

Investing in the Future of Jobs and Skills. Scenarios, implications and options in anticipation of future skills and knowledge needs for the Distribution and Trade Sector.

Policy Summary

The distribution and trade sector consists of two main sub-sectors: retail and wholesale trade (wholesale and retail of motor vehicles and motorcycles is excluded here). In 2006, the whole sector employed 33.3 million people or 15.3% of overall EU employment. Retail employed most people (18.5 million), while 10.4 million jobs were in wholesale. Almost 81% of the jobs in the sector was located in the EU-15. Employment in wholesale grew with 2.1% annually, and 4.9% in the NMS; similar growth applied to retail, with 2.3% and 3.3% in the NMS. The sector accounts for 1,352 bn euro of value added, or 11.8% of EU GDP in 2006. Overall, annual value added growth exceeded overall GDP growth (3.0% against 2.3%), especially in the new Member States (NMS) (5.4%) in 1995-2006. Wholesale trade (43%) and retail trade (40%) had an almost equal share in the value added being realised.

The traditional roles of wholesale and retail as well as the structure of the value chain have changed considerably over the past 20 years. Led by a continuous search for scale economies and efficiency, vertical integration, disintermediation and reintermediation (provision of extra services by aggregators and infomediaries) have dramatically changed the sector. Internet, e-commerce and the advanced application of ICTs are major engines for these developments together with opportunities offered by mass customisation, lean retailing, green retailing, collaboration (economies of scale, co-branding), lifestyles changes (ageing society, personalisation and sustainability), ICTs and RFID, globalisation, trade liberalisation, and emerging markets. Important weaknesses and threats limiting these developments are the fragmented sector structure, low margins, low pay-low skills jobs, ageing workforce, extreme labour flexibility (leading to less motivation, poor service), fierce international competition, unfair practices, e-commerce leading to disintermediation, lack of trust in Internet shopping, mature domestic markets and scarcity of natural resources including oil. Regulation is an important factor as well, regulating many aspects from opening hours to retail locations and from labour to distribution.

Service workers dominate the sector (33%). The share of women employed in retail (62%) is relatively high. Occupations are dominated by medium educated employees, but strong differences apply to the category of low educated workers, with 33% in the EU-15 and only 6% in the new Member States. The share of low educated workers is decreasing and the trend of up-skilling will continue in the coming years. More than half of all employees is younger than 40 years. Ageing, however, might lead to staff problems in the near future. Across all job functions e-skills as well as soft skills like entrepreneurship, social skills and self-management skills will become increasingly important. Especially skills to adapt and learn new competences and life-long learning will become relevant.

In addressing future skills and knowledge needs, appropriate and timely joint action is needed by all stakeholders: industry (firms, sector organisations and social partners), training and education institutes, intermediary organisations and government (EU, national, regional and local). Targeted and reliable monitoring to enable balanced decision-making is vital. Adapting and modernising vocational education and training (VET) systems is key, by increased flexibility, modularisation of training and e-learning and blended learning, along by stimulating in-company training and lifelong learning, especially for SMEs, for instance in building joint training networks and special training offers. Training demands of migrant businesses should be better addressed. Better career guidance and international and intersectoral acknowledgement of certificates to increase transsectoral and transnational mobility require further steps. Last but not least: it is essential to improve the image of the sector, to diversify the work force and attract sufficiently young staff to counteract the effects of a (soon) ageing workforce.