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Wholesaling April 2007

Overview of the Wholesaling Industry

Along with the retail trade industry, the wholesale trade industry is a significant component of the Australian economy. It is divided into three main sectors:

- basic material wholesaling;
- personal and household goods wholesaling
- machinery, equipment and motor vehicle wholesaling

Basic material wholesaling is the wholesaling of farm products, minerals, metals, chemicals and builders supplies. Personal and household goods wholesaling encompasses food, drink and tobacco; textile clothing and footwear; and household goods. Machinery, equipment and motor vehicle wholesaling, makes up about 40% of the industry, and as such is the largest component of the wholesale trade industry.

Source: Australian Bureau of Statistics 2002

Source: Federated Chamber of Automotive Industries, Annual Report 2001 pps4-5

<http://www.myfuture.edu.au/services/default.asp?FunctionID=5104&IndustryGroupID=230>

Labour Market Trends

The DEWR Australian Jobs 2005 showed an employment decline of 6.9% employment in the 5 years to February 2005 in the Wholesale Trade Area with a projected annual job growth of -0.9% to 2009-10. The Builders Supplies Wholesaling area is subject to the boom and bust cycle of the construction industry and the associated problems of generating sustainable industry growth. However, in the current climate there are good prospects for growth and better than average earnings.

A large majority approximately 90%+ are employed full-time in the wholesaling industry. Sales representatives make up a large portion of the labour force with 30%+ within this field. The Wholesaling Industry is particularly prominent in NSW, Vic and Qld, where the manufacturing and retail industries are particularly strong.

The Wholesale Trade is a relatively small industry in employment terms. It employs about 444 000 Australians. More than two thirds—69%, of workers are male. This industry has a relatively low-skilled workforce. Almost half of its workers do not hold post-school qualifications compared with 42% for all industries. However, 19% hold Certificate III/IV indicating the importance of the vocational education and training sector in providing skills for Wholesale Trade

Skills Shortages

The key labour market issue in most Western societies is the ageing and diminishing workforce. It dwarfs other issues at the national level as the effect of population ageing is forecast to be quite significant over the next five years. While employment is expected to continue to grow solidly over the next five years, it is likely to be substantially less than it would



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otherwise have been if the population age structure were to have remained unchanged. The inflow of young people into the working population is declining and existing employees are getting older, so there is a real concern for the maintenance of the workforce in the Wholesaling industry.

(Source: DEWR Workforce Tomorrow 2005)

Skill Needs in the Industry

Emerging skills needs in the area of wholesaling revolve around the change in the way business is being done, the blurring of the wholesale and retail sectors and the movement toward more 'direct to public' activity with the reduction of the 'middle man'. This will lead to the need for increased customer service and communication skills.

The movement toward the increased use of technology will increase the need for computer and technology skills. A broader understanding of computer based ordering systems and parts identification and a strong focus on customer service delivery and technical understanding is now expected.

As in all industries the need for employability skills such as: communication; team work; problem-solving; initiative/enterprise; planning and organisation; self-management; learning; and technology are increasing in importance.

(Source: DEST, ACCI BCA Employability Skills of the Future 2002)

Challenges faced in engaging young people

The real challenge that the Wholesaling Industry has in attracting young people is that it is largely unknown what is involved and there is a real lack of understanding of the breadth and depth of coverage across industry sectors, and the diversity that the industry offers. Perceptions include that this industry is for the majority,

trade-orientated through apprenticeships or traineeships with limited career development opportunities. These perceptions depict working in a warehouse situation, in a possibly dirty, unsafe environment, on low pay doing uninteresting work.

As there is a decreasing number of young people to employ, it is imperative that the industry rid itself of these negative perceptions and make the younger potential staff aware of the opportunities available and distinguishing them from other similar or like industry sectors. As the wholesaling industry moves more towards 'direct to public' activity, the traditional 'warehouse-type' workplace is being replaced with 'direct factory outlets' which need to comply with customer service standards and merchandising practices.

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The following sources were used to compile this information:

**Industry Summary 2004 Report
Personal & Other Services**

**Extracts & quotes: Service Skills
Victoria Industry Drivers
Report 2006-07**

**Final Report - February 2007 unless
otherwise stated.**

