

**Employment and skills needs
in the digital and green transition
of the Nordic retail industry
29.6.2022**

PhD (Bus. Adm.) Elina Närvänen
Associate professor of services and retailing
Faculty of Management and Business
Tampere University

Introduction

- Associate professor (tenure track) of services and retailing at [Tampere University](#)
- **Research topics:** Marketing and consumer behavior, sustainability and circular economy ([Google Scholar profile](#))
- **Teaching:** "Digital retailing studies" – new collaborative teaching network with 5 universities and Finnish Commerce Federation (www.digitaalinenkauppa.fi)
- **Societal interaction:**
 - Board member of [Retail research foundation in Finland](#)
 - Conference chair of [Nordic Retail and Wholesale Conference 2022](#) at Tampere University

People search › Elina Närvänen

Elina Närvänen

Associate Professor (tenure track)

[Faculty of Management and Business](#) | [Business Studies](#)

○ Tampere University

✉ elina.narvanen@tuni.fi

☎ [+358503186016](tel:+358503186016)

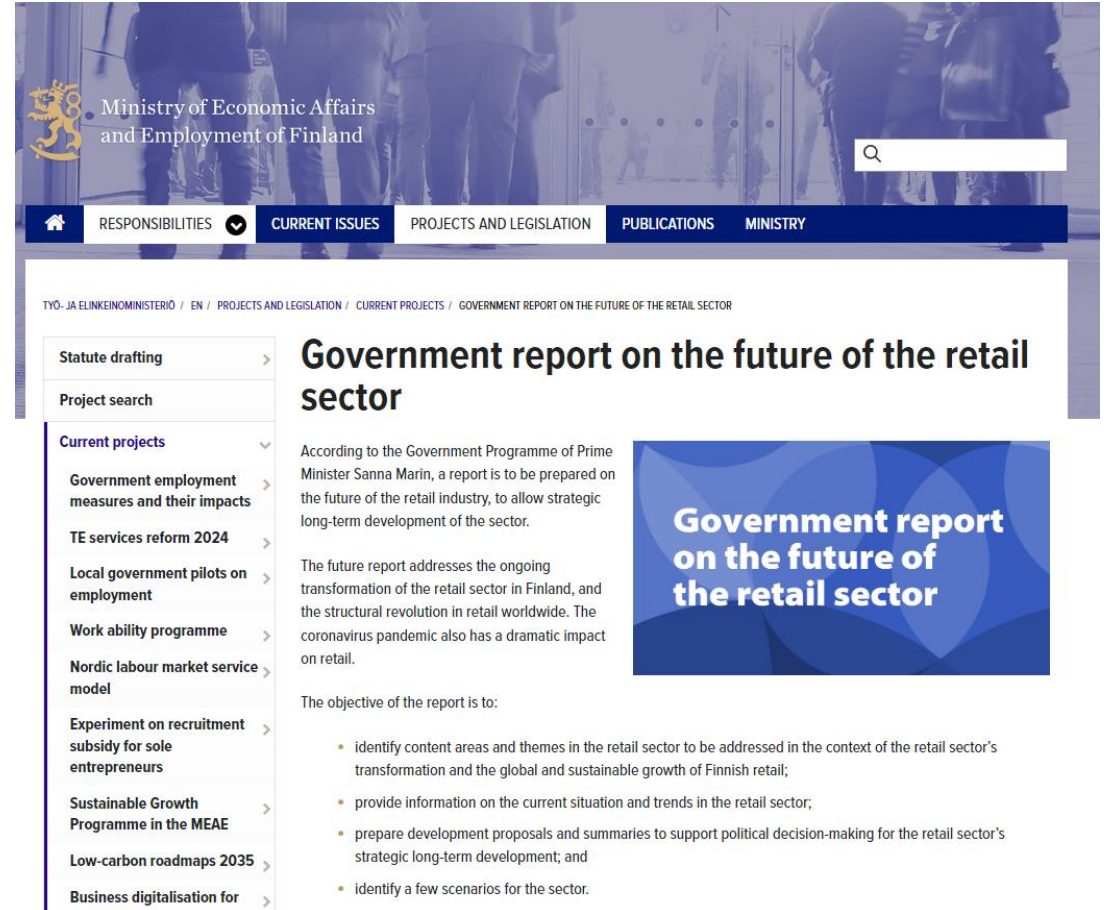
📍 City Centre Campus

ID <https://orcid.org/0000-0001-8255-1401>



Background of the presentation

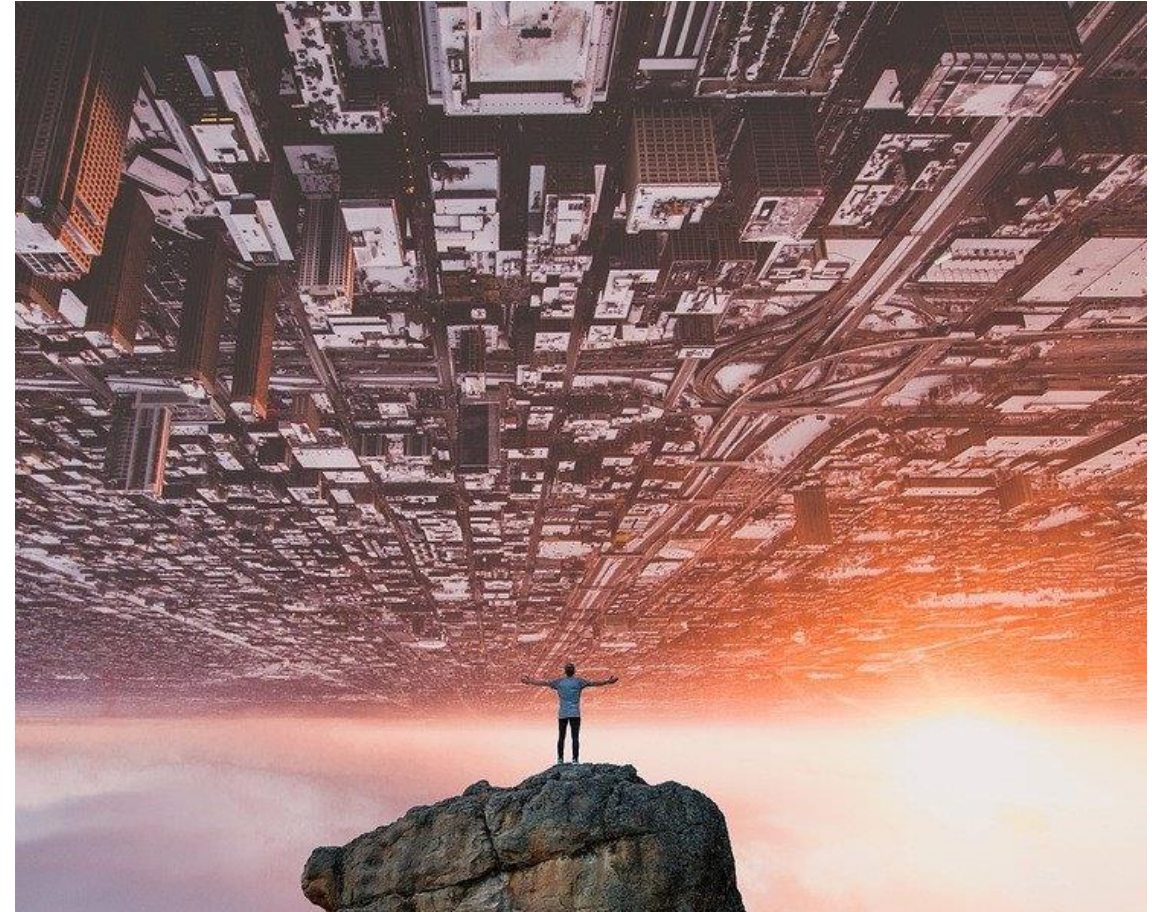
- The presentation is largely based on an [article](#) co-authored with Senior research fellow Lasse Mitronen in 2020 where we addressed the current status and future of retailing in Finland from various perspectives.
- The article was commissioned by the Ministry of Economic Affairs and Employment in Finland as part of the process of preparing the [Government report on the future of the retail sector](#).
 - This was included in the Government Program of Sanna Marin and it was prepared in 2020-2022 together with several stakeholders, including academic researchers and public servants



The screenshot shows the website of the Ministry of Economic Affairs and Employment of Finland. The header includes the ministry's name and a search bar. The navigation menu has tabs for RESPONSIBILITIES, CURRENT ISSUES, PROJECTS AND LEGISLATION, PUBLICATIONS, and MINISTRY. The breadcrumb trail reads: TYÖ- JA ELINKEINOMINISTERIÖ / EN / PROJECTS AND LEGISLATION / CURRENT PROJECTS / GOVERNMENT REPORT ON THE FUTURE OF THE RETAIL SECTOR. A left sidebar lists various projects, with 'Government employment measures and their impacts' selected. The main content area features the title 'Government report on the future of the retail sector' and a summary: 'According to the Government Programme of Prime Minister Sanna Marin, a report is to be prepared on the future of the retail industry, to allow strategic long-term development of the sector.' A blue graphic on the right contains the text 'Government report on the future of the retail sector'. Below the summary, the objective of the report is listed: 'The objective of the report is to: identify content areas and themes in the retail sector to be addressed in the context of the retail sector's transformation and the global and sustainable growth of Finnish retail; provide information on the current situation and trends in the retail sector; prepare development proposals and summaries to support political decision-making for the retail sector's strategic long-term development; and identify a few scenarios for the sector.'

Content of the presentation

- How do the digital and green transition influence employment and skills needs of the retail industry?
- What are the future jobs in retailing like?
- What kind of future is foreseen for the retail industry in the Nordics?

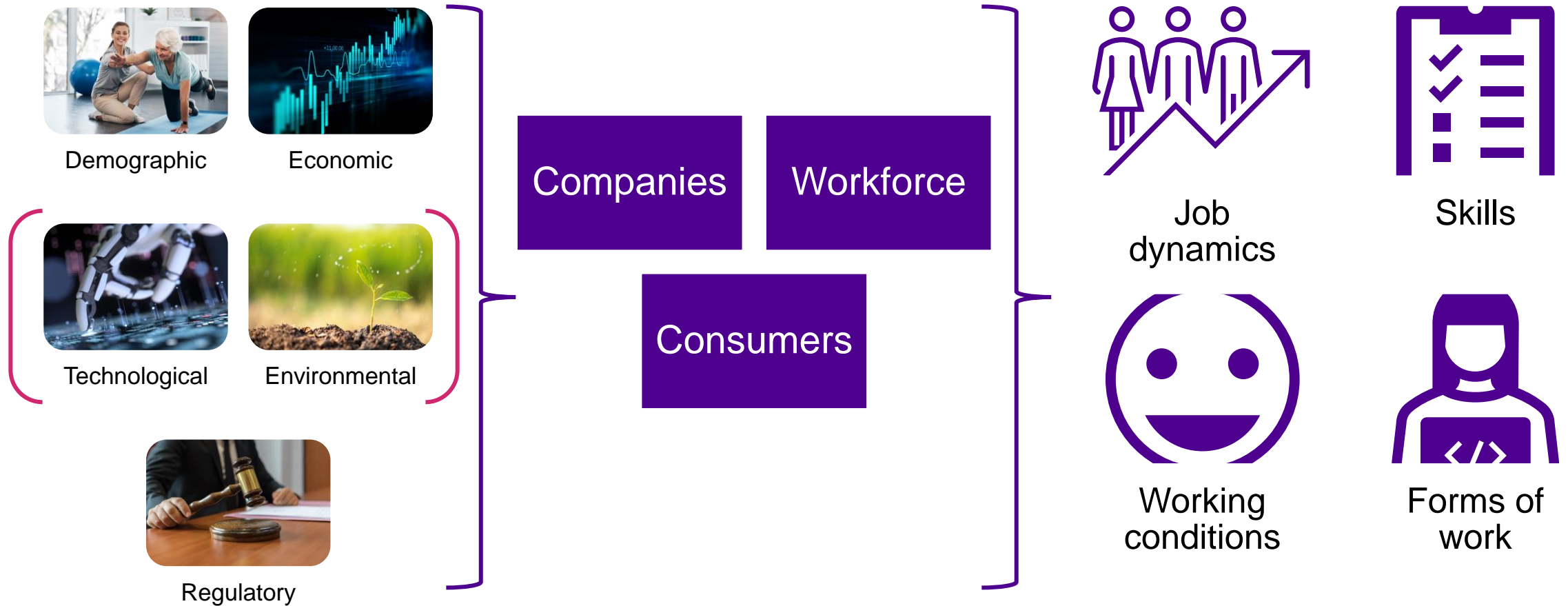


Current status of the wholesale and retail trade as employer in the Nordics



- A significant employer, including direct and indirect jobs (e.g. logistics, storage etc.)
 - e.g. in Finland, the largest employing sector - 10,7% of all employed persons in 2020
- The share of part-time, female and young employees is relatively high in retail trade, as well as the employment of immigrants
- Significant trends include:
 - Decoupling of economic growth from the amount of employees needed
 - Change in the nature and amount of jobs
 - 24/7/365 commerce
 - Many simultaneous drivers for change

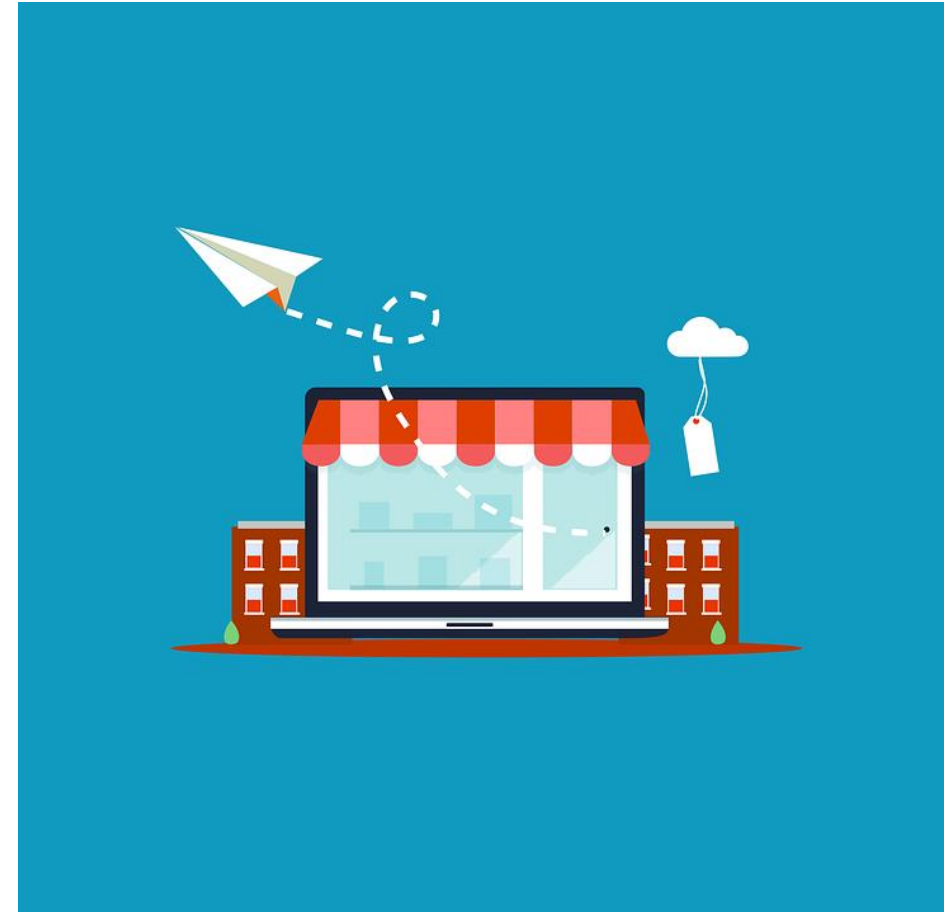
Trends, actors and labour market effects



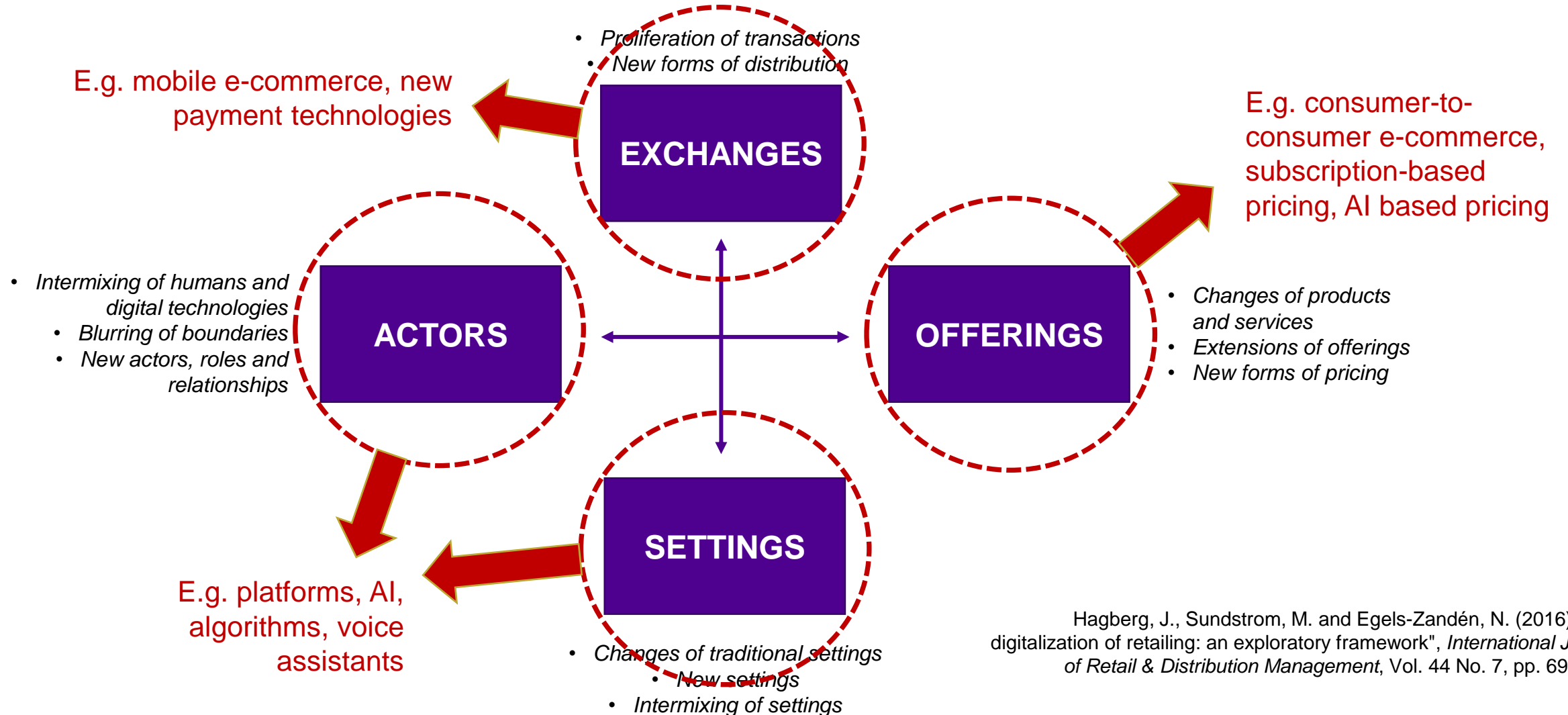
Source: Analysis of the labour market in retail and wholesale (EuroCommerce and UniEuropa, 2017)
https://www.eurocommerce.eu/media/143280/Labour_Market_Analysis_In_Retail_And_Wholesale_Full_Version.pdf

Digital transformation in retailing: From supply chains to ecosystems

- Retailers' role is to connect supply and demand in the market – traditionally a "middleman"
- In the transformation, boundaries are blurring and there is no clear sense of what is and is not retailing - for the consumer – retailing is omnipresent
- Many companies that would traditionally not be seen as retailing companies play a big role in the market (e.g. Google, Meta)
- E-commerce is becoming an essential part of any type of retailing – companies need to operate in an "omnichannel" world to serve their customers
- Competition in the retail space is intensifying (e.g. platforms and D2C brands)



Characteristics of Digital Transformation



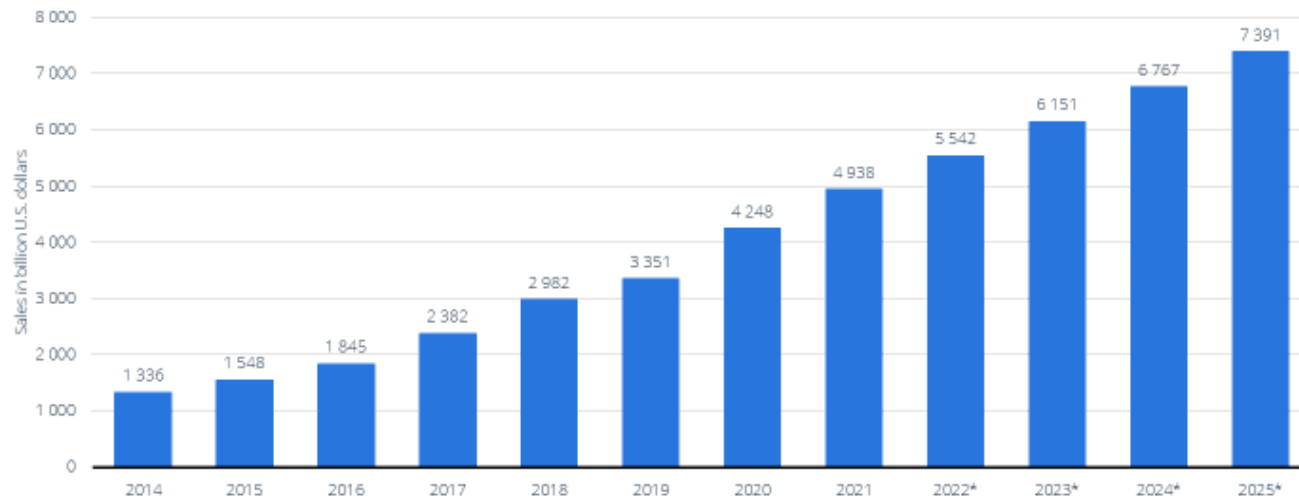
Hagberg, J., Sundstrom, M. and Egels-Zandén, N. (2016), "The digitalization of retailing: an exploratory framework", *International Journal of Retail & Distribution Management*, Vol. 44 No. 7, pp. 694-712.

Global e-commerce

Real and projected sales 2014-2025 & share of online retailing

Retail e-commerce sales worldwide from 2014 to 2025 (in billion U.S. dollars)

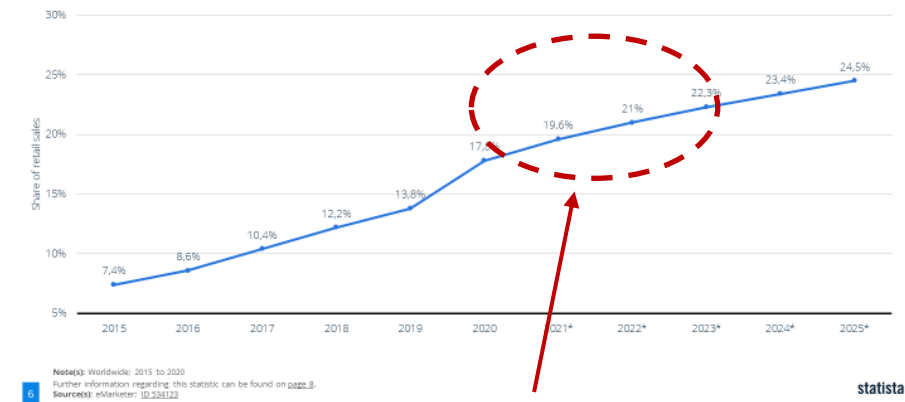
Global retail e-commerce sales 2014-2025



Note(s): Worldwide: 2014 to 2021
 Further information regarding this statistic can be found on [page 3](#).
 Source(s): eMarketer: [ID 375048](#)

E-commerce as percentage of total retail sales worldwide from 2015 to 2025

E-commerce as share of total retail sales worldwide 2015-2025



Note(s): Worldwide: 2015 to 2020
 Further information regarding this statistic can be found on [page 3](#).
 Source(s): eMarketer: [ID 253123](#)

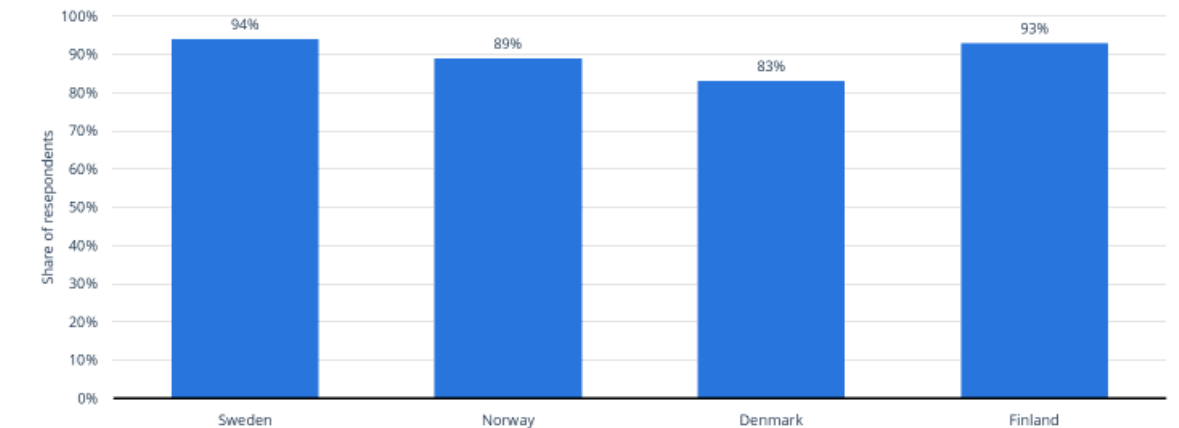
Approx. 20% of all retail globally takes place online

E-commerce in Nordic countries

- The Nordic e-commerce market is quite mature and during the pandemic, online shopping has increased (especially among older consumer groups)
- In Europe, leading e-commerce markets are Germany and the UK
 - The value of e-commerce turnover was approx. 8 billion EUR in Sweden in 2020 while in Finland, Norway and Denmark it was less than 4 billion (PostNord 2021)
- Nordic companies had less cross-border e-commerce than the average in the EU in 2019 (Digibarometer 2021)

Share of the Nordic consumers who purchased goods online* in 2020, by country

Online shopping reach in the Nordics 2020



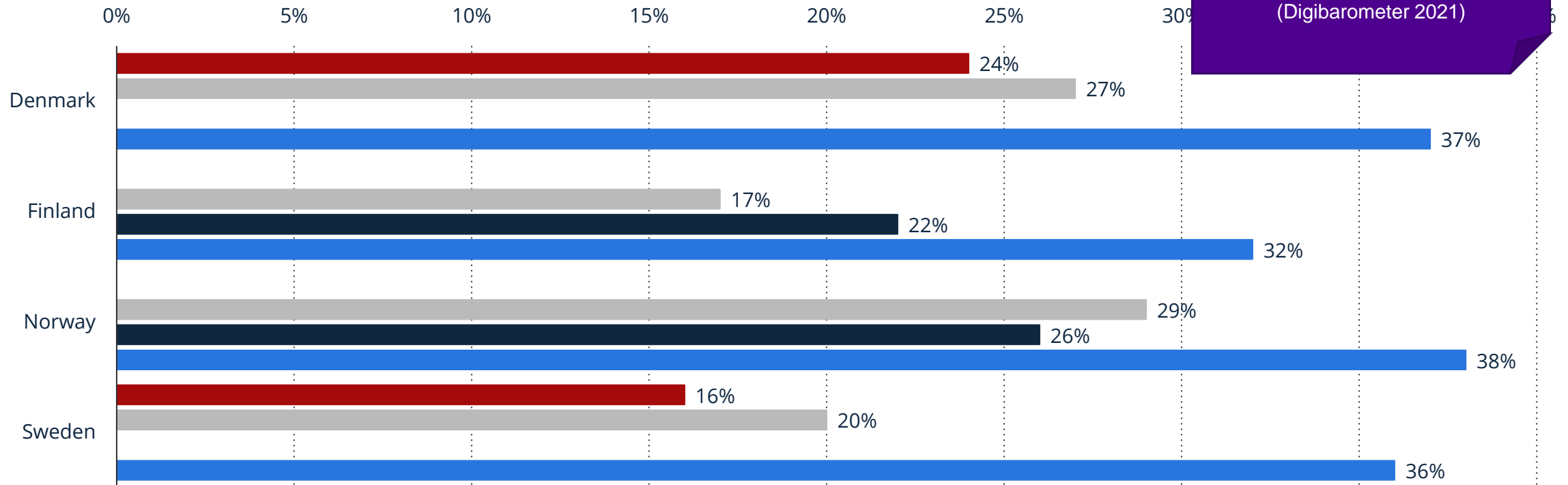
5 | Description: This survey presents percentage of online shoppers in 2020 in Sweden, Norway, Denmark and Finland. The Nordic country with the largest share of online shoppers was Sweden, with 94 percent penetration rate. In contrast, 83 percent of respondents in Denmark had purchased goods online. [Read more](#)
 Source: Statista, Denmark, Finland, Norway, Sweden, Q3 2020; 1,000 in each country; *in the previous 12 months. [Read more](#)
 Source: Statista

From which of the following e-commerce sites have you shopped online in the past year?

Leading webshops to shop from in the Nordics 2020

Share of respondents

Amazon Wish eBay Zalando



21 % of Finnish companies sold their products through platforms in 2020. Denmark 25 %, Sweden 33 %, Iceland 41% (Digibarometer 2021)

The role of customer data in retailing

- Ownership and control over customer data has become a central competitive advantage in the global retailing market
 - How a company is able to collect and analyse data about their customers and utilise it will determine its success
 - The role of customer loyalty programs (e.g. Amazon Prime) may increase in the future
 - Customer data can also be used for the benefit of society at large (e.g. "[Locard project](#)")
 - Regulative efforts at EU level aim for better consumer data protection, better transparency on how data is being used and autonomy to decide



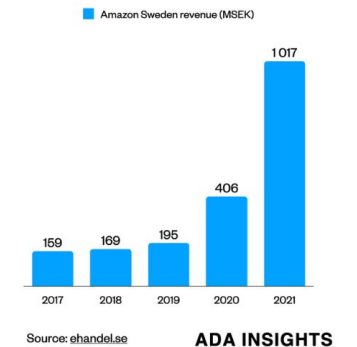
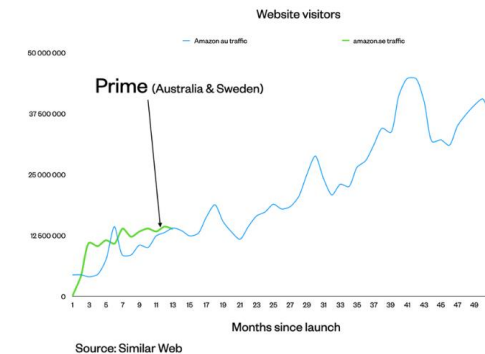
The power of platforms - Case Amazon

- World's most popular retailer in terms of visitors on their site (2nd largest in terms of revenue), makes profit also from services
- Not yet very popular in the Nordic countries, but increasing popularity every year
 - Success will depend on ability to attract both customers and local brands to the platform
 - Same-day delivery options and other perks are important for US customers – 73 % of them are members of Prime program
- Concerns include the data protection of customers, Amazon's ability to keep data to itself instead of sharing it with merchants as well as poor working conditions of employees
- Opportunities for Nordic small retailers – offers global customer base and services for marketing that can quickly grow their business

FEB 2 • WRITTEN BY ARHI KIVILAHTI

Amazon Sweden growing slowly but surely

amazon.com



Source of image: Screenshot from Ada Insights' blog:

<https://www.adainsights.fi/blog/amazon-sweden-growing-slowly-but-surely>

How does digitalization affect job dynamics and forms of work?



- Decrease in the amount of routine work due to automatisisation, robots and self-service by customers (e.g. placing orders, shelving, cashier work)
- E-commerce sites need to be open and managed 24/7/365 and operate seamlessly with physical stores – implications for customer service and logistics
- Physical stores may also become pick-up sites for e-commerce orders – requires new organising at store-level
- As physical stores become less about storing goods and more about offering inspiration and experiences for customers, the role of store employees is changing (interpersonal skills, creativity)
- New jobs emerge in high-level data analytics, programming and business development – e.g. "growthhacking" through constantly testing and innovating based on data

New potential job titles at the customer interface



Source: Taipale-Lehto, Ulla (2016) Vähittäiskaupan osaamistarveraportti.

Identified skills needs in digital retailing

- Digital store management (day-to-day)
- Competences and skills in digital platforms and information systems and tools, algorithms, AI and robotics
- Customer acquisition, marketing and growthhacking, social media
- Competences in data analytics and knowledge management (making decisions based on data regarding customer management, sales and building customer loyalty)
- Brand management and marketing
- Managing customer experiences in omnichannel retailing (managing the customer journey and touchpoints)
- Strategic thinking and continuously innovating new concepts and business models



Source: Draft of Government report on the future of retail sector, p. 58

The green and sustainable transition in retailing



- New competences required regarding the challenges of climate change, biodiversity, social sustainability and cultural diversity
- The transition to a circular economy is boosted by new business models based on services (rental, sharing, 2nd hand) as well as regulatory actions at EU and national levels
 - E.g. Ecodesign directive, Right-to-repair, waste regulation
- In addition to reducing their own impact to climate, there is a potential role for retailers to act as positive change-makers in society
 - Retailers act as important connectors in supply chains and ecosystems and can influence many actors (also political and NGOs)

Sustainable retailing in the circular economy (CE)

- Sustainability is about system-wide changes to take into account people, planet and profit so that future generations' needs are secured
- CE solutions focus on reverse supply chains and "closing the loop" by using materials as efficiently and sustainably as possible (reduce, reuse, recycle)
- Both material flows and information flows are important – retailers in a crucial role for both
- Retailers can encourage and facilitate both suppliers and customers in CE
- New skills needed e.g. lifecycle analysis (LCA), acquisition, sorting and pricing of used items and materials, storing and maintaining rental items, managing repairs, social responsibility...

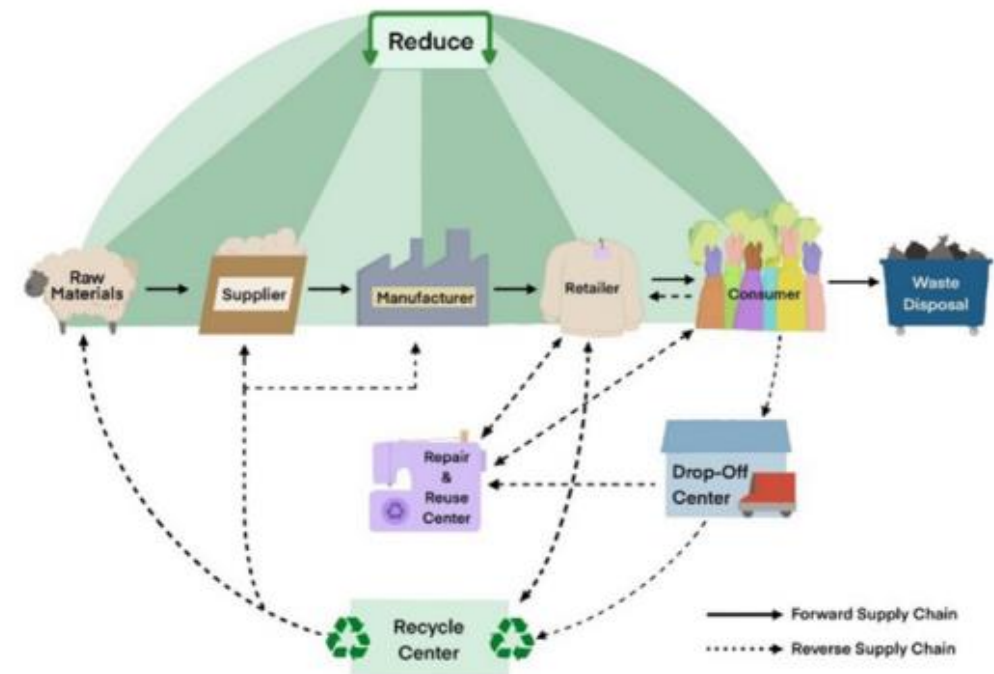


Fig. 2. Closed-loop sustainable retail supply chain (the circular economy).

Vadakkappatt, G. G., Winterich, K. P., Mittal, V., Zinn, W., Beitelspacher, L., Aloysius, J., ... & Reilman, J. (2021). Sustainable retailing. *Journal of Retailing*, 97(1), 62-80.

Table 2
A framework for achieving sustainable supply chain management in retailing.

	Reduce		Reuse		Recycle		Social Outcomes	
	Consumer	Supplier	Consumer	Supplier	Consumer	Supplier	Consumer	Supplier
Product	Reduce ownership through rental	Design products for high use or with less raw material	Increase duration of product use via repairs	Partner to offer repair services	Offer durable products from recycled material	Use recycled materials in products	Ingredients are less harmful to consumers	Production minimizes toxins to laborers
Package	Offer reduced or no packaging	Innovate product design to eliminate packaging	Packaging is refillable	Design package for reuse	Use packaging that is commonly collected with curbside recycling	Design durable packaging that is readily recycled	Reduce frustration with packaging waste	Reduced or compostable packaging reduces plastic pollution
Price	Lowered usage costs from reduced energy use	Design products to use less energy	Price refills at a discount relative to new purchases	Revise profit model to accommodate increased sales of refills but decrease in new unit sales	Offer discounts or return deposits for collected recyclables	Collaborate with regulators and supply chain partners to incentivize use of recyclables	Support companies using fair labor	Pay fair wage to laborers
Place	Access to second-hand or refurbished goods	Develop partnerships with suppliers to sell returns and damaged goods	Improve access to refills	Alter shelf space to promote refills	Serve as collection center for recycling	Develop a distribution model for collected recyclables	Consumers donate to food banks at checkout	Distribute food and household products to food banks and communities in need
Promotion	Offer alternatives to free products with purchase	Identify promotional items with reduced environmental footprints	Promote reusables through incentives	Alter infrastructure to streamline service when customers bring reusables	Communicate correct recycling policies	Encourage suppliers to add recycling labels to packaging	Communicate practices through certifications	Meet certification standards

Vadakkappatt, G. G., Winterich, K. P., Mittal, V., Zinn, W., Beitelspacher, L., Aloysius, J., ... & Reilman, J. (2021). Sustainable retailing. *Journal of Retailing*, 97(1), 62-80.

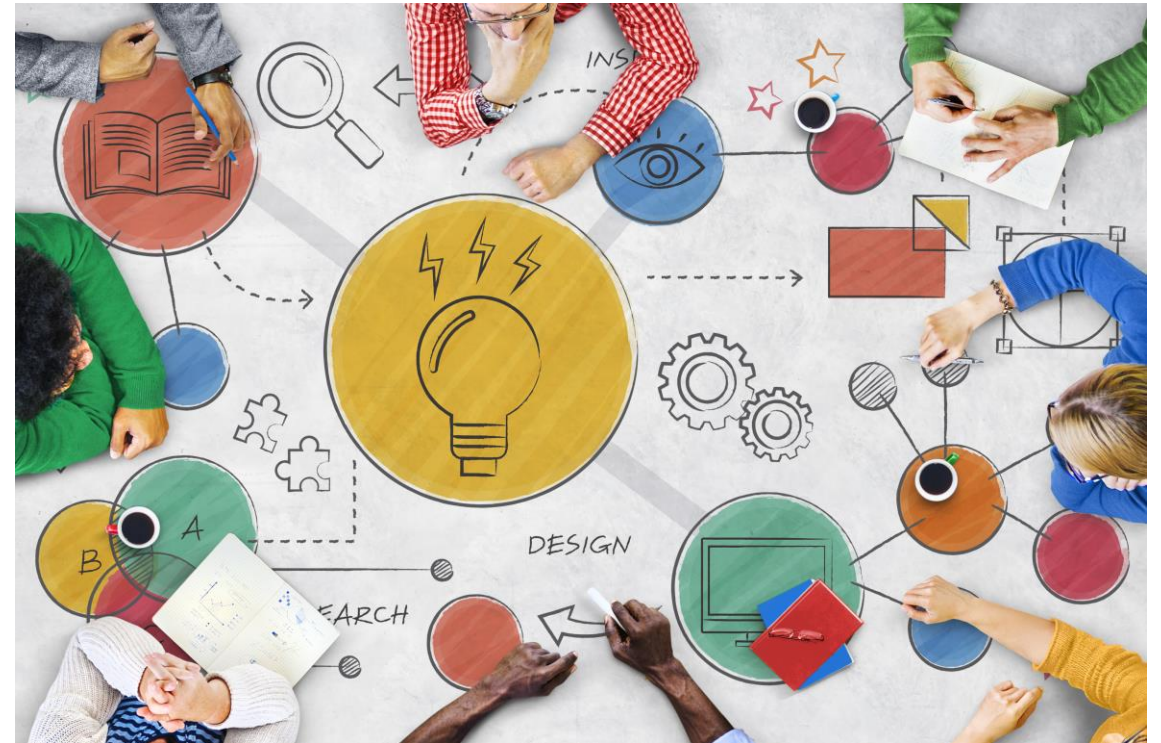
Skills and competences needed in digital and green transition- summary



- Communication and interaction skills (e.g. with customers in different channels, within diverse multicultural teams, with stakeholders)
- Project-based working style (e.g. constant testing, innovation and learning)
- Customer orientation (e.g. understanding of customer journeys and customer experience management, branding)
- Strategic thinking and innovation capacity, creativity
- Competences in logistics and supply chain management, including robotics and AI
- Data-driven decision making
- Sustainability and circularity -related skills and competences, taking into account new regulation – may cause burden for smaller companies with less resources
- Ethical use of data, taking into account privacy and regulations

Need for education and training

- The minimum level of education needed to work in retailing will rise
- Retailing will employ more higher-educated people with diverse degrees and backgrounds in the future, also immigrant workforce and talent is increasingly needed
- Lifelong learning and training will be important alongside the development of the educational system
 - E.g. In Finland, the new Digital retailing studies module (39 ECTS) is available through the Open University
 - Close collaboration between e.g. universities and companies is needed
 - Suggested economic incentive for businesses and employees for partly compensating the costs for supplementary education



Nordic retailing industry in 2032?

- The amount of stores will decrease in all scenarios, effects in rural areas, logistic issues to be resolved (last mile problem)
- Digitalization will continue to impact retailing in a significant way throughout all operations; retailing will blur with other industries
- Knowledge management and making decisions based on data is critical, especially customer data
- The amount of routine jobs will decrease, but there will be new jobs that require high-level expertise
- Competition will intensify with global platforms, international e-commerce stores and marketplaces
- Changes in consumer behavior, transition to circular economy and increased regulatory pressures will impact retailing
- Polarisation between companies is likely – omnichannel concepts that offer excellent customer experiences are likely to succeed over traditional stores
- The success of Nordic retailing will depend on many things, but also on developing R & D activities, keeping national talent and recruiting international talent, as well as developing the education and training of workforce



Thank you!

elina.narvanen@tuni.fi

LinkedIn: elinannarvanen

Twitter: @elinannarvanen