



Manpower Update Report

Retail Trade

2022



SMART RETAIL

ACKNOWLEDGEMENT

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Introduction

Background

The Retail Trade Training Board (RTTB) of the Vocational Training Council (VTC) is responsible for determining manpower demand of the industry, assessing whether the manpower supply matches manpower demand, and recommending the development of vocational and professional education and training (VPET) to meet the assessed training needs.

To better reflect the dynamics of the manpower situation, one manpower survey collecting quantitative results is conducted every four years, and is supplemented by two manpower updates focusing on qualitative feedback. The RTTB completed its manpower survey in 2019, followed by two manpower updates in 2021 and 2022.

This manpower update report comprises:

- (i) **a focus group meeting** with views from industry members on the latest industrial developments, manpower demand, recruitment difficulties, training needs, and measures to tackle the challenges the industry faces; and
- (ii) **desk research and analysis** of recruitment information from major recruitment portals related to the retail trade.

Objectives

The objectives of the manpower update report are:

- (i) to examine **the post-COVID retail trend under the new normal**;
- (ii) to explore **the retail talent development for the new normal**;
- (iii) to identify **the recruitment challenges and intelligence**; and
- (iv) to recommend **the training needs required** to ease manpower shortage.

Methodology

Overview

This update report aims to provide the latest development of the retail trade through views collected from a focus group meeting, supplemented by desk research on job advertisements from major recruitment portals.

Focus Group Meeting

The focus group meeting studied the post-COVID retail trend under new normal. The discussion questions were set around the focus by the Working Party for Manpower Survey of the RTTB. To collect the best insight possible, the focus group members are representatives from retail chains, SME retailer, e-shop and retail technology vendor. The focus group meeting was conducted on 4 May 2022, and the discussion was recorded and transcribed to facilitate analysis.

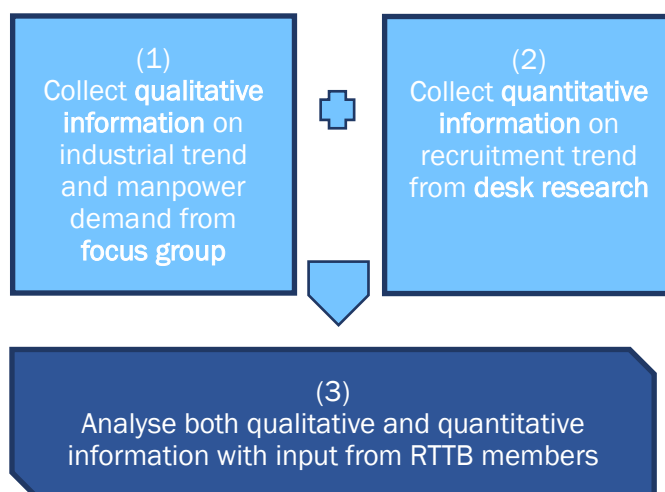
Desk Research

An information system was developed to capture relevant recruitment data from major online recruitment portals, covering the period between June 2021 and May 2022. Collected information was mapped against the list of companies related to the retail trade under the Hong Kong Standard Industrial Classification devised by the Census and Statistics Department and was

served as indicative information of the job market trend.

Data Analysis

The analysis consists of three steps:



Limitations

As this is not a full manpower survey, the findings and recommendations of the focus group meeting are more qualitative in nature and the report focuses mainly on the manpower trends. The information of job advertisements was collected from major recruitment portals, such as CPjobs, CTgoodjobs and the Labour Department. Other channels, such as recruitment through HR vendors and referrals, were not covered. Since the data collected is a snapshot of a particular period without reference to any historical data, this can only be served as supplementary information to the findings of the focus group meeting.

Findings

Factors Affecting Development of the Retail Trade

The Shift of Customer Behaviour under New Normal

The COVID-19 epidemic and preventive measures have resulted in an impactful drop in storefront, shopping mall and high street foot traffic, and subsequently the shift of customer behaviour. Customers, especially seniors, are more digitally assured than ever with an appetite for online shopping. This helps retailers expand their customer segments in terms of age and type. The epidemic has also caused customers to become more purposeful in shopping and lose impulse buying. This can be explained by the top priority for daily necessities throughout the epidemic. As the preventive measures have been gradually relaxed, retailers currently wait and see the change in customer behaviour, whether they will come back in-store. Meanwhile, they are also predicting the customer segment and purchase preference of cross-border travellers and tourists, and preparing the customer acquisition strategies and marketing campaigns once the border reopens.

The shift of customer behaviour reveals how data affects retailing. Customers prefer product presentation with video demonstration over product descriptions in text. However, the satisfactory view rate

does not guarantee a positive sales rate. With data, retailers re-examine the behavioural database and offer more intelligent and customised promotions and offers to retarget and retain the customers. Some retailers make one step further, by studying customers' purchasing pattern to provide auto-reorder services, so to make shopping even more convenient and personal. The change in customer behaviour and uncertainty in the future of retail suggests the importance of data analysis to advise actionable insights.

The Expectation for An Entertaining & Experiential Customer Journey

The change in customer behaviour also affects the shopping journey customers look for. In e-commerce retailing, the increase in online traffic as shown in the view rate, click rate and number of enquiries do not necessarily contribute to the sales rate. To boost online sales, retailers apply retail technologies, such as augmented reality and interactive 360 videos, to facilitate virtual try-on of jewellery pieces, fashion items and make-up products. Some retailers enrich the online platform as information and interaction centres for customers to find the product information they need and interact with the brand directly, while turning physical stores into education centres promoting

mobile app shopping in a quick and easy way and customer service centres providing after sales services. “Buy online pickup in-store (BOPIS)” services has also become the trend to provide speedy delivery. Some retailers reposition their online and offline products, highlighting freshness of products as their store values to attract customers. All the work retailers have done is to integrate the online-merge-offline (OMO) shopping experience into a seamless, experiential, entertaining and helpful one, so as to turn retail into retail-tainment.

System Integration Needed for Customer Journey Enhancement

Inventory synchronisation is a key to creating a delightful shopping journey as it can avoid extra effort from customers to cancel orders or re-order because the product is found out-of-stock after they make the purchase. Customers nowadays also expect e-commerce as quick commerce and look for second day delivery. To enhance the customer journey, managing inventory, fulfilment centres and supply chain operation across all channels has to take place in real time. Retailers need to connect all point of sales channels to the main enterprise resource planning (ERP) system in order to understand the stock levels and to provide better promotions and offers for customers. Another key to success is to connect the offline and e-commerce teams into one instead of disparate groups so that they work towards the same goal to boost sales in all purchasing channels. This calls retailers’ effort and IT talents in bringing together

different teams and operation processes through system integration to create omni-channel retailing. True omni-channel retailing combines all customer touchpoints into one main eco-system, enabling people, processes, and data to come together for a delightful shopping experience.

In-store and E-commerce: To Compete or Complement

During COVID-19, retailers who have begun digital transformation with robust e-commerce sites and retail technologies were able to make changes to pivot their operations to adapt to the COVID restrictions, meet new customer needs, and generate sales. Others who have not yet started digital transformation or no e-commerce platform lost revenue and customers.

E-commerce is moving forward by leaps and bounds, especially during the pandemic, but the need of keeping or even opening physical stores has been verified. Retailers need to develop new retail in their businesses, which converges digital and offline experiences using omni-channel strategies to enhance customer experience. As new retail is the pursuit of omni-channel retailing, it is not an argument about whether physical stores and e-commerce compete with each other. It is about making shopping not just the in-store experience, website, or mobile shopping, but every experience the customer has with the brand at every touchpoint. The change of the retail direction has brought retailers to examine the shift of customer behaviour, the data which provides business insights, the

customer journey they need to create, and the digitalisation of business operations to enhance efficiency and consistency.

Manpower Demand

Customer Experience Maker

In new retail, customers are looking for a seamless, integrated and consistent shopping journey. What the retail talent pool needs is customer experience maker. Customer experience maker is empathetic, adaptable and inclusive. Being empathetic is to be able to understand and anticipate customers' real time needs. That is to put customers at the centre of the service. For example, having a product video demonstrating how a product works in addition to product descriptions in text helps customers understand the product and stimulate buying. Being adaptable is to find ways to proactively improve the customer journey according to the identified needs. This may require the use of various retail technologies to allow customers to find and access useful, helpful, and robust information at all stages of the buying journey, before and after purchase. Being inclusive is to ensure the customer needs and even some important values which of the society's concern, such as sustainability, are being listened.

In-store Sales with Personalised and Specialised Customer Service Techniques

Retail personalisation is an effective way to drive foot traffic and boost in-store sales. As e-commerce and physical stores complement each other, retailers should equip their practitioners the customer service techniques expected under the new normal when shoppers and tourists return after the anti-epidemic measures are relaxed and the border is reopened. Therefore, the in-store customer service techniques need to create a personalised customer journey online and offline. Sales practitioners are required to take an active approach to learn about the customers' needs and preferences, and to understand the products well enough to make personalised and specialised product recommendations.

Digital Talents & Data Analysts

Digital talents and data analysts are in high demand to create a digital ecosystem for omni-channel retailing. Digital talents come in place to connect multiple systems and create a frictionless and seamless shopping journey. That includes the connectivity between all point-of-sale channels, ERPs, shopping websites, mobile shopping apps, payment gateways, delivery systems, and fulfilment centres, just to name a few. Enhancing the connectivity between systems can get inventory updates in real time and

provide better promotions and offers for customers. With systems connected, data engineers and cyber security engineers come in place to ensure reliable and quality data is collected for data analysts to orchestrate and present data to obtain actionable insights, including digital marketing strategy and customised promotions based on customers' purchasing patterns and shopping behaviour.

An Open Mind for Retail Technologies

Many retailers have already started their digital transformation journey for new retail. While retail chains have greater capabilities and readiness to invest in the fit-for-purpose technologies, some SMEs also look for ready-made solutions to go digital in their retail businesses. It is, however, the readiness and willingness of the employees, which affect the use of technologies in the in-store sales service, or leaving the technologies on the counter.

Therefore, the employees' open-mindedness to know, learn and use the sales tools matters.

Hot Skills in Demand Revealed by Recruitment Information

Job advertisements related to the retail industry were collected through major recruitment portals, covering the period between June 2021 and May 2022. Table 1 shows the hot skills identified from the job advertisements, which echoes with the talent requirements discussed in the focus group meeting. These skills are highly expected in jobs relating to e-commerce, digital marketing, content marketing, and customer experience to provide attractive and useful marketing and product contents on various marketing channels to cater for the customer needs and to create a seamless and entertaining shopping experience using different retail technologies and based on the customer database.

Table 1 Hot Skills in Demand

Top 5 Skills	
1.	Digital & social media marketing
2.	Content creation & management
3.	Customer experience
4.	Digital & IT skills
5.	Data analysis

Recruitment Challenges

Talent Shortage Making It Harder to Attract New Entrants & Talents

According to the results of the 2021 Population Census, the ageing trend in the Hong Kong population continued. The proportion of elderly persons aged 65 and over in the total population rose from 13% in 2011 to 20% in 2021.¹ The median age of the population increased from 41.7 in 2011 to 46.3 in 2021, also reflecting the ageing trend. In terms of the labour force, it has been shrinking by more than 242 000 since 2019 and recorded a year-on-year decrease of 3.8% in March to May 2022.² The total number of talent loss since 2019 is just slightly less than the total number of employees of the retail industry recorded in the 2019 Manpower Survey Report of the Retail Trade. However, the pandemic and the changing anti-pandemic arrangements have created an extra gloomy industry prospects in the eyes of the public. New entrants do not consider retail as their career starting point. Neither do talents from other professions, such as the IT industry, consider retail as they do not see the innovative and technology edge of the industry to benefit their

¹ Census and Statistics Department. (2022, 28 February). Summary Results of 2021 Population Census [and Year-end Population Estimate for 2021]. Census and Statistics Department. Retrieved 26 July, 2022, from https://www.censtatd.gov.hk/en/press_release_detail.html?id=5156

career and professional development. The public's deep-rooted perception of retail seems to pull back new blood and cross-industry talents. Yet, what the public is not aware of is the digital and innovative transformation in retailing and the diversity of jobs, apart from frontline sales.

Traditional Career Path Seems Unattractive to the New Generation

The time that most people would spend a lifetime with one employer is not the trend of the new generation. It is not enough anymore to offer a good position and salary to attract young talents. The new generation looks for personal and professional development in a company with values and cultures they share. The traditional career path in which job promotion takes years to achieve and learning opportunities are limited would diminish the motivation of the new generation. A career ladder with smaller and more achievable career development goals would create greater incentives and motivations to the new generation. The setup of a talent marketplace in a company which matches employees to opportunities and

² General Household Survey. (2022, 19 July). Table 6: Labour Force, Unemployment and Underemployment. Census and Statistics Department. Retrieved 26 July, 2022, from https://www.censtatd.gov.hk/en/web_table.html?id=6

potential roles based on their skills, interests, and preferences would also create on-the-job learning of new skills or practice the developing skills.

Narrow Horizon of Existing Employees Hinders Career Advancement

Career advancement of employees both vertically within the division and horizontally across divisions can bring greater benefits to the company's manpower sustainability. However, the common hurdle that hinders internal promotion is employees' limited knowledge and experience of other operation areas. It is common that frontline sales lack the knowledge of fulfilment operations while the product enhancement team does not understand customer needs. This suggests the importance of upskilling and reskilling the current workforce through in-service training and job rotation. Employees can be equipped with up-to-date industry knowledge and diverse work experience and be work-ready for career advancement.

Training Needs

Customer Experience Training for Omni-channel Retailing

One of the essential skills retailers nowadays need is to build great customer experience. What they need to

know is the shopping experience today's customers are looking for in the digital environment and in-store shopping. They need to design customer experience by placing customers at the centre, optimise the experience by gathering feedback from customers and forming a genuine response to their needs, measure the effectiveness of the experience created through data analysis, and improve the customer experience continuously in an innovative and creative way using retail technologies.

Personalised and Specialised Customer Service Techniques for In-Store Shopping

Personalisation relies on data to provide insights to create personal touch for customised in-store shopping experience. Sales practitioners need to familiarise themselves with the data sources they have, such as the point-of-sales system synchronising online and offline purchase history and in-store sign-up sheets, and dig deeper to learn about the customer profile, shopping behaviour, and transaction pattern. Other than data, spending the time to proactively understand a customer's preferences helps providing personalised and specialised product recommendation and increase order values. Omni-channel marketing is also a key to a personalised in-store experience. The use of text messages, phone calls or digital marketing tools sending customised messages reminding birthday discounts, VIP sales,

back-in-stock items, or event notifications, drive traffic to the store. Last but not least, the use of in-store retail technologies, such as virtual try-on, can further augment the personalised experience.

Content Creation and Management in Digital Marketing

Content creation is the foundation of all modern digital marketing efforts. It is the process of conducting research, generating strategic marketing ideas, crafting those ideas into high-value collateral and promoting those pieces to a target audience. As the target audience of the digital marketing content includes customers and search algorithms, retailers need to be able to identify strategically the digital marketing platforms, such as search engine marketing, webpages, social media platforms, YouTube channels, etc, they are about to use to augment the content marketing efforts, select the suitable content creation tools to speed up the creation process, and create the right forms of content to attract new and returning customers.

Retail Technologies

The use of retail technologies plays a fundamental role in customer experience of both in-store and online retailing. Retail technology tools are often powered by automation, the Internet of Things (IoT), and Artificial Intelligence (AI). Robotic process

automation (RPA) in retail supports various activities such as inventory, supply chain, returns processing, invoice and contract management, store planning management, and many more. In-store retail technology tools include the use of technologies powered by AI, such as smart mirrors and self-checkouts. For e-commerce businesses, retail technologies enable efficient inventory management with the help of cloud software, help manage customer bases and maintain a seamless retail experience across multiple platforms through customer relationship management (CRM) tools. Retailers therefore have the accountability to select the right technologies strategically while sales teams have the responsibility to use the technologies competently.

Data Analytics and Visualisation

Retail data analytics is the process of collecting and studying retail data, which allows retailers to get more insight into the performance of their stores, products, customers, and vendors, and use that insight to make better business decisions. Trainings in using various retail data analytics applications, such as business intelligence tools, sales and demand forecasting software, or even statistical models in Microsoft Excel for data manipulation, visualisation, and modelling, have become imperative to today's retail practitioners. Cyber security is another area which needs training.

Mentality and Experience for New Retail

Employees now, more than ever, need to be empathetic, adaptable, and inclusive for this fast-paced, customer-facing and technology-driven new retail. While putting customers at the centre is essential, understanding the needs of internal stakeholders, that is cross-division communications pertinent to internal alignment, is equally important to establish flexible and customer-centric processes, which result in more satisfaction inside and outside the company. To encourage mutual understanding and communication, job rotation for existing staff and job placement for future talents would help equip manpower with the mentality and experience for new retail.

RECOMMENDATIONS

With the latest trends and development of new retail identified, the measures below are recommended by the focus group members and the Retail Trade Training Board to meet the training needs for new talent development.

To the Government - Injecting Catalysts for New Retail

With major health and economic challenges brought on by COVID-19, the epidemic forced retailers to close hundreds of stores and lay off thousands of employees. It is hoped that the Government would inject catalysts in the following means to enhance the competitiveness of the retail industry for future retail:

- (i) To devise strategies to build up Hong Kong's talent pool so to ease off talent shortage, for example, allowing talents from the Mainland to have workplace attachment to organisations during the course of study in Hong Kong.
- (ii) To organise marketing campaigns targeting the post-pandemic tourism trend and promoting the innovative edge of smart retail to tourists.
- (iii) To inject funding to support the digital transformation for new retail, including retail technology adoption, new retail talent development, and omni-channel eco-system establishment.

- (iv) To subsidise technology start-ups with simplified fund application procedures to encourage more small scale start-up companies to develop and provide ready-made solutions for digital transformation.

To the Industry – Driving Digital Transformation for Omni-channel Retailing

Even though customers are quick to adapt to the changes brought on by COVID-19, and many e-commerce-resistant customers have discovered the joy of online shopping, there is no doubt that brick-and-mortar stores will always have a place in the retail landscape. It is hoped that the retail industry would join hands together in the following ways to drive digital transformation for omni-channel retailing and bring out the innovative edge of the industry.

- (i) To develop capability building programs to equip staff for digital transformation, customer experience making, marketing content creation, data analysis, logistics and supply chain operation.

- (ii) To launch refresher programs to prepare practitioners with personalised and specialised customer service techniques for the post-pandemic tourism trend.
 - (iii) To engage the new generation, studying in secondary schools and higher education, in industry projects so to inspire them with the prospects and development pathways available in the retail industry.
 - (iv) To redesign the career development plan catering for the new generation.
 - (v) To offer job rotation to existing staff and internship to trainees to get familiar with OMO operation.
 - (vi) To encourage SMEs to pursue digital transformation for new retail through sharing of industry practices in post-COVID retail transformation, retail technology adoption, marketing analytics, digital marketing tools and strategies, etc.
- (i) To nurture talents with knowledge in various e-commerce platforms and omni-channel strategies as well as talents in logistics and supply chain operation to support new integrated retail model.
 - (ii) To groom customer experience makers to have empathy for customers, creativity to make marketing contents and agility to respond to customer needs innovatively.
 - (iii) To nurture personalised and specialised customer service techniques for providing new in-store shopping experience.
 - (iv) To train up digital and IT talents for data analysis and visualisation, point of sales system development and integration, supply chain digitalisation, retail technologies development, cloud-based solutions, and cyber security etc to support the emerging digital eco-systems in retailing.
 - (v) To upskill and reskill the existing workforce through in-service training, especially in retail technologies, to gear up for smart retail.
 - (vi) To provide workplace integrated learning in authentic retail environments, both physical stores and e-commerce platforms, to gear up new retail competencies.
 - (vii) To set up an E-shop as an authentic training platform for strengthening e-commerce competencies of students.

To Vocational and Professional Education and Training (VPET) Providers – Equipping Work-ready Talents for Future Retail

It will become even more imperative for retailers to embed technology into their brick-and-mortar environment in the post-COVID world. It is hope that VPET would come in place to equip work-ready talents for future retail, which is technology and innovation driven as follows: