

## The Future of Work in Retail and Wholesale

### Executive summary

Our world of work is fundamentally evolving as a result of the digitalisation of the economy, the way companies organise work, and the way customers buy. The change in the nature of jobs is one of the main transforming factors in European retail and wholesale.

Retailers and wholesalers, which have always invested in training their people, are using Vocational and Educational Training (VET) and a life-long learning approach to ensure that their staff stays upskilled with the evolving technology.

Europe's policy-makers have to preserve but adapt the social market economy that is a cornerstone of the European project.

In this contribution, EuroCommerce is setting out the key elements of the future of work in the sector: 1) keeping but adapting the tailored working arrangements prevalent in the retail and wholesale sector; 2) seizing the challenges and opportunities of continuous education and training to up-skill and re-skill.

Our key policy asks are:

#### Employment law and collective agreements

1. **Collective agreements** have ensured that **tailored working arrangements contracts** are fit for retailers and wholesalers' weekly and seasonal variation. This needs to be maintained and enhanced.
2. Many of these agreements have been ensured a right **work-life balance** for employees.
3. Rigid minimum EU harmonisation does not do justice to member states' traditions and the autonomy of social partners.
4. EU labour law should be guided by the principles of **subsidiarity and autonomy of social partners** established by the EU Treaties.
5. Social and economic convergence should be addressed within the framework of the **European Semester**.

#### Education and apprenticeships to address skill gaps – EU funding to help SMEs

1. EU's competence is limited in this area. But the EU can and should add value by **coordinating and exchanging between member states** through the 'open method of cooperation'. This should cover education and apprenticeships (e.g. VET) and life-long and continuous learning approaches.
2. EU needs to **finance SMEs in order to up- and reskill their workforce**, and ensure ESF+ builds upon company programmes.
3. **National education and training systems need to be reformed**, in particular in some member states where the skill gaps are more severe.

## Introduction

The world of work is rapidly changing due to ICT-driven technological change and the evolution of companies and their work organisation. Retail and wholesale are not immune to this fundamental evolution. The increased prominence of global e-commerce *pure players* disrupting the traditional retail landscape and the changing behaviour of consumers who are using mobile devices to shop are two visible phenomena of this transformation in our sector. This transformation has impact on many aspects of retail and wholesale operations, but change in the nature of jobs is one of the main ones.

### BOX 1: Key employment indicators of retail and wholesale

- Total employment: **29 m** or **1 in 7 jobs in the EU**. For young people (15-24), this is 1 in 5 jobs. This makes retail & wholesale the largest private sector employer
- **Two-thirds of them work** in small-and medium enterprises (SMEs)
- **89%** of employees in retail and wholesale are employed **on permanent contracts**
- **62%** of retail employees are women, in wholesale this is **34%** (women make up 46% of the overall EU labour force)

Sources: Eurostat, *Structural Business Statistics (SBS)* and *Labour Force Surveys (LFS)*<sup>1</sup>, *Analysis of the Labour Market in Retail and Wholesale*<sup>2</sup> (2017)

## A) State of play - How are retail/wholesale jobs changing?

Early reports a few years ago, including from within the retail sector, predicted significant job losses as result of this transformation. These would be the result of massive store closures ('everyone would shop online') and significant automation and robotisation of many functions. However, such reports were an oversimplification of the evolution scenarios. They did not take into account the economics of technological transformation, the new functions emerging, and the continuous need for stores as an effective and socially desirable channel of acquiring goods. Therefore, the net effects on employment are probably more nuanced than depicted in these early reports.

Indeed, the High-Level Expert Group on the Impact of the Digital Transformation on EU Labour Markets stressed that the debate should be based on facts and realistic assessments of the consequences of digitalisation. In doing so they flagged the "questionable conceptual and methodological assumptions" of some (early) studies, which have contributed to unnecessary fear and panic.<sup>3</sup> The HLEG argues that "technological change does not lead to significant negative, but, instead, mostly even to positive effects on net aggregate employment."<sup>2</sup> Effects on employment would depend on the wider macroeconomic situation and the adjustment process between companies and sectors. Instead, a question that is much more central to companies is not "how many jobs will be lost", but rather "how are jobs in retail and wholesale changing".

**So, the retail and wholesale sector will continue to be a major employer in Europe, but jobs will profoundly change as tasks will evolve and new tasks will need to be carried out.** Research by EuroCommerce members identified two main trends affecting employment and the structure of retail and wholesale:

- 1) changing consumer shopping behaviour (e-commerce, m-commerce, proximity, specialisation)
- 2) technological change (increased digitalisation of processes or tasks previously executed by humans – automation and robotisation)

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<sup>1</sup> Eurostat (2018)

<sup>2</sup> EuroCommerce and UNI Europa (2017)

<sup>3</sup> Report of the High Level Expert Group on the Impact of the Digital Transformation on EU Labour Markets (2019)

These structural factors on the number and nature of jobs have been compounded, over the last decade, by cyclical factors, such as the economic and financial crisis, slower economic growth, and lower consumer confidence, which have all slowed down consumption.

These factors have led to the transformation of the retail and wholesale sector, with the emergence of many players in e-commerce (some of them evolving as prominent players in the top-10 league table of retail and wholesale) and the transformation of incumbent leaders as omni-channel retailers. Also, we see increased specialisation of retail, with the growth of specialised retail and proximity stores.

Overall, the number of jobs has been stable, with, in some countries, an increase in job numbers, but the nature of jobs is changing significantly. And this transformation is leading to the need for different skills, different functions, and the emergence of new jobs.

### Digital and ICT skills

The success of omni-channel strategies depends, in part, on the digital skills of their workforce. The European Commission found that 37% of Europe's labour force is lacking sufficient digital skills, despite the increasing need for digital skills across all sectors.<sup>4</sup> For example, store managers need to have the ICT skills to make decisions based on data. **Big-data analysis** would allow for easier planning of inventory and staff.

#### BOX 2: Company best practice – Carrefour training program for basic digital skills

- Our world has changed, so have our environment, our behaviours and our everyday life practices, as well as our customers.
- Our aim: Onboarding all Carrefour staff for the digital transformation of the Group by reducing the digital gap through individual training on digital culture and online working
- Carrefour is ready to offer to its staff initiation training to digital tools, with working groups and/or e-learning sessions on the following topics:
  - **Me & the digital world** (familiarity with basic IT functions, e.g. Google search)
  - **Me & Carrefour's omni-channel universe** (understand Carrefour's digital services and offers outside shops for a seamless customer experience)
  - **The customer and I in the digital world** (excellence in customer service)

### Soft, people-oriented service skills

Since improving the customer experience and hospitality in physical stores have now become central to the retailer omni-channel strategies as well, entrepreneurs see added value in investing in their employees' **interpersonal** and **customer service skills**. Humans perform certain essential tasks better than machines, and have the creativity, goodwill, and empathy that machine will never replicate,

### Human-technology interaction skills

Key to effective and customer-oriented operations will be to operate the interaction between humans and machines. The Future of Skills report<sup>5</sup> identifies among others **interpersonal skills** (e.g. teaching and perception), **higher-order cognitive skills** (e.g. originality and active learning) and **systems skills** (e.g. ability to understand the interaction between humans and technology in the workplace).

TNO sees capitalising on e-commerce as the most important trend for the Dutch retail sector in the short-term. Omni-channel operations and **click & collect** require sales staff to have a good knowledge of the entire '**customer journey**' (both online and offline).<sup>6</sup>

<sup>4</sup> European Digital Skills and Jobs Coalition <https://ec.europa.eu/digital-single-market/en/digital-skills-jobs-coalition>

<sup>5</sup> Bakhshi, Downing, Osborne and Schneider (2017) "The Future of Skills. Employment in 2030" Pearson, Nesta, Oxford University Martin School

<sup>6</sup> TNO – The Netherlands Organisation for applied scientific research (2017) *New Technology and Work. Research and Policy Advice for the Dutch Public Employment Service*

## New opportunities, new jobs

The future of work in retail and wholesale involves new opportunities for employees as well, including **new forms of training (up- and reskilling), increased job satisfaction, and material benefits.** McKinsey Netherlands predicts that 10% of jobs will require more skills with corresponding salaries that could be 50% higher than before.<sup>7</sup> The BRC expects that the increase in productivity per worker and the automation of some tasks may lead to more time being devoted for **higher value added roles** (better use of “human touch”) as well as higher pay.<sup>8</sup> Meanwhile, the retail sector’s existing training and leadership **opportunities** will continue to attract workers. Retail can build upon its reputation for training **core employability skills.**

Digitalisation creates a demand for **entirely new professions** in retail and wholesale, which are in growing demand. Creative professions will be much sought after, as will be IT professionals, big data crunchers and software developers, internet-savvy employees:

- Block chain expert
- A.I./Machine learning developers
- Robotics engineer
- UX designer
- Social media manager
- Customer analytics
- Customer experience leader

## B) Retail and wholesale upskill their people

To adapt to these new needs and address the skill gaps, Vocational Education and Training and Life-Long Learning throughout the career are now crucial for retailers and wholesalers. Employees need to master digital systems and tools, and excel in the human soft skills that underpins the success of their businesses. In other words, *‘high tech and high touch’*.

### Vocational Education and Training (VET)

Retail and wholesale are major investors in education, training and apprenticeships. In Germany for example, retail and wholesale remain one of the largest investors in terms of spending on VET. This includes apprenticeships where retail professions are ranked first and second for young people in Germany.<sup>9</sup> The **new e-commerce merchant apprenticeship**, devised recently by the Austrian<sup>10</sup> and German<sup>11,12</sup> social partners in retail and wholesale, is a prime example of social partner-induced innovation in national education systems to meet the growing skills needs of employers in retail and wholesale.

#### BOX 3: HDE/BGA Best Practice – The newly created ‘E-Commerce Merchant’ digital job profile

- E-commerce merchants are trained in companies which offer and sell goods or services via the internet. This includes pure online retailers as well as multichannel retailers
- Legally no particular previous training is required. Graduates of all types of schools can qualify for the vocational training programme for the e-commerce merchant
- The dual vocational training for the e-commerce merchant takes place in a company as well as in a vocational school and takes 3 years to complete.
- After successfully completing the vocational training, e-commerce merchants can work in all business companies which offer and sell goods and services via the internet or can support companies in developing an e-commerce strategy.

<sup>7</sup> McKinsey Netherlands (2016) *Rewriting retail: a sector in acceleration towards 2025*

<sup>8</sup> BRC – British Retail Consortium (2016) *Retail 2020: Fewer but better jobs*

<sup>9</sup> Bundesagentur für Arbeit (2018) *Blickpunkt Arbeitsmarkt März 2018*

<sup>10</sup> <https://www.wko.at/branchen/handel/lehrberuf-e-commerce-kaufmann-frau.html>

<sup>11</sup> [https://einzelhandel.de/images/Bildung/HDE\\_Flyer\\_E\\_Commerce\\_Merchant.pdf](https://einzelhandel.de/images/Bildung/HDE_Flyer_E_Commerce_Merchant.pdf)

<sup>12</sup> [https://www.gross-handeln.de/berufe/e-commerce-kaufmann-kauffrau/?no\\_cache=1](https://www.gross-handeln.de/berufe/e-commerce-kaufmann-kauffrau/?no_cache=1)

## Life-Long Learning (LLL)

As retail and wholesale entrepreneurs are increasingly seeking to capitalise on successive cycles of rapid (technological) innovation, changes in the tasks carried out by workers will bring about an adaptation process whereby workers will need to continuously develop new skills through life-long learning. All employees will need to adapt, as their occupations evolve alongside increasingly capable machines. Some of that adaptation will require higher educational attainment, or spending more time on activities that require social and emotional skills, creativity, high-level cognitive capabilities and other skills relatively hard to automate. McKinsey expects midcareer job training, enhancing labour market dynamism, and enabling worker redeployment, to become essential.<sup>13</sup>

Throughout Europe, retailers and wholesalers continue to make significant investments in up- and reskilling their employees. However, this remains fundamentally a shared responsibility between the employers and employees. Targeted social partner initiatives on up- and reskilling can therefore add value for companies, while boosting the employability of employees. Social partners will need to ensure that the necessary infrastructure is in place that enables employees to catch up as well as to nurture the habit of **continuous learning**. Good examples of such an approach are individual learning accounts within collective agreements (see Box 4) as well as work-based learning within companies.

### BOX 4: 2017 Collective agreement in Dutch supermarket sector (CBL, CNV) – Individual learning accounts for up- and reskilling

- Long-term employed employees get an individual learning account
- Employers grant annually €175 learning budget, which employees can accumulate 5 years (max €875)
- Employees spend their budget tax free as an investment in their future employability
- The sector provides a catalogue from which employees can select their course/training

## C) Policy asks in support of future work in retail and wholesale

### 1. *How should work contracts and employment law evolve? What role for Social Dialogue?*

#### **Tailored contracts and good work-life balance through collective bargaining**

The future of work in retail and wholesale will depend on the ability of entrepreneurs to offer **tailored work contracts**. Our sector has to deal with weekly and seasonal periods of peak demand as well as compete with 24/7 webshops. Businesses in retail and wholesale – 99% of which are SMEs or micro-businesses usually hire workers on open-ended part-time contracts with tailor-made variable hours (including on-demand contracts).

Many EuroCommerce members have chosen to conclude collective agreements with their national or company **social partners**, which often allow for the necessary tailor-made solutions – e.g. in the area of working time – in order to weather weekly and seasonal peaks in demand and sustain omni-channel operations. These tailored working arrangements are also beneficial for employees' **work-life balance**. For example, working hours can be adapted to the needs of working mothers who can reconcile their working and family lives. However, agreements with company work councils remain a viable alternative for achieving these tailored working conditions in cases where the conditions for constructive social dialogue and collective bargaining between social partners are not fulfilled.

Against this background, legislative initiatives that aim to set minimum standards on working conditions or working time at EU level should conform to the principles of **subsidiarity** and **proportionality** in the EU Treaties. For instance, imposing a prescriptive set of norms on working conditions at the EU level, will create excessive rigidity and legal uncertainty in national labour

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<sup>13</sup> Bughin et al. (2017) *Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation*. McKinsey Global Institute

markets and weaken the ability of the sector to meet the challenges they face in transforming their businesses and adapt to the changing shopper's behaviour.

## Economic and social convergence through European Semester

**Minimum harmonisation may put the social market economy at risk**, when it does not do justice to member states' traditions and the **autonomy of social partners**. The social market economy in Europe is characterised by a significant historical variety of collective bargaining systems and employment and social affairs policies at the national level. The EU's goal of greater economic and social convergence is best served by discussing issues of national competence, such as minimum wages, within the framework of the **European Semester** – based on best-practice examples.

### BOX 5: EU-Level Social Dialogue in Retail and Wholesale

EuroCommerce and its membership have supported the sectoral Social Dialogue in retail and wholesale at EU level. Since 1993, EuroCommerce and UNI Europa have recognised each other as official social partners for the commerce sector based on voluntary cooperation. The success of this working relationship has recently been reaffirmed by Eurofound<sup>14</sup> in its 2018 Representativeness Study.

Within the Sectoral Social Dialogue Committee on Commerce, EuroCommerce and UNI Europa have engaged in joint projects on digital skills and health and safety. The Social Dialogue at EU level provides an opportunity to foster mutual understanding by exchanging best practice on the future of work, skills and health and safety, and building on national and local social partners' activities. EU-level social dialogue, although strictly complementary to the national and local level, should raise awareness of issues challenging the sector's business models and allow for joint advocacy to the EU institutions on matters of mutual interest.

## 2. *What learnings or changes to the education curriculum? Apprenticeships? Continuous learning?*

### EU to add value by coordinating and exchanging between member states

The retail and wholesale sector already trains for core employability skills, including interpersonal skills. Retailers and wholesalers now need to equip their workforce with the basic and advanced skills needed to interact with sophisticated systems, using, for example, **blockchain** and **Artificial Intelligence**. A worrying development in this respect is the current **shortage of IT-experts**, as labour markets and universities in Europe struggle to meet the rising need of our sector and the economy as a whole<sup>15</sup>. However, education remains primarily a national, regional and local competence, which means that the EU can only add value through the **coordination and exchange national and local competent authorities and experts ('open method of cooperation')**, and **encouraging best practices**.

### EU needs to finance SMEs up- and reskill their workforce

When allocating EU funding from ESF+ (European Social Fund) to national programs, EU and national policy-makers should take into account the best practice in training programs at company level. Training programs at company level have been tailored to the needs of employees and are teaching basic digital skills. They are essential to the future employability of employees, in particular older and less-skilled personnel with low digital literacy rates. However, with the sheer size of our sector (29 million employees), private sector initiatives alone may not result in training offers for everyone. **Co-financing by the ESF+ will be necessary, especially for SMEs.**

<sup>14</sup> Eurofound (2018) Representativeness of the European social partner organisations – Commerce sector <https://www.eurofound.europa.eu/publications/report/2018/representativeness-of-the-european-social-partner-organisations-commerce-sector>

<sup>15</sup> <https://www.businesseurope.eu/publications/reducing-labour-shortages-improving-skills-matching-employers-statement>

## Reform national education and training systems

**Skills gaps are more prevalent and severe in some member states than in others.** This is the result of the mismatch between what national education systems can offer in terms of higher education and VET, and the needs of employers. In addition, advanced digital skills are badly needed to support large scale e-commerce operations or the management of independent web shops (SMEs). National education and training systems should therefore be reformed allowing for the timely updating of curricula and qualifications. In this respect, the introduction of new curricula based on '**digital job profiles**', such as the e-commerce merchant in Austria and Germany (see above), should be particularly encouraged.



EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carrefour, Ikea, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

**1 in 4** companies  
in the EU



and



**99%**  
of which are **SMEs**.

**10%** of EU's GDP



**29** million jobs



or **1 in 7** of all jobs,  
many of them  
young people.

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