

# New Jersey's Leisure, Hospitality and Retail Cluster

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Leisure, Hospitality & Retail Industry Cluster

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## LEISURE, HOSPITALITY & RETAIL: Executive Summary

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- The New Jersey Department of Labor and Workforce Development (LWD) conducted a special study to identify the Leisure, Hospitality and Retail industry cluster and analyze its unique workforce characteristics. This comprehensive industry analysis can be used for market analysis, business attraction, workforce training plans and future educational strategies and will also provide identification of the existing industry and state assets/advantages, while attempting to define changing or emerging trends and opportunities in the cluster.
- The data and information can be utilized by Labor Planning and Analysis (LPA) and LWD management in order to make recommendations for a state action plan that will encourage sector growth.
- Industry clusters are the engines that drive job expansion and attract new businesses in NJ.

## LEISURE, HOSPITALITY & RETAIL: Background

- While terms such as leisure, hospitality and retail trade often conjure up images of dining-out, vacations, shopping, and the enjoyment and relaxation that come from activities outside a workplace setting, they also represent an industry cluster that employs one of every four private sector workers in New Jersey.
- Since many of these activities fall under the heading “discretionary spending” from a consumer’s point of view, tough economic times can spell trouble for businesses within this cluster.
- Seasonal and part-time workers dilute the annual average wage in retail trade and leisure and hospitality.

# LEISURE, HOSPITALITY & RETAIL

## **Industry Cluster: Description and Overview**

# What is the Leisure, Hospitality and Retail (LHR) Industry Cluster?

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- There are two basic forms of retailers: wholesale and specialty. Wholesale retailers, also known as "big box" retailers or department stores, are companies like Wal-Mart and Target that sell a wide variety of items at discounted prices. Specialty retailers offer a limited scope of products in order to serve a smaller market more effectively, such as consumer electronics retailers like Best Buy or office supply retailers such as Staples.

Some types of retailers:

- ❑ Discount Stores: Target, Wal-Mart
- ❑ Off-Price Retailers: TJ Maxx, Marshall's, Ross
- ❑ Apparel: The Gap, Abercrombie & Fitch, Aeropostale, J. Crew, AnnTaylor, Old Navy
- ❑ Consumer Electronics: Best Buy, Radio Shack, Game Stop
- ❑ Home Improvement: Home Depot, Lowe's
- ❑ Office Supplies: Staples
- ❑ Pharmaceuticals: CVS, Walgreen's, Rite Aid
- ❑ Home Products: Bed Bath & Beyond, Pier 1 Imports
- ❑ Sporting Goods: Dick's Sporting Goods
- ❑ Footwear: Foot Locker
- ❑ Jewelry: Tiffany
- ❑ E-commerce: Amazon.com, eBay
- ❑ Warehouse Club: BJ's Wholesale Club, Costco, Sam's Club
- ❑ Large retail grocers (supermarkets): Wegman's, Shop-Rite

# What is the Leisure, Hospitality and Retail (LHR) Industry Cluster?

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- Spectator sports and performing arts
- Museums and historical sites
- Amusement parks
- Gambling industries
- Traveler accommodations
- Food services and drinking places



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# Highlights of the LHR Industry Cluster



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- Many of the businesses within leisure, hospitality and retail trade also directly and indirectly support the state's tourism industry, which is the state's 3rd largest industry according to Division of Travel and Tourism.
- The latest data show that:
  - Leisure, hospitality and retail trade (LHR) employment totaled 766,410 in 2009, or 24 percent of all private sector workers in the state. In comparison, the cluster represented 25.8 percent of the nation's private sector employment in 2009.
  - LHR represented \$41.7 billion or 8.8 percent of New Jersey's Gross Domestic Product in 2009.
  - New Jersey LHR employers paid more than \$20 billion in wages during 2009, or 11.8 percent of the state total.





# Tourism

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- Since the state's LHR industry cluster has a symbiotic and overlapping relationship with tourism, it is good news that tourism expenditures in NJ totaled \$35.5 billion in 2010, an increase of 0.8 percent over 2009 and the first improvement since the industry's pre-recession high of \$39.5 billion set in 2007.
- Overall domestic visitation to NJ rose 4.6 percent to roughly 67.7 million in 2010, led by a 7.3 percent increase in leisure visits. Out-of-state visitors accounted for 68 percent of tourism expenditures, followed by resident/in-state (23 percent), internal business travel (five percent), and out-of-country (two percent).
- Based on the latest report from the Division of Travel and Tourism, the state's "core tourism," defined as industries providing direct services to visitors, supported nearly 310,000 private sector jobs and over \$10 billion in wages and salaries in 2010.



# LEISURE, HOSPITALITY & RETAIL

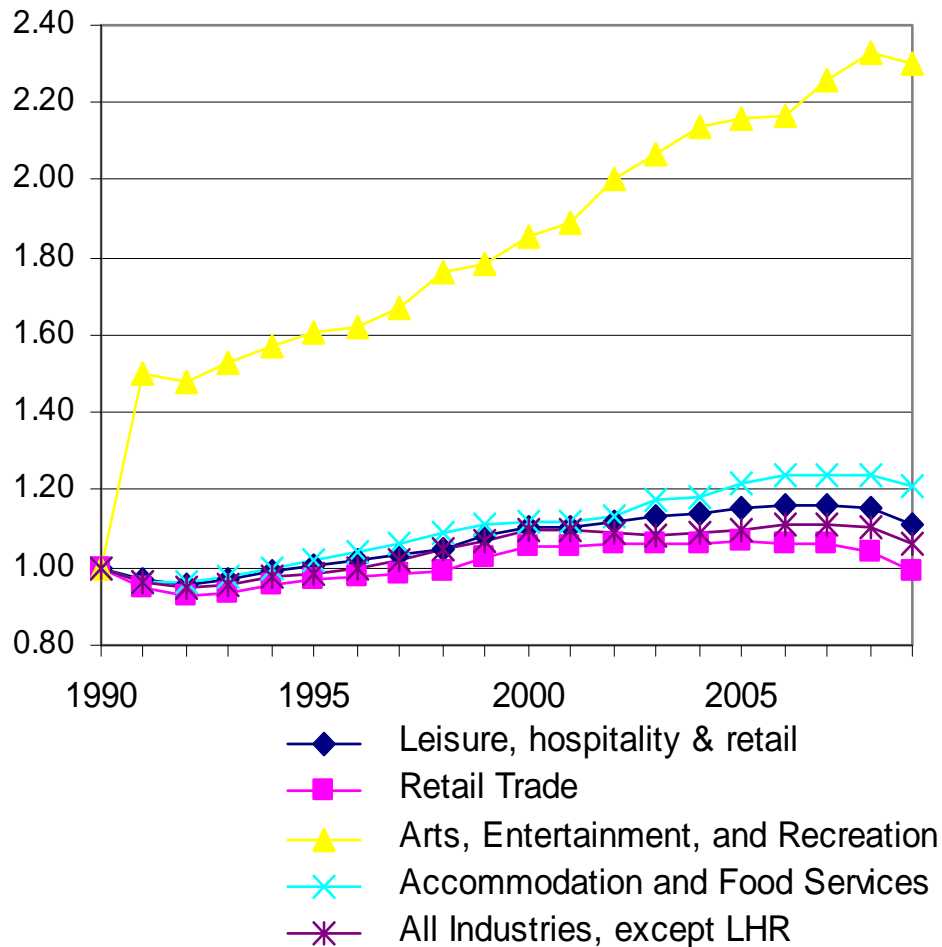
## **Detailed Industry Employment: Current and Trend Analysis**

# Due to its large presence, the LHR cluster has had similar growth in employment in NJ over the last two decades

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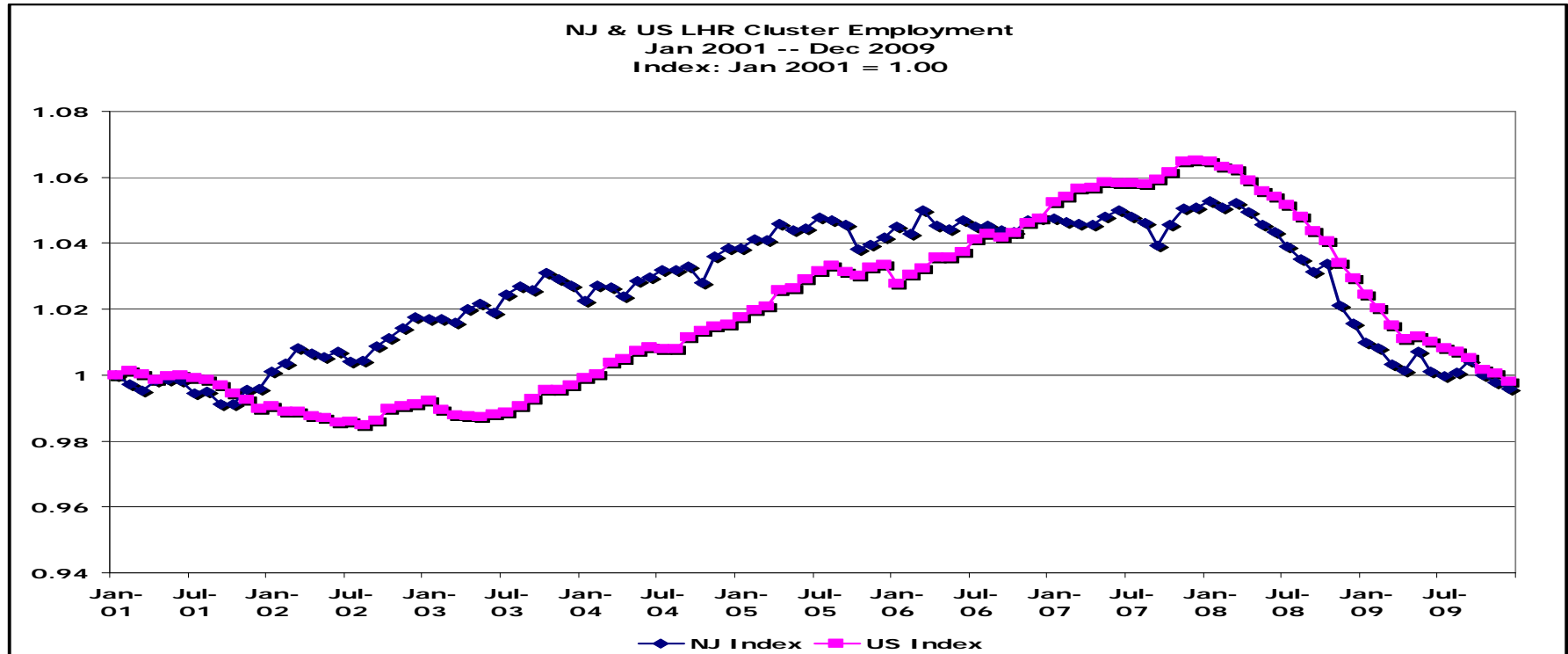
**Employment Index: 1990 = 1.00**  
**Current Employment Statistics (CES)**



- Over the past two decades, LHR has added nearly 62,000 new jobs in New Jersey or about 28 percent of the state's employment gain since 1990. However, its share of total employment increased only slightly during this period, from 19.5 percent in 1990 to 20.0 percent in 2010.
- Employment in Arts, Entertainment and Recreation has more than doubled over the last 20 years.
- The recession and consumer spending has led Retail employment to it being the laggard among LHR's major components (*For illustrative purposes: NAICS 721 & 722 combined*).

From about the 4<sup>th</sup> qtr. of 2001 to the 4<sup>th</sup> qtr. of 2006, employment growth in New Jersey's LHR industry cluster generally outperformed the nation.

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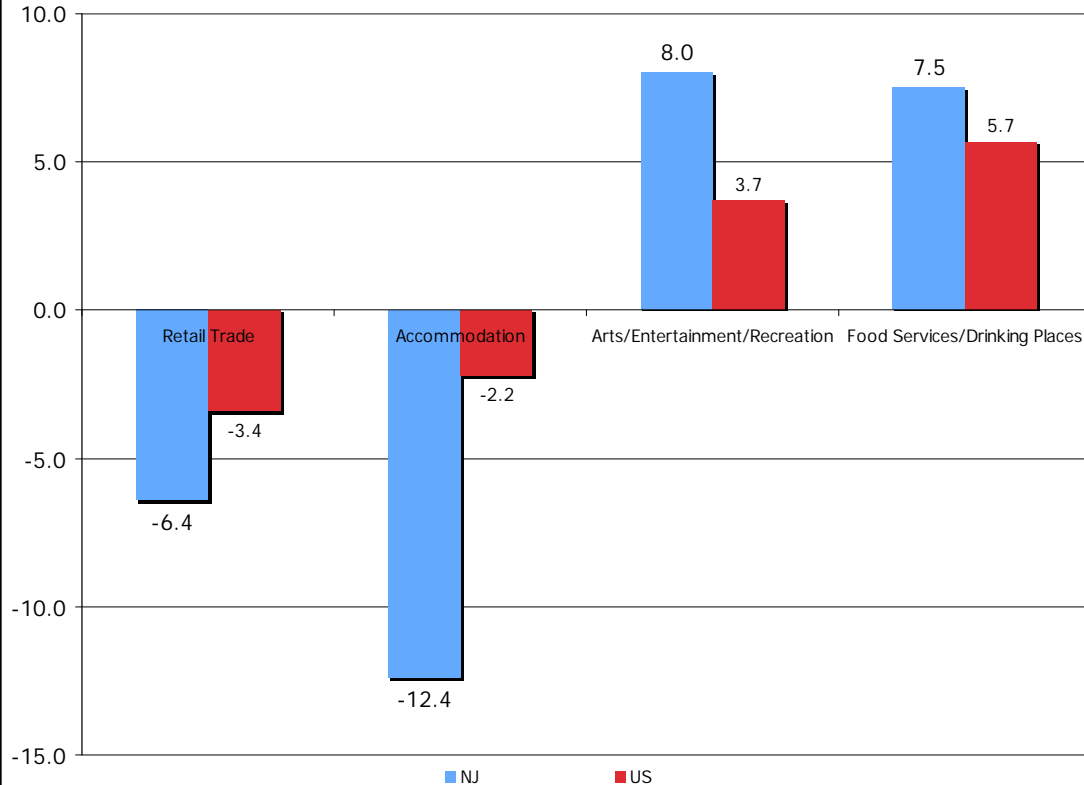


➤ Since then, growth in the state's LHR cluster has lagged that of the nation. The worst national recession since the Great Depression deserves credit for most of the job losses in the LHR cluster. Businesses that were surviving in a growing economy with liberal credit for both consumers and businesses found the going tough when consumers severely cutback on discretionary spending and banks tightened lending standards. Many did not survive.

## More Recent Analysis : 2004 - 2009

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US & NJ LHR Primary Components  
Comparison of Percent Change in Employment  
2004 -- 2009

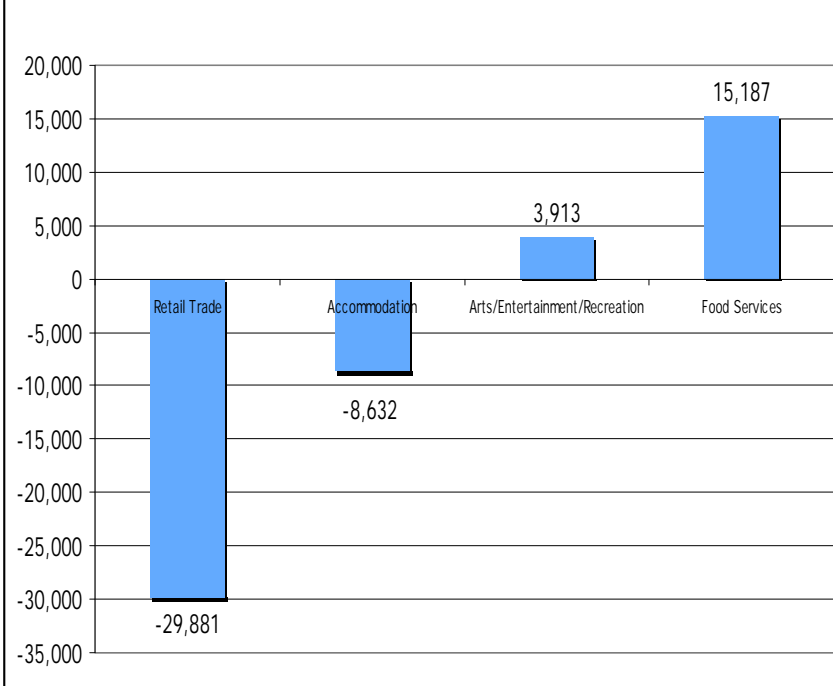


- Employment in New Jersey's LHR cluster declined by 19,400 or 2.5 percent from 2004 to 2009.
- In comparison, the nation experienced a setback of just 0.1 percent during the same period.
- In each of the four primary components, the percent job gain or loss was greater than its national counterpart. The greatest percent difference was in Accommodations where most of New Jersey's job losses (90%) occurred in Atlantic City's hotel casino industry.

## More Recent Analysis : 2004 - 2009 (cont'd)

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NJ LHR Primary Components  
By Employment Gain/Loss  
2004 -- 2009



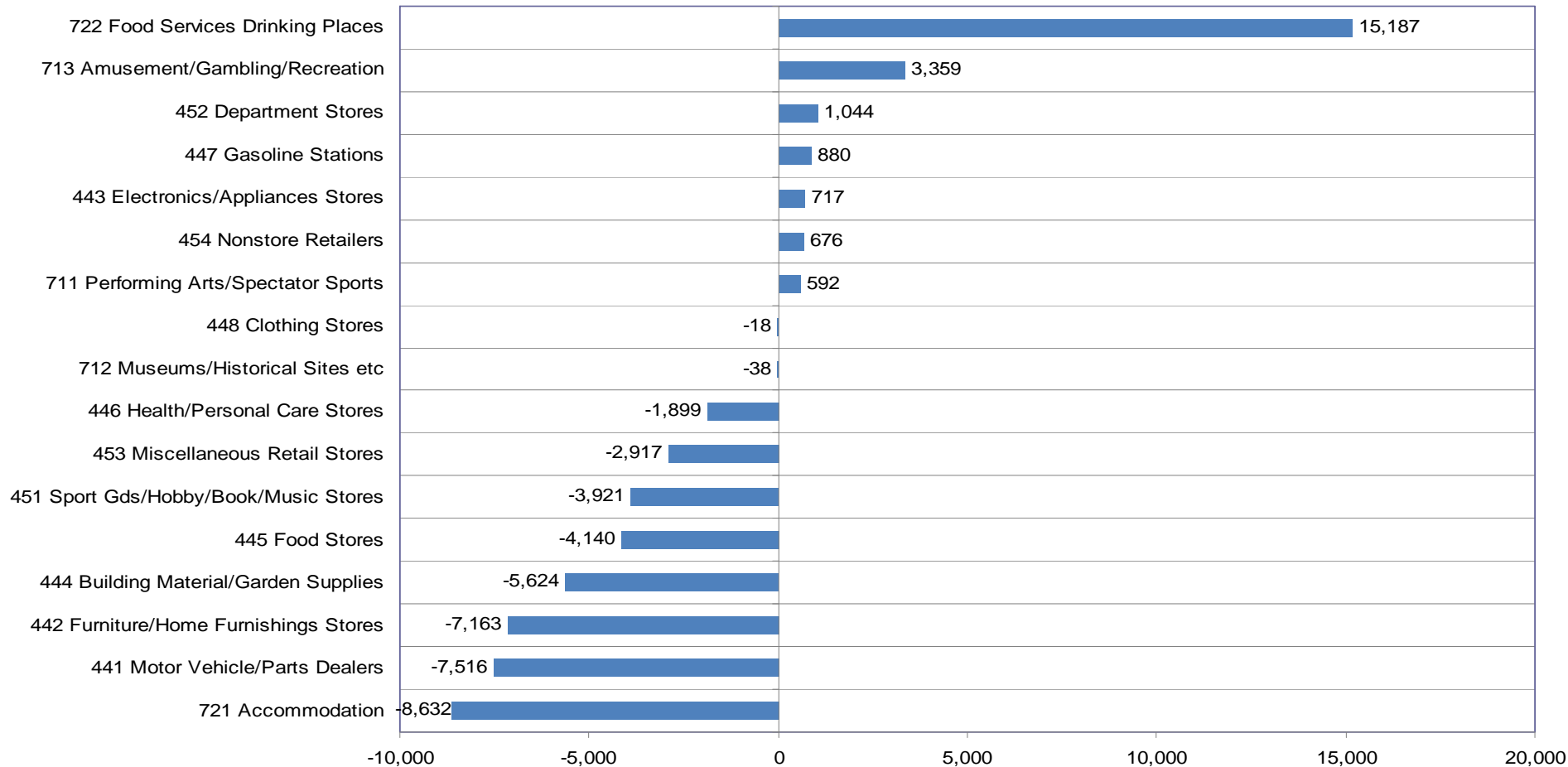
➤ Retail Trade job levels dropped by nearly 30,000 while employment in Accommodations fell by 8,600. For Retail Trade in particular, NJ is an inviting marketplace given its population density (highest in the nation) and per capita income (second highest). As a result, competition is intense and margins are tight.

➤ Inject a serious national recession with a sharp decline in discretionary spending into the mix and the recent retail job losses are not surprising. As stated earlier, in Accommodations, over 90 percent of the losses occurred within Atlantic City's casino hotels. A significant contribution to those losses was the closing of the Sands hotel/casino. It was razed to make way for a multi-billion casino resort but the project fell victim to the last national recession as did several other major projects that were in the planning stage at that point in time.

➤ The other two of the cluster's four primary components (Food Services/Drinking Places and Arts/Entertainment/Recreation) added jobs during this 5-year period. Limited-Service Eating Places accounted for more than three of every four new jobs in the Food Services/Drinking Places industry, while Fitness & Recreational Sports Centers and Amusement & Theme Parks created most of the new jobs in the Arts/Entertainment/Recreation industry.

# NJ LHR Employment Gains/ Losses (By 3-digit NAICS): 2004 - 2009

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# Net Job Gains : 2004 - 2009

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- From 2004 to 2009, employment in the *Food Services/Drinking Places* industry expanded by 15,187 or 7.5 percent. This was the greatest numerical job gain of the LHR cluster's 17, three-digit (NAICS) industries. Employment in ten of the three-digit industries declined during the five-year period.
- Limited-Service Eating Places (think fast food) accounted for the greatest number of new jobs in the *Food Services/Drinking Places* industry during this five-year period adding 11,777 positions for a 16.2 percent gain. Full-Service Restaurants were responsible for most of the remaining new jobs -- expanding by 6,036 or 6.2 percent. The most significant job losses in *Food Services/Drinking Places* during the period occurred at Food Service Contractors (-1,875) and Drinking Places (-1,830).
- The Amusement/Gambling/Recreation industry posted the LHR cluster's second largest employment advance (3,359) from 2004 to 2009 thanks to job gains at Fitness and Recreational Sports Centers (2,185) and Amusement and Theme Parks (1,086). Bowling Centers (-438) and Marinas (-399) suffered the only job declines in this industry with each losing about 25 percent of their 2004 employment.
- Of the remaining 3-digit industries, the following are notable for their employment increases or decreases over the five-year period:



# Net Job Gains : 2004 - 2009

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- In Department Stores, employment was up by 2,735 but offset in part by declines in All Other General Merchandise Stores (-1,032) and Warehouse Clubs and Super-centers (-659).
- Gasoline Stations with Convenience Stores added 1,148 jobs while Other Gas Stations declined by 268. Gasoline Stations with Convenience Stores benefited during this period from the effort on the part of at least one convenience store chain to begin offering gasoline at their store locations – effectively reducing employment in Convenience Stores.
- Appliance/Television/Other Electronics Stores added 1,619 positions, which were offset in part by declines of 651 at Computer and Software Stores and 251 at Camera and Photographic Supplies Stores.
- The job creator within Non-store Retailers was Electronic Shopping and Mail-Order Houses (2,203).
- Spectator Sports added the most new jobs (388) within the Performing Arts/ Spectator Sports industry.
- Although employment in Clothing Stores was basically unchanged overall during this 5-year period, there were significant gains in Family Clothing Stores (2,110) and Clothing Accessories Stores (882). The largest job losses were posted in Other Clothing Stores (includes bridal, costume, lingerie, swimwear and uniform stores; -1,066), Men's Clothing Stores (-765), Jewelry Stores (-626) and Shoe Stores (-510).

# Net Job Losses : 2004 - 2009

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- Motor Vehicle and Parts Dealers experienced the second largest employment decline (-7,516) during this 5-year period and most of the loss (85.8%) was concentrated among sellers of new motor vehicles produced by “American” manufacturers. General Motors and Chrysler were domestic producers notably impacted by the last national recession.
- In addition to the severe downturn in new home building and remodeling associated with the latest recession, the loss of 7,163 jobs in Furniture/Home Furnishing Stores and 5,624 in Building Material/Garden Supplies Stores also reflects the delaying or canceling of big-ticket purchases and home improvement projects by consumers.
- Job losses in Food Stores (-4,141) occurred in every segment except Supermarkets and Other Grocery (except convenience), which added 2,283 jobs from 2004-to-2009. The largest job losses during the period were posted in Convenience Stores (-2,625), Other Specialty Food Stores (-1,863) and Fruit and Vegetable Markets (-1,207). For the latter two, the losses were about one third of their 2004 employment level. For Convenience Stores, at least some of the setback may simply represent the reclassification of some establishments from Convenience Stores to Gasoline Stations with Convenience Stores – a notable trend for at least one convenience store chain during this period.

# Net Job Losses : 2004 - 2009

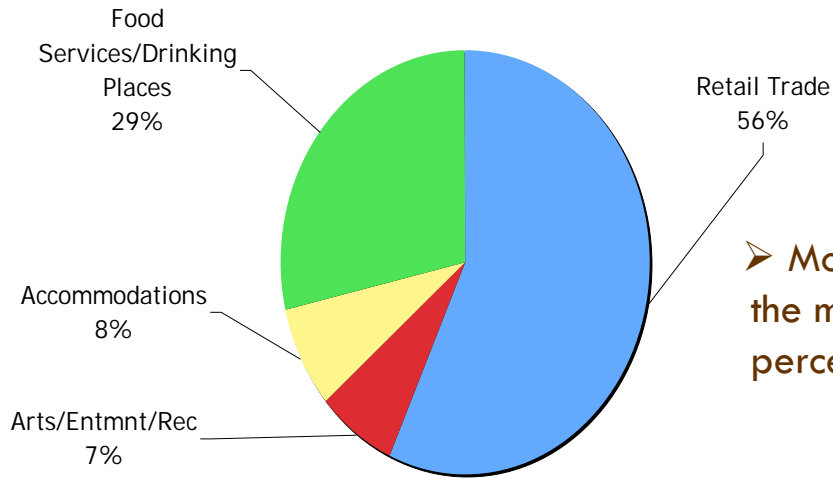
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- Although employment fell in every segment of the Sporting Goods/Hobby/Book/Music Stores industry from 2004-to-2009, the largest declines occurred among Book Stores and News Dealers (-1,719), Prerecorded Tape/Compact Disc/Record Stores (-790) and Sewing/Needlework Stores (-784).
- In the Miscellaneous Retail Stores industry, significant job losses were recorded by Florists (-1,058), Office Supply Stores (-949), Gift/Novelty/Souvenir Stores (-832) and All Other Miscellaneous Store Retailers (-1,198).
- Within the Health/Personal Care Store industry, Pharmacy and Drug Stores accounted for about one half (-934) of job loss, with another 25 percent (-465) from Optical Goods Stores. In New Jersey during this period, there was intense competition for market share among several major pharmacy/drug store chains. The competition included the construction of many new, free-standing stores, which in addition to squeezing out smaller, single-proprietor establishments, eventually resulted in bankruptcy-led mergers and consolidations among the primary competitors themselves.

# 2009 Percentage of employment: Four primary components

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NJ Leisure, Hospitality and Retail Trade Cluster  
Employment By Major Components  
2009 Annual Average



➤ In terms of employment, the Retail Trade and Food Services/Drinking Places components combined accounted for more than four of every five jobs (85%) in the LHR cluster in 2009.

➤ Most of the businesses in the LHR cluster are familiar to even the most casual observer. Retail Trade, which represented 56 percent of the cluster's employment in 2009, has one of every four jobs (25%) in Food Stores.

➤ Food Services/Drinking Places, which accounted for 29% of the cluster's employment in 2009, is dominated by full- and limited-service restaurants, which represent 84 percent of employment.

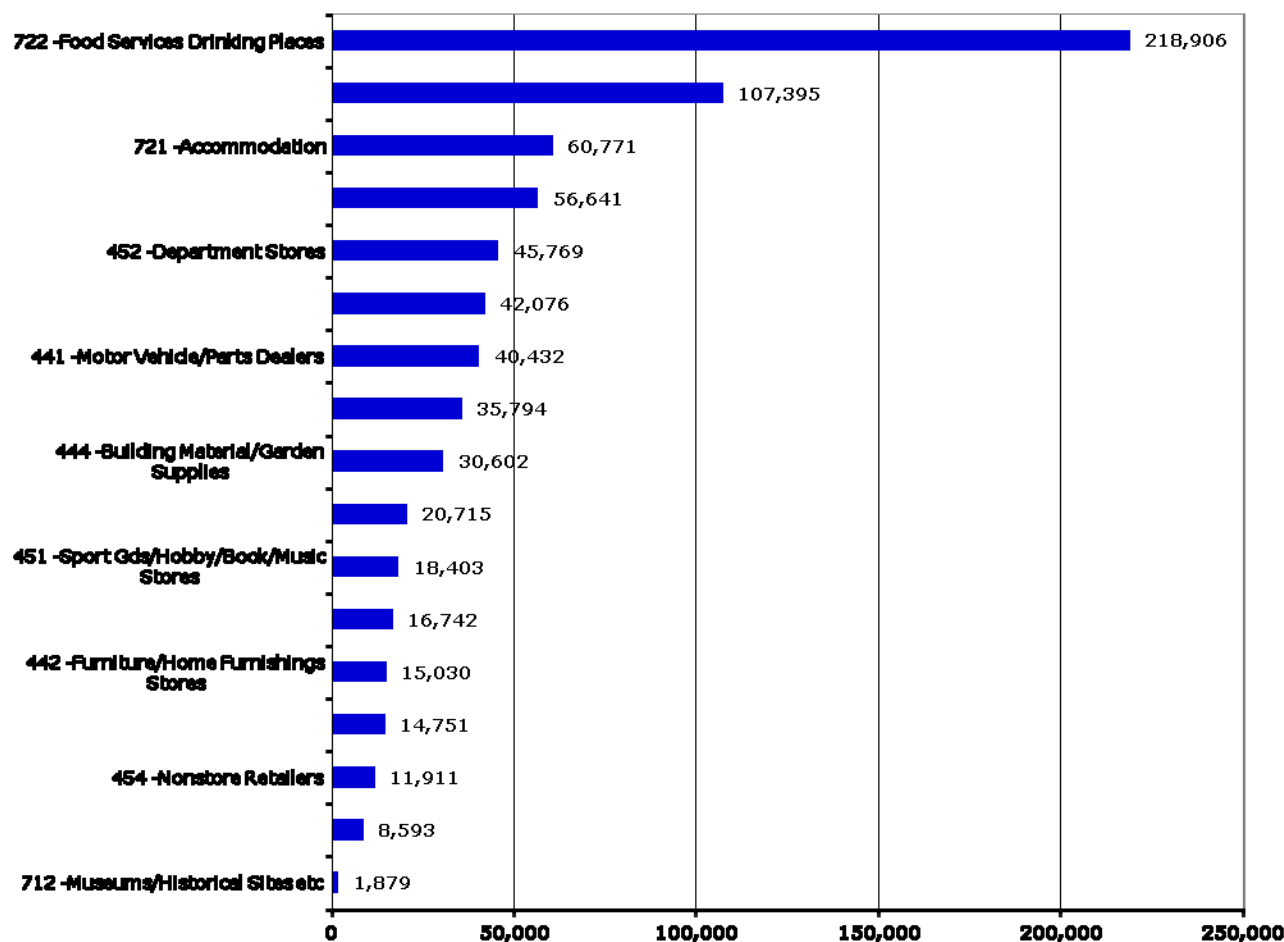
➤ Accommodations, which represents just 8.0 percent of the cluster's employment, would be an even smaller portion were it not for the existence of legalized gambling in Atlantic City. The city's 11 hotel casinos employed an average of 35,000 in 2009; more than the other 1,350 Accommodations establishments in the state combined.



# “Food” plays a significant role in the LHR industry cluster

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**NJ LHR 2009 Emp by 3-digit NAICS**



➤ “Restaurants” is the primary component of the top-ranked “Food Services/Drinking Places” and “Food Stores” is a distant but still significant second place.

➤ Of the 17 three-digit industries within the LHR cluster, these two accounted for 42.6 percent of all the jobs.

➤ Food Services/Drinking Places accounted for 28.6 percent of the cluster’s total employment in 2009 with another 14.0 percent in Food Stores.



# Digestion of Food data

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- Within the Food Services/Drinking Places industry, full- and limited-service restaurants/eating places dominate with 83 percent of the establishments, 84 percent of the employment and 81 percent of the wages paid in 2009.
- Drinking Places account for another 7.7 percent of establishments, 4.1 percent of employment and 3.7 percent of total wages. Food Service Contractors, Caterers and Mobile Food Service businesses combined account for the remainder.
- The 2009 annual average wage of those employed in Food Services/Drinking Places was \$16,930, which was just 31.0 percent of the state's private sector average wage (\$54,541) and 62.4 percent of the LHR cluster's average wage (\$27,134).



<b>Aperitivo - Appetizers</b> NACHOS.....\$6.50 QUESO FUNDIDO.....\$4.50 CHILE CON QUESO.....\$4.50 QUESADILLA CINCIONIZADA.....\$2.95 GUACAMOLE.....\$3.95  <b>Burritos</b> <i>(all burritos served with lettuce, tomato, rice, beans and cheese)</i> ASADA (steak).....\$5.25 POLLO (chicken).....\$5.25 PASTOR (marinated pork).....\$5.25 VEGETABLE BURRITO.....\$4.95 SUIZO.....\$6.25 <i>(sauce cream &amp; guacamole - \$1.00 extra)</i>  <b>Tostadas</b> <i>(served with lettuce, tomato, cheese, sour cream, guacamole &amp; beans)</i> STEAK, MARINATED PORK, CHICKEN, or GROUND BEEF.....\$2.25  <b>Tacos</b> <i>(all tacos served on corn tortilla with lettuce, tomato &amp; cheese)</i> STEAK, CHICKEN, PASTOR.....\$1.95 CHORIZO.....\$2.25 GOAT TACOS.....\$2.45 GORDITAS, choice of steak, pork, chicken or chorizo.....\$2.95 served with bean, lettuce, tomato, guacamole, sour cream & cheese TORTITAS, choice of breaded steak, pork, steak or chicken.....\$4.25 served with bean, tomato, tomato, guacamole, sour cream & cheese CHILE RELLENO, sweet stuffed peppers with cheese.....\$2.45 served with lettuce, tomato and cheese		<b>Cenas - Dinners</b> PEREZ COMBINACION #1, skirt steak, chile relleno & cheese enchilada with rice and beans.....\$12.95 COMBINACION #2, steak, burrito, chicken noodle & salad.....\$11.95 COMBINACION #3 VEGETARIANA: veg. meatloaf, cheese quesadilla & guacamole taco.....\$10.95 CARNE ASADA, skirt steak with rice, beans and salad.....\$11.95 BISTEC A LA MEXICANA, steak mixed with peppers, tomatoes & homemade red sauce.....\$9.95 BISTEC RANCHERO, steak served with hot salsa, rice and beans.....\$9.95 BISTEC ENCEVOLLADO, steak served with grilled chicken & rice and beans.....\$9.95 LOMO DE RES, rib-eye steak served with homemade mild sauce.....\$10.95 POLLO EN MOLE, chicken in mole sauce served with rice and beans.....\$9.50 FAJITAS DE CARNE ASADA, steak fajitas with bell peppers, onion & tomato, mild or hot.....\$9.95 FAJITAS DE POLLO, chicken fajitas with bell peppers, onion, tomato, mild or hot.....\$9.95 QUESADILLAS DINNER, corn or flour tortilla with cheese, with meat \$1.00 extra.....\$6.00 FLAUTAS DINNER, with rice and beans.....\$7.95 MILANESA DINNER, sizzling tip steak breaded with rice and beans.....\$8.95 ENCHILADAS VERDES, ROJA Y DE MOLE, corn tortilla with your choice of meat and served with rice & beans.....\$8.50 CHILES RELLENOS, mild stuffed peppers with cheese.....\$8.50 3 TACO DINNER, served with rice & beans with choice of meat.....\$8.50 CHICKEN SALAD.....\$2.95 TACO SALAD, choice of meat, served with lettuce, beans, tomato, avocado, sour cream, etc.....\$7.95		<b>Mariscos - Seafood</b> CAMARONES EMPANISADOS breaded shrimp served with salad.....\$10.50 CAMARONES A LA DIABLA shrimp hot and spicy served with rice & salad.....\$11.95 CAMARONES A LA VERACRUZANA served with rice and salad.....\$11.95 CAMARONES A LA PLANCHA served with rice and salad.....\$11.95 CAMARONES AL MOJO DE AJO served with rice and salad.....\$11.95 ENSALADA DE CAMARON shrimp salad.....\$10.95 FAJITAS DE CAMARON shrimp fajitas served with onion, bell pepper, tomato, rice & beans.....\$11.95 CALDO DE CAMARON, shrimp soup.....\$10.95 HUACHINANGO red snapper served with rice and salad.....Market Price FILETE DE PESCADO breaded fish fillet served with rice and salad.....\$8.95 SHRIMP COCKTAIL clamato, onion, avocado & tomato.....\$7.95 CEVICHE TOSTADAS lettuce, tomato, onion & avocado.....\$2.50  <b>Ask for the Soup of the Day</b> BEEF, CHICKEN, POZOLE.....\$6.95  <b>Side Orders</b> RICE AND BEANS.....\$3.75 RICE.....\$2.00 BEANS.....\$2.00	
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# Inside Food Stores...

➤ In the Food Stores industry, supermarkets and other grocery stores (except convenience stores) accounted for nearly three of every four (74.6%) jobs, 76.8 percent of the total wages paid and more than one third (34.7%) of the establishments.



➤ In terms of employment, Beer, Wine and Liquor Stores and Convenience Stores round out the top three with each accounting for about 9 percent of the Food Stores total.

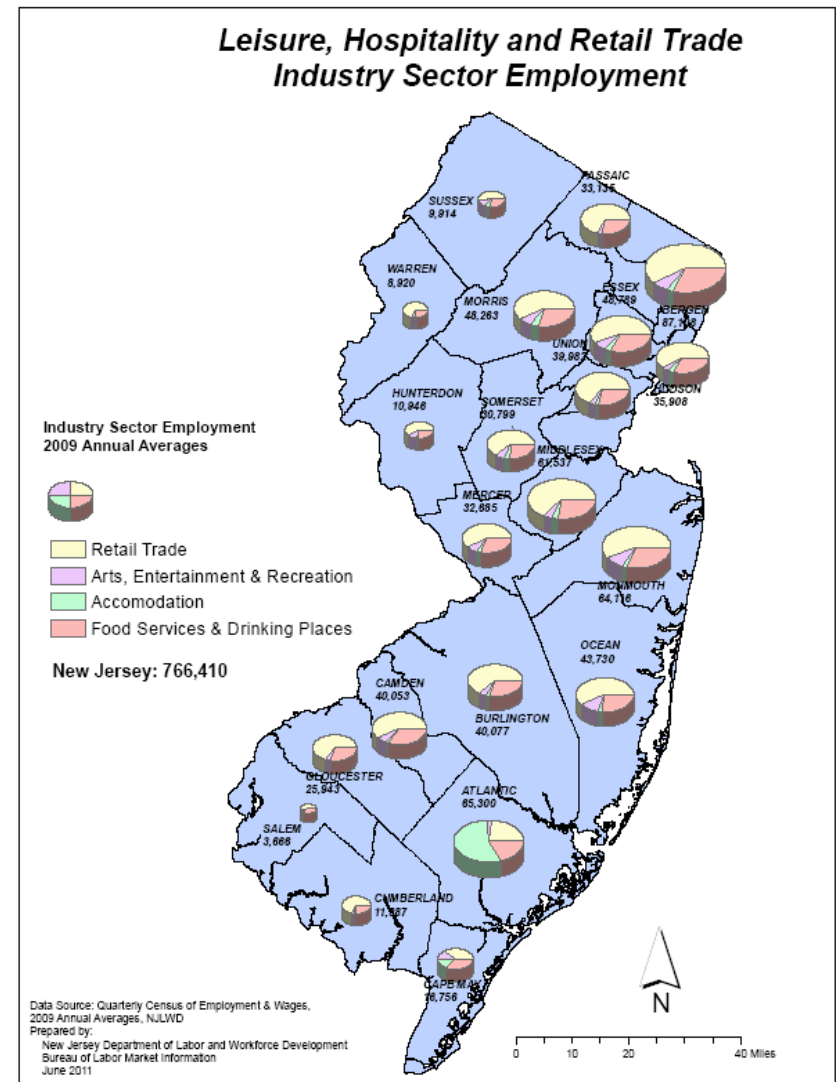
➤ The 2009 average annual wage of those employed in the Food Stores industry was \$24,566, which was 90.5 percent of the LHR cluster's average wage (\$27,134) but just 45.0 percent of the state's private sector average wage (\$54,541). Supermarkets and Other Grocery Stores, the largest segment of Food Stores, posted a 2009 annual average wage of \$25,287.

# LHR Employment, Population & Income:



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- The industry cluster (mainly retail) tends to follow people and income. Over one-third (34%) of all employment in the LHR sector is found in the four most densely populated counties in the state.
- Bergen continued to be the most populous county in New Jersey. Its population size of 905,116 ranked 55th among the nation's counties in 2010. Three other New Jersey counties were also on the nation's 100 largest counties list: Middlesex (64th); Essex (73rd) and Monmouth (95th).
- These four counties also appear in the top 250 Highest Per Capita Personal Incomes available for 3113 Counties in the United States in 2009: Bergen (20<sup>th</sup>); Monmouth (56<sup>th</sup>); Essex (94<sup>th</sup>) and Middlesex (143<sup>rd</sup>).
- Salem County remained the state's least populous county with just over 66,083 residents as of 2010.





# LHR Employment & Population:

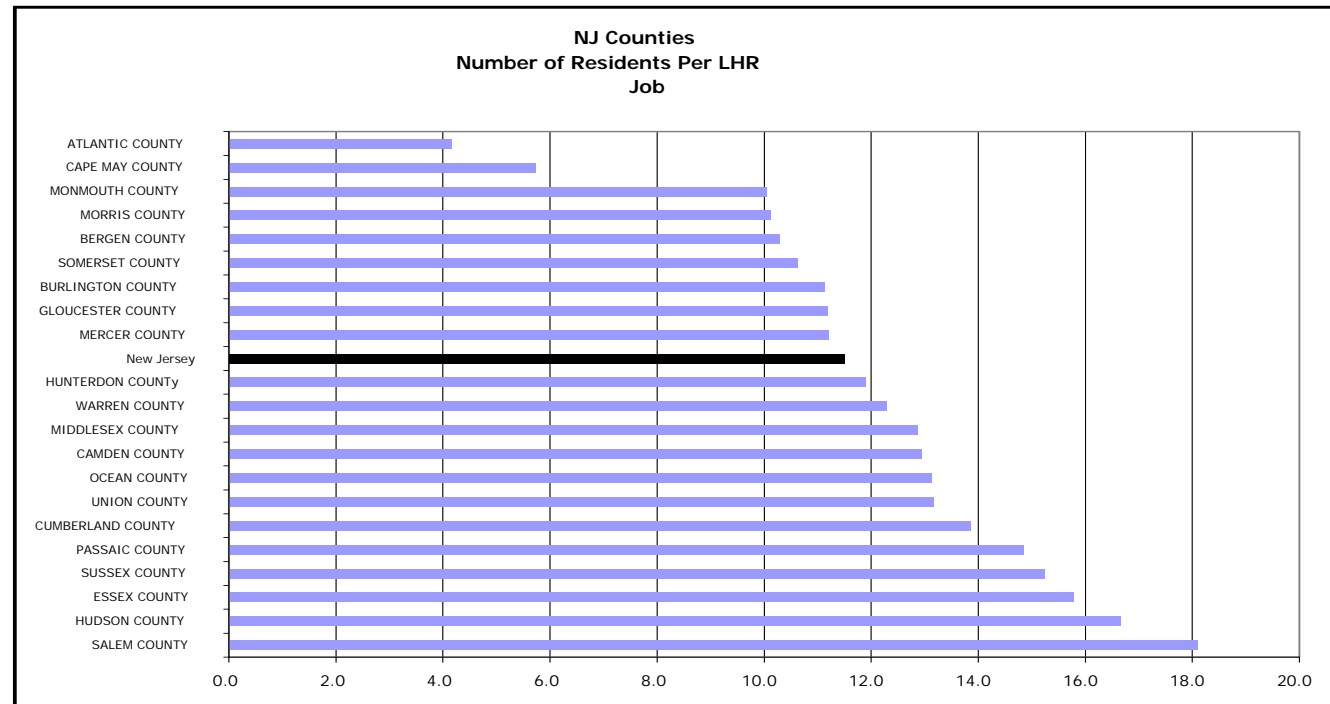
## Number of residents per LHR job

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➤ While it is generally true that the distribution of Retail Trade employment across the state's 21 counties is likely to correlate to their resident population count, adding Leisure & Hospitality to the mix can in some cases take the distribution of the cluster's employment by county in a different direction.

The most notable examples are the **tourism dependent** counties of Atlantic and Cape May, which rank one and two in number of LHR jobs on a per capita basis.

➤ In addition to the distribution of LHR employment by county, it also may be useful to rank the state's counties by number of residents per LHR job. The lower the number, the greater the concentration of LHR jobs per capita. For example, in top-ranked Atlantic County, there was one LHR job for every 4.2 county residents.

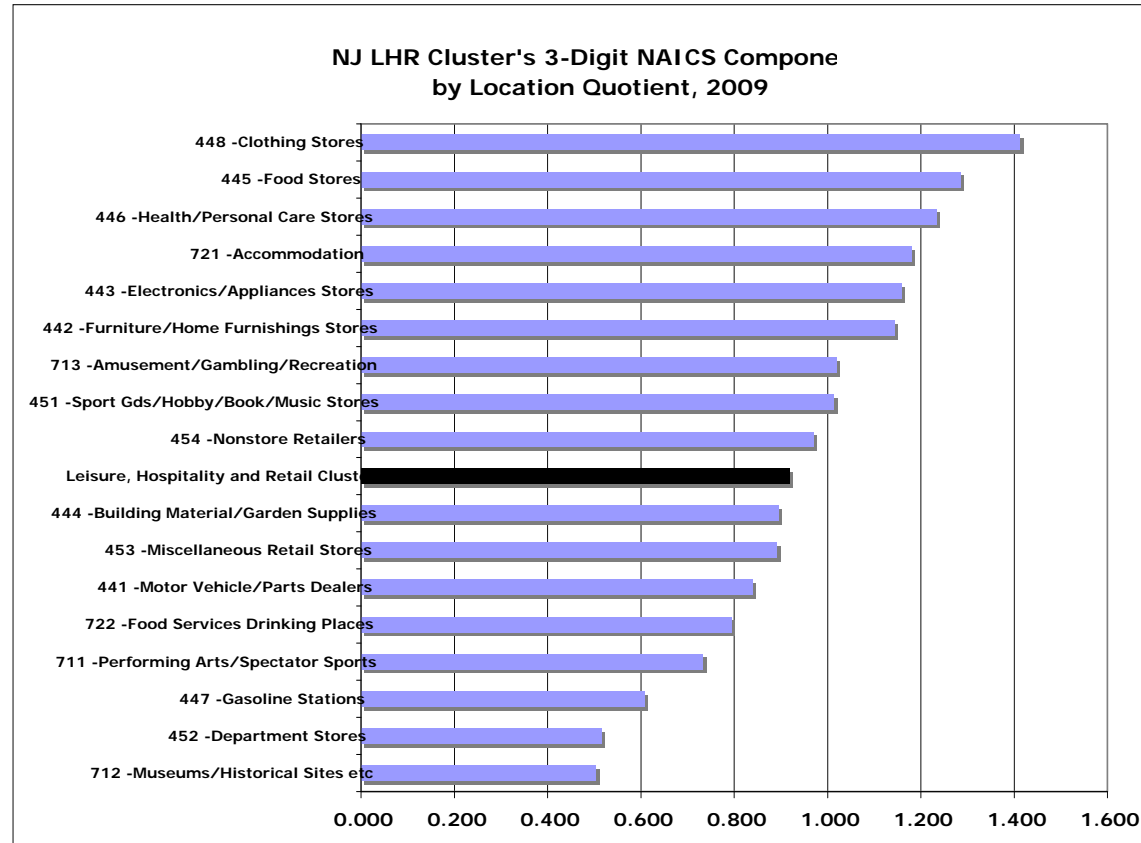


# Location Quotient (LQ)

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➤ LHR cluster yields a LQ result that is less than 1.0 (0.918). This suggests that the state's employment within this cluster comes close but is insufficient to meet local demand for the cluster's goods and services.

➤ NJ's less than sufficient employment in the cluster might not be the case if the state was not book-ended by major cities such as New York City and Philadelphia, which have their own concentrations of LHR businesses.



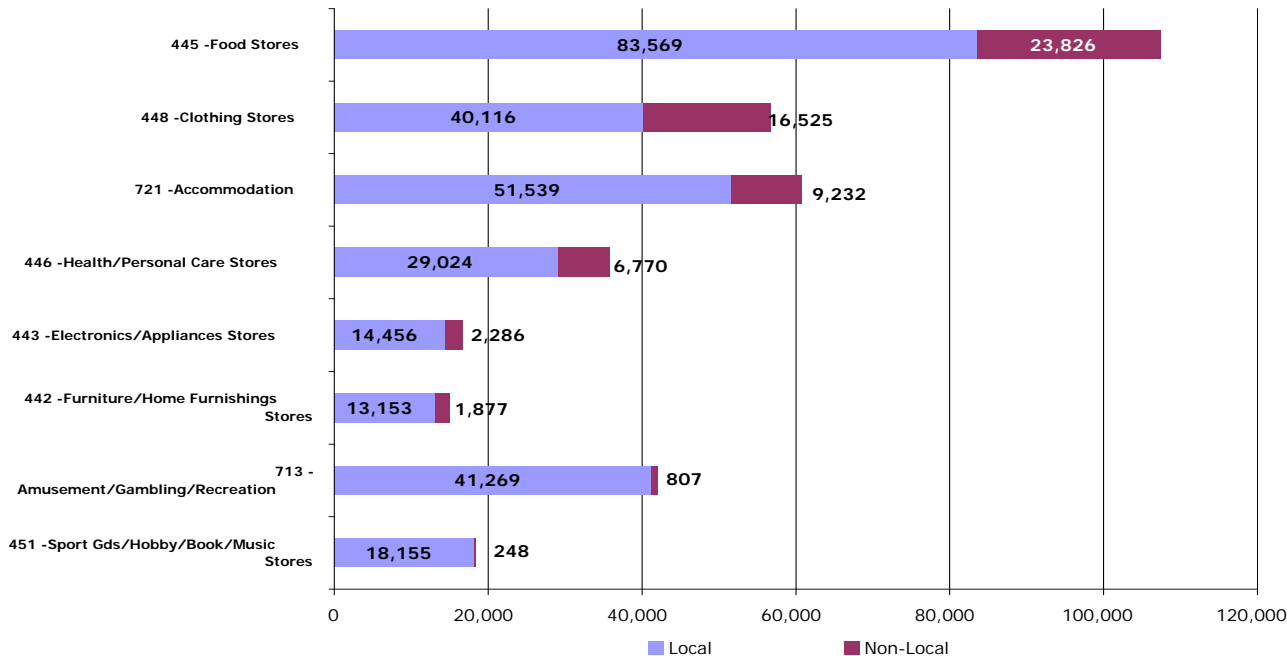
➤ Although the LHR cluster has a location quotient  $< 1.0$ , eight of its 17, three-digit components have quotients  $> 1.0$ , which suggests they export some of their goods and services to areas outside the state's borders, or that some of the demand for their goods and services comes from outside the state.

## LHR'S eight, three-digit industries with a LQ >1.0

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- A second formula can be applied that calculates how much of an industry's employment is related to its export of goods and services.

LHR Cluster Components with LQ>1.0  
Employment by Local and Non-Local



- It should be noted that some industries, such as NAICS code 721 – *Accommodations*, are generally assumed to have more than sufficient employment regardless of their calculated LQ because this industry, by definition, largely serves a non-local demand.

- This assumption maybe somewhat less true in the case of *Accommodations* along New Jersey's shore resorts (including Atlantic City's hotel casinos) since a significant proportion of their customer base are state residents.

# LHR Wages By Industry



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➤ The 2009 average annual wage for New Jersey's LHR cluster was \$27,134 or about one half (49.7%) the state's average annual wage for all private sector workers.

➤ In comparison, the average annual wage in the nation's LHR cluster was \$22,734 in 2009 or just 50.3 percent of the nation's average wage for all private sector workers (\$45,155).

➤ Total wages paid in New Jersey's LHR industry cluster during 2009 accounted for just 11.8 percent of the private sector wages paid in the state.

New Jersey's Leisure, Hospitality and Retail Trade Cluster (2009)

Industry Components	Employment	Establishments	Average Annual Wage (\$)
Leisure, Hospitality and Retail Trade Cluster Total	766,410	55,199	27,134
Retail Trade	434,183	32,799	29,677
Arts/Entertainment/Recreation	52,552	3,635	33,053
Accommodation	60,770	1,372	31,669
Food Services & Drinking Places	218,905	17,393	16,930
Private Sector Employment, NJ Total	3,158,235	259,906	54,543

Source: NJ Dept of Labor and Workforce Development, Quarterly Census of Employment and Wages, 2009 Annual Average

➤ The LHR cluster's much lower average annual wage reflects the entry level, lower skill, seasonal and part-time nature of many of the occupations found within it.



# Wage by Industry Breakdown



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➤ The Arts/Entertainment/Recreation component would have a much lower annual average wage (est. \$22,200) were it not for the wages paid in two of its industries: Sports Teams and Clubs (\$328,732) and Agents and Managers for Public Figures (\$127,724).



➤ With more than one-half (57.8%) of all jobs in the accommodations component, Atlantic City's casino hotels had a 2009 annual average wage of \$35,066, which reflects its higher proportion of unionized workers and a greater number of higher paying occupations compared to accommodation establishments without legalized gambling.



➤ The retail trade establishments with the highest annual average wage, Computer and Software Stores, Other Direct Selling, New Car Dealers and Fuel Dealers, were the only four (of 61 sub-sectors at the 5-digit NAICS level) to exceed the state's average for all private sector workers.

## NJ's Top Leisure, Hospitality & Retail Employers

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Rank	Company	NJ Employment
1	Wakefern Food Corp.	34,092
2	Wal-Mart Stores	17,133
5	Great Atlantic & Pacific Tea Co.	15,899
6	Harrah's Entertainment LLC.	14,533
11	The Home Depot	10,850
14	CVS Caremark	9,600
15	Target Corp.	8,959
17	Trump Entertainment Resorts	8,088
20	Macy's	7,800
21	The Stop & Shop Supermarket Co.	7,642
22	WaWa, Inc.	7,154
23	Borgata Hotel Casino & Spa	6,631
26	Lowe's Companies Inc.	5,800
29	ACME Markets, Inc.	5,251
30	Bed Bath & Beyond	5,200
31	Rite-Aid	5,026
34	Toys "R" Us, Inc.	4,556
38	Marriott International Corp.	4,444
41	Aramark	4,294
43	Six Flags	4,100

Source: New Jersey Business and Industry Association

## Top Employers in LHR

➤ According to the New Jersey Business and Industry Association's (NJBIA) Top 100 Employers as of December 2010, four of New Jersey's top six largest employers fall within leisure, hospitality and retail trade.

➤ Overall, these 20 employers account for about one of every four jobs in the state's LHR industry cluster.



# LEISURE, HOSPITALITY & RETAIL

## Detailed Industry Occupational Analysis

## Percent distribution of employment, by occupation, 2009

## Occupational Analysis

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➤ The cluster had a higher distribution percentage in only **four** out of 18 occupational categories due to the defined nature of the industry components' type of work.

➤ For example, “Food preparation & service” is mainly in Food Services/Drinking Places within *Leisure & Hospitality* while “Sales/Marketing” has a significant job presence in *Retail Trade*.

Source: 2009 American Community Survey Public Use Micro-data Sample (5% Sample)

Occupation	Leisure, Hospitality & Retail	All industries
Total	100.0%	100.0%
Management/Business/Financial	8.2%	15.4%
Scientist/Engineer	0.7%	6.2%
Community/Social services	0.0%	1.4%
Legal services	0.1%	1.4%
Education/Training/Library worker	0.5%	6.3%
Arts/Entertainment	2.5%	1.9%
Health care	2.1%	7.2%
Protective	1.4%	2.4%
Food preparation & service	23.1%	4.9%
Cleaning/Maintenance	2.9%	3.7%
Personal Care	4.2%	3.3%
Sales/Marketing	33.3%	11.9%
Administrative support	11.2%	14.7%
Farming/Fishing/Forestry	0.0%	0.3%
Construction/Extraction	0.3%	4.7%
Installation/Repair	2.4%	2.8%
Production	1.9%	4.3%
Transportation/Material moving	5.1%	6.1%
Military/Never worked	N/A	1.1%



# Wages by Occupation



33

- As might be expected, the cluster's largest occupational category, retail salesperson, pays wages that vary by type of establishment. Automotive Dealers pay their Retail Salespersons the highest annual wage (\$46,470) followed by Direct Selling Establishments (\$41,920).
- Retail Salespersons tended to receive the lowest wages in establishments involved in performing arts and spectator sports.
- Wages paid to Cashiers, the cluster's second largest occupational category, tended to fall within a narrow range that for a full-time, year-round employee would usually amount to \$18,000 -- \$19,000.
- To the extent that tip income is reported accurately, Waiters/Waitresses (3<sup>rd</sup> largest occupation) do somewhat better with at full-time, year round worker earning wages in the low- to mid- \$20,000 range.

# Wages by Occupation



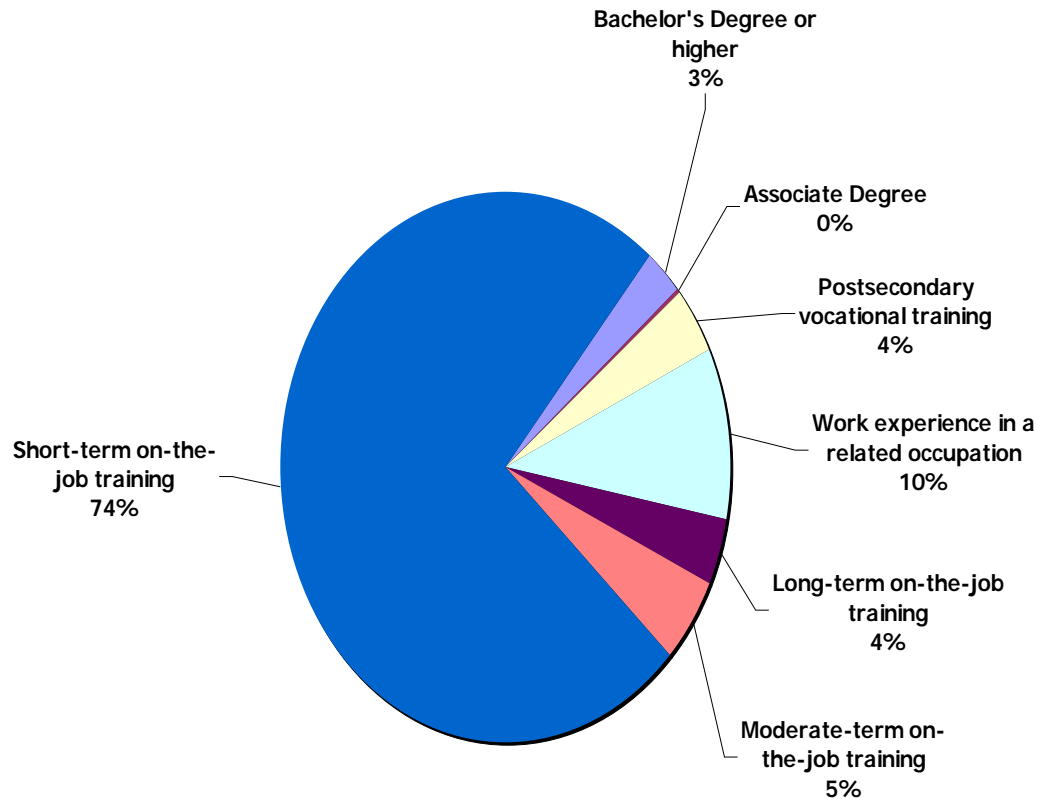
34

- Wages paid to Combined Food Preparation & Serving Workers, the cluster's 4th largest occupational category, generally paid in the \$8.50-to-\$10.00 per hour range, which for a full-time, year round employee equated to \$18,000-to-\$21,000 per annum.
- The same general pay scales can be applied to the Stock Clerk/Order Filler occupation (5<sup>th</sup> largest).
- Less than two percent of all LHR occupations pay an average of \$100,000 or more per annum. These mostly include Managers of all types, as well as, Pharmacists, Accountants and Engineers.
- Occupations that earn between \$50,000 and \$100,000, represent about 4.4 percent, while those earning \$30,000 or less per year, represent about 70 percent of all Leisure, Hospitality & Retail Trade workers.

# Jobs & Training

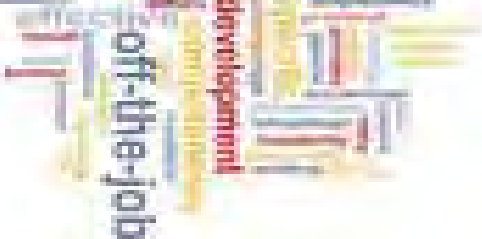
35

LHR Employment by Education/Training Requirement  
2009



➤ Overall, due to the lower skill needed for the majority of the jobs, nearly four of every five jobs in the LHR cluster require only short- or moderate-term on-the-job training.



- 
- There are 253 occupations within the LHR cluster but five (Retail Salespersons, Cashiers, Waiter/Waitress, Food Preparation and Serving Workers and Stock Clerks/Order Fillers) account for nearly one half (46%) of all jobs. Each of these top five requires only short-term on-the-job training.
  - First Line-Supervisors, the majority of which supervise Retail Salespersons and Food Preparation and Serving Workers, account for another 8.0 percent of LHR employment and only require work experience in a related occupation. About 4.0 percent of LHR employment requires postsecondary vocational training with more than three of every four (78.4%) in just three occupations: Gaming Dealers, Fitness Trainers/Aerobics Instructors and Auto Service Technicians and Mechanics.

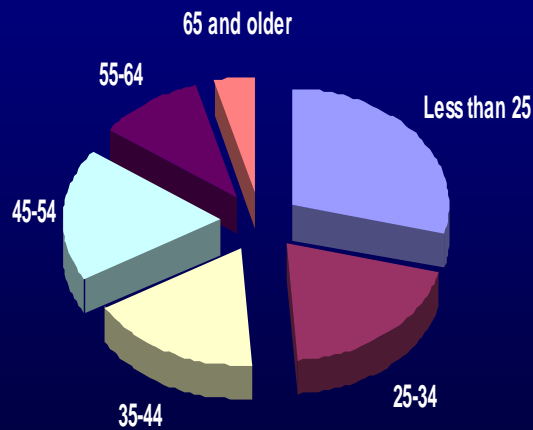
# LEISURE, HOSPITALITY & RETAIL

## **Demographic Characteristics of the Industry Cluster Workforce**

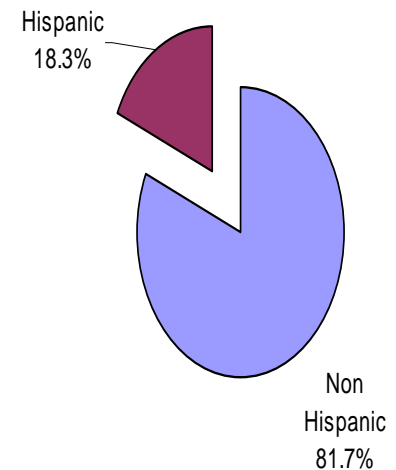
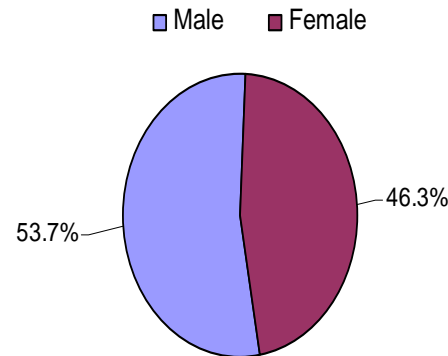
# Demographic Characteristics of the LHR Workforce

38

Percent Distribution of Employment by Age Group, 2009



➤ The LHR industry cluster is characterized by a large number of seasonal and part-time jobs and by workers who are younger than the average for all industries. About one-half (48.8%) of all workers in the cluster are under 35 years old compared with nearly one-third (32.5%) for all industries.

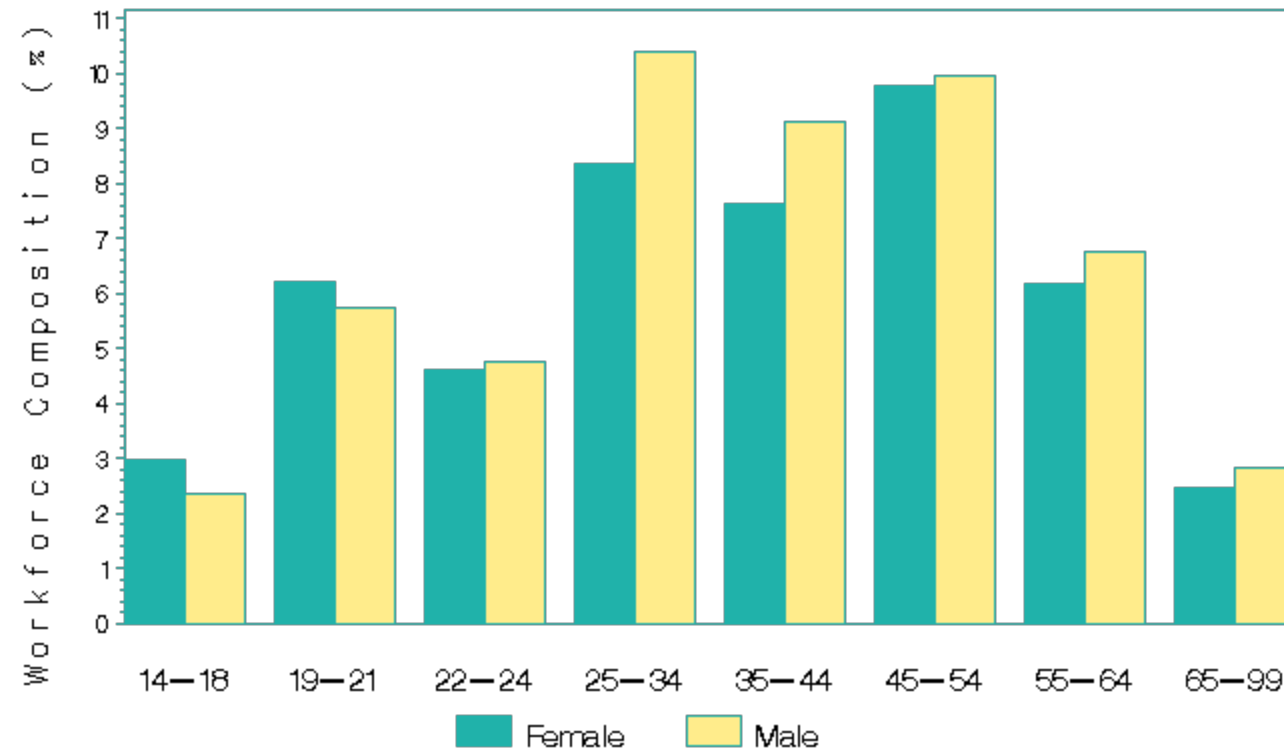


➤ Many businesses in the cluster increase hiring during the summer, often employing high school-age and college-age workers. Some segments of the industry cluster are heavily reliant on immigrant and guest workers such as boardwalk and amusement establishments. Nearly 54 percent of the cluster's workforce is male and 82 percent Non Hispanic.

# More recent Industry Focus: Workforce Characteristics (2nd qtr. 2010)

Employee Distribution by Age and Sex, Statewide, Private Firms Only

39



**44-45 Retail Trade**

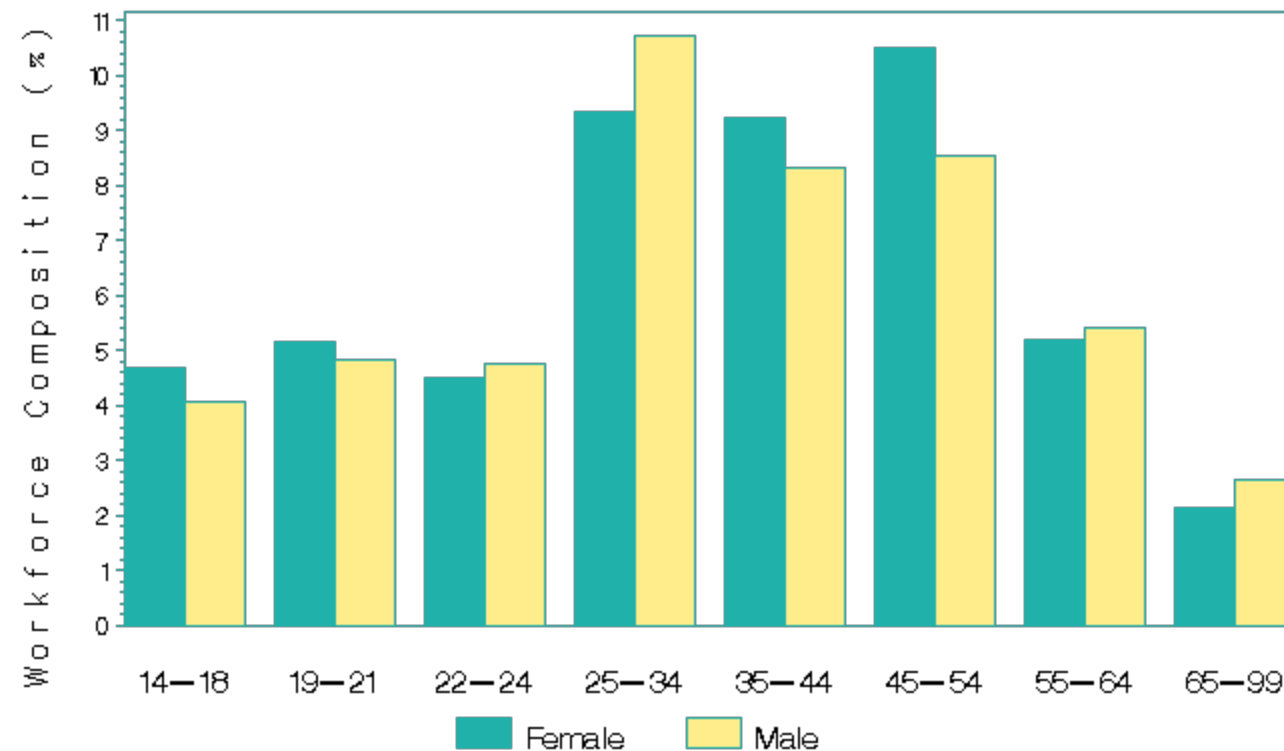
*Source: U.S. Census Bureau,  
Local Employment Dynamics*

- The largest percentage of workforce composition for males (10.39%) in the retail trade industry is the 25-34 year age range while the female counterpart (9.78%) is older at ages 45-54.

# More recent Industry Focus: Workforce Characteristics (2nd qtr. 2010)

Employee Distribution by Age and Sex, Statewide, Private Firms Only

40



**71 Arts, Entertainment & Recreation**

*Source: U.S. Census Bureau,  
Local Employment Dynamics*

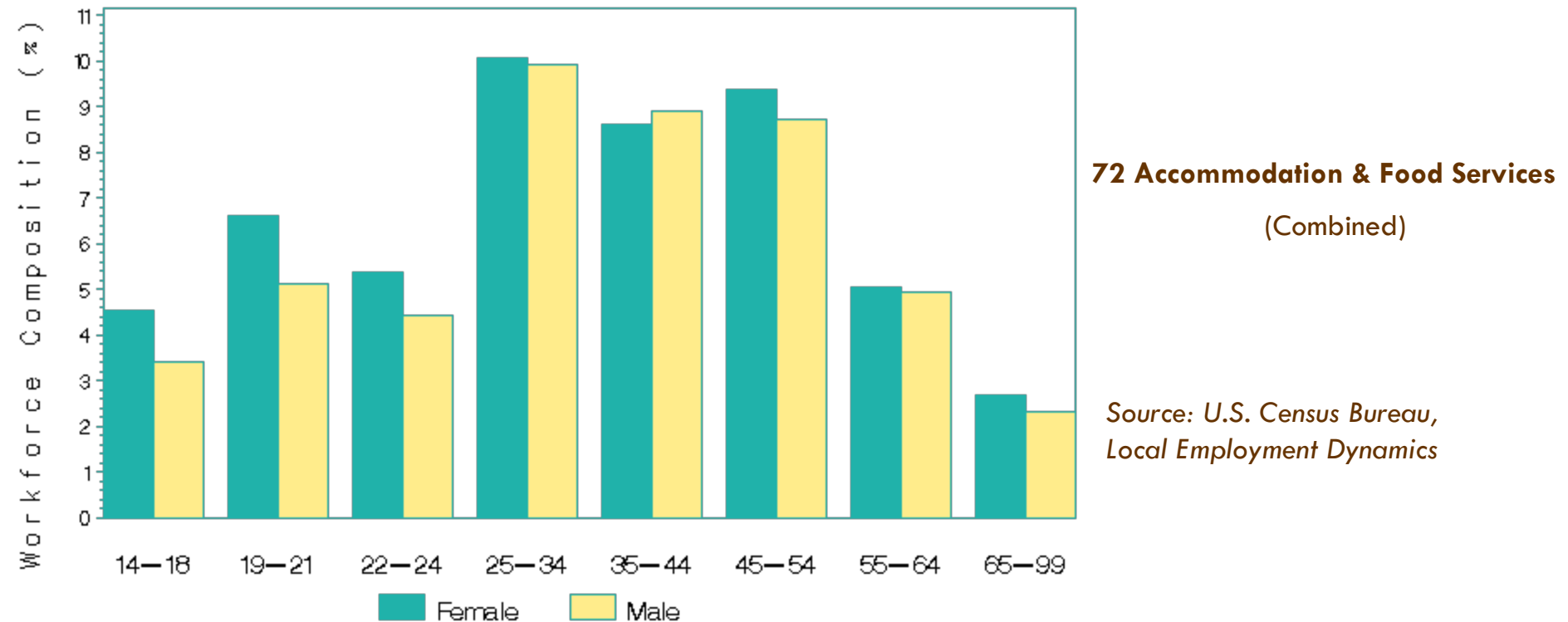
➤ Similar to the retail workforce composition, the largest percentage for males (10.71%) in the arts. entertainment & recreation is the 25-34 year age range while the female counterpart (10.5%) is older at ages 45-54.



# More recent Industry Focus: Workforce Characteristics (2nd qtr. 2010)

Employee Distribution by Age and Sex, Statewide, Private Firms Only

41

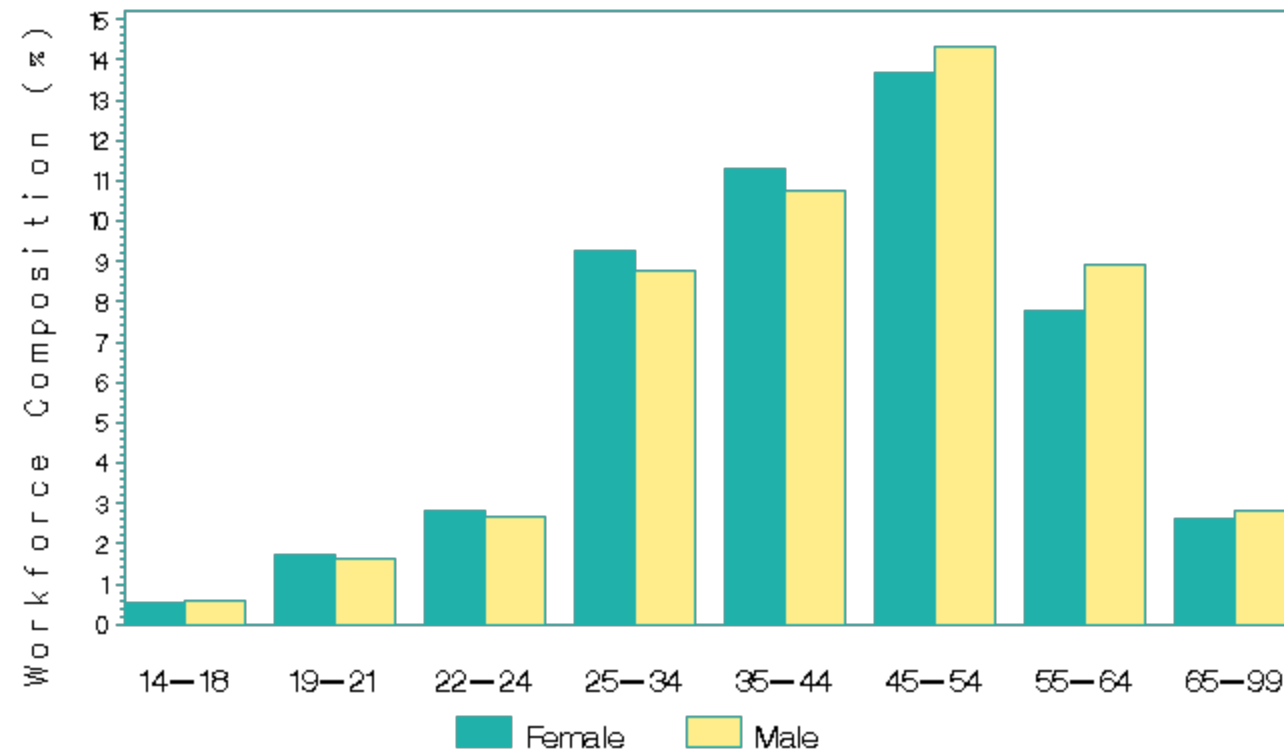


- The largest percentage of workforce composition in accommodation and food services for females (10.08%) and males (9.92%) are both in the 25-34 year age range.

# More recent Industry Focus: Workforce Characteristics (2nd qtr. 2010)

## Employee Distribution by Age and Sex, Statewide, Private Firms Only

42



**721 Accommodations**

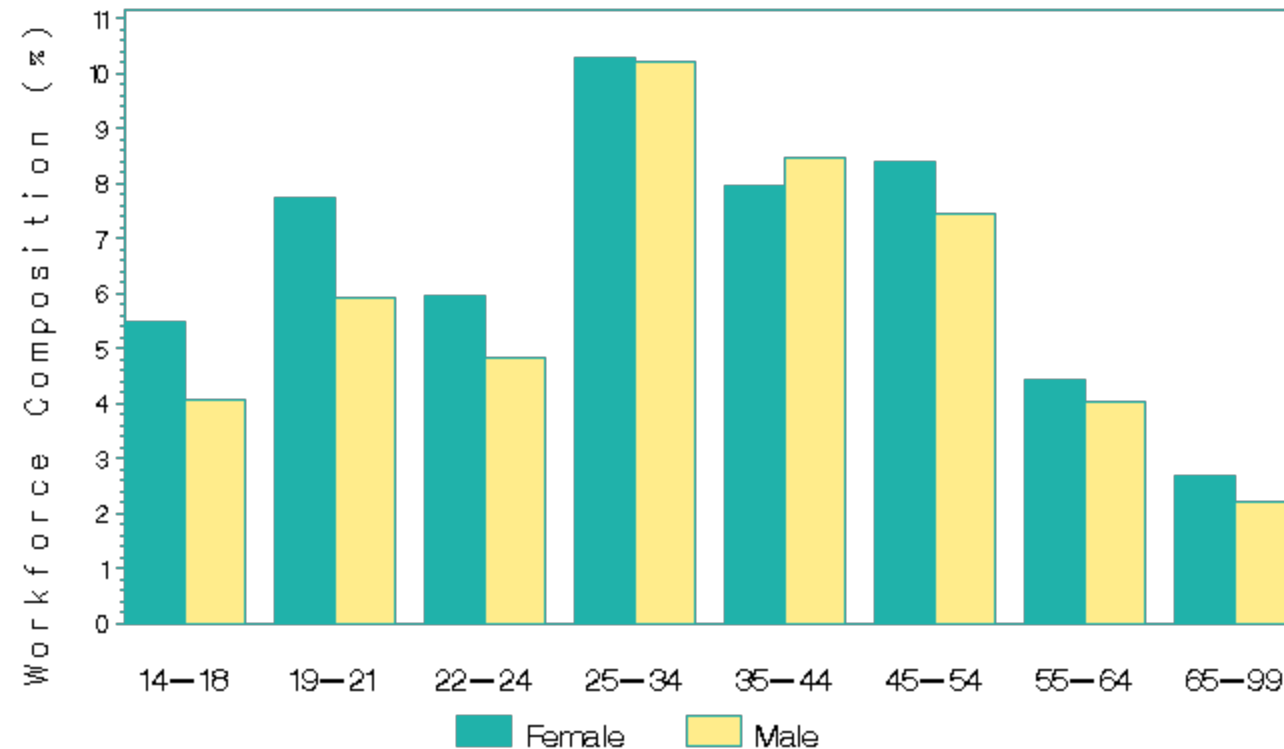
*Source: U.S. Census Bureau,  
Local Employment Dynamics*

- The largest percentage of workforce composition in accommodations for males (14.3%) and females (13.67%) are both in an older 45-54 year age range.

# More recent Industry Focus: Workforce Characteristics (2nd qtr. 2010)

## Employee Distribution by Age and Sex, Statewide, Private Firms Only

43



**722 Food Services & Drinking Places**

*Source: U.S. Census Bureau,  
Local Employment Dynamics*

- The largest percentage of workforce composition in food services and drinking places for females (10.28%) and males (10.19%) are both in the 25-34 year age range.

# Characteristics of the Unemployed by Industry

## New Jersey : 2009

44

Category	Annual Average 2009	Percent of Total
<b>Total Insured Unemployed</b>	<b>138,988</b>	<b>100.0%</b>
Construction	17,210	12.4%
Manufacturing	13,716	9.9%
Trade, Transportation, Utilities	30,560	22.0%
Wholesale Trade	8,236	5.9%
<b>Retail Trade</b>	<b>15,348</b>	<b>11.0%</b>
Information	3,088	2.2%
Financial Activities	8,131	5.9%
Professional and Business Services	25,717	18.5%
Educational and Health Services	12,138	8.7%
<b>Leisure and Hospitality</b>	<b>10,987</b>	<b>7.9%</b>
Other Services	3,307	2.4%

Unemployed people who worked in Retail fared better than those in professional & business services (18.5%) and construction (12.4%) while Leisure & Hospitality bested every one except information (2.2%), other services (2.4%) and wholesale trade and financial activities (5.9%). The lower percentage could be due to the fact that the top two (and 7<sup>th</sup>-ranked) high-growth industries listed below represent the entire LHR cluster.

*High Growth Industries*  
*Top 10 Industry Sectors ranked on the greatest growth in hiring*  
*State=New Jersey, Statewide, Sex=Male and Female, Age=14-99*  
*Private Firms Only*

Rank	Industry	Hiring Growth (2009Q2,2010Q2)	Hiring Growth (%) (2009Q2,2010Q2)	Hiring (2010Q2)	Hiring (2009Q2)
	<b>All NAICS Sectors</b>	<b>6,231</b>	<b>3.7 %</b>	<b>169,839</b>	<b>163,608</b>
1	72 Accommodation and Food Services	1,598	8.1 %	20,493	18,895
2	44-45 Retail Trade	1,270	5.8 %	22,169	20,899
3	31-33 Manufacturing	1,220	14.0 %	9,317	8,097
4	42 Wholesale Trade	1,089	12.2 %	9,410	8,321
5	54 Professional, Scientific, and Technical Services	741	4.8 %	15,682	14,941
6	23 Construction	334	4.6 %	7,406	7,072
7	71 Arts, Entertainment, and Recreation	315	7.1 %	4,577	4,262
8	48-49 Transportation and Warehousing	202	3.2 %	6,244	6,042
9	55 Management of Companies and Enterprises	184	7.9 %	2,403	2,219
10	61 Educational Services	146	4.6 %	3,210	3,064

# High-Growth Industries at a smaller level (3-digit NAICS)

45

## High Growth Industries

*Top 10 industries ranked on the greatest growth in hiring  
State=New Jersey, Statewide, Sex=Male and Female, Age=14-99  
Private Firms Only*

- The top three as well as half of the top 10 high-growth industries fall within the LHR cluster.

Rank	Industry	Hiring Growth (2009Q2,2010Q2)	Hiring Growth (%) (2009Q2,2010Q2)	Hiring (2010Q2)	Hiring (2009Q2)
	All NAICS subsectors	6,231	3.7 %	169,839	163,608
1	722 Food Services and Drinking Places	1,236	6.8 %	18,553	17,317
2	444 Building Material and Garden Equipment and Supplies Dealers	1,231	88.3 %	2,009	778
3	441 Motor Vehicle and Parts Dealers	943	33.9 %	3,248	2,305
4	522 Credit Intermediation and Related Activities	802	18.9 %	4,644	3,842
5	541 Professional, Scientific, and Technical Services	741	4.8 %	15,682	14,941
6	423 Merchant Wholesalers, Durable Goods	689	16.9 %	4,398	3,709
7	711 Performing Arts, Spectator Sports, and Related Industries	516	65.1 %	1,050	534
8	424 Merchant Wholesalers, Nondurable Goods	383	11.6 %	3,471	3,088
9	484 Truck Transportation	379	22.7 %	1,856	1,477
10	721 Accommodation	362	20.5 %	1,940	1,578



Source: U.S. Census Bureau,  
Local Employment Dynamics

# Average Quarterly New Hire Employment: (2009Q3 to 2010Q2)

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Rank	All NAICS subsectors	175,900
1	<b>722 Food Services and Drinking Places</b>	<b>19,863</b>
2	561 Administrative and Support Services	18,355
3	541 Professional, Scientific, and Technical Services	14,308
4	621 Ambulatory Health Care Services	10,965
5	<b>445 Food and Beverage Stores</b>	<b>6,075</b>
6	623 Nursing and Residential Care Facilities	5,900
7	<b>448 Clothing and Clothing Accessories Stores</b>	<b>5,385</b>
8	624 Social Assistance	5,063
9	238 Specialty Trade Contractors	4,358
10	622 Hospitals	4,276
11	611 Educational Services	4,210
12	<b>452 General Merchandise Stores</b>	<b>3,937</b>
13	423 Merchant Wholesalers, Durable Goods	3,920
14	<b>713 Amusement, Gambling, and Recreation Industries</b>	<b>3,675</b>
15	522 Credit Intermediation and Related Activities	3,430
16	424 Merchant Wholesalers, Nondurable Goods	3,345
17	812 Personal and Laundry Services	3,242
18	<b>441 Motor Vehicle and Parts Dealers</b>	<b>2,872</b>
19	<b>446 Health and Personal Care Stores</b>	<b>2,624</b>
20	551 Management of Companies and Enterprises	2,469

➤ The **top-ranked** and seven of the top 20 industries with the greatest number of “new hires” fall within the LHR cluster.

➤ The total of new hires for those seven industries (44,431) accounts for over one-quarter (25.3%) of all NAICS subsectors.

High Growth Industries

State = NJ, Statewide, Sex=Male and Female,  
Age=14-99, Private Firms Only

Source: U.S. Census Bureau,  
Local Employment Dynamics

# Greatest average monthly earnings for new hires: (2009Q3 to 2010Q2)

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47

Rank	All NAICS sub-sectors	\$2,905	
1	52 Finance and Insurance	\$6,515	
2	22 Utilities	\$6,154	➤ Due to the lower-paying nature of the jobs within the industry cluster, the bottom-ranked (16 <sup>th</sup> , 19 <sup>th</sup> and last) of the top 20 industries are leisure, hospitality and retail-related.
3	55 Management of Companies and Enterprises	\$6,044	
4	54 Professional, Scientific, and Technical Services	\$5,323	
5	51 Information	\$4,879	
6	21 Mining, Quarrying, and Oil and Gas Extraction	\$4,738	
7	42 Wholesale Trade	\$4,457	
8	31-33 Manufacturing	\$4,429	
9	23 Construction	\$3,939	
10	53 Real Estate and Rental and Leasing	\$3,054	➤ The annual wage for Accommodations may actually be lower were it not for the gaming industry's unionized hotel and restaurant workers, higher tipping rates and a greater proportion of higher paying jobs compared to similar non-gaming establishments.
11	48-49 Transportation and Warehousing	\$2,546	
12	62 Health Care and Social Assistance	\$2,450	
13	56 Administrative & Support & Waste Management & Remediation Services	\$2,286	
14	92 Public Administration	\$2,173	
15	61 Educational Services	\$2,034	
16	<b>71 Arts, Entertainment, and Recreation</b>	\$1,902	
17	11 Agriculture, Forestry, Fishing and Hunting	\$1,811	
18	81 Other Services (except Public Administration)	\$1,794	
19	<b>44-45 Retail Trade</b>	\$1,724	Source: U.S. Census Bureau, Local Employment Dynamics
20	<b>72 Accommodation and Food Services</b>	\$1,355	

# Employee Turnover

48

- Jobs in high turnover industries will always have available and open positions. Jobs with high turnover rates are typically not the ones people seek because they are quite unstable and usually have lower pay. But, income has to come from somewhere and these jobs are the likeliest to hire. Additionally, the lack of career opportunities and challenges, dissatisfaction with the job-scope or conflict with the management have been cited as predictors of high turnover. As illustrated in the following graphs, many of the jobs within the LHR industry cluster are kids' first jobs thus the higher turnover rate from 14-18, 19-21 and 22-34 year olds. Once the workforce gets older, they tend to settle in and follow a possible career path reflecting lower turnover rates.
- Low pay has significantly contributed to the constant revolving door. In addition, many retailers rely on teenagers, college students, and young adults to fill employment gaps - very few of whom are looking for more than job. Companies may have to revisit their current attraction strategies if they expect to effectively respond to the upcoming labor shortage. Retail managers know that controlling turnover is important, not only for customer service purposes but for sales, spoilage, errors, and reducing employee theft. When retailers constantly focus on re-hiring and re-training, there is less time to concentrate on increasing profits.
- Low turnover indicates that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. All three components of the industry cluster (retail, arts/entertainment/recreation and accommodations/food services) have fairly high turnover rates which are due to similar reasons.



# Employee Turnover by Age and Sex: Statewide

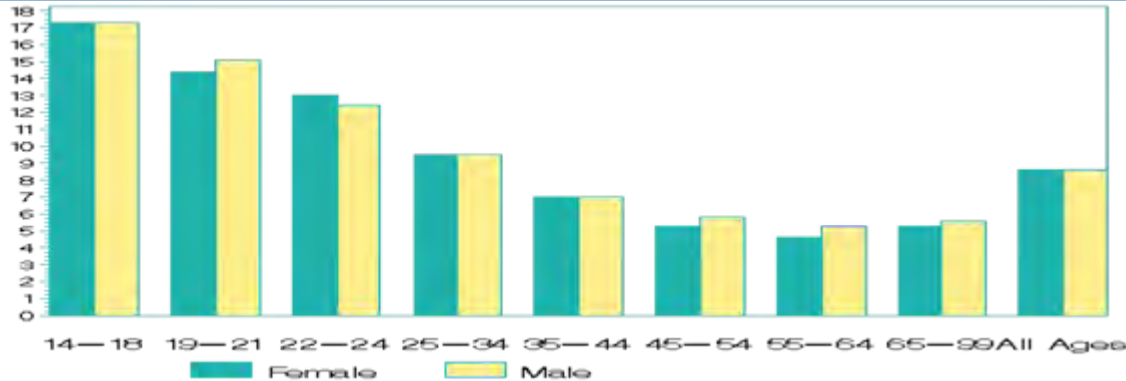
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Industries: NAICS 44-45, 71 & 72

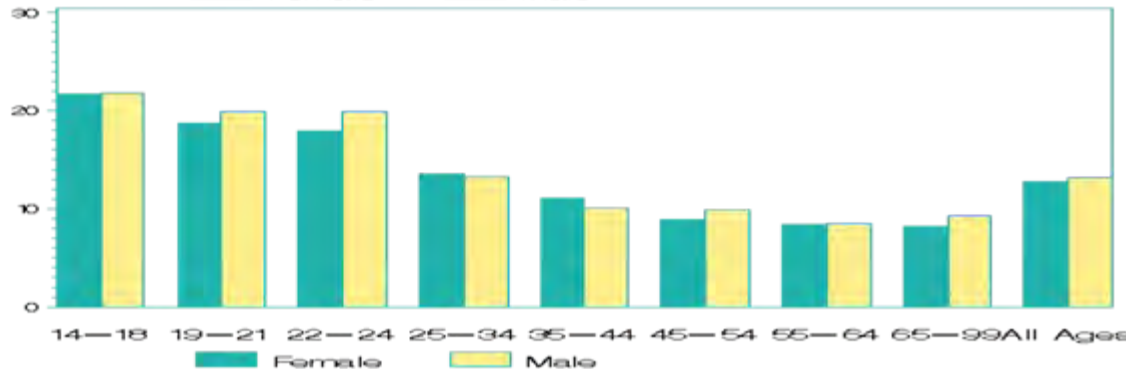
Date = 2010Q2 , Private Firms Only

Source: U.S. Census Bureau, Local Employment Dynamics

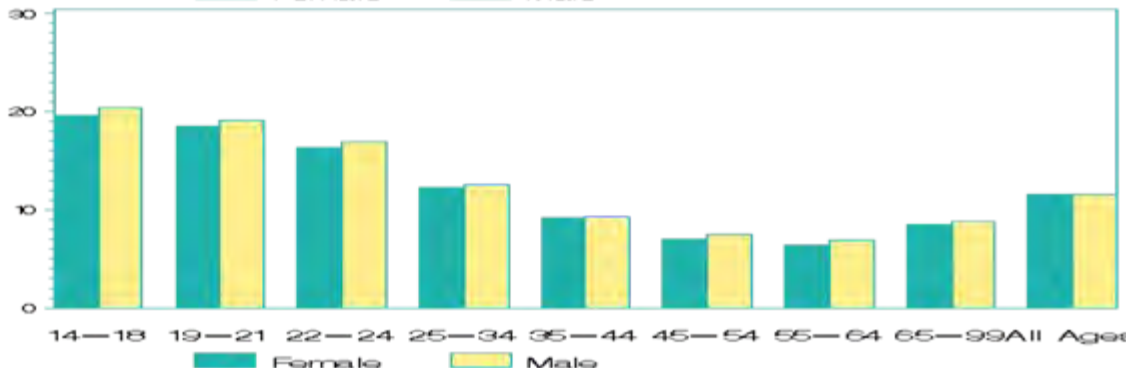
49



Retail: Has the lowest turnover rate (all ages combined) of the three: 8.6% for both Male & Female.



Arts, Entertainment & Recreation: Has the highest turnover rate of the three (13.2% Male; 12.8% Female)



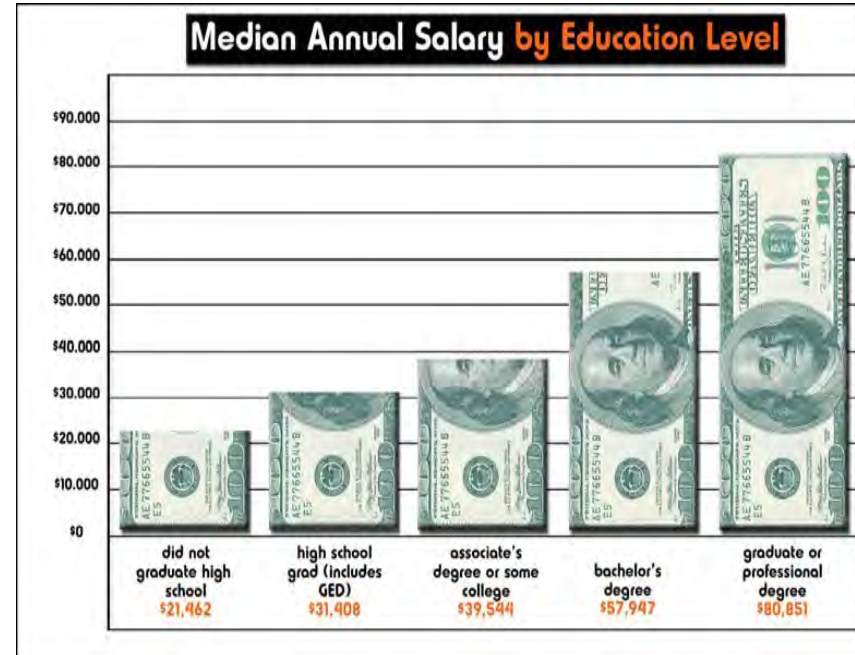
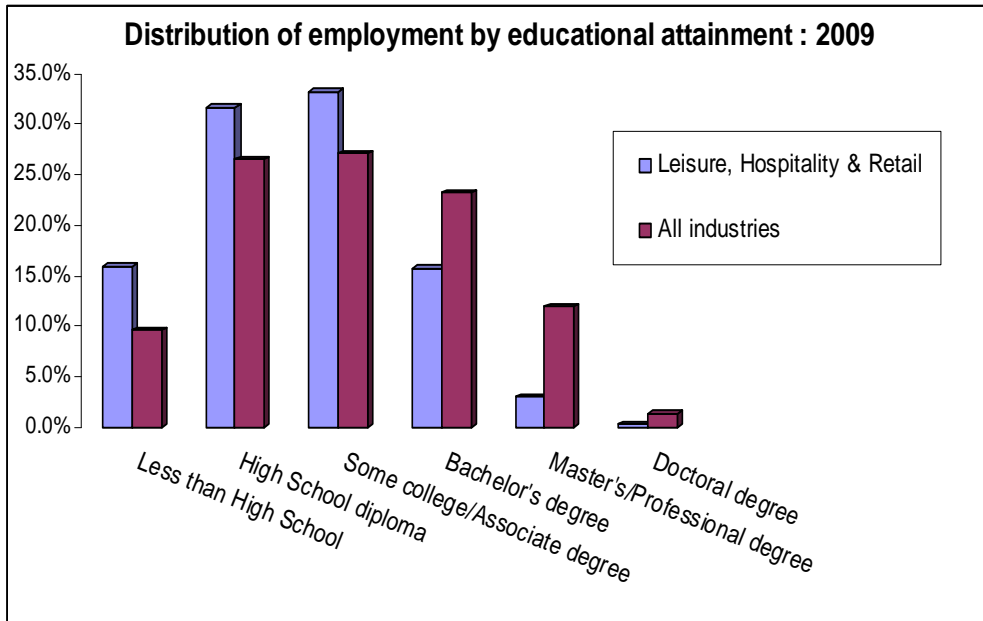
Accommodations and Food Services: 11.6% for both Male & Female.



# Education in Leisure, Hospitality & Retail

50

- LHR workers are also less educated than workers overall due to its lower skilled, entry-level positions with a higher turnover rate. The 2009 American Community Survey states nearly half (47.6%) of the workers in this industry cluster do not have any formal education beyond high school compared with 36.2 percent for employees in all industries statewide.



- The mantra “The More You LEARN...The More You EARN!” applies since workers in this cluster have an annual wage less than half of the state’s average annual wage for all private sector workers.

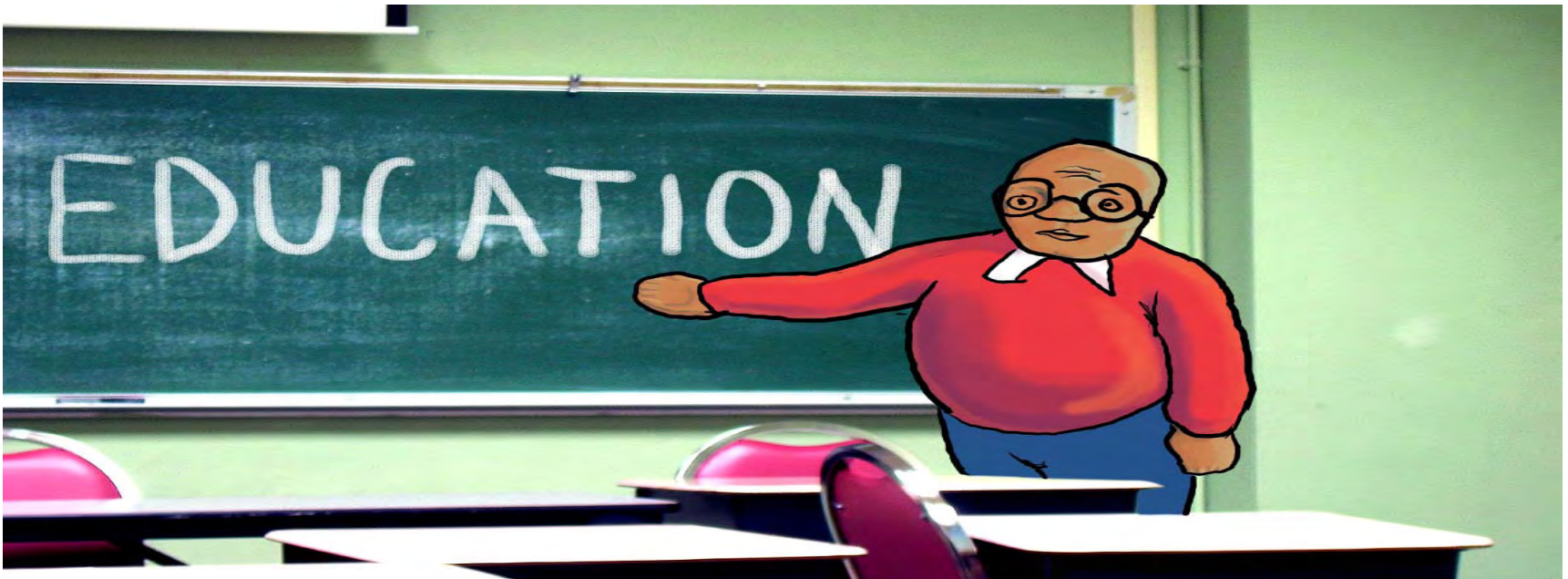


# Education & LHR Occupations

51

➤ Occupations that require a Bachelor's degree or higher level of education total about 21,000 or just 2.7 percent of all the jobs within the LHR cluster.

Three of these occupations, Pharmacists, General and Operations Managers and Sales Managers combined accounted for nearly three of every four (72.3%) jobs with a Bachelor's degree or higher education requirement.



# LEISURE, HOSPITALITY & RETAIL

## Outlook

# State of New Jersey - Leisure, Hospitality & Retail (LHR)

## Estimated and Projected Employment by Detailed Industry: 2008-2018

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NAICS	NAICS Industry	Employment		Change 2008-2018		
		Actual 2008	Projected 2018	Number	Annual Growth Rate %	Total Growth Rate %
000000	<b>Total Nonfarm</b>	4,058,300	4,182,950	124,650	0.3	3.1
440000	<b>Retail Trade</b>	457,500	459,550	2,050	0.0	0.4
441000	Motor Vehicle and Parts Dealers	46,300	47,800	1,500	0.3	3.2
441100	Automobile Dealers	33,600	34,900	1,300	0.4	3.9
441900	Motor Vehicle and Parts Dealers, AO	12,700	12,900	200	0.1	1.6
444000	Building Mat. & Garden Equip. & Supp. Dlr.	33,900	37,650	3,750	1.1	11.1
445000	Food and Beverage Stores	109,200	112,250	3,050	0.3	2.8
446000	Health and Personal Care Stores	38,400	38,950	550	0.1	1.4
448000	Clothing and Clothing Accessories Stores	60,300	62,050	1,750	0.3	2.9
451000	Sporting Goods, Hobby, Book, & Music Stores	20,200	19,100	-1,100	-0.6	-5.4
452000	General Merchandise Stores	66,500	63,750	-2,750	-0.4	-4.1
452100	Department Stores	53,000	50,750	-2,250	-0.4	-4.2
452900	General Merchandise Stores, AO	13,500	13,000	-500	-0.4	-3.7
459000	Retail Trade, AO	82,700	78,000	-4,700	-0.6	-5.7
102600	<b>Leisure and Hospitality</b>	344,200	365,950	21,750	0.6	6.3
710000	Arts, Entertainment, and Recreation	54,700	60,400	5,700	1.0	10.4
713000	Amusement, Gambling & Recreation Industries	43,200	48,200	5,000	1.1	11.6
719000	Arts, Entertainment, and Recreation, AO	11,500	12,200	700	0.6	6.1
720000	Accommodation and Food Services	289,400	305,550	16,150	0.5	5.6
721000	Accommodation	65,900	64,950	-950	-0.1	-1.4
721120	Casino Hotels	38,200	34,000	-4,200	-1.2	-11.0
721190	Accommodation, except Casinos	27,700	29,450	1,750	0.6	6.3
722000	Food Services and Drinking Places	223,600	240,550	16,950	0.7	7.6
722100	Full-Service Restaurants	100,800	110,500	9,700	0.9	9.6
722200	Limited-Service Eating Places	86,600	92,600	6,000	0.7	6.9
722300	Special Food Services	26,900	28,450	1,550	0.6	5.8
722400	Drinking Places (Alcoholic Beverages)	9,200	9,000	-200	-0.2	-2.2

➤ Based on official employment projections for New Jersey's industries prepared by the Department of Labor and Workforce Development, payrolls in LHR are projected to grow by 23,800 or 3.0 percent from 2008-to-2018.

Source: NJLWD Current Employment Statistics

\* NOTE Employment data are rounded to the nearest hundred  
Percentages and percent changes are based on unrounded data

Prepared by: New Jersey Department of Labor and Workforce Development  
Labor Market and Demographic Research  
Occupational and Demographic Research  
June, 2010

➤ The cluster's rate of job growth is about the same as that projected for the state overall (3.1%).



# Outlook



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- As it did during the 2004-to-2009 period, the Foods Services/Drinking Places component is projected to continue creating the greatest number of new jobs (16,950) from 2008-to-2018. This 7.6 percent increase is more than twice the state's projected rate (3.1%).
- The cluster's largest component, Retail Trade with 56 percent of employment, is projected to grow by a nominal 2,050 jobs or 0.4 percent during this 10-year period, while Arts/Entertainment/Recreation is projected to add 5,700 new jobs for a 10.4 percent advance.
- Accommodations is the only component with a projected employment decline during the 2008-to-2018 period (-2,450 or -1.4%). A projected decline of 4,200 or 11.0 percent in Casino Hotels will be partially eclipsed by job gains in other types of Accommodations.



		Employment		Change 2008-2018		Average Annual			
		Actual	Projected	Change 2008-2018		Job Openings			Education/Training
SOC	Occupational Title	2008	2018	Number	Percent	Total	Growth	Replacement	Requirement
00-0000	Total, All Occupations	4,377,000	4,497,400	120,400	2.8	121,610	22,520	99,090	
41-2011	Cashiers	102,950	102,900	-50	0.0	4,620	0	4,620	Short-term on-the-job training
41-2031	Retail Salespersons	123,550	126,150	2,600	2.1	3,710	260	3,450	Short-term on-the-job training
35-3031	Waiters and Waitresses	57,600	61,250	3,650	6.4	3,550	370	3,180	Short-term on-the-job training
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	79,650	73,500	-6,150	-7.7	2,560	0	2,560	Short-term on-the-job training
43-4051	Customer Service Representatives	59,400	65,100	5,700	9.6	2,440	570	1,870	Moderate-term on-the-job training
29-1111	Registered Nurses	79,500	89,650	10,150	12.8	2,400	1,010	1,390	Associate degree
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	60,850	68,200	7,350	12.1	2,030	740	1,290	Short-term on-the-job training
25-2021	Elementary School Teachers, Except Special Education	50,800	56,500	5,700	11.2	1,730	570	1,160	Bachelor's degree
43-5081	Stock Clerks and Order Fillers	69,700	70,650	950	1.4	1,700	100	1,610	Short-term on-the-job training
39-9011	Child Care Workers	40,900	45,250	4,350	10.7	1,630	440	1,200	Short-term on-the-job training

- As for the outlook by occupation, the top three, and five of the top ten occupations in the state with the greatest number of projected average annual job openings are the five occupations that make up nearly half (46%) of all jobs in LHR (Cashiers, Retail Salesperson, Waiter/Waitress, Combined Food Preparation and Serving Worker, Stock Clerk/Order Filler).

*Note: Over 87 percent of the state's employment in these five occupations falls within the LHR cluster. It is projected that these five will account for about 13 percent of the state's job openings over the ten-year period.*



# : Outlook

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- Profits for the city's 11 casinos fell about 8 percent in the second quarter of 2011 compared with the same period a year ago as the resort's gaming industry continues its slump in the face of competition in the weak economy.
- Gross operating profits for the resort's casinos totaled \$136.3 million, down from \$149 million in the second quarter of 2010 and down from \$192.5 million during the same time in 2009. At its peak in 2006, the casinos reported second quarter gross operating profits of \$355.9 million.
- Profit numbers reflected the continued effect of table games in Pennsylvania casinos, which began in July 2010. Other effects are the lingering recession and the new hotel that opened at Sands Casino Resort Bethlehem (Pennsylvania).
- At the same time, the occupancy rate in the city's casino hotels in the second quarter rose slightly, from 85 percent in the second quarter of 2010 to 87 percent in the same quarter 2011. It continued a trend of slowly rising occupancy levels, which were at 85 percent in 2009. This shows people are continuing to come to Atlantic City for the shopping and entertainment rather than only gambling.



# Outlook: Casinos



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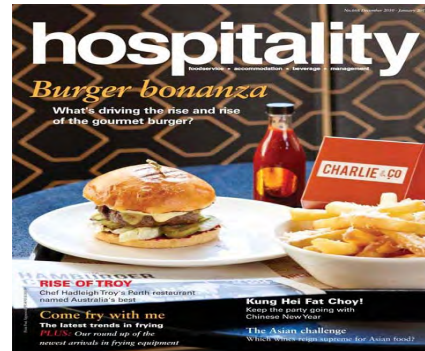
- The expected opening of the Revel casino project could be a catalyst, as would the future Hard Rock project, but more catalysts may be needed in the future.  
  
-- Revel, which is scheduled to open next May (2012), has already created about 2,000 construction jobs in a county that is suffering from a nearly 13 percent unemployment rate in the sluggish economy. Revel is giving the local community first crack at the 5,000 jobs that will be created by the \$2.4 billion mega-resort. The 5,000 permanent positions will provide a huge lift for an industry battered by about 10,000 job cuts and billions of dollars in lost revenue over the past four years.
- With two other would-be developers dropping out, Hard Rock International filed the only application to build a smaller-scale casino allowed under a new pilot program. Revealing its construction schedule for the first time, Hard Rock said Thursday that it plans to open its proposed \$275 million casino hotel in spring 2014.
- Unless a new owner comes to the rescue, gaming analysts predict the Atlantic City Hilton Casino Resort may not be able to hang on much longer. The sale has been complicated by the recent decision by Hilton Hotels & Resorts to sever ties with the casino, meaning the Hilton brand will be stripped off the building eventually. Even in the \$30 million price range, the Hilton's buyer would be taking a huge gamble. The Hilton suffered an \$18.9 million operating loss last year and was \$7.3 million in the red through the first quarter this year, making it Atlantic City's worst-performing casino. The buyer also would be saddled with the Hilton's financial liabilities. It is being shopped as a "stock sale," meaning the financial obligations will go with the casino hotel — including the labor contracts, unfunded pension liabilities, payments to vendors, lawsuits, and any unpaid real estate taxes.

# Outlook



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- Along with other service sectors such as the hospitality industry, retail is a critical point of entry, or “gateway,” into the labor force and provides workers with foundational skills in customer service, punctuality, and responsibility.



- The retail industry offers substantial employment opportunities. Part-time and temporary work is plentiful across a range of employers, from small, independent retailers to national and multinational retail chains. Solid store experience can lead to an array of retail management and store support career ladders.
- A college degree can afford direct entry into management training programs and regional/corporate level career paths.



## Shopping for incentives to attract urban supermarkets

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➤ In recent news (August 2011), the New Jersey Food Council has launched an ambitious long-term plan to push for lower costs and more incentives to build supermarkets in urban areas that lack access to affordable and nutritious food — a plan that's welcomed by grocers looking to expand in such regions.

The industry is facing a series of challenges, particularly in urban areas, that include over-regulation, transportation costs, security, permitting delays and an unskilled work force.

The New Jersey Supermarket Incentive Package includes measures to increase the amount from Economic Redevelopment and Growth grants that supermarkets in underserved areas could receive, allow corporation business tax credits as incentives for redevelopment of distressed shopping centers and create a state-organized retail theft prosecutor.

**Fresh Grocer supermarket** in New Brunswick is an example that can be replicated elsewhere in the state.

That supermarket is being built by the New Brunswick Development Corp., with assistance from the state Economic Development Authority. It will be part of a wellness plaza that will include a **Robert Wood Johnson University** Hospital-run fitness center and a 1,200-space garage.

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# LEISURE, HOSPITALITY & RETAIL

## Appendix

## Appendix: Retail (cont'd)

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The retail trade sector consists of these sub-sectors:

- ❑ Motor Vehicle and Parts Dealers: NAICS 441
- ❑ Furniture and Home Furnishings Stores: NAICS 442
- ❑ Electronics and Appliance Stores: NAICS 443
- ❑ Building Material and Garden Equipment and Supplies Dealers: NAICS 444
- ❑ Food and Beverage Stores: NAICS 445
- ❑ Health and Personal Care Stores: NAICS 446
- ❑ Gasoline Stations: NAICS 447
- ❑ Clothing and Clothing Accessories Stores: NAICS 448
- ❑ Sporting Goods, Hobby, Book, and Music Stores: NAICS 451
- ❑ General Merchandise Stores: NAICS 452
- ❑ Miscellaneous Store Retailers: NAICS 453
- ❑ Nonstore Retailers: NAICS 454

## Appendix - Retail Trade: NAICS 44-45

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- The Retail Trade sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.
- The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and non-store retailers.
- 1. Store retailers operate fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers. In general, retail stores have extensive displays of merchandise and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household consumption, but some also serve business and institutional clients. In addition to retailing merchandise, some types of store retailers are also engaged in the provision of after-sales services, such as repair and installation.
- 2. Non-store retailers, like store retailers, are organized to serve the general public, but their retailing methods differ. The establishments of this sub-sector reach customers and market merchandise with methods, such as the broadcasting of "infomercials," the broadcasting and publishing of direct-response advertising, the publishing of paper and electronic catalogs, door-to-door solicitation, in-home demonstration, selling from portable stalls (street vendors, except food), and distribution through vending machines.

## Appendix: Leisure & Hospitality

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The leisure and hospitality sector consists of these sub-sectors:

- Arts, Entertainment, and Recreation: NAICS 71
- Accommodation and Food Services: NAICS 72



## Appendix: Arts, Entertainment, and Recreation: NAICS 71

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- The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons.
- This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.
- Some establishments that provide cultural, entertainment, or recreational facilities and services are classified in other sectors.

North American Industry Classification System

## Appendix: Arts, Entertainment & Recreation

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The arts, entertainment & recreation sector consists of these sub-sectors:

- Performing Arts, Spectator Sports, and Related Industries: NAICS 711
- Museums, Historical Sites, and Similar Institutions: NAICS 712
- Amusement, Gambling, and Recreation Industries: NAICS 713

## Appendix: Accommodations & Food Services: NAICS 72

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- The Accommodations and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.
- The sector includes both accommodations and food services establishments because the two activities are often combined at the same establishment.

North American Industry Classification System

## Appendix: Accommodations & Food Services

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The accommodations & food services sector consists of these sub-sectors:

- Accommodations: NAICS 721
- Food Services and Drinking Places: NAICS 722