



# Retail Power Skills

Whitepaper

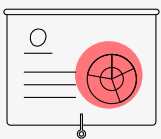
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# Executive Summary

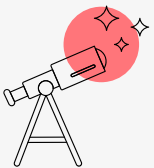
The retail industry is going through a period of intense change. Technology and changing consumer preferences are forcing retailers to evolve their business models and operations. Those changes mean changes to retailers' workforce requirements. Roles and skills are changing, and retailers will need to be active and strategic in their recruiting, retention and training models.

In the next five years, one in four retail jobs could be replaced by automation. The shift to a more technologically intensive retail environment will require new roles and new skills. This white paper provides a roadmap for strategic workforce planning, leadership and development, and human resources managers and executives.

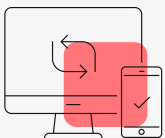
## Use this guide to:



Understand why retail workforce requirements are changing.



Learn what skills will be most in demand in the next 5 years.



See how technology can be used to manage strategic workforce planning.

## Retail workforce transformation

Retailers are under tremendous pressure. Intense competition, lower margins and demand for higher wages are driving retailers to invest in technology and automation to manage these forces. The rise of self-checkout (in-store) and e-commerce for both brick-and-mortar retailers and online-only sellers are just two examples of this.

The COVID-19 pandemic, with more consumers shifting to last-mile home delivery services as well as no-contact or low-contact order pickup at retail locations, has further accelerated the retailing's technological revolution. Robotics, mobile apps and other innovations have increasingly become must-haves for retailers to survive and prosper.

*"Automation will reshape retail business models and the broader value chain, creating organizations with fewer layers and a better trained and trusted workforce empowered by real-time data and analytics. The winners in the sector will be those who understand these implications and act quickly to address them."*

**McKinsey, Automation in retail: An executive overview for getting ready**

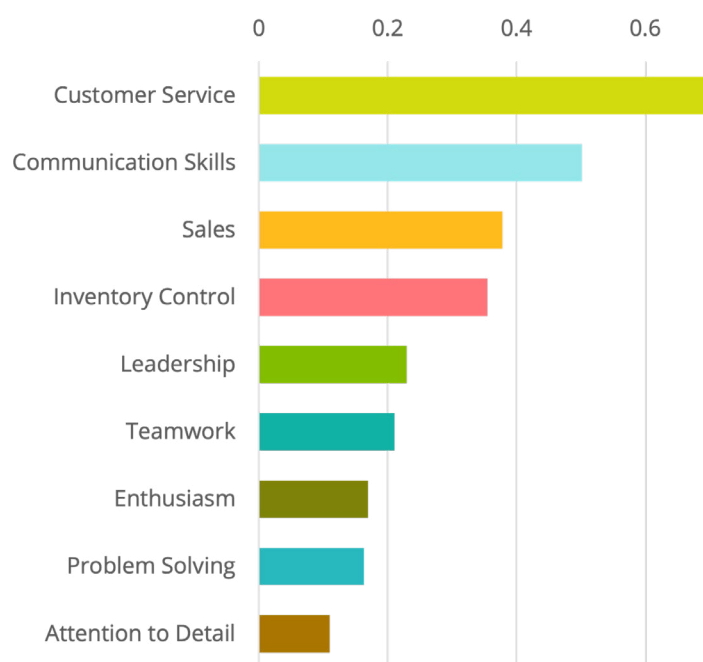


As retailing changes, so does the retail workforce. While employees will need to become more technically adept, power skills (sometimes called 'soft skills') will become more important.

HR, L&D, and workforce planning managers must reimagine their recruiting, retention, and training programs to emphasize power skills in traditional retail roles (such as in-store retail stocking associates) and new jobs (customer account advisor, retail sales associate technology).

### Emerging skills in the retail industry

(skills showing an early indication of a surge in the job market)



Retailers should consider the following questions as they evaluate how training programs should change to adapt to these changes.

- » What skills does my workforce have now? What skills will they need in the near future?
- » As the need for some roles decreases and other roles grow, how can we shift current employees into new roles?

- » With a faster pace of change requiring more frequent training, how can we provide reskilling and upskilling opportunities when and how employees learn best?
- » How can we use training and development as a competitive advantage to attract and retain the best retail talent?

## Bridging the skills gap

### What skills does my workforce have now? What skills will they need in the near future?

Retailers face challenges recruiting, retaining, and training workers with technical skills and power skills. Power skills — traditionally called 'soft skills' — are the skills required by virtually all employees to be effective. These are generally focused on communication, teamwork and collaboration, problem solving, and leadership. As the chart on the previous page indicates, retailers are increasingly looking for strong power skills.

As new retail technologies are widely adopted, their effectiveness as competitive differentiator declines. When all retailers have a mobile app or provide curb-side pickup, the ability to differentiate through how a product is sold declines. Similarly, the widespread availability of many desirable products and the ease with which shoppers can compare prices online have intensified price competition.

Customer experience — and especially customer experience with retail employees — remains an opportunity for differentiation, however. For employees to deliver a great experience they must have strong power skills. The ability to listen well and empathize with customers, communicate clearly, solve problems, and collaborate with other employees is critical.

Even in noncustomer facing roles — logistics, software development, purchasing, and other functions — power skills will differentiate the most effective employees from those that are merely qualified. As the pace of change has accelerated and retail competition has increased, employees will be called upon to find ways to deliver products and services more quickly and efficiently. Learning new skills, adapting to a changing workplace, solving problems, and being innovative will also be valuable. All of these are power skills.

## Growth in demand in retail workforces

Eight of the nine skills showing the most growth in demand in retail workforces either are power skills or require strong power skills:

- 01 Customer service
- 02 Communications skills
- 03 Sales
- 04 Leadership
- 05 Teamwork
- 06 Enthusiasm
- 07 Problem solving
- 08 Attention to detail

## Workforce redeployment

As the need for some roles decreases and other roles grow, how can we shift current employees into new roles?

Some of the world's largest retailers are deploying technology to further reduce their reliance on manual tasks done by employees. Target, Walmart, Albertsons and Ahold Delhaize have deployed robotics to reduce employee hours spent managing inventory in storerooms and cleaning. McKinsey also reports, according to a survey of corporate executives, that the percent of retail hours spent working physical and manual tasks will decline by 17% between 2016 and 2030.

The same survey of U.S. and European executives found that time spent using social and emotional skills will increase by 32% in the same period. Cognitive and technological skill demand will also increase, the McKinsey survey found.

Given the increasingly demanding employment market, retailers should consider how they can redeploy talent from roles with less demand to roles with greater demand. Retraining employees has a number of positive effects, above and beyond the benefit of being able to fill critical jobs. These effects include:

- » Increasing employee engagement and loyalty
- » Reducing the cost of new employee recruiting and onboarding
- » Reducing employee churn
- » Increasing employee brand attractiveness
- » Retaining employees' institutional knowledge and experience
- » Creating a culture of continuous learning
- » Tailoring skills training to the unique needs of the retailer

## Meeting workers where they are

With a faster pace of change requiring more frequent training, how can we provide reskilling and upskilling opportunities when and how employees learn best?

Training is good and helpful, but there are many ways to deliver it. L&D leaders need to be particularly conscious of generational differences and workplace context when it comes to learning.

A study by learning platform Elucidat found that retail employees take training on desktop computers or at a purchase point 57% of the time. However, most workers would prefer a laptop or mobile device. About 60% of retail training takes place in break rooms or on the floor, which suggests more mobile options would be more practical and preferred.

Likewise, there is a mismatch between the length of learning episodes employees want and what they receive. In the Elucidate data 60% of courses were 30 minutes or longer. However, employees say they prefer lessons that are 20 minutes or shorter.

These numbers suggest that **microlearning on mobile devices — providing training when, where, and how employees want it — would better engage employees.** That, in turn, can improve retention and employment satisfaction, which translates to stronger business performance.

Employers can further encourage training by providing recognition for learning new skills and completing courses. Online platforms such as **Credly** allow people to display and share badges when they learn new skills. Those badges enable employees to be recognized by peers and supervisors for their learning achievements.

## Training and development as competitive differentiator

How can we use training and development as a competitive advantage to attract and retain the best retail talent?

Retailers are facing a more competitive employment environment and also navigating a shift toward a higher skill needs for workers. A skills-based approach to retail workforce development has advantages beyond enabling the business strategy. Employers who offer learning and development opportunities to their workforce gain additional benefits. These include 4 things:

### 01 Stronger employer brand

Employees are highly motivated by training opportunities. When they see that employers are investing in them, they are more likely to speak positively about their employer to acquaintances. That, in turn, can lead to a larger talent pool.

### 02 Targeted hiring capabilities

With a skills-based approach to hiring, retailers can more confidently hire for the skills they need now. Platforms that provide verified third-party credentials, such as Credly, can further strengthen hiring practices by providing assurances that prospective employees have the skills they say they need. A clear understanding of the skills required for a particular role also make it easier for retailers to provide appropriate learning and career paths for new hires.

### 03 Higher employee engagement

Employees who receive training and development opportunities at work tend to be more engaged in that job. That translates into reduced turnover, higher productivity, and, crucially for retailers, improved customer service. When PVH Corp., parent company to brands such as Tommy Hilfiger and Calvin Klein, created PVH University, they created a culture of learning that contributed to a more energetic, engaged workforce (see case study below).

### 04 Ability to focus workforce skills strategically

A company's strategy is only as strong as the ability of its workforce to execute that strategy.

By providing training and development programs, retailers can sharpen precisely the skills that are most needed to execute more complex, technologically driven business strategies. This could mean, for example, a deeper focus on power skills associated with selling and customer service for in-store associates plus more in-depth training on analytics for talent on the e-commerce side.

*"The remaining retail jobs will probably be better paid, with higher skills and lower turnover. As even frontline retail jobs become more advanced, society will face a broader question: how to create better pathways so that people with entry-level skills can acquire new ones and thrive."*

**McKinsey**, [Automation in retail: An executive overview for getting ready](#)

## Case study

The logo for PVH, consisting of the letters "PVH" in white on a black rectangular background.

**PVH University** is the digital learning-and-development hub maintained by global fashion company PVH Corp., parent company of iconic brands that include Calvin Klein, Tommy Hilfiger, Warners, Olga by Warners, and True. The company maintains a diverse library of learning content available to its tens of thousands of employees around the world.

While the company had been successful in creating a library of content that helped provide a consistent brand experience for shoppers, whether they were in Hong Kong or New York, it needed a way to encourage workers to complete more courses more rapidly.

Credly's digital credentialing program, **Acclaim**, allowed the company to create a culture of learning where employees are recognized for learning new skills.

*"We really want to create a culture of learning at PVH," said Charlie Forty, Senior Director of Talent Development for the company. "Encouraging associates to embrace our corporate culture and show them we care about their personal and career development is important for recruitment, retention, and engagement—especially in this difficult job market."*

To learn more about how PVH created a culture of learning, [read the full case study](#).

## Summary

Retail is in the midst of a transformation driven by technology and changing consumer preferences. This has increased competitive intensity in the industry and turned talent into a strategic differentiator. For the next several years, retailers will seek to add technical skills and power skills to their workforces. Power skills such as communication, collaboration and customer focus will be critical to success in an industry where everyone has mobile apps, delivery options and automation technology.

Leaders in HR, L&D, and workforce planning need data that enable themselves — and employees — to make informed decisions about hiring, training and retention. Upskilling and reskilling retail workers can provide a key competitive advantage, enabling retailers to pivot quickly to execute on new business strategies.

### Why Pearson Workforce Skills

Pearson Workforce Skills is part of a suite of solutions that enable companies to better understand their talent pool's skills, identify future skills that will be needed, bridge the gap between now and the future, and create a learning culture.

#### Workforce enables employers to:

- » Connect your existing workforce to our platform.
- » Translate and normalize your data.
- » See a 360-degree view of employee skills in real time.
- » Enhance your L&D programs.
- » Make better human capital decisions.
- » Make positive changes throughout your company.



**Workforce Skills can transform  
your retail workforce for the  
future**

## About Credly

Credly by Pearson is helping the world speak a common language about people's knowledge, skills, and abilities. Thousands of employers, training organizations, associations, certification programs, and workforce development initiatives use Credly to help individuals translate their learning experiences into professional opportunities using trusted, portable, digital credentials. Credly empowers organizations to attract, engage, develop, and retain talent with enterprise-class tools that generate data-driven insights to address skills gaps and highlight opportunities through an unmatched global network of credential issuers.