

SAN DIEGO COUNTY LABOR MARKET ANALYSIS

RETAIL INDUSTRY

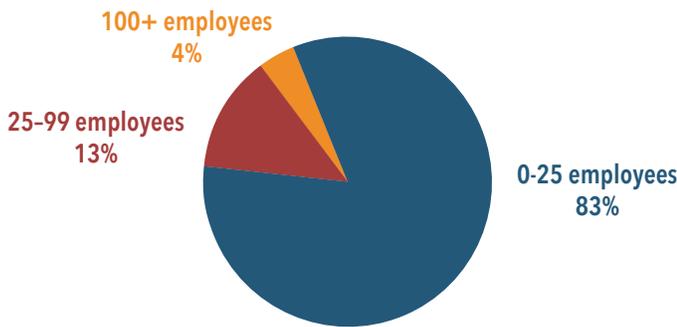
NOVEMBER 2016



The retail industry sector employs approximately 286,100 workers, making up 19.2% of all jobs in San Diego County. In addition to its considerable impact on local jobs, sales tax revenue and quality of life in San Diego County, retail also plays a critical role in developing essential skills in the region's workforce and introducing young people to the world of work. For the purpose of this report, retail is defined as an industry sector comprised of companies that sell goods directly to consumers (i.e., business to consumer or B2C). Due to the industry sector's economic and workforce importance in the region, this study analyzes the retail labor market and its opportunities for career advancement.

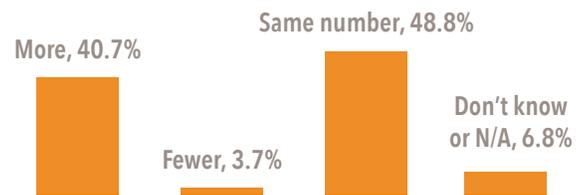
More than 80% of retail firms in San Diego County are small businesses, employing fewer than 25 workers at their locations.

San Diego Retail Businesses by Employment Size



Overall, retail employers projected to grow approximately 6.7% in employment over the next 12 months. This is more than double the actual average annual growth rate of 3.3% between 2011 and 2016. Of the 324 employers surveyed for this study, 40.7% expect to have more employees at their Southern California locations in the next 12 months.

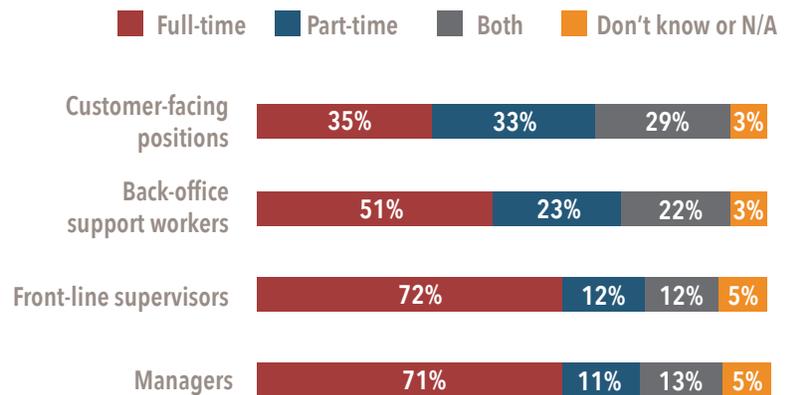
Retail Firms Expectations of Employment Growth in the Next 12 Months



To better understand the workforce expectations of retail employers, this labor market analysis categorizes retail occupations into four general clusters:

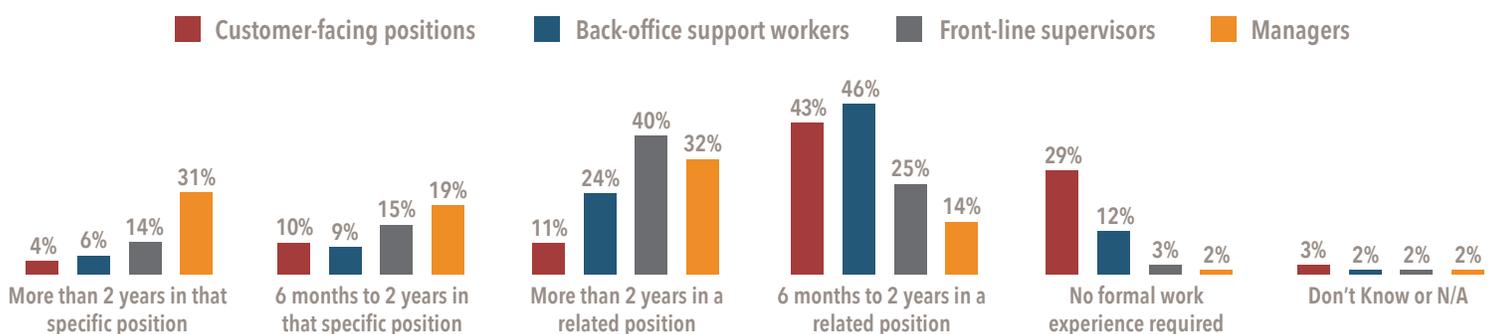
- Customer-facing positions** (e.g., retail salespersons, cashiers, customer service representatives)
- Back-office support workers** (e.g., stock clerks and order fillers, packers and packagers, office clerks)
- Front-line supervisors** (e.g., front-line supervisors of retail salespersons)
- Managers** (e.g., general and operations managers, sales managers)

Part-time vs. Full-time Employment



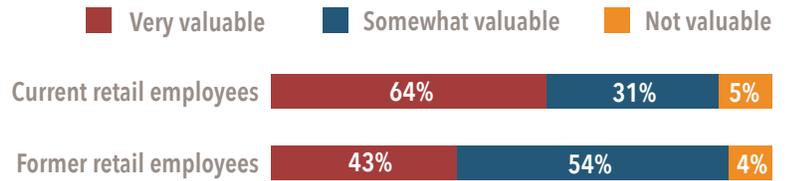
Depending on the position type, employers reported having different expectations of workers within the occupational clusters.

Typical Experience Expectations of Retail Employers by Occupational Cluster

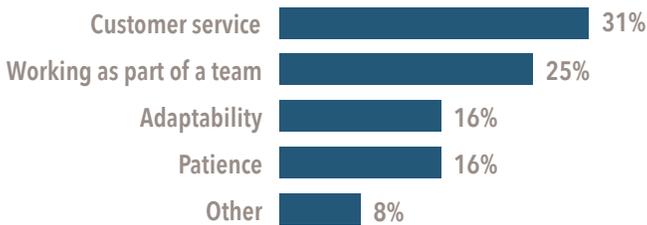


In analyzing the opportunities for career advancement, 67 former and current retail employees were surveyed for this study. Current employees were more likely to rate retail industry work experience as “very valuable” compared to former employees (64% vs. 43%).

Value of Retail Industry Work Experience



The top five skills that current and former employees reported learning from retail that contributed the most to helping them succeed in their career include:

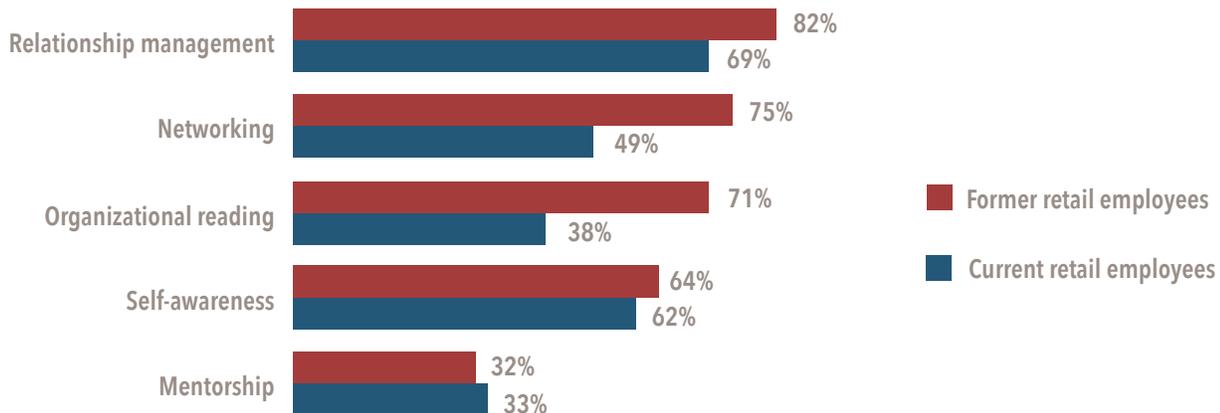


The top five factors that current and former retail employees reported to have the most importance in their successful career navigation (or ability to successfully advance to new jobs with increased pay and responsibilities) include:



When asked to rate the importance of the following activities for their career advancement, both current and former retail employees overwhelmingly indicated relationship management as the most important activity in advancing their careers.

Importance of Activities Related to Career Advancement by Current and Former San Diego Retail Employees



RECOMMENDATIONS

- Workforce development programs that support retail career advancement should focus on relationship management (maintaining personal connections, taking notes on contacts, demonstrating value in professional conversations, and being a good listener), customer services skills development, and emphasis on work ethics
- Employers who want to retain current workers and promote from within would benefit from developing internal training programs that provide relevant work experience and allow existing workers to advance to higher positions
- Current and prospective retail workers would benefit from improving their self-awareness (taking formal assessments, evaluating their own career pathway, and determining own strengths and desires), which is reported to be the second most important activity in advancing their careers, yet 59% of current workers spend fewer than 4 hours on this activity.

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INTRODUCTION

The retail industry sector is a valuable economic driver for San Diego County. In addition to its considerable impact on local jobs, sales tax revenue and quality of life in San Diego County, it also plays a critical role in developing essential skills in the region's workforce and introducing young people to the world of work.

For the purpose of this report, retail is defined as an industry comprised of companies that have a storefront, sell goods directly to consumers (i.e., business to consumer or B2C), or conduct e-Commerce.¹ Retail employs approximately 286,100 workers, which make up about 19 percent of all jobs in San Diego County.² Retail employers are spread across the entire county, sell a wide range of goods and services, and come in varying sizes. The North San Diego Business Chamber and other economic development entities stress the importance of maintaining retail companies and purchasing from local vendors in the initiative, Think Local First San Diego. According to the North San Diego Business Chamber, for every \$100 spent at a locally-owned business, \$45 to \$68 goes back into the local community and tax base.³

Given the importance of this industry sector to the county's economy and workforce, the San Diego Workforce Partnership commissioned BW Research Partnership, Inc. to conduct this study and identify barriers to employment and opportunities for career pathways within retail. This study also provides recommendations for developing and expanding training and employment programs to support career advancement in retail.

This study is the product of a four-step research process, which includes:

- Comprehensive analysis of secondary data sources, including the U.S. Bureau of Labor Statistics (BLS), California Employment Development Department (EDD), U.S. Census Bureau, O*NET, and Chmura Economics JobsEQ platform;
- Phone and web surveys of 324 retail employers;
- In-depth executive interviews with employers to determine existing career pathways within retail; and
- A web survey of current and former retail employees

For more information on the methodology, view Appendix A – Methodology.

Industry Definition

As previously mentioned, retail is broadly defined by B2C companies, including restaurants or places of business that sell food or beverages directly to consumers.⁴ Retail establishments and previous and current retail employees from the following North American Industry Classification System (NAICS)⁵ categories were contacted:

¹ See Industry Definition on page 2.

² Chmura Economics JobsEQ Q2 2016

³ thinklocalfirstsd.com

⁴ Informed by the National Retail Federation (NRF) retail definition

⁵ The North American Industry Classification System is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. Source: United States Census Bureau.

- Breweries and Wineries – NAICS 312
- Motor Vehicle and Parts Dealers – NAICS 441
- Furniture and Home Furnishings Stores – NAICS 442
- Electronics and Appliance Stores – NAICS 443
- Building Material and Garden Equipment and Supplies Dealers – NAICS 444
- Food and Beverage Stores – NAICS 445
- Health and Personal Care Stores – NAICS 446
- Gasoline Stations – NAICS 447
- Clothing and Clothing Accessories Stores – NAICS 448
- Sporting Goods, Hobby, Musical Instrument, and Book Stores – NAICS 451
- General Merchandise Stores – NAICS 452
- Miscellaneous Store Retailers – NAICS 453
- Non-store Retailers – NAICS 454
- Restaurants – NAICS 722

Occupational Definition

This study analyzes occupations that have at least 100 annual openings (new and replacement jobs) over the next five years in San Diego County. They are categorized as “front of house” which includes the customer-facing positions; back-office support; front-line supervisors; and general and operational managers:

Customer-facing positions (e.g., retail salespersons, cashiers, customer service representatives) account for just over half of all retail occupations. These employees typically have a high school diploma, with the exception of sales representatives.

Back-office support workers (e.g., stock clerks and order fillers, packers and packagers, office clerks) comprise two in 10 retail workers. These employees average approximately \$37,000 a year and have a high school diploma or less.

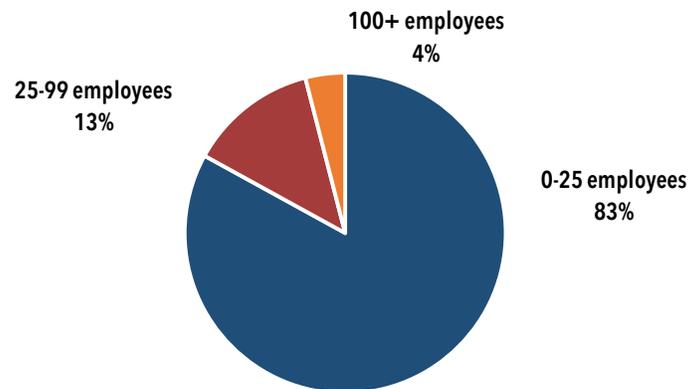
Front-line supervisors (e.g., front-line supervisors of retail sales workers, front-line supervisors of office and administrative support workers) account for less than eight percent of all retail workers. These employees typically have a high school education, with the exception of those who manage office and administrative support workers. The average wage for supervisors is just under \$53,000 a year.

General and operations managers (e.g., general and operations managers and sales managers) are the highest paid retail workers. These workers typically possess a bachelor’s degree and earn more than \$120,000 a year on average.

INDUSTRY OVERVIEW

The retail industry employs 19.2 percent or 286,100 of all workers⁶ in San Diego County, encompassing approximately 14,880 total establishments.⁷ Comparatively, California's retail industry employs 17.7 percent of all workers statewide. Approximately 83 percent of retail establishments in the county employ less than 25 workers, with 13 percent of establishments employing between 25 and 99 workers, and four percent with 100 employees or more (Figure 1).⁸

Figure 1: San Diego Retail Businesses by Employment Size



Just over 40,400 retail employees are located in the downtown San Diego, zip code 92101. This zip code encompasses Little Italy, Gaslamp Quarter and the Marina, and extends Northwest to the San Diego International Airport. Six separate zip codes in the county are home to more than 10,000 employees in the retail industry (Figure 2).⁹ They include:

- 92101 – Downtown, City of San Diego: 40,400 employees
- 92108 – Mission Valley, City of San Diego: 21,700 employees
- 92008 – Northwest Carlsbad including Carlsbad Village: 16,500 employees
- 92110 – The Midway District and Morena, City of San Diego: 15,200 employees
- 92037 – La Jolla and Torrey Pines: 14,000 employees
- 92109 – Pacific Beach and Mission Beach, City of San Diego: 10,100 employees
- All other zip codes – Remaining areas of San Diego County: 168,200 employees

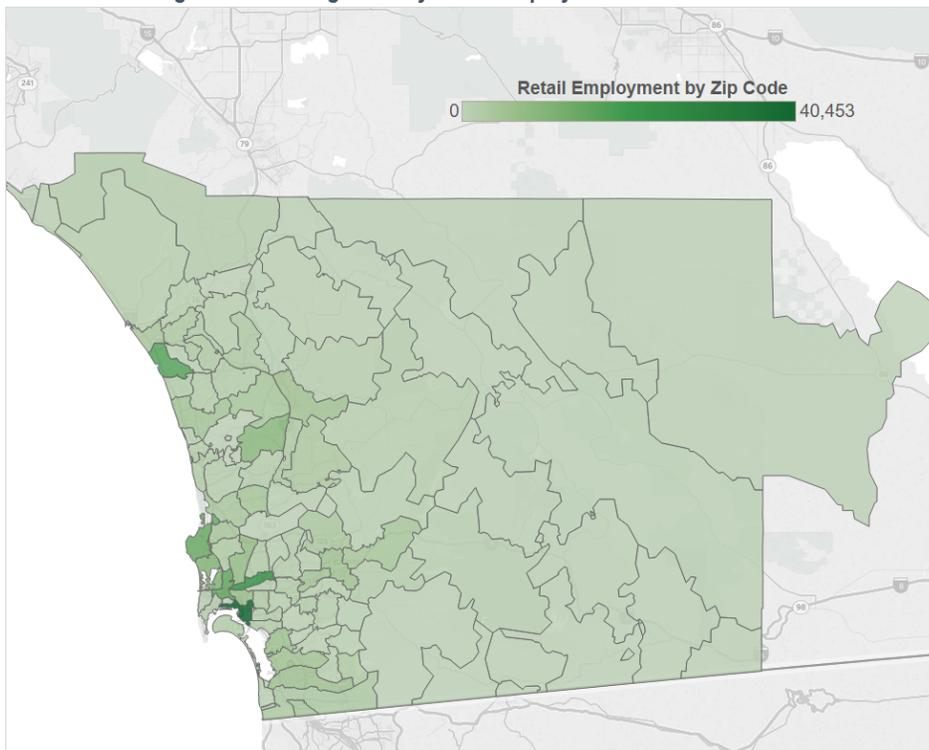
⁶ Chmura Economics JobsEQ Q2 2016

⁷ Quarterly Census of Employment and Wages (QCEW) Q1 2016

⁸ InfoUSA SalesGenie

⁹ Chmura Economics JobsEQ Q2 2016, 1,492,254 total workers in San Diego County

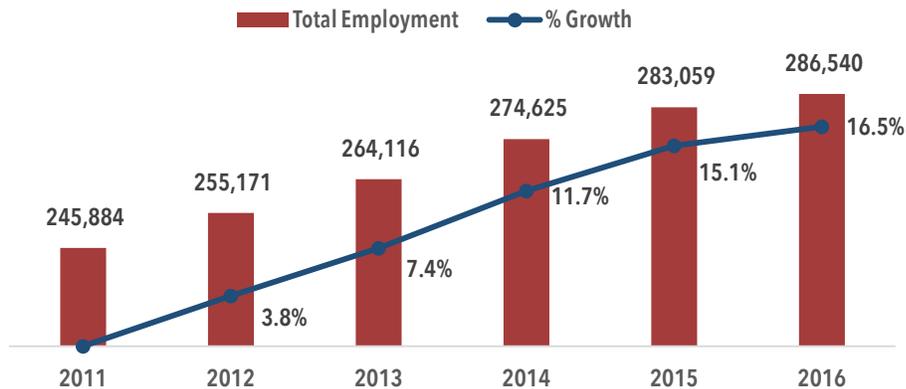
Figure 2: San Diego County Retail Employment Concentration¹⁰



Retail Growth

In San Diego County, the retail industry expanded by nearly 40,500 jobs between 2011 and 2016, an increase of 16.5 percent (Figure 3). Retail jobs represented more than a quarter (26 percent) of all job growth countywide, compared to overall job growth in other industries was 11.5 percent.¹¹

Figure 3. Retail Industry Employment Growth, 2011-2016¹²



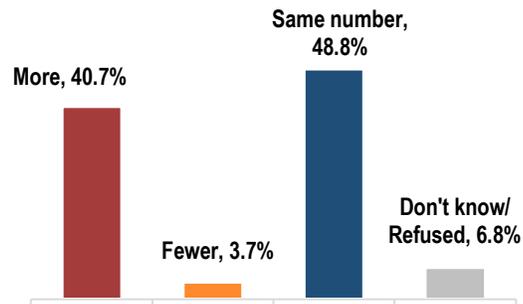
¹⁰ Chmura Economics JobsEQ Q2 2016

¹¹ Chmura Economics JobsEQ Q2 2016

¹² Chmura Economics JobsEQ Q2 2011 - Q2 2016

Looking forward, retail employers projected approximately 6.7 percent overall employment growth over the next 12 months. This is optimistic given the average annual retail growth rate of about three percent between 2011 and 2016. Of the employers surveyed, 41.6 percent expected to have more employment at their Southern California locations in 12 months, only 3.7 percent predicted fewer employees, and 48.8 percent indicated that employment would remain at the current level (Figure 4).

Figure 4: Employer Growth Expectations Over Next 12 Months¹³



OCCUPATIONAL OVERVIEW

For this study, retail occupations with similar characteristics were grouped into four occupational clusters: customer-facing positions, back-office support, front-line management, and general and operations managers.¹⁴

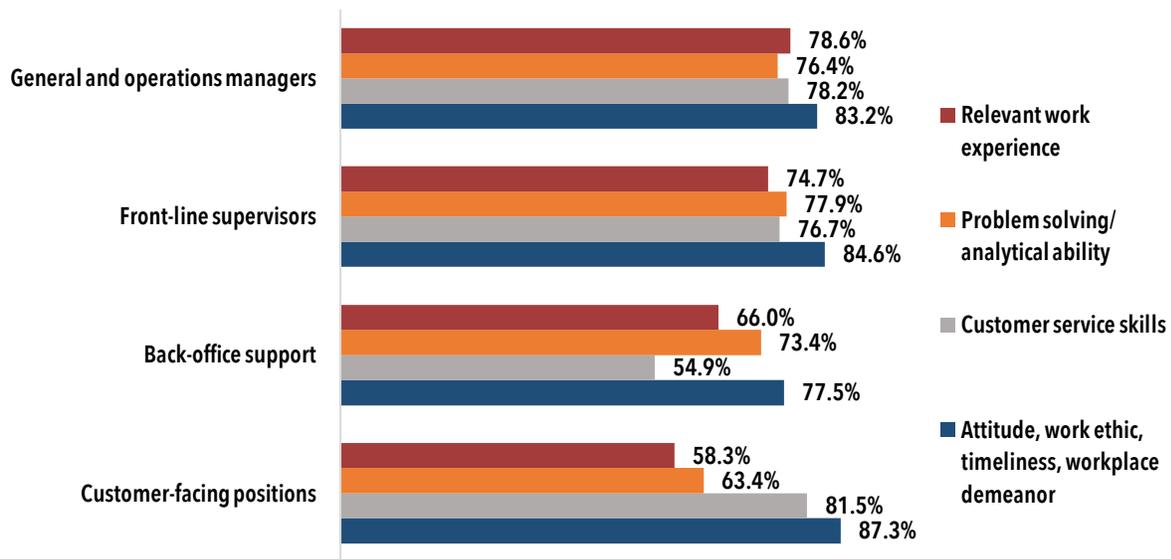
- **Customer-facing positions** (153,800 workers) – retail salespersons, cashiers, customer service representatives, combined food preparation and serving workers (including fast food), waiters and waitresses, bartenders, hosts and hostesses, parts salespersons, counter and rental clerks, sales representatives (services), sales representatives (wholesale and manufacturing, except technical and scientific products), and counter attendants (cafeteria, food concession and coffee shop).
- **Back-office support** (61,700 workers) – stock clerks and order fillers, laborers and freight, stock, and material movers (hand), automotive service technicians and mechanics, pharmacy technicians, cooks (fast food and restaurant) packers and packagers (hand), office clerks (general), food preparation workers, pharmacists, shipping, receiving, and traffic clerks, butchers and meat cutters, and tire repairers and changers.
- **Front-line supervisors** (21,300 workers) – front-line supervisors of retail sales workers, front-line supervisors of office and administrative support workers, front-line supervisors of mechanics, installers and repairers, front-line supervisors of food preparation and serving workers, front-line supervisors of production and operating workers, and front-line supervisors of helpers, laborers, and material movers (hand).
- **General and operations managers** (3,900 workers) – general and operations managers and sales managers.

¹³ n = 324

¹⁴ Approximately 88 percent of all retail employment is classified by these four classification groups. Source: Chmura Economics JobsEQ Q2 2016 – See Appendix D for the Standard Occupational Classification (SOC) table.

Across all four occupational groups, retail employers place a high-level of importance on attitude, work ethic, timeliness and workplace demeanor. These attributes were consistently ranked the most important across all occupational groups for retail employees when considering applicants for relevant positions (Figure 5).

Figure 5: Top Four Qualities Deemed "Very Important" by Employers When Considering Applicants by Occupational Cluster



Executive interviews with three retail employers (representing 63 locations in the county) reinforced this importance and also highlighted the deficiency of these basic skills within the current pool of applicants and new hires.

"I notice a general lack of effort from the workforce.... many applicants come to us after working previously in other industries such as health care or manufacturing, the pay structure does not offer an incentive to work harder." – Store Director, San Diego County Grocery Chain

"We need employees that show up to work on time, know their schedule, basic work skills." – Human Resources Manager, San Diego County Hotel Restaurant

Recruiting employees with sufficient problem solving and/or analytical ability is an issue for retail employers in San Diego County. While the importance of this attribute was ranked the highest for back-office support positions and front-line supervisors, overall difficulty in finding applicants with relevant work experience was ranked the highest for front-line supervisors and general and operations managers. Figure 6 demonstrates how employers rank each quality by occupational cluster. The quality with the greatest percentage of employers reporting "very difficult" or "somewhat difficult" to find in applicants is listed as "Rank 1" for that particular occupational cluster. Alternatively, the quality with the lowest percentage of employers reporting "very difficult" or "somewhat difficult" to find is listed as "Rank 6."

Figure 6: Top 5 Qualities Reported to be “Very Difficult” or “Somewhat Difficult” to Find by Occupational Cluster

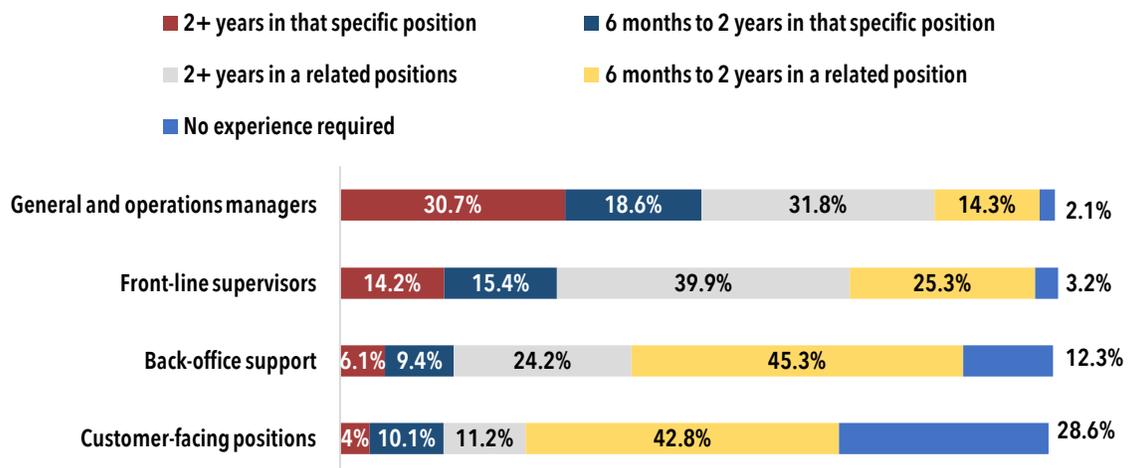
	Attitude, work ethic, timeliness, workplace demeanor	Problem-solving and/or analytical ability	Advanced communication, beyond basic English	Bilingualism	Customer service skills	Relevant work experience
Customer-facing positions	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
Back-office support	2	1	4	5	6	3
Front-line supervisors	4	2	5	3	6	1
General and operations managers	5	2	3	6	4	1

For employees not directly in communication with customers on a regular basis, relevant work experience is more sought after. For back-office support, front-line supervisors, and general and operations managers, relevant work experience is both important and difficult for retail employers to find in qualified applicants. This difficulty was also relayed in the executive interviews conducted countywide.

“It’s hard to find good candidates for back of the house positions... chefs, cooks and support chefs with the proper experience are not easy to find. [We’re] even having difficulty finding good managers and even applicants for our internal Manager in Training (MIT) program.”
 – Chief Financial Officer, San Diego Restaurant Chain

Long-term experience in a specific position is most desired for management positions. Employers expressed greater experience requirements (more than two years in the specific position) for front-line supervisors and general and operations managers compared to customer-facing positions and back-office support (Figure 7).

Figure 7: Typical Experience Requirements by Occupational Cluster



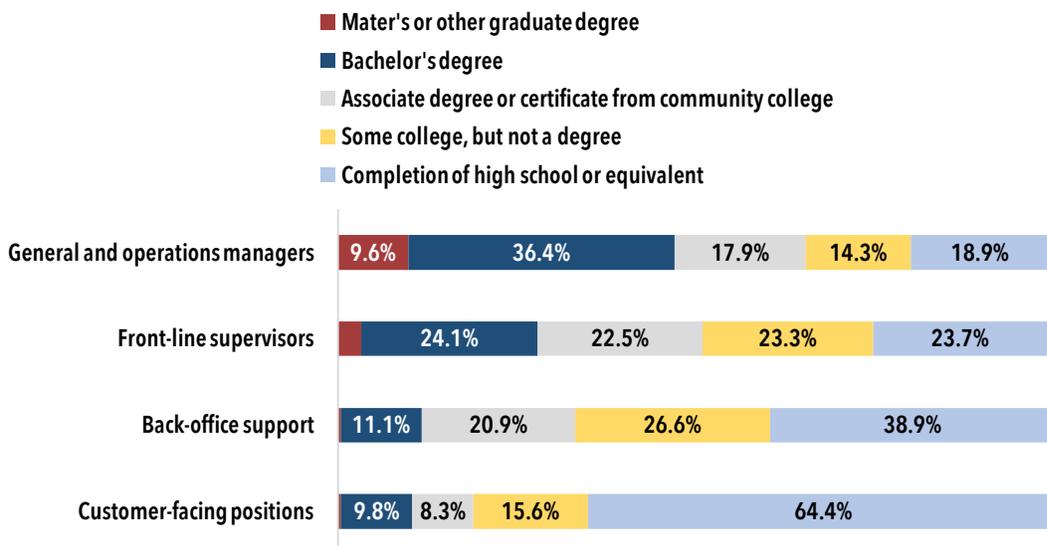
Many retail firms offer management pathways through in-house training programs.

“We typically hire management from within. Anyone that works for us can enter our internal training program with a goal of becoming a shift supervisor or manager.” – Human Resources Manager, San Diego County Hotel Restaurant

“Successful completion of our 12-week Manager in Training (MIT) program, along with prior work experience, is crucial when reviewing applicants for management positions.” – Chief Financial Officer, San Diego Restaurant Chain

Not surprisingly, higher education requirements are in place for front-line supervisors and general and operations managers at retail firms. More than 64 percent of employers require applicants to have only a high school degree or equivalency for customer-facing positions and nearly 39 percent require the same for back-office support workers (Figure 8).

Figure 8: Typical Educational Requirements by Occupational Cluster

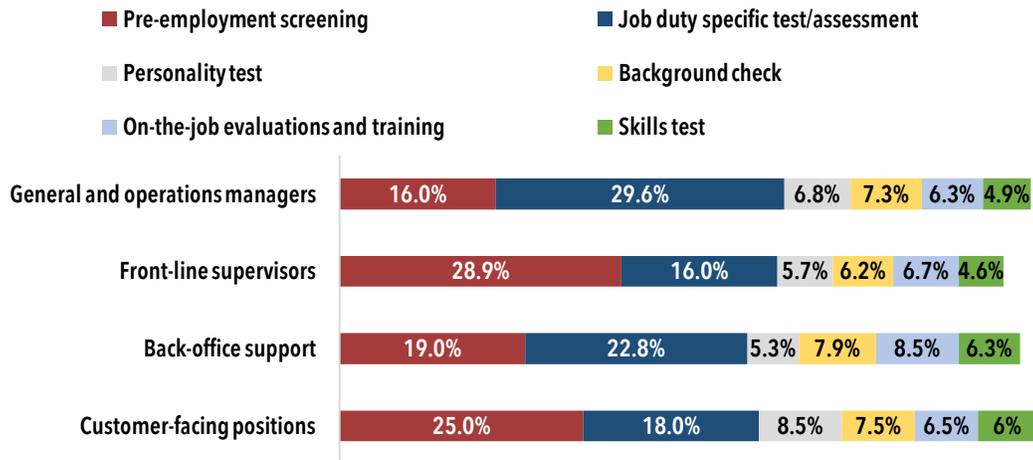


Similar assessments and screening tools are utilized across the four occupational categories identified for the retail industry. Pre-employment screening and job duty specific tests and/or assessments (Internet Collaborative Information Management Systems¹⁵ software, product knowledge, predictive index, Criteria Corp¹⁶, etc.) were identified as the top two assessments and screening tools that employers utilize for customer-facing positions, back-office support, front-line supervisors, and general and operations managers (Figure 9).

¹⁵ A cloud-based software that enables employers to find, screen and hire workers.

¹⁶ A provider of pre-employment tests, including aptitude, personality and skills tests.

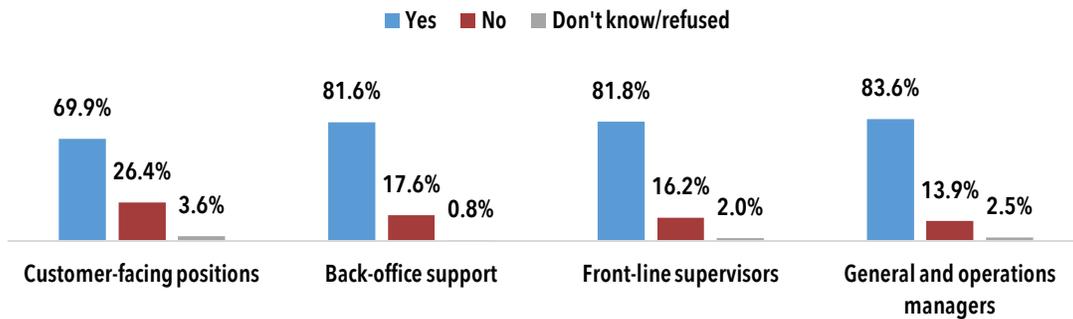
Figure 9: Retail Job Assessments and Screening Tools by Occupational Cluster



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Unsurprisingly, retail employers conduct background checks across all occupational clusters. However, 26.4 percent of employers reported that they do not require background checks for certain customer-facing positions (Figure 10).

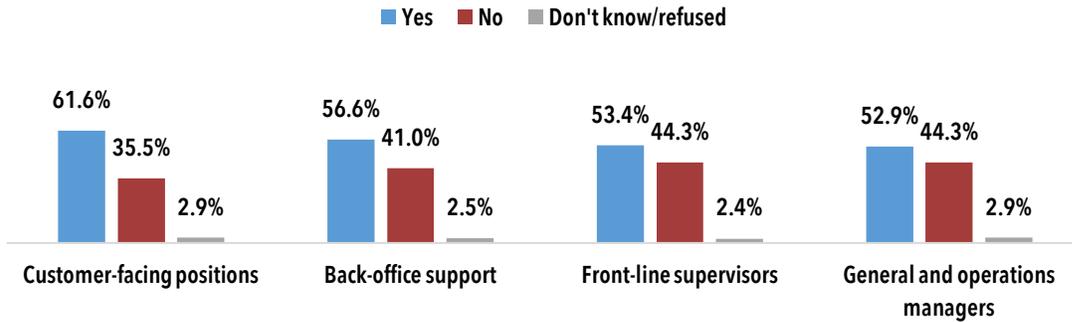
Figure 10: Employers Requiring Background Checks by Occupational Cluster



More than 50 percent of employers reported that each occupational cluster has physical requirements such as walking significant distances or lifting heavy objects. However, a significant percent (35 to 44 percent) of employers also reported that these positions do not necessarily have physical requirements (Figure 11).

¹⁷ Other responses were omitted, including psychological testing (Myers-Briggs), drug test, unknown

Figure 11: Employers Reporting Physical Requirements Expected of Employees by Occupational Cluster



The following sections elaborate on these findings within each occupational cluster in more detail.

Customer-facing Positions

Approximately 153,800 workers are employed as customer-facing positions in the retail industry in San Diego County. This represents over half (54 percent) of all retail employment countywide.¹⁸ Employers surveyed for this study have more optimistic expectations of employment growth than U.S. Bureau of Labor Statistics projections for new jobs in customer-facing positions. Surveyed firms in the region expect customer-facing positions to grow by 5.8 percent over the next year compared to BLS's one-year 0.4 percent growth projection.¹⁹ When factoring demand for replacement workers into BLS's projected growth, the percentage increases from 0.4 to 4.5 percent.²⁰

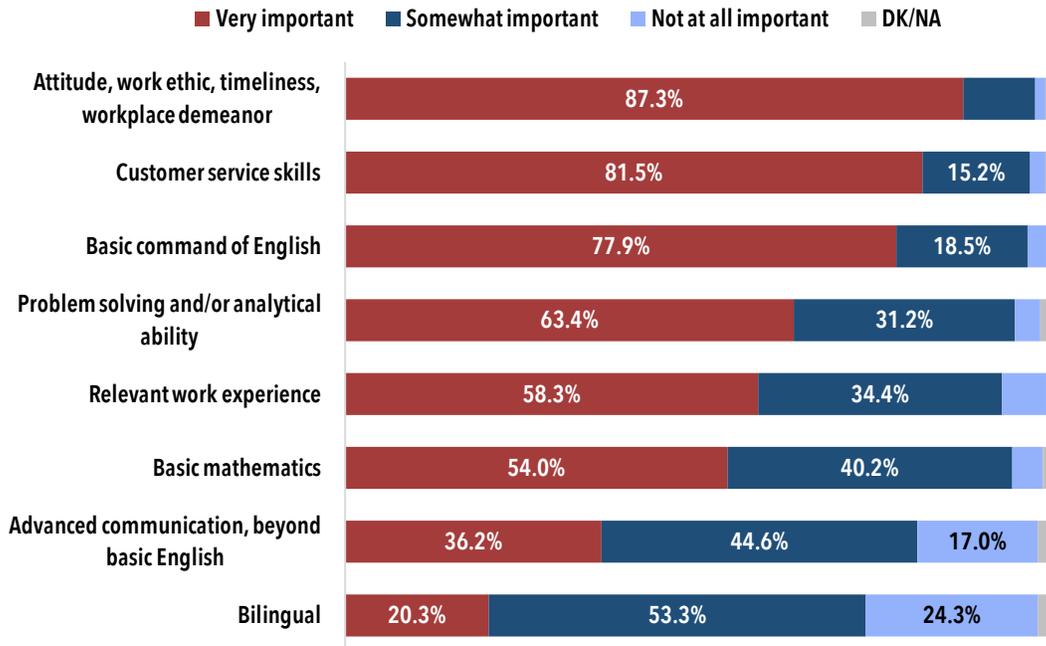
In terms of skill sets, BLS describes customer-facing positions to be proficient in persuasion, active listening for both coworkers and customers, speaking, service orientation, negotiation, and social perceptiveness, among other skills.²¹ Similarly, more than 80 percent of employers surveyed for this study reported attitude, work ethic, timeliness, workplace demeanor and customer service skills to be "very important" qualities when considering applicants for customer-facing positions (Figure 12).

¹⁸ Chmura Economics JobsEQ Q2 2016

¹⁹ Chmura Economics JobsEQ Q2 2016

²⁰ Chmura Economics JobsEQ Q2 2016

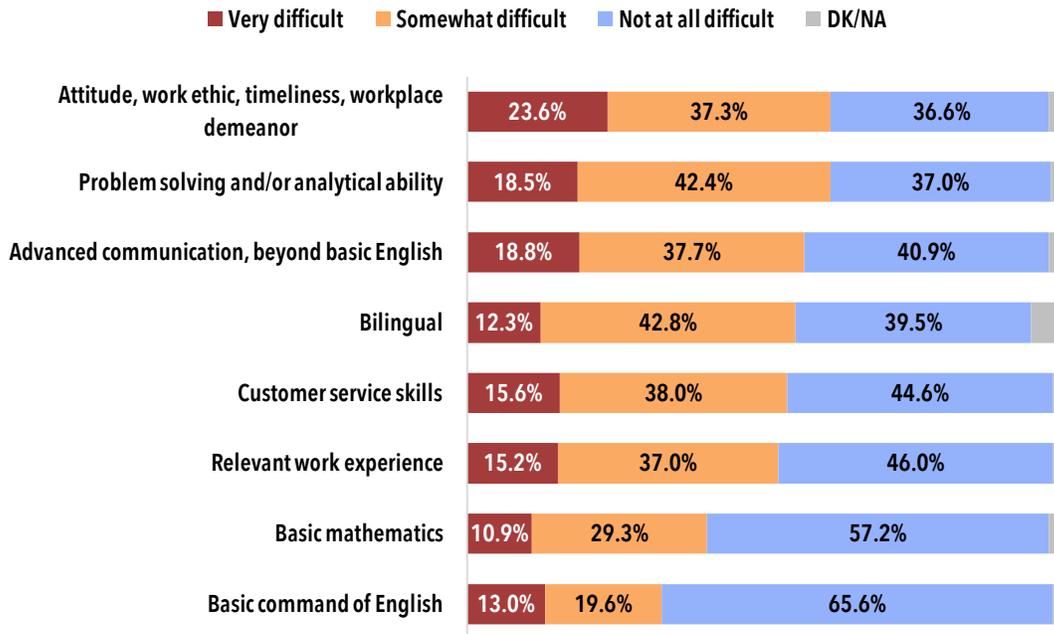
²¹ Bureau of Labor Statistics and O*NET Online

Figure 12: Importance of Qualities When Considering Applicants for Customer-facing Positions²²

In terms of difficulty in finding qualified applicants for customer-facing positions, more than 60 percent of employers ranked attitude, work ethic, timeliness and workplace demeanor as well as problem solving and/or analytical ability as the top elements that were “very difficult” or “somewhat difficult” to find in applicants (Figure 13).

²² n= 276

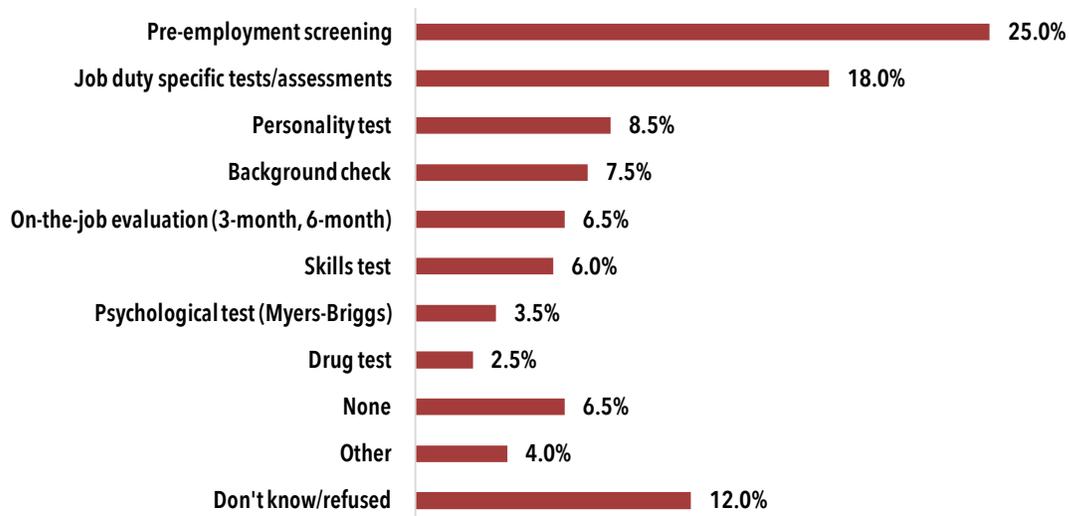
Figure 13: Level of Difficulty Finding Qualified Applicants for Different Elements in Customer-facing Positions²³



The top three assessments and screening tools used by retail organizations for customer-facing positions (new hires and promotions) are:

- Pre-employment screening – 25 percent
- Job duty specific tests/assessments – 18 percent²⁴
- Personality tests – 9 percent

Figure 14: Assessments and Screening Tools for Customer-facing Positions



²³ n = 276

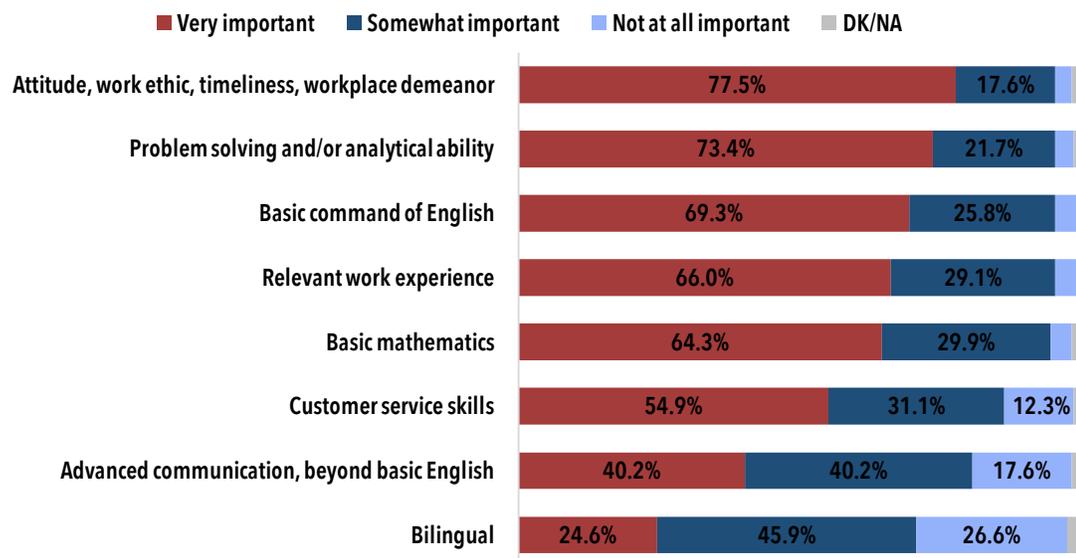
²⁴ ICIMS, product knowledge, predictive index, criteria corp, etc.

Back-office Support

Just under 62,000 workers are employed in back-office support positions for retail firms in San Diego County. This represents over one-fifth of retail employment in San Diego County.²⁵ Similar to customer-facing positions, employers expect back-office support to grow by 5.8 percent over the 12 months. Again, retail firms expressed greater optimism for back-office support growth when compared to Chmura Economics using Bureau of Labor Statistics (BLS) one-year growth projections for the county (0.5 percent). When factoring in total growth and replacement demand for customer-facing positions over the next 12 months, the percentage increases to 3.4 percent for BLS projections. It is important to note when comparing primary and secondary data, that secondary data generates projections based on historical trends, while direct employer responses are based on current trends or recent changes in the industry. Respondent-based employer projections tend to be more of a measure of “top-of-mind” issues.

At least two-thirds of retail employers surveyed indicated that attitude, work ethic, timeliness, workplace demeanor (77 percent), problem solving and/or analytical ability (73 percent), basic command of English (69 percent), and relevant work experience (66 percent) are “Very important” when considering applicants for back-office support occupations. More than a quarter of responding employers said that bilingualism was “Not at all important” (27 percent) for back-office support applicants at their firm.

Figure 15: Importance of Qualities When Considering Applicants for Back-office Support²⁶



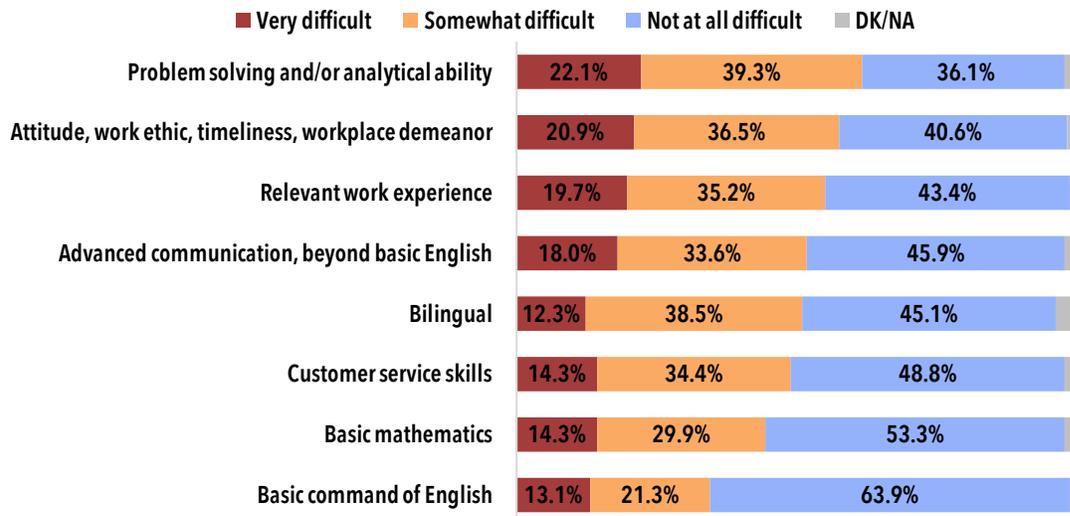
A majority of retail employers specified overall difficulty (“Very difficult” or “Somewhat difficult”) finding qualified applicants for back-office support positions that have problem solving and/or analytical ability (62 percent), attitude, work ethic, timeliness, workplace demeanor (57 percent), relevant work experience (55 percent), advanced communication, beyond English (52 percent), or are bilingual (51 percent).

²⁵ Source: Chmura Economics JobsEQ Q2 2016

²⁶ n=244

More than half of all employers said that it was “Not at all difficult” finding qualified applicants that have a basic command of English (64 percent) or have basic mathematics skills (53 percent).

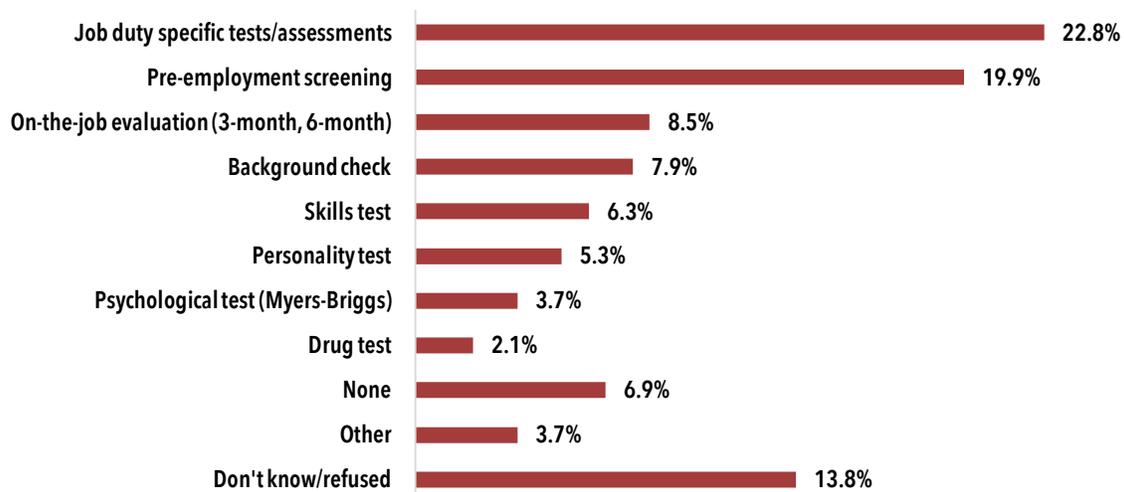
Figure 16: Level of Difficulty Finding Qualified Applicants for Different Elements for Back-office Support²⁷



The top three assessments and screening tools used by retail organizations for back-office support positions (new hires and promotions) are:

- Job duty specific tests/assessments²⁸ – 23 percent
- Pre-employment screening – 19 percent
- On the job evaluations and training²⁹ – 8 percent

Figure 17: Assessments and Screening Tools for Back-office Support³⁰



²⁷ n=244

²⁸ ICIMS, product knowledge, predictive index, criteria corp, etc.

²⁹ At 3-month, 6-month, etc. intervals.

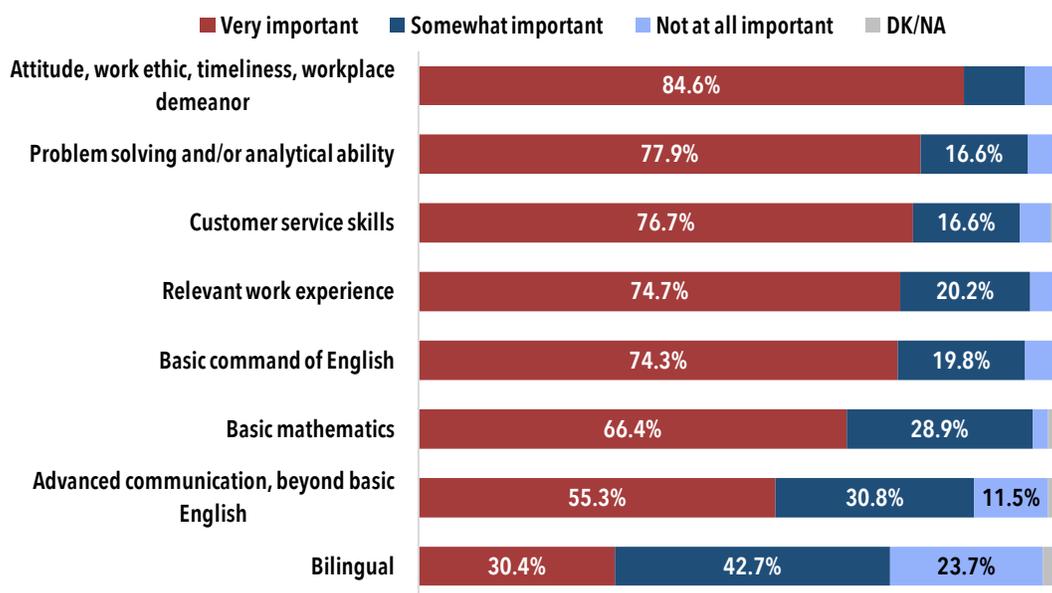
³⁰ n = 189

Front-line Supervisors

Just over seven percent of workers in the retail industry in San Diego County fall under the front-line supervisors category (21,300 employees).³¹ Surveyed employers predicted that front-line supervisors would increase by 9.8 percent at their locations over the following 12 months. The expectations of retail firms countywide outpace the projection (0.6 percent) of Chmura Economics and the Bureau of Labor Statistics (BLS). When factoring in total growth and replacement demand for customer-facing positions over the next 12 months, the percentage increases to 3.3 percent for BLS projections.

At least three-quarters of retail employers indicated that attitude, work ethic, timeliness, workplace demeanor (85 percent), problem solving and/or analytical ability (78 percent), customer service skills (77 percent), and relevant work experience (75 percent) were “Very important” when considering applicants for front-line supervisor positions.

Figure 18: Importance of Elements When Considering Applicants for Front-line Supervisors³²

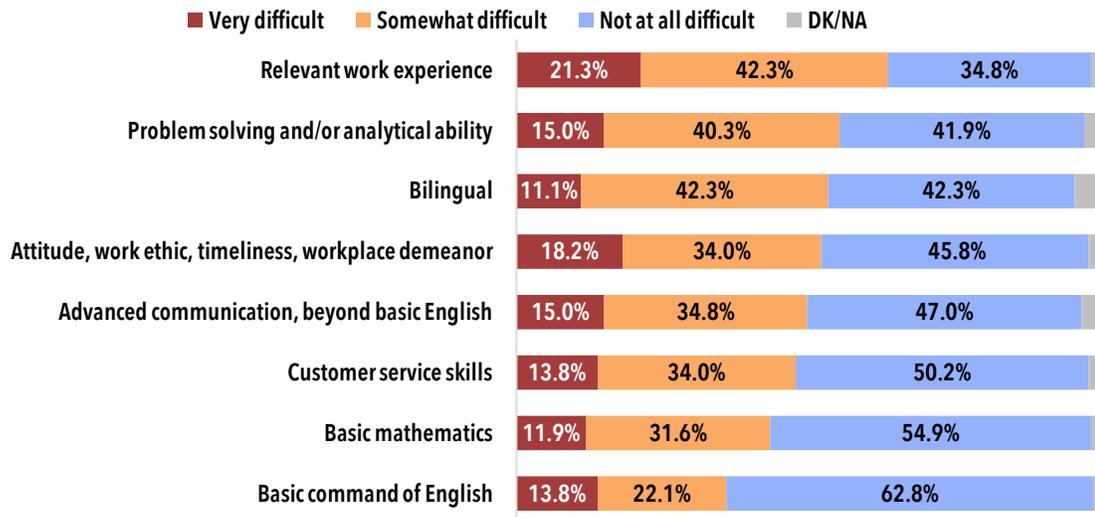


The highest degree of overall difficulty for retailers exists with finding qualified applicants for front-line management positions that have relevant work experience (21 percent “very difficult” and 42 percent “somewhat difficult”). More than half of employers expressed overall difficulty finding applicants with problem solving and/or analytical ability (55 percent), that are bilingual (53 percent), and have attitude, work ethic, timeliness and work demeanor that met the organization’s standards (52 percent).

³¹ Source: Chmura Economics JobsEQ Q2 2016

³² n = 253

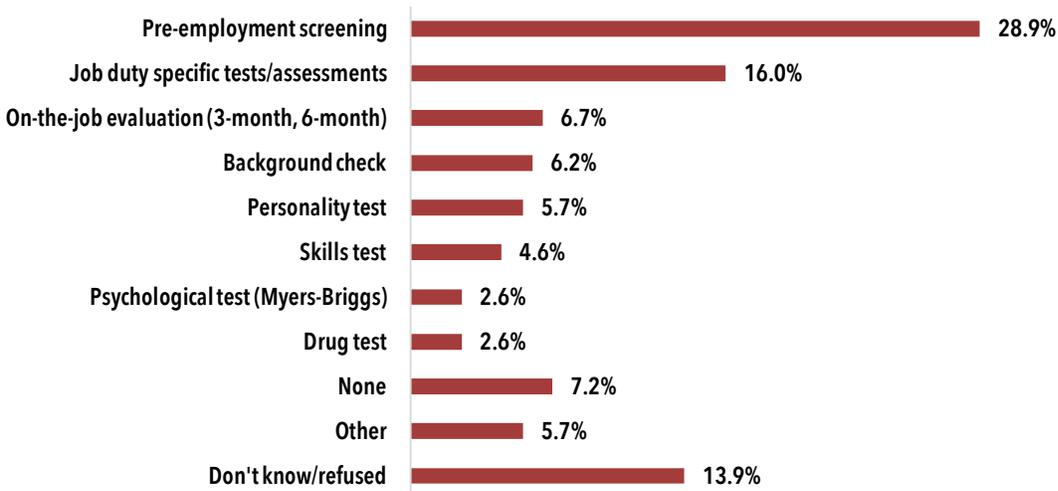
Figure 19: Level of Difficulty Finding Qualified Applicants for Different Elements for Front-line Supervisors³³



The top three assessments and screening tools used by retail organizations for front-line management (new hires and promotions) are:

- Pre-employment screening – 29 percent
- Job duty specific tests/assessments³⁴ – 16 percent
- On the job evaluations and training³⁵ – 8 percent

Figure 20: Assessments and Screening Tools for Front-line Supervisors³⁶



³³ n = 253

³⁴ ICIMS, product knowledge, predictive index, criteria corp, etc.

³⁵ At 3-month, 6-month, etc. intervals.

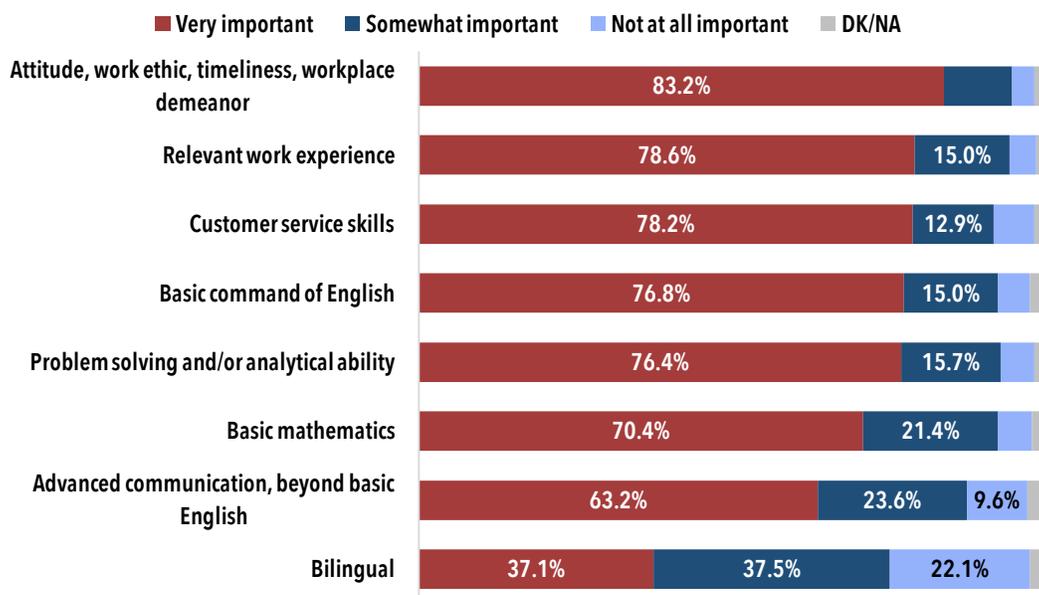
³⁶ n = 194

General and Operations Managers

The smallest category of occupations from the identified categories, general and operations managers account for under 2 percent of total retail employment in San Diego County.³⁷ Retail employers predicted that the general and operations managers occupational category would experience growth of 6.9 percent at their locations over the coming year. The expectations of retail firms countywide outpace the projection (2.6 percent) of Chmura Economics and the Bureau of Labor Statistics (BLS). When factoring in total growth and replacement demand for customer-facing positions over the next 12 months, the percentage increases to 3.0 percent for BLS projections.

Attitude, work ethic, timeliness, and workplace demeanor received a “Very important” rating from more than four-in-five retail employers (83 percent “very important”). Five additional elements in the figure below received “very important” ratings from more than three quarters of retail firms surveyed; relevant work experience: 79 percent; customer service skills: 78 percent; basic command of English: 77 percent; and, problem solving and/or analytical ability: 76 percent.

Figure 21: Importance of Qualities When Considering Applicants for General and Operations Managers³⁸

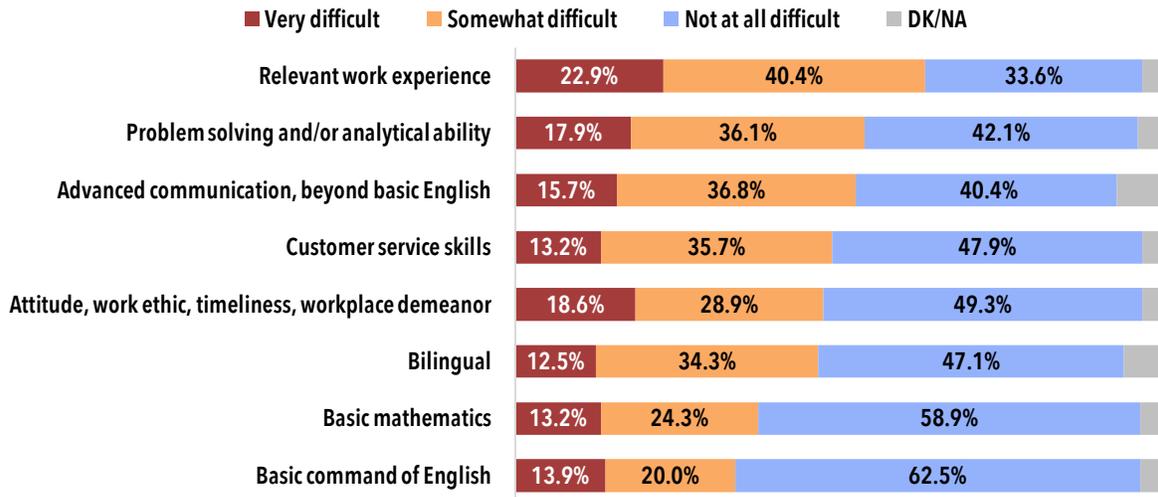


More than half of retail employers expressed at least some level of difficulty (“Very difficult” or “Somewhat difficult”) with finding qualified applicants for general and operations managers that have relevant work experience (63 percent), problem solving and/or analytical ability (54 percent), and advanced communication, beyond basic English (53 percent). A majority of retail firms responded, “Not at all difficult” when asked to rate the difficulty of finding qualified general and operations manager applicants with a basic command of English (63 percent) and basic mathematics (59 percent).

³⁷ Source: Chmura Economics JobsEQ Q2 2016

³⁸ n = 280

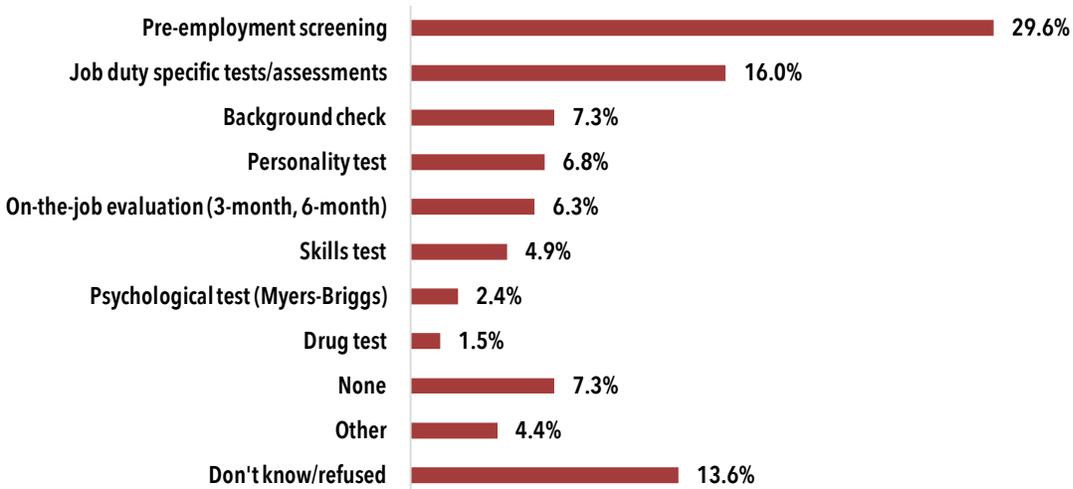
Figure 22: Level of Difficulty Finding Qualified Applicants for Different Elements for General and Operations Managers³⁹



The top three assessments and screening tools used by retail organizations for general and operations managers (new hires and promotions) are:

- Pre-employment screening – 30 percent
- Job duty specific tests/assessments⁴⁰ – 16 percent
- Personality test – 7 percent

Figure 23: Assessments and Screening Tools for General and Operations Managers⁴¹



³⁹ n = 280

⁴⁰ ICIMS, product knowledge, predictive index, criteria corp, etc.

⁴¹ n = 206

RETAIL EMPLOYMENT SUPPLY

While the previous section detailed employer demand for qualities, education and experience for new retail hires in the four occupational clusters, the following section will explain the region's supply of potential retail employees.

As of 2015, San Diego County was the fifth most populous county in the United States with approximately 3.3 million people. Of those, 2.2 million individuals are of working age (between 16 and 64 years of age). The retail industry currently employs 286,100 workers in San Diego County, however, when examining occupations with some lateral mobility between the retail industry and other industries, the employment supply increases to roughly 466,700 workers. Because skillsets learned in the retail industry are transferable to occupations within other industries, retail establishments effectively increase the supply of experienced workers for other industries as well. These individuals work in various positions that can traverse several industries (transportation and warehousing, professional and technical services, wholesale trade, finance and insurance, etc.) and include front-line supervisors of office and administrative support workers, office clerks (general), general and operations managers, packers and packagers, secretaries and administrative assistants, and traditional retail occupations (cashiers, retail salespersons, parts salespersons).

San Diego County residents possess higher educational attainment compared to the state as a whole. Forty-five percent of residents aged 25 to 64 years in the county have an associate degree or higher compared to just under 40 percent of all California residents.⁴² Retail employment supply has lower educational attainment when compared to the overall employment supply in the county, with just over 35 percent of all workers in possession of an associate degree or higher. This cohort is also much more likely to possess a high school diploma or less (42 percent) compared to the overall workforce in San Diego County (32 percent).

The average wage for all positions employed in San Diego County is \$28.00 an hour or \$58,238 per year. Wages are slightly lower for the county compared to California as a whole (\$30.00 per hour or \$62,417 per year). Retail workers in San Diego County make an average annual wage of \$28,628 compared to \$29,921 in California overall.⁴³ Average wages vary greatly for various retail occupations. Pharmacists (\$61.92 per hour or \$128,800 per year) and general and operations managers (\$60.33 per hour or \$125,500 per year) earn well over \$100,000 in average annual wages per year. At the other end of the spectrum, dishwashers (\$10.19 per hour or \$21,200 per year) and hosts and hostesses (\$10.34 per hour or \$21,500 per year) make far less in average annual wages.

⁴² Source: Chmura Economics JobsEQ Q2 2016

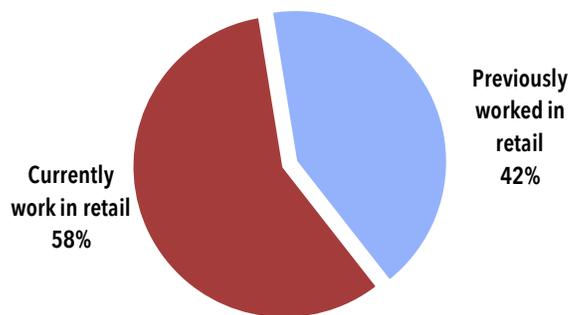
⁴³ Source: Chmura Economics Jobs EQ Q2 2016

EMPLOYEE ETHNOGRAPHY

In addition to surveying retail employers in San Diego County, BW Research also recruited 67 current and former retail workers within the county to provide insight into the supply side of the industry. These individuals participated in a survey to provide deeper understanding on successful career strategies within and outside of retail fields. Questions covered individual pathways to career advancement, barriers and potential solutions to move forward in retail and other occupations.

Respondents to the ethnography were split between current retail workers (58 percent) and workers that had previously worked in retail (42 percent). Quotas for the two groups were established in order to understand career progression from differing professional perspectives.

Figure 24: Status of Retail Industry Employment⁴⁴



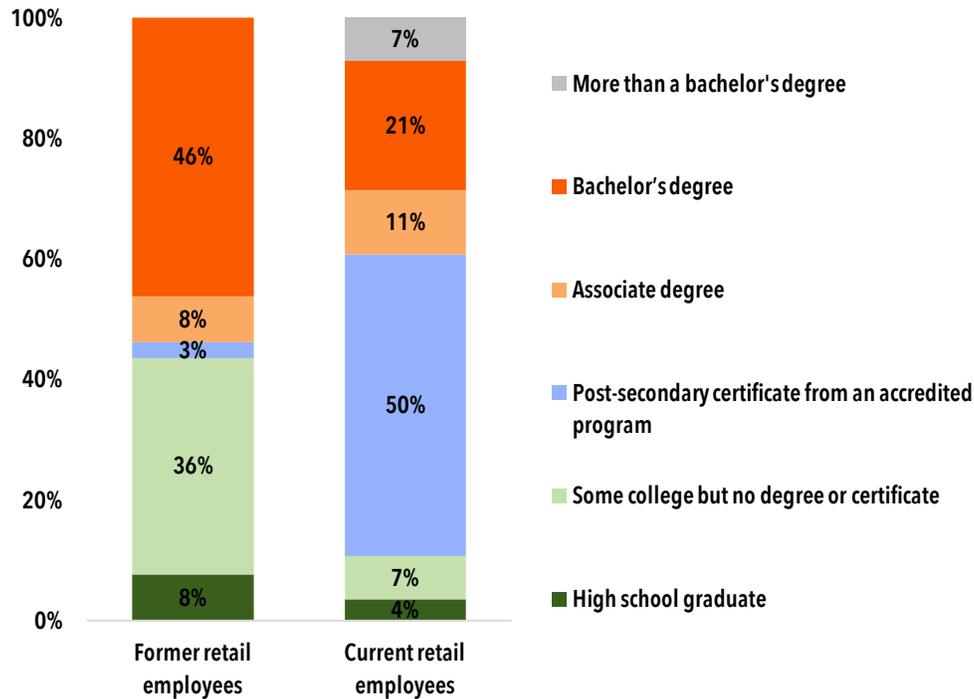
More than half of current retail employees reported that they worked within clothing and clothing accessory stores (21 percent), e-commerce or online/electronic shopping (15 percent), food and beverage stores, including grocery stores and supermarkets (13 percent), and building materials or garden supply stores, including home centers and hardware stores (10 percent). The largest proportions of former retail employees indicated that they had transitioned to work in educational services (21 percent), professional, scientific and technical services (11 percent), and wholesale trade (11 percent).

Approximately three-in-five retail (59 percent) workers currently manage or supervise staff in their current position in comparison to just under a third (32 percent) of former retail employees.

⁴⁴ n = 67

The following figure illustrates the educational attainment levels of current and former retail workers. Nearly half of former retail workers surveyed were in possession of a bachelor's degree or more (46 percent), while less than a third (28 percent) of current retail workers reported the same level of educational attainment. Half of current retail workers (50 percent) indicated their completion of a post-secondary certificate from an accredited program compared to just 3 percent of former retail workers.

Figure 25: Highest Educational Attainment by Former or Current Retail Employees



The top two degrees or primary fields of study for all **current retail workers** that had an associate degree or higher include:

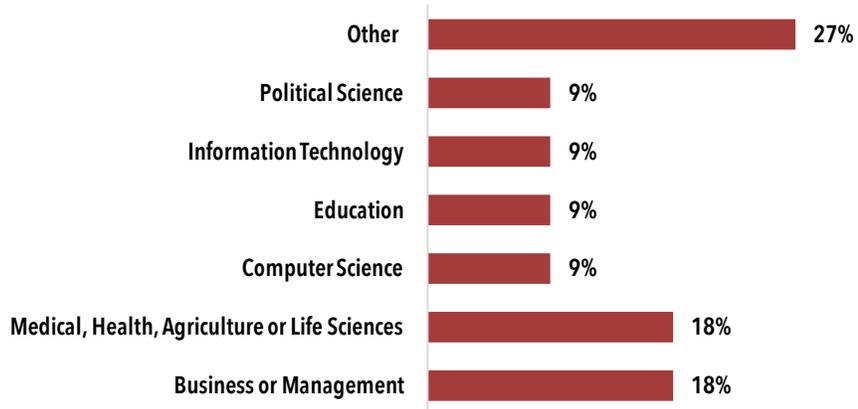
- Business or Management (52 percent)
- Information Technology (14 percent)

The top five degrees or primary fields of study for all **former retail workers** that had an associate degree or higher include:⁴⁵

- Business or Management (18 percent)
- Medical, Health, Agriculture or Life Sciences (18 percent)
- Computer Science (nine percent)
- Education (nine percent)
- Information Technology (nine percent)

⁴⁵ These were the only programs with more than one response

Figure 26: Degree or Primary Field of Study for Former Retail Workers



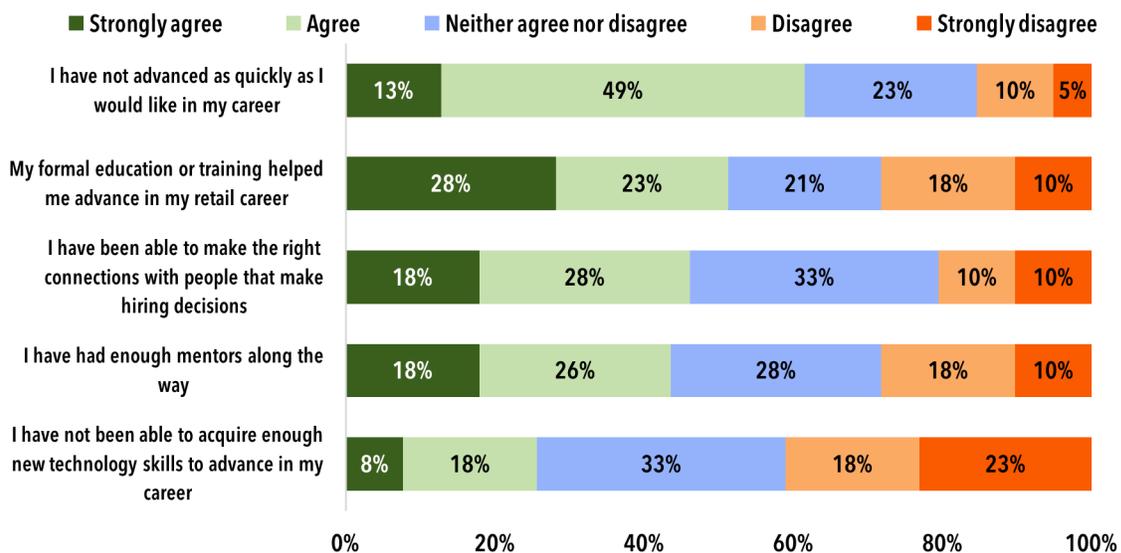
Current Retail Career Progression

Employees currently working in retail professions were asked a separate set of questions related to their career in the retail industry. First, retail workers were asked to select a statement that most accurately describes their career in retail. Respondents (41 percent) offered a positive assessment about their current career, indicating that they have successfully moved up the career ladder and continue to grow in their position. The full list of responses includes:

- I have successfully moved up the career ladder and continue to grow in my position (41 percent)
- I have not advanced successfully and feel stuck in my current position (23 percent)
- I have successfully advanced in terms of pay and responsibility, but not as quickly as I'd like (15 percent)
- I have successfully moved between jobs with satisfying lateral moves but have not advanced in terms of pay or responsibility (13 percent)
- None of the above (8 percent)

The following figure (Figure 27) illustrates current retail workers' agreement with multiple statements related to their career in retail. The highest level of overall agreement from respondents was for "I have not advanced as quickly as I would like in my career" (62 percent: 13 percent "Strongly agree" and 49 percent "Agree"). More than a quarter of retail workers (28 percent) said that they "Strongly agree" with the statement "My formal education or training helped me advance in my retail career," the highest among all elements tested.

Figure 27: Agreement with Elements of Retail Career



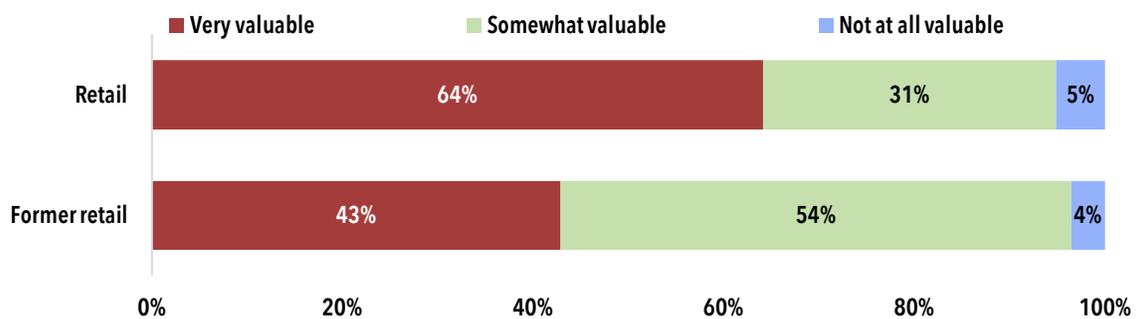
More than three-quarters of current retail employees (77 percent) said that they have not received any formal career training, such as management classes, from their retail employer.

Career Navigation

Both current and former retail workers listed being driven (commitment to goals, etc.), work ethic, and acquired skills as the top three factors that they believe contribute the most to helping them succeed in their overall careers. Working as part of a team, customer service, and adaptability were the top three elements learned from the retail industry in particular that current and former retail workers felt contribute the most to helping them succeed in their careers.

Workers currently employed in the retail industry were more likely to rate retail industry work experience as “Very valuable” when compared to employees that had previously been employed in retail (64 percent vs. 43 percent).

Figure 28: Value of Retail Industry Work Experience



Current retail employees indicated that they had participated in a formal career mentoring program by their employer as a mentor at a greater rate (34 percent overall; 21 percent currently participating as a mentor and 13 percent previously participated as a mentor) than former retail workers (11 percent overall; 4 percent currently participating as a mentor and seven percent previously participated as a mentor).

Next, employees from each cohort were asked to select from a list of items that have been important in their career navigation. The following elements represent the top three responses by worker group⁴⁶:

- **Current Retail Employees**
 - Self-guided learning and experimenting – 46 percent
 - Previous work experience – 41 percent
 - In-person networking – 33 percent
- **Former Retail Employees**
 - Previous work experience – 68 percent
 - Self-guided learning and experimenting – 57 percent
 - On-the-job training at current employer – 54 percent

⁴⁶ Multiple responses permitted

The following figures illustrate the level of importance that current and former retail employees place on activities as they relate to career advancement. The order of overall importance ratings is similar amongst the different employee cohorts, with networking and self-awareness switching positions for the two groups.

Figure 29: Importance of Activities Related to Career Advancement for Current Retail Employees

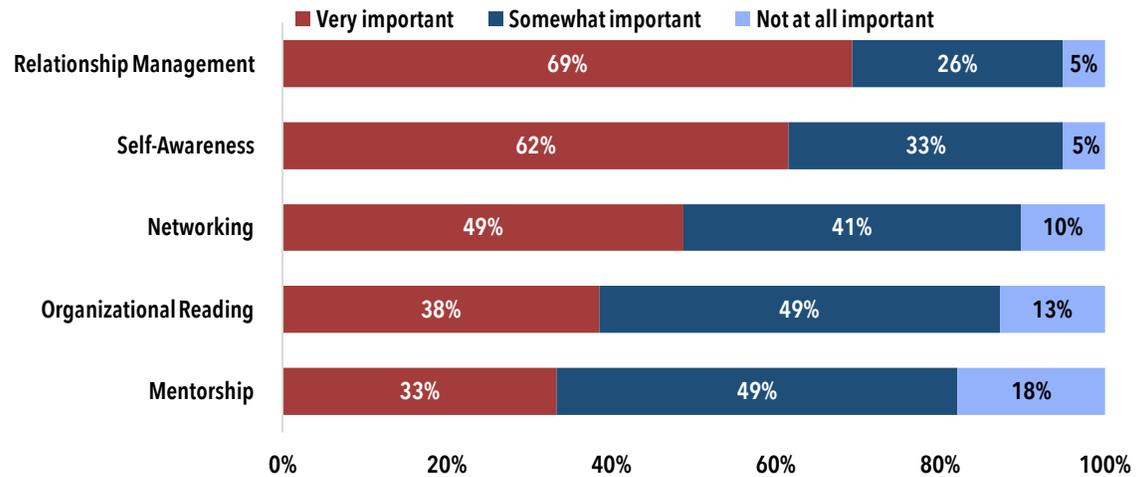
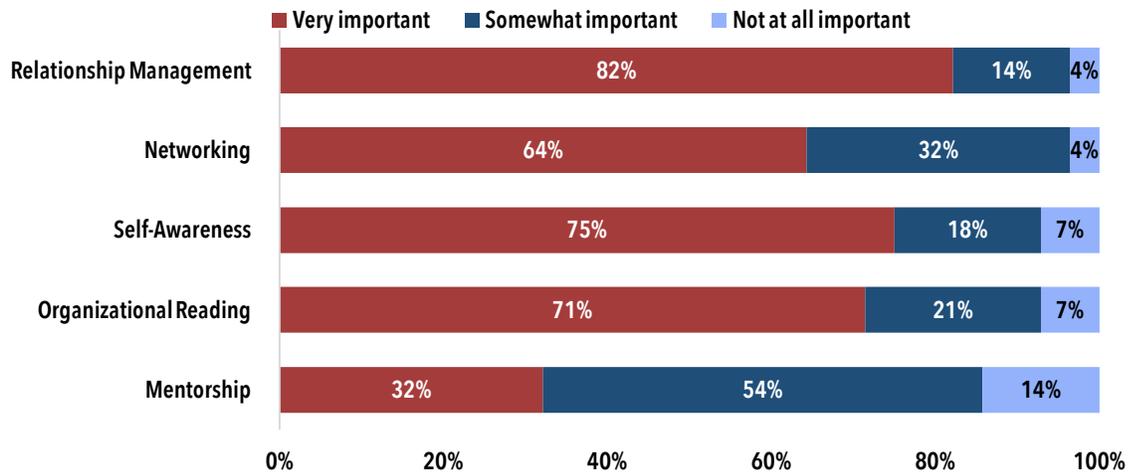


Figure 30: Importance of Activities Related to Career Advancement for Former Retail Employees



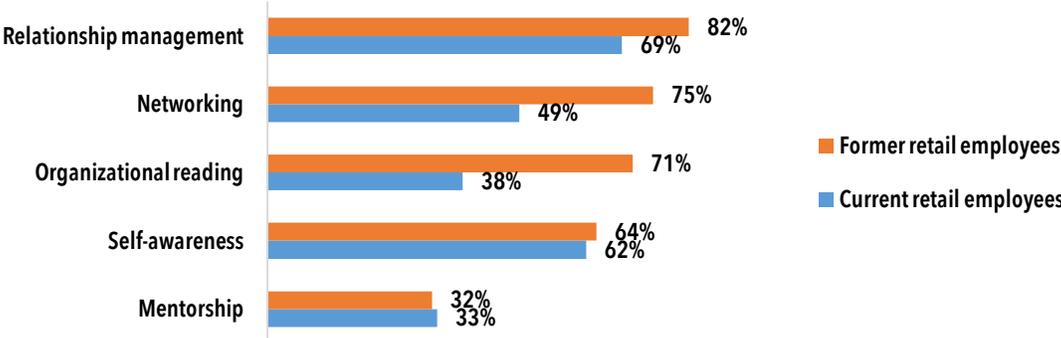
KEY FINDINGS AND RECOMMENDATIONS

Finding 1: Skills and attributes that lead to career advancement in retail include relationship management, customer service skills, and work ethic.

Relationship management

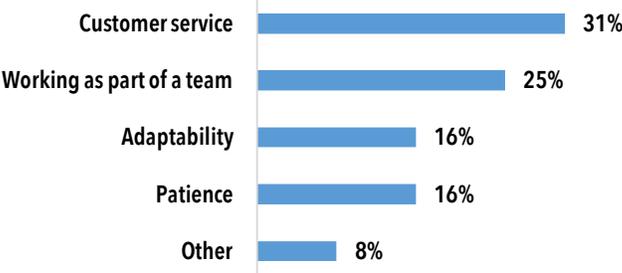
When asked to rate the importance of the following activities for their career advancement, both current and former retail employees overwhelmingly indicated relationship management as the most important activity in advancing their careers.

Figure 31: Importance of Activities Related to Career Advancement by Current and Former San Diego Retail Employees



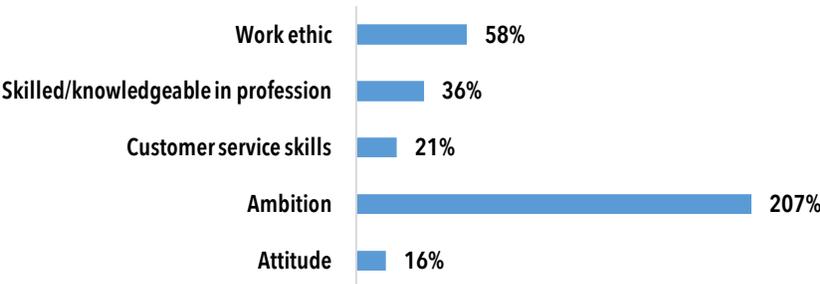
Customer service

The top five skills that current and former employees reported learning from retail that contributed the most to helping them succeed in their career include:



Work ethic

The top five most important characteristics, skills or attributes that employers look for when considering promoting an existing worker to a management or professional position include:



→ Recommendation 1

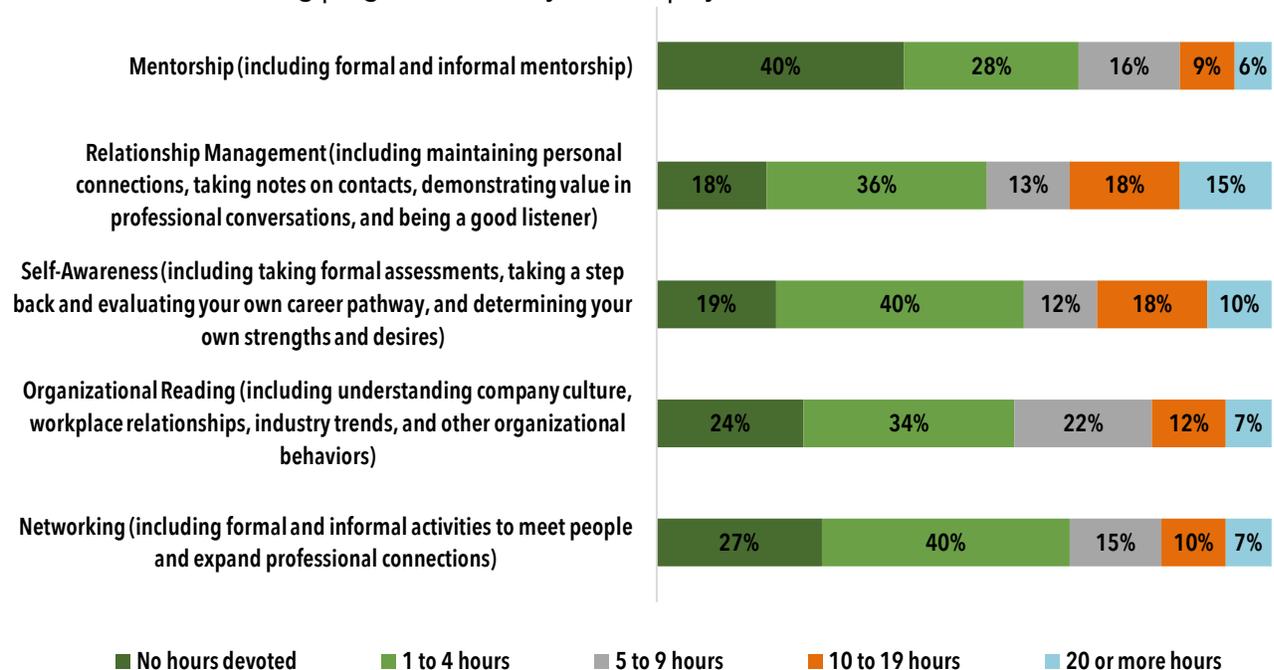
Workforce development programs that support retail career advancement should focus on relationship management (maintaining personal connections, taking notes on contacts, demonstrating value in professional conversations, and being a good listener), customer service skills development, and emphasis on work ethics.

Finding 2: Employers have found it to be “very difficult” to find qualified front-line supervisors and managers with relevant work experience, and 23 percent of current retail workers agreed with the statement, “I have not advanced successfully and feel stuck in my current position.”

→ Recommendation 2

Employers that want to retain current workers and promote from within would benefit from developing internal training programs that provide current workers with the relevant work experience what would allow them to advance to higher positions.

Finding 3: Forty percent of current/former employees report that they devote no hours to mentorships; 27 percent report devoting no hours to networking, and 24 percent report devoting no hours to organizational reading. Furthermore, firms and employers are not very likely to offer formal career mentoring programs; three-quarters of respondents report that they have never participated in a formal career mentoring program offered by their employer.



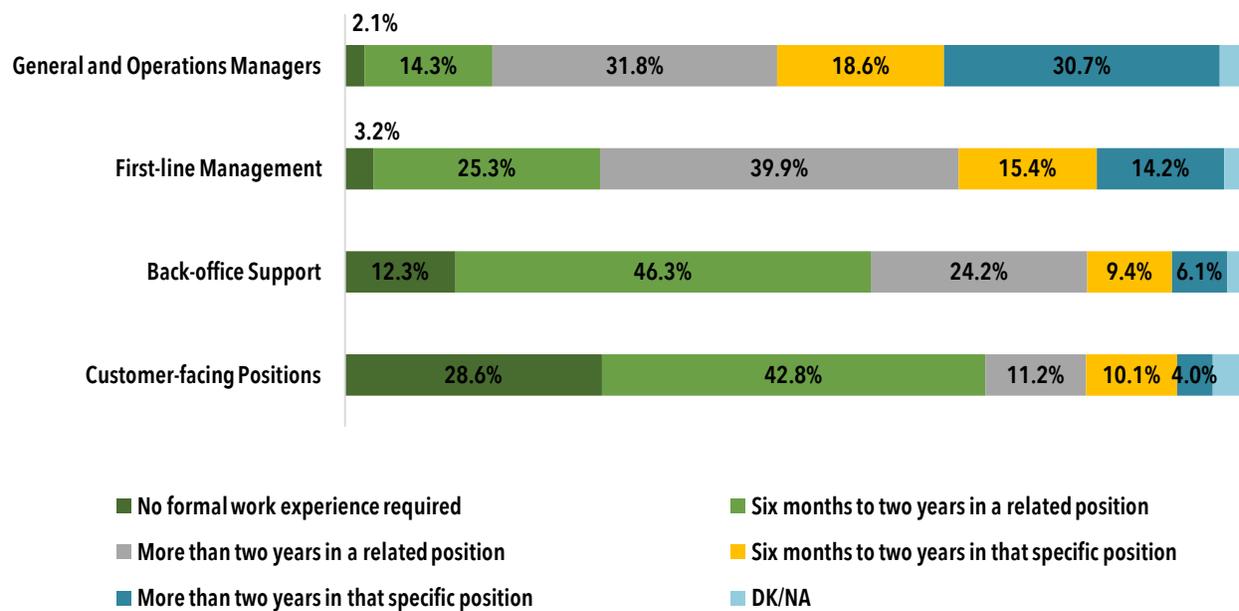
→ **Recommendation 3:** Employers would benefit from investing more in offering formal mentorship programs within their own companies to help develop their workers.

Finding 4: Current and former retail employees reported self-awareness (taking formal assessments, taking a step back and evaluating your own career pathway, and determining your own strengths and desires) to be the second most important activity in advancing their careers, yet 59 percent report spending less than four hours on this activity.

→ **Recommendation 4:** Current and prospective retail workers would benefit from assessing their self-awareness of what they want in their careers as 51 percent of these workers indicated that the “self-guided learning and experimenting” contributed to their successful career navigation (ability to successfully advance to new jobs with increased pay and responsibilities).

Finding 5: Customer-facing positions are least likely to require formal work experience upon hire, while management positions—either front-line or general and operations—are expected to have at least six months to two years, if not more, experience in related or specific positions. Interestingly, back-office support employees are also required to have experience in a related position.

For customer-facing and back-office support positions, employers report that the most important skills are non-technical (work ethic, attitude, communication, customer service, etc.). As retail workers move up the career ladder to front-line and general or operations managers, work experience and technical skills such as problem-solving and basic mathematics become more important. Across the board, the most difficult skill to find is problem-solving. However, for high-level management positions, over half of employers report that work experience is the most difficult element to find.



→ **Recommendation 5:** Employers expect front-line, general, and operations managers to have experience in either a related or specific position, yet also report that this work experience is most difficult to find for retail managers. Improved emphasis on career pathways within an organization may support not only employer demand, but also professional skill development and upward mobility for retail workers currently in customer-facing or back-office positions.

APPENDIX A – METHODOLOGY

Data compiled for this report were drawn from both primary and secondary data sources. The following table provides a brief overview of the methodology utilized for the survey research component of the project. BW Research also completed a survey of current and former retail employees and follow-up qualitative executive interviews with several with industry employers.

Table 1: Overview of Survey Methodology

Method	Telephone and Web Survey of retail businesses in San Diego County and Southern California and a Web Survey of Current and Former Retail Employees in San Diego County.
Number of Survey Participants	324 retail businesses in San Diego County and Southern California 67 current and former retail employees in San Diego County
Survey Field Dates	Web & telephone employer survey: July 6 – August 1, 2016 Web survey of current and former retail employees: July 19 – July 29, 2016
Survey Universe	14,880 establishments in San Diego County
Survey Margin of Error	The margin of error for questions answered by all 324 retail businesses was +/- 5.39 at the 95 percent level of confidence

Survey Design

Through an iterative process, BW Research worked closely with the San Diego Workforce Partnership to develop a survey instrument that met the research objectives of the study. In developing the survey instrument, BW Research utilized techniques to overcome known biases in survey research and minimize potential sources of measurement error within the survey.

Sampling Method

A clustered (by 3-digit NAICS) database of 6,111 San Diego firms in the retail industry was developed for phone collection. Phone collection was supplemented by web panel participants that were required to provide confirmation at various Retail related screener questions (industry sub-segment, etc.) in order to take the survey. For some employer surveys, the sampling was expanded to Southern California (San Diego County, Imperial County, Orange County, Riverside County, and Los Angeles County).

For the web survey (Ethnography) of current and former retail employees, a web panel was utilized. The participants were required to provide valid San Diego County zip codes and information related to current or former retail employment.

Occupational Categories

Customer-facing Positions

Customer-facing occupations account for just over half of all retail occupations. Individuals in these positions typically have a high school diploma, with the exception of sales representatives. Because of this, the majority of these occupations make under \$50,000 a year, again with the exception of sales representatives. The average wage across these occupations is about \$38,000 a year, and they comprise about just over 60 percent of total demand over the next five years. This occupational group includes specific occupations such as; retail salespersons, cashiers, customer service representatives, combined food preparation and serving workers (including fast food), etc.

Back-office Support

Back-office support workers comprise two in ten retail workers. These employees average around \$37,000 a year and have a high school diploma or less. Pharmacists, however, represent an outlier; these individuals often possess a professional or doctorate degree and earn roughly \$127,100 per year. Back-office support will account for 19 percent of total growth demand over the next five years.⁴⁷ This occupational group includes the following specific occupations; stock clerks and order fillers, laborers and freight, stock, and material movers (hand), automotive service technicians and mechanics, office clerks (general), etc.

Front-line Supervisors

Front-line supervisors account for just under eight percent of all retail workers and two percent of five-year growth demand. These workers typically have a high school education, with the exception of those who manage office and administrative support workers. The average wage for supervisors is just under \$53,000 a year. This occupational category includes front-line supervisors of retail sales workers and front-line supervisors of office and administrative support workers.

General and Operations Managers

Managers are the highest paid retail workers; they comprise about two percent of the retail workforce and just under two percent of total growth demand over the next five years. These workers typically possess a Bachelor's degree and make over \$120,000 a year on average.

Data Collection

Prior to beginning data collection, BW Research conducted interviewer training and also pre-tested the survey instruments to ensure that all words and questions were easily understood by the respondents. The overall data collection period was July 19th through August 1st, 2016.

A Note about Margin of Error

The overall margin of error for the surveys, at the 95 percent level of confidence, is +/- 5.39 percent for questions answered by all 324 Life Science firms.

⁴⁷ The average annual wage excluding pharmacists is about \$30,000 per year.

APPENDIX B – RETAIL OCCUPATIONS

	SOC Code	Title
Customer-facing Positions	41-2031	Retail Salespersons
	41-2011	Cashiers
	43-4051	Customer Service Representatives
	35-3021	Combined Food Preparation and Serving Workers, Including Fast Food
	41-2022	Parts Salespersons
	41-2021	Counter and Rental Clerks
	41-3099	Sales Representatives, Services, All Other
	41-4012	Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products
	35-3031	Waiters and Waitresses
	35-3011	Bartenders
	35-9031	Hosts and Hostesses
	35-3022	Counter Attendants, Cafeteria, Food Concession, and Coffee Shop
Back-office Support	43-5081	Stock Clerks and Order Fillers
	53-7062	Laborers and Freight, Stock, and Material Movers, Hand
	49-3023	Automotive Service Technicians and Mechanics
	29-2052	Pharmacy Technicians
	53-7064	Packers and Packagers, Hand
	43-9061	Office Clerks, General
	35-2021	Food Preparation Workers
	29-1051	Pharmacists
	43-5071	Shipping, Receiving, and Traffic Clerks
	51-3021	Butchers and Meat Cutters
	49-3093	Tire Repairers and Changers
	35-2010	Cooks
	51-3011	Bakers
	43-4151	Order Clerks
Front-line Supervisors	41-1011	Front-Line Supervisors of Retail Sales Workers
	43-1011	Front-Line Supervisors of Office and Administrative Support Workers
	49-1011	Front-Line Supervisors of Mechanics, Installers, and Repairers
	35-1012	Front-Line Supervisors of Food Preparation and Serving Workers
	51-1011	Front-Line Supervisors of Production and Operating Workers
	53-1021	Front-Line Supervisors of Helpers, Laborers, and Material Movers, Hand
General and Operations Managers	11-1021	General and Operations Managers
	11-2022	Sales Managers

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CHICAGO COOK
WORKFORCE PARTNERSHIP



Funding for this initiative is part of a \$10.9 million grant the Walmart Foundation made to The Chicago Cook Workforce Partnership. The two-year grant program is the largest investment to date as part of Walmart and the Walmart Foundation's Opportunity initiative, which aims to increase the economic mobility of workers in retail and adjacent sectors by working with nonprofits, educational institutions and government agencies to make it easier for front-line workers to move faster into roles with more responsibility.

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