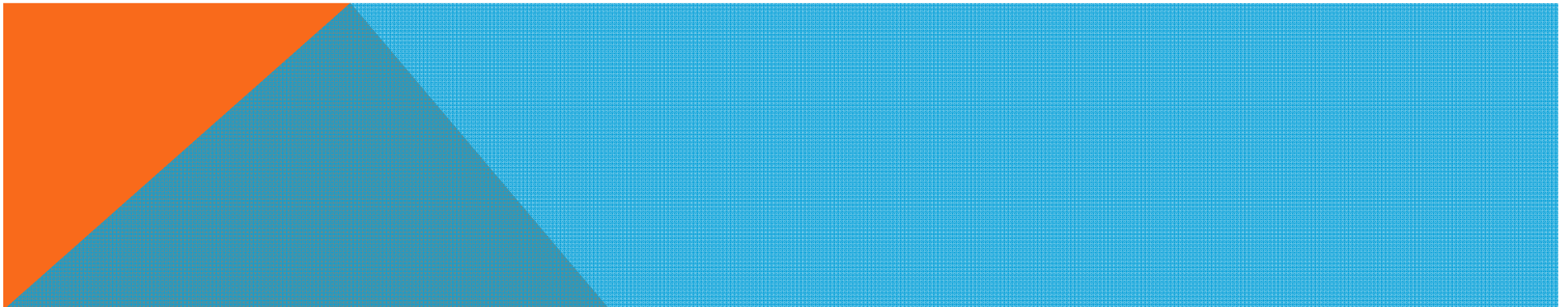


# New Jersey's Leisure, Hospitality and Retail Cluster

Prepared by:  
New Jersey Department of Labor  
& Workforce Development  
Office of Research and Information  
Bureau of Labor Market Information  
Fall/Winter 2013

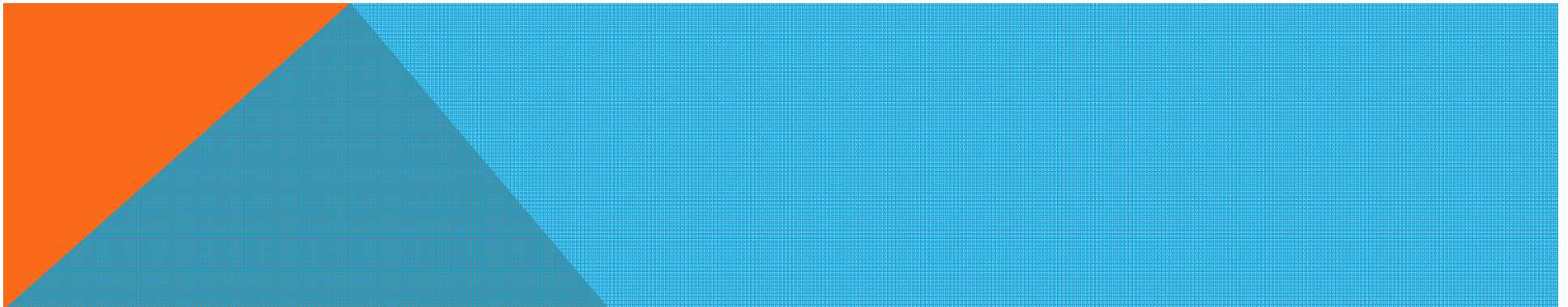
## LEISURE, HOSPITALITY & RETAIL: Background

- 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? Composition of NAICS Codes

## 44-45 Retail Trade

- 441 Motor Vehicle and Parts Dealers
- 442 Furniture and Home Furnishings Stores
- 443 Electronics and Appliance Stores
- 444 Building Material & Garden Supply Stores
- 445 Food and Beverage Stores
- 446 Health and Personal Care Stores
- 447 Gasoline Stations
- 448 Clothing and Clothing Accessories Stores
- 451 Sporting Goods/Hobby/Book/Music Stores
- 452 General Merchandise Stores
- 453 Miscellaneous Store Retailers
- 454 Non-store Retailers

## 71 Arts, Entertainment & Recreation

- 711 Performing Arts and Spectator Sports
- 712 Museums, Parks and Historical Sites
- 713 Amusement, Gambling & Recreation Ind

## 72 Accommodations and Food Services

- 721 Accommodations
- 722 Food Services and Drinking Places



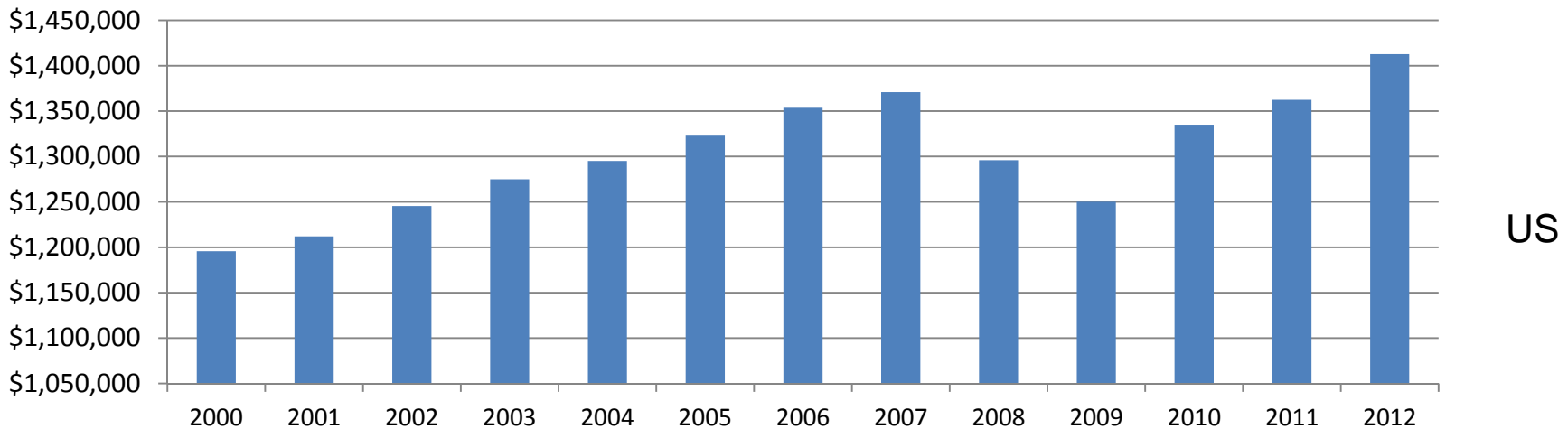
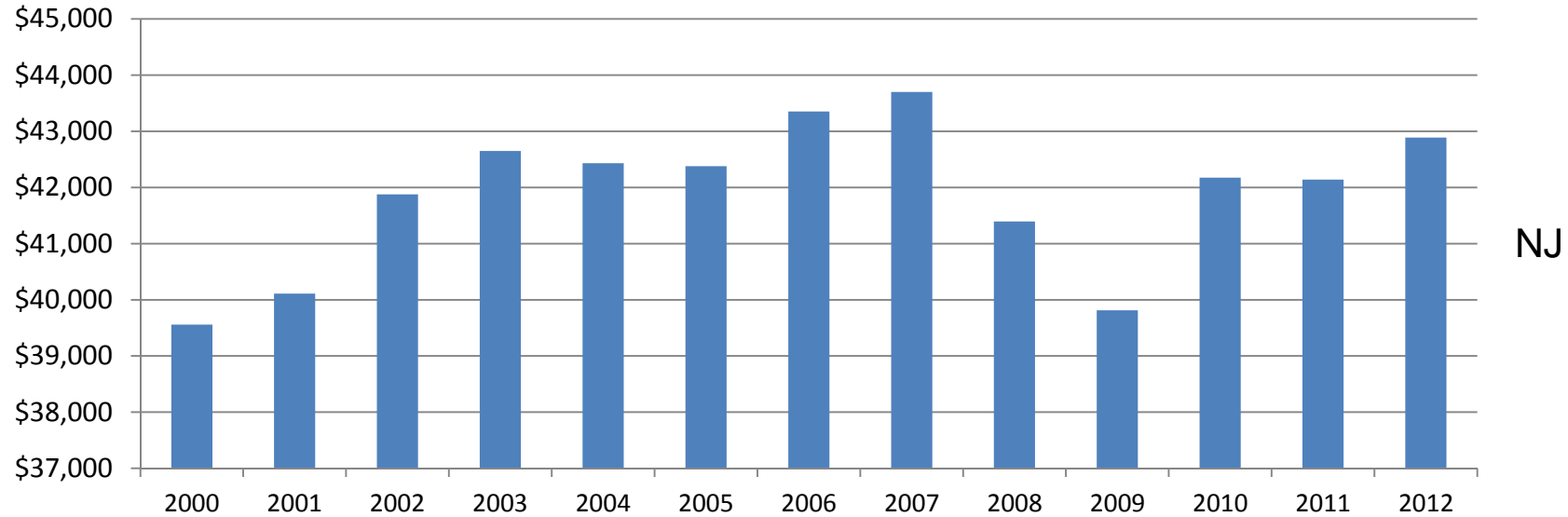
# Highlights of the LHR Industry Cluster



- The latest data show that:
  - Leisure, hospitality and retail trade (LHR) employment totaled 785,434 in 2012, or nearly one-quarter (24.6%) of all private sector workers in the state. In comparison, the cluster represented 25.9 percent of the nation's private sector employment in 2012.
  - LHR represented \$42.9 billion or 9.8 percent of the state's "real" Gross Domestic Product in 2012.
  - New Jersey LHR employers paid more than \$21 billion in wages during 2012, or 11.5 percent of the state total. In addition, LHR businesses accounted for 21.5 percent of all units in the statewide total private sector in 2012.
- Many of the businesses within LHR are involved in New Jersey's travel and tourism industry, the state's fifth largest industry, which directly supports 318,560 jobs, a 2 percent increase over 2011 and the largest single year percentage increase over the last six years.

# LHR Real Gross Domestic Product (millions of chained 2005 dollars): NJ vs. US

6



Source: U.S. Bureau of Economic Analysis

# Tourism

7

- 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 \$40 billion in 2012, an increase of 2.6 percent over 2011 and the first improvement since the industry's pre-recession high of \$39.5 billion set in 2007.
- Domestic visits to New Jersey also continued to rise, with a 4.8 percent increase to 82.5 million visits in 2012. Domestic trip volume in 2011 jumped 11.6 percent over 2010.
- Directly supports 318,560 jobs, a 2 percent increase over 2011 and the largest single year percentage increase over the last six years. When combined with indirect and induced jobs, total travel and tourism related jobs exceed 500,000, or 10 percent of all New Jersey jobs.
- Tourism generated \$34.7 billion of state GDP in 2012, or 7 percent of the entire state economy.
- Including both direct and indirect impacts, tourism in New Jersey generated \$4.5 billion in state and local taxes and \$5.1 billion in Federal taxes last year.



# LHR By Industry



➤ The 2012 average annual wage for New Jersey's LHR cluster was \$27,154 or less than half the state's for all private sector workers (\$58,093).

➤ In comparison, the annual average wage in the nation's LHR cluster was \$24,119 in 2012 or nearly 50% of the nation's for all private sector workers (\$49,200).

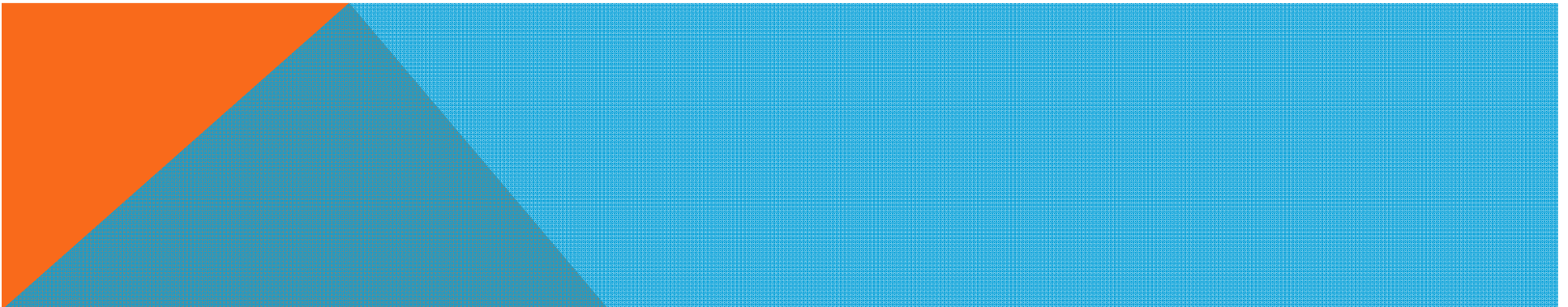
New Jersey's Leisure, Hospitality & Retail Trade Cluster (2012)			
Industry Components	Employment	Establishments	Average Annual Wage (\$)
LHR Cluster	785,434	54,445	27,154
Retail Trade	441,606	31,564	30,577
Arts/Entertainment/Recreation	55,539	3,643	34,000
Accommodations	57,812	1,370	31,800
Food Services & Drinking Places	230,477	17,868	17,779
<b>Private Sector Employment, NJ Total</b>	<b>3,193,972</b>	<b>253,000</b>	<b>58,093</b>
<i>Source: NJ Department of Labor and Workforce Development, Quarterly Census of Employment and Wages, 2012 Annual Average</i>			

➤ Total wages paid in New Jersey's LHR industry cluster during 2012 accounted for just 11.5% of the private sector wages paid in the state.

➤ 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.

LEISURE, HOSPITALITY & RETAIL

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



# Current Employment Statistics (CES): Description

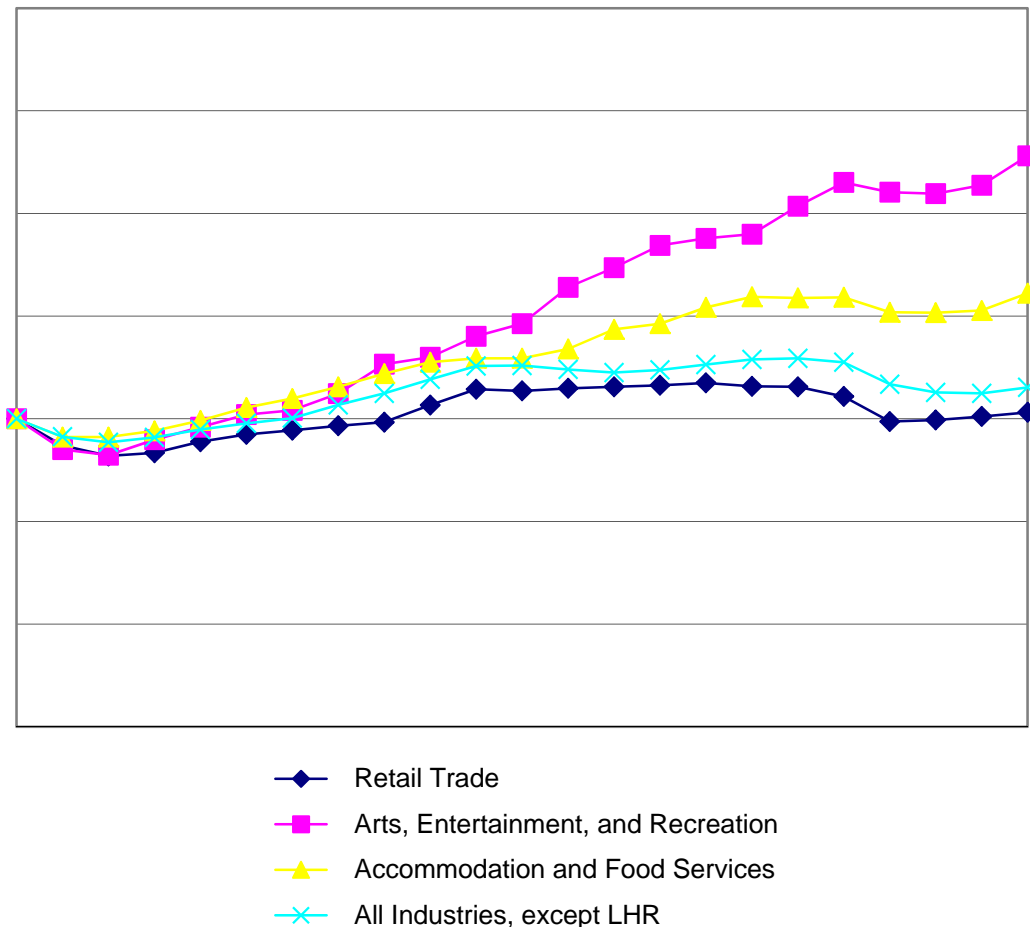
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- Preliminary monthly estimates are based on reports submitted by a sample of New Jersey employers.
- The estimates are benchmarked each year based on more complete and accurate counts of data, which are obtained primarily from employer reports required by the State's unemployment insurance system.
- The employment data are grouped by industry according to the 2012 North American Industry Classification System (NAICS).
- In March 2011, the responsibility for developing monthly estimates for New Jersey and for all other states is solely the responsibility of the Bureau of Labor Statistics (BLS).

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

11

**Leisure, Hospitality & Retail Employment Index:  
1990 to 2012**  
**Current Employment Statistics (CES) Annual Averages**

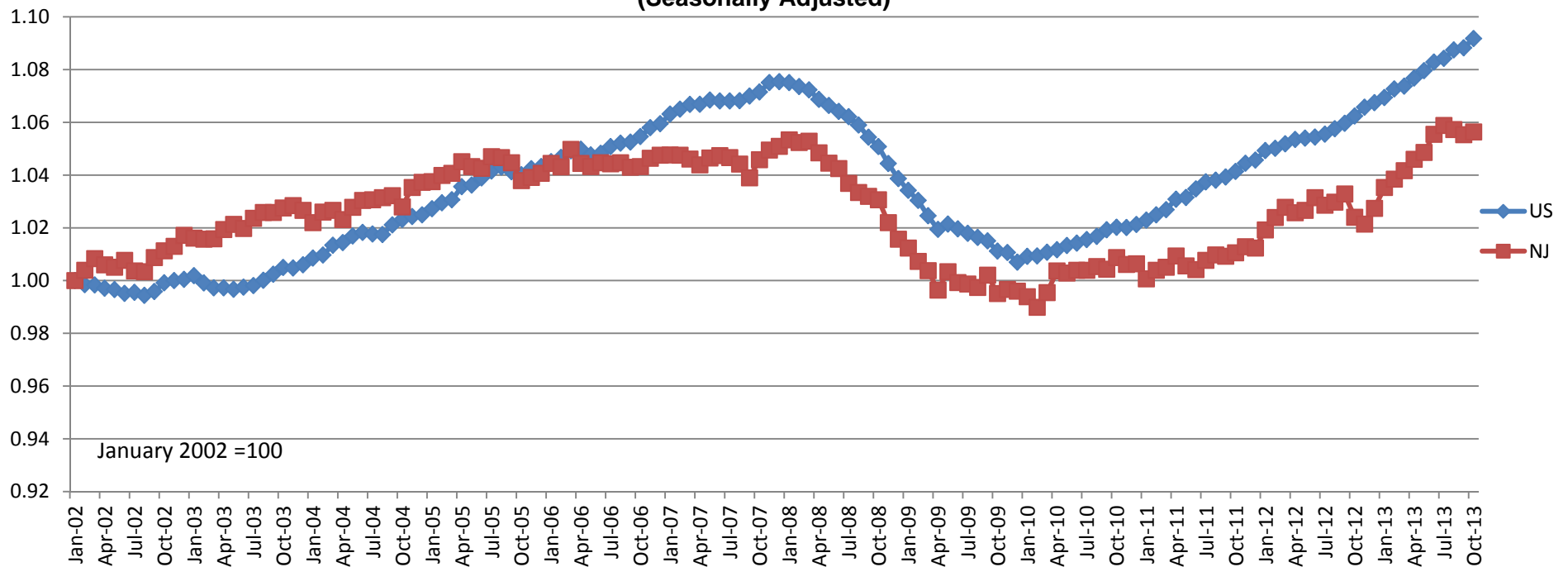


- Over the past two decades, LHR has added nearly 62,000 new jobs in New Jersey or about 28 percent of the state's employment gain since 1990. However, its share of total employment increased only slightly during this period, from 19.5 percent in 1990 to 20.0 percent in 2010.
- Employment in Arts, Entertainment and Recreation has grown nearly 44 percent 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 2002 to 2006, employment growth in NJ's LHR industry cluster generally outperformed the nation.

**NJ and US LHR Industry Cluster Employment Index**  
**January 2002 - October 2013**  
**Current Employment Statistics (CES)**  
**(Seasonally Adjusted)**



➤ 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.

Source: NJLWD, Current Employment Statistics, Monthly Estimates

# Quarterly Census of Employment and Wages (QCEW): Description

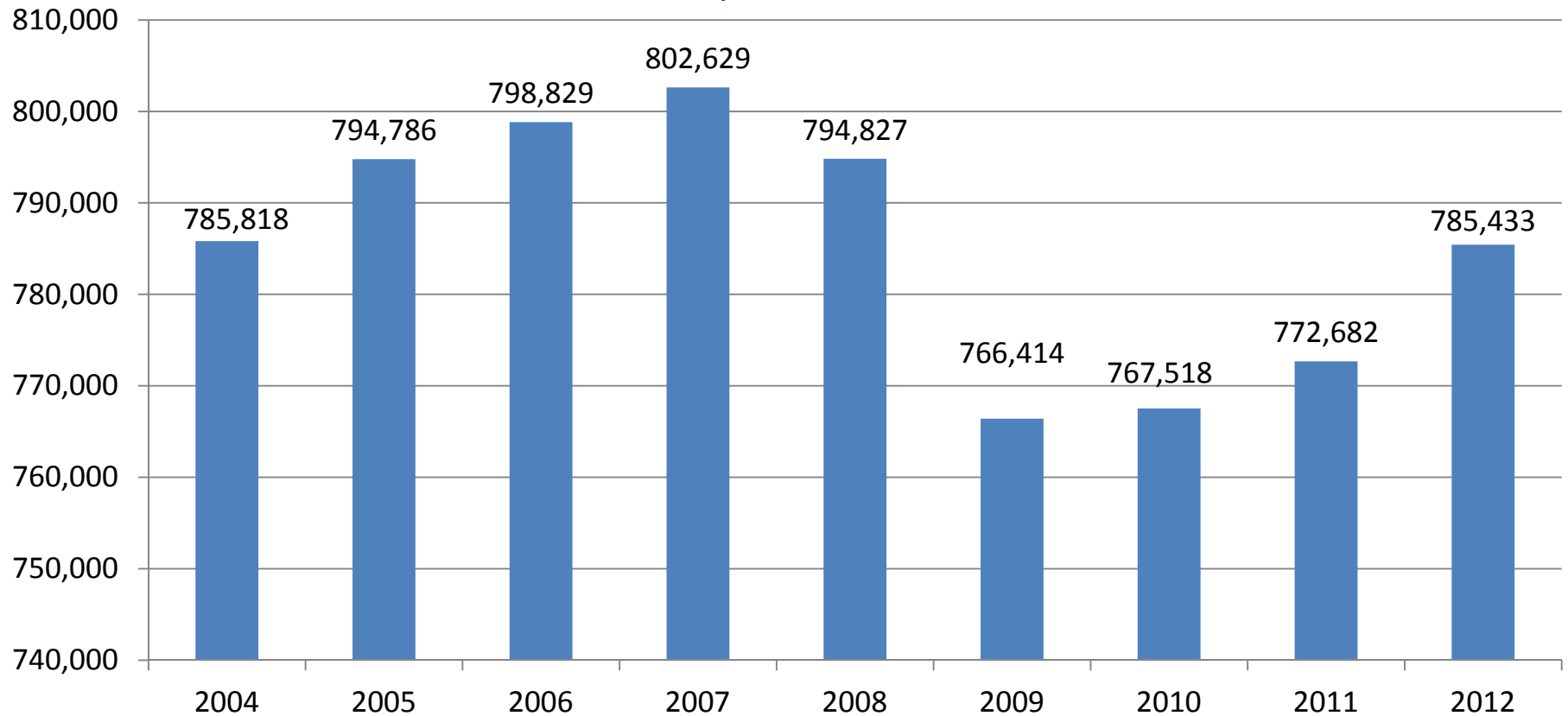
13

- Tabulations of employment and wage data for employers covered under the New Jersey Unemployment Compensation Law. QCEW is a program of the Bureau of Labor Statistics, U.S. Department of Labor.
- Beginning with the release of 2001 annual and 2002 quarterly data, the program has switched to the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.
- NAICS uses a production-oriented approach to categorize economic units. Units with similar production processes are classified in the same industry. NAICS focuses on how products and services are created, as opposed to the SIC focus on what is produced. This approach yields significantly different industry groupings than those produced by the SIC approach.

# LHR QCEW Annual Employment 2004 - 2012

Source: NJLWD, Quarterly Census of Employment and Wages, Annual Averages  
Prepared by: New Jersey Department of Labor and Workforce Development, November 2013

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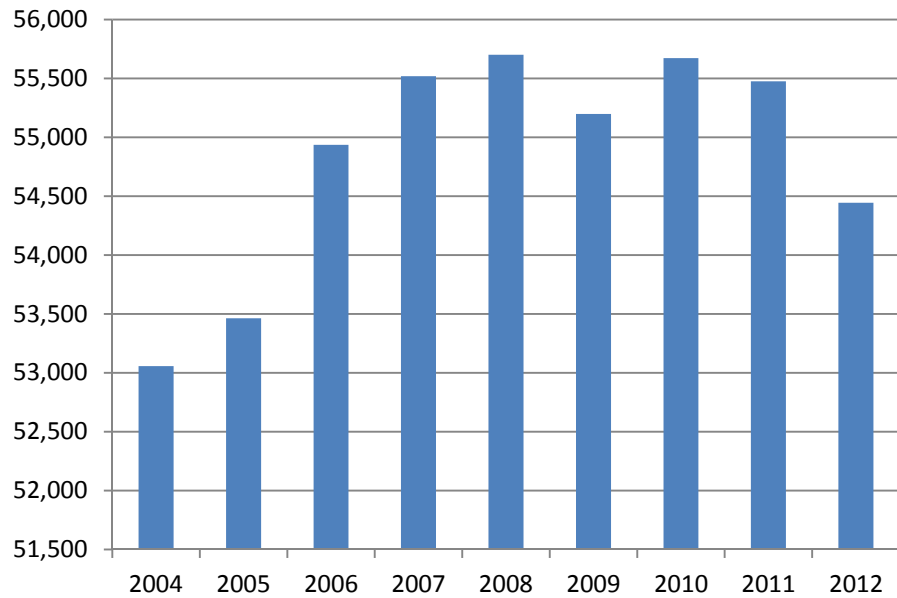


As illustrated above, New Jersey's LHR employment has shown steady improvement since two down years: '07-'08 and '08-'09...the recession

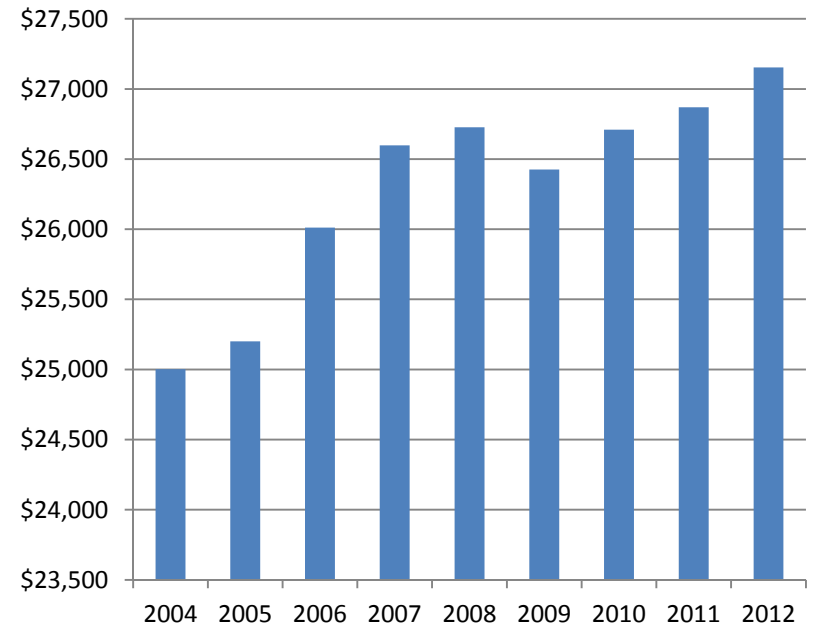
# LHR QCEW 2004 - 2012

Source: NJLWD, Quarterly Census of Employment and Wages, Annual Averages  
Prepared by: New Jersey Department of Labor and Workforce Development, November 2013

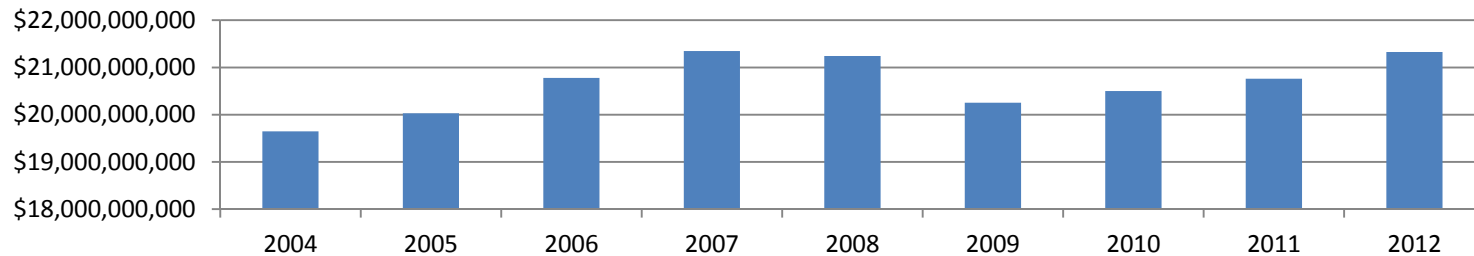
### Establishments/Units



### Annual Wages



### Total Wages

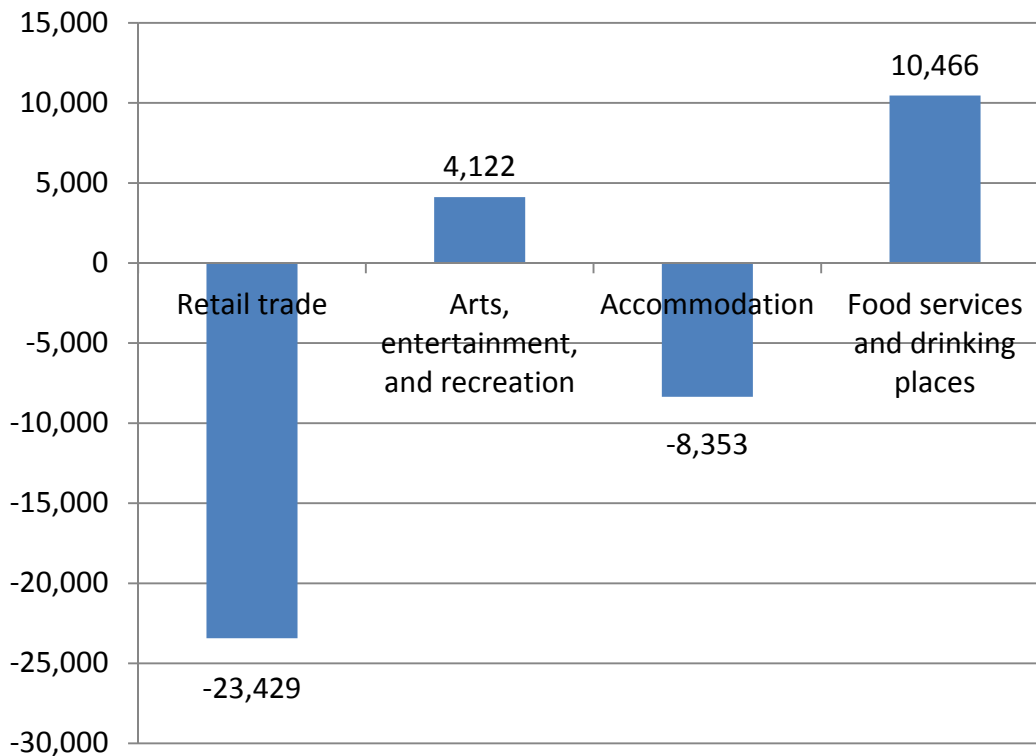


# More Recent Analysis: 2007 - 2012 (cont'd)

Source: NJLWD, Quarterly Census of Employment and Wages, Annual Averages  
Prepared by: New Jersey Department of Labor and Workforce Development, September 2013

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**NJ LHR Employment Change: 2007 to 2012**



➤ Retail trade job levels dropped over 23,000 while employment in Accommodations fell over 8,000. For retail 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. In Accommodations, 80.7 percent or 6,737 of the losses occurred within Atlantic City's casino hotels.

➤ 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. Full-service restaurants accounted for about 85.9 percent in the Food Services/Drinking Places industry, while Fitness & Recreational Sports Centers and Golf Courses/Country Clubs created most of the new jobs in the Arts/Entertainment/Recreation industry.

Breaking the four primary components into their 17, three-digit NAICS industries and comparing the state's percent change in employment to the nation's from 2007-to-2012 yields the table below:

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		NJ	US	% Change
		<u>Percent</u>	<u>Change</u>	<u>Difference</u>
<u>NAICS</u>	<u>Industry</u>			
454	Non-store Retailers	16.9	2.0	14.9
447	Gasoline Stations	11.2	-2.2	13.4
711	Performing Arts and Spectator Sports	10.3	0.9	9.5
452	General Merchandise Stores	11.2	2.8	8.4
713	Amusement, Gambling & Recreation Ind	8.5	0.6	7.9
443	Electronics and Appliance Stores	-0.3	-6.6	6.4
441	Motor Vehicle and Parts Dealers	-7.6	-8.9	1.3
722	Food Services and Drinking Places	4.8	4.5	0.2
442	Furniture and Home Furnishings Stores	-24.0	-23.1	-0.9
448	Clothing and Clothing Accessories Stores	-8.9	-7.2	-1.8
453	Miscellaneous Store Retailers	-11.4	-8.7	-2.7
445	Food and Beverage Stores	-2.4	0.6	-3.0
444	Building Material & Garden Supply Stores	-15.7	-11.0	-4.7
721	Accommodation	-12.6	-2.1	-10.5
446	Health and Personal Care Stores	-10.6	0.4	-11.0
451	Sporting Goods/Hobby/Book/Music Stores	-25.3	-11.5	-13.8
712	Museums, Parks and Historical Sites	-12.3	7.7	-20.0

➤ While employment in New Jersey's and the nation's three-digit industries often moved in tandem, either both rising or both declining, it was not always the case.

➤ The lone New Jersey LHR industry that posted an employment gain while the nation's declined was Gasoline Stations (+11.2% vs. -2.2%).

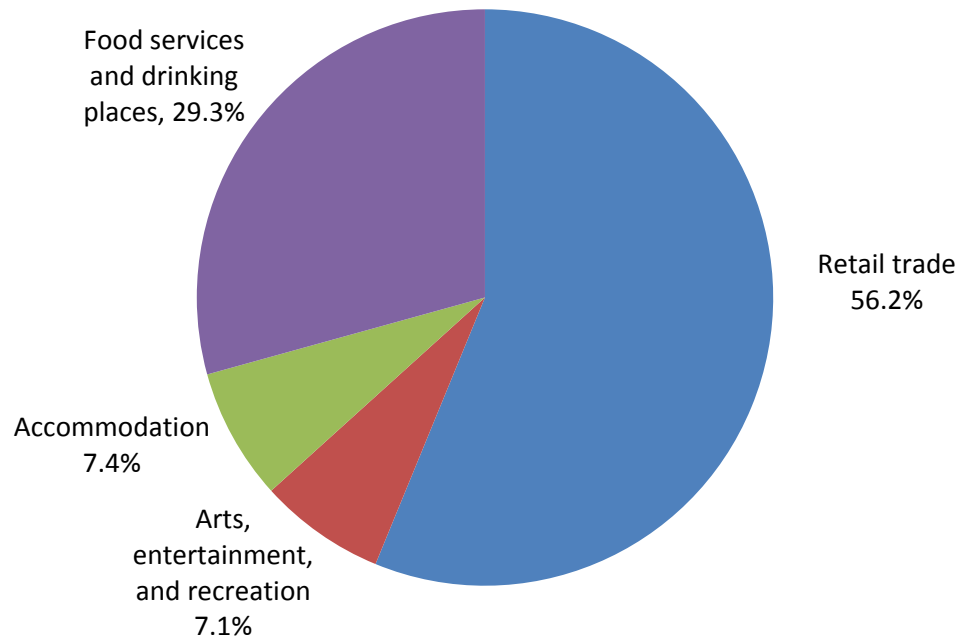
➤ The opposite was true among Food & Beverage Stores (-2.4% vs. +0.6%), Health/Personal Care Stores (-10.6% vs. +0.4%) and Museums, Parks and Historical Sites (-12.3% vs. +7.7%).

Source: NJLWD, Quarterly Census of Employment and Wages, Annual Averages  
Prepared by: New Jersey Department of Labor and Workforce Development, September 2013

# 2012 Percentage of employment: Four primary components

Source: NJLWD, Quarterly Census of Employment and Wages, Annual Average  
Prepared by: New Jersey Department of Labor and Workforce Development, September 2013

**NJ LHR Employment by Major Industry Components  
2012 Annual Averages**



➤ In terms of employment, the Retail Trade and Food Services/Drinking Places components combined accounted for more than four of every five jobs (86%) in the LHR cluster in 2012.

➤ Most of the businesses in the LHR cluster are familiar to even the most casual observer. Retail Trade, which represented 56.2 percent of the cluster's employment in 2012, has nearly one of every four jobs (24%) in Food Stores.

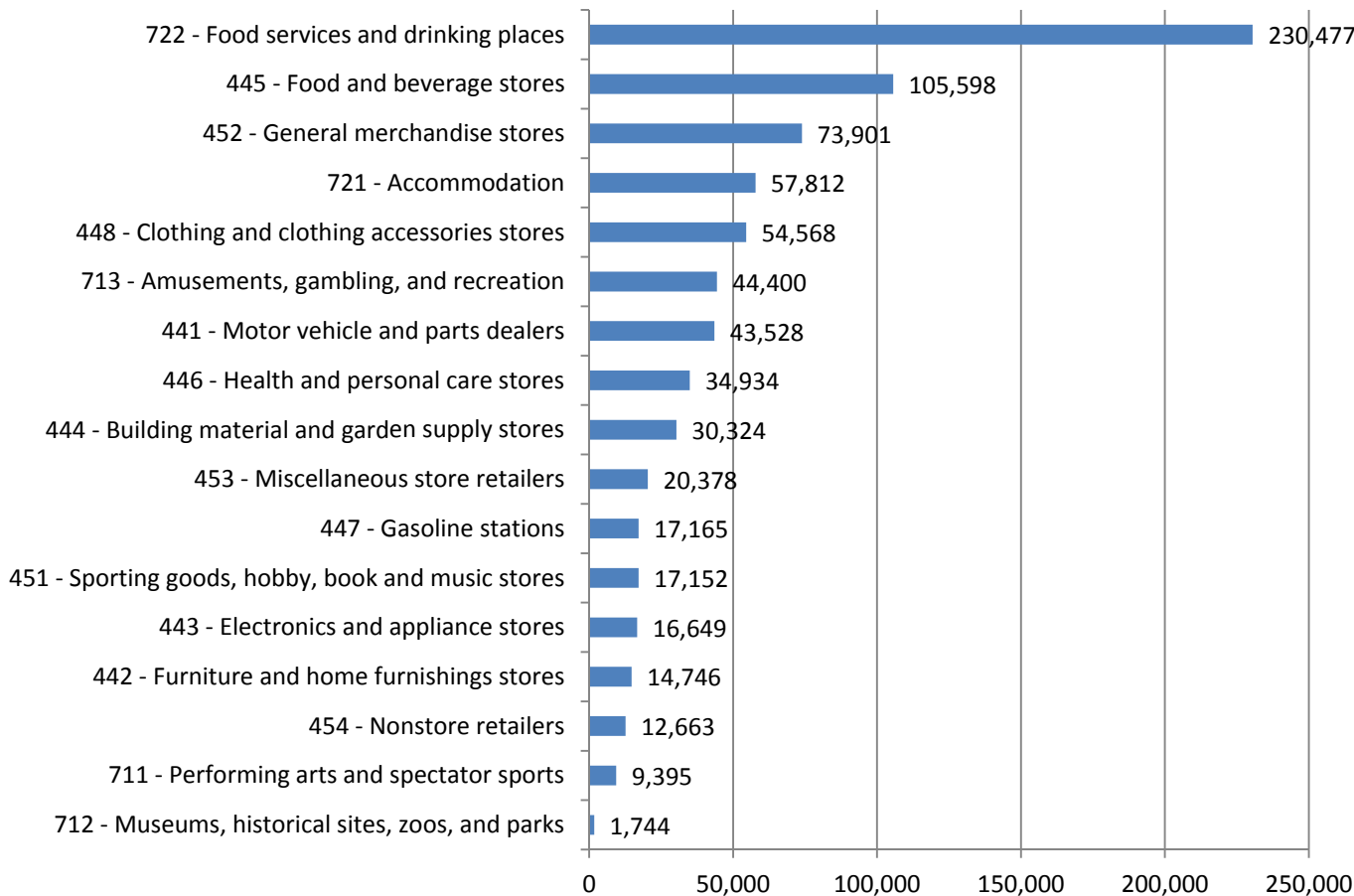
➤ Food Services/Drinking Places, which accounted for 29.3% of the cluster's employment in 2012, is dominated by full- and limited-service restaurants, which represent over three quarters of its employment.

➤ Accommodations, which represents just 7.4 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 12 hotel casinos employed an average of 31,875 in 2012; more than the other 1,355 *Accommodations* establishments in the state combined.

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



**NJ LHR 2012 Employment by 3-digit NAICS**



- “Restaurants” are 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 nearly 43 percent of all the jobs.
- Food Services/Drinking Places accounted for 29.3 percent of the cluster’s total employment in 2012 with another 13.4 percent in Food Stores.



# Inside Food Stores...



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- In the Food Stores industry, supermarkets and other grocery stores (except convenience stores) accounted for nearly three of every four (72.9%) jobs, 75.5 percent of the total wages paid and more than one third (36.3%) of the establishments.



- In terms of employment, Convenience Stores and Beer, Wine and Liquor Stores round out the top three accounting for about 10.0 and 8.8 percent of the Food Stores total, respectively.
- The 2012 average annual wage of those employed in the Food Stores industry was \$24,928, which was 91.8 percent of the LHR cluster's average wage (\$27,154) but just 42.9 percent of the state's private sector average wage (\$58,093). Supermarkets and Other Grocery Stores, the largest segment of Food Stores, posted a 2012 annual average wage of \$25,831.

# Local Employment Dynamics (LED)



- The LED Program at the Census Bureau, together with its state partners (including the New Jersey Department of Labor and Workforce Development), provides new information - the Quarterly Workforce Indicators (QWI) - on Local Employment Dynamics that is: local at the county and sub county level - so that decisions can be made in the right context.
- Information on Employment for workers in different industries and different age and sex groups - so that you know where the jobs are - together with earnings - so you know what people are getting paid.
- Also provides dynamic information on the rapidly changing economy - with information on where jobs are being created and destroyed, how much turnover there is in each industry together with long-term trends.

## Greatest average monthly earnings for new hires: (2011Q4 to 2012Q3)

Rank	All NAICS Sectors	\$3,077
1	55 Management of Companies and Enterprises	7,545
2	22 Utilities	6,159
3	52 Finance and Insurance	6,088
4	54 Professional, Scientific, and Technical Services	5,728
5	51 Information	5,419
6	42 Wholesale Trade	5,255
7	31-33 Manufacturing	4,770
8	23 Construction	4,165
9	21 Mining, Quarrying, and Oil and Gas Extraction	3,742
10	53 Real Estate and Rental and Leasing	3,096
11	48-49 Transportation and Warehousing	2,691
12	62 Health Care and Social Assistance	2,568
13	56 Admin. & Support & Waste Mgmt. & Remediation Services	2,347
<b>14</b>	<b>71 Arts, Entertainment, and Recreation</b>	<b>2,226</b>
15	61 Educational Services	2,203
16	81 Other Services (except Public Administration)	1,859
17	11 Agriculture, Forestry, Fishing and Hunting	1,783
<b>18</b>	<b>44-45 Retail Trade</b>	<b>1,722</b>
19	92 Public Administration	1,470
<b>20</b>	<b>72 Accommodation and Food Services</b>	<b>1,307</b>

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

➤ Due to the lower-paying nature of the jobs within the industry cluster, the bottom-ranked (14<sup>th</sup>, 18<sup>th</sup> and last) of all 20 industries are leisure, hospitality and retail-related.

➤ 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.

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

<b>All NAICS subsectors</b>	<b>\$4,976</b>
722 Food Services and Drinking Places	1,563
452 General Merchandise Stores	1,821
713 Amusement, Gambling, and Recreation Industries	1,844
812 Personal and Laundry Services	1,963
814 Private Households	1,985
922 Justice, Public Order, and Safety Activities	2,038
447 Gasoline Stations	2,138
485 Transit and Ground Passenger Transportation	2,154
448 Clothing and Clothing Accessories Stores	2,193
624 Social Assistance	2,211
115 Support Activities for Agriculture and Forestry	2,259
445 Food and Beverage Stores	2,284
712 Museums, Historical Sites, and Similar Institutions	2,287
453 Miscellaneous Store Retailers	2,370
111 Crop Production	2,633
512 Motion Picture and Sound Recording Industries	2,646
112 Animal Production	2,663
721 Accommodation	2,752
623 Nursing and Residential Care Facilities	2,757
446 Health and Personal Care Stores	3,209

### Lowest Average Monthly Earnings:

2011Q4 to 2012Q3 (\$) for all workers  
 State=New Jersey,  
 Sex=Male and Female,  
 Age=14-99  
 Private Firms Only

➤ Based on three-digit Local Employment Dynamics (LED) data from the US Census, the **top three** and **half of the 20 lowest** average monthly wages fall within the Leisure, Hospitality and Retail industry cluster.

➤ Additionally, the lowest paid of these industry subsectors, “Food Services & Drinking Places”, is the one that has been growing the most and is projected to grow the most.

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

# Employee Turnover

- 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.
  - 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

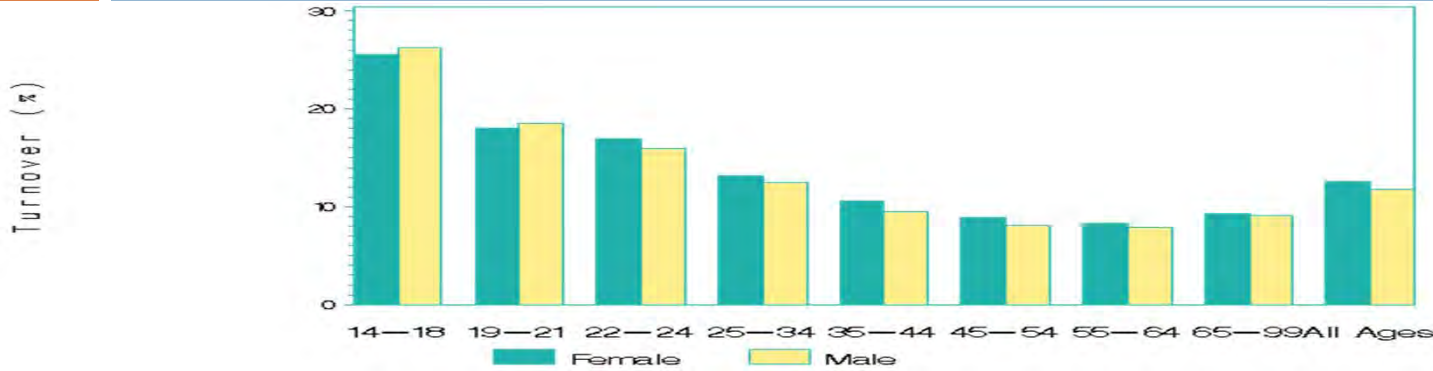
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- As illustrated in the following graphs, many of the jobs within the LHR industry cluster are kids' first jobs thus the higher turnover rate from 14-18, 19-21 and 22-34 year olds. Younger workers have a higher turnover rate and the rate gradually decreases with age.
- Once the workforce gets older, they tend to settle in and follow a possible career path reflecting lower turnover rates.

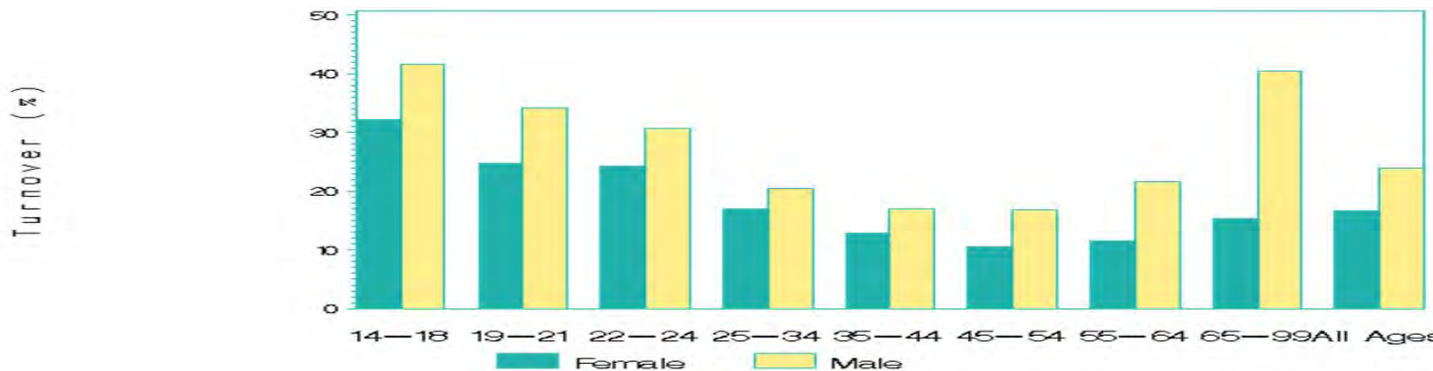
# Employee Turnover by Age and Sex: Statewide

Industries: NAICS 44-45, 71 & 72  
 Date = 2011Q4 , Private Firms Only

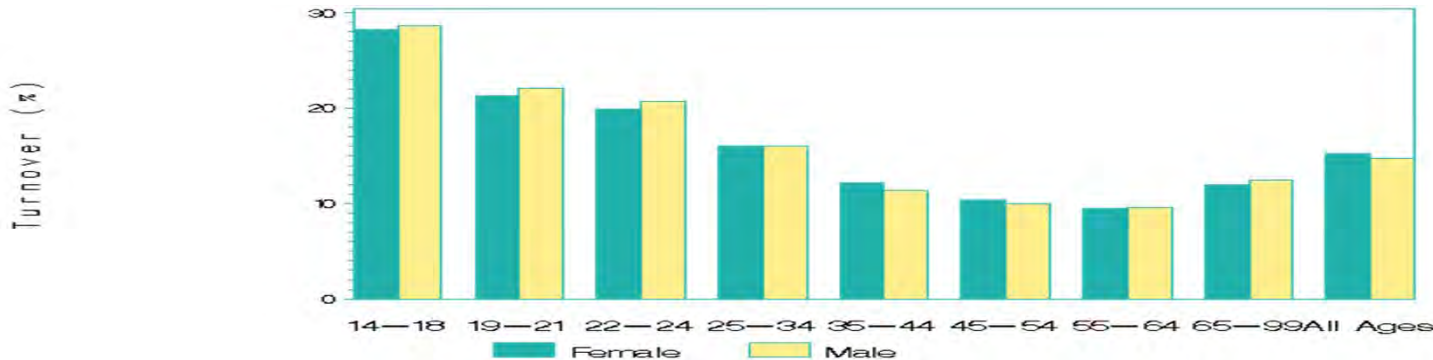
Source: U.S. Census Bureau, Local Employment Dynamics



Retail: Has the lowest turnover rate (all ages combined) of the three: 11.8% for Male and 12.6% for Female.



Arts, Entertainment & Recreation: Has the highest turnover rate of the three (24.0% Male; 16.6% Female)

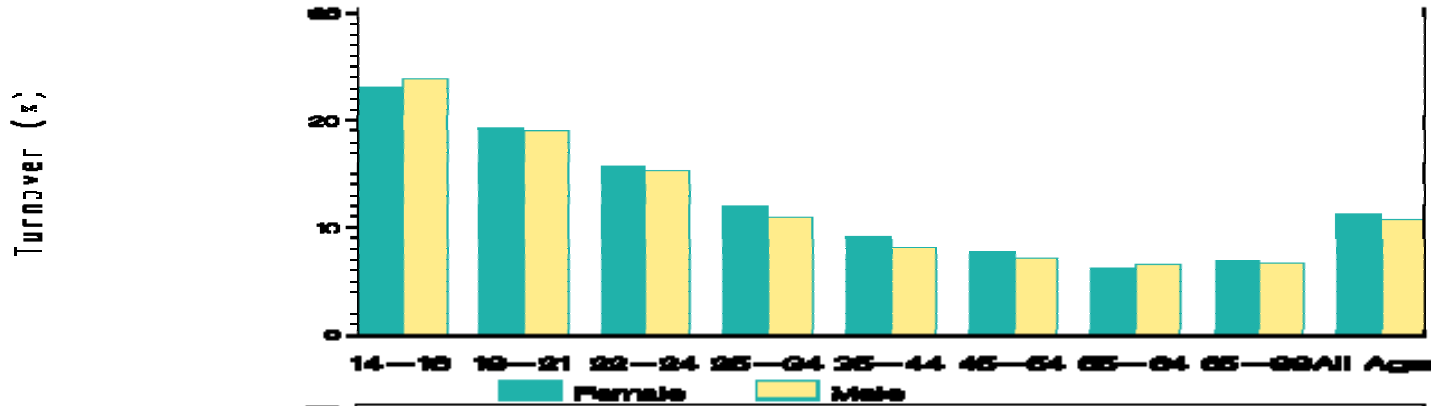


Accommodations and Food Services: 15.2% for Female & 14.7% for Male.

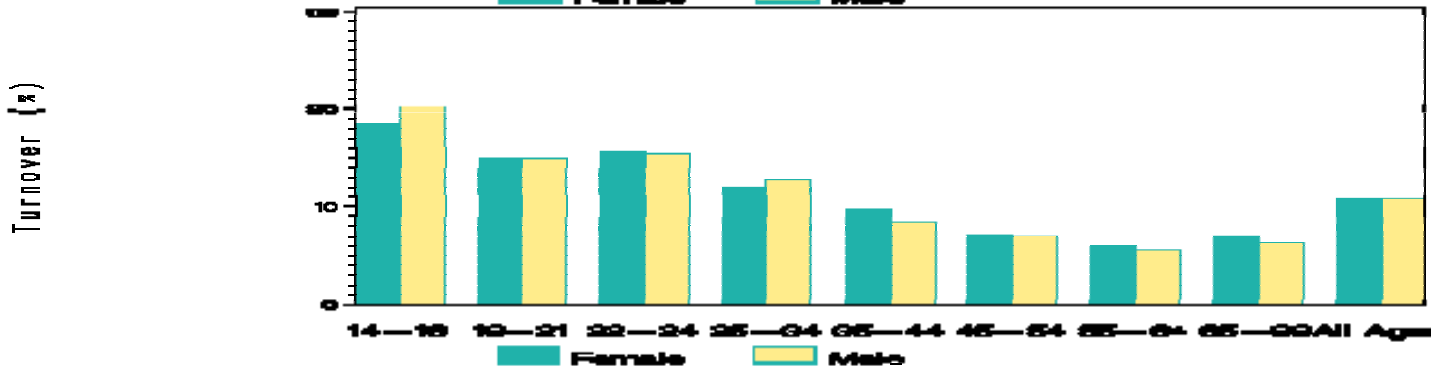
# Employee Turnover by Age and Sex: Statewide

Industries: NAICS 44-45, 71 & 72  
 Date = 2012Q1 , Private Firms Only

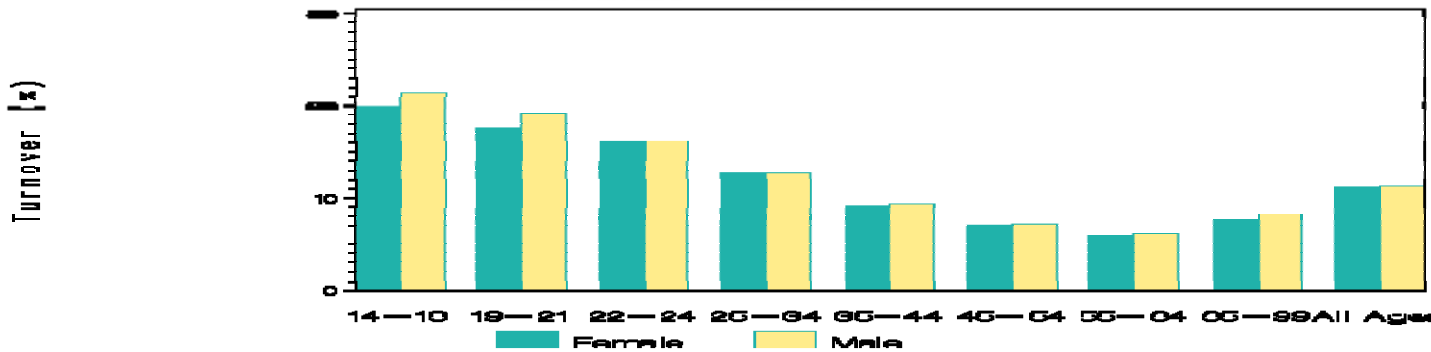
Source: U.S. Census Bureau, Local Employment Dynamics



Retail: Has the lowest turnover male rate (all ages combined) of the three: 10.6% for Male and 11.3% for Female.



Arts, Entertainment & Recreation: Has the lowest combined turnover rate of the three: 10.8% for Male and Female



Accommodations and Food Services: 11.3% for Female & 11.4% for Male.

# Employee Distribution

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- The following graphs illustrate the statewide workforce characteristics by age and sex for the three LHR industry components:

NAICS 44-45 Retail

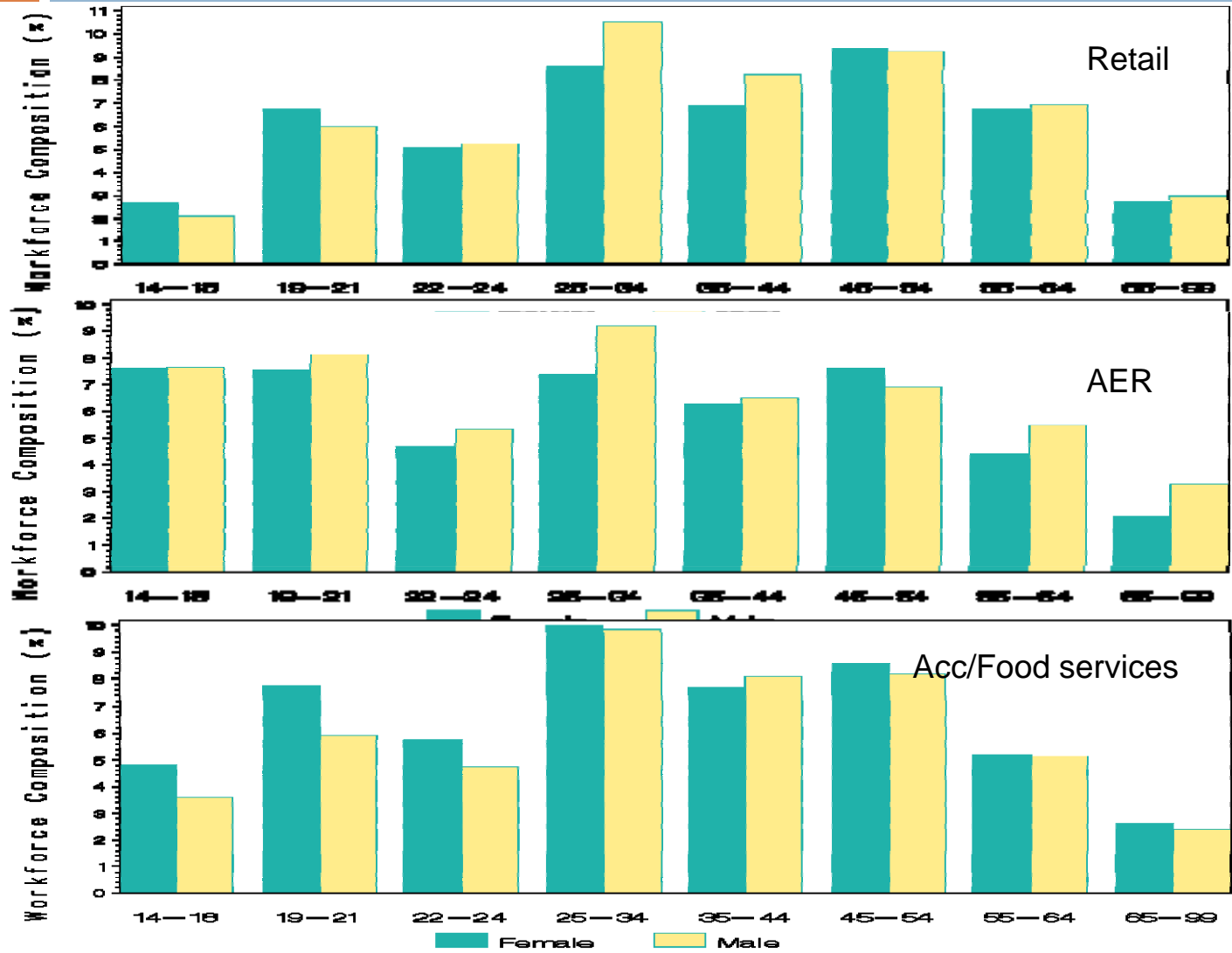
NAICS 71 Arts, Entertainment & Recreation

NAICS 72 Accommodation and Food Services

# Employee Distribution by Age and Sex: Statewide

Industries: NAICS 44-45, 71 & 72  
Date = 2013Q3 , Private Firms Only

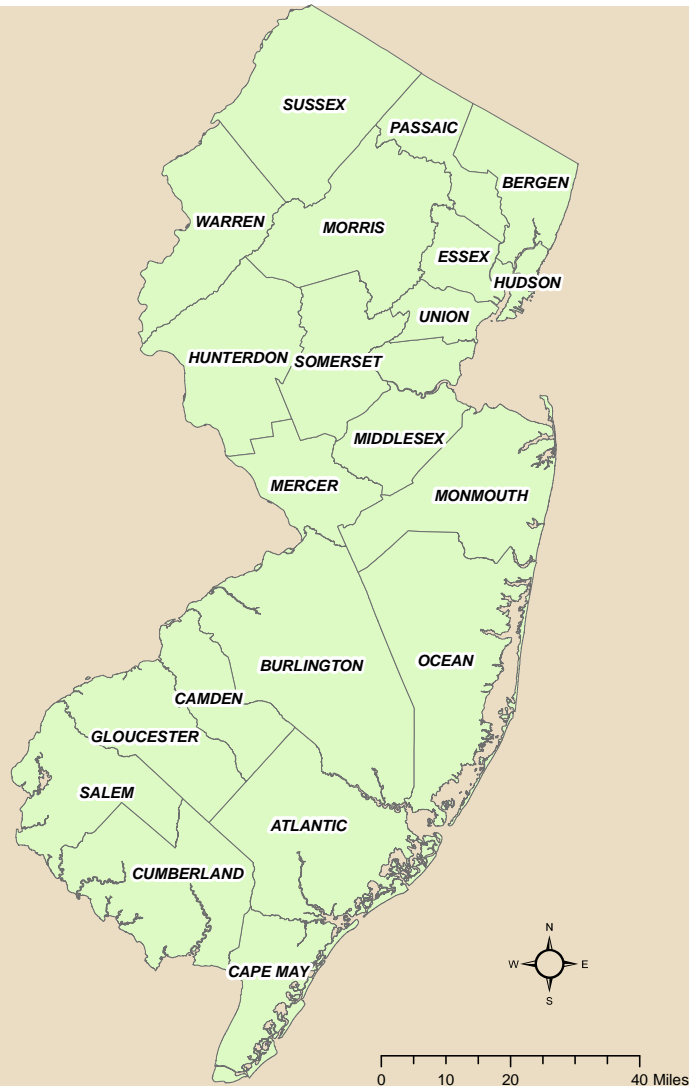
Source: U.S. Census Bureau, Local Employment Dynamics



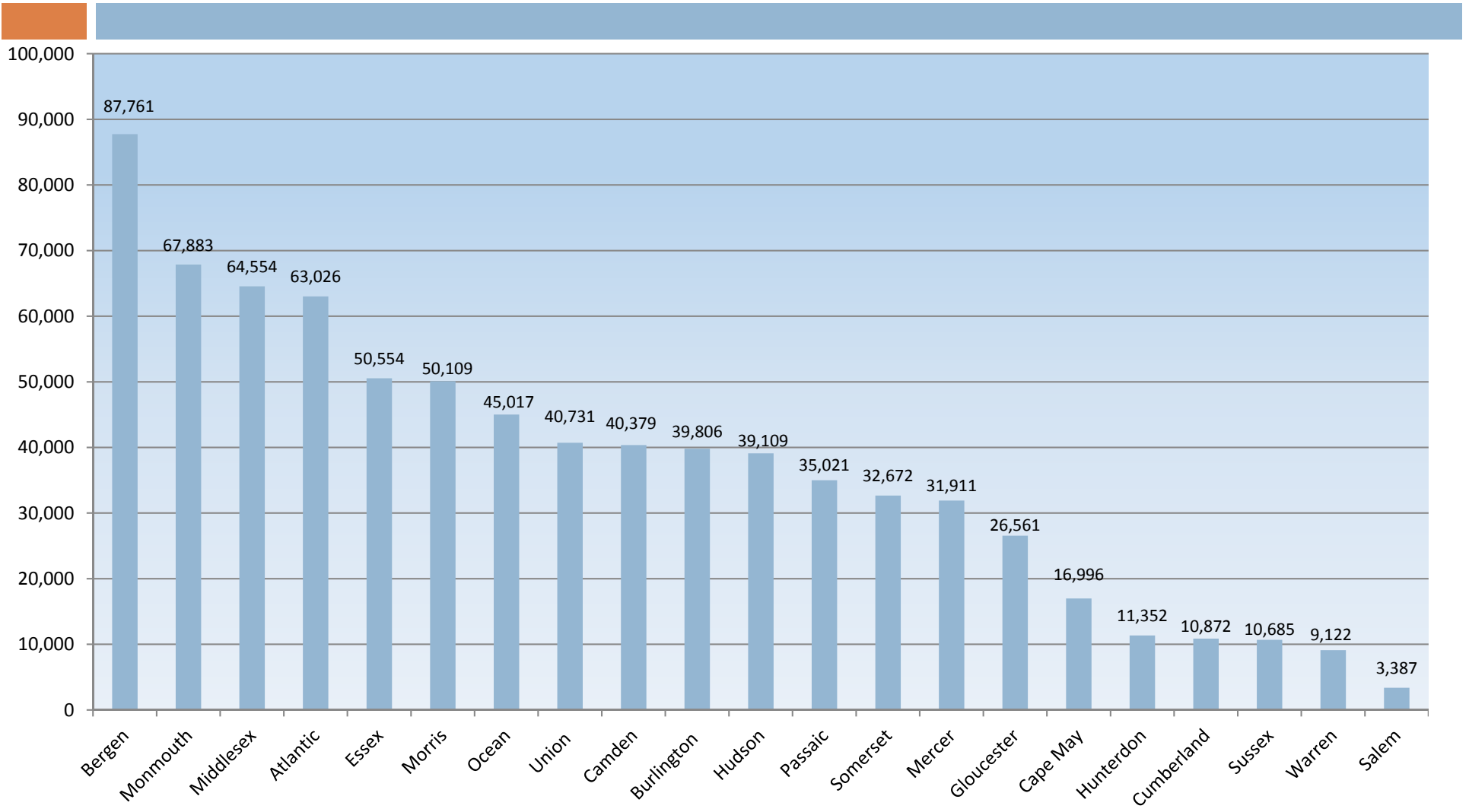
Ages 25 to 34 lead the male workforce composition of all three industries.

45-54 year old females have the largest percentage in the retail and arts, entertainment & recreation workforce while in accommodation and food services, 25 to 34 has the largest make-up.

# County-wide LHR data: A view at a more local level



# 2012 Annual Average QCEW (LHR) Employment by County

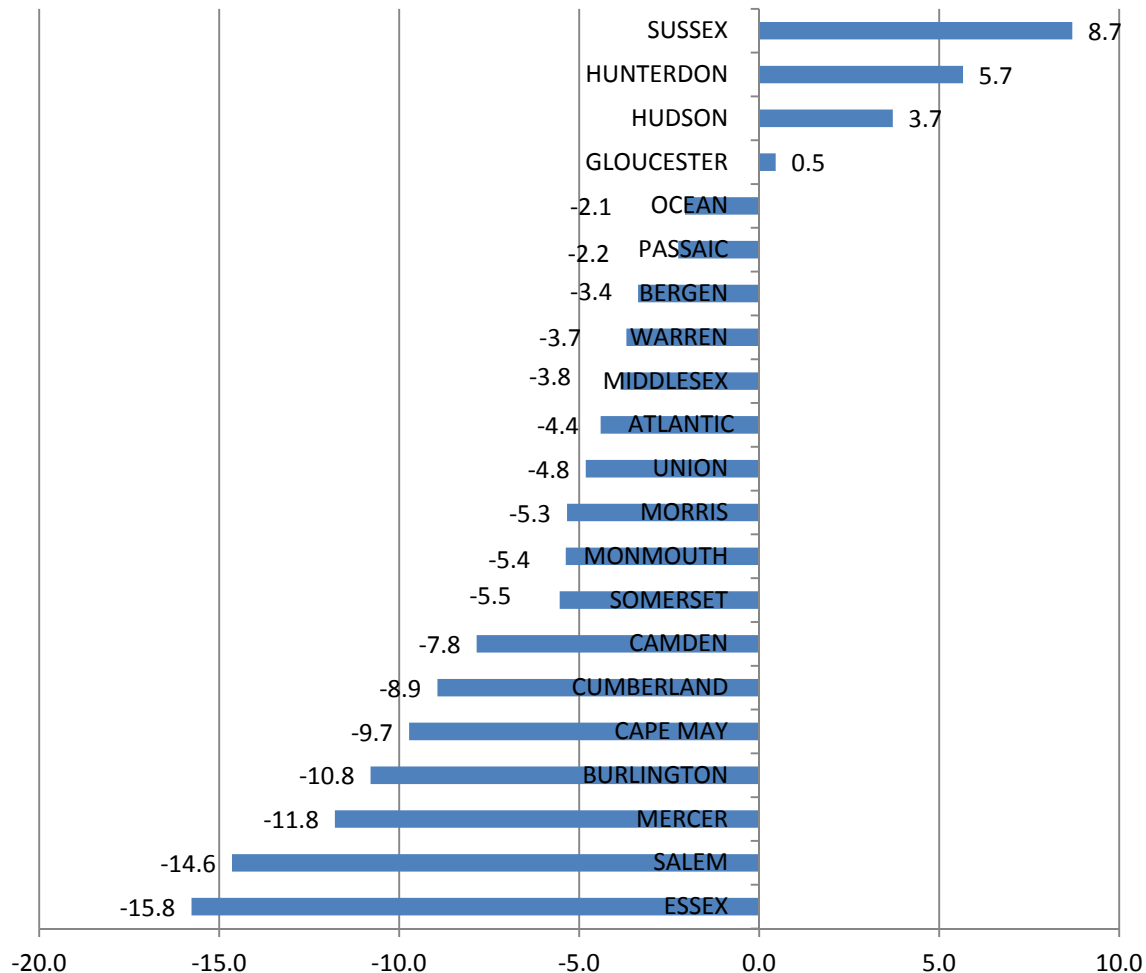


Source: NJLWD, Quarterly Census of Employment & Wages, Annual Averages  
Prepared by: New Jersey Department of Labor and Workforce Development, September 2013

## 2012 Quarterly Census of Employment & Wages (QCEW) Leisure, Hospitality & Retail (LHR) by Percentage of Total Employment

County	Units	Average Annual		Total Wages	LHR % of Total	
		Employment	Wages		Units	Employment
Atlantic	2,069	63,026	\$27,850	\$1,755,276,122	32.7%	56.2%
Cape May	1,698	16,996	22,151	376,473,479	45.0%	54.8%
Ocean	3,054	45,017	22,708	1,022,241,727	26.0%	36.7%
Sussex	765	10,685	22,339	238,695,824	22.6%	35.5%
Gloucester	1,453	26,561	23,805	632,282,738	24.8%	33.4%
Monmouth	4,663	67,883	23,731	1,610,961,431	24.3%	32.6%
Warren	687	9,122	22,643	206,548,313	25.3%	31.3%
Hunterdon	869	11,352	25,242	286,548,805	21.6%	29.8%
Camden	2,771	40,379	25,027	1,010,564,856	24.0%	25.2%
Passaic	2,754	35,021	24,967	874,354,207	23.2%	24.8%
<b>STATEWIDE</b>	<b>54,445</b>	<b>785,434</b>	<b>27,154</b>	<b>21,327,572,777</b>	<b>21.5%</b>	<b>24.6%</b>
Cumberland	802	10,872	21,263	231,170,507	27.1%	24.1%
Burlington	2,428	39,806	24,686	982,635,093	23.3%	24.1%
Bergen	6,206	87,761	30,864	2,708,621,050	19.4%	23.1%
Union	3,238	40,731	26,453	1,077,437,612	23.3%	21.7%
Somerset	1,909	32,672	29,655	968,886,508	19.7%	21.2%
Morris	3,288	50,109	34,427	1,725,086,906	19.8%	20.9%
Hudson	3,454	39,109	29,552	1,155,757,351	25.6%	20.1%
Salem	289	3,387	19,259	65,230,535	24.6%	20.1%
Mercer	2,203	31,911	23,888	762,287,089	21.0%	19.7%
Middlesex	4,262	64,554	26,260	1,695,183,954	20.3%	19.5%
Essex	4,514	50,554	27,556	1,393,055,665	23.0%	19.2%

# Retail Employment Gains/Losses: 2007 -2012 by County (Percent)



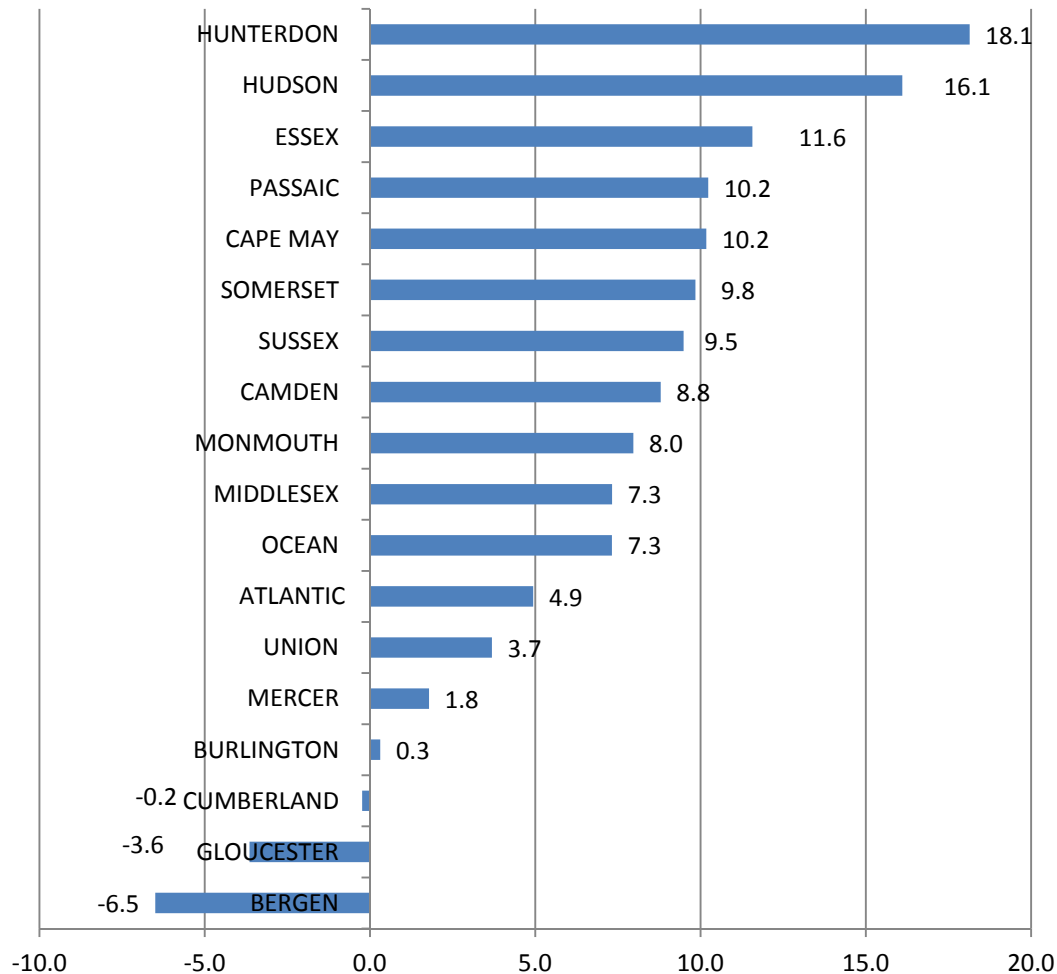
The graph ranks the state's counties by their percent decline in retail trade employment.

As previously noted, the primary component Retail Trade recorded the LHR cluster's greatest employment decline from 2007-to-2012 (-23,429).

Seventeen of the state's 21 counties recorded a drop in retail employment over this five-year period.

# Food Service and Drinking Places Employment Gains/Losses: 2007 - 2012 by County (Percent)

*Note: Morris, Warren & Salem data has non-disclosure issue*



Food Services/Drinking Places was the LHR component with the greatest employment gain from 2007-to-2012 (10,466).

Although the job gain in this component is somewhat counterintuitive given the last national recession's impact on consumer discretionary spending, statewide employment in Food Services/Drinking Places has constantly added to its annual payrolls since at least 2004.

In general, this industry also experiences a high degree of business births and deaths regardless of the economic conditions.

# LHR Employment & Population: 2012

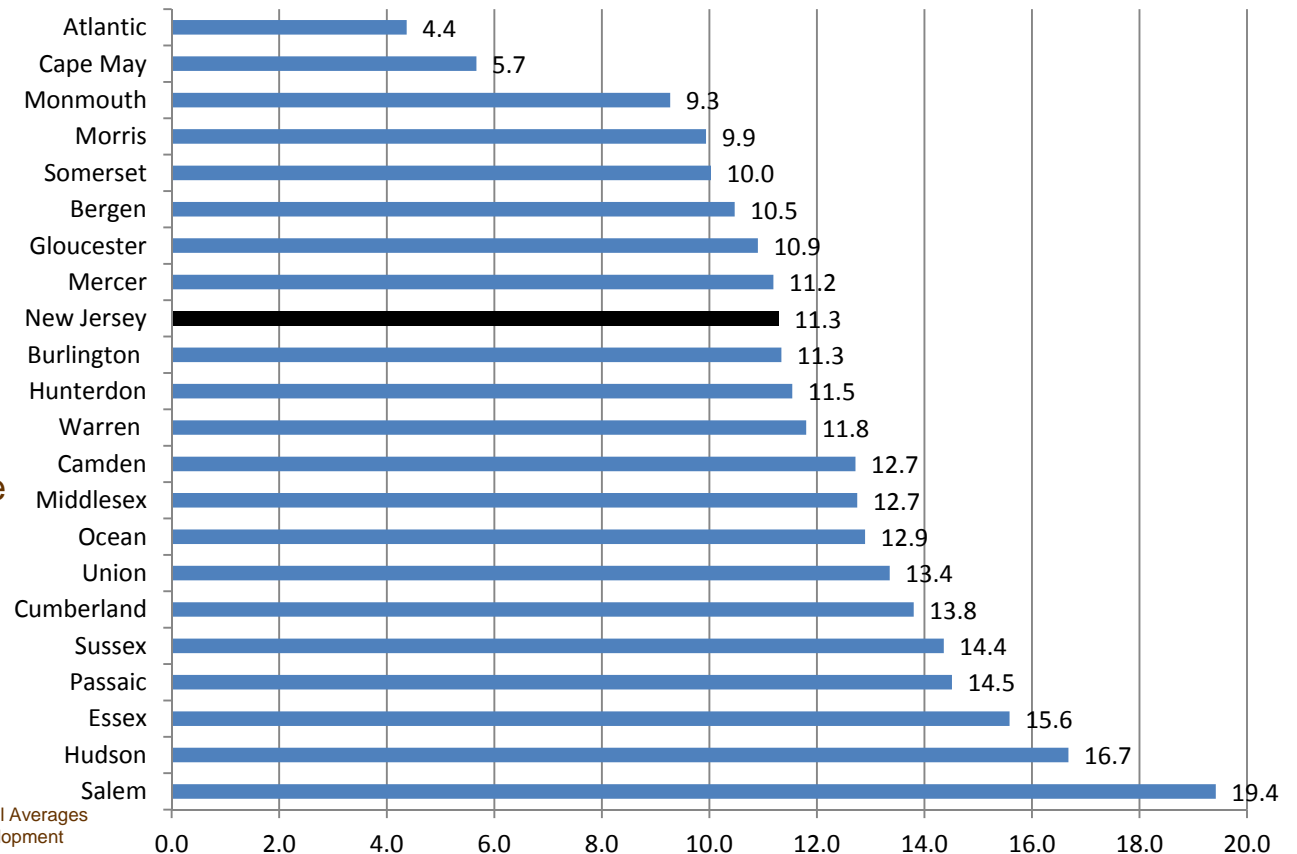
## Number of Residents Per LHR Job

➤ 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.

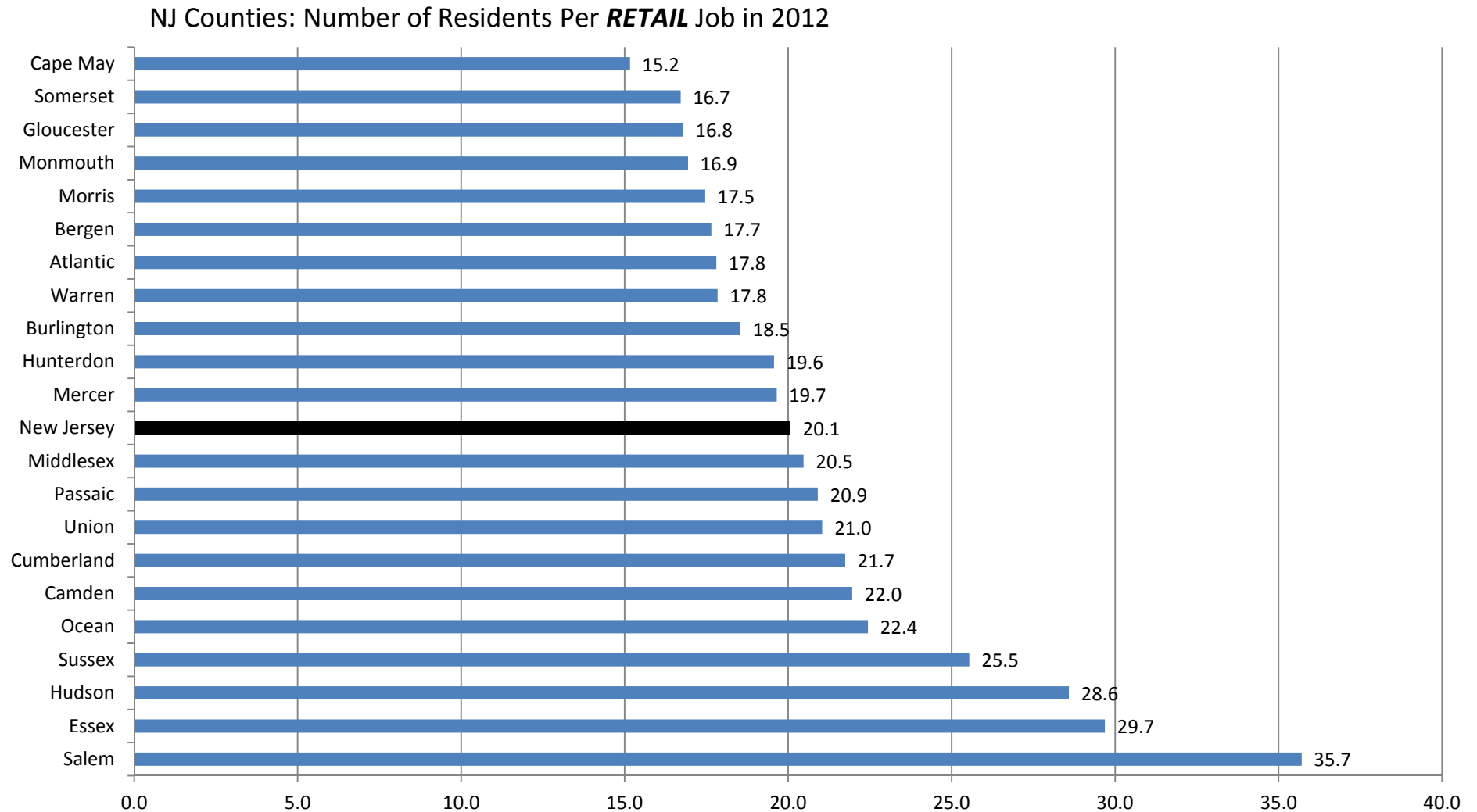
➤ In addition to the distribution of LHR employment by county, it also may be useful to rank the state's counties by number of residents per LHR job. The lower the number, the greater the concentration of LHR jobs per capita. For example, in top-ranked Atlantic County, there was one LHR job for every 4.4 county residents in 2012.

NJ Counties: Number of Residents Per LHR Job in 2012



# NAICS 44-45 Employment & Population: 2012

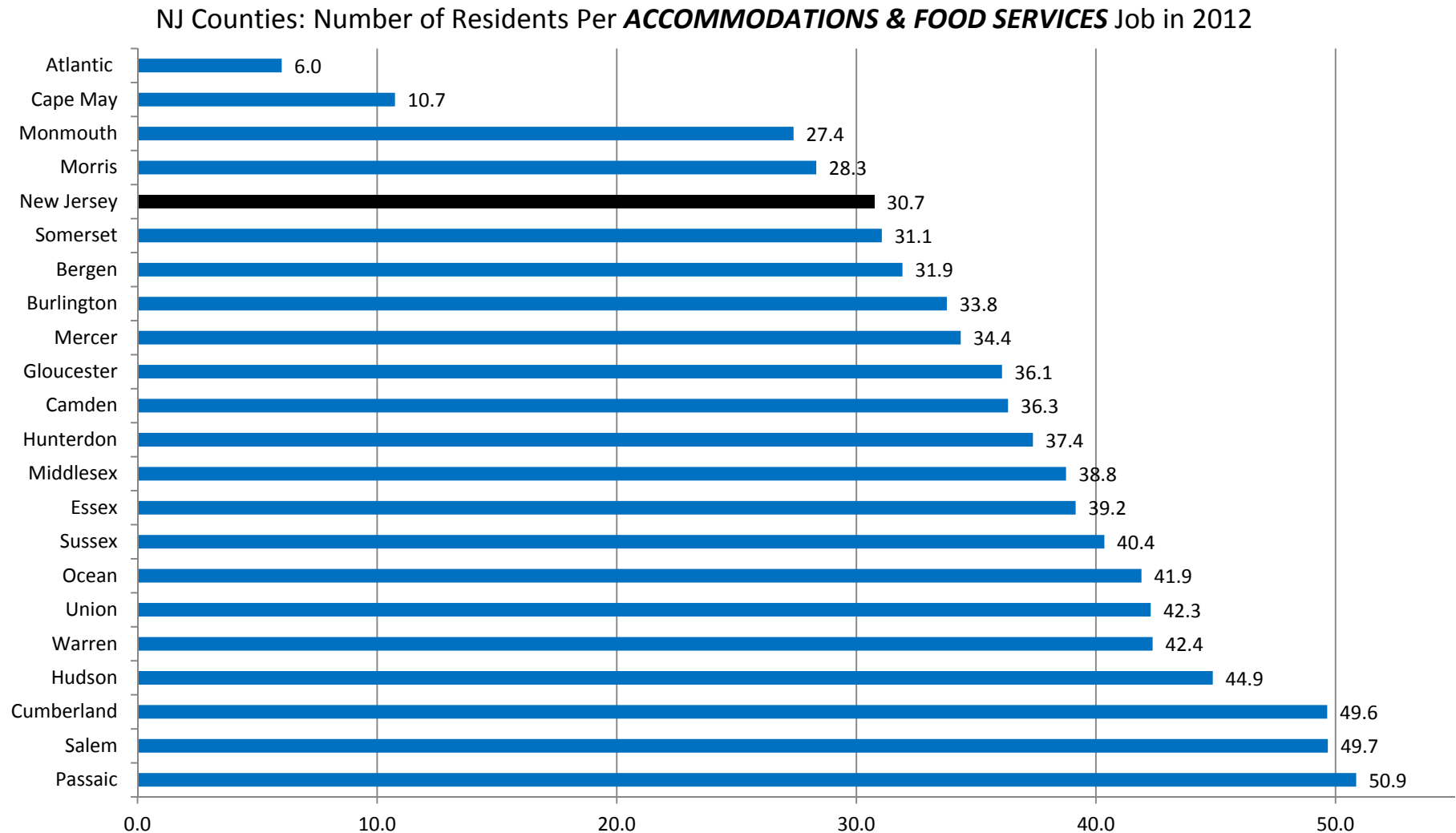
## Number of County Residents Per RETAIL Job



Source: NJLWD, Quarterly Census of Employment & Wages, Annual Averages, Prepared by: New Jersey Department of Labor and Workforce Development, October 2013

# NAICS 72 Employment & Population: 2012

## Number of Residents Per Accommodation & Food Services Job



Source: NJLWD, Quarterly Census of Employment & Wages, Annual Averages, Prepared by: New Jersey Department of Labor and Workforce Development, October 2013

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

Rank	Company	NJ 2012 Employment
1	Wakefern Food Corp.	34,950
2	Wal-Mart Stores	17,890
7	Caesar's Entertainment	13,070
8	The Great Atlantic & Pacific Tea Co. (A&P)	12,370
10	The Home Depot	10,850
15	Target Corp.	8,500
16	CVS Caremark	8,300
17	Macy's	8,100
20	The Stop & Shop Supermarket Co.	7,930
21	Wawa, Inc.	7,150
24	Lowe's Companies Inc.	6,170
25	Borgata Hotel Casino & Spa	6,120
26	Bed Bath & Beyond	6,000
31	Aramark	5,010
32	Rite-Aid	5,000
34	Trump Entertainment	4,660
36	ACME Markets	4,590
39	Toys "R" Us, Inc.	4,270
41	Six Flags	4,100
43	Marriott International Corp.	3,990

Source: New Jersey Business magazine, August 2012 edition

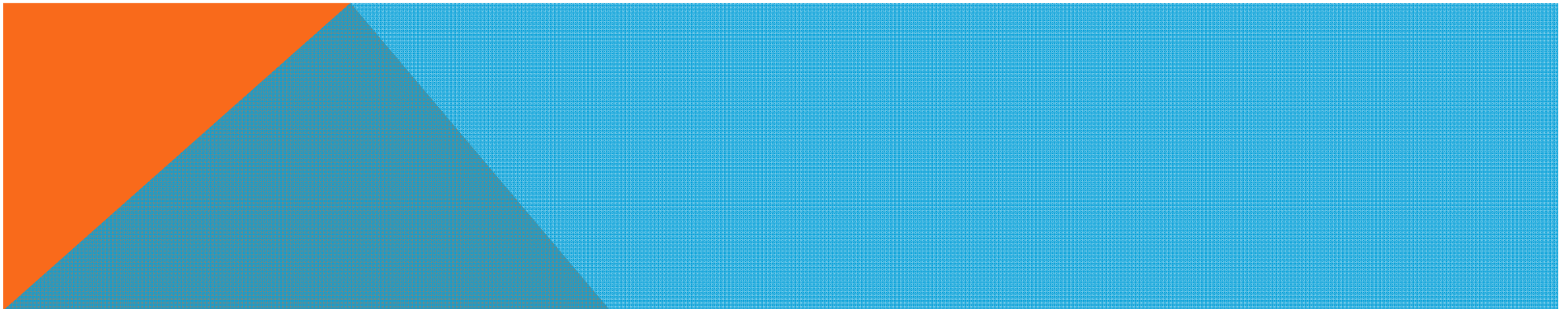
## Top Employers in LHR

- According to New Jersey Business magazine's Top 100 Employers in 2012, five of New Jersey's top ten largest employers fall within leisure, hospitality and retail trade.
- Overall, these 20 employers account for about one of every four jobs (23.1%) in the state's LHR industry cluster.



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# Detailed Industry Occupational Analysis



# New Jersey Resident Workforce Characteristics: Occupations All Industries in NJ vs. LHR

➤ 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: U.S. Census Bureau 2011 American Community Survey Public Use Micro-data Sample (5% Sample)

<u>Characteristic By Occupation</u>	All Percent	LHR Percent
Management/Business/Financial	15.8%	8.3%
Scientist/Engineer	6.1%	0.9%
Community/Social services	1.5%	0.0%
Legal services	1.4%	0.1%
Education/Training/Library worker	6.3%	0.4%
Arts/Entertainment	2.1%	2.8%
Health care	7.5%	2.0%
Protective	2.4%	1.3%
Food preparation & service	4.8%	22.4%
Cleaning/Maintenance	3.7%	2.9%
Personal Care	3.4%	4.6%
Sales/Marketing	11.2%	33.0%
Administrative support	14.1%	11.7%
Farming/Fishing/Forestry	0.2%	0.0%
Construction/Extraction	4.7%	0.3%
Installation/Repair	2.7%	1.7%
Production	4.1%	1.7%
Transportation/Material moving	6.2%	5.8%
Military/Never worked	1.8%	N/A

<u>LHR Occupations</u>	<u>2012 Employment</u>	<u>Share of Industry</u>	<u>Minimum Education Requirements</u>
Total ALL Occupations in LHR	780,290	100.0%	
Top 20 Occupations in LHR	567,950	72.8%	
Retail Salespersons	119,950	15.4%	Less than high school
Cashiers	95,770	12.3%	Less than high school
Waiters and Waitresses	57,330	7.3%	Less than high school
Combined Food Preparation and Serving Workers, Including Fast Food	54,900	7.0%	Less than high school
Stock Clerks and Order Fillers	46,950	6.0%	Less than high school
First-Line Supervisors/Managers of Retail Sales Workers	28,810	3.7%	High school diploma or equivalent
Food Preparation Workers	19,290	2.5%	Less than high school
First-Line Supervisors/Managers of Food Preparation and Serving Workers	18,690	2.4%	High school diploma or equivalent
Cooks, Restaurant	18,320	2.3%	Less than high school
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	15,370	2.0%	Less than high school
Bartenders	14,380	1.8%	Less than high school
Customer Service Representatives	9,650	1.2%	High school diploma or equivalent
Service Station Attendants	9,190	1.2%	Less than high school
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	8,850	1.1%	Less than high school
Maids and Housekeeping Cleaners	8,740	1.1%	Less than high school
Automotive Service Technicians and Mechanics	8,580	1.1%	High school diploma or equivalent
Office Clerks, General	8,400	1.1%	High school diploma or equivalent
Cooks, Fast Food	8,320	1.1%	Less than high school
Laborers and Freight, Stock, and Material Movers, Hand	8,320	1.1%	Less than high school
Dishwashers	8,140	1.0%	Less than high school

➤ Fifteen of the top 20 occupations within LHR require the minimum education of “less than high school”.

Source: NJLWD, Occupational Employment Statistics Survey, May 2012, Prepared by:  
New Jersey Department of Labor and Workforce Development  
October 2013

# Wages by Occupation



- As might be expected, the cluster's largest occupational category, *retail salesperson*, pays wages that vary by type of industry sector. Retail salespersons within the retail trade segment has the highest annual wage (\$27,190) followed by arts, entertainment and recreation (\$24,370).
- *Retail salespersons* tended to receive the lowest wages in establishments involved with accommodations and food services (\$23,080).
- Wages paid to *cashiers*, the cluster's second largest group, tended to fall within a narrow range between the three industry sectors (NAICS 44-45, 71 & 72) that for a full-time, year-round employee would usually amount to, \$20,060 -- \$21,050.
- To the extent that tip income is reported accurately, *waiters/waitresses* (3rd largest occupation) do somewhat better with a full-time, year-round worker earning wages in the \$21,880 (NAICS 72) - \$26,260 (NAICS 71) range.

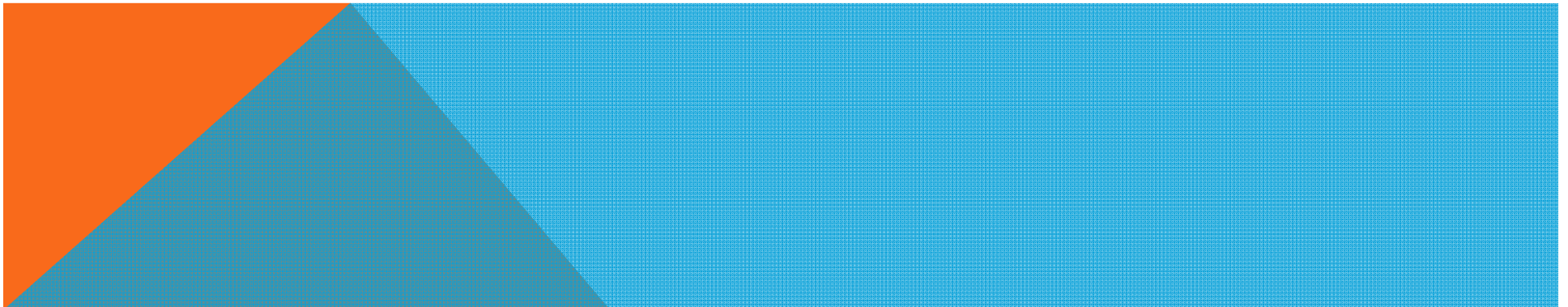
# Wages by Occupation



- Wages paid to *combined food preparation and serving workers*, the cluster's fourth largest, generally paid in the \$9.05-to-\$9.70 per hour range (\$18,870 - \$20,150, annual). The lower wages were similar to cashiers mainly due to entry-level, part-time, lower skill and education requirements.
- The other significant presence in LHR occupations are *stock clerks/order fillers*. The pay varied widely between two of its segments: 44-45 Retail Trade (\$11.15/hr. & \$23,210/yr.) and 72 Accommodation and Food Services (\$14.60/hr. & \$30,360/yr.).
- On the upper end of the pay scale, LHR occupations that pay an average of \$100,000 or more per year mostly include managers of all types as well as *pharmacists, engineers and chief executives*.

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



# New Jersey Resident Workforce Demographic Characteristics

## All Industries in NJ vs. LHR: Age, Sex, Race & Hispanic Origin

Source: 2011 American Community  
Survey Public Use Micro-data Sample  
(5% Sample)

➤ 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 (47.7%) of all workers in the cluster are under 35 years old compared with nearly one-third (31.6%) 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 52% of the cluster's workforce is male and about 79% Non Hispanic.

	<u>All</u>	<u>LHR</u>
<u>By Age</u>		
Less than 25	11.8%	27.4%
25-34	19.8%	20.3%
35-44	22.0%	17.8%
45-54	25.0%	18.9%
55-64	16.4%	11.6%
65 & over	5.1%	4.0%
<u>By Sex</u>		
Male	52.6%	51.7%
Female	47.4%	48.3%
<u>By Race</u>		
White	70.0%	69.7%
Black	12.7%	11.8%
Am. Indian/Alaska Native	0.2%	0.1%
Asian	8.8%	8.3%
Native Hawaiian/Pacific Islander	0.0%	0.0%
Some Other Races	6.2%	7.8%
Two or more races	2.1%	2.2%
<u>By Hispanic origin</u>		
Non-Hispanic	82.3%	79.3%
Hispanic	17.7%	20.7%

## New Jersey Resident Workforce Characteristics All Industries in NJ vs. LHR: Earnings and Income

➤ The LHR cluster had a significantly higher distribution percentage than “All industries” in the lowest dollar range in *Personal Earnings and Personal Income*: “Less than \$25,000”.

➤ This is the result of the low paying nature of the occupations in leisure, hospitality and retail industries.

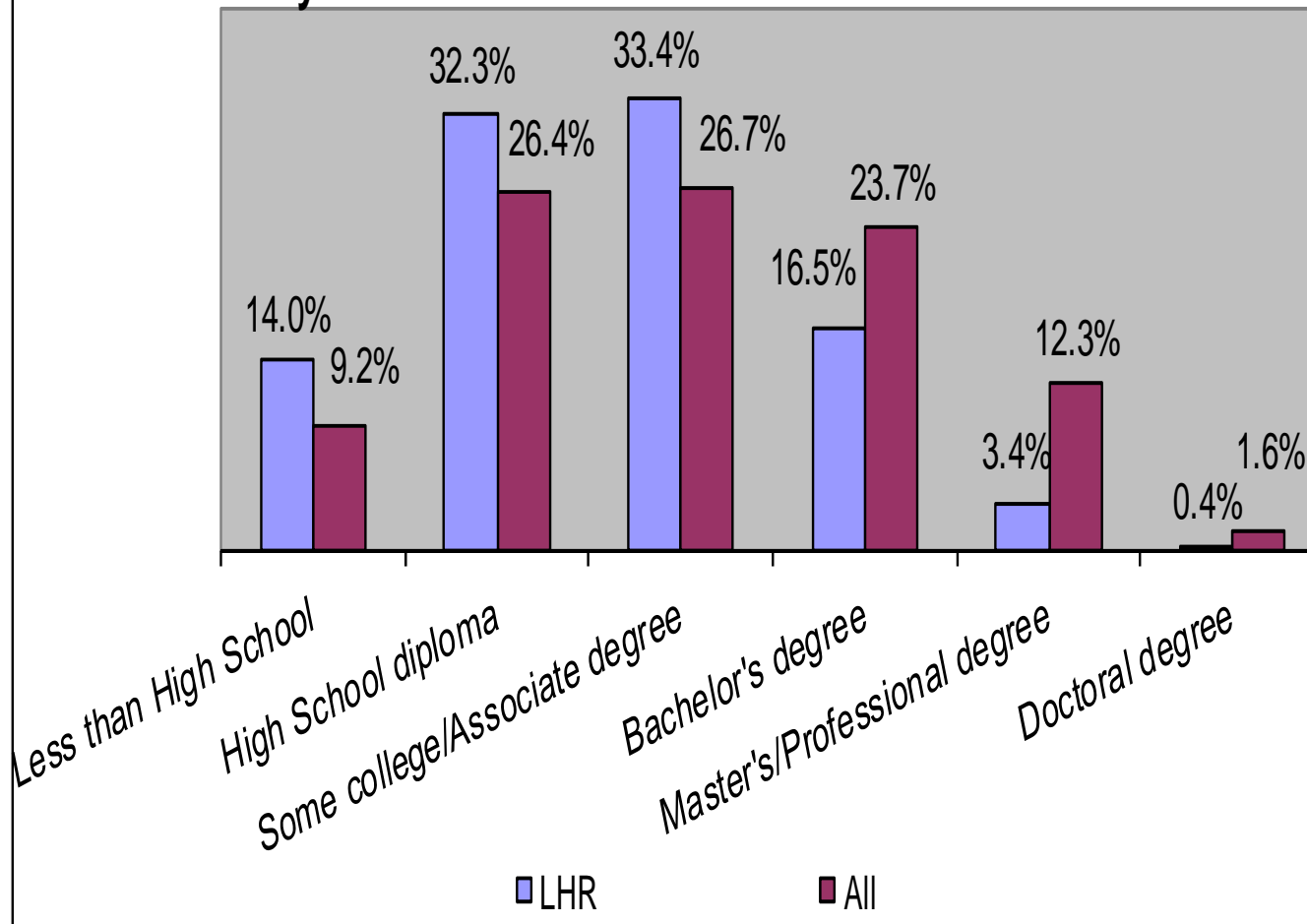
<u>By Personal Earnings</u>	<u>All</u>	<u>LHR</u>
Less than \$25,000	37.2%	<b>61.1%</b>
\$25,000-\$50,000	23.8%	21.6%
\$50,000-\$75,000	17.5%	9.6%
\$75,000-\$100,000	8.8%	2.9%
\$100,000-\$150,000	7.6%	3.0%
\$150,000-\$200,000	2.3%	0.8%
\$200,000 & more	2.9%	0.8%
<u>By Personal Income</u>		
Less than \$25,000	33.7%	<b>57.3%</b>
\$25,000-\$50,000	25.2%	23.9%
\$50,000-\$75,000	18.1%	10.6%
\$75,000-\$100,000	9.3%	3.3%
\$100,000-\$150,000	8.1%	3.1%
\$150,000-\$200,000	2.5%	0.9%
\$200,000 & more	3.1%	0.9%

Source: 2011 American Community Survey Public Use  
Micro-data Sample (5% Sample)

# New Jersey Resident Workforce Characteristics All Industries vs. LHR: Education



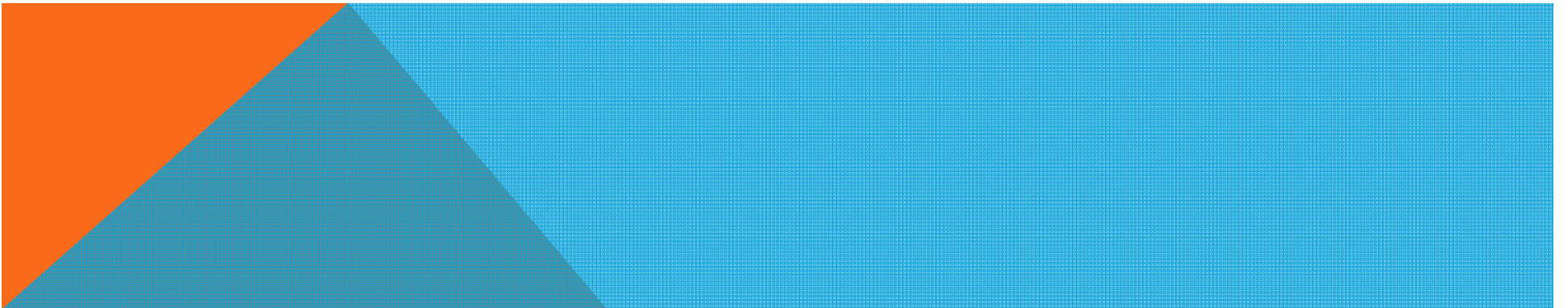
### Characteristics of Workforce by Educational Attainment : 2011 ACS



- LHR workers are also less educated than workers overall due to its lower skilled, entry-level positions with a higher turnover rate.
- The 2011 American Community Survey states nearly half (46.3%) of the workers in this industry cluster do not have any formal education beyond high school compared with 35.6 percent for employees in all industries statewide.

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## **Outlook and Projections**



- As for the outlook by occupation, the top five and eight (in red) of the top ten occupations in the state with the greatest number of projected average annual job openings are LHR-related. The typical minimum requirements for these occupations are no work experience, short-term on-the-job training and no college degree.
- The 8 occupations account for 19.4% of all average annual job openings that New Jersey is expected to add through 2020.

<u>Occupational Title</u>	<u>Employment</u>		<u>Change 2010 - 2020</u>			<u>Annual Average Job Openings</u>		
	<u>2010</u>	<u>2020</u>	<u>Number</u>	<u>Total %</u>	<u>Annual %</u>	<u>Total Replacement</u>	<u>Growth</u>	
Total All Occupations	4,155,700	4,476,000	320,300	7.7	0.7	132,940	35,070	97,870
Cashiers	102,800	109,300	6,500	6.3	0.6	5,310	650	4,660
Retail Salespersons	117,700	131,000	13,300	11.3	1.1	4,800	1,340	3,460
Waiters and Waitresses	58,000	62,500	4,500	7.8	0.8	3,350	450	2,900
Laborers and Freight, Stock, and Material Movers, Hand	74,900	82,600	7,700	10.2	1.0	3,160	760	2,400
Combined Food Preparation and Serving Workers, Incl. Fast Food	63,300	72,000	8,700	13.7	1.3	2,640	870	1,770
Registered Nurses	81,600	90,600	9,000	11.1	1.1	2,390	910	1,480
Receptionists and Information Clerks	50,000	57,400	7,400	14.8	1.4	2,250	740	1,510
Customer Service Representatives	57,400	62,500	5,100	8.9	0.9	2,140	510	1,630
Office Clerks, General	77,100	84,400	7,300	9.4	0.9	2,100	730	1,370
Home Health Aides	31,300	44,700	13,400	42.7	3.6	1,740	1,340	400

Source: NJLWD Current Employment Statistics, Industry & Occupational Employment Projections

NAICS	Industry Title	Employment		Change 2010 - 2020			Outlook
		Actual 2010	Projected 2020	Numeric	Annual (%)	Total (%)	
000000	Total All Industries	4,155,700	4,476,000	320,300	0.7	7.7	Growing
<b>440000</b>	<b>Retail Trade</b>	<b>437,400</b>	<b>470,000</b>	<b>32,600</b>	<b>0.7</b>	<b>7.5</b>	<b>Growing</b>
441000	Motor Vehicle and Parts Dealers	41,500	44,200	2,700	0.6	6.5	Growing
444000	Building Material & Garden Equipment & Supplies Dealers	30,100	35,000	4,900	1.5	16.3	Growing
445000	Food and Beverage Stores	106,800	111,800	5,000	0.5	4.7	Stable
446000	Health and Personal Care Stores	34,900	38,700	3,800	1.0	10.9	Growing
448000	Clothing and Clothing Accessories Stores	54,800	66,800	12,000	2.0	21.9	Growing
451000	Sporting Goods, Hobby, Book & Music Stores	17,600	16,700	-900	-0.5	-5.1	Declining
452000	General Merchandise Stores	70,900	68,800	-2,100	-0.3	-3.0	Declining
459000	Retail Trade, All Other	80,800	88,000	7,200	0.9	8.9	Growing
<b>102600</b>	<b>Leisure and Hospitality</b>	<b>334,200</b>	<b>363,300</b>	<b>29,100</b>	<b>0.8</b>	<b>8.7</b>	<b>Growing</b>
710000	Arts, Entertainment, and Recreation	52,800	57,900	5,100	0.9	9.7	Growing
713000	Amusement, Gambling & Recreation Industries	42,500	47,100	4,600	1.0	10.8	Growing
719000	Arts, Entertainment & Recreation, All Other	10,300	10,800	500	0.5	4.9	Stable
720000	Accommodation and Food Services	281,400	305,400	24,000	0.8	8.5	Growing
721000	Accommodation	59,100	61,700	2,600	0.4	4.4	Stable
721100	Traveler Accommodation	33,800	34,200	400	0.1	1.2	Stable
721120	Casino Hotels	33,800	34,200	400	0.1	1.2	Stable
721190	Accommodation, All Other	25,300	27,500	2,200	0.8	8.7	Growing
722000	Food Services and Drinking Places	222,300	243,700	21,400	0.9	9.6	Growing
722100	Full-Service Restaurants	101,400	111,000	9,600	0.9	9.5	Growing
722200	Limited-Service Eating Places	85,100	94,100	9,000	1.0	10.6	Growing
722300	Special Food Services	26,700	29,100	2,400	0.9	9.0	Growing
722400	Drinking Places (Alcoholic Beverages)	9,100	9,500	400	0.4	4.4	Stable

➤ 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 61,700 from 2010-to-2020.

➤ The cluster's rate of job growth is faster than that projected for the state overall (8.0%, LHR vs. 7.7%, all industries).

*Source: NJLWD Current Employment Statistics, Industry & Occupational Employment Projections*  
*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*

# Outlook



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- As it did during the 2007-to-2012 period, the Foods Services/Drinking Places component is projected to continue creating the greatest number of new jobs (21,400) from 2010-to-2020. This 9.6 percent increase is more than the state's projected rate (7.7%).
- The cluster's largest component, Retail Trade with 56 percent of employment, is projected to grow by 32,600 jobs or 7.5 percent during this 10-year period, while Arts/Entertainment/Recreation is projected to add 5,100 new jobs for a 9.7 percent advance.
- The accommodation component is projected to add 4.4 percent to their payrolls during the 2010-to-2020 period (+2,600 jobs). The minimal increase of 400 or 1.2 percent in Casino Hotels will be added to job gains in other types of Accommodations (+2,200).



# Southern Region Industry Projections: Retail Trade

Source: NJLWD, New Jersey Industry and Occupational Projections  
Prepared by: New Jersey Department of Labor and Workforce Development  
December 2012

<u>County</u>	<u>2010 Estimated Employment</u>	<u>2020 Projected Employment</u>	<u>Numeric Change</u>	<u>Annual Growth Rate (%)</u>	<u>Total Percent Change</u>	<u>Outlook</u>
Atlantic	15,500	17,700	2,200	1.3	14.3	Growing
Burlington	24,800	27,800	3,000	1.1	12.0	Growing
Camden	23,400	24,800	1,400	0.6	6.0	Growing
Cape May	6,550	6,850	300	0.4	4.5	Stable
Cumberland	7,650	8,450	850	1.1	11.1	Growing
Gloucester	17,700	19,600	1,900	1.0	10.8	Growing
Salem	1,850	1,950	100	0.5	5.3	Growing

# Southern Region Industry Projections: Accommodations & Food Services

Source: NJLWD, New Jersey Industry and Occupational Projections  
Prepared by: New Jersey Department of Labor and Workforce Development December 2012

<u>County</u>	<u>2010 Estimated Employment</u>	<u>2020 Projected Employment</u>	<u>Numeric Change</u>	<u>Annual Growth Rate (%)</u>	<u>Total Percent Change</u>	<u>Outlook</u>
Atlantic	46,700	50,700	4,000	0.8	8.5	Growing
Burlington	13,050	14,200	1,100	0.8	8.5	Growing
Camden	14,000	15,100	1,150	0.8	8.1	Growing
Cape May	8,600	8,800	200	0.2	2.4	Stable
Cumberland	3,350	3,650	300	0.9	9.5	Growing
Gloucester	7,700	8,200	450	0.6	6.0	Growing
Salem	1,500	1,600	100	0.7	6.9	Growing

# Central Region Industry Projections: Retail Trade

<u>County</u>	<u>2010 Estimated Employment</u>	<u>2020 Projected Employment</u>	<u>Numeric Change</u>	<u>Annual Growth Rate (%)</u>	<u>Total Percent Change</u>	<u>Outlook</u>
Mercer	19,550	21,800	2,250	1.1	11.4	Growing
Middlesex	39,300	42,000	2,750	0.7	6.9	Growing
Monmouth	36,750	38,900	2,100	0.6	5.8	Growing
Ocean	25,600	27,500	1,850	0.7	7.3	Growing
Somerset	19,450	21,900	2,400	1.2	12.3	Growing

Source: NJLWD, New Jersey Industry and Occupational Projections  
 Prepared by: New Jersey Department of Labor and Workforce Development  
 December 2012

# Central Region Industry Projections: Accommodations & Food Services

<u>County</u>	<u>2010 Estimated Employment</u>	<u>2020 Projected Employment</u>	<u>Numeric Change</u>	<u>Annual Growth Rate (%)</u>	<u>Total Percent Change</u>	<u>Outlook</u>
Mercer	10,950	12,050	1,100	0.9	9.9	Growing
Middlesex	20,200	21,300	1,150	0.5	5.6	Growing
Monmouth	21,750	23,650	1,900	0.8	8.8	Growing
Ocean	13,400	15,750	2,350	1.6	17.6	Growing
Somerset	9,750	10,800	1,050	1.0	11.0	Growing

Source: NJLWD, New Jersey Industry and Occupational Projections  
 Prepared by: New Jersey Department of Labor and Workforce  
 Development December 2012

# Northern Region Industry Projections: Retail Trade

Source: NJLWD, New Jersey Industry and Occupational Projections  
Prepared by: New Jersey Department of Labor and Workforce Development December 2012

<u>County</u>	<u>2010 Estimated Employment</u>	<u>2020 Projected Employment</u>	<u>Numeric Change</u>	<u>Annual Growth Rate (%)</u>	<u>Total Percent Change</u>	<u>Outlook</u>
Bergen	51,900	54,950	3,050	0.6	5.9	Growing
Essex	27,500	29,400	1,900	0.7	6.8	Growing
Hudson	22,450	23,600	1,150	0.5	5.0	Stable
Hunterdon	6,700	7,050	350	0.5	5.0	Stable
Morris	28,700	30,600	1,900	0.6	6.6	Growing
Passaic	23,600	25,100	1,500	0.6	6.3	Growing
Sussex	5,650	5,800	200	0.3	3.2	Stable
Union	26,750	27,850	1,100	0.4	4.2	Stable
Warren	6,100	6,500	400	0.6	6.6	Growing

# Northern Region Industry Projections: Accommodations & Food Services

Source: NJLWD, New Jersey Industry and Occupational Projections  
Prepared by: New Jersey Department of Labor and Workforce Development December 2012

<u>County</u>	<u>2010 Estimated Employment</u>	<u>2020 Projected Employment</u>	<u>Numeric Change</u>	<u>Annual Growth Rate (%)</u>	<u>Total Percent Change</u>	<u>Outlook</u>
Bergen	31,400	34,100	2,700	0.8	8.5	Growing
Essex	18,100	19,650	1,550	0.8	8.5	Growing
Hudson	13,600	15,150	1,550	1.1	11.5	Growing
Hunterdon	3,150	3,550	400	1.2	12.3	Growing
Morris	16,700	17,450	750	0.5	4.6	Stable
Passaic	9,350	10,150	800	0.8	8.5	Growing
Sussex	3,450	3,750	300	0.8	8.5	Growing
Union	12,300	13,250	1,000	0.8	8.1	Growing
Warren	2,400	2,500	100	0.4	4.2	Stable

# 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.

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