# RSA
**Action and Research Centre**

## Retail therapy

**Towards a future of good work in retail**

*by Fabian Wallace-Stephens and Alan Lockey*

September 2019

# Contents

## About the RSA Future Work Centre

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes in a world where everyone is able to participate in creating a better future. Through our ideas, research and a 30,000-strong Fellowship we are a global community of proactive problem solvers, sharing powerful ideas, carrying out cutting-edge research and building networks and opportunities for people to collaborate, influence and demonstrate practical solutions to realise change. The RSA Action and Research Centre combines practical experimentation with rigorous research to achieve these goals.

With the support of our partners, the RSA has launched a Future Work Centre to explore the impact of new technologies on workers. Our goal is to cut through the hype that often plagues this debate and present a more accurate account of how the world of work is changing. The Future Work Centre is supported by Taylor Wessing, Friends Provident Foundation, Google.org and a philanthropic donation from an RSA Fellow. The arguments and recommendations made in this report are the views of the RSA, not necessarily those of our supporting partners.

# 1. A sector in flux

Every week it seems there are new signals warning us of the death of the high street. 2018 saw household names such Toys "R" Us and Maplin go bust, while Marks & Spencer, Debenhams and New Look closed a significant number of stores. Retail sales continue to increase year-on-year, but ever more people are shopping online.[1] Meanwhile, high street businesses increasingly feel squeezed by a range of business costs that hamper them more than their offline competitors, from rising property rents to the cost of business rates.

Data from ONS indicates that e-commerce now accounts for 19 percent of all retail sales, up from just 8 percent in 2011.[2] A 2017 report suggested that online shoppers in the UK spend more per household than any other country.[3] One senior business representative we spoke to suggested they expected this figure to reach 40 percent in the coming years. Meanwhile breakthroughs in radical technologies seem to be coming thick and fast. Last year, Ocado opened a fully automated warehouse, Amazon opened a chain of cashier-less convenience stores, while US supermarket giant Kroger piloted an online delivery service that uses a fleet of autonomous vehicles.

The sector is at a watershed moment. Retailers see technology as "both a vital component in improving productivity" and as part of a "structural shift" in the composition of their businesses.[4] But livelihoods are at stake, with retail employing over 2.8 million workers – one of the largest sectors in the UK economy.[5] Questions also loom over how the uncertain future of high streets will impact community and social cohesion across the country, with less digitally included groups being left behind as stores close. As a trade-sensitive sector that experiences high levels of volatility during any economic downturn, the sector may also feel particularly exposed to uncertainty surrounding the Brexit process.

Our analysis of the Labour Force Survey illustrates the impacts these shifts are having on workers. Between 2011 and 2018 there was a net decline of 95,000 retail jobs. However, there was also a significant shift in the types of jobs that retail workers were doing. These shifts have had a disproportionately negative impact on women and an uneven impact

1. ONS. (2019) Retail sales, Great Britain: June 2019 [Article] ONS. Available at: www.ons. gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/june2019
2. ONS. (2019) ONS Retail Sales Index internet sales [Dataset] ONS. Available at: www.ons. gov.uk/businessindustryandtrade/retailindustry/datasets/retailsalesindexinternetsales
3. Peachey, K. (2017) UK's online shoppers top global spending survey [Article] BBC. Available at: www.bbc.co.uk/news/business-39655039
4. BEIS Select Committee. (2019) Industrial Strategy: Sector Deals. London: House of Commons.
5. RSA analysis of Labour Force Survey (Oct-Dec 2018).

across different UK regions.[6]

- ▪ Between 2011 and 2018, there was a net decline of 108,000 workers in sales and customer service occupations, eg sales assistants or retail check out operators, most of whom were women (75,000). This occupation group shrunk by 7 percent, falling from 1.53 million to 1.42 million.
- ▪ There was a net increase of 40,000 process, plant and machine operators, most of whom were men (31,000). Workers in this occupation group in retail are often in roles such as delivery drivers or other jobs associated with warehousing and logistics. This occupation group grew by 53 percent, from 76,000 to 116,000.
- ▪ Particular regions have borne the brunt of this decline, including the North East, South West and East Midlands. While London has seen strong jobs growth (see Table 1).

**Figure 1: Net changes in retail jobs by major occupation group and gender (RSA analysis of Labour Force Survey 2011-18)**

Retail therapy: Towards a future of good work for retail

**Table 1: Changes in retail jobs by government office region (RSA analysis of Labour Force Survey 2011-18)**

| | Employment in retail (2018) | Net change (2011-18) | Percentage change (2011-18) |
|---|---|---|---|
| East Midlands | 184,590 | -22,553 | -11% |
| North East | 105,460 | -12,671 | -11% |
| East of England | 242,531 | -27,228 | -10% |
| Yorkshire and Humberside | 237,976 | -23,457 | -9% |
| South West | 228,930 | -20,640 | -8% |
| Scotland | 250,962 | -22,226 | -8% |
| South East | 401,277 | -7,039 | -2% |
| West Midlands | 253,900 | 7,814 | 3% |
| Wales | 139,420 | 6,783 | 5% |
| North West | 337,577 | 21,703 | 7% |
| London | 354,693 | 47,651 | 16% |

## Towards a future of good work

The government's industrial strategy promised to work with low productivity industries such as retail and hospitality. But little progress has been made here, despite economists such as Andy Haldane arguing that addressing the 'long tail' of unproductive businesses could have a huge impact on the overall health of the UK economy.[7] The BEIS Select Committee has argued that the government is too focused on sectors in which R&D investment, rather than policy changes, can make an achievable difference.[8]

The retail sector also has widespread problems with low pay. As many as 42 percent of workers are paid less than the real living wage, set at £8.75 per hour by the Living Wage Foundation (2018, outside London) and based on a calculation of what is needed to maintain a decent standard of living.[9] Concerns are also growing about the extent of 'one sided flexibility' in retail - when employers use flexible working arrangements as a way of transferring risk onto the shoulders of workers in ways that can drive economic insecurity.[10]

In March 2018, the government launched the Retail Sector Council to provide a platform for industry and government to work together to address several priority areas for the sector, including skills, the cost of business, employment practices and industrial strategy.
To contribute to this process, the RSA convened a Future Work Lab for the Retail Sector. The Lab brought together key employers and policymakers together, sharing insights about the future of work and catalysing discussions around the solutions needed to meet the sector's existing and future challenges.

7. BEIS Select Committee. (2019) Industrial Strategy: Sector Deals. London: House of Commons.
8. Ibid
9. Commeti, N., Henehan, K. and Clarke, S. (2019) Low Pay Britain 2019. London: Resolution Foundation.
10. Low Pay Commission. (2019) A Response to Government on 'One-sided Flexibility'. London: OGL.

This snapshot paper summarises our enquiry into the future of retail. We first give a detailed outline of the RSA Future Work Lab methodology. We then illustrate possible future challenges and opportunities for the sector, through a series of vignettes that build on the RSA's four scenarios for the future of work in 2035. After this, we explore three critical challenges for the sector in more detail (see Box 1). Finally, we outline a set of prototype policy and practice interventions developed in partnership with major retailers, policymakers and wider civil society - for the sector to take forward, test, and iterate.

> ## Box 1: Three critical challenges for the retail sector
>
> - **Upskilling and reskilling:** How might we equip workers with the skills and technical capabilities needed for the jobs of the future?
> - **Survival of high streets and physical stores:** How might we adapt to the changing role of bricks and mortar retail? Can we redesign job roles, develop new business models or consider new forms of collaboration with other high street businesses?
> - **Enabling good work in retail:** How might we establish a set of standards for the sector around employment practices such as flexible working? What can we do to improve progression pathways?

# 2. A Future Work Lab for the Retail Sector

The RSA's model of change is an approach to understanding the world and seeking to make change within it. Our call to 'think like a system, act like an entrepreneur' is to first discover a problem and understand the complexity of the surrounding system, and then identify opportunities and energy for change.

By applying this mindset, we do not attempt to take on grand societal challenges in their entirety, instead we look to identify nimble opportunities for change, seed innovations, test prototypes, mobilise people and support successful efforts to grow and increase their influence.[11] This is the philosophy and approach we brought to life through our Future Work Lab for the Retail Sector.

**Figure 2: RSA Future Work Lab for Retail Sector model of change**
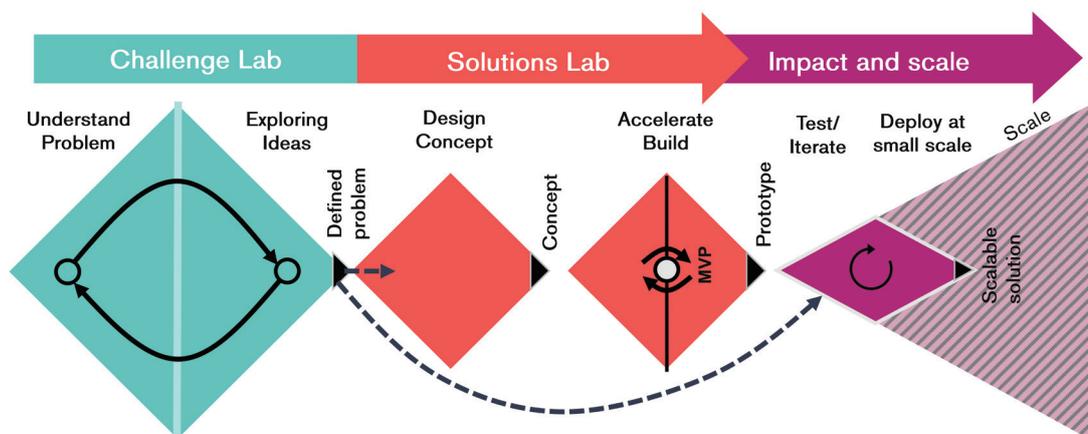


Our enquiry into the future of retail had multiple phases.

In our initial **discovery phase**, we started with a horizon scanning exercise, conducting desk research and stakeholder interviews to identify emerging trends impacting the retail sector. The output of this exercise was a longlist of challenges and some examples of solutions emerging to address them to use as provocations to stimulate thinking.

We then hosted a **challenge lab** - a deep dive workshop, with major high street retailers and industry representatives - which aimed to refine

11. Conway, R., Masters, J. and Thorold, J. From Design Thinking to Systems Change. London: RSA.

and surface additional challenges and understand where there is energy for change and practical experimentation. In a series of collaborative group discussions, we asked participants to engage with the RSA's four scenarios for the future of work in 2035 and other provocations relating to new technologies and business models that are impacting the retail sector (see section 3).

We also conducted semi-structured interviews with individual business representatives to understand what they felt were the biggest challenges they were facing today. These challenges were further refined through engagement with policymakers, including Retail Sector Council representatives, and other relevant government departments during the lab process. (see section 4).

Our **Solutions Lab** focused on developing practical solutions to each of these problems (see Box 2). We convened a wider group of stakeholders for this workshop, including major retailers, policymakers, trade unions and civil society organisations. In a design sprint, the RSA Lab and Future Work Centre teams worked alongside participants to co-produce prototype solutions.

Our approach emphasises agility and action-led enquiry: delivering change through fast incremental steps, learning as you go. The call to action for the retail sector is to take these ideas forward in practice, test them in real-world settings and iterate based on feedback as to what works and what doesn't (see section 4).

## Box 2: Retail Solutions Lab

In a series of workshops, the RSA Future Work Centre and RSA Labs teams worked alongside participants to generate new ideas to and turn these ideas into prototype solutions:

- Participants first contributed to a problem statement sprint, breaking down the different challenges into a series of "how might we…" questions to solve during the workshop.
- Participants then participated in a blue sky thinking, rapid ideation exercise. Provocations asked them to step outside their current role and consider bold, ambitious solutions (eg how a child might solve the problem or how it might be solved if money was no object).
- Participants mapped these solutions against impact and feasibility, with those scoring highly on both criteria being taken forward to next exercise.
- These solutions were developed into prototype solutions by participants who were encouraged to think about the responsibility and accountability of different stakeholder groups, about timelines for implementation and possible barriers they might encounter.
- The prototypes were then judged by a panel of senior business representatives, policymakers and technologists.

# 3. The future of retail in 2035

Preparing for the future is no easy task. Typically, thinktanks and consultancies interested in the future of work make predictions about the number of jobs at risk from automation. These estimates vary wildly. PwC, for example, estimate that 30 percent of jobs in the UK are at high risk of automation[12] while the OECD estimate just 12 percent of UK jobs are highly automatable.[13]

In the RSA's *Four Futures of Work* report we used a method known as scenario planning. Pioneered by oil giant Shell in the 1970s, scenario planning is a tool to help decision-makers prepare for multiple eventualities. It involves identifying high impact, highly uncertain drivers of change, and then exploring the different ways these 'critical uncertainties' could play out over time and how they could interact with each other.

Unlike the predictions that focus on job losses, these scenarios consider a broader range of effects that technologies can have on jobs (see Box 3), for example, how Internet of Things (IoT) devices could lead to an increase in workplace monitoring and algorithmic management. Crucially, our scenarios factor in technological diffusion, considering not only how technologies could develop in controlled environments, but also the pace and breadth of adoption by businesses. They also recognise other influential forces at play, such as the health of the global economy and the future of the trade union movement.[14]
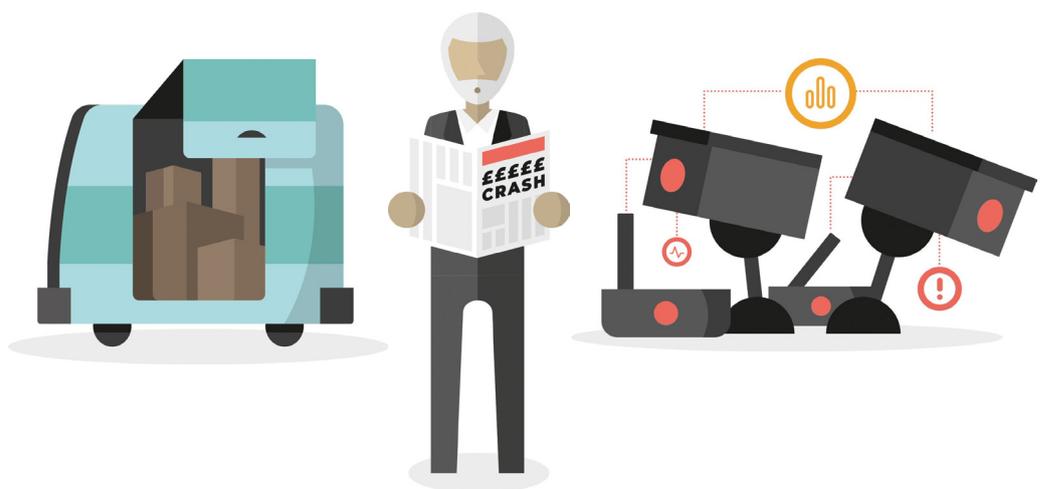


12. PwC. (2017) UK Economic Outlook March 2017 - Will robots steal our jobs? London: PwC.

13. Nedelkoska, L. and Quintini, G. (2018) Automation, skills use and training. Paris: OECD.

14. Dellot, B., Mason, R., and Wallace-Stephens, F. (2019) The Four Futures of Work: Coping with uncertainty in an age of radical technologies. London: RSA.

As part of our Future Work Lab, we wanted to ground our research in the lived experiences of retail businesses, to test its validity and generate new insights relating to future of work trends. To this end, we asked a group of major high street retailers to engage with our four scenarios for the future of work in 2035, in a series of collaborative discussions.

- **The Big Tech Economy:** What if technology develops at a rapid pace and leads to widespread automation, alongside tech companies entering new markets?
- **The Precision Economy:** What if IoT sensors flood the economy, subjecting workers to new levels of algorithmic oversight and spurring the growth of gig economy platforms?
- **The Empathy Economy:** What if technology makes emotional work more important while augmenting human capabilities?
- **The Exodus Economy:** What if another economic recession causes technological progress to stall?

The Retailers we worked with chose to focus on The Empathy Economy, Precision Economy, and Big Tech Economy. There was little discussion of the implications of the Exodus Economy – though many retailers mentioned they were concerned about or planning for this type of scenario, given the UK's imminent departure from the EU.

We asked retailers to consider the potential consequences, challenges and opportunities associated with the different scenarios. Their discussions revealed insights around the various ways employers felt technology could impact jobs, what may become of our high streets, and what the key challenges are for ensuring a future of good work in the sector.

## The Empathy Economy

**The Empathy Economy** envisions a future of responsible stewardship. This scenario sees major technological breakthroughs, but public attitudes turn sour as risks become apparent. And so, tech companies decide to self-regulate.

Automation is contained as businesses work with unions to adopt tech on mutually beneficial terms. Rather than squeeze, pressure and scrutinise workers, technology is applied to augment their capabilities, from virtual reality being used in retail to role-play customer interactions, to personal trainers using wearables to create bespoke training regimes for clients.

Workers see improvements in living standards as the gains from productivity growth are mostly retained in the UK. Disposable income then flows into hi-touch sectors and services such as social care, therapy and education that are resistant to automation. But this work can be emotionally demanding, with people required to manage their own emotions in service of boosting the feelings of others.

In this scenario, retailers agreed that high streets would change dramatically in their nature, with physical stores becoming more experiential, aided by new technologies and more empathetic customer service roles. Indeed, there are examples we can point to today which encapsulate this vision of the sector.

Visit the Showfields store in downtown New York and you are guided by knowledgeable salespeople through a series of experiential (and Instagrammable) showrooms. No inventory is stocked but each showroom is equipped with a kiosk where people can order what they want to buy online.[15]

Farfetch's 'Store of the Future' is a suite of technologies developed to augment luxury stores with aspects of the online experience. Customers sign in on their smartphones to generate an 'offline cookie'. Radio frequency identification (RFID) enabled clothing rails detect what items they are interested in and automatically add them to their wish list. Smart mirrors make personalised recommendations and can be used to summon different items to their changing room. Farfetch CEO Jose Nevas has suggested that this concept is fundamentally "about empowering the staff in the shops to stop being inventory controllers and start being in-store influencers".[16]

In this scenario, the role of the shop floor sales assistant is elevated, as they become more central to the high street retailer's value proposition. As one retailer suggested, **"customer expectations will be so much higher, so our staff will have to be much more credible, otherwise people will just shop online"**. Another agreed, saying "empathy is already becoming a business need" – but retailers felt that currently too much emphasis is being placed on the importance of technical skills and not enough on developing the human skills needed to deliver high quality customer experiences.

15. Bird, J. (2018). 'The Most Interesting Store In The World' Pops Up In New York City [Article] Forbes. Available at: www.forbes.com/sites/jonbird1/2018/12/16/the-most-interesting-store-in-the-world-pops-up-in-new-york-city/#6ed8dfb2485f

16. Kansara, V. A. (2017) Inside Farfetch's Store of the Future [Article] Business of Fashion. Available at: www.businessoffashion.com/articles/bof-exclusive/inside-farfetchs-store-of-the-future

New jobs would also emerge in **"blended technology roles"** with shop floor workers both serving customers and acting as **"line managers for robots"** to ensure technologies are working properly and decide when they need to be upgraded.

There was a consensus that this future would be largely positive for retail workers. But some employers were worried about the prospect of burnout, given the increased demands on staff. They recognised they would have to do more to meet higher expectations of wellbeing at work. Others suggested that workers would not only see working conditions such as pay improve but also their job satisfaction as staff **"will add value by making people feel good about themselves"**.

Retailers also felt that as consumers would seek out more authentic experiences in this scenario, there would be a growth in independent 'artisan' businesses, noting that this is already playing out in high streets in certain parts of the country.

PRECISION ECONOMY

## The Precision Economy

**The Precision Economy** portrays a world of hyper-surveillance. Many technologies fail to live up to their hype, with ambitious projects such as autonomous vehicles abandoned altogether. But the Internet of Things proves to be prolific, with businesses installing sensors across their supply chains.

Automation is modest, but workers are subject to new levels of algorithmic oversight and a pervasive ratings system. On the shop floor in retail, for example, in-store sensors collect data on footfall while wearables track staff activity. Manager-analysts then review metrics and assign ratings (1 to 5 stars) following shift competition. Equipped with predictive algorithms and real-time organisational data, employers embrace on-demand labour strategies. Waves of 'Uberisation' ripple across the economy as gig platforms enter new sectors.

Workers with in-demand talents or high ratings see enhanced pay and opportunities for progression. But many are left to battle it out for piecemeal work that does not pay well, offers little control over working hours and minimal task discretion. Clever UX, gamification and the promise of upward mobility keeps workers logged in.

In some parts of the retail sector, the Precision Economy is already here.

Walmart's Intelligent Retail Lab is a 50,00 square foot supermarket, staffed by more than 100 employees, where an army of AI-enabled cameras are used to monitor inventory levels more precisely. These cameras are used to determine, for example, if staff need to bring out more food from the storeroom to restock the shelves. Or if fresh items have been sitting too long on the shelf and need to be removed.[17]

Amazon has patented a wristband that sends warehouse workers a haptic shock when they move their hands towards the wrong items.[18] Percolata uses in-store sensors and algorithms to build profiles of retail workers based on an analysis of their performance data, combining this with weather information and other signals to predict footfall and automate shift scheduling[19]. While Tesco has experimented with scheduling software that allows workers to swap shifts and work across multiple stores.[20]

Retailers felt that the crossover of technology and HR in this scenario resonated. As one major supermarket chain stated, **"we already have highly monitored distribution centres"**. When asked whether technology like wearables would emerge elsewhere in the sector, retailers suggested they could see how they would be used by their frontline staff, for example when stacking shelves or locating products for customers.

17. Green, D. (2019) Walmart just opened a 50,000-square-foot store of the future — see inside [Article] Business Insider. Available at: www.businessinsider.com/walmart-opens-intelligent-retail-lab-store-of-the-future-2019-4?r=US&IR=T

18. Ong, T. (2018) Amazon patents wristbands that track warehouse employees' hands in real time [Article] The Verge. Available at: www.theverge.com/2018/2/1/16958918/amazon-patents-trackable-wristband-warehouse-employees

19. Dellot, B., Mason, R., and Wallace-Stephens, F. (2019) The Four Futures of Work: Coping with uncertainty in an age of radical technologies. London: RSA.

20. Moss, R. (2018) Technology to drive gig-style working for Tesco staff [Article] Personnel Today. Available at: www.personneltoday.com/hr/technology-to-drive-gig-style-working-for-tesco-staff/

But retailers expressed scepticism about "whip cracking managers" suggesting that **"data will be more of a carrot than a stick, more about incentives for high performance"**. Retailers suggested workers would embrace what might amount to a 'quantified self' movement, with data improving job design and empowering individuals, for example by providing more tailored skills development and career progression opportunities.

This scenario also sees a major role for gig economy platforms, enabling workers to complete shifts with multiple employers. Retailers weren't so sure, suggesting "in-company gig-ification" (using algorithms to allocate shifts within a business) was more likely. One reason given for this was that gig workers could reduce the quality of customer service, with brand new staff turning up to gigs not knowing how different stores operate. Others argued that wearables might help overcome this. Meaning it could vary in different parts of the sector, with jobs made up of routine tasks (eg shelf stacking, or self-service check out supervisors) more likely to be 'Uberised'.

Compared to other scenarios, the Precision Economy appeared to cause less disruption to high streets and physical stores through automation. But high street infrastructure would see a major upgrade, with IoT sensors in stores that collect data on customer behaviour reducing the amount of friction between physical and digital channels. Retailers also suggested IoT could create more opportunities for data driven experimentation, for example through pop-up 'stealth stores' to test new products and brands. This upgrade to high streets would be necessary, with consumers demanding greater personalisation and convenience.

Retailers also felt there would need to be a greater focus on customer service skills. As with the previous scenario, "people will be recruited to deliver great experiences". Employers would also have to ensure that all staff had a basic level of data literacy.

When discussing some of the risks around using algorithms to make management decisions, retailers suggested it was important for them to **"surface bias in data and culture"** citing examples where using AI in recruitment has discriminated against women and ethnic minorities.

Retailers also identified risks relating to data collection, suggesting that the boundaries for data protection could be blurred when disclosure becomes part of business integrity. Given the risk of potential backlash, businesses felt it was important to build trust with both workers and consumers to protect their brand.
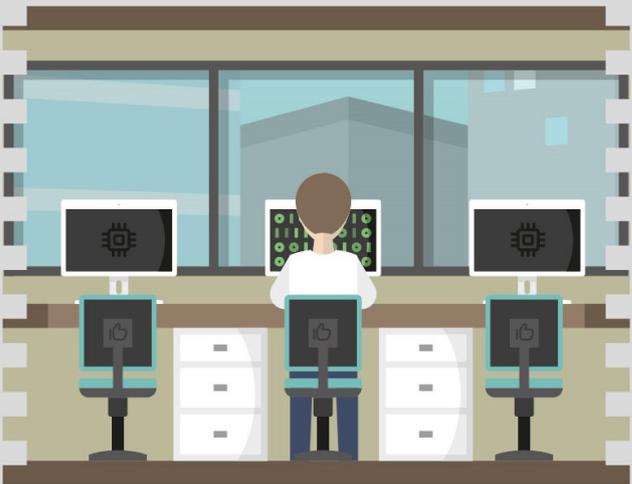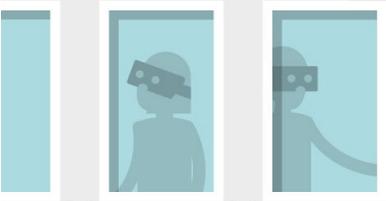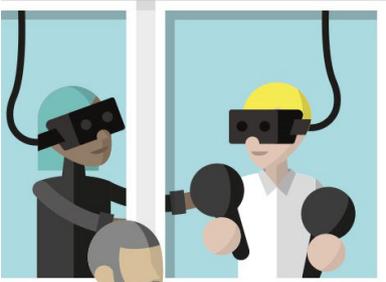
## The Big Tech Economy

**The Big Tech Economy** describes a world where technology develops at a rapid pace, leading to widespread automation. Self-driving buses have reserved lanes in major cities. Versatile robots, capable of complex tasks, are ubiquitous in sectors such as hospitality and healthcare. Local high streets have all but disappeared to online retail, with delivery drones serving even the most remote rural areas.

Unemployment and economic insecurity have crept upwards, with people lucky to find 20 hours work a week. But this is tempered by widely felt improvements in living standards, as technology lowers the cost of goods and improves the quality of public services, and as people find new outlets for meaning and purpose in their considerable leisure time.

However, the ultimate winners are the tech giants, who enter new sectors, hoovering up the profits from productivity growth and transferring them overseas. The dizzying pace of technological change here leaves workers and unions incapable of responding while well-oiled PR machines and highly visible CSR programmes help stifle dissent.

One major aspect of the Big Tech Economy scenario is that come 2035, today's tech companies will be major retailers and so existing retailers will have to become more like tech companies to compete. One example of this is Ocado, which started as an online supermarket but now also builds robotic warehouses for the likes of US supermarket giant Kroger[21]. In the UK, Marks & Spencer recently announced a partnership with Ocado to leverage its technology and delivery network.[22] Ocado is also pioneering the development of autonomous delivery vehicles.[23]

Retailers disagreed that there would be a wholesale shift from shops to e-commerce servers, arguing that there would still be a role for high streets. One retailer suggested **"there will be a need for physical stores for social interaction"** and others agreed that high streets would continue to play an important role in addressing social isolation and the negative impacts this has on communities across the country.

Several retailers stressed the need to differentiate from e-commerce retailers, noting that they are unable to compete on their terms. However, when discussing this scenario some retailers felt that their competitive advantage could lie with their network of smaller high street stores, which could adapt to the needs of different local areas. For example, retailers could introduce services such as an in-store pharmacy or post office to encourage people to continue to visit their stores rather than shop online. As with the other scenarios, retailers felt that as high streets would become more experiential - **"a destination to visit, learn and engage"** - so more emphasis would need to be placed on developing hi-touch customer

21. Baertlein, L. (2018) Kroger and Ocado to build first robotic warehouse in Cincinnati [Article] Reuters. Available at: uk.reuters.com/article/us-ocado-contract-kroger/kroger-and-ocado-to-build-first-robotic-warehouse-in-cincinnati-idUKKCN1NO2BY

22. Neate, R. (2019) M&S agrees £750m food delivery deal with Ocado [Article] Guardian. Available at: www.theguardian.com/business/2019/feb/27/marks-and-spencer-agrees-750m-food-delivery-deal-with-ocado

23. Burgess, M. (2017) Autonomous 'milk floats' are now delivering Ocado shopping in London [Article] Wired. Available at: www.wired.co.uk/article/autonomous-shopping-greenwich-ocado-oxbotica-trial

service skills. There would also be new jobs in hi-tech roles, for example, remote delivery drone drivers and AI-augmented trend forecasters.

When discussing the extent of automation in this scenario, one major supermarket suggested that fully automated warehouses were unlikely, as the cost was unaffordable and legacy infrastructure was a barrier to adoption. However, there was a recognition that there would be a sharp decline in demand for manual labour skills. One retailer suggested **"just as self-service check out machines mean we only need one person on a till rather than six, semi-autonomous lorries will mean you only need one person to control three trucks remotely"**.

The Big Tech Economy evoked a strong sense of social responsibility from some retailers, who felt they had a duty to keep shops open, with mass closures risking public backlash comparable to that associated with bank branch closures. Equally they were concerned about how widespread redundancies would be perceived by the public, with one retailer asking, **"would people continue to shop with us if we laid off 300,000 people?"**.

But this sentiment towards store closures was not universally shared. One senior business representative told us with urgency that **"in city centres in decline, we don't want to be the last man standing. We can't sit around in the middle of Huddersfield"**.

## Retail in 2035 – summary of consequences for different scenarios

**The Empathy Economy**

- Consumers seek out more authentic experiences.
- High streets and physical stores adapt to become more experiential.
- New jobs emerge in hi-touch customer service roles and new technologies augment human capabilities.
- Frontline workers see their working conditions and job satisfaction improve.
- Independent businesses increase market share.

**The Precision Economy**

- Consumers demand greater personalisation and convenience.
- High streets and physical stores are upgraded with IoT devices.
- New jobs emerge in hi-touch customer service roles as data analytics augment human capabilities.
- Gig economy algorithms are used to allocate shifts within and across retail businesses.
- Increase in workplace monitoring but data is also used to improve job quality for frontline workers.

**The Big Tech Economy**

- High street retailers face increased competition from technology companies.
- High streets and physical stores adapt to support the needs of local communities.
- Introduction of new technologies, including delivery drones and semi-autonomous trucks, results in a decline in manual jobs and widespread redundancies.
- New jobs emerge in hi-tech and hi-touch roles but opportunities to transition are limited.

# 4. Three challenges for the retail sector

These scenarios are not intended to be a set of exhaustive predictions about the future – rather they are a way of presenting a series of plausible outcomes in a way that is vivid and easy to grasp. Some may be more or less relevant for different sectors of the economy. And by 2035 the retail sector may exhibit characteristics found across all these scenarios.

The scenarios should however provide an antidote to fatalism. The question for the retail sector is how can it harness the opportunities and mitigate the risks to enable a future of good work in 2035?

In addition to collaborative group discussions, we conducted semi-structured interviews with individual business representatives to understand what they felt the biggest challenges they were facing today. RSA researchers mapped these challenges against their potential impact, and against where we felt the RSA could add the greatest value, to take forward three challenges to the next phase of the process:

- **Upskilling and reskilling:** How might we equip workers with the soft skills and technical capabilities needed for the jobs of the future?
- **Survival of high streets and physical stores:** How might we adapt to the changing role of bricks and mortar retail? Can we redesign job roles, develop new business models or consider new forms of collaboration with other high street businesses?
- **Enabling good work in retail:** How might we establish a set of standards for the sector around employment practices such as flexible working? What can we do to improve progression pathways?

These specific challenge areas were set against a backdrop of more general challenges, including the need to create an enabling policy environment and harness the opportunities of new technologies.

The solutions lab focused on developing practical solutions to tackle these problems. We convened a broad range of stakeholders for this workshop, including retailers, policymakers, trade unions and civil society organisations. In this design sprint, the RSA worked alongside participants to help them develop prototype solutions.

The call to action for retail businesses, policymakers and civil society is to take these ideas forward, to test and iterate, pilot interventions across the sector, or within their organisation, and scale what works:

- **Prototype 1: A sector wide platform for lifelong learning.** An initiative to develop an open, portable platform for learning and development accreditation for retail workers, which values skills learned on the job and offers new opportunities.

- **Prototype 2: A future high streets 'sandbox'.** A place-based initiative where a deregulated or more competitive policy environment is provided to a group of collaborating major retailers and civil society representatives so that they can experiment with new initiatives that might otherwise be too risky or uncompetitive.

- **Prototype 3: A job design lab for the future retail worker.** A programme for retail employees to co-create progression pathways with employers, based on their current skills and emerging opportunities in the retail sector.

- **Prototype 4: A fair tech kitemark.** An accreditation scheme for how retail businesses make decisions about adopting new technologies, which demarcates the impact they have on good work and wellbeing.

# 4.1. Upskilling and reskilling

Predictions about the impact of automation vary significantly in their overall magnitude but one thing that they have in common is that they identify particular sectors to be at a higher risk than others. Retail is one of these sectors. A 2017 study by PwC estimated that 44 percent of jobs in wholesale and retail were at high risk.[24] Meanwhile the seminal 2013 Oxford University study by Frey and Osborne went as far as to give Retail Salespersons an automation probability of 0.92 - suggesting that they are one of the most at risk occupations.[25]

It is important to reiterate that the future remains uncertain. These predictions only consider what is technically possible – what a group of experts think technology is capable of in the future. They don't consider how other social, economic, environmental and political factors impact the pace and breadth of their adoption. But what this convergence does highlight is that retail is potentially more exposed to labour substituting technologies than other sectors where jobs currently involve a higher degree of empathy, creativity or complex problem solving.[26]

Previous RSA analysis of the Labour Force Survey has shown that self-service check out machines have displaced workers in recent years – with the number of retail cashiers down by 25 percent since 2011.[27] Furthermore, a recent RSA / Populus survey indicates as many as 31 percent of workers in retail are experiencing automation anxiety, reporting that they are concerned about new technologies automating their job out of existence (compared to 26 percent of all workers).[28] The BRC has warned that there could be as many as 900,000 retail job losses by 2025, which would represent a huge shift in the structure of the labour market.[29]

24. PwC. (2017) UK Economic Outlook March 2017 - Will robots steal our jobs? London: PwC.

25. Frey, C. B. and Osborne, M. (2013) The Future of Employment: How susceptible are jobs to computerisation? Oxford: Oxford Martin School.

26. Wallace-Stephens, F. (2017) How many jobs will robots replace? And why does everyone disagree? [Blog] RSA. Available at: www.thersa.org/discover/publications-and-articles/rsa-blogs/2017/08/how-many-jobs-will-robots-replace-and-why-does-everyone-disagree

27. RSA. (2019) A field guide to the future of work: collected essays. London: RSA.

28. RSA / Populus Survey 2019 conducted for Economic Security: the case for a 21st century safety net. Populus conducted an online sample of 2,048 GB adults 18+ (1,053 who work, 148 who work in retail). Fieldwork was conducted between 8 and 9 May 2019. Data is weighted to be representative of the population of Great Britain. Targets for quotas and weights are taken from the National Readership Survey, a random probability F2F survey conducted annually with 34,000 adults. Populus is a founder member of the British Polling Council and abides by its rules. For further information see www.britishpollingcouncil.org/

29. BRC. (2016) Retail 2020: Fewer but better jobs. London: BRC.

These workers face a 'double whammy'. They are more likely to be at risk of automation but are less likely to have access to the training opportunities needed to support their transition. As few as 16 percent of workers in the retail sector received job related training in the last three months, compared to more than 35 percent in industries such as law, education or social care.[30]

As illustrated by our scenarios, there are different dimensions to this challenge. On the one hand, there is a need to upskill workers with both the customer service skills and technical capabilities needed for the jobs of the future, in the retail sector, be it hi-touch personal concierge roles, delivery drone operators, or AI augmented analyst roles in head office. On the other hand, to the extent that workers are displaced, through robots or e-commerce, there is a need to ensure that workers can leave their jobs with dignity – to reskill them so that they can find future employment opportunities in other parts of the economy.

Governments around the world are starting to recognise the scale of this challenge. Both France and Singapore are piloting personal learning accounts, which give all workers, including the self-employed, annual training credits that they can spend on accredited courses. Personal learning accounts are a portable benefit. They are independent from employment arrangements, meaning the credits accrued are retained by workers even if they move jobs or become unemployed.

The UK government has announced £100m for a National Retraining Scheme, which will aim to prepare adults for future changes to the economy and help them retrain into better jobs. The scheme will initially support adults aged 24 and over, without degree level qualifications, who are paid below a certain wage threshold.[31]

## Prototype 1: A sector wide platform for lifelong learning

To address the challenge of upskilling and reskilling, this prototype aims to "prepare retail workers for any career eventuality, by co-creating a continuous lifelong learning environment". While retailers felt this was important to address talent retention, they also recognised that they had a broader social responsibility. As one participant suggested, "low skilled workers are at a greater risk of displacement, but everyone deserves a future".

The platform would aim to equip workers with both technical skills and non-cognitive skills such as adaptability and a 'growth mindset', as well as enabling employees to more easily change jobs within their organisation and plan career moves across the retail sector. It would be developed in partnership with learning providers such as FE colleges, universities and trade unions, while the technology sector could be an enabler of new solutions such as digital badges that accredit workplace learning (see Box 4).

30. RSA analysis of Labour Force Survey (Oct-Dec 2018).
31. Department of Education. (2019) National retraining scheme [Article] GOV.UK. Available at: www.gov.uk/government/publications/national-retraining-scheme/national-retraining-scheme

Cost is one obvious potential barrier to implementation. Retailers argued that the public sector could support their efforts here by reconfiguring the apprenticeship levy. Employers with an annual pay bill of more than £3m are currently required to pay 0.5 percent of their payroll each month into a fund that businesses can use to pay for apprenticeships. The retail sector's initial proposal for a sector deal, which focused on digital skills as the main potential driver for growth, made a similar ask of government. It proposed industry-funded training for up to one million workers, in exchange for greater flexibility in the administration of the apprenticeship levy.

The competitive nature of the industry was seen as a barrier to collaboration. As one retailer suggested "we're all competitors, how do we celebrate a situation where I might work at Tesco for one year, move to John Lewis, and then come back?". Retailers argued that in order to ensure accreditation was valid across the sector, mutual recognition of standards should be built into apprenticeships and other training schemes, and that this should be co-ordinated by the Retail Sector Council.

Retailers were also concerned by "a lack of appetite to learn from individuals" who don't engage with training opportunities "unless they already have good levels of education". An aging workforce poses similar challenges. As one retailer suggested "people are living longer and will need to learn in different ways". To ensure that no workers are 'left behind' this platform should be designed around the needs of the digitally excluded too.

## Box 4: Digital badges

**Credly issues digital badges to recognise and validate skills demonstrated in the workplace.** It provides workers with robust labour market data that can help them to establish a career path and targeted learning recommendations to help enable their progression. The platform also connects job seekers with opportunities, based on their qualifications. The IBM Open Badge Program launched by Credly in 2016 now manages 1,700 badge-able activities and has issued over one million digital credentials to more than 400,000 individuals.[1]

The RSA and Digitalme's Cities of Learning programme uses digital badges to create new learning and employment pathways for learners by connecting different formal, informal and workplace learning opportunities that exist across a place. Each City of Learning uses a 'learning spine' to create a common language for learning and skills progression between learning providers and employers, and recognise the knowledge, skills and capabilities gained through participation in learning. The RSA will be launching Cities of Learning pilots in Brighton and Plymouth in October 2019.[2]

1. Leadbeater, C. (2019) The RSA Future Work Awards — meeting anxiety with innovation [Article] Medium. Available at: medium.com/@thersa/the-rsa-future-work-awards-meeting-anxiety-with-innovation-84a1ed1d6b0a

2. Clayton, R. (2018) Cities of Learning named one of the world's most inspiring education innovations [Blog] RSA. Available at: www.thersa.org/discover/publications-and-articles/rsa-blogs/2018/11/cities-of-learning-named-one-of-worlds-most-inspiring-education-innovations

# 4.2. Survival of high streets and physical stores

All our scenarios envisaged a significant transformation to the physical environment we shop in and the make-up of Britain's high streets. As consumer demand continues to gravitate online, traditional 'bricks and mortar' retailers must compete with new entrants able to meet this demand with less workers, disintermediated supply chains and more agile business models.

Many retailers are already feeling the pinch – more than 23,000 shops are predicted to disappear in 2019 alone. While town centre vacancy rates stand at a four-year high of 10 percent, according to the BRC vacancies monitor.

The data also points to a long-term structural shift in the composition of high streets. Consumers are choosing experiences over transactional shopping. Recent analysis by the Office of National Statistics suggests that the number of retail businesses on the high street fell by 2 percent between 2012 and 2017, while at the same time hospitality businesses increased by 20 percent and other service sectors increased by 25 percent. This reflects deeper trends within consumer behaviour – 2018 analysis by Gartner suggested that by 2020 overall customer experience will overtake price and product when it comes to earning consumer loyalty.

This threat to the high street has been met with a raft of government initiatives, from the 2011 Portas Review to the current High Streets Taskforce chaired by Sir John Timpson. Furthermore, in last year's budget, the then Chancellor Phillip Hammond unveiled a £1.5bn 'rescue package' for the high street, cutting business rates by up to a third for smaller businesses and unveiling the £675m Future High Streets Fund for capital investment in regeneration projects. As these policies highlight, business rates remain a significant issue for many retailers and have also been widely criticised for tilting the competitive playing field further away from the high street. For example, warehouses are deemed to have a much lower 'rateable value' than traditional retail units and as a property tax, business rates are not levied on companies without a physical presence in the UK.

Yet business rates are not the only significant cost of business issue – other retailers have pointed to the rapidly rising national minimum wage and ever escalating city centre rents as sizeable challenges. Meanwhile, local authority cuts have diminished the appetite and ability for local policymakers to respond – for example, by making parking access easier - whilst at a macro-economic level the continued clustering of success

in Britain's metropolitan cities means high streets in smaller towns face a particularly acute challenge. Finally, several analyses – including the recent Grimsey review – have argued the UK simply has too much retail space, suggesting that an urgent conversation is needed about land use and planning, rather than maintaining a purely retail-focused approach to the high street.

Retailers have responded to this crisis by embracing a range of new tactics. Many have focused on providing 'experiential' experiences. Perhaps the most extreme example of this is the Lego store in Beijing, which provides so many hands-on playing experiences it often feels more like one of the Danish brand's many theme parks than a traditional store. Many of these experiences cleverly utilise new technologies such as virtual reality to immerse customers in a world made of Lego, or to envisage what customers may look like as a Lego character. More common on UK high streets are retailers that have focused upon personalised services, with personal shopping services now available for free in large UK chains such as River Island or Debenhams. Others have embraced omni-channel marketing techniques to build brand and consumer loyalty, with clothing chain Oasis regularly winning plaudits for integrating its marketing channels with the in-store experience by equipping each shopping assistant with an iPad that will allow them to advise on and order outfits even if stock is unavailable in that existing store. Each of these strategies makes slightly different demands on the workforce, but each push in the direction of the more high-touch, "in-store influencer" model as spelt out by our scenarios.

An alternative response is to look at the high streets challenge through a place-based policy prism - rather than at the level of individual retailers – and encourage collaboration. Given the cut-throat competitiveness of the industry this can be difficult, but the High Streets Taskforce led by Sir John Timpson has stressed that the Future High Streets Fund should "show a commitment to collaboration and partnership working". However, at a local level there are already schemes that seek to develop innovative community-led approaches to retail within a given place, such as various attempts across Britain to develop local currencies. Perhaps the most famous example of this is the Brixton Pound, a Brixton-only currency (denominated in Pound Sterling) that can be spent only in Brixton. The purpose is to encourage local businesses to reorganise their supply chains to support other businesses in the locality, as well as encouraging consumers to make more purchases in local businesses than they would otherwise. It thus provides a small-scale intervention that seeks to boost high street rather than online demand.

## Prototype 2: A future high streets sandbox

One of the key insights throughout our exploration of the high streets challenge was that the "perfect storm" of issues was so fierce, in both scale and scope, that it requires radical forms of collaboration in an industry more used to fierce competition. This clearly remains a barrier to any solution that encourages and relies on enhanced collaboration. But there was a recognition that if the high street retail industry continues to focus upon marginal gains over rivals, they are missing the broader existential threat posed by changing consumer demands and the tech

giants, as spelt out in our 'big tech economy' scenario. Moreover, that this scenario also accurately captures how this threat pushes retailers into rethinking their value proposition away from an overreliance on either convenience, price or economies of scale as the tech giants move into the retail space on such terms. Again, this need to rethink business models – and be more transparent about them to consumers – may encourage the deep collaboration needed to stave off the existential threat to the high street.

However, one of the barriers to action identified by both major retailers and civil society stakeholders is how existing policy regulation can stymie innovation. Planning rules can create high barriers to radically changing the short-term land use of space so that, for example, a major retailer decides to open its warehouse space to create a farmer's market. Or data protection laws are too high a hurdle to overcome when considering how to align retailers with public service objectives – for example, healthy eating classes delivered within a supermarket or using consumer data from a retailer like Mothercare to help children's centre or health visitor outreach work. More broadly, the wider policy environment – with high street retailers comparatively disadvantaged by higher business costs – stymies risk-taking and innovation by diminishing appetite for it, particularly in areas where the high street is struggling.

A consistent refrain in our discussion was also that there is no natural structure for high street retailers to come together with local civic stakeholders to develop a shared strategy for their areas. This again creates barriers for collaboration – ideas such as conducting shared consumer research on behalf of all retailers in an area, or a shared apprenticeship scheme would probably require a new collaborative structure. Some participants also pointed to problems with "political short-termism" as a barrier to existing public-private collaboration strategies.

## Prototype 2: A future high streets sandbox

**Description:** A place-based initiative where a deregulated or more competitive policy environment is provided to a group of collaborating major retailers and civil society representatives so that they can experiment with new initiatives that might otherwise be too risky or uncompetitive..

**Stakeholders:** This initiative would be led by the retail industry and supported by civil society organisations but should be piloted first in a single area where the high street has struggled recently.

**Next steps:**

- Identify major retailers interested in collaboration.
- Identify place and relevant local civic stakeholders keen to take part.
- Explore opportunities to reconfigure the apprenticeship levy.Work with major retailers and the Retail Sector Council to define the policy asks of asks of government and frame the pilot scope.

This prototype attempts to tackle all these challenges. Some participants suggested any new collaborative structure should take the form of a deregulated sector-specific sandbox – "a retail wild west" as one participant put it. This would see different retailers coming together, sharing data and exploring new ways to utilise AI and IoT technology to gain better consumer insights – as suggested in our Precision Economy scenario.

Others argued that it should emphasise social objectives, be grounded more in a specific place and draw-in local stakeholders - almost like a "retail-specific enterprise zone". The final prototype however, contained a flavour of both approaches – with there being a clear sense that any new strategies would need to be tested in a place with actual consumers to gain real insights.

Clearly, there are some significant practical barriers to rolling out such a strategy – not least overcoming the sector's naturally competitive dynamic and ensuring the right mix of stakeholders. However, perhaps the biggest challenge is that any sandbox type approach requires a suspension of existing regulations in order to experiment – so there is a clear need for policymaker buy-in at the national level. Participants felt this is something the Retail Sector Council may be able to broker as a next step.

# 4.3. Enabling good work in retail

The Taylor Review was commissioned in 2016 by former Prime Minister Theresa May to consider how employment practices need to change in response to a changing labour market. The recommendations it made were all based on the ambition that "all work in the UK economy should be fair and decent with realistic scope for development and fulfilment".[32]

Good work can provide decent pay and opportunities for career progression. It can provide workers with opportunities to work when they want, while allowing them to retain a degree of stability over their working hours. Indeed, these were the aspects that were highlighted in the discussions we had with retailers (see Box 5), while the BRC identifies hourly pay, employee engagement and productivity as key metrics in its Better Jobs Dashboard.[33]

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**Box 5: Good work in retail is...**

"Flexible to the individual. Fulfilment within the workplace. Friendly to the world."

"Enabling colleagues to have meaningful work and autonomy over their work schedules."

"Colleagues are able to gain transferable skills, giving them more opportunity to work additional hours at a time and location that suits them, thus increasing their earning potential."

"Offering two-way flexibility and improving guaranteed hours so that work can fit round their other activities and responsibilities."

"Jobs that are more productive, higher paid and have clear progression routes."

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## The good work gap in retail

Retail has been described as "one of a handful of industries where it's still possible for people to progress from shop floor to the boardroom".[34] However, the data tells a different story – one of weak progression routes. According to analysis by the Resolution Foundation, between 2011 and

32. Taylor, M. (2017) Taylor Review of Modern Working Practices [Blog] The RSA.

33. BRC. (2017) Better Jobs [Article] BRC. Available at: brc.org.uk/making-a-difference/priorities/better-jobs

34. Tait, C. and Harrop, A. (2018) Pathways to Progression: Improving progression rates for young retail workers. London: Fabian Society.

2016, just 4 percent of sales assistants had become sales supervisors or retail managers. This meant that only 1 in 10 managers in 2016 had been sales assistants five years earlier.[35]

The sector also has widespread problems with low pay. As many as 42 percent of workers are paid less than the real living wage, set at £8.75 per hour by the Living Wage Foundation (2018) and based on a calculation of what is needed to maintain a decent standard of living. Concerns are also growing about what the Taylor Review described as 'one-sided flexibility' where employers "seek to transfer all risk on to the shoulders of workers in ways which make people more insecure and make their lives harder to manage".[36]

Zero hours contracts are the poster child for 'one-sided flexibility'. Only 9 percent of retail workers are in these arrangements, which is significantly fewer than in sectors such as hospitality (22 percent) and health and social care (21 percent).[37] But almost half of all workers in retail are part-time (48 percent).[38] Many part-time workers are in 'short-hour contract' arrangements where their contract does guarantee some hours but where they often work many more. For example, individuals might be contracted to work 15 hours per week but regularly work 25 hours. A recent report by the Low Pay Commission refers to these as short-hours contracts and notes that there is a key evidence gap in terms of understanding their prevalence. Using a proxy measure of low paid, high overtime jobs, the report estimates that retail has the highest levels of short-hours contracts of any UK sector.[39]

An RSA / Populus Survey (May 2019), which was conducted to deepen understanding of how economic insecurity is experienced by different types of workers, gives further indication of the extent of one-sided flexibility in the retail sector[40]:

- 38 percent of retail workers are worried about changes to their job that will reduce their guaranteed working hours (compared to 29 percent of all workers).
- 24 percent sometimes have troubles meeting their basic living costs because of income volatility (equal to 24 percent of all workers).
- 14 percent experience erratic shift scheduling, reporting that they don't know well in advance the times and days they are working (compared to 11 percent of all workers).

The Low Pay Commission has recommended a package of measures to address this, including a right to switch to a contract that reflects normal

35. D'Arcy, C. (2018) Low Pay Britain 2018. London: Resolution Foundation.
36. Taylor, M. (2017) Taylor Review of Modern Working Practices [Blog] The RSA.
37. ONS. (2019) EMP17: Level and rate of people aged 16 and over on zero-hours contracts, by industry [Dataset] ONS. Available at: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts
38. RSA Analysis of Labour Force Survey (Oct-Dec 2018).
39. Low Pay Commission. (2019) A Response to Government on 'One-sided Flexibility'. London: OGL.
40. RSA / Populus Survey 2019 conducted for Economic Security: the case for a 21st century safety net. Op Cit.

working hours, a right to a reasonable notice of shift scheduling, and compensation for shift curtailment without reasonable cancellation.[41] What is considered 'reasonable' is likely to vary considerably from industry to industry, giving the retail sector the opportunity to be forthcoming in establishing standards around flexible working here. There is also considerable potential for new technologies to empower workers in these instances (see Box 6).

## Box 6: WorkerTech

WorkerTech innovations use tech to enhance the rights, voice or working conditions of precarious or low wage workers. Workerbird are developing an app that enables workers to collect data on their working conditions, including working hours, travel time, breaks and pay. The app will display insights in a way that helps workers see their working patterns in a broader context. It will also help workers report problems such as minimum wage violations and access further support. Workers on zero hours contracts could use the app to advocate for more stable hours.

## Prototype 3: A Job Design Lab for the future retail worker

This programme aims to put workers, and their wellbeing, at the heart of job design. As one retailer suggested "we want people to have a rewarding career in retail that balances their needs in and outside of work". The job design lab would enhance progression routes for retail workers and improve the status of careers in the industry. While allowing employers to utilise untapped skills to get the best out of their existing staff. It would be guided by a set of standards relating to different aspects of good work including fair pay, two-way flexibility, job security and worker voice.

The job design lab could be developed using a process not unlike the RSA's think like a system, act like an entrepreneur. Organisations would first conduct a comprehensive skills mapping exercise, from shop floor to head office, to better understand current skills within their organisation and map their workload to understand future demand for skills, to demonstrate example pathways.

Workers would then be involved in the prototyping process, to build their views into the design from the beginning and give them agency and voice. Based on insights about future demand for skills, the job design lab would allow workers to design their ideal job within the organisation. For example, a retail worker who is currently underemployed, in a role that does not make the best use of their skills, may be able to create a pathway towards working in the marketing department, based on the fact they have a university degree in business studies.

41. Low Pay Commission. (2019) A Response to Government on 'One-sided Flexibility'. London: OGL.

Retailers felt that in order to make the sector more responsive and better understand the skills needed in the future, there was a need to collaborate on a sector wide skills mapping exercise. This has synergies with Prototype 1 and could be led by the Retail Sector Council.

The long-standing problem with progression within the retail sector is in part driven by the same cost of business issues that afflict the high street more broadly. Retailers expressed fears that rising wage floors could make delivering progression even more challenging. One of the significant barriers therefore is striking the correct balance between new progression opportunities and pay. If progression routes become decoupled from pay increases, then the workforce criticism of having to do more for less will be obvious.

But on the other hand, retailers made it clear they would need to see significant business benefits for it to be a success. As one retailer put it "can you demonstrate it will be more productive? Is there a visible ROI [return on investment] for businesses?" The need to demonstrate this would have to feed heavily into the prototype's design.

## Prototype 4: A fair tech kitemark

This solution aims to encourage retailers to introduce new technologies in a way that promotes good work, rather than place greater strain onto workers, in the name of productivity gains. Participants were concerned about a trend towards greater workplace monitoring and algorithmic management, as highlighted in earlier discussions about the Precision Economy.

When discussing how they might "better balance new technology with the wellbeing of workers" participants considered how they might promote the development of WorkerTech initiatives (see Box 6) but decided to focus on a solution that "enables consumers to make better decisions about retail businesses based on how they treat their workers".

Their aim was to develop a kitemark that would provide businesses with guidance, incentivise good behaviour and prevent a race to the bottom. The kitemark would demarcate where technology has a negative impact on job quality. Like the Red Tractor scheme, it would aim to send

a strong signal to consumers as to whether they are purchasing goods produced, as one participant put it, by "free-range workers".

The kitemark would be awarded following audits on how companies are using technology, which would assess how it impacts different aspects of good work. The kitemark would have a strong connection to worker voice, requiring, for instance that the decision-making board for adopting new technologies involves workers and their representatives.

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### Prototype 4: A fair tech kitemark

**Description:** An accreditation scheme for how retail businesses make decisions about adopting new technologies, which demarcates the impact they have on good work and wellbeing.

**Stakeholders:** This initiative should be led by civil society in the first instance.

**Next steps:**

- Build a coalition of civil society organisations (eg Living Wage Foundation, USDAW, RSA) and responsible retailers to establish industry best practice and develop accreditation standards.
- Launch a campaign highlighting the impacts of technology on workers in the retail sector that makes the case for responsible tech adoption.
- Explore feasibility of linking to tax breaks for employer NI contributions (NICs).

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There was a widely shared concern from participants that there are already too many kitemarks and accreditation schemes. With the Living Wage, Investors in People, Best Companies already widely adopted to demarcate fair pay, professional development and employee engagement, participants were unsure that a new scheme would have traction with businesses and consumers. The fair tech kitemark should therefore developed in partnership with these organisations, building on their success, to increase its uptake and impact.

Some retailers raised the opportunity cost of more ethical uses of technology as a potential barrier, asking "how do you pay for productivity loss?" Others challenged this idea, arguing that technology will have a greater impact on productivity if it is adopted in a way that is sensitive to the needs and capabilities of workers. That too often "something new comes into a store and retail workers are just expected to get on with it". This discussion highlights the need to build a robust evidence base relating to the impacts of technology on good work and productivity, for example through field experiments or split testing.

Finally, participants suggested that this kitemark could be linked to tax breaks for employer NICs, to further incentive businesses. For this to be feasible there would need to be a demonstrable impact on the wellbeing of workers and the scheme would need to be rolled out across all sectors of the economy.

# 5. Towards a future of good work

The Empathy Economy scenario captures many people's hopes for the future of retail. One where 'in-store influencers', aided by new technologies, allow the sector to shed its low pay, low productivity image problem. One where the high street is renewed as a destination to visit, teeming with novel exciting experiences.

The Big Tech Economy captures people's fears. Driverless delivery vehicles, fully automated warehouses, and cashier-less convenience stores could disrupt the lives of millions. Meanwhile, the shift from bricks and mortar shops to e-commerce servers could leave behind many communities across the country.

The Precision Economy illustrates the importance of adopting technology in a way that promotes good work, rather than place workers under greater strain in the name of productivity gains. Data that employers collect could be used to empower retail workers, or it could be used as a stick. Gig economy platforms may offer one-sided or genuine two-way flexibility, depending on how they are developed and the social contract that surrounds them.

But nothing is set in stone. The future of retail is a matter of public urgency, but the retail sector can work – together and with government – to address these challenges. Such is the diversity and competitive nature of the sector, that a widespread sector deal may prove difficult to broker. But as one senior policymaker told us "it's a mistake to focus on the endgame when a lot could be done to deliver something, without having to create a mega deal".

New approaches to lifelong learning will be critical to ensure that workers are able to navigate the shifting sands of the labour market. More agile approaches to regulation may be necessary to ensure that retailers can harness the opportunities technologies, and develop new business models, to reinvigorate our high streets. Rather than have change happen to them, workers can be active participants in designing future jobs.

Our call to action for retailers, policymakers, civil society is to take forward the prototype policy and practice recommendations outlined in this report. To build coalitions, test and iterate solutions, and scale what works. We hope to continue to be part of process – to ensure a future of good work in retail.

## Box 7: Evaluating the Future Work Lab process

This Future Work Lab was a first for many. It was the RSA Future Work Centre's first lab intervention. It was the first time the retail sector has come together in this way, to work together to co-create solutions for the future of work. We hope that by convening these discussions we have sown the seeds of collaboration in what is otherwise a highly competitive sector of the economy.

We also hope to continue to work alongside employers and policymakers to explore challenges and opportunities facing different sectors, and design solutions to ensure a future of good work. We believe this approach could be more widely rolled out as a new way to engage employers in the policymaking process.

Going forward, we will continue to test, and iterate our methodology, for example, by involving workers more directly in the process and by further grounding our enquiry in different cities or regions.

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