

RETAIL JOBS REPORT

JUNE 2021





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EXECUTIVE SUMMARY

HEADLINE STATISTICS

- There were 3.042mill jobs in retail in Q1 2021, a gain of 1,000 jobs compared to a year ago.
- The CJRS distorts the employment figures, as furloughed workers are counted as employed. On average, there were 624,000 furloughed retail employees in January, 595,000 in February and 540,000 in March.
- Government support has been a lifeline during this period of disrupted demand, with 400,000 retail workers using the furlough scheme in April, down from 540,000 workers in May.
- Retail and wholesale job vacancies have been rising since February. In May, there were 3% fewer job adverts in wholesale and retail compared to May-19. In contrast, in the UK economy the number of job adverts in May-21 were 19% above the level of May-19.
- Vacancy rates in Great Britain took yet another upward step in Q1 2021, reaching a new record of 14.1% in Q1 and marking three years of consecutive increases.
- 84.1% of retail stores that were eligible to reopen on the 12th April did so in the first month, reflecting a strong performance compared to the end of the first lockdown in June 2020. However, more than 1 in 10 shops remained closed, which is concerning given many may not have traded for over 13 months.
- There were 181 retail insolvencies in Q1. In 2020, insolvencies saw a marked decline compared to 2019. Government support schemes provided a life-line for many businesses since the pandemic started. It's likely that insolvencies will increase in the second half 2021.
- In Q1 there were 7 retail CVAs. In 2020, the industry saw 29 CVAs, broadly unchanged since 2019.
- Retail labour productivity rose by 10% in 2020 compared to a 0.4% rise in the UK economy as a whole, driven by the growth of e-commerce. Online retail requires more capital as automation of warehousing and logistics operations is a key driver of success in online retail.
- In Q4 2020, productivity rose by 13% compared to Q4 2019, with output 3% higher, but hours falling by 8%.

RETAIL: SHIFTING THE DIAL ON INCLUSIVITY

FEATURED ANALYSIS

Key points

- Female representation in retail leadership is improving, but most board roles (69%) are still held by white men.
- Ethnic diversity lags below half of national average in retail leadership, 4.5%-6% vs 12% nationally.
- There is a disconnect between intention and execution, 84% of businesses say D&I is a priority, while only 49% of retail employees believe their business is doing enough.
- Raising the volume & breadth of retail D&I strategies in addition to improved reporting across a wider range of measures are two key areas that could be catalysts for change across the sector.
- D&I is now a commercial imperative, leading to better performing teams and now a mandatory requirement for some investors.
- Through the BRC's new D&I Charter, we will support the industry as it reviews its working practices to ensure each stage of an employee's journey is free from prejudice and bias. To learn more about the D&I Charter contact tamara.hill@brc.org.uk

The diversity and inclusion agenda has never been more important, with the pandemic and global events raising the profile and public awareness of inequality in all its forms, across all sectors, and informing purchasing decisions. While the retail sector has come a long way over the last decade, 84% of retailers cite D&I as a business priority, there is a disconnect with delivery; less than half of retail employees believe D&I is high enough up their company's agenda. If we can shift the dial in retail, with its 3.1 million employees, we have the potential to shift it for the entire UK. While diversity is the goal, it doesn't stick without the culture change leading to inclusion.

Some progress, but not enough

Most senior positions in retail are held by white men. While retail is close to reaching the Hampton-Alexander target for boards, 69% of retailers still have an all-male CEO, CFO, COO triumvirate. For a sector that in many areas caters exclusively to women, this is a woeful number. 76% of retail businesses now have a D&I strategy, but that still leaves almost a quarter without one. For those that have them, not all areas are catered to. With 18% fewer retail job ads live in April 2021 compared to pre-pandemic levels, it will be increasingly important that HR Directors and retail recruiters consider new hires in this context and that we get 100% of retailers implementing a D&I strategy within the next 5 years.

While gender equality features heavily in all D&I strategies, race and other factors such as LGBTQ+, age and social mobility are far less well represented. Retail has very few black or ethnic minority leaders: just 4.5% of those on Boards, 5.8% of Executive Committees and 6.0% of Direct Reports to Boards are from an ethnic minority background, compared to 12.5% of the UK population. We are also failing in terms of inclusivity, with one in four shop floor workers surveyed from ethnic minorities are reported to have experienced or witnessed racism in the workplace. Data and benchmarking are the foundation of any successful D&I strategy, and with only 33% of retail businesses actively tracking ethnicity, raising this number would prove a prudent start to ensuring better Black and ethnic representation in retail.

It is clear that more has to be done, a few intermediate steps that retailers can take today include education or training designed to manage unconscious bias, actively promoting pay equality, acknowledging and celebrating the holidays of all cultures and mixing teams through mini secondments. All can be implemented with little effort and cost.

The commercial imperative

Diversity is now not only moral imperative, but now also a commercial one. Inclusivity leads to substantially better business outcomes, better business returns, enhanced experiences for customers, improved brand reputation and a more attractive workplace for employees. McKinsey research suggest that diverse executive teams outperform homogenous teams by 25%, with the likelihood of financial outperformance only strengthening over time.

D&I is increasingly a core requirement for investors as part of their ESG targets, in 2020 Goldman Sachs stated they would no longer take a company public if all their directors were white and male. With ESG ratings becoming an increasingly important component in investor decision making, no retailer can afford to remain idle on this issue.

DIVERSITY AND INCLUSION AND THE GOVERNMENT

FEATURED ANALYSIS

Earlier this year the BRC, in partnership with The MBS Group and PwC, published a report that looked at the true state of diversity and inclusion in UK retail. It found widespread intent across the industry to radically improve D&I in retail and that leaders are keen to understand the practical steps they can take to move from intention to action.

Alongside this report, we worked with retailers from across the industry to develop an aligned D&I Charter focusing on oversight, recruitment, progression, reporting, inclusivity and responsibility. The objective is to assist retailers to challenge their culture and biases holistically and embed D&I into every aspect of their businesses.

In this article, we look at:

- the existing UK framework governing diversity and inclusion
- examine the current state of play as government considers further reform; and
- set out our views on what needs to happen.

The UK Framework: In the UK, age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation, are 'protected characteristics' covered by discrimination law to give people protection against being treated unfairly. While UK legislation sets minimum standards, it is essential that an effective inclusion and diversity strategy goes beyond legal compliance and seeks to add value to an organisation, contributing to employee wellbeing and engagement.

Standards, such as the BSI and ISO human resource management suite and Investors in People (IiP), provide principle-based frameworks and guidelines to help organisations recognise the actual and potential value of their people and ensure their people policies and working practices are free of prejudice and bias.

Principally, everyone should have the right to be free of any direct or indirect discrimination and harassment or bullying. This can be described as the right to be treated fairly and under UK law it is the Equality Act 2010 that sets minimum standards. Social justice follows that everyone should have a right to equal access to employment, training and development based solely on merit.

The Equality and Human Rights Commission has published [a range of guidance](#) on all aspects of the Equality Act 2010, including a Code of Practice on employment. Whilst not legally binding, the codes provide guidance on good practice and failure to follow them may be taken into account by tribunals or courts.

Is more legislation the answer? In recognising that there are disparities across our society, the Government stated its commitment to build a fairer Britain and promote equality and opportunity for all. While the BRC is working with the industry to deliver a strategy for better jobs, focusing on the industry's performance across all facets of D&I, the conversation around race and ethnicity has been fast-tracked over the last year. The rise of the BLM movement has helped to trigger a fundamental shift in focus. To address this, the Government established the independent Commission on Race and Ethnic Disparities. The Commission was tasked with informing the national conversation on race by carrying out a deeper examination of why disparities exist and look at how to reduce them.

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DIVERSITY AND INCLUSION AND THE GOVERNMENT

FEATURED ANALYSIS

The Commission comprised experts drawn from a variety of fields spanning science, education, economics, broadcasting, medicine and policing. With one exception, all are from ethnic minority backgrounds. It presented 24 evidence-based and practical recommendations for action across government, the private sector and other public bodies. These recommendations can be grouped into four broad themes: to build trust; promote fairness; create agency; and to achieve inclusivity. From an employer perspective, key recommendations include:

- Recommendation 8: Promote fairness – Advance fairness in the workplace
 - a) The Commission calls on organisations to move away from funding unconscious bias training. The existing training should be replaced with new interventions that can be measured or evaluated for their efficacy, such as:
 - b) mandated sponsorship groups to ensure wider exposure of ethnic minority individuals to their peers, managers and other decision makers
 - c) training and routine skills support for professional and personal lives (for example on collaboration, confidence, communication, and presentation skills), which could disproportionately benefit more disadvantaged groups
 - d) The Commission also calls on the government to work with a panel of academics and practitioners to develop resources and evidence-based approaches to advance fairness in the workplace. The landscape of diversity training is highly mixed, and the government can play a role in guiding organisations to high quality materials and resources.

These resources should include guidance for employers and be piloted in the Civil Service to replace the use of unconscious bias training.

- Recommendation 9: Promote fairness – Investigate what causes existing ethnic pay disparities.

The Commission recommends that all employers that choose to publish their ethnicity pay figures should also publish a diagnosis and action plan to lay out the reasons for and the strategy to improve any disparities. Reported ethnicity pay data should also be disaggregated by different ethnicities to provide the best information possible to facilitate change. Account should also be taken of small sample sizes in particular regions and smaller organisations.

To support employers undertaking this exercise, the Commission recommends that the Department for Business, Energy and Industrial Strategy (BEIS) is tasked with producing guidance for employers to draw on.

The Government is considering this report in detail and assessing the next steps for future government policy. In recognition of the extensive scope of recommendations, the Prime Minister has established a new Inter Ministerial Group to review recommendations. The group is expected to produce a response to the report this summer.

Our View: While the Equality Act 2010 provided a framework relevant to its time, it is clear the conversation has moved on and a more detailed and nuanced approach is required. It is no longer acceptable for example, to categorise 'non-white' employees simply as 'BAME'. We must explore the many classifications of ethnicities to be measured and agree a consistent set of categories to be used. This will enable the reported data to truly represent the diversity within the retail workforce.

Consistency in classifications for reporting is critical to ensure the data is meaningful. More specific categories would also provide greater detail and critically differentiate between those identifying as 'white British' and those identifying as other white backgrounds for example.

However, a note of caution –while increasing the range of categories will provide greater detail to track progress, reporting against too many may result in less meaningful disclosures as the sample size may be too small. This is particularly pertinent for smaller retailers and those with a number of legal entities of varying size to report against.

DIVERSITY AND INCLUSION AND THE GOVERNMENT

FEATURED ANALYSIS

The introduction of an Ethnicity Pay Gap provides an opportunity to learn and develop new regulations that could be used as the standard for other pay gap disclosures. It is vital however, that companies set out contextual information to support what could be rather arbitrary figures. For an industry such as retail in which the majority of the workforce are hourly paid, any proposal to require businesses to report data by pay band is unlikely to provide an accurate output.

The BRC supports steps to improve transparency to build inclusive workplaces. In the first instance representation data may be more meaningful than pay data to highlight ethnic minority underrepresentation and begin to unpick the reasons. If the government brings forward a requirement to publish ethnicity pay data, the industry would caution against replicating the Gender Pay Gap (GPG) Regulations. While simplicity is critical and in the long-term retailers would like to see these types of disclosures aligned, the GPG Regulations are flawed and should only be a reference point for any new regulations. This is an opportunity for the government to learn lessons from the implementation of the GPG Regulations and make improvements. Future disclosures can be aligned to support businesses to comply and stakeholders to understand the data.

Retail is an industry where leaders have traditionally started out at the shop floor. Perhaps because of this, social mobility has emerged as another key area of focus. Progress on social mobility is often inextricably linked to progress on other areas of diversity, particularly ethnic diversity.

Our View: At a workforce level, the challenge remains to bring in talent from different socio-economic backgrounds. Most of the retailers embracing social mobility are doing so through apprenticeship schemes. Retailers could encourage and support candidates from lower-income backgrounds to apply for management positions. Partnering with The Princes Trust, The Resolution Foundation and the Government's Kickstart scheme are all ways to support apprenticeship schemes.

Retail's priorities: Taking account of the UK's framework and work currently underway, our priorities are

1. To explore the relevant D&I characteristics to be reported on and support communications to create workforce confidence for collection of company-wide metrics
2. To support the industry as it reviews its working practices to ensure each stage of an employee's journey is free from prejudice and bias
3. To champion all aspects of diversity with a particular focus on social mobility ensuring retail businesses are able to access government skills initiatives such as apprenticeship schemes and Kickstart

Upcoming BRC training

To align with the BRC D&I Charter, BRC Learning has partnered with The Centre for Inclusive Leadership to run "Primed for Inclusion" Masterclass; **two workshops on 6th and 20th July**, that will support leaders in creating equal conditions for their people to perform and contribute meaningfully, keeping them engaged, informed, and included.

The workshops are targeted at managers who are accountable for diversity and inclusion in their business and can influence the decisions making process. The main objective of these facilitated conversations is to create a safe and private environment where leaders can explore the challenges they face in their organizations, compare their situation with other peers, and receive guidance and practical framework which they can easily and repeatedly adapt in their companies.



RETAIL EMPLOYMENT: KEY STATS



EMPLOYMENT

3.042 million jobs in Q1 2021

Retail employment gained 1,000 jobs in Q1 2021. This will include over half a million workers on furlough at the time.



PAY

£9.68 median hourly wage in 2020

Retail pay has increased 17.9% over 4 years compared to a 12.9% increase in the UK average pay.



PRODUCTIVITY GROWTH

10% in 2020 (YOY)

Retail productivity rose by 10% in 2020. In Q4 2020, productivity rose by 13% compared to Q4 2019.



ENGAGEMENT

54% in December 2019

Retail employees' engagement was steady at 54% compared to December 2018, but above 51% in December 2017.

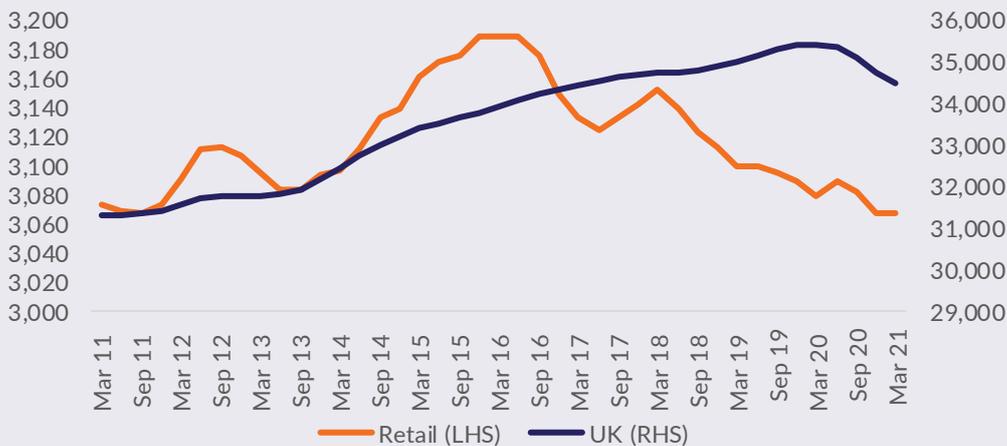
RETAIL EMPLOYMENT

THE NUMBER OF JOBS IN RETAIL

LATEST DATA: 15-JUN
NEXT UPDATE: 14-SEP

- There were 3.042mill jobs in retail in Q1 2021, a gain of 1,000 jobs compared to a year ago.
- The CJRS distorts the employment figures, as furloughed workers are counted as employed. On average, there were 624,000 furloughed retail employees in January, 595,000 in February and 540,000 in March.
- The year-on-year rise also reflects the many jobs that have been created in logistics, fulfilment, food retail as well as the many technical roles required by the huge growth in online sales, with many retailers still struggling to fill the number of vacancies in these areas. These jobs are often more productive and better paid, reflecting a trend in the industry.
- Meanwhile, city centre jobs, particularly in fashion outlets, as well as many other 'non-essential' retail shops, have seen some reduction in job numbers. And there could be further losses for these roles, given city centre footfall still remains down on pre-pandemic levels. Overall numbers in retail may fall in Q2 and Q3, when the Government's furlough scheme is wound down.
- Using the 4-quarter averages, there were 3.068mill jobs in retail in the year to March 21, a decline of 11,000 employees on the year.
- Since 2015, the retail industry lost jobs, while the UK economy grew and added jobs before March of last year. This is easier to see in the bottom graph where the number of jobs was indexed at 100 in December 2010.
- As a result, the proportion of retail jobs out of all UK jobs has been steadily declining: the retail employment share of the UK total employment has been falling: in Q1 2008 it stood at 10.1% of the UK employment, while in Q1 2021 it fell to 8.9%.

No of jobs (in '000, 4Q averages)



There were 3.042mill jobs in retail in Q1 2021, a gain of 1,000 jobs compared to a year ago.

Jobs (Dec 2010 = 100)



The proportion of retail jobs out of all UK jobs has been steadily declining from 10.1% in Q1 2008 to 8.9% in Q1 2021.

Source: ONS, series: [Employee jobs by industry](#) and [Self-employment jobs by industry](#).

RETAIL EMPLOYMENT OUTLOOK

RETAIL JOBS FORECASTS

LATEST DATA: 15-JUN

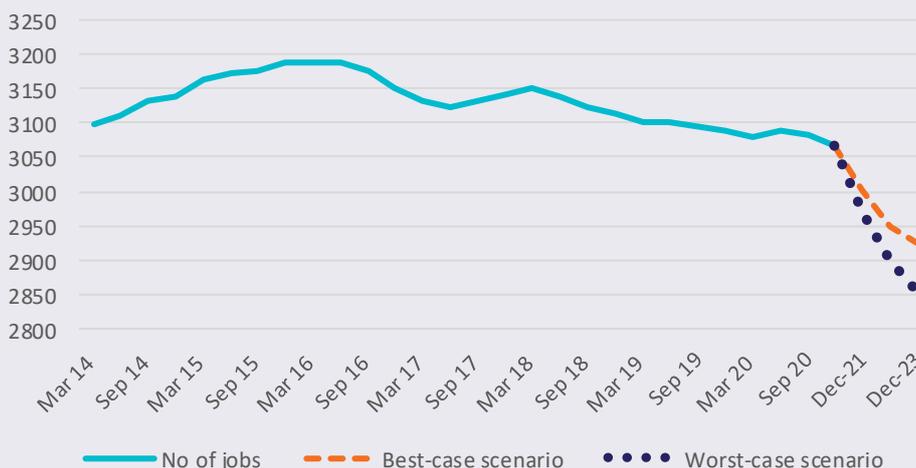
NEXT UPDATE: 14-SEP

- We estimate that retail (net) job losses will range between 142,000 and 213,000 over the next three years, with about 45% of the job losses occurring in 2021.
- In the best-case scenario, job losses are mainly triggered by the transformation of the industry, but the economy recovers fast as restrictions are lifted. This means that pent-up demand is released and retailers would be able to make up some of the losses incurred since the pandemic started. Also, we assume that business investment would unlock, supporting the UK labour market, especially after the CJRS expires, and in turn, supporting spend.
- In the best-case scenario we also assume that a return to offices will happen this summer and no further full-fledge lockdowns will follow, as vaccine manufacturers will be able to tweak current vaccines to deal with potential virus mutations.
- In the worst-case scenario, pent-up demand is not released, despite optimism and improved sentiment amongst households and businesses alike from the vaccine rollout. It's likely that some share of the population will perceive socialising as posing health risks, limiting those people's spend in physical stores.
- Moreover, during the pandemic, households in the bottom 40% of the income distribution saw a decline in savings and some were forced to borrow to make ends meet. This suggests that those households would rein in their discretionary spending. Non-food retailers that lost the most sales during the pandemic, in particular those in the fashion and health and beauty categories, would be impacted the most.
- It's certain that the acceleration of the digital transformation and the shift to working from home has precipitated the structural change in the industry. Over the next three years many businesses will change their operating model (which will require a smaller workforce), will downsize their store portfolio and some will go out of business.
- A case in point is by the recent buyout of the Arcadia brands. Boohoo acquired the brands' names and the digital assets associated with their online businesses, but not their store portfolio, nor their workforce.

Number of retail jobs and forecasts

	2016	2017	2018	2019	2020	2021(f)		2022(f)		2023(f)	
						Best-case scenario	Worst-case scenario	Best-case scenario	Worst-case scenario	Best-case scenario	Worst-case scenario
Total Retail jobs ('000)	3150	3142	3113	3090	3066	3002	2971	2951	2900	2924	2853
Change in the jobs no ('000 and %), YOY	-39	-8	-29	-23	-24	-64	-95	-51	-71	-27	-46
	-1.2%	-0.3%	-0.9%	-0.7%	-0.8%	-2.1%	-3.1%	-1.7%	-2.4%	-0.9%	-1.6%

No of jobs and forecasts



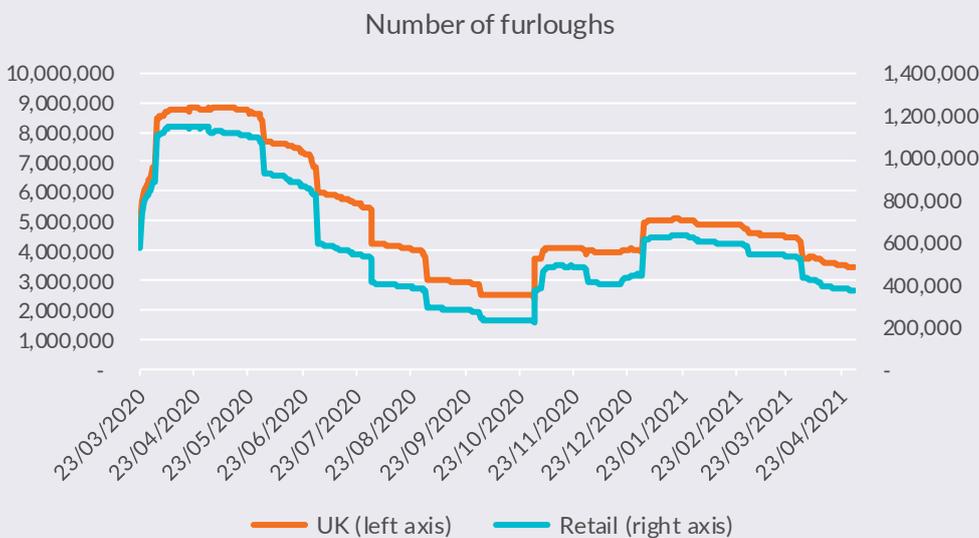
Retail will lose at least 142,000 jobs by the end of 2023. The bulk of those will be lost in 2021.

RETAIL FURLOUGHES

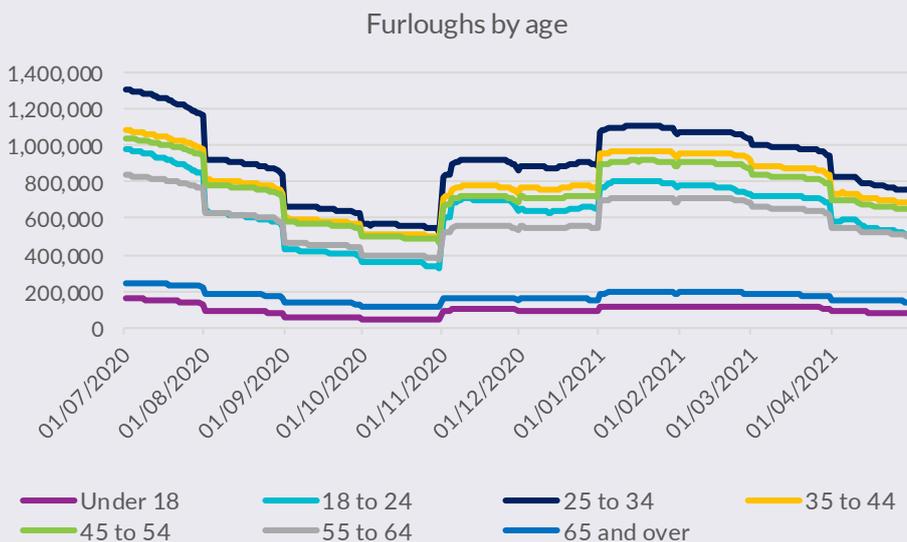
13% OF THE RETAIL WORKFORCE WAS FURLOUGHED IN APRIL

LATEST DATA: 3-JUN
NEXT UPDATE: JUL-21

- There were 400,000 retail employees furloughed in April, down from 540,000 in March, or a decrease of 26% in the number of furloughs. This means that 13% of the retail workforce remained furloughed in April.
- In the UK as a whole, there were 3.6mill workers furloughed in April, down from 4.5mill in March, or a drop of 20%.
- As 'non-essential' retail was allowed to reopen in April, it was expected that the number of furloughed retail employees would see a large drop. We expect retail furloughs to continue to decrease in the months to come as it takes time for businesses to fully reopen.
- Retail furloughs accounted for 11% of the total UK furloughs.
- People in the 25-34 age group are the most likely to be furloughed, with 22% of all furloughed people falling in that age group.



400,000 retail workers were furloughed in April.



People in the 25-34 age group were the most likely to be furloughed.

Source: HMRC.

RETAIL JOB VACANCIES

LATEST DATA: 10-JUN
NEXT UPDATE: 17-JUN

RETAIL JOB VACANCIES GATHER PACE

- Retail and wholesale job vacancies have been rising since February. In May, there were 3% fewer job adverts in wholesale and retail compared to May-19, but 9% more job adverts than in Feb-20.
- In the UK as a whole, job vacancies, based on the number of online adverts, have recovered to pre-pandemic levels. There were 19% more job adverts in May-21 compared to May-19 and 11% more job adverts than in Feb-20.
- For the UK as a whole, the latest job market figures show some early signs of recovery. Over the three months to March, the number of payroll employees has increased for the fifth consecutive month, although it remains 772,000 below pre-pandemic levels. The employment rate climbed to 75.2% (1.4 percentage points lower than before the pandemic, but 0.2 percentage points higher than the previous quarter), while the unemployment rate was estimated at 4.8%, down from 5.1% the previous quarter (but 0.8 percentage points higher than pre-pandemic).

Wholesale and retail, Feb-20 = 100



In May, there were 3% fewer job adverts in wholesale and retail compared to May-19.

UK, Feb-20 = 100



In May, there were 19% more job adverts in the UK economy compared to May-19.

RETAIL VACANCY RATES

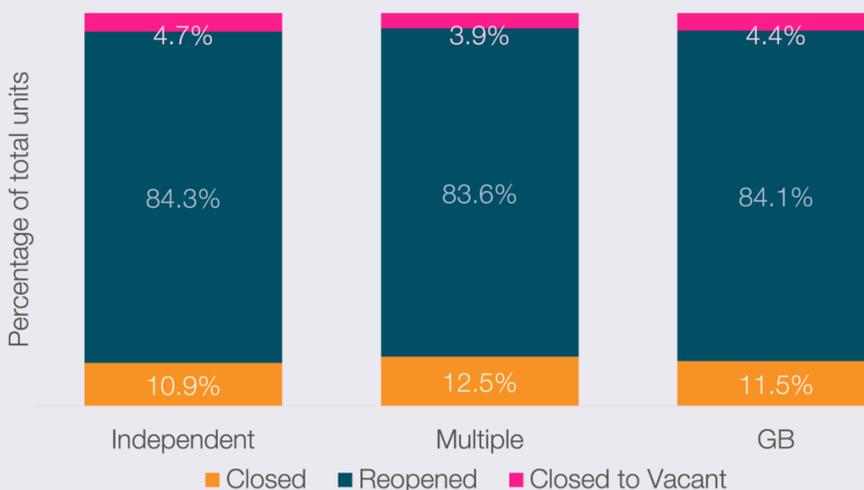
THE FUTURE OF THE STORE

LATEST DATA: 30-APR
NEXT UPDATE: 30-JUL

- Vacancy rates in Great Britain took yet another upward step in Q1 2021, marking three years of consecutive increases. The overall proportion of 14.1% has, once again, pushed the record to its highest level yet.
- Shopping Centres fared worst of all the shopping locations in Q1, with a vacancy rate of 18.4%. Not only was this the steepest increase of all locations, but also Shopping Centres remain the location with the highest rate.
- High Streets were more resilient, their vacancy rate increasing by 0.4 percentage points to 14.1%. The increased propensity of consumers to shop locally, and High Streets' greater variety in commercial activity has provided insulation from the worst of the effects of the crisis.
- Retail Parks continue to see the lowest vacancy rate (10.6%), thanks to their larger format stores and higher frequency of supermarkets.
- 84.1% of retail stores that were eligible to reopen on the 12th April did so in the first month, reflecting a strong performance compared to the end of the first lockdown in June 2020.
- However, more than 1 in 10 shops remained closed, which is concerning given many may not have traded for over 13 months.



Reopening rate by business type across GB



More than 1 in 10 shops remained closed after 12th of April.

Source: BRC-LCD Vacancy Monitor.

RETAIL DEMOGRAPHICS

RETAIL OFFERS OPPORTUNITIES FOR THE YOUNG AND WOMEN WITH CARING RESPONSIBILITIES

Out of the 3 million retail jobs, many employment opportunities are offered in economically marginal areas and taken by people who need to be able to work flexible hours and near to home.

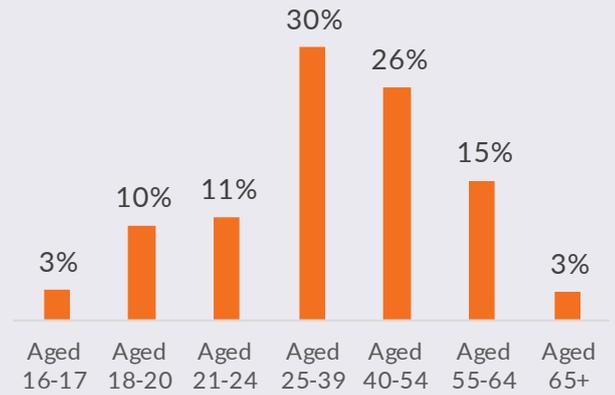
Retail has a relatively young workforce. 24% of the workforce in retail is aged 24 and under, compared to 12% of employees in the UK as a whole. Only 18% of employees in retail are over 55, as compared to 32% in the UK.

The youth of the workforce is reflected in the makeup of the retail workforce starters. Less than 20% of all starters are 40-year-old and above, while 61% are 24 and below.



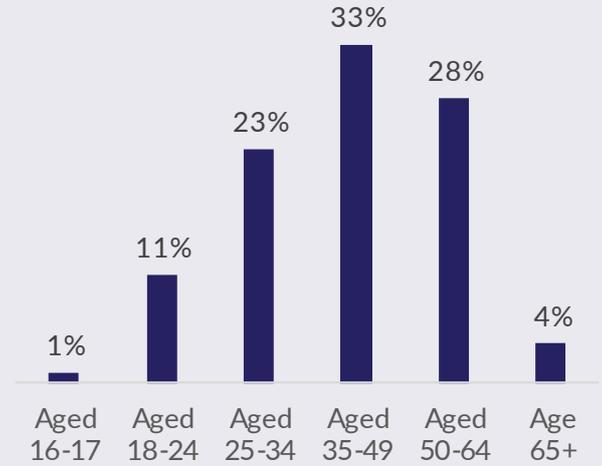
58% of the retail workforce are women. That compares to 48% of the UK labour force being women.

Age distribution in retail



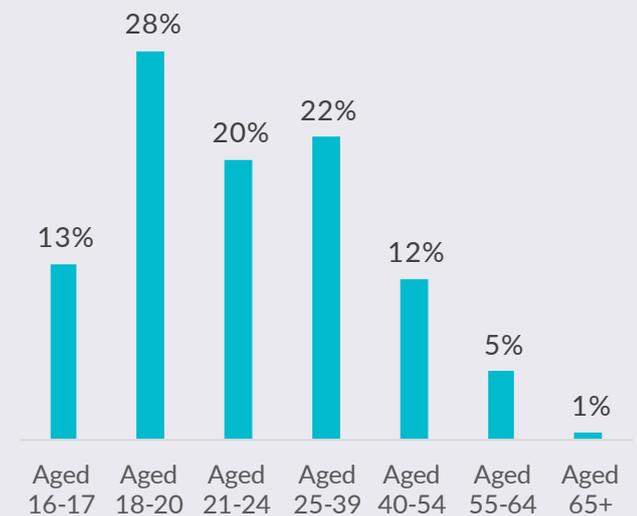
Source: BRC Workforce Survey, 2019.

Age distribution of the UK labour force



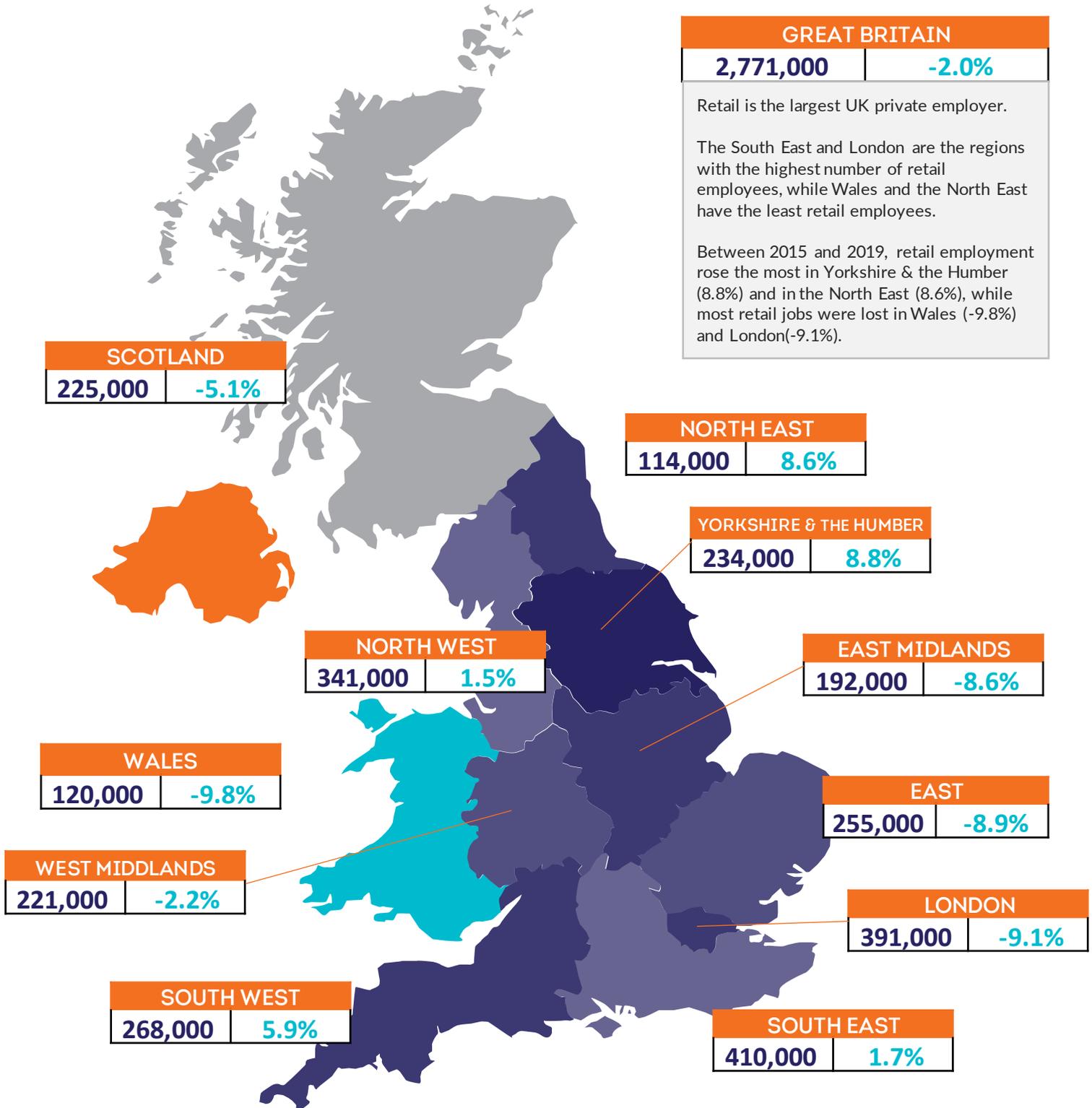
Source: ONS.

New starters by age in retail



Source: BRC Workforce Survey, 2019.

REGIONAL RETAIL EMPLOYMENT



GREAT BRITAIN
2,771,000 | **-2.0%**

Retail is the largest UK private employer.

The South East and London are the regions with the highest number of retail employees, while Wales and the North East have the least retail employees.

Between 2015 and 2019, retail employment rose the most in Yorkshire & the Humber (8.8%) and in the North East (8.6%), while most retail jobs were lost in Wales (-9.8%) and London(-9.1%).

- KEY**
- Retail employment, 2019
 - Retail employment growth between 2015 and 2019

Source: ONS, Nomis, Business Register and Employment Survey. These are employment figures, which differ from jobs figures as some people hold more retail jobs.

PAY IN RETAIL

LATEST DATA: OCT 20
NEXT UPDATE: OCT-21

For five out of the last six years, pay growth in retail was significantly above average pay growth in the UK as a whole.

At 3.9%, pay growth in retail stood above the UK average of 3.3%.

In 2020, women's pay growth in retail grew faster than women's pay growth in the UK overall, and the same is true for men.

But retail full-time workers saw a less significant increase than the average full-time growth in the UK as a whole.

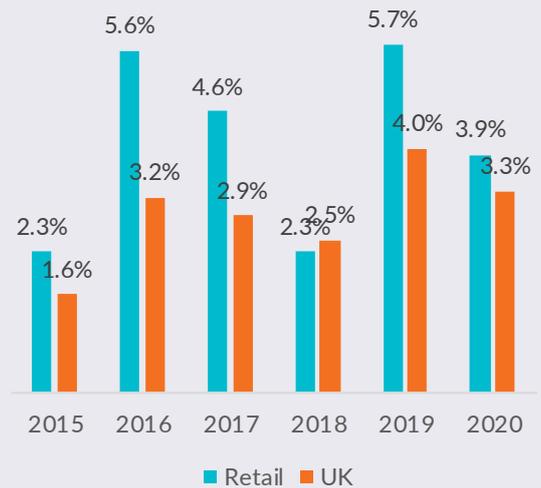
The gender pay gap diminished in 2020. Average pay for women in retail in 2020 was 7.1% lower than for men. That gap has narrowed from 9.5% in 2019 and 11% in 2016. In the UK as a whole, women were paid 15.5% lower than men, on average.



Pay in retail has been catching up to the UK average.

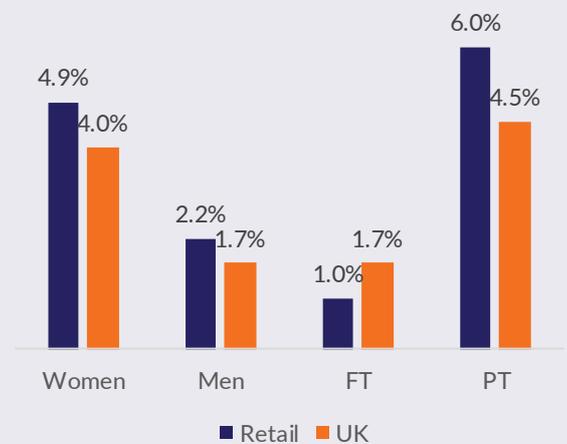
In April 2020, the average worker in retail was paid £9.68/ hour, 71% of the UK all industry average of £13.65/hour. That compares to 66% in 2015.

Hourly wage pay growth



Source: ONS, ASHE.

2020 pay growth



Source: ONS, ASHE.

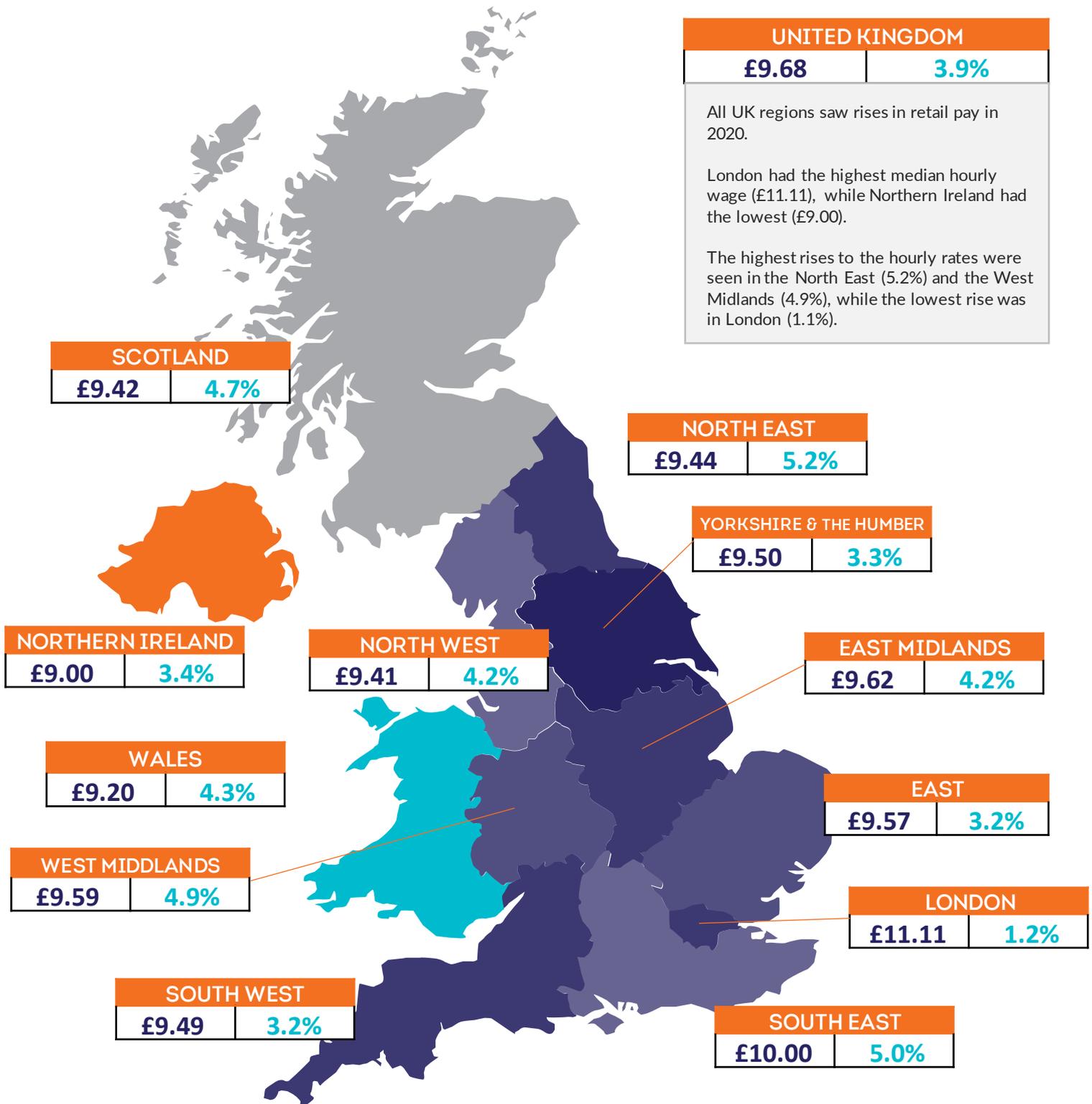
Gender pay gap



Source: ONS, ASHE.

REGIONAL RETAIL PAY

LATEST DATA: NOV-20
NEXT UPDATE: OCT-21



UNITED KINGDOM

£9.68 3.9%

All UK regions saw rises in retail pay in 2020.

London had the highest median hourly wage (£11.11), while Northern Ireland had the lowest (£9.00).

The highest rises to the hourly rates were seen in the North East (5.2%) and the West Midlands (4.9%), while the lowest rise was in London (1.1%).

KEY

- Retail pay, Hourly wage excluding overtime, 2020.
- Retail pay growth between 2019 and 2020.

Source: ONS, ASHE.

THE CHANGING LANDSCAPE OF RETAIL

RESTRUCTURING AND PROPERTY

The behavioural shift to online has meant that the retail industry has adopted new technologies at much faster pace than other industries. It has also meant that the number of stores has been declining, while the number of retail online outlets has been rising.

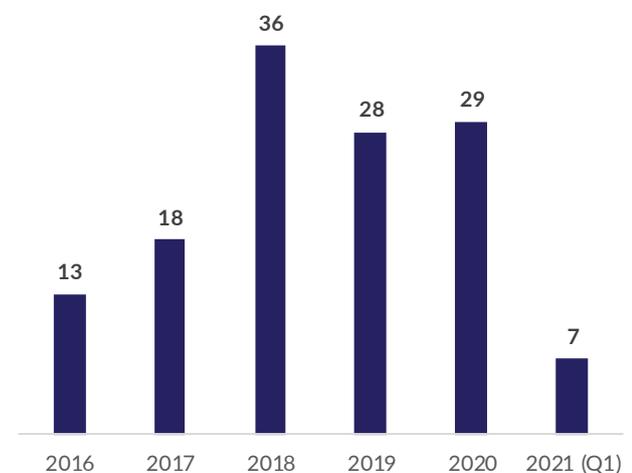
- The structural change brought about by the increase in online shopping has transformed the retail landscape, resulting in more disruption, fewer physical outlets and a lower workforce.
- There were 181 retail insolvencies in Q1. In 2020, there were 918 insolvencies, a marked decline compared to the 1,368 figure of 2019. Government support schemes provided a life-line for many businesses since the pandemic started. It's likely that insolvencies will increase in the second half 2021.
- In Q1 there were 7 retail CVAs. In 2020, the industry saw 29 CVAs, broadly unchanged since 2019 when there were 28. We think the industry is likely to see an uptake in CVAs this year.

Retail insolvencies



Source: [Monthly insolvencies statistics](#), gov.uk.
Data is for GB only.

Retail CVAs



Source: [Monthly insolvencies statistics](#), gov.uk.
Data is for GB only.

THE CHANGING LANDSCAPE OF RETAIL

RETAIL LABOUR PRODUCTIVITY ROSE BY 10% IN 2020

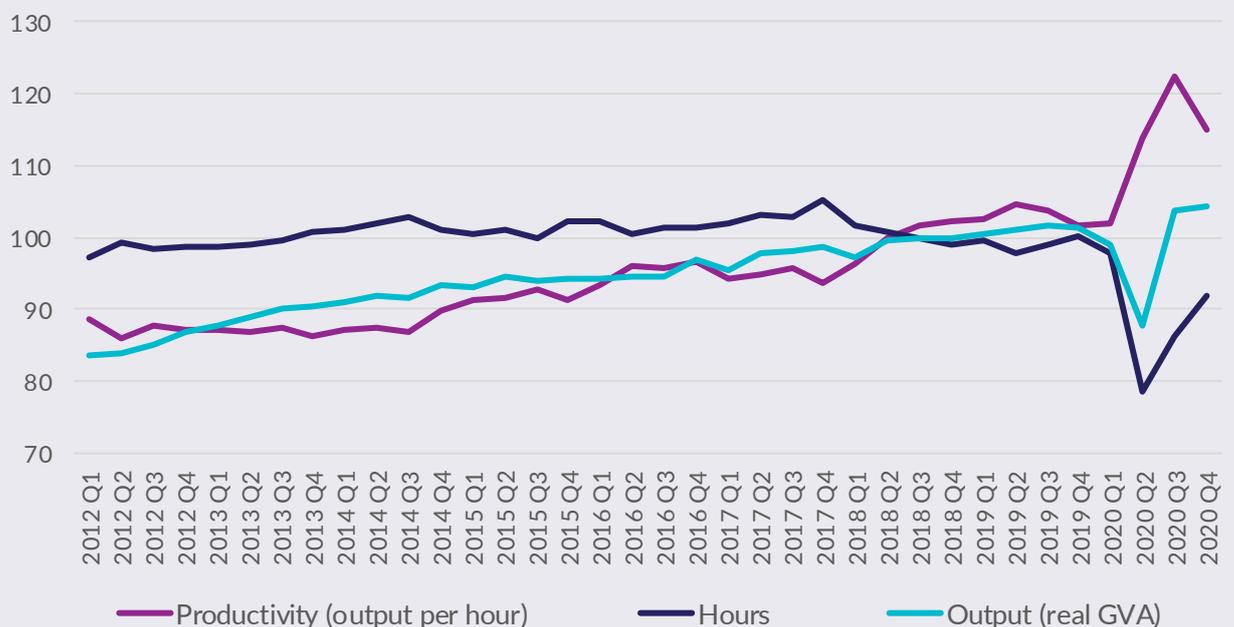
- Retail labour productivity rose by 10% in 2020 compared to a 0.4% rise in the UK economy as a whole. This large gain is the result of the structural change seen in the industry for a while now.
- The shift to online has been gradually taking place since 2012. Online operations are less labour-intensive, but more capital-intensive. This can be clearly seen in the below graph: output in retail has been steadily growing since 2012, but hours worked saw little variation until 2020. As a result, productivity, measured as output per hours, has also been rising.
- The pandemic triggered an acceleration in the shift to online. Our BRC-KPMG sales data show that online sales of non-food items made 46% of all non-food sales in 2020, compared to 30% in 2019.
- Output and productivity data corroborate the picture of much faster growth of the e-commerce sector in 2020. The imposition of the first national lockdown and the closure of 'non-essential' stores meant that retail output fell by 13% in Q2 2020 compared to Q4 2019 and hours worked fell by 22%. However, with restrictions eased, the second half of 2020 saw a strong recovery in output, but a much slower recovery in hours worked: in Q4 2020, output was 3% higher on Q4 2019, but hours remained 8% below the level seen in 2019. Online retail requires more capital as automation of warehousing and logistics operations is a key driver of success in online retail. This in turn means that those working in online operations are able to deliver a higher output per hour than their in-store colleagues.
- It's likely that some other factors contributed to the improvement in retail productivity. If larger, more productive stores were more likely to be kept open, then retailers might have been able to capitalise on the economies of scale from these stores.
- One thing is certain, as the transformation of the industry is playing out in earnest, retail labour productivity gains will continue in 2021.

LATEST DATA: 14-APR
NEXT UPDATE: JUL-21

Labour productivity growth (output per hour, 2018 = 100)

	Retail	UK
2020 on 2019	9.9%	0.4%
Q4 2020 on Q4 2019	13.0%	-0.7%
Q4 2020 on Q3 2020	-6.2%	-4.3%

Retail productivity, hours and output (real GVA), 2018 = 100



Source: ONS, [Labour productivity by industry division](#).

RETAIL JOBS REPORT

ABOUT THIS REPORT

The BRC

The BRC's purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future.

Retail is an exciting, dynamic and diverse industry which is going through a period of profound change. Technology is transforming how people shop; costs are increasing; and growth in consumer spending is slow.

The BRC is committed to ensuring the industry thrives through this period of transformation. We tell the story of retail, work with our members to drive positive change and use our expertise and influence to create an economic and policy environment that enables retail businesses to thrive and consumers to benefit. Our membership comprises over 5,000 businesses delivering £180bn of retail sales and employing over one and half million employees.

Retail employment is a challenge to accurately track due to the complexity of measurement and scarcity of any such analysis. We intend to bring together a collection of government and other sources on a quarterly basis to inform our narrative of the sector. If you are aware of any data sources which may be useful to tell retail's story, please do get in touch.

Sources used include:

- ONS
- Gov.uk
- BRC Workforce Survey

ENQUIRIES



KYLE MONK
DIRECTOR OF INSIGHT

E: kyle.monk@brc.org.uk
T: 020 7854 8962



DR. LILIANA DANILA
ECONOMIST

E: liliana.danila@brc.org.uk
T: 020 7854 8920

