pledged to enrol their employees into skills training. Over 400 retail employees undertook accredited units of competency with close to a 100% completion rate. Training was provided 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**. Increased confidence and the financial assistance provided to access further government-funded programs were cited as the factors behind participants' decisions to pursue these qualifications. Skill set training options also support pathways and encourage participation in training by individuals with low literacy and numeracy skills levels who may not be confident enough to undertake a full qualification.

Proposed Response

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

- Develop a new qualification, the *Advanced Diploma of Visual Merchandising*, and associated units of competency related to advanced visual merchandising skills.
- Develop **skill sets** to better meet the skills training needs of employers and the associated workforce. A number 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 service (including cross-cultural competency)
 - Managing a small business

- Privacy and legal requirements for running a business
- Human resources/staff recruitment and management
- Marketing
- Communication (including cross-cultural competency)
- Quality control
- 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 workplace health and safety, 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 being 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, who would have demonstrable proof of both 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 in the event that the update of the training package products (in line with the articulated needs of industry) is **not** actioned.



STAKEHOLDER	RISK OF NO CHANGE
Employers (i.e. retailers)	<ul style="list-style-type: none">- Competitiveness in the marketplace will be diminished if service offerings are 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.- Staff turnover may be further affected by the lack of professional development options or the possibility of progression into middle management.- Employers may lack confidence in their staff's ability to carry out key business functions to grow their businesses and ensure operations are maximised and efficient.
Employees	<ul style="list-style-type: none">- Performance may fall further below employer (and customer) expectations, which will negatively impact the individual's and organisation's reputation.- Employees will lack core skills in customer service and communication to progress to higher-level positions.- Staff will receive poor or inadequate training that does not meet current industry expectations.
Students	<ul style="list-style-type: none">- Students will graduate with insufficient skills to support retailers to enhance customer service engagement services, thereby reducing their employability.
Training Providers	<ul style="list-style-type: none">- Training offered will not match industry needs and the quality and reputation of RTOs' course delivery will therefore be 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 their associated workforces. 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 service (including cross-cultural competency) • Managing a small business • Privacy and legal requirements for running a business • Human resources/staff recruitment and management • Marketing • Communication (including cross-cultural competency) • Quality control • Business • Stock control • Technology. <p>The final composition of skill sets would be confirmed following industry consultation during the training package 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	The IRC proposes to update qualifications and associated units of competency relating to Retail and Wholesale: <ul style="list-style-type: none"> • Certificate I in Retail Services • Certificate II in Retail Services • Certificate III in Retail • Certificate III in Business to Business Sales • Certificate IV in Retail Management • Diploma of Retail Leadership



2018-19 Project Details

DESCRIPTION	ADVANCED DIPLOMA OF VISUAL MERCHANDISING
Rationale:	<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 in 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 contributing to the emerging field of place activism/tactical urbanism, require critical skills to perform their roles not currently covered in the Diploma. The skills needs include targeted project management skills and the ability to initiate, design and work collaboratively within a complex commercial environment, allowing graduates to lead visual merchandising strategy within an organisation. Graduates with higher-level skills should 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, together with the recent visa changes to visa requirements limiting access to international workers cited above, mean 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.</p> <p>Presentation and visualisation of merchandise in store fronts, as well as in stores, is extremely important for retailers as it can be a point of difference versus online competitors, and a strong influencer in terms of encouraging customers to visit a store, rather than shop online.</p> <p>RTOs supplying Diploma graduates to retailers, including large department stores, have confirmed that demand for higher skills is an ongoing and critical requirement, and both employers and learners will benefit from having access to an Advanced Diploma.</p>
Ministers' Priorities Addressed:	<p>This project is an opportunity to support the Council of Australian Governments (COAG) Industry and Skills Council to specifically address the following priorities:</p> <ol style="list-style-type: none"> 1. Identify and remove obsolete training package products from the system 2. Identify industry expectations for training delivery and assessment (to be documented within the Companion Volume Implementation Guide) 3. Enhance the portability of skills from one related occupation to another 4. Remove unnecessary duplication within the system and create training package products that may have application to multiple industry sectors 5. Develop skill sets.
Consultation Plan:	<p>National consultation workshops will be undertaken, including industry-specific forums in cases where there are significant differences in requirements. Webinars and focus groups can be used to supplement the workshops. The use of an online feedback tool is well established and will be employed.</p>
Timing - Estimated 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 detailed project plan outlining key dates will be developed and aligned to the Activity Order date once known.</p>
Training Package to be Revised:	SIR Retail Services Training Package
Skill Set/s to be Updated:	Nil
Qualification/s to be Developed/Updated:	One (1) – Advanced Diploma of Visual Merchandising
Unit/s of Competency to be Developed/Updated:	To be confirmed during consultation.

DESCRIPTION	SKILLS SETS FOR EMPLOYERS AND EMPLOYEES
Rationale:	<p>Existing workers need to learn and re-skill continuously, either to keep abreast of new role requirements or in order to retrain for new jobs. This is particularly important as new technology continues to be introduced in the retail industry. Continually upskilling allows existing retail workers to add value to businesses, improving their opportunities to remain employable and to progress their careers.</p> <p>Restrictions on time and the financial and operational pressures involved in running small business operations, however, can mean workforce training is de-prioritised. Small and medium-sized business owners often find they cannot spare their time, nor their employees' time, to attend fixed training options (e.g. such as the acquisition of a qualification). There is therefore a significant requirement for more flexible and appealing approaches to training the workforce within the wholesale and retail sector.</p>
Ministers' Priorities Addressed:	<p>This project is an opportunity to support the Council of Australian Governments (COAG) Industry and Skills Council to specifically address the following priorities:</p> <ol style="list-style-type: none"> 1. Identify and remove obsolete training package products from the system 2. Identify industry expectations for training delivery and assessment (to be documented within the Companion Volume Implementation Guide) 3. Enhance the portability of skills from one related occupation to another 4. Remove unnecessary duplication within the system and create training package products that may have application to multiple industry sectors 5. Develop skill sets. <p>(This project will explore the potential for the development of new skill sets.)</p>
Consultation Plan:	<p>National consultation workshops will be undertaken, including industry-specific forums in cases where there are significant differences in requirements. Webinars and focus groups can be used to supplement the workshops. The use of an online feedback tool is well established and will be employed.</p>
Timing - Estimated Duration of Project and Key Dates:	<p>Estimated duration: 4–5 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 detailed project plan outlining key dates will be developed and aligned to the Activity Order date once known.</p>
Training Package to be Revised:	<p>SIR Retail Services Training Package.</p>
Skill Set/s to be Developed/ Updated:	<p>A number 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 service (including cross-cultural competency) • Managing a small business • Privacy and legal requirements for running a business • Human resources/staff recruitment and management • Marketing • Communication (including cross-cultural competency) • Quality control • 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>
Qualification/s to be Developed/ Updated:	<p>Nil</p>
Unit/s 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>



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