



New Jersey's Leisure, Hospitality and Retail Cluster: The Shore and More by Chester Sherman, Labor Market Analyst

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. The latest national recession was no exception.



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.
- LHR represented \$44.2 billion or 11.3 percent of New Jersey's Gross Domestic Product in 2008.
- New Jersey LHR employers paid more than \$20 billion in wages during 2009, or 11.8 percent of the state total.

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.

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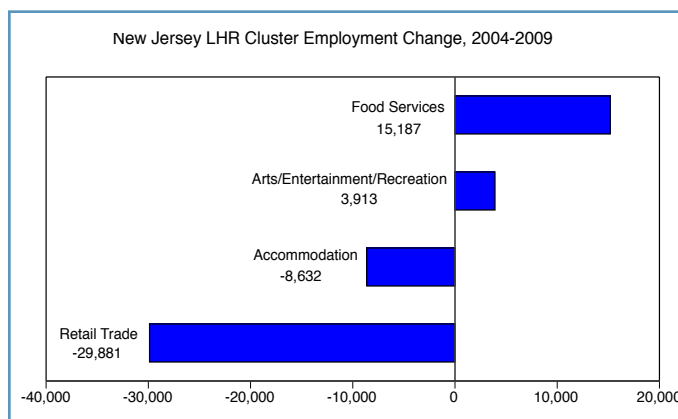
Sector Components

LHR is comprised of four primary components: retail trade, the largest with 56.0 percent of employment; food services/drinking places with 29.0 percent; accommodation, with 8.0 percent and arts/entertainment/recreation with 7.0 percent.

Employment Trends, 2004 to 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.

Retail trade employment dropped by nearly 30,000 (-6.4%) during this 5-year period while job levels in accommodation fell by 8,600 (-12.4%). For retail



trade in particular, New Jersey 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 accommodation, over 90 percent of the losses occurred within Atlantic City's casino hotels, where the impact of reduced consumer spending and increased competition in nearby states had a significant impact on employment.



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 (think fast food) accounted for more than three-of-every-four new jobs in the food services/drinking places industry, while fitness and recreational sports centers and amusement and theme parks

created most of the new jobs in the arts/entertainment/recreation industry.

In each of New Jersey's four primary components, the percent job gain or loss over the 2004 to 2009 period was greater than its national counterpart. The greatest percent difference was in accommodation where most of the state's job losses (90%) occurred in Atlantic City's hotel casino industry.

Wages by Industry

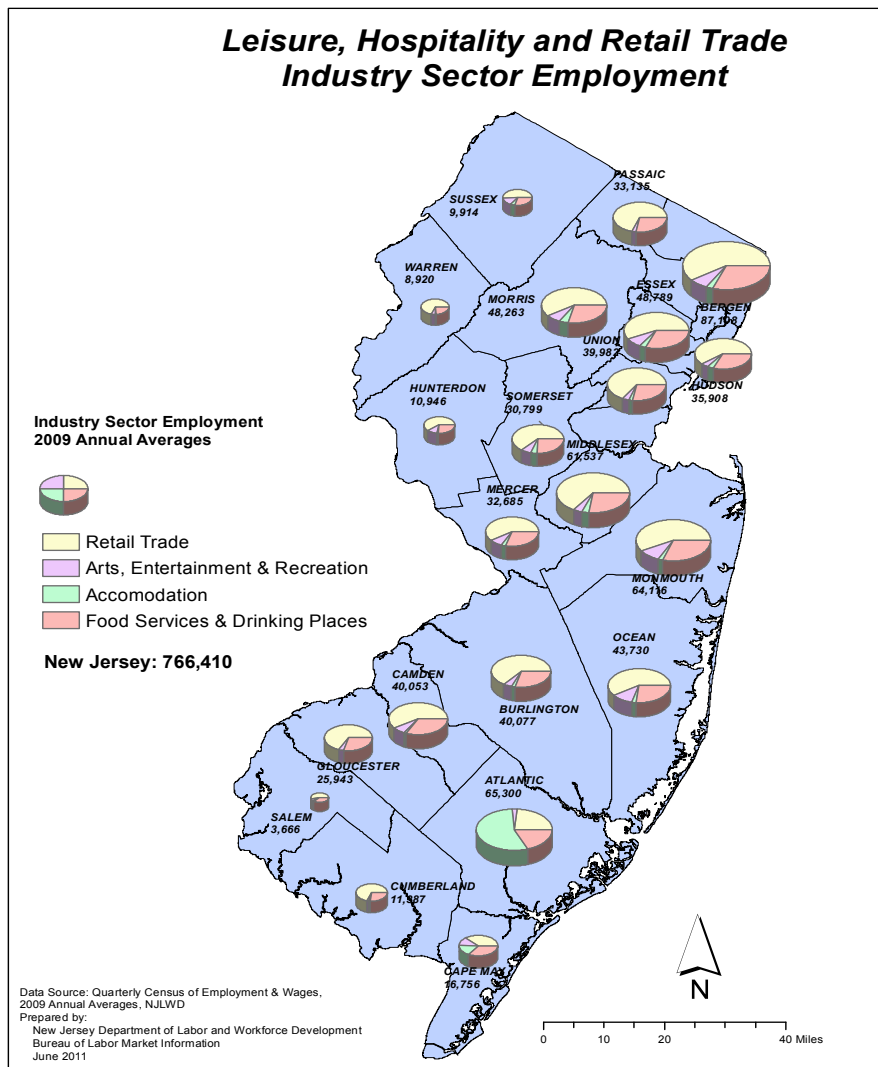
The LHR cluster's annual average wage (total wages paid / average number of employees) in 2009 was \$27,134 or about one-half the state's annual average wage for all private sector workers (\$54,541). The much lower average annual wage reflects the entry level, part-time, seasonal, lower skill and lower education requirements of many of the occupations found within it.

The annual average wage for three of the cluster's four primary components (arts/entertainment/recreation, \$33,055; accommodation, \$31,668; and retail trade, \$29,677) were greater than the cluster average, but well below the state's average for all private sector workers (\$54,541). Food services/drinking places posted the lowest annual average wage (\$16,930), which was just 31.0 percent of the state's average.

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

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

Leisure, Hospitality and Retail Trade Industry Sector Employment



Leisure, Hospitality and Retail Trade Occupations

There are 253 different occupations within LHR, 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. Overall, three-of-every-four jobs in the LHR cluster require only short- or moderate-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 all LHR occupations and only require work experience in a related occupation.

Occupations that require a Bachelors 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 Bachelors degree or higher education requirement.

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(\$328,732) and agents and managers for public figures (\$127,724).

With more than one-half (57.8%) of all jobs in the accommodation 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 retail sub-sectors to exceed the state's average for all private sector workers.

Wages by Occupation

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 with performing arts and spectator sports.

Wages paid to cashiers, combined food preparation and serving workers and stock clerks/order fillers, regardless of establishment type, tended to fall within a narrow range that for a full-time, year-round employee would usually amount to \$18,000 — \$20,000. Waiters/waitresses (3rd largest occupation) do somewhat better with a full-time, year round worker earning wages in the low-to mid \$20,000 range.

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 LHR workers.

Major Employers

According to the New Jersey Business and Industry Association (NJBIA), four of New Jersey's top six largest employers fall within leisure, hospitality and retail trade. The chart below lists the LHR cluster's twenty largest employers, their number of employees (per NJBIA) and their rank among the state's Top 100 Employers as of December 2010. Overall, these twenty employers account for about one-of-every-four LHR jobs in the state.

New Jersey's Top Leisure, Hospitality and Retail Employers		
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

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