

Service IQ

SMARTER PEOPLE FOR
SMARTER BUSINESSES



REGIONAL ROADMAP
SERVICE SECTOR
— Auckland Retail —



2018/2019

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Introduction

Retail plays a vital role in the economy of New Zealand's largest city. The Auckland retail scene is evolving and growing. This dynamic environment needs a motivated and skilled workforce that reflects the exciting city.

#servicesuccessnz

ServiceIQ

ServiceIQ is the Industry Training Organisation for the aviation, hospitality, retail and retail supply chain, travel, tourism and museum sectors – the service sector. We are recognised by government to set skill standards in the service sector and to arrange training in the workplace.

ServiceIQ is owned by industry. We work to empower and motivate people to provide great service to help businesses remain competitive, and for New Zealand to be internationally recognised as a great place to live or visit.

ServiceIQ advocates on behalf of industry for workforce development, and provides a national perspective and leadership for the service sector.

All employment, occupation, demographic and business data underpinning our regional and national work is supplied by Infometrics.

ServiceIQ developed the Service Sector Workforce Development Plan 2015 following extensive industry consultation over a two-year period. The Plan has been agreed by industry and is owned by industry. The Plan articulates a shared vision for the sector to respond to the challenges and changes it is facing, and a framework for workforce development.

The framework encapsulates the three primary levers a sector can use to develop the skills of the workforce; that is: attraction and retention, skill development, and skill utilisation. This framework has six priority actions and these underpin our workforce development activities. The priority actions are:

- ▶ Attract and retain people with the right attitude and aptitude
- ▶ Increase the number of able school leavers transitioning into the sector
- ▶ Increase access to and engagement with training
- ▶ Develop and maintain high quality qualifications and programmes that meet the needs of industry
- ▶ Increase productivity by developing core skills
- ▶ Improve business and management capability.

These priorities have been chosen because they are the most likely to have a significant impact on increasing business productivity and growth, and closely align to the primary levers.

Retail sector workforce roadmap for Auckland

The Workforce Development Plan highlighted the need for service sector workforce development at a regional level. The retail sector workforce roadmap provides an Auckland retail and retail supply chain orientation and focus point for the six priorities; and provides a means for creating concrete, detailed actions for realising the vision for the retail sector.

The roadmap is a plan to meet forecast workforce growth in a region over the next five years. The demand side of the plan will include detailed forecasts of workforce changes including changes in workers, changes in occupations, and changes in skill levels. The supply side will outline how we can harness Auckland retail knowledge and innovation to create industry-led solutions that best meet those workforce needs.

Pivotal to the success of this plan is collaboration with key organisations in the region, including city councils, regional tourism organisations, iwi, businesses, schools and tertiary education organisations.

The roadmap will link supply and demand for skills, better connect different parts of the tertiary sector, provide information to young people about where there are likely to be opportunities, and ensure that there is a pipeline to meet future sector needs.

Developing a retail sector roadmap for Auckland

ServiceIQ surveyed local businesses and organisations, and hosted a workshop in Auckland in August 2017. Representatives from local businesses, government, education providers, and business groups attended the workshop. The group developed a vision for the retail and retail supply chain sector in Auckland and established a range of strategies for achieving this vision, which formed the basis of the roadmap. A first draft of the roadmap was developed in late 2017 and tested with members of the group for coherency and accuracy.

Critical success factors

The success of the regional roadmap action plan is dependent on the Auckland retail industry taking leadership, with regular measurement and updates on progress.

ServiceIQ will track and measure progress against the Auckland retail and retail supply chain sector workforce roadmap action plan.



Current position

The Auckland region has the highest population in the country, with an estimated 2016 resident population of 1.6 million people; 34 per cent of the total population of New Zealand. This population is projected to increase by over 150,000 people by 2023¹.

Auckland is also the main point of entry for international visitors to New Zealand and a major destination for domestic travellers. Visitor numbers and visitor spend in the region has been increasing and will continue to do so.

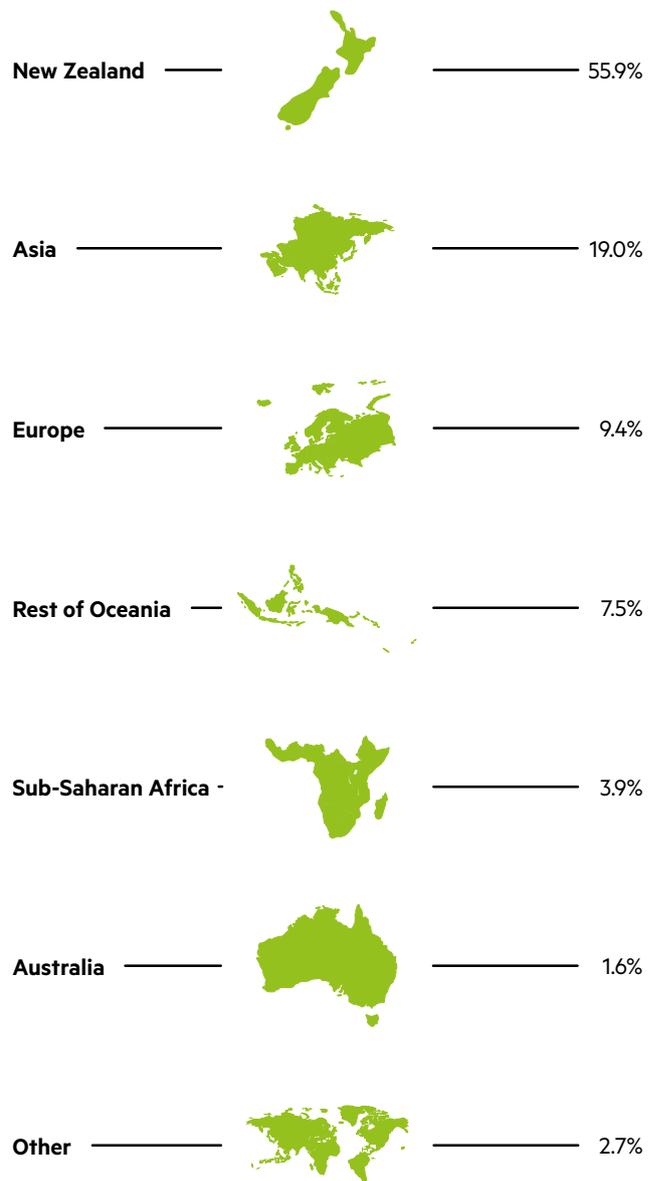
These large groups of residents and visitors support the retail and retail supply chain sector. To make the most of opportunities in the region, the retail and retail supply chain sector in Auckland will need to grow and change, as the city itself does.

Retail and retail supply chain sector in Auckland

In 2016, 20 per cent of all jobs in Auckland were in the retail and retail supply chain sector. The sector accounted for 17.3 per cent of regional GDP (\$14.5 billion), and employed 162,679 workers (146,920 FTEs), across 30,733 businesses (17 per cent of all businesses). 12.9 per cent of the sector is self-employed, which is lower than the overall self-employment rate in the region of 17.9 per cent. Over three quarters of retail and retail supply chain workers are employed full time, while 21.8 per cent work less than 30 hours per week. The sector has been growing steadily since 2010 and is forecast to continue growing to 2021, with 57,127 forecast job openings over the next five years (18,390 new jobs and 38,739 replacement job openings).

The make-up of the population in the Auckland region is rapidly changing, and this is reflected in the retail and retail supply chain workforce. In 2013, 44.1 per cent of the Auckland retail and retail supply chain workforce was born overseas, similar to the overall Auckland workforce. 19 per cent of the workforce was born in Asia, 9.4 per cent in Europe, 7.5 per cent in Oceania and 3.9 per cent in Sub-Saharan Africa. Since then, annual net international migration to Auckland has increased almost five-fold¹. According to the MBIE Migration and Labour Force Trends Auckland Overview 2015, retail managers were the second highest occupation of Essential Skills workers in Auckland. Retail Supervisors also featured in the top 10 occupations of Essential Skills workers in Auckland.

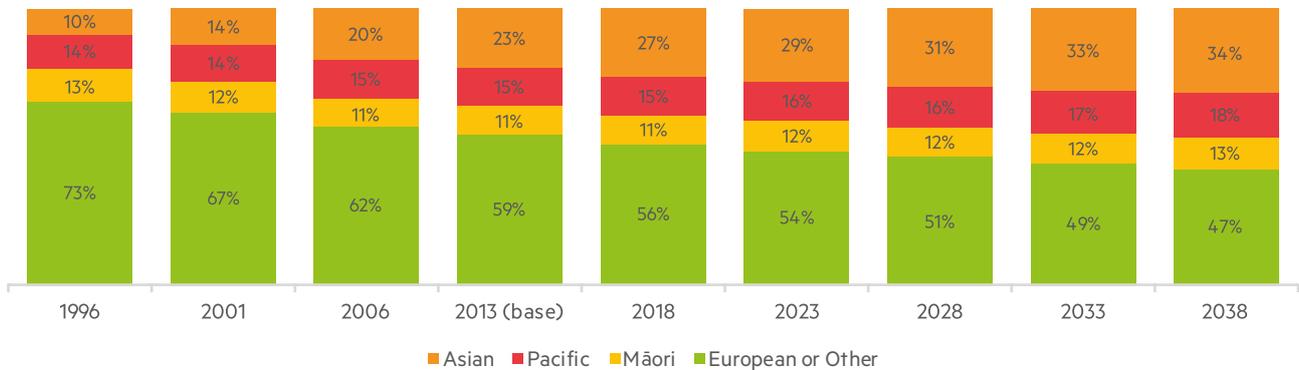
Auckland Retail and Retail Supply Chain by Country/Region of birth 2013



¹ MBIE Regional Economic Activity Web Tool.

Auckland has become one of the most culturally diverse cities in the world and is forecast to become even more so going forward². In 2013, 63 per cent of the retail and retail supply chain workforce in Auckland identified as European, 25 per cent identified as Asian, 8.8 per cent as Pasifika and 7.2 per cent as Māori³. The largest increase since 2006 has been in workers of Asian ethnicity.

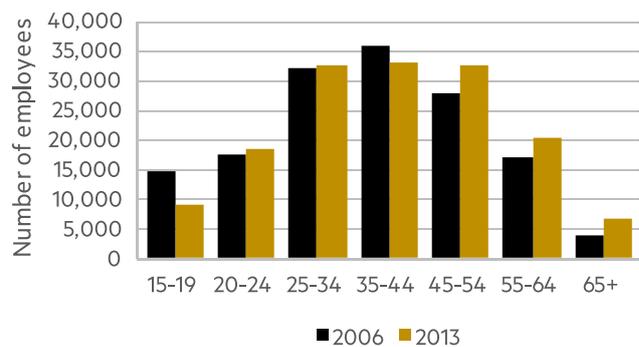
Medium Projected Ethnic Population in the Auckland Region²



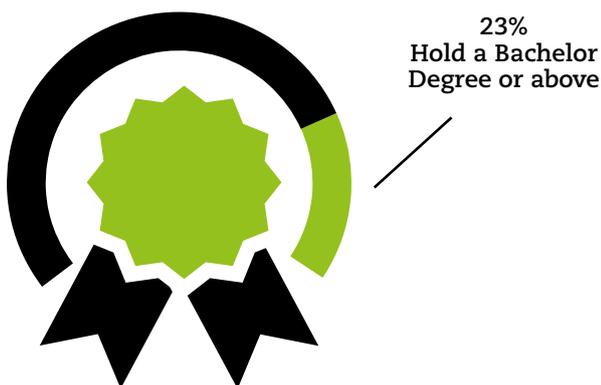
Slightly more males than females work in the Auckland retail and retail supply chain sector; 52 per cent of the workforce is male and 48 per cent female. Again this is similar to the overall workforce in the region.

The retail and retail supply chain workforce is younger than the overall workforce but the workforce is ageing, in line with the national and international trends. In 2006 there were 14,539 retail and retail supply chain workers aged 15 to 19 years old, 10 per cent of the workforce. By 2013 this had decreased to 9,296 workers - six per cent of the workforce. Conversely, the number of workers aged 65 years and over increased from 3,979 to 6,669 over the same period.

Changing Age of the Auckland Retail Sector



Qualifications in the Auckland Retail Sector



While 57 per cent of roles in the retail and retail supply chain sector are low skilled (typically requiring a qualification at Level 3 or below on the New Zealand Qualifications Framework), one quarter of roles are high skilled (typically requiring a Bachelor Degree or higher), 12.7 per cent are medium-high skilled (typically requiring a Level 5 or 6 Diploma), and 5.3 per cent are medium skilled (typically requiring a Level 4 Certificate). Overall the qualifications held by the Auckland retail and retail supply chain sector align well with the skill levels of the roles, although there may be skill shortages in the medium-high and high skilled roles.

² Statistics New Zealand Subnational Ethnic population projections 2013 (base)-2038
³ NOTE: Respondents can identify with more than one ethnicity.

Challenges to supply and demand facing Auckland retail

Nationally, the changing characteristics and expectations of the sector's workforce and customers are likely to be influencing and shaping the sector over the next five to ten years. Advancing technology is also offering new ways for the sector to engage with its customers, and in turn, this is offering new ways for engaging retail sector professionals in skill development.

Over the next five years, the Auckland retail and retail supply chain sector is forecast to have 57,127 job openings. The average annual rate of total job openings, including new jobs and employee turnover, is 6.7 per cent.

Employee turnover costs between 50 to 300 per cent base salary per person. Retail workers, on average, earn \$47,690, and based on this estimate, the cost to the business of replacing staff is at least \$23,845⁴.

*Over the next five years, the Auckland retail and retail supply chain sector is forecast to have **57,127** job openings*

High rates of staff turnover

Staff retention is one of the biggest challenges facing the retail workforce, with staff turnover rates increasing since the end of the global financial crisis. This increase in job turnover is not limited to retail but is seen across the overall economy. However, it is compounded by the fact that the retail sector has consistently been characterised by relatively high staff turnover compared to other sectors.

Factors that may contribute to a high turnover rate include higher wages in other industries, the expectations of some workers regarding work environment - such as hours of work, perceived advancement opportunities, and attitudes towards work. Youth are more likely to consider work in the retail sector as a stepping stone to other sectors, rather than a career option.

What succeeds in mitigating these factors is employers developing staff, offering career progression and upskilling through learning and development programmes and qualifications.

Availability of skilled workers

Employers report difficulty in finding people with the required skills and experience to fill management roles and so are turning to overseas candidates; the consensus being that the level of service in retail overseas is superior to that of New Zealand. According to the New Zealand Immigration report, Migration and Labour Force Trends: Auckland Overview 2015, Retail Manager was the second highest occupation for Essential Skills workers in Auckland in 2014/2015 and the fifth highest occupation in the Skilled Migrants category.

Beyond just management level roles, many job seekers are not work ready. They may lack resilience, interpersonal skills and other core skills. A way of developing these work readiness skills and gaining recognition for them is needed.

⁴New Zealand Turnover Survey (April 2016)

Staff development

Due to the investment of both time and money required to develop staff, some businesses are reluctant to take on candidates that are not already “perfect”. Small business size can be a barrier to staff development, as small retailers with fewer employees cannot easily absorb staffing and recruitment setbacks and are less willing to take on the risk posed by hiring untrained staff who do not have demonstrated retail skills. In smaller workplaces, there are fewer upper level roles available and this can limit progression and development opportunities for staff.

Perception of careers in retail

The retail sector has a range of opportunities for career development and progression. These are not always recognised and people often only see the entry level positions in retail. The limited view of retail held by some influencers (teachers, parents, counsellors) can affect whether a young person enters a retail career path and the awareness of retail and the vocational pathways is inconsistent across schools.

The evolving retail workplace

The retail workplace is changing and evolving; this is leading to new challenges. For continued success, businesses need to adapt in this changing environment.

As the retail workforce spans multiple generations, staff and employers need to contend with the wants and needs of different age groups.

Online retailing is becoming a more significant part of the retail sector and retail stores in physical locations are facing increased competition from online stores. To make the most of this opportunity, retail staff and businesses need support to successfully adopt new technology.

Customers want a great instore experience to contend with purchasing online. They expect a high level of customer service and staff with expert knowledge to rival the information in their smartphone or computer.

Making use of promotional opportunities

The retail sector needs to collaborate to promote the opportunities available across the sector and address the lack of awareness regarding qualifications and opportunities offered in retail.

The sector could make better use of existing opportunities to promote careers to young people, parents and the community; such as through careers and job expos and engaging in retail Gateway opportunities.

Other issues of note:

The transport issues into and across the city, and increasing safety concerns, with more press coverage of armed robberies.

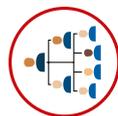
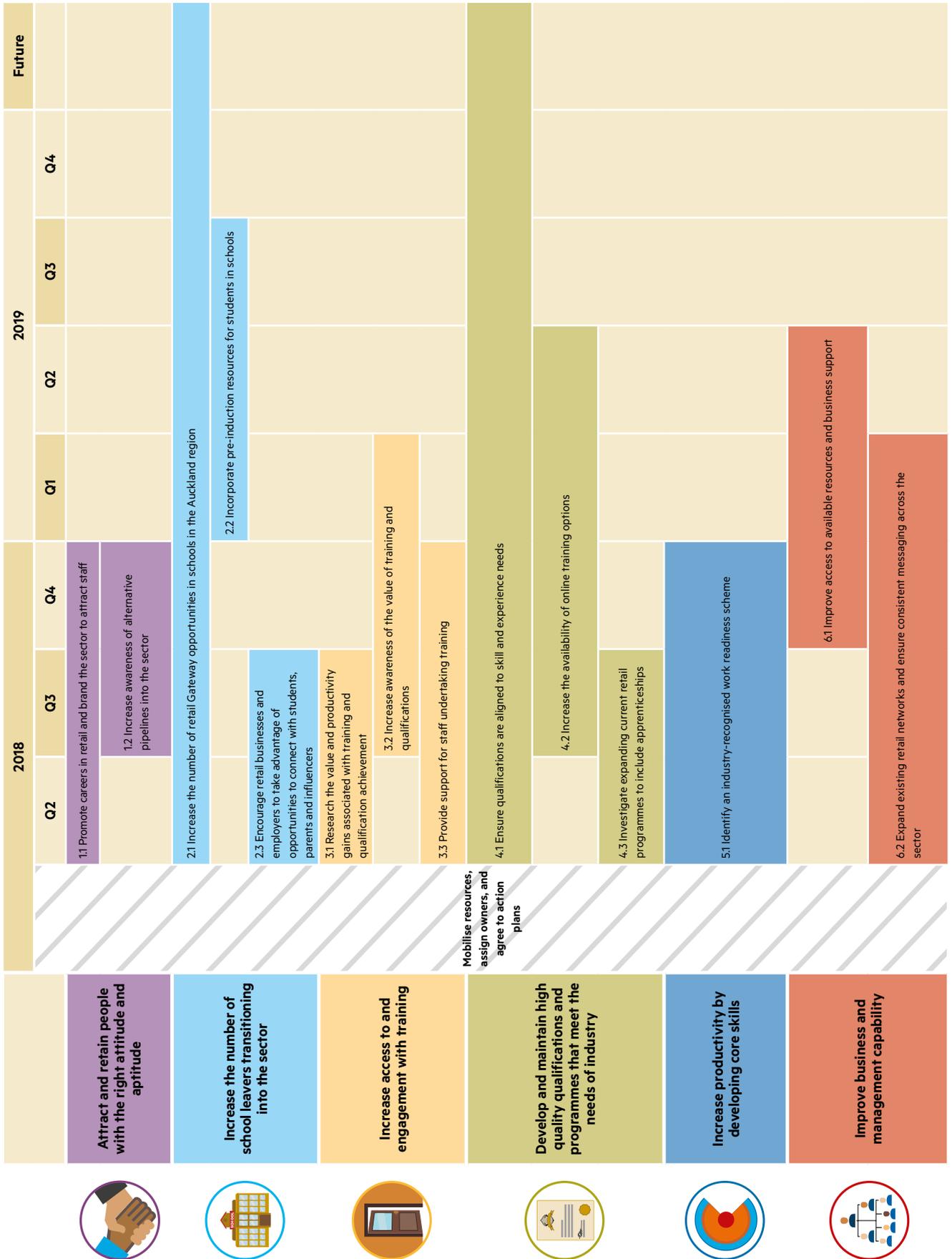
Retail

_____ *is a* _____
valued career in Auckland;
qualifications
_____ *and* _____
experience
_____ *gained in the sector are* _____
appreciated and shared

By 2021:

- ▶ Career opportunities in the Auckland retail and retail supply chain sector have a high profile and a strong brand
- ▶ Retail qualifications address the skills needed by industry
- ▶ The sector capitalises on the advantages that working in retail offers

Initiatives for the Auckland retail sector





Attract and retain people with the right attitude and aptitude

To help the sector thrive, effort must be put into attracting the right people and retaining them.

The right people have strong core skills, a good work ethic, and a customer-focused attitude.

Attracting the right people involves raising the profile of the retail sector and persuading prospective workers of the potential career and lifestyle possibilities.

To maximise utilisation of skills, and generate a return on investment in training and reduce the cost of turnover, people need to continue working in the sector for longer.

Creating incentives for people to stay in the sector through developing clear career pathways and offering realistic progression opportunities will keep valuable skills in the sector.

#	Initiative	Description
1.1	Promote careers in retail and brand the sector to attract staff	<p>The retail sector needs to raise the profile of careers in the sector. To do this, retailers need to make use of opportunities to promote the sector, such as careers and job expos.</p> <p>There needs to be promotional material that is retail specific and markets success stories in the sector. Awards that recognise retail staff for outstanding customer service could provide a vehicle to celebrate and share positive retail stories.</p>
1.2	Increase awareness of alternative pipelines into the sector	<p>Employers may not be aware of the variety of pipelines and support available outside the school to work transition space, to channel new staff into the retail sector. These pipelines include recruitment through Ara jobs and skills hub, the employer services provided by MSD (such as work brokers and the Flexiwave scheme), those that have come through the Corrections education programme, and employment support through Youth Service Providers and initiatives such as the Pacific Employment Support Service.</p> <p>To increase awareness, these alternative pipelines need to be promoted to the retail sector.</p>

Increase the numbers of able people transitioning to work



Young people bring energy and new ideas into the retail sector.

Ensuring strong connections between schools and tertiary providers, schools and workplaces, helps to create and sustain a pipeline into retail sector careers.

#	Initiative	Description
2.1	Increase the number of retail Gateway opportunities in schools in the Auckland region	<p>The Gateway programme provides school students with a work placement experience to gain workplace-based training. Gateway training helps students to gain skills, experience and kick-start their career. Students attain unit standards and make professional contacts that can help open doors to future jobs.</p> <p>The existing Gateway programme can be promoted and extended, bringing more employers into the scheme, ensuring retail businesses are aware that they can be a part of this programme and making it easier for them to engage.</p>
2.2	Incorporate pre-induction resources for students in schools	<p>Students entering the retail sector would benefit from a pre-induction resource to prepare them for work experience or employment in retail.</p> <p>Incorporating an online retail induction for students to complete prior to starting their work experience, would result in students knowing what to expect from day one and able to make the most of the opportunity. It may also raise the profile of retail within the school setting.</p>
2.3	Encourage retail businesses and employers to take advantage of opportunities to connect with students, parents and influencers	<p>Retail businesses, employers and the ITO need to take advantage of available opportunities to meet directly with students, parents and teachers. Students benefit from encountering real people in the industry; this can raise the profile of the retail sector and build a brand around retail careers.</p> <p>By having a presence at events targeted to parents, students and teachers, such as parent evenings, work experience days, and work choice days, more people will be encouraged to look to the retail sector as a career.</p>



Increase access to and engagement with training

One of the biggest issues limiting skills development is access to training.

The reasons for this are various; such as workers having limited access to training materials and resources, limited time for undertaking training, or a lack of support from within the workplace for accessing training.

#	Initiative	Description
3.1	Research the value and productivity gains associated with training and qualification achievement	<p>Many businesses recognise the importance of training to develop individuals, but may not be aware that an investment in training can result in real and measurable profit to a business.</p> <p>Research into the value training can add to a business could improve access to and engagement with training.</p>
3.2	Increase awareness of the value of training and qualifications	<p>Improving the recognition of training and qualifications in retail would elevate standards across the sector. Retailers could emphasize qualifications when hiring staff so job seekers with retail qualifications are preferred applicants and employers offering qualifications are sought after.</p> <p>Publicising those employers that engage in on-job training, through case studies, profiles and awards, would encourage businesses to see the value in training and qualifications.</p>
3.3	Provide support for staff undertaking training	<p>It is important that training is as accessible as possible. Employers can engage in low cost (and in some cases free), on-job training and can apply for bursaries to further education in retail.</p> <p>Employers should be encouraged to support their star performers and allocate time for development. Offering training to all employees (part-time and casual, not just full time), and guaranteed hours, can help retain good staff and play a key role in succession planning.</p>

Develop and maintain high quality qualifications and programmes that meet the needs of industry

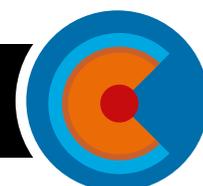


Education and training that does not meet industry's current or future needs is counterproductive.

Businesses need access to quality qualifications and training programmes tailored to the retail sector if they are to attract and retain skilled workers who best meet their needs.

#	Initiative	Description
4.1	Ensure qualifications are aligned to skill and experience needs	<p>Courses, qualifications and training programmes need to be reviewed regularly, with input from industry, to ensure they align to current and future demands on staff.</p> <p>Qualifications that incorporate transferable skills and have a work experience or internship component are the most effective to meet employer needs.</p>
4.2	Increase the availability of online training options	<p>Online training courses offer another avenue for individuals undertaking retail training and could improve participation. Online training courses can be a powerful engagement tool for schools. They are valuable as they allow students to work in their own time, at their own pace. As more students participate, it increases the overall visibility of retail within the school environment.</p>
4.3	Investigate expanding current retail programmes to include apprenticeships	<p>Diverse models of retail training can encourage staff and employers to engage in training and promote its value. An apprenticeship model to achieve New Zealand Certificate in Retail Level 4, could promote and add prestige to a career in retail.</p>

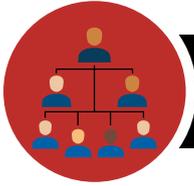
Increase productivity by developing core skills



Core skills are the 'glue' that binds vocational skills together.

The retail sector has a significant opportunity to increase its productivity and profitability if it lifts the core skills of the people it employs.

#	Initiative	Description
5.1	Identify an industry-recognised work readiness scheme	<p>A common concern from industry is that job seekers often lack core employability skills. Employers are looking for a recognised measure of work readiness in job applicants, particularly those entering the workforce.</p> <p>Increasing employer engagement with the License to Work programme run through COMET Auckland, which includes endorsements by employers, could provide industry with recognised evidence of employability skills.</p>



Improve business and management capability

Business and management capability is fundamental to the success of any business and the retail sector.

Quality management can make a business profitable, enable it to make better use of resources, and contribute to its sustainability. A good manager can ensure that worker skills are effectively utilised and best contribute to business objectives. Given the limited supply of skilled workers, effective skill utilisation is becoming more important.

#	Initiative	Description
6.1	Improve access to available resources and business support	Retail businesses should be encouraged to retain and support staff. There is a variety of support available to build business capability. Ensuring employers understand the resources and can access them (such as business mentoring schemes and leadership and management courses), and commit to the resources required to develop their staff (such as time and funding), is key to a successful team and business.
6.2	Expand existing retail networks and ensure consistent messaging across the sector	<p>To achieve consistent messaging across the retail sector and to avoid unnecessary duplication of work and initiatives, existing retail networks should be engaged and expanded, such as the Massey Centre for Advanced Retail Studies' Advisory Board.</p> <p>The network should provide support and the opportunity to collaborate for retailers of all sizes; small, medium and large.</p>

AVIATION ▲ TOURISM ▲ TRAVEL ▲ MUSEUMS ▲ CATERING
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