



Retail & Distribution WORKFORCE ACTION PLAN

A shared roadmap to develop the workforce

The Service sector is fundamental to New Zealand and New Zealanders. The future of the Service sector is exciting and has people at its centre.

Ringa Hora has worked with people from across industry to develop a shared roadmap to transform the Service sector workforce from its current state to the future that we aspire to.

The Workforce Development Plan looks across the Service sector and sets out the major factors shaping the sector and an overarching vision for the future.

Against that context, this Action Plan focuses on the characteristics and dynamics of the Retail & Distribution industry and its workforce. It describes what the future could look like for this workforce, the current challenges faced by the industry, and sets out the actions we can take to tackle this wero | challenge.



Future Vision for Retail & Distribution

Ringa Hora's Service Sector Workforce Development Plan is based on four aho | strands. Each of these aho will strengthen the workforce, but when woven together, as a taura whiri | rope, we can achieve real transformation of the workforce:

- Māori succeeding as Māori
- Attracting and retaining the future workforce
- Developing broad skills for the future
- Creating mana-uplifting jobs and opportunities.

The Retail & Distribution industry will always offer a variety of opportunities for kaimahi. We can see that a growth in Māori-owned businesses and iwi influence (as commercial property owners) means the future will provide more people with the opportunity to work in or own businesses built on Te Ao Māori values. For example, we've heard from Māori retail business owners that their 'why' is entwined with empowering the mana of wāhine and "helping others to find expression through culture".¹

This is a future where more kaimahi have opportunities to up-skill in much needed areas so they are able to embrace on-going innovations that are characteristic of the industry (such as adapting to technological advances and changing consumer expectations). Skill development supports the effective and efficient delivery of operations plus can reduce turnover by helping smooth the pathways for people to move across, upwards, and beyond the industry.



About the Industry

The Retail & Distribution industry refers to the wholesale and retail of a range of products through an online presence or traditional 'bricks and mortar' premises.

Whether it's a business providing goods such as food and clothing to people and whānau across the country, or a wholesaler supplying businesses as part of the supply chain, the Retail & Distribution industry is at the heart of these transactions.

The industry has a large proportion of small businesses, however, there are also a number of big box retailers which are some of New Zealand's largest employers. The industry also connects Aotearoa to the rest of the world and its international markets, while also showcasing local products.

¹ Ringa Hora (2022) What makes the Service sector resilient?

Top of mind

To help us get to the future state, we need to understand and tackle the challenges that the Retail & Distribution sector faces, while also seizing the opportunities that already exist or are on the horizon. We've heard that the factors having a significant impact on the Retail & Distribution industry and its approach to workforce development include rising inflation and wage increases, a shortage of labour exacerbated by high turnover, technological advances and changing consumer demands, and rising retail crime.



Addressing labour shortages paired with a high turnover

Labour shortages are a huge challenge in the Retail & Distribution industry as businesses struggle to get enough workers through the door to meet today's consumer demand. This is exacerbated by a very high turnover which negates many recruitment efforts by industry. Even pre-COVID-19, the industry typically lost 50% of its staff within 12 months of entering the industry. For example, although 58,000 new workers joined the Retail & Distribution industry in 2018, only 25,000 remained a year later.

Recognising the impact of inflation and wage increases

Inflationary pressures have meant that many retailers are experiencing declines in sales in-store and online. For workers this means there has been a significant pressure on retail wages over the last few years. Within Retail & Distribution, the grocery and supermarket industry is a clear example of these issues as a 'public face' of the cost-of-living crisis in New Zealand and as one of the first tests for newly introduced Fair Pay Agreements.²

Preparing the industry for technological advances and changing customer demands

The COVID-19 pandemic highlighted the benefits of online shopping and the trend towards multi-channel retail experiences is likely to continue.³ Other changing consumer preferences and technological changes (such as the use of QR codes, non-standard business hours, or innovations in payment methods) highlight the need for companies to upskill staff so they can better understand and improve the end-to-end journey of the customer experience.

Keeping customers and the workforce safe in the face of retail crime

Retail crime (such as ramraids, theft and vandalism) is estimated to cost \$2.6 billion per year.⁴ The preventative and response measures increase the cost of business and may change the types of skills and attributes that retailers value – for example, the workforce needs to be able to adapt to new safety measures de-escalate conflict, and be aware of cyber-crime.

² MBIE (2023) FPA01-004-2022 – Grocery supermarket industry

MBIE (2023) Market study into supermarkets

Radio NZ (2023) No improvements in cost of living survey since March

³ PWC (2020) Rebuild New Zealand: retail

⁴ Retail NZ (2023) Retail Crim Survey 2023

About the Workforce

With 230,800 employees, the Retail & Distribution workforce accounts for approximately 8.6% of the total New Zealand workforce; with at least 30,000 people employed in leadership and management roles such as general retail management, chief executive, sales and marketing, and office management.

The industry offers workers countless opportunities to grow transferrable skills that support and shape people's career pathways within and outside of the industry.

The industry is an important entry point to the wider workforce for many young people. More than a quarter of the Retail & Distribution workforce are aged between 15- 24 years old. This age profile can explain why half of the workforce has no post-school qualifications, which is higher than the national average by 12%. However, not all new starters are rangatahi in secondary school or taking on their first job. The highest proportion of entrants into the Retail and Distribution industry are career changers (45%), followed by tertiary students (23%). Therefore, it is important to recognise the skills and experience that workers bring with them from other roles and industries.

New Zealanders are increasingly diverse. Embracing and celebrating diversity makes businesses more attractive to potential kaimahi and customers, as well as creating economic and social benefits for employers, the workforce, and the wider community.

Using workforce participation data as a starting point shows that there is work to be done in the Retail & Distribution Services industry to realise the aspirations and potential of Māori, Pacific peoples, and tāngata whaikaha | disabled people:

12% of the workforce identify as **MĀORI**

It is important Māori feel reflected within the industry. We are anticipating a significant growth of Māori business across the Service Sector, including Retail & Distribution. Currently, Māori owned businesses in the industry account for 5% of businesses. These businesses often take a whānau approach, supporting and empowering Māori to succeed as Māori. In addition, iwi are shaping the physical retail landscape across Aotearoa as owners of large commercial developments.

7% of the workforce identify as **PACIFIC PEOPLES**

The Retail & Distribution industry accounts for nearly a quarter of all Pacific peoples employed in the service sector. Pacific peoples tend to be employed more in distribution rather than on the retail floor. Insights from the industry suggest that the number of Pacific peoples in management or leadership roles is marginal, with this pathway quite limited and varied. Developing and upskilling the Pacific workforce already in the industry will help retain and create pathways for workers to progress into leadership and management roles.

2.5% of the workforce identify as **TĀNGATA WHAIKAHA**

Tāngata whaikaha includes physical, mental, intellectual, or sensory impairments which can impact a person's life to varying degrees and in different ways. We acknowledge that data on tāngata whaikaha is limited, and it is important that we create more growth opportunities within the sector for our tāngata whaikaha workforce.

RETAIL & DISTRIBUTION

References:

- 1. Workforce demographic, businesses, and economy data is from Infometrics and relates to 2022 unless noted
- 2. Education and training data is from TEC administrative data and relates to 2022.

WORKFORCE



1. Number of workers

The total workforce in Retail & Distribution Services is about 8.6% of the NZ total workforce.

Workforce change

The workforce in Retail & Distribution Services has increased by 2.8% since 2021 and by 4.0% since 2019.

2. Proportion of rangatahi (aged 15 -24)

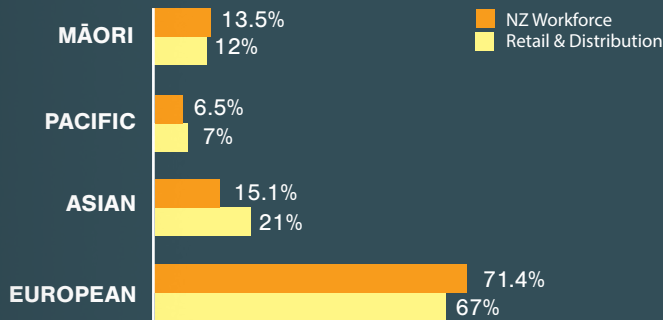
27%

The percentage of rangatahi in Retail & Distribution Services is considerably higher than the 14% in the NZ workforce.

3. Participation of wāhine



4. Ethnicity



5. Tāngata whaikaha

2.50%

This is compared to 3.1% of tāngata whaikaha in the wider New Zealand workforce.

6. Average annual income

\$47,800

The average annual income in Retail & Distribution Services is much lower than New Zealand's \$65,800 in 2022.

7. Average annual income growth (2011 - 2022)



8. Workforce by Region



40%
Auckland



10%
Wellington



14%
Canterbury



BUSINESSES



1. Number of businesses

The number of businesses in Retail & Distribution Services has been gradually increasing over the past few years, with growth of 3.9% since 2019.

2. Māori-owned business

Approximately 5% of businesses are Māori-owned in 2022.



ECONOMY

\$21.6 Billion

In 2022, Retail & Distribution Services contributed \$21.6 billion to NZ's Gross Domestic Product (GDP)

INDUSTRY



\$29 Billion

1. Retail Sales



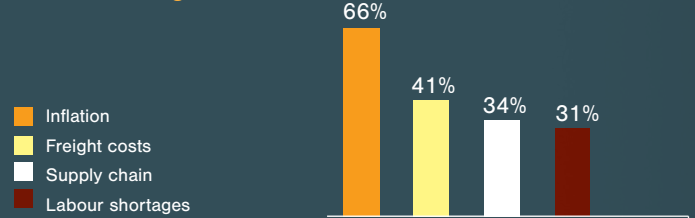
3.7%

2. Yearly retail sales growth past 5 years



70%

3. Biggest issues facing the retail industry - wage increases



EDUCATION AND TRAINING



1. Number of Learners

Distribution (level 3 and 4)
480

Retail (levels 2 to 4)
1,230

Sales (level 2 to 4)
15

2. Proportion of workers with no post-school qualifications

49%



Putting this into action for Retail & Distribution

Transformational change in the Service sector workforce will take time but to achieve that change we need to start taking action now. The following plan includes the key areas of focus, medium term actions and short-term initiatives. These initiatives and actions can be thought of as individual threads that weave together to achieve workforce transformation.

	Māori succeeding as Māori	Attracting and retaining the future workforce	Developing broad skills for the future	Creating mana-uplifting jobs and opportunities
Actions: Where we would like to be	<ul style="list-style-type: none"> Māori business and workforces have opportunities to connect. The Service sector and vocational education system understands and acts on Māori views of success. The vocational education system is shaped by a Mātauranga Māori lens. 	<ul style="list-style-type: none"> Improve the availability and use of high-quality information about Service sector businesses and workforce Improve participation of Māori, Pacific peoples, tāngata whaikaha, and other population groups. Industry is visible and promoted to a wide range of potential ākonga and kaimahi. Roles and responsibilities of system level players are understood and have arrangements in place to work well together. 	<ul style="list-style-type: none"> Vocational education and training is flexible and adaptable to current and emerging industry requirements. Workforces and businesses are well prepared to adapt and innovate. Investment decisions are transparent and based on high quality advice. 	<ul style="list-style-type: none"> Workplaces are accessible and attractive to the current and future workforce. The workforce is recognised, valued, and safe. The workforce and businesses move through the cycle of employment (recruitment, on-boarding, retention, and progression) in ways that suit them. The range of roles is articulated and available. Learning and skills development supports upwards and lateral progression.
Initiatives: What we can do to get there Service Sector Initiatives	<ul style="list-style-type: none"> R I Establish and grow the Māori Service Sector Forum. R Ohu Ahumahi collaboration (Rōpū Kaitakawaenga) to build relationships with iwi and hapū to better understand Māori aspirations. R I Te Kāhui Mātauranga Māori to provide Mātauranga Māori lens to Ringa Hora product design and quality assurance approaches. 	<ul style="list-style-type: none"> R Undertake the Future Workforce project that aims to understand work, skills and training in New Zealand in 2040. I Amplify work that aims to grow participation of particular groups such as Pasifika Navigators of Tomorrow or Jobs for Mums. R Promote the use of Te Mata Raraunga, a collection of vocational education and workforce data. 	<ul style="list-style-type: none"> R Create a package of short, sharp, stackable credentials that meet industry need through Waihangatia te Āmua Ao Shaping the Future of Service Skills project. R I Amplify work that supports people to learn about broad skills for the Service sector, such as MBIE's Digital Boost initiative. 	<ul style="list-style-type: none"> R Develop an 'employer hub' that shares resources, information, and case studies of Service sector excellence – targeted at SMEs. I Amplify approaches that improve diversity, equity and inclusion, such as Diversity Works NZ, Disabled Persons Assembly Information Exchange resources for employers, and Rainbow Tick.
Retail & Distribution specific initiatives Who is leading the initiative R = Ringa Hora I = Industry	<ul style="list-style-type: none"> R Develop business management and leadership skills in Māori owners of small to medium sized enterprises to enable Māori businesses to continue to thrive. I Encourage rangatahi to consider careers in Retail as there are opportunities to work across the motu which can help retain connections with whenua, whānau, iwi and hapū. 	<ul style="list-style-type: none"> R I Support the Retail NZ project to address perceptions about Retail from job seekers and their influencers by: <ul style="list-style-type: none"> improving perceptions of retail careers and understanding of options, creating a greater pool of talent, identifying potential government interventions to secure talent. R I Address perceptions about safety in the workforce due to growing awareness of Retail crime by: <ul style="list-style-type: none"> Encouraging training staff in methods to keep themselves and customers safe, Advocating for industry to review and optimise security processes and policies. R I Promote conversations and engagement with existing research on the Retail and Distribution industry, such as the: <ul style="list-style-type: none"> Consumer behaviour and preferences in the NZ retail grocery sector report, Retail NZ Retail Radar reports, Retail NZ Retail Crime Survey, BDO NZ Retail Thrive Series. 	<ul style="list-style-type: none"> R Improve the relevancy of current qualifications by tweaking to include skills like communication and problem solving, rather than make big changes to retail qualifications. R I Respond to increasing prevalence of tech in the industry by: <ul style="list-style-type: none"> Exploring credentials and qualifications that upskill existing technological literacy and making these accessible to people across the workforce, Identifying pioneers in the tech innovation space within the industry and promoting their stories. 	<ul style="list-style-type: none"> I Increase knowledge about Retail industry careers including entry points and pathways. I Provide opportunities for professional development and make them more visible to future workers looking to enter the industry, as well as people within the workforce already.



RINGA HORA

Services

Workforce Development Council

How to get involved

- ❑ Partner with us on workforce initiatives
- ❑ Tell us what is working and what isn't
- ❑ Report to us on workforce actions progress
- ❑ Engage with us
- ❑ Use the products or initiatives listed in the sector workforce plan

Visit our website or contact us to find out more, receive updates and invitations to industry events.

ringahora.nz | info@ringahora.nz | 04 909 0306