

Sector Profile

Retail

What makes up the Retail Sector?

Retail is the sale of goods and services from individuals or businesses to the end-user. Retailers purchase goods or products from a factory or wholesaler and then sell smaller quantities to consumers for a profit. In addition to fixed locations, non-store retailing can be done online or via mail order. Retail can be more broadly categorized as food products, hard goods, which do not quickly wear out, and soft goods or consumables.

In addition to industry information, this profile includes occupational information specific to retail sectors, focusing on entry-level occupations as they represent an initial opportunity to gain work experience and employability skills and offer a starting point for career progression within the sector.

Why Retail?

Retail is an important sector for California's economy, employing more than 1.9 million workers, and generating a revenue nearing \$500 billion in 2012. During the recession, some retail jobs were lost. Since 2010, however, a steady increase in job growth has created employment opportunities and career pathways for people with varying level of skills and education.

Retail represents an opportunity for employees to "learn and earn" by combining training and employment. According to Corporate Voices for Working Families, the Learn and Earn

model seeks to "identify, promote and encourage innovative partnerships between employers, community colleges and higher education institutions to help today's 'working learners' complete their education while working."

These partnerships between business and education providers help bridge the skills gap for employers while supporting current and future employees' attainment of postsecondary degrees and credentials with labor market value — the most significant benchmark for achieving economic sustainability. Additionally, this builds a talent pipeline for employers.

INSIDER PERSPECTIVE

"We encourage our team members to continue their education and strongly recommend the Retail Management Certificate Program because its courses provide knowledge and skills necessary to become successful in the industry. The Retail Management Certificate Program is an important part of Food 4 Less/Foods Company training and development strategy."

— Bryan Kaltenbach, President
Food 4 Less/Foods Company

Quick Facts

- There are more than 1.9 million retail jobs in California, and more than 185,000 firms.
- The retail sector is expected to create over 137,000 new jobs by 2017.
- Revenue generated by retail firms in 2012 totaled close to \$500 billion.

What is Driving Growth?

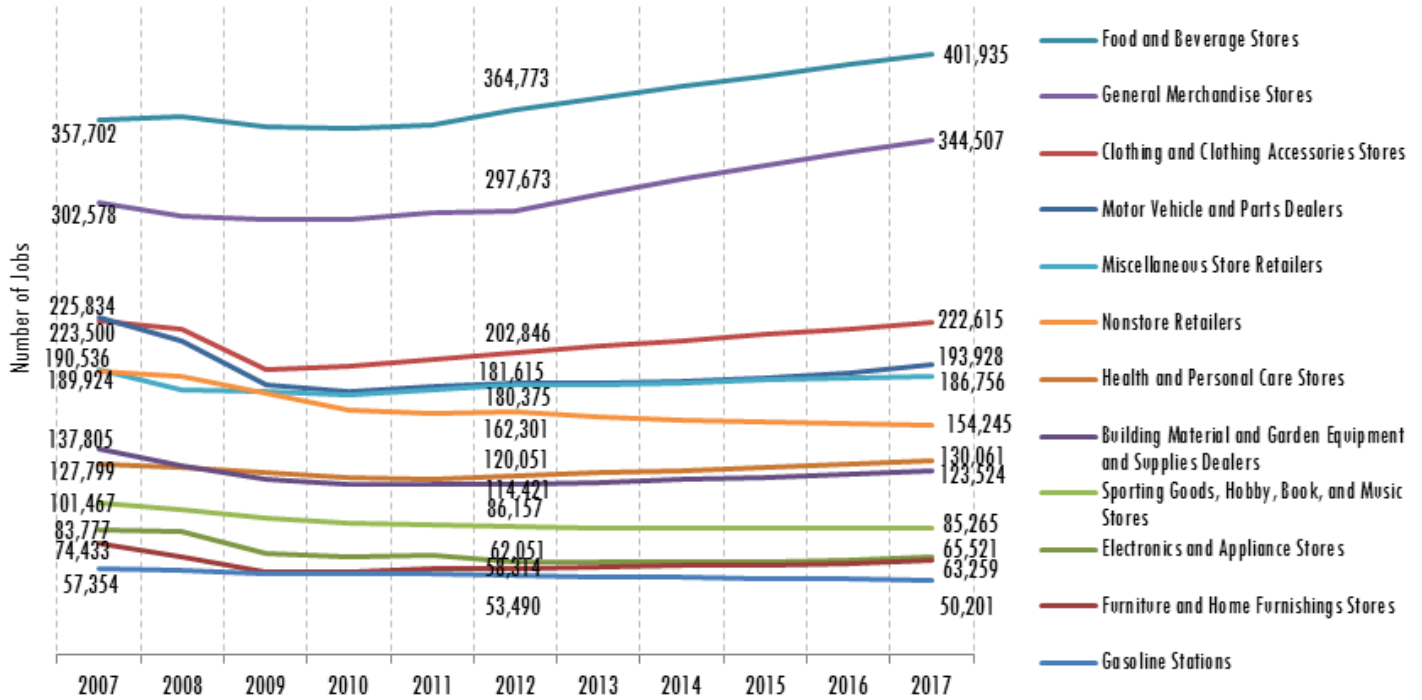
The growth of the retail sector in the state of California can be attributed to many variables, including:

- Consumers constrained by modest growth in income combined with recent legislation that increased payroll taxes, further limiting spending power.
- Current consumer attitudes are likely weighed down because of the handling of the fiscal cliff — confidence should improve as the pace of the recovery accelerates.
- An anticipated surge in foreign imports and exports could strengthen the retail and wholesale sectors.
- Modest inflation: The National Retail Foundation expects the Consumer Price Index to increase 1.9 percent in 2013, below the 2.1 percent increase in 2012.
- Adoption of AB 155, requiring that online retailers collect sales tax, may negatively affect online shopping but benefit store retailers.

What is the Industry Outlook?

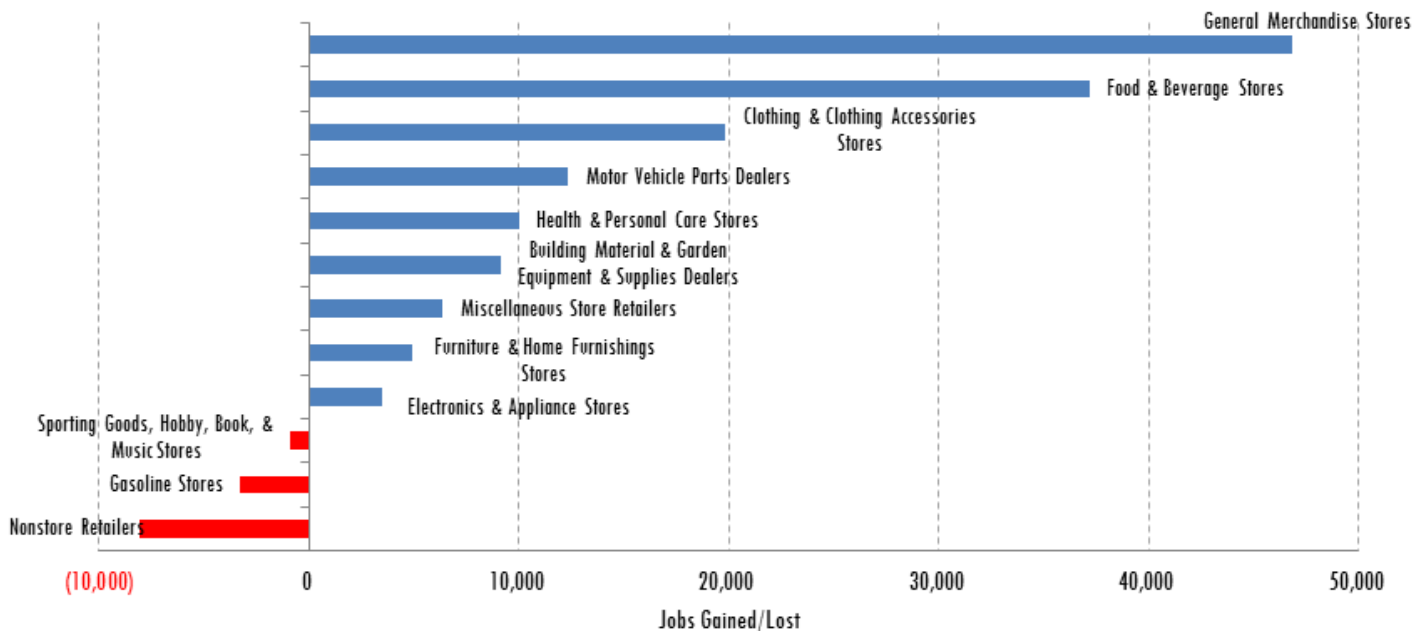
The largest clusters by number of jobs in 2012 are food and beverage stores (364,773), general merchandise stores (297,673), clothing stores (202,846) and motor vehicle and parts dealers (181,615). Due to the economic recession, the retail sector as a whole lost jobs between 2008 and 2010. However, 35,685 retail jobs were created from 2010 to 2012. By 2017, the retail industry is projected to create more than 137,000 jobs.

GROWTH BY INDUSTRY SECTOR (CALIFORNIA, 2012-2017)



The graph following represents the number of jobs predicted to be gained or lost between 2012 and 2017 in each cluster. Clusters that are predicted to grow most (in employment volume) are general merchandise stores, food and beverage stores, clothing stores and motor vehicle and parts dealers. Nonstore retailers, gasoline stations and sporting goods, hobby, book and music stores, are expected to see job losses over that same time period.

CHANGE IN EMPLOYMENT BY CLUSTER (CALIFORNIA, 2012-2017)



What Clusters are Driving Economic Activity?

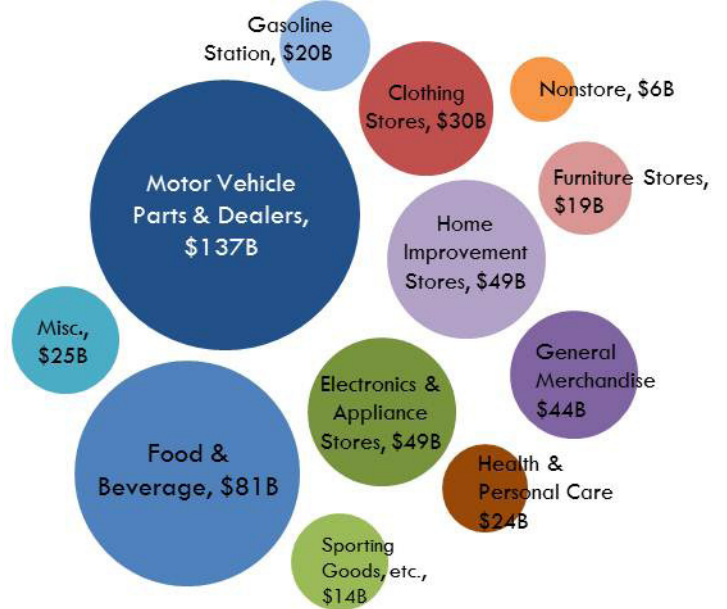
The retail sector generated close to \$500 billion in sales revenue in 2012. The motor vehicle and parts dealers cluster produced the highest amount of revenue (\$137 billion), followed by food and beverage stores (\$81 billion), home improvement stores (\$49 billion), and electronics and appliance stores (\$49 billion).

The retail sector's sales generate significant revenues for the state through both sales and corporate taxes, which will be further boosted by the new online sales tax law (AB 155). Additionally, this should help to protect brick-and-mortar stores, creating more in-store jobs and generating further growth, allowing the retail sector to continue to play an integral part of California's economy and provide an abundance of direct and indirect employment.

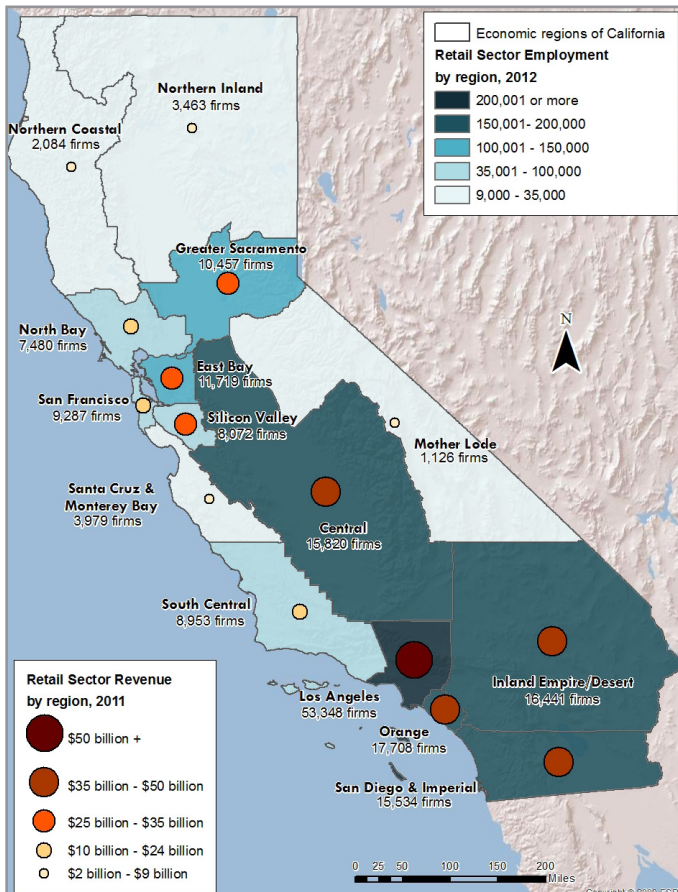
Where are the "Hot Spots"?

The Los Angeles/Orange region outpaces all other regions in the state, accounting for over one-third of the firms. Other regions with a large number of firms related to the sector are Inland Empire, San Diego & Imperial and Central Valley. The Los Angeles/Orange region is also at the top of the list by number of employees (674,553), number of firms (71,056) and sales revenues (more than \$171 billion). The Inland Empire, San Diego & Imperial and Central Valley each have between 15,500 and 16,500 businesses and between 163,000 and 192,700 employees.

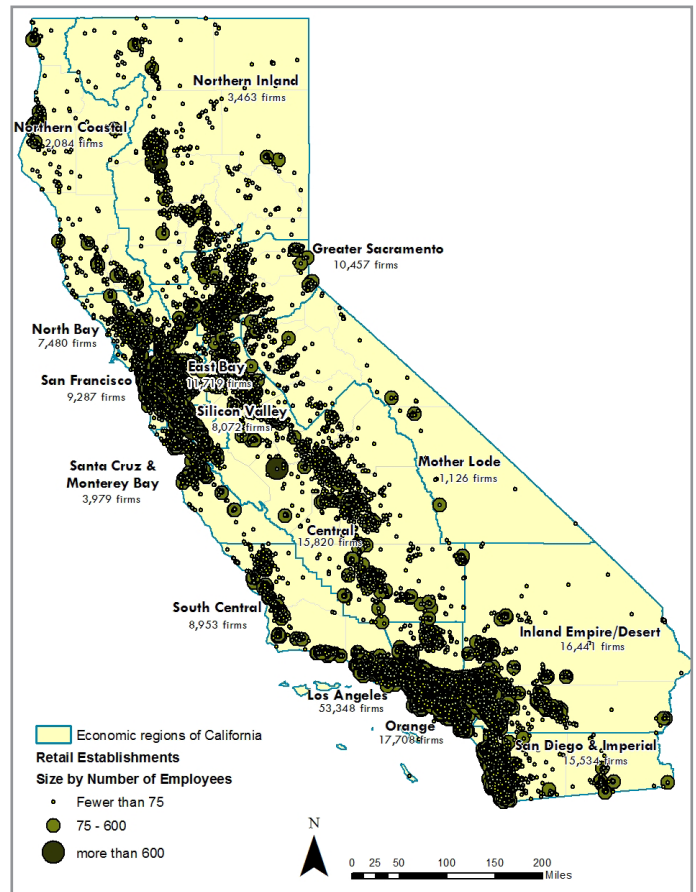
2012 REVENUE BY INDUSTRY CLUSTER



RETAIL EMPLOYMENT & REVENUE BY REGION



LOCATION OF RETAIL FIRMS



How Much Does It Pay?

Based on 2012 average earnings,¹ the highest paying sectors are electronics and appliance stores (\$68,803), motor vehicle and parts dealers (\$52,993), health and personal care stores (\$44,401), building materials and garden equipment (\$39,184) and furniture and home furnishings stores (\$39,108). The average for all sectors being \$34,898, five sectors pay above average and seven below average.



What Jobs are in Demand?

Retail salespersons have by far the highest number of existing jobs (465,976) as well as new jobs expected to be created (28,300) and replacement opportunities (41,185) through 2015.² Although the majority do not require formal education, they represent an entry point into the workforce and, with experience and training, workers can advance to higher paying jobs. Data in the table below is sorted first by education level and then by openings, which includes new and replacement jobs.

Between November 2012 and February 2013, retail firms posted more than 89,000 online job advertisements. If available, individual occupational totals are shown in the column on the far right. Not shown in the table but deserving honorable mention were retail loss prevention specialists and stock clerks, sales floor with 3,010 and 2,240 postings, respectively.

TOP JOB OPPORTUNITIES IN RETAIL

Job Title	2012 Jobs	3-year Change	% Change	Openings	Median Hourly Wage	Minimum Education Level	Online Job Postings
Retail Salespersons	465,976	28,300	6%	69,485	\$11.02	Short-term OJT	16,200
Cashiers	277,198	15,539	6%	53,274	\$9.95	Short-term OJT	2,030
Customer Service Representatives	26,577	2,200	8%	4,464	\$17.53	Short-term OJT	1,740
Counter and Rental Clerks	15,480	178	1%	1,368	\$12.14	Short-term OJT	NA
Sales Representatives, Services (All Other)	3,963	325	8%	674	\$26.54	Short-term OJT	340
Sales and Related Workers (All Other)	9,182	622	7%	1,318	\$20.47	Moderate-term OJT	NA
First-line Supervisors of Retail Sales Workers	218,263	3,119	1%	18,689	\$15.60	Related work experience	16,000
Wholesale and Retail Buyers (Non-farm Products)	7,821	227	3%	836	\$23.69	Long-term OJT	100
General and Operations Managers	24,389	254	1%	1,746	\$52.08	Bachelor's or higher	490
Sales Managers	13,764	250	2%	1,444	\$47.81	Bachelor's or higher	3,320

Employers with the most job postings over the November 2012 to February 2013 period included: Best Buy (5,005); Petco (4,925); Nordstrom (4,505); eBay (3,675); Gap, Inc. (3,323); JCPenney (2,569); Macy's (2,516); Lowe's (2,347); Sears (2,304); and Amazon (1,897).

¹Earnings data referenced here represents payroll averages for the sector. Payroll wages/earnings are calculated from quarterly aggregate payroll totals divided by the number of employees in a sector, regardless of occupational classification (job title). ²Data for occupations shown here represents level of employment in the retail industry only, usually referred to as staffing pattern totals, and does not represent occupational employment across all industry sectors.

Data notes and sources: Data and information included in the Sector Profile were compiled from the following public and proprietary sources: Corporate Voices for Working Families; The Shelby Report, January 2012; Bersin & Associates; National Retail Federation; U.S. Department of Labor; Workforce Solutions; "California Governor signs online sales tax law," (2011, Paul Demery); Legislative Council, State of California; Economic Modeling Specialists, Inc.; InfoGroup, Inc.; The Conference Board - Help Wanted Online; Burning Glass - Labor Market Insight.