Shake-up in Aisle 21

DISRUPTION, CHANGE AND OPPORTUNITY IN ONTARIO'S GROCERY SECTOR

brookfield institute
for innovation + entrepreneurship

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The Brookfield Institute for Innovation + Entrepreneurship (BII+E) is an independent and nonpartisan policy institute, housed within Ryerson University. We work to transform bold ideas into real-world solutions designed to help Canada navigate the complex forces and astounding possibilities of the innovation economy. We envision a future that is prosperous, resilient, and equitable.

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The Brookfield Institute for Innovation + Entrepreneurship

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Letter to our readers

IN EARLY 2020, the Brookfield Institute and our partners began the *Job Pathways in Food Retail* project, applying our unique model for identifying job pathways to connect displaced, skilled workers with high-potential or high-demand jobs. The Ontario food retail sector is large, complex and evolving. We sought to explore potential disruptions and opportunities, starting with food retail cashiers and clerks, shelf stockers, and order fillers. Were these occupations being—or about to be—disrupted, and if so, what opportunities lay ahead for workers and employers needing to transition?

We look forward to sharing the outputs of that focused occupational study, which will be released later this spring. However, in this report we are also taking the opportunity to share broader insights and lessons learned during our research. We are grateful to the industry actors and food retail experts—including representatives from two leading food retailers—who participated in interviews and contributed insights to this report. This publication also draws from real-time news reports, industry publications, and insights and statistical sources. Importantly, concurrent qualitative research with Ontario food retail workers in late 2020 and early 2021 provided unique insights into historical shifts and evolving dynamics at store level. The focus of this report is Ontario, but given the industry's composition in Canada, it is very likely that many insights will transcend provincial borders.

The COVID-19 pandemic has prompted or accelerated change across the economy, and the food retail industry is transforming more rapidly than it has in a generation. Retailers are diving deeper into e-commerce, shoppers are shifting the way they shop, and jobs and working conditions of essential food retail workers are in the spotlight. While some aspects of these changes may be short-term, others will have lasting implications for the sector as well as for Canada's consumers. This report captures our effort to better understand these shifts and their effects, their potential impact on food retail work, and the challenges and opportunities that lie in change.

Thank you to industry insiders including workers, employers, and experts, for helping us to understand and document a fascinating and important sector during a time of rapid change. We see much reason for optimism and opportunity—and look forward to hearing what you think.

Sean Mullin
Executive Director
The Brookfield Institute for
Innovation + Entrepreneurship

What is food retail in Ontario?

THE FOOD RETAIL industry is an essential part of the Canadian economy, and of our everyday lives. As consumers, we depend on food retailers, but we also shape the industry with our habits and preferences. Here is a snapshot of Canada's food retail sector, and the companies, workers and consumers who make it run.

Where do customers buy food?

Average Canadian household spending per year on food **$10,311**

27%
restaurants[1]

73%
food + grocery retail

supermarkets
drug stores
convenience stores
general retailers
independent food stores

Canada's Top 5

Most Canadians get their groceries from these five companies:

$28.3 billion
Loblaw Companies Limited (national)[3]

$21.9 billion
Empire Company Limited (national)[3]

$11.8 billion
Metro (Ontario & Quebec)

$8.8 billion
Costco (international)

$8.2 billion
Walmart (international)

Brands include: Loblaws, Zehrs, Independent, Valu-mart, Fortinos, T&T, wholesale club, Real Canadian Superstore, NoFrills, Shoppers Drugmart

Brands include: Farm Boy, Sobeys, Safeway, Foodland, FreshCo, Longos (51% ownership)[4]

Brands include: Metro, Metro Plus, Super C, Les 5 saisons, Food Basics, Adonis, Marché Ami

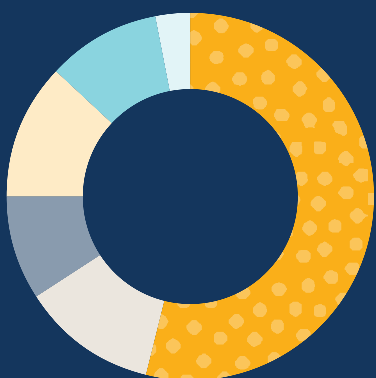
2019 Canadian revenue[2]

The workers

THIS REPORT FOCUSES on the most visible occupations in the sector, cashiers, clerks and shelf stockers. What do these essential workers look like across Ontario's economy?

Cashiers[5]

130,140 workers[6]



54% 15–24 years
12% 25–34 years
9% 35–44 years
12% 45–54 years
10% 55–64 years
3% 65–74 years

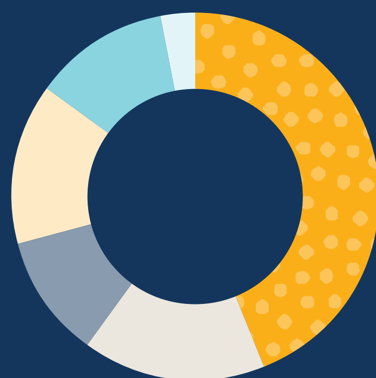
82% female
18% male

80% part-time
20% full-time

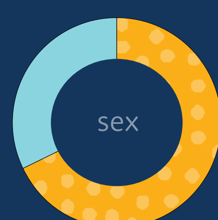
$14.25 Median[7] hourly wage | Range $14.25–$15.87

Shelf stockers[8]

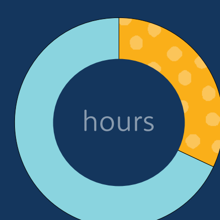
68,980 workers[9]



44% 15–24 years
16% 25–34 years
11% 35–44 years
14% 45–54 years
12% 55–64 years
3% 65–74 years



68% male
32% female



68% part-time
32% full-time

$14.25 Median[10] hourly wage | Range $14.25–$18.35

The customers

HERE IS A SNAPSHOT of evolving customer habits and preferences:

Food costs are rising

$695 in additional food spending in 2019.[11]

Sunday

Busiest shopping day (by sales per hour). A generation ago, Canadians shopped for food weekdays and Saturdays.

4-7pm Popular weekday shopping hours.[12]

800,000

jobs lost in Canada's food service sector at the height of the pandemic.[13]

Pre-pandemic **28%** of Canadians lived alone, for an average household size of 2.5.[14] Now, one study estimates that up to **two million** people have "moved home" since the start of the pandemic.[15]

Food preferences are changing

20% want organic, sustainable, and local products.[16]

- Immigrants are moving the industry towards more **diverse cultural offerings** in stores[17]—with consumers of all ethnicities looking to experience new cultures this way.[18]

Online grocery shopping is (finally) hitting big in Canada

700% increase in online sales since the start of the pandemic.[19]

Easy payments are becoming the norm

In 2019, **32%** found quick pay methods made their in-store experience easier

This trend has been **accelerated** by COVID-19.[20]

Ontario's food retail sector: A growing pressure to adapt

The sector

FOOD RETAIL HAPPENS in nearly every community in the province. Ontario is home to more than 8,000 grocery stores and supermarkets, most of which are considered small employers with fewer than one hundred employees.[1] However sixty-two percent of grocery sales in the country are concentrated within the five largest retailers —Loblaw, Empire, Metro, Costco, and Walmart— who dominate the $95.5-billion industry.[2] It is an industry that is both highly local and largely consolidated.

Overall, Canadian grocery stores look a lot like they did a generation or two ago, with rows of cashiers, busy stocking clerks and serve-yourself store shelves. In contrast, consumer habits have been in constant evolution. Pre-pandemic studies showed that people across Canada saw their local stores as community hubs, shopped increasingly in micro-trips, and were heavy users of loyalty card programs.[3] They wanted to choose their own fresh produce, find the best value, and were slow adopters of online shopping when compared to markets like the US or China.[4]

Attitudes changed quickly and dramatically as a result of the pandemic. Most notably, there has been a marked decline in multiple weekly drop-ins, even as grocery shopping was one of the few allowable in-person outings during strict lockdowns. These have been replaced by single large shopping trips characterized by reduced capacity and an increase in online purchasing that went from 1.5 percent to 9 percent of sales.[5]

The pandemic accelerated changes already in motion, such as the adoption of e-commerce, and the rising importance of loyalty programs. As a result, large retailers are advancing huge investments in infrastructure and technology that will reshape the grocery sector for years to come. However, doing e-commerce well is prohibitively expensive for all but the largest actors. Its rapid growth, along with other pandemic-driven changes is restructuring supply chains and may be further entrenching power dynamics. The consolidated power of the largest companies, even outside of e-commerce, poses risks: be it controversial downloading of costs to suppliers, or increasingly imbalanced relationships with workers.

The work

This project considers the major trends affecting the sector and how they may impact demand for skills and talent, particularly for the future of clerk and cashier jobs. Concerns have emerged over the possible disruptive impact of automation or other forces decreasing demand for such jobs. Due to the pandemic, however, grocery work was hailed as a heroic front-line effort, even drawing temporary "hero pay" raises.[6]

Historical data suggests that these jobs have been growing in Ontario, but there are also nuances.[7] For example, while cashier roles are increasing, there is a shift from full- to part-time work, with a drop of fifteen percent in full-time positions from 2006 to 2016.[8] Union coverage—often looked at as a proxy for job quality—for sales support occupations including food retail, is down by ten percent since 2000— now sitting at 20.5 percent.[9] Grocers such as Empire, Loblaw and Metro are at least partly unionized in the province, while Walmart and smaller chains such as Longo's are often not. Wages and conditions vary by worker tenure, retailer, and store. One national employer noted they operated with 350 collective agreements nationally. Food retail work is open to people with fewer or less-recognized credentials—such as high school graduates or first-generation immigrants—and has historically offered secure, often unionized, jobs with benefits.

Interviews revealed a shared belief between employers and employees regarding the important role of human workers—especially the value of their "soft" skills and customer service—as well as many employees with potentially untapped talent and expertise.

While cashier roles are increasing, there is a shift from full- to part-time work, with a drop of 15% in full-time positions from 2006 to 2016.

Part I: Major trends in food retail

1 The rise of e-commerce

E-COMMERCE, OR ONLINE PURCHASING, covers different models including home delivery or customer pick-up. In the food retail sector, services most often consist of one-off purchases from retailers, subscriptions to particular products, or more value-add options like meal kits.

Importantly, e-commerce in grocery is particularly challenging. On the one hand, the number and range of products available to consumers in stores is very large, with challenges maintaining updated availability in online sites. On the other hand, food poses unique challenges in terms of handling and spoilage, shorter expectations for delivery, health and safety regulations, and coverage across Canada's geography—it is much harder to ship and deliver fresh produce than clothing.[10]

Canadian online retail has generally lagged in comparison to international counterparts such as the US, China, or the UK - ninety percent of all sales in Canada happened in-store in 2019.[11] This is particularly salient in food retail, where just one percent of Canadian sales occurred online, while in Europe and the US, it ranged between five and ten percent.[12] Some of this gap can be explained by the challenges of expansive geography, but some is due to consumer preference.

Pre-pandemic, consumers in Canada were ten percent more likely than international counterparts to say they preferred in-store shopping.[13] Consumers also have had a shorter and lower exposure to online shopping overall. For example, Amazon two-day shipping was available in the US as early as 2008, but only came to Canada in 2013.[14] COVID-19 restrictions and risks have dramatically accelerated Canadian demand for online grocery shopping.

More than one way to deploy e-commerce

Two models of online shopping, two for delivery

Canadian food retailers have approached the fulfillment of online orders in two distinct ways: store-based and warehouse-based. When store-based, retailers can draw inventory, labour, and space from existing stores that are simultaneously open for traditional shopping. This approach involves investments to both enable sales and to expand each store's ability to keep up with growing consumer demand. These investments include increasing the capacity of their websites, installing technology that automates fulfillment, and hiring personal shoppers to support digital fulfillment. This approach often works well for a click-and-collect model, as the locations are already within the communities they serve. Loblaw and Metro, for example, have prioritized and expanded their micro-fulfillment centre and "hub" store initiatives.[15]

Alternatively, food retailers have the choice to operate and fulfill the online orders of their customers from warehouses. This model can entail a higher level of automation, different models for supply, inventory planning, and delivery, as well as a large number of e-commerce fulfillment jobs concentrated in a single location. It is a high-capital approach that necessitates high starting expenses in building or retrofitting, staffing, and technology acquisition. This is how retailers like Sobeys' Voilà brand, Amazon, and, to an extent, Walmart have approached e-commerce.[16]

When it comes to delivery, grocers also face two options: build delivery capacity in-house, or outsource it (sometimes alongside picking and packaging) to third parties including platforms services like Instacart or Uber Eats. Interestingly, major retailers with existing in-house delivery capacity have also developed partnerships or otherwise welcomed delivery platforms, viewing third-party providers as a useful service expansion.

Box 1

The Voilà model: How grocers are prioritizing tech

Sobeys' Voilà, and its parent company, Empire, have garnered particular attention on a few fronts. First is its ambitious scale: the retailer expects to be able to serve up to seventy-five percent of Canada's population from four distribution centres, each employing approximately 1,500 people—with the food selection and order-gathering being automated.[17] Along with the number of jobs offered, Sobeys also highlights the level of automation and efficiency of their warehouse.

Second is the scale and provenance of their technology. Sobeys has the exclusive Canadian lease on the technology from Ocado Group, a British company that specializes in e-commerce fulfillment for grocery stores.[18] This partnership has allowed them to achieve "ninety-nine percent accuracy" in order delivery, with less need for substitution—a major customer pain point—thanks to its dedicated warehouse and inventory management approach, with no dependency on store inventories.[19] The deal also brings to the forefront the expanding roles of large grocery actors in Canada. The major retailers have become much more than grocers: entering the technology space as licence-holders, tech-subsidiary owners, and data powerhouses on customer behaviour.

Empire Company Limited is also known for its continued expansion of independent Canadian chains, including Farm Boy. Most recently, it acquired a majority share of Longo's, a Greater Toronto and Hamilton Area (GTHA) chain that boasts Grocery Gateway, one of the longest-running online grocery delivery platforms.[20]

Who gets to play

Brick-and-mortar stores are here to stay, but so is e-commerce, even if it is only a small fraction of sales at the moment (experts' rough estimates suggest it garners three to nine percent of total grocery retail, given the growth spurred by COVID-19).[21] Consumer studies support this expectation and anticipate that e-commerce investment will be vital to keep up with demand growth. According to an international survey and analysis led by Accenture, online purchases—including grocery—may come to account for up to thirty-seven percent of all goods and services purchased, changing habits permanently.[22] However, e-commerce is expensive. Only a few national players have the opportunity and capital to move online and capture large portions of this market, namely the "big five" in Canada: Loblaw, Empire, and Metro along with retailers like Walmart and Costco. In the past year, Loblaw announced a plan to invest $6 billion into in-store and digital operations over the next five years, while Walmart Canada's plan is around $3.5 billion on smarter stores and e-commerce capacity.[23]

In light of these costs, grocers report that it can be difficult to make online sales profitable due to the added costs associated with online purchasing—such as picking, sorting, and delivering—and the large infrastructure investments needed.[24] Earlier movers in grocery e-commerce learned this the hard way. For example, Grocery Gateway, which was delivering to customers nearly twenty years ago, failed—partly due to slow customer growth and not achieving the economies of scale necessary to make the distribution model profitable—and was then bought by Longo's.[25] But circumstances have changed since then. E-commerce investments made by large retailers over the past decade have allowed them to quickly scale operations, acquire capacity, and adapt to customers' changing needs as the pandemic hit.[26]

Retailers recent ecommerce investments:

- Loblaw has offered click-and-collect at select locations since 2014 and piloted an automated fulfillment centre in 2019[27]
- Metro has offered online ordering since 2016[28]
- Empire announced its partnership with Ocado—a company offering the technology for automated grocery warehouses—in 2018[29]

Despite providing a head start, these e-commerce investments were not sufficient to adapt to the surge in demand that resulted from COVID-19, which necessitated an accelerated pace of change.[30]

Scale also plays a big role in profitability and sustainability, especially since food retail in Canada has smaller profit margins (1.5 percent) than other retail sectors (an average of 4.9 percent).[31] As a result, it is more difficult to find the funds necessary to adapt to e-commerce, especially when it comes to medium or large retailers with more complex operations. The low margins result in the need for larger scale, a bigger market share, and for multiple consumer engagement channels to make online sales profitable.[32] From having the capital to engage technology firms to develop fulfillment technology, to lobbying efforts for fulfilment centre permits, it is the scale and the level of market consolidation built by the largest retailers that makes it possible for them to enter the space.[33]

E-commerce is essentially a new business for grocery actors, as they operate it alongside brick-and-mortar stores.[34] Both the rise in online sales and the new realities of the pandemic have changed supply chain strategies, labour demand, and infrastructure needs.[35] Companies like Loblaw, Empire, or Metro—as the country's largest grocery retailers—have and are seizing the opportunity to develop online shopping infrastructure that is suited to Canada and its consumers.

Opportunities and challenges for independents

As many customers switched to online shopping, many independent food retail stores moved to follow them. Methods employed by small and independent businesses have varied, and included using social media to communicate with buyers and signal inventory, creating virtual community hubs to host farmers' markets, focusing on value-added products and subscription-based models.[36] Subscription-based sales, online platforms like Shopify, and initiatives like Digital Main Street have opened new avenues for brands to cut out retail store distribution and develop direct relationships with their customer base.[37] The subscription model appears to be well-matched to value-added products like meal kits, and to less-perishable consumables such as coffee and coffee pods, or local craft beer.

Alternatively, some markets use digital tools that allow customers to shop online through one portal and buy from multiple local suppliers.[38] These are important opportunities for new, emerging, or smaller brands that would otherwise struggle with the cost of getting shelf space with major retailers.[39] On this front, governments have launched incentives and financial support programs for both food retailers and suppliers—including farmers—to pivot online.[40]

Convenience stores

While a smaller part of the food retail landscape, convenience stores play a significant role with an estimated 7,500 locations across the province.[41] They are particularly important in communities less served by the top "big three" chains, and in food deserts, where residents have little or no access to stores that provide healthy and affordable choices.[42] Yet, they report particular challenges:[43]

- Increased operating costs along with the relatively diminishing margins and sales of the products that generate the most traffic for these stores, including gas, cigarettes, and lottery tickets. These products also come with a very high inspection and compliance burden.
- Changing regulations and consumer habits have changed their customer base. A generation ago, convenience stores used to derive important revenues from Sunday shopping, as other stores were closed.[44] However, the extension in opening hours by grocers and drugstores have made these revenues substantially lower in the past decades.
- Convenience stores can be among the slowest to adapt to changes and to adopt new technologies in a sector that is only now catching up to other areas of retail. Given their mostly independent ownership, there is little access to capital and a limited ability to hire new employees.[45] They also tend to face high barriers to knowing about, applying to, and accessing government support.

However, like with other independent retailers, there are areas of opportunity:

- Some convenience stores are beginning to engage customers digitally, either through platform partnerships like Uber Eats or through initiatives like Digital Main Street.
- In an interview with the Ontario Convenience Stores Association, CEO Dave Bryans identified convenience stores as one of the shortest channels to market available. He highlighted the opportunity that stores could present for new and existing craft and local producers to reach consumers at a community level.[46]

Sources report that independent stores often look to industry associations, vendors, and other stores to find innovations in both process and product—especially if they lack the internal capacity for research and development. However, their smaller size can also offer the advantage of easier adoption of digital business solutions without having to contend with legacy systems and expansive operations.[47] For example, one small grocer interviewed engaged third-party providers of human resources software, which has allowed them to centralize some aspects of hiring and keep better track of their own talent—adopting more sophisticated practices earlier than all of the other major firms we interviewed.[48]

The rise and complementary role of delivery platforms

As retailers, large and small, move to adapt to the increased demand for online grocery shopping and delivery to keep access to their market, third-party platforms are stepping in to fill potential gaps by connecting consumers with platform workers who do the picking and delivery. Large retailers including Metro, Costco, Loblaw, and Walmart have partnered with Instacart, and see the service as a useful reach extension.[58] Smaller chains sometimes have more dependent relationships. For example, Vince's Market, which has five stores in the Greater Toronto and Hamilton Area

Box 2

Tech in focus: Technology for an "invisible" experience

Technology is not significantly removing jobs in this sector yet, and may be enabling a large number of new positions.[49] A particular area of retail innovation involves an "invisible" or a "frictionless" purchasing experience.[50] In this case, "invisibility" refers to the minimization of interaction between workers and customers, often through technology.[51] While customer-facing contact may be reduced, significant labour inputs are still required for many e-commerce offerings. From prepared, ready-to-eat products to fully cashier-less checkouts, some retailers have invested and experimented extensively with this in mind. For example:

- Since 2018, entirely automated Amazon Go stores have used sensors and cameras to track purchases and charge customers through existing apps. This model has been in use in Asia for a few years.[52] While some experts expect that automation and "dark store" operations are going to be the norm, others—including employers—do not consider these stores feasible or profitable in the current Canadian context.[53]

- Sobeys piloted smart grocery carts in an Oakville, Ontario location in partnership with Caper Inc, a grocery cart technology company. These carts are equipped with cameras, scanners, a scale, a payment system, and an interactive screen that is meant to feature store promotions and offer recommendations based on customer behaviours.[54] Seeking to "enable a seamless grab-and-go retail experience", Caper considers this a scalable alternative to fully automated stores such as Amazon Go.[55]

- Walmart, Amazon, and even UPS have launched pilot programs in the US and secured permits to provide deliveries via drones.[56]

Notably, many actors—from employers to unions—question the benefit of "invisibility", and suggest that interaction with workers is not friction to be erased, but rather a value proposition that enables a valuable opportunity for the retailer to connect with the consumer directly. [57]

(GTHA), had a phone- and email-based service geared to elderly customers and community members and hence a process for receiving and delivering orders.[59] Such a process was sufficient to meet ordering demand before COVID-19 hit, but they quickly switched strategies at the start of the pandemic and partnered with Instacart. They made the service their primary provider for fulfilling online orders and home delivery, expanding capacity and reach.[60]

The demand for convenient access to food and a lower exposure risk during the pandemic has resulted in massive growth in both usage and employment for platforms like Instacart and Cornershop—a similar service recently acquired by Uber Eats.[61] Yet, the working conditions of workers who rely on platform delivery apps are controversial, and food-delivery gig work can be precarious and poorly paid.[62]

Recent research conducted by the Berkeley Labor Center in the US concluded that technology was enabling a significant number of new positions in these areas.[63] Researchers noted that, because of the number of jobs enabled by technology and these platforms, it is important to pay attention to how these positions are restructuring grocery work, its relationships and conditions, and how they affect both new and existing workers.[64] On their part, workers interviewed through the *Job Pathways in Food Retail* fieldwork indicated that at least some GTHA grocery workers use gig work to complement their grocery jobs. In fact, they may earn more per-hour from work on these platforms and report appreciating the flexibility to set their own hours.

2 Driving loyalty with data

CANADIAN CONSUMERS ARE big adopters of loyalty programs, with nearly nine in ten consumers registered in at least one program. The PC Optimum program alone boasts 18-million members, more than half the country's adult population.[65] In the past few years, the digital offerings of loyalty programs have encouraged members to use them more actively, while also making it possible for companies to leverage data to personalize offers. Loyalty programs, coupled with e-commerce, have enabled retailers to evolve from segmentation to customization when it comes to connecting with their customers.

Internally, the ability to use data-driven insights to more accurately predict customer needs and behaviours could not only drive sales, but also improve inventory and supply chain management.[66] Retailers can offer the promotions that customers want most, based on previous behaviour as well the behaviour of similar clients. Through transaction history linked to clients' "point" accounts, retailers now have their own data sources (versus relying on third-party market analysis), and can identify customer characteristics more accurately. These characteristics can include dietary preferences and price sensitivity, both of which allow for better market segmentation to optimize profit.[67] Existing data from loyalty programs, coupled with richer behavioural data from online sales, gives retailers increased ownership over customer insights and customer access.

Good loyalty programs make customers more likely to recommend products, to continue to engage and shop brands, and to modify their spending to maximize their benefit and points.[68] As a result, retailers want to maximize the value of each interaction and offer without wasting any point of contact, with companies like Loblaw aiming for "zero-waste marketing."[69] This requires large levels of data for specific targeting as well as omni-channel connection (i.e., in-store, on mobile apps, and online) in order to offer options, offers, interaction, and tracking at all levels and encourage a closed loop.[70] This approach is a very different type of practice from traditional flyer-based grocery marketing. In fact, the most savvy practitioners such as Loblaw are positioning themselves as an access point for suppliers and a variety of goods and service providers to access millions of grocery consumers, as explored in Box 3.

Canadian retailers leverage loyalty and data in different ways

Overall, the shift to e-commerce both in recent years and as a result of the pandemic has led to an increase in loyalty program memberships and corresponding data. Even if not officially part of a loyalty program, online transactions boost the data of retailers, as well as its benefits and capabilities. However, explicit rewards programs remain important, especially for the largest retailers.

The My Metro/metro&moi program, for example, is recognized as one of the top two grocery and pharmacy loyalty programs in Canada according to recent surveys.[71] In addition to online accounts, profiles and personalized offers that can be added to the customer's Air Miles card, the Air Miles program itself is one of the top three coalition programs in Canada. Sobeys has a similar arrangement with Air Miles.

3 Market power + consolidation keep on growing

A FEW LARGE FIRMS command a high and growing proportion of Ontario grocery sales and consumer data. This power manifests in the way that large retailers set prices, engage with suppliers, and access capital. Scale can provide important opportunities for innovation in data and customer services.In other ways, it opens opportunities for practices and behaviours that limit healthy competition and innovation; a charge levied at Walmart and Loblaw for their new supplier charges. United Grocers Inc., a national buying group for a number of retailers, has also faced criticism, after asking their suppliers to match costs given to competitors.[72] Michael Medline, the CEO of Empire, said in a virtual talk with The Empire Club of Canada that these practices "have and will continue to have, a significant impact on the ability of Canada's independent retail grocers, farmers, food and beverage producers and processors, to compete fairly and at the same time, innovate and invest in their own businesses".[73]

Challenging power dynamics between retailers and suppliers are a feature of the industry. Due to the level of consolidation, retailers are increasingly able to set terms, fees, and requirements when doing business with suppliers.[74] They are able to demand a high level of "trade spend fees"—fees suppliers pay for things like shelf placement, marketing, packaging, deliveries, and inventory costs—or discounts and manufacturer's offers.[75] This has left suppliers feeling increasingly pressured and, in some instances, "bullied" in their relationships and contract negotiation with grocers.[76] Even pre-pandemic, suppliers were struggling with the consequences of more restricted customer access through higher fees and fewer retailer choices, which was heightened by

Box 3

Loblaw is expanding as a data powerhouse

Loblaw, as the largest grocer, has made huge investments in building in-house rewards, data, marketing, and advertisement capabilities. In 2014, it acquired Shoppers Drug Mart, and their highly successful PC Optimum program, which they merged with the already strong PC Plus membership in 2018.[77] In 2019, the company launched Loblaw Media, which sells advertising services based on the "use [of] transaction-based insights from ... online and bricks and mortar stores to target and measure campaign effectiveness."[78] They leverage the large membership (18 million) of the PC Optimum program to offer direct contact with the consumer, and "provide closed-loop measurement of your digital campaigns, analyzing [the target] audience's path to purchase from online to offline sales".[79] In order to boost these capabilities, they acquired digital ad technology from Torstar Corporation in 2020.[80]

In 2018, Loblaw also launched a membership program, PC Insiders, which allows Loblaw to direct consumers to their own retail, banking, travel, pharmacy, health, and host of other services, by offering perks—from preferential access to delivery or click-and-collect, to travel credits with its in-store agency.[81] With the launch, a first in Canada in the grocery space, the company aims to create a "loyalty loop", tying membership benefits to the Loblaw family of companies.[82] This is an initiative that concentrates customers within the same brand umbrella, in contrast with membership programs such as Air Miles, which bring together different brands and companies.

As a result of these programs, acquisitions, and membership growth, the retailer has been able to capitalize on direct contact and access to most consumers in Canada—generating actionable business insights while also developing an offering of services outside grocery. As one commentator puts it, such a large and loyal platform "creates a new form of competition between the brands that it stocks".[83]

e-commerce.[84] Since the pandemic began, these challenges have grown.

Using their increasing market power, companies are seeking to pass on new costs of business—such as e-commerce investments, store updates, and COVID-19-related costs—to suppliers through additional fees.[85] In late 2020, Walmart and Loblaw representatives announced that they would be raising the fees for suppliers, citing increased costs in capital investments.[86] Loblaw is charging suppliers up to an extra 1.2 percent of the cost of the goods sold, as well as an additional customized fee.[87] While the company did not raise these fees for all suppliers, exempting small independent manufacturers and farmers, the move was unilateral rather than negotiated.[88] Some actors, such as the Canadian Federation of Independent Grocers and the CEO of Empire, fear that this practice is increasingly becoming the norm.[89]

Supplier-squeezing, driven by the "oligopoly in food retail in Canada" puts smaller retailers at a disadvantage and transfers more risk to food manufacturers.[90] The concerns of suppliers and independent businesses centre around competition and viability, as a high degree of consolidation distorts market practices, including supplier-squeezing, and can enable price fixing and collusion. These last came into the spotlight in recent years, as Loblaw admitted to being one of the retail participants in the price fixing of packaged bread between 2001 and 2015.[91]

The largest grocers have not only consolidated across the grocery retail market, but also vertically across different parts of the supply chain, up and downstream. This allows them to maintain greater control over both consumer access and supplier power.[92] On one end, all three have their own food brands, sold exclusively in their stores. On the other, a look at Box 3 shows how Loblaw developed a complex and comprehensive network of data-driven services, integrating marketing and advertising into their operations. Metro and Empire have some capabilities in this area as well, through their online profiles and e-commerce services. Hence the Canadian "big three" have roles as product developers or manufacturers, franchisers, retailers, distributors, and advertisers.[93]

The level of consolidation in the sector also means that there is an important difference in advocacy power between the largest retailers and small- or medium-sized grocers.[94] Canada's largest players have the most resources, provide the most input, and have used their influence on a range of areas, which can amplify their advantage in very practical and immediate terms.[95] Their efforts have helped secure around-the-clock delivery permits in previously-restricted communities, acquire construction permits for new locations or distribution centres, provide input on the design of regulations regarding waste, and maintain a high level of policymaker access relative to smaller players.[96]

Box 4

Calls for codes of conduct are getting louder

Already in place in Australia and the United Kingdom, grocery codes of conduct aim to improve the standards of business in the sector and hold signatories accountable and protect both suppliers and retailers from undue influence.[97] In Canada, calls for a code of conduct have been voiced by retailer and supplier industry groups as well as individual companies.[98] Proponents maintain that without a code to regulate behaviour, the practices of powerful retailers could threaten competition, reduce the number of manufacturers and product options that Canada produces or attracts, and decrease the viability of independent food businesses.

The calls for regulation from both companies and associations—including Empire, Food, Health & Consumer Products of Canada, Dairy Processors Association of Canada, the Canadian Federation of Independent Grocers, the Ontario Fruit and Vegetable Growers' Association, among others—resulted in the convening of a joint working group by the federal, provincial and territorial Ministers of Agriculture in late 2020.[99] Some expect that this group may have a draft grocery code of conduct by mid-2021, with one proposal already submitted to the group.[100] Yet, some pushback should also be expected as the Retail Council of Canada maintains that a code of conduct is not required, and retailers like Loblaw and Walmart stand by their decision to increase supplier fees.[101]

4 Beyond hyper-efficient supply chains

THE EARLY MONTHS of the COVID-19 pandemic brought widespread attention to supply chains. Questions about supply chains—relating to traceability and health, sustainability, and more— were present before the crisis and remain important. New thinking has emerged, however, on the importance of resilience in supply chains, which could shift practice.

Building shorter, more resilient supply chains

In recent years, supply systems were designed for just-in-time functioning. Disruption at any critical point in the supply chain can have profound implications, some of which were seen in the form of shortages—due to temporary shipping delays or changes to importing processes, for example—as the pandemic hit.[102] As a result, COVID-19 introduced a need for redundancy in inventory, distribution, and labour to maintain and adapt operations. Some employers, expecting staffing challenges, signalled a potential need for a larger pool of workers in retail, transport, and equipment maintenance in order to absorb both the increased demand and the potential risks of absences.[103]

The pandemic and its accompanying restrictions also highlighted the importance of building resilient supply chains that are less reliant on international links.[104] With the new understanding that retailers could benefit from a shortened, local, and potentially more secure supply chain, governments and industry associations are increasingly incentivizing regional production through both guidance and funding programs.[105] In addition, this shortening can result in capitalizing on consumers' preferences for local products as well as a reduced need for expensive tracing and safety data.

In addition, food origin, tracking, and safety are all front of mind for retailers, especially as the new *Safe Food for Canadians* act comes into effect and focuses in part on improving food safety oversight.[106] These areas can represent one of grocers' most important areas of risk exposure.[107] In general, retailers must abide by significant regulatory responsibilities as food businesses must track their goods one step back and forward in the supply chain, but also quickly trace products in case of a recall.[108] Technology has the potential to improve tracking processes, using blockchain and even the social platform Snapchat to verify origin, quality, and freshness. Some argue that these approaches may not only be cheaper in the long run, but also deliver the benefits of increased transparency and safety.[109] Yet, while there have been some attempts at exploring these options from large companies like Walmart, there is a large understanding and adoption gap.[110] Blockchain, for example, remains a difficult concept to integrate for many suppliers and retailers. These additional costs are potentially making shorter food supply chains increasingly attractive as well.

The pandemic and its accompanying restrictions also highlighted the importance of building resilient supply chains that are less reliant on international links.

Part II: Key trends in food retail work

What does work in this sector look like, and how is it changing?

SKILL DEMAND AND WORK CONDITIONS for people in the food retail sector are influenced by broader trends, including demographic and consumer-behaviour shifts. The *Job Pathways in Food Retail* project focuses on cashiers and store shelf stockers, clerks and order fillers, the most visible occupations in the sector, employing 200,000 workers in Ontario.

Provincially, employment for people working as cashiers and clerks across sectors grew by six percent and twenty-seven percent respectively between 2006 and 2016.[111] National projections forecast this growth to continue, though at a slower rate—cashier positions are expected to grow by eight percent and clerk positions by ten percent by 2028.[112] These positions have also been the most subject to questions of replacement and technological disruption. This section presents findings from sources including expert interviews and field research, and reflects the evolving nature of this work, its evolution, and skills demanded over time.

Provincially, employment for people working as cashiers and clerks across sectors grew by 6% and 27% respectively between 2006 and 2016.

Food retail work at a glance

Work in food retail is a mix of physically-demanding labour and customer-service work. Cashiers—in customer facing roles—may move hundreds of pounds of food across their scanners in an hour, while shelf-stocking clerks are expected to be available for customer questions and wayfinding. In labour-market data, clerks and cashiers are considered separate occupations, one focusing on stock, the other on payment processing. Yet, field research indicates that in many stores this separation is superficial. Employers have increasingly looked to deploy workers across multiple departments and functions, and many workers reported experience in multiple roles.

Grocery work is low-paid at point of entry, with cashiers and clerks earning a median wage of $14.25 in Ontario.[113] Most employees work part time—seventy percent of clerks and eighty percent of cashiers— and those who are not full time or established union members often report significant challenges reliably accessing sufficient hours, despite employers requiring high levels of availability in order to create shift schedules more easily.[114] An employee might need to be available for forty or fifty hours per week, but be offered work for only ten or twenty hours. Perhaps not surprisingly, this can result in people working two to three jobs—both within and outside of food retail—and in a very high turnover rate, at an average of thirty percent annually by store.[115]

Still wanted: In-store clerks

Despite the public debate about automation potentially disrupting employment for food retail workers, employers are hiring and the pandemic has only increased the need for these positions.[116] In fact, the federal government, provinces, associations, and retailers have been encouraging job seekers to consider the food and agriculture sector as options to support the COVID-19 response.[117] Yet, employers and workers noted that finding qualified candidates who are willing to work for the wages and conditions they offer is increasingly difficult, especially in larger or higher-cost cities.[118]

Our research illustrates a contrasting supply and demand dynamic in food retail. Food retail jobs can be an option for those disrupted out of other jobs—sometimes with little retail experience. Fieldwork indicated that jobseekers with specialized training, concerned about being perceived as over-qualified or temporary, report removing experience and degrees from their resumes.[119] As a result, despite employers reporting difficulties in finding suitable candidates, employer and worker interviews suggest that there is a consistently high pool of applicants.[120] However, with the current pay rates and scarce hours, workers' incomes are sometimes below the living wage in their region. The resulting turnover as workers transition to other work appears to reinforce a cycle of high churn that is both expensive for employers and unstable for workers.

Grocery work is low-paid at point of entry, with cashiers and clerks earning a median wage of $14.25 in Ontario.

1 Wanted! Flexible people-people

THE MOST CONSISTENT SKILL that employers report seeking among store-based workers is customer service and service orientation—employees who actively look for ways to help people. Employees agree and many noted human interaction as a favourite component—but also the key stressor—of the job.[121] The customer-facing part of the work can include dealing with irate or impatient customers and absorbing their reactions while keeping calm and continuing to look for ways to assist them. Workers reported higher-than-normal levels of tension during the pandemic, including conflict over wearing masks or standing in lines, making the ability to manage challenging customer interactions, or avoid conflict, even more vital.[122] As a result, even with the advent of e-commerce, one large employer estimated that eighty percent of their employees will remain customer-facing.[123] More generally, previous research conducted by the Brookfield Institute also finds that service orientation is important across the labour market. In addition, it is expected to grow in importance over the next decade, and be vital for occupational resilience in the future.[124]

Despite the continued importance of customer service, there does not seem to be a widespread codification or consistent approach to assessing this skill in hiring.[125] As a proxy, some employers have prioritized looking for previous retail experience to ensure candidates' expectations of the job are aligned with what employers require.[126] One small grocer interviewed for *Job Pathways in Food Retail* reported that they were taking steps towards a more consistent approach. The company is outsourcing their human resources tools, and using intake forms that scan for preferences and experience with public interaction in its central hiring processes. Through this effort, management hopes to reduce turnover and increase worker fit and success.[127]

Despite the continued importance of customer service, there does not seem to be a widespread codification or consistent approach to assessing this skill in hiring.

Box 5

The exception: butchers and meat-cutters

Butchers and meat-cutters remain in high demand, with employers reporting difficulty filling these roles. While this skill can be substituted in some places (for example, by selling pre-packaged meats), butcher roles remain specialized and in-demand, as qualified workers are difficult to attract.[128] Butchers need highly technical training, with additional potential training to be adaptable to varying consumer demands (for example, halal, kosher). Yet, even here customer service is a key part of the value they provide through advice, recipes, and substitution suggestions, which serve to differentiate not only from other stores but also from online options.[129]

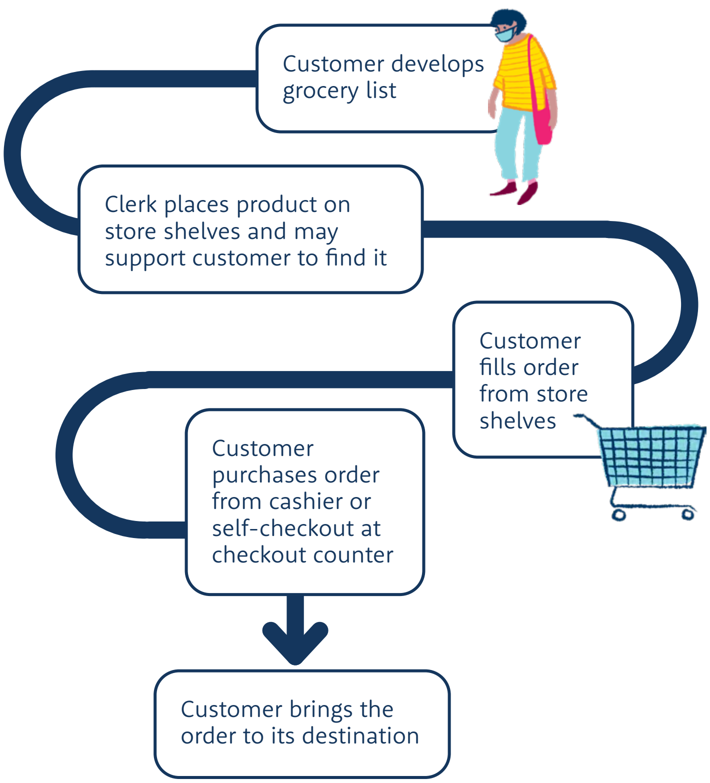
2 Wanted! E-commerce workers

ALONG WITH E-COMMERCE investments also come announcements for the creation of thousands of positions to service new e-commerce strategies, especially near urban centres. Walmart advertised 10,000 new positions in both stores and distribution centres across Canada in 2020; Sobeys announced 1,500 new positions in its Vaughan, Ontario distribution centre; Loblaw announced it would be hiring thousands of "personal shoppers" to fulfill orders and support increased demand.[130]

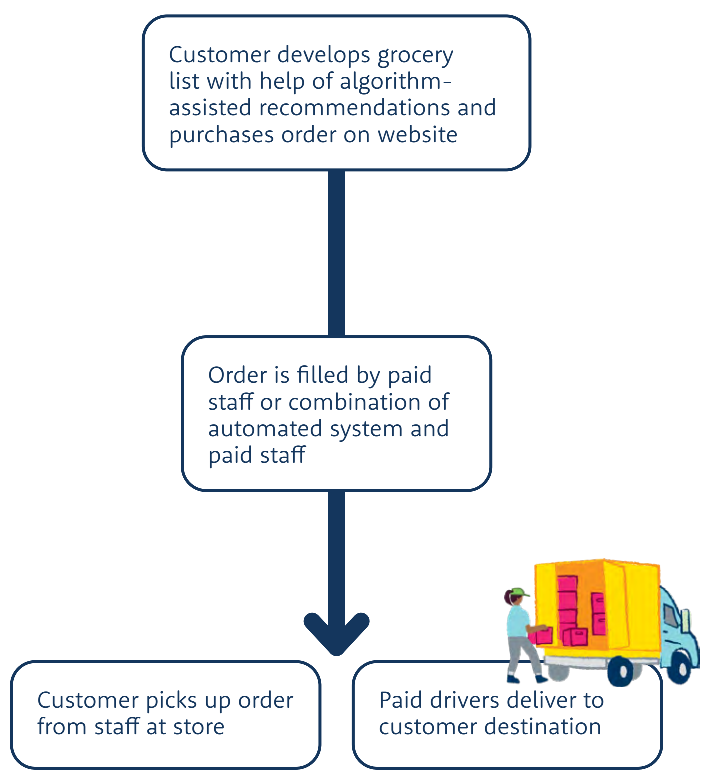
It is likely that these roles represent some job creation and not simply job replacement because growth is, in part, driven by retailers taking on services that customers used to do themselves. These include fulfilling orders, preparing food, packing groceries, delivering orders and meals, and even accessing promotions. These tasks now have to be performed by retailers, which creates demand for both workers and technology, including order pickers and fillers, drivers, data analysts, and remote customer-support staff.[131]

These e-commerce jobs are often different from those of cashiers and stockers in charge of in-store sales. They are not directly customer facing, and the retailer and customer operate in a way that is closer to business-to-business (B2B) interactions—order invoice, fulfillment, delivery.[132] However, many of these positions remain in stores, either by design (for in-store fulfillment and pick-up) or while warehouse and additional infrastructure investments mature.[133]

Traditional self-service model[134]



E-commerce / paid work model



Adapted from: Delivering Insecurity, UC Berkeley Labor Center

3 Shift to part-time evening and weekend work

CHANGES IN CONSUMER HABITS over the past 30 years have directly impacted the work relationships between grocers and their workers, most notably in the number of hours worked and the demand for part-time employees.[135] In the past two decades, consumers shifted from large weekly trips—often during the daytime—to micro-trips after work hours, necessitating additional sales associates in the late afternoon and evening, and reducing the relative demand for full-time daytime workers.[136] As a result, both pre-pandemic employment data and interviews show that the proportion of full-time positions available for cashiers has diminished.[137] One employer estimated their current breakdown as thirty-five percent full-time and sixty-five percent part-time, and did not see this shifting unless consumers radically shifted the habits they had developed over the past several years.[138]

Because of this shift, many workers face challenges in getting the hours they need or want to earn a living wage. Seniority—or lack thereof—is sometimes a barrier to accessing shifts or full-time roles. A reduction in available hours may have also been a result of self-checkouts: they may not be replacing or reducing the number of jobs, but some workers report that they have resulted in fewer available hours.[139]

4 This used to be a good job

A CONSISTENT THEME among older research participants (including both recent hires and long-term employees) involves the decline in quality of grocery jobs. This relates to larger dynamics around affordability and employment in Ontario—but it is also an important change in this sector.

"With rent in the GTA at $2,000 a month, you can see why people come through. Because of this economy, people are working 2 or 3 minimum wage jobs to stay afloat, or 2 jobs and a side hustle."

Food retail worker

Large grocery retailers tend to pay minimum wage, or close to it, upon hiring.[140] One retailer highlighted the role of minimum wage in setting standards that employers can consistently adhere to, without hurting their position relative to competitors.[141] Wage increases—and potentially access to benefits—are then accrued through seniority at a particular store, or through increased duties.[142] As a result, workers with long tenure (ten or twenty years or more of experience) can earn rates that are up to fifty percent higher per hour than new entrants.[143] However, there is significant variation and limited transparency in wage rates and progression across stores and geographies.[144]

"That was a career that was.. [a] fun job, right? You got hired full time. It doesn't happen like that anymore. Nobody gets hired full time."

Food retail worker

Wages and hours interact so that workers without sufficient access to hours, and hence low earnings, must supplement their income in other ways. Participants reported coworkers regularly working "two or three jobs", sometimes seeking out gig-based work. The flexibility in schedule of being an Uber Eats or Instacart driver, for example, was a draw, and welcome "bonus" income.

The question of job quality became particularly relevant during the pandemic, as cashiers and clerks face a high level of risk of virus exposure in their daily duties. While shoppers report feeling safe with the precautions retailers have taken, workers do not always have the power to ensure their safety.[145] COVID-19 introduced new work-related risks for public-facing essential workers. In response, large grocers like Loblaw, Metro, and Empire instituted "hero pay"—a bonus for employees during the pandemic—but ended the initiative after a few months. Some retailers reinstated the measure in late 2020, with Metro offering a gift card bonus to employees in November as well as in February and May of 2021, and Empire providing its program for regions under more severe lockdown measures.[146] Ending bonus pay during the pandemic proved to be a controversial move.[147] Workers interviewed in fieldwork reported concerns about risk of losing hours and being sent home due to a COVID-19 screening or needing to take unpaid sick days, and did not associate hero pay with feeling valued or recognized for their increased effort and risk.[148]

The question of job quality became particularly relevant during the pandemic, as cashiers and clerks face a high level of risk of virus exposure in their daily duties.

As the sector adds e-commerce jobs, job quality considerations remain important.[149] Commentators, especially in the US, suggest that e-commerce is linked to less job security and can depress wages for warehousing and distribution workers.[150] Labour rights advocates would charge that the deterioration in job quality has continued with delivery-platform workers (who "shop" for orders for platforms such as Instacart or Uber Eats), as such "gig work" tends to offer few legal or health protections, and presents challenges in accessing employment insurance.[151]

5 Talent strategies are behind the times

DESPITE MANY LARGE retailers' sophisticated technological capabilities and e-commerce advancements, employers in this sector have been slow and uneven in adopting digital recruitment and talent tracking tools.

On a hiring front, there are often different technologies involved in recruiting different jobs. Most corporate or regional positions have an online posting and application process, while stores tend to hire for entry-level jobs locally through paper resumes and are only now beginning to move online.[152] These two distinct approaches can make it challenging for store workers to find out about new positions and navigate potential transitions.[153] Furthermore, the slow adoption of talent management tools means employers have little visibility into the talent profiles of the people they have hired. Higher visibility could facilitate more strategic and efficient training, retention, and redeployment, enabling smarter matching of a business' talent needs and its existing employees who have the skills and institutional knowledge to advance.[154] Some retailers have made progress toward both employee development and tracking, but these are new programs that have yet to mature.[155]

Advancement into outside-of-store roles may be difficult for food retail workers to navigate, despite corporate actors remarking on the value of headquarters workers with store-level expertise. Outside of collective agreements and sometimes informal cross-training arrangements, information on job progression, skills, or competency frameworks and progression pathways are not accessible at worker level.[156] Opportunities depend on the retailer, and some independent stores do not have advancement pathways due to lack of availability or need for supervisory positions.[157] One retailer shared that progression for their

Box 6

Untapped store talent

Store-level employees represent people with a broad range of existing skills, experiences and qualifications—including postsecondary students, experienced workers and new Canadians. At present, it appears that no large retailer has mapped their talent at store level, even in areas where there are existing talent shortages like technology expertise. Through this project's relatively modest field research, the team encountered multiple clerks with graduate-level Science, Technology, Engineering, and Mathematics (STEM) training and a computer science student seeking future co-op placements. We also spoke with numerous early-career workers anticipating self-funding further university study in fields like business or human resources. None of these people had visibility into potential opportunities within the company—even in the case of an employer with an active internship program—and their employer had no record of their credentials or goals.

workers was becoming more difficult as the number of middle-seniority positions necessary declined. They attributed this in part to them being less necessary due to the productivity and product improvements of the last decade.[158]

Large employers, for their part, often have programs to develop career pathways within stores, as well as between stores and corporate offices. These can include defined pathways to supervisory roles, job shadowing programs, free programming courses that could result in corporate software development positions, and encouragement to local management to identify talented and interested employees.[159] Workers, however, report not knowing about these programs, and often find them hard to apply to, hard to achieve, and often unfair due to favouritism.[160]

In addition, approaches to staff training in food retail (aside from introductory safety and orientation) appear inconsistent, informal, and decentralized, as most training in grocery stores varies by location.[161] In general, according to interviews with workers, most skills-focused instruction for new employees and new roles happens by job shadowing and shift pairing, with some digital onboarding.[162] Even when it comes to customer service—identified as the most important skill by both retailers and employees—training, assessment, and compensation is uneven.[163] Frameworks and consistent approaches to training in this key skill training appear scarce on the part of employers.

Retailers are increasingly focusing on the "cross-training" of employees across different responsibilities, and noted that skills for all departments were often trained for on the job (excepting butchers).[164] On this front, some workers and representatives worry about the loss of specialization and the distancing from pride in their work, while others see cross-training as a valuable learning opportunity and as allowing access to more shifts. [165]

Box 7

A closer look at one promising talent plan - A conversation with an HR manager[166]

The Beer Store is a privately-owned alcohol retailer with about 7,000 employees across the province of Ontario. With a largely-unionized workforce at store and distribution level, they are looking to improve awareness and access to progression opportunities across the business.[167]

On clear progression pathways

The Beer Store is known for a culture of internal development, with managers including their Vice-President of Retail and President having started in retail customer service or store roles.[168] Their HR Manager Laurie Little notes that their team's major focus in 2021 is to improve the design and access to pathways for all its workers, with an intentional equity, diversity, and inclusion lens.[169]

On bridging information gaps

The Beer Store is also beginning to improve their processes for understanding and documenting employee career goals, in tandem with new technology investments. After implementing a new HR information system in 2020, they are in the process of adopting online employee profiles. Employees will be able to provide information on their career goals and track their own development. Combined with appropriate systems and processes at management level, technology that helps to understand and track skill development and progression could enable greater transparency and clearer processes for managers and employees around job progression.

Part III: What's next?

DISRUPTION IN ONTARIO'S food retail landscape is resulting in investments and decisions that can shape the sector for decades. Canadian food retailers employ hundreds of thousands of Canadians in communities across the country, in customer-facing jobs that are likely here to stay. As these retailers adapt to changes—including the growth of e-commerce, data-driven strategies, market consolidation, supply chain adaptation, shifts in consumer habits, and the pandemic—they are making decisions that can transform food retail, and jobs within the sector. This research suggests a number of areas where the sector could continue to evolve into the future:

- **The food retail industry—by virtue of its scale and conditions—can be a powerhouse for innovation.**

While grocery may not be top-of-mind when Canadians think of the innovation economy, recent investments show that Canadian food retailers are rapidly innovating—alongside evolving consumer expectations and demand. At the same time, the industry faces calls for restraint to ensure its power does not result in an environment that constrains innovation or healthy competition, or that fails to deliver fairly for key stakeholders including suppliers and staff.

- **The food retail industry employs hundreds of thousands of essential workers in Canada, yet many food retail jobs offer poor conditions—low pay, insufficient hours or precarious employment, and tend to see high turnover.**

The COVID-19 pandemic has underscored the important role of food retail and food retail workers. There is a disconnect between the value of these roles, the risk associated with front-line work and the relatively low wages and job quality experienced by many workers. The industry is being challenged by many to find a better balance between profitability, price, and their responsibility to essential workers.

- **Companies tend to be behind the times when it comes to managing the skills, talent, and expertise of people already on their payroll.**

Already sophisticated digital businesses, large food retailers tend to lag on adopting digital internal talent tools. Some, however, are starting to modernize talent strategies and adopt technologies to better map and leverage talent they already have in their labour force.

- **Customer service skills are critically important and highly sought after by employers. In line with past research, these same skills remain poorly codified and not economically valued.**

Employers rate the ability to deliver an excellent customer experience as a desirable skill, but also one of the most difficult for them to identify, train, and recognize.

- **As the sector changes, some workers may face disruption. Workers in this sector may consider transitions, either for new opportunities or as a result of job-related disruption.**

Customer service remains in high demand. Given challenges associated with pay and job quality, some of these workers may wish to investigate pathways into other occupations. Identifying job transition pathways requires an understanding of how jobs are changing, local employer demand, and worker preferences. We investigate these opportunities in our upcoming report.

This report is the first of three publications in the *Job Pathways in Food Retail* project. Stay tuned for our upcoming report and research toolkit where we apply our Job Pathways model to map transitions for mid-career food retail workers. Through leveraging both data- and human-centered design, the report and its accompanying suite of open tools can help to improve the precision and effectiveness of employment and training policies and programs.

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