
Market Information Services Section
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THE WAREHOUSE GROUP LIMITED

The Warehouse Group announces a 'Career Retailer Wage' drawing on 'The Living Wage' campaign analysis

New Zealand's leading non-food retailer The Warehouse Group announces its strategic intent to introduce a 'Career Retailer Wage' that will put more money in the pockets of thousands of Warehouse Group Team Members, and make working in retailing an even more attractive career choice.

Group Chief Executive Mark Powell said the company had been working for some time on a strategy to build capability in the retail sector, including skills-based pay, comprehensive training for all roles, improved team retention and high team engagement.

"Highly engaged teams are more motivated to serve customers well, and in retail if you don't serve the customer well you will ultimately fail, that's the competitive reality - while having an engaged team is about much more than just pay, pay is a significant factor," said Mr Powell.

"The Career Retailer Wage will influence more people into choosing a career with The Warehouse Group. It will also help retain, reward and recognise our existing Team Members who have chosen a long term career within the Group," he said.

The Career Retailer Wage strategy will be implemented in all wholly owned companies in the Group, which includes The Warehouse (Red Sheds), Warehouse Stationery (Blue Sheds) and the recently acquired Noel Leeming.

Mr Powell said that The Warehouse Group, contrary to the perception of many, traditionally paid above minimum wage, and over the last few years had moved up wage rates up ahead of inflation, reflecting its people-centred philosophy and desire to make retail a more attractive career choice.

The New Zealand Living Wage campaign also played a part in the company's thinking, said Mr Powell, providing added impetus that helped the company refine its existing strategy. "We took account of the analysis done by the Living Wage campaign, which The First Union took part in, regarding the level of career pay rates required to reasonably support a household," he said.

As a result of this strategy, changes will be made to ensure that Team Members across The Warehouse Group, who have completed all the required training levels for a role and have approximately three years of experience (i.e. over 5000 hours), will be moved to the 'Career Retailer Wage' for that role, as part of their total reward package.

While details are still to be finalised, and the specific approach will vary in each company within the Group, the aim is to implement this strategic intent in two stages on August 1st 2013 and August 1st 2014, at the start of the company's 2014 and 2015 financial years. For qualifying Team Members, this will mean an increase to their overall package, to anywhere between \$18.50 and \$20.00 per hour dependent on the role, giving qualifying full-time Team Members an extra \$50 to \$100 per week on average.

Mr Powell said, “while this will cost the Group an additional \$2.0 million to \$2.5 million in each of the 2014 and 2015 financial years, the impact on company profits is expected to be less due to increased team engagement, lower team turnover, improved sales and higher productivity.”

Mr Powell said that the company was continuing to explore other strategic elements to elevate retail as a career and improve training. “We are currently exploring NZQA accredited programmes to develop future leaders in retailing and an overall ‘Retail University’ approach.” He said, “unfortunately, far too often retail is seen as a second rate career choice. We want to change that view. Retail provides an exciting, wide ranging and fast paced career choice, and we want to do our bit to change this false perception – The Career Retailer Wage is just one part of that overall strategy.”

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