ANALYSIS OF THE LABOUR MARKET IN RETAIL AND WHOLESALE
The full report, of which this is the executive summary, is available online for download.

The chapters covered in depth are:

- Structure and trends in the EU retail and wholesale sector
- The labour market in the EU retail and wholesale sector
- 10 country case studies
- Conclusions
Foreword

This report has been prepared as a joint project on behalf of EuroCommerce and UNI-Europa as social partners for the retail and wholesale sector. We hope that this study will inform decisions at both European and national level about the future of work in our sector, from how to ensure that it can embrace change, and use it to create positive outcomes from all those engaged in working in retail and wholesale, to ensuring a future of satisfying and valuable jobs for those working in the sector.

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EXECUTIVE SUMMARY

OBJECTIVES OF THE STUDY

“The retail and wholesale services sector is one of the most important sectors in the EU economy and should play an important part in stimulating growth and job creation under the Europe 2020 strategy”, according to the European Commission’s DG Grow in 2013. However, the sector has recognised that there has been a lack of descriptive and data-driven analysis of both the drivers of change and their impacts on the sectoral labour market. Following both the global dialogue of April 2015, as well as the opinion of the sub-groups of the EU High Level Group for Competitiveness of the Retail sector, EuroCommerce and UNI-Europa decided to carry out a joint European study in order to address this data gap. The objective of this study is to improve understanding of the impact of current core trends regarding employment and work arrangements in the retail and wholesale sector across different Member States in Europe.

This report provides a structured and comprehensive insight into the following research topics:

- Structure and major trends in the EU retail and wholesale sector;
- Labour market analysis and changing forms of employment and work arrangements;
- Industrial relations.

The study also assists in the promotion and further development of European social dialogue at sectoral level, by providing descriptive and data-driven information that can support a consensus-based approach between the EU social partners (and their members).

METHODOLOGY OF THE STUDY

The objectives were translated into an analytical framework that underpins the structure of this study. More specifically, through various research exercises, five clusters of trends appeared as having an impact on companies, the workforce and consumers within the European retail and wholesale sector. This in turn affects the labour market.

Regarding the scope, the focus is upon resulting working conditions and forms of work. Therefore, a separate study will focus on job dynamics and skills and hence were not analysed in depth in this study.

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While the causal link between trends, the sector and the labour market appears linear in the above figure, it is important to note that in reality, trends and related consequences are highly interconnected.

In order to achieve the objectives, the study used the following methodology:

- Research through literature review of several main sources;
- Additional qualitative data through six in-depth interviews with experts;
- Data collection and analysis;
- A country case analysis with ten EU Member States;
- A workshop with national representatives with additional information collected and validated.

**STRUCTURE AND TRENDS IN THE EU RETAIL AND WHOLESALE SECTOR**

The retail and wholesale sector is important for Europe, both in terms of economic size and societal impact. In Europe, one third of all enterprises operating within the non-financial economy are active in the sector, representing mainly small to medium size retailers and wholesalers that serve local markets. Moreover, as retail and wholesale represents an act of exchange between manufacturers, wholesalers, retailers, governments, other businesses, and consumers, a wide range of actors are affected by the sector.

Several trends drive changes affecting both the structure and labour market of the sector. The rise of digitalisation and e-commerce, evolving demographic patterns and consumer demands, changing technological capacities, increasing pressure on natural resources and environmental concerns, intensification of globalisation, resulting in both the increase of pressure on efficiency gains and a flourishing diversity of business models, product assortments, and ownership and management forms within the sector. The traditional clear distinction between actors in wholesale and retail has increasingly become a more complex relational network of enterprises active in distributive trades, making existing sectoral delineation subject to discussion.

We have distinguished five broad clusters of trends that affect the labour market in the retail and wholesale sector:

1. **Changes in the DEMOGRAPHIC STRUCTURE** of Europe’s population, such as ageing and diversifying national and cultural backgrounds, create challenges concerning both the retention and attraction of both young and senior employees. As well as responding to technological and digital revolutions, the sector needs to consider the content of functional profiles and recruitment and marketing strategies such as ethno-marketing. With respect to increases in migration flows, questions have emerged regarding language skills and foreign-owned businesses in retail and wholesale;

2. **ECONOMIC TRENDS** such as recessions, globalisation and urbanisation all create a variety of challenges and opportunities for the labour market in retail and wholesale. Following the economic crisis, there were significant drops in consumption levels and hence increased competition among companies; these low growth numbers caused companies to reduce labour costs. Although levels of employment are now at pre-crisis levels, for some countries this goes hand-in-hand with increasing the level of service through longer opening hours. Globalisation has meant increased global competition for jobs in the sector and increased demand for multi-lingual and international trading skills. Finally, urbanisation, along with the rise of e-commerce, has resulted in large retailers moving to (distribution) spaces outside towns while at the same time strengthening concept, convenient and smaller outlets in the heart of city centres;

3. **TECHNOLOGICAL TRENDS** such as digitalisation, automation and 3D printing disrupt and shape the world of work in retail and wholesale (and other sectors). Digitalisation affects the way of working in the sector in terms of job content, skills demand, job dynamics, forms of work, function profiles, and location of work. The rise of e-commerce has fundamentally changed the way products are bought and sold, and hence the content of jobs in the sector. Automation and optimisation of business processes has transformed functions within the sector such as cashiers and customer service staff;
4. ENVIRONMENTAL CHALLENGES such as climate change and natural resource depletion form a fourth cluster of trends affecting retail and wholesale and its labour market. Labour intensive “green” jobs originating from ideas on how to mitigate the effects of climate change, such as bike-delivery services and environmentally friendly packaging developments, are only one example. In a more pessimistic scenario, deterioration of working conditions and job losses due to extreme weather conditions pose serious challenges to the retail and wholesale sector. Increasing attention to economic and societal opportunities of the circular economy as an answer to natural resource depletion poses further challenges and opportunities to the sector. As the reduction in levels of consumption of new products is the end-goal of the circular economy, the ability of retail and wholesale companies to implement innovative strategies will be decisive;

5. Finally, REGULATORY CHANGES with regard to opening hours, data-protection and privacy, liability, international trade deals, and a framework towards a European Digital Single Market affect to a varying extent the European retail and wholesale sector.

THE LABOUR MARKET IN THE EU RETAIL AND WHOLESALE SECTOR

In this part, there is a detailed description of the labour market in the EU retail and wholesale sector. The first focus is on the size and employment in the EU retail and wholesale sector, based on data of Eurostat. The findings from this data are:

Retail and wholesale is an important generator of work in the European Union: The sector employs the second largest workforce throughout the European Union (15% of workers), just after the manufacturing sector. In 2015, there were 23.2 million workers employed in the retail sector and 9.1 million workers in the wholesale sector in Europe.

The relative importance of retail and wholesale varies across EU Member States: In Cyprus, nearly one in four employees works in retail and wholesale, whereas in Romania only one in ten employees are working in the sector.

In most European countries, retail and wholesale suffered more than other sectors from the crisis: The sector suffered from the post-2008 financial crisis, this is especially the case for wholesale, where the employment rate reduced by 7% between 2008 and 2011. In comparison, the employment rate was only 3% lower in the retail sector and 2.4% lower for all sectors in the EU.

Employment losses during the crisis have recovered in the retail and wholesale sector: In 2015, 23.3 million workers were employed in the retail sector versus 23.1 million in 2008. Even the levels of employment in wholesale are only slightly under the pre 2008-level (9.1 million in 2015 versus 9.2 million in 2008).

"62% of workers in the EU retail sector are women, 34% in the wholesale sector. This compares with 46% in the whole economy."

The focus of the study then turned to the different profile characteristics of the workers of the retail and wholesale sector. The findings from Eurostat data are:

High numbers of women working in retail and fewer in wholesale: 62% of workers in the retail sector in the EU are women, while there are only 34% in the wholesale sector and 46% in all EU sectors.

Retail employs relatively more young workers than wholesale and other sectors: 15% of workers in the retail in the EU are aged 15-24, while this is only 7% in the wholesale and 8.4% in all EU sectors.

The share of young workers diminished significantly in both sub-sectors: In 2008, 18.5% of all workers in the retail sector were aged 15-24, whereas in 2015, this percentage reduced to 15.3%. This evolution is also evident in wholesale where the share of young workers diminished from 8.8% to 6.9%, and on average in all sectors from 10.3% to 8.4%, but in a less drastic way.

"Contracts of unlimited duration are the most prevalent."
Retail employs proportionally more low-qualified and medium-qualified workers than wholesale and other sectors: In 2015, 19% of workers in the wholesale were low-qualified (meaning less than lower secondary education); while this percentage amounts to 24% in retail. On the contrary, 30% of workers in wholesale were high-qualified (tertiary education), while this percentage amounts to 20% in retail.

"30% of wholesale and 20% of retail workers are highly qualified."

Following the crisis, the number of low-qualified workers has diminished, while the number of high-qualified workers in the retail and wholesale sector increased: For both sub-sectors, it seems that the number of low-qualified workers reduced drastically from 2008 to 2015. In the retail sector from 29% to 24%, and in the wholesale sector from 24% to 19%. On the contrary, the number of highly qualified workers increased: in the retail sector from 14% to 20%, and in the wholesale sector from 23% to 30%. The main explanation for this evolution is digitalisation and automation, which replaces low-skilled routine tasks and repetitive work.

Compared to other sectors, wholesale and retail employ a higher share of EU workers from another Member State: In both sub-sectors, around 17% of workers are EU workers from another country, while this percentage amounts to only 3.5% in other EU sectors. This is a significant observation as increasing migration shows the importance of keeping up with dynamic shifts and hiring a diverse workforce that truly represents consumer demography.

Next, the study looked at different forms of work in the sector:

More contracts of unlimited duration in the wholesale sector compared to the retail sector: 84% of all contracts in the wholesale were of unlimited duration, compared to 78% of all contracts in the retail and in other sectors.

"In 2015, 84% of all contracts in wholesale, and 78% in retail were of unlimited duration."

Significant increase in the number of self-employed workers in wholesale: 13% of all workers in the wholesale sector and 17% in the retail sector are self-employed, compared to 15% in other sectors. The number of self-employed has increased in both sub-sectors, but especially in the wholesale sector (from 8% in 2010 to 13.4% in 2015). This is also the case in the retail sector and in other sectors but to a lesser extent.

Three new forms of work gain prominence within the retail and wholesale sector: Firstly, casual work, where the employer is not obliged to provide the worker with regular work, but has the flexibility to call on them when needed. Secondly, portfolio work, where the self-employed work for a large number of clients, providing just small amounts of work for each of them. Finally, voucher-based work, where the employment relationship and related payment is based on a voucher rather than an employment contract. These new forms of work are both opportunities and threats to current working conditions.

"Our sector employs the second largest workforce after manufacturing."

Finally, using Eurofound data from the European Working Conditions Survey, we focused on working conditions in EU retail and wholesale. The findings from this data are:

High frequency of part-time work in the retail sector compared to wholesale and other sectors: There are higher levels of workers employed with a part-time contract in retail (32%) than wholesale (16.2%), whilst the EU-average places part-time work at 22.5%.

The majority of workers in retail and wholesale work as many hours as they wish (respectively 57% and 61%). However, of those working part-time, more workers in retail would prefer working more hours than in wholesale or other sectors (40% of part-time workers in retail versus 30% of part-time workers in wholesale).

Atypical hours are more common in retail than in wholesale or other sectors: The retail sector makes more use of shift work, evening work, Sunday work and night work.
Lower average hourly wage in retail sector compared to wholesale and other sectors: On average, the gross hourly wage in retail equalled €8.90 in 2015, whereas it was €10.50 in wholesale and €11.50 on average in all other sectors.

“Identifying new & upcoming jobs are important for the sector.”

The average monthly wage increased more in retail than in wholesale and other sectors: Despite the fact that the average monthly wage is lower in the retail sector (€1,112 in 2015), compared to wholesale (€1,546) and other sectors (€1,548), the average monthly wage increase was higher. In the retail sector, wages increased by 14.9%, while they increased by 8% in wholesale.

Fewer instances of employer-paid training in retail compared to wholesale and other sectors: 42% of all workers in wholesale received at least one training paid by their employer. In retail, this percentage falls to 30%. However, it is interesting to note that the share of employer-paid training increased considerably in retail (from 20.8% in 2010 to 30% in 2015, which represents a rise of 44%).

"87% of workers in retail are satisfied with their working conditions."

Fewer workers in retail and wholesale perceive that their health and safety is at risk because of their job than other sectors: Only 13% of workers in retail believe that their health and safety is at risk because of their job, while this percentage increases to 20% in wholesale and even 24% in other sectors.

Workers in retail and wholesale see fewer possibilities for career advancement than those in other sectors: Around 35% of the workers in retail and wholesale think that their job offers good prospects for career advancement, while this percentage increases to 39% in other sectors. However, the share of workers viewing possibilities for career advancement increased significantly in both sub-sectors: from 27% in wholesale in 2010 to 34.4% in 2015 and from 26% in retail in 2010 to 35% in 2015.

Higher organisational tenure in wholesale compared to retail: 37% of workers in wholesale have worked for more than 10 years in the sector, while this percentage diminishes to 28% in retail.

Relatively higher satisfaction with working conditions in retail compared to wholesale: 86.5% of workers in retail are satisfied with their working conditions, while this percentage amounts to 83.5% in wholesale. This is an interesting difference because the above shows working conditions to be relatively better in wholesale compared to retail. However, the perception concerning these working conditions is different between the two sectors.

COUNTRY CASE STUDIES

The third part of the study presents more in-depth information collected at European level through ten country-specific analyses. The countries include Finland, France, Germany, Greece, Italy, Poland, Spain, Sweden, Turkey and the United Kingdom (UK).

"In 2015, 23 million workers were employed in retail and 9 in wholesale."

Within each country, an expert was selected to conduct interviews with a minimum of one employee organisation, one employer organisation and an academic expert. Based on these interviews, the experts reported on three specific topics:

Evolution of e-commerce in their country: Although consistent data on e-commerce is difficult to obtain due to some companies’ multi-channel approach (i.e. companies selling not only online but also in stores, and not having separate data for these different activities), the country cases show that e-commerce is a young and growing sector. E-commerce seemed particularly established in France, Germany and the UK but less so in Sweden, Finland, Italy and Greece. Moreover, European companies focusing only on e-commerce activities were mostly small, including one-person companies and start-ups, while those using a multi-channel approach were mainly large companies.

2. The ten countries were selected by EuroCommerce and UNI Europa due to geographical balance and interest to work on this topic
Start-ups usually focus only on e-commerce activities, whereas large companies prefer a multi-channel approach.

Ongoing trends that affect retail and wholesale in their country: Most countries identified the economic crisis, digitalisation (linked to automation and the growth of e-commerce) and changing consumer preferences as important trends for the retail and wholesale sector. Interestingly, in some cases, those trends identified in literature and qualitative data (i.e. demographic, economic, technological, environmental and regulatory trends) were not the only ones mentioned as some country-specific trends emerged, for example the impact of migration and the asylum crisis on the sector in Italy, Sweden and Turkey.

“A constructive national social dialogue is important.”

Evolution of working conditions, forms of work and industrial relations noted in the sector: Overall, the country cases confirm our statistical findings from part two: a full-time/male-dominated wholesale sector and a part-time/female-dominated retail sector. Furthermore, while the wholesale sector mostly uses permanent contracts, more fixed-term contracts exist in the retail sector. Compared to wholesale, more workers in retail perform atypical hours and as such, retail is a stepping-stone on the labour market attracting young workers. In addition, some new forms of work arose in the country cases such as portfolio work in Italy and France, and zero-hour contracts in the UK. Finally, the evolution of industrial relations appeared to be very country specific, although discussions focused on similar topics including working conditions, working time/schedule and wages. Overall, there seems to be a tendency to decentralise the negotiations within the EU Member States.

“Retail is a stepping stone on the labour market, attracting young workers.”
MAIN CHALLENGES FOR THE SECTOR

Based on all information collected in the study and a workshop with national social partners, following challenges for the European retail and wholesale sector are identified:

The type of actors within the retail and wholesale sector such as manufacturers, retailers, wholesalers and customers become less distinct from one another. The result is a flourishing diversity of business models, product assortments, ownership and management forms that cause increasing complexity for all actors involved. Therefore, both grasping different realities of these businesses and designing adequate agreements are an increasing challenge for the social partners of the sector.

In most EU-countries, the retail and wholesale sector suffered more than other sectors from the crisis. Even if employment levels recovered from 2015, the crisis generated structural changes within companies and competitive pressures remain.

Digitalisation is one of the most important drivers of change in the sector, and leads to new businesses, new jobs and the substitution of jobs. For workers in the retail and wholesale sector, digitalisation could lead to both job creation and job losses. As such, the net impact of digitalisation on jobs in the sector is not clear. In this context, identifying new and upcoming jobs within companies in the sector needs further research. Social partners can also play an important prospective role within the sector.

Digitalisation requires new skills and more training in the sector. In order to function in a digital society, workers will need to develop an ability to work with digital tools and to be able to use digital media. Besides the evident growth of importance of high skills (e.g. ICT skills), there will also be an increasing demand for specialised workers with strong interpersonal and cognitive skills (e.g. creativity and emotional intelligence) in order to ensure value-added compared to robots. In this context, raising awareness of the importance of training and stimulating the provision of adequate and continuous training to workers in the sector is an important role for social partners.

Digitalisation facilitates new forms of work and increases self-employment. Digitalisation affects the organisation of work and transforms employment relationships. Businesses can now hire specialists on demand and keep their workforce flexible in response to fluctuations, for example in the form of self-employed workers or freelance workers. In the retail and wholesale sector, contracts of unlimited duration remain the most significant contracts, but other and new forms of work in the retail and wholesale sector have emerged. These include self-employment, casual work such as on-call work, zero-hour contracts, and portfolio work. One of the main challenges for the social partners is protection for those workers.

A significant part of workers in the retail sector are willing to work more hours, however liberalisation of opening hours remains a sensitive subject. An important discussion in the sector concerns the number of working hours. Providing more working hours to workers willing to work more is an important challenge for the sector; this is also linked to the regulation on opening hours that has been subject to change or to intense debates in several EU countries. The net effect of liberalisation of opening hours should be further investigated by the social partners, especially in the context of the redraft of the Working Time Directive (2003/88/EC).

“We need to raise awareness of the importance of continuous training.”

Even if improvements can be observed, the wholesale sector still shows better working conditions than the retail sector. These differences showed themselves in, for example, the possibilities for career advancement, the average wage, the number of working hours, the number of contracts of unlimited duration, the number of atypical hours of work, the frequency of training, etc. In the context of an ageing population and shrinking workforce, it is a significant challenge for social partners to improve working conditions and rethink the type of jobs in the retail and wholesale sector in order to attract young workers and to retain older workers in the sector.

Industrial relations are country-specific, but it seems that in several countries there is a tendency towards decentralisation or disruption of social dialogue. In this context, a constructive national social dialogue is an important pre-requisite for tackling the challenges for the sector.