



DURHAM REGION RETAIL TRADE INDUSTRY

Summary | 2018

Summary of Report: Durham Region Retail Trade Industry

The Durham Workforce Authority has initiated the retail trade industry study to examine the sector within the local context. Durham Region is home to large, medium and small retail establishments, including two shopping centres with international retail brand names. The importance of the retail trade industry in the economic growth of the Region is substantial. According to 2016 Census, retail industry employed 11.6 percent of the Durham Region employed labour force. At the same time, retail trade is a sector likely to be highly disrupted by the changes in technology, and current characteristics of retail employment may also need to adapt to these changes. The retail trade industry study will prepare relevant agencies in Durham Region to respond to changing needs of retailers and the retail labour force. The report overviews the retail trade industry nationally, provincially and regionally and examines retail employment at each of these levels. In order to study the retail employment characteristics in detail, the report takes into account 10 specific occupations, and together, these 10 occupations constitute more than 70 percent of all retail trade employment.

Retail Trade in Canada

In Canada, retail trade industry employs 2.1 million people, with 11 percent of the total employed labour force working in this sector. The largest subsectors in the industry are *motor vehicles and parts-dealers* and *food and beverage stores*, each taking up 18 percent of the industry. *The retail trade industry experienced a quick recovery from the 2007 economic downturn and there has been an increase in retail sales and retail GDP since 2012. Yearly GDP increased from C\$ 972 billion in 2012 to C\$ 1.2 trillion in 2017, with the highest level of growth in the motor vehicles and part-dealers subsector and food and beverage stores sub-sector. The increase in productivity maybe due to the improved organisational processes, marketing and service innovation in production, supply, sale and consumer experience. The post-recession era has also seen some structural shifts in the industry, with e-commerce and multi-channel retail gradually gaining in importance and volume.*

The last three census period shows that the retail trade industry had consistently employed 11-12 percent of the employed labour force in Canada, typically employing the highest number of people in sales and cash positions. The 2016 Census shows that 30 percent of all retail employment is in sales, 18.7 percent is in trade management positions and 15.3 percent is in cashier positions. Due to the diverse nature of its operations, the retail trade industry employs people with a variety of occupational profiles with various specialisations. In general, for traditional retail positions in sales and cash, neither Statistics Canada nor Retail Council of Canada emphasise on the necessity of specialised educational credentials above secondary education. In the retail trade industry, women are slightly more represented than men, with 1.14 million women in 2017 compared to 993, 500 men.



Retail Trade in Ontario

There are a number of similarities between the state of retail trade industry in Ontario and Canada. It is dominated by the *food and beverage stores* consisting of 16 percent, and *motor vehicles and part-dealers* consisting of 15 percent of the entire industry. Like Canada, Ontario has also seen an upward trend in both sales and output. It is also the second largest industry in Ontario in terms of employment, with 806,100 people, or 11.31 percent of the employed labour force. As of 2017, 52 percent of those employed in retail trade are female and 46 percent are male. Among the total number of people employed in the Ontario retail trade industry, 28 percent are between the ages of 15 and 24 years, while 21 percent are in the 55 years-and-over age group. The majority of the retail trade employees

Retail Trade in Durham Region

The number of retail businesses in Durham Region has seen growth from 2013 to 2017, with total number increasing from 3,311 to 3,625 in 2017. In Durham Region, *food and beverages stores* dominate the industry in terms of number of businesses with more than 900 establishments, followed by *health and personal care stores* and *clothing and clothing accessories stores*.

According to the 2016 Census, there are 36,655 people who live in Durham Region and work in the retail trade industry; this is 12.56 percent of the employed Durham Region residents. Comparing these figures with the 2006 Census data provides an estimated trend for the retail trade industry in the Region, that the overall employment in the retail industry by place of residents ranged between 12-13 percent of the employed labour force since 2006. The retail trade industry employs 3,015 more people than the health care and social assistance sector and therefore is the highest employment sector in Durham Region.

Similar to that of Canada and Ontario, within the industry, the highest number of people are employed as retail salespersons at 32 percent, followed by wholesales and retail trade managers at 20.7 percent and cashiers at 15 percent. Employment in each occupation differ in accordance with the age-group. While employees aged 15 to 24 years form the bulk of cashiers at 58 percent, shelf stockers, clerks & order fillers at 46 percent, service stations attendants at 41 percent and retail salespersons at 37 percent, they form only four percent of trade manager positions, with no retail trade managers in the age group 15-19 years.

are in the age group of 25-54 years. Of the total retail employees, 27 percent are in sales, 16 percent work as retail and wholesale trade managers, and 11 percent work as cashiers. This indicates a broader general trend in retail employment that there is a higher requirement for people in sales and store-front positions.

Retail trade employs a substantial number of its workforce at minimum wage and there are a high number of seasonal and temporary workers. However, for businesses, an increase in wage will lead to higher level of variable cost, which may also lead to a decrease in profitability. Thus, over the coming days, the increase in minimum wage may have an impact on retail employment in Ontario.

In terms of gender, Census 2016 calculates that there are 21,110 (53 percent) female employees and 18,850 (47 percent) male employees in Durham Region retail trade industry. Standing at 41 percent, 6,865 employees in retail occupations have secondary school certificates, followed by 4,735 people with a college or non-university certificate. There are 1,455, or nine percent of employees with no certificates or degrees. However, there are 15 employees with earned doctorate and 250, i.e., 1.5 percent of employees with a master's degree.

Since the 2011 National Household Survey, the average employment income has increased across all the retail occupations for Durham Region residents. Employment income has increased substantially for buyers at 48.52 percent, for supervisors at 22 percent and for cashiers at 20 percent. There has also been a high level of increase in wages for managers at 17 percent and service station attendants at 16 percent. Incidentally, while male and female employees are equally represented in quantity, there is a definite gap between the average employment income of male and female employees in all retail occupations. Male retail and wholesale trade managers earn C\$ 79,748, while female managers earn C\$ 51,750, which is a difference of C\$ 27,998. Male retail supervisors earn C\$ 67,326 while female supervisors earn C\$ 30,109 less on average. Employment income is also impacted by education, and employee with a master's degree in retail will earn almost C\$ 50,000 more than an employee with a secondary school certificate.

Technological Innovation and Impact on Retail

Rapid pace of technological changes has an impact on all avenues of retail. Rapidly changing technology also creates a myriad of challenges for retailers, which may include innovating on sales and practices, online sales, use of social media etc., all initiated with the ultimate aim of creating a positive shopping experience for the customers in terms of products and price. Meanwhile, technological innovation in form of automation has the potential to affect retail and service jobs which employ 40 percent of the workforce in Canada.

In Durham Region, challenges to online and multi-channel sales range from managing operations to managing advertising. Managing operations deal with managing inventory, ordering and payment while managing advertising deals with the use of websites, Search Engine Optimisation (SEO) and social media for increasing reach and sales. One of the acute challenges faced by retailers is the lack of knowledge about online sales procedures, software systems that may help in operationalising the multi-channel system.

Career and Skills Development in Retail Trade

Retail is generally understood as an 'accidental career' choice and there is a lack of clear understanding among researchers and general population about retail career path and career development. Moreover, despite many emerging retail training programmes, there is still apparent lack of consensus on perceived skills-gap in retail. Research, as well as key interviews of retail employers and employees in Durham Region,

It is a relatively new field and key informants have revealed that success in multi-channel retail requires personal initiative and knowledge. Furthermore, a barrier to establishing and maintaining multi-channel retail requires an initial financial investment which many retailers are unable to make.

Changing technology will also impact employment in this sector. As automation ensues, occupations of cashiers and retail salespersons have 97 percent and 92 percent probability of disappearance respectively. Risks of disappearance is 91 percent for service station attendants and 85.3 percent for other sales related occupations. These percentages are derived by studying if the occupations are routine and can be easily carried out by a machine. In Durham Region, these four occupations collectively employ 17,770 people, which is five percent of all Durham Region employed labour force, and they are facing a risk of their jobs phasing out.

show that overwhelmingly, essential and employability skills are demanded by employers more than credentials. Additionally, long term career building is more likely possible with retail chains, since many smaller independent retail establishments, specially specialty shops, mostly recruit on a seasonal basis and are unable provide long term career opportunities.

Decent Employment and Minimum Wage Effects

The nature of current retail jobs facilitates the breakdown of employment relationships and leads to increased level of non-standard employment. Analysis of Durham Region retail sector corroborates this but also shows that many independent retailers in Durham Region are unable to employ full-time permanent employees due to lack of funds and the seasonal nature of their businesses.

The increase in minimum wage aims to restore some predictability and certainty into retail employment. The minimum wage increase declaration has been received both positively and negatively by the various actors in Durham Region. Independent retailers have listed several retaliatory responses to the increase in minimum wage, including cutting employee hours, employer/owner working more hours and closing store once a week. Independent manufacturer-retailers have also noted sector-wise price increase for raw materials

since January 2018, which they have correlated to increase in minimum wage. On the other hand, part-time retail employees are yet to feel any impact of minimum wage increase on their jobs or hours. Thus, in Durham Region the impact of increase in minimum wage, if any, will manifest itself in the longer term.

In conclusion, an analysis of the retail trade sector in Durham Region finds that there is a need for data gathering on Durham Region retail trade trends within the industry. Data on production and sales values provides knowledge of the state of the industry and helps in understanding labour market needs. Additionally, targeted support for Durham Region retailers can ensure that they can survive in the emerging competitive online market. It is also imperative that service providers, businesses and other stakeholders work together to minimise any skills gap existing in the labour market.