

A woman with her hair in a bun, wearing a blue surgical mask and a dark blue jacket, is reaching for a carton of juice on a high shelf in a grocery store aisle. The aisle is filled with various products, and the background is slightly blurred, showing other shelves and the store's interior lighting.

# **Pandemic-induced Upheaval in New York City's Retail Sector**

A report by James A. Parrott and Sierra Lewandowski

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## Executive Summary

New York City's retail sector was hit very hard in the early days of the coronavirus pandemic with jobs falling 27 percent by April compared to February's pre-pandemic level. The retail decline was not as severe as the February-April job losses in the leisure and hospitality sector (restaurants, hotels, and arts and entertainment), and the retail sector regained 70 percent of lost jobs by October compared to 40 percent for the local economy overall.

Retail in New York City fared worse than at the national level. Nationally, the April retail job decline was about half (15 percent) of New York City's, and total U.S. retail employment returned to pre-pandemic levels by November. (More definitive administrative employment data through June indicate an even steeper February-to-April local retail job plunge than the numbers cited above, but since administrative data are not yet available for the third quarter it is too early to tell whether the lower city retail job levels continued into the fall months.)

Two distinctive trends re-shaping New York City retail have surfaced during the pandemic upheaval: 1) great unevenness within retail; and 2) the acceleration of the e-commerce trend that had emerged in recent years. This report examines the job market impact of these trends.

Pre-pandemic, the retail industry employed 340,000 workers in 32,000 businesses and was one of the largest sectors in New York City's economy employing one out of every 10 payroll workers. It has long been a significant provider of entry-level employment opportunities for young adults and workers without a college education.

New York City's retail industry employs more women than the city's overall private sector (48 vs. 45 percent), and 22 percent of all young workers in the city worked in retail before the pandemic. Persons of color, particularly Latinx and Black workers, make up a greater share of the retail industry workforce (69 percent), than in private jobs in overall (61 percent).

The pandemic trends across retail should be considered within the context of changes occurring over the past decade. From February to October, the net loss of 29,000 New York City retail jobs occurred mostly in clothing stores (-25,000) with the loss of 5,600 department store jobs a distant second. Other retail segments had relatively small increases or decreases. Between 2009-19, New York City jobs in grocery and drug stores rose by 27-28 percent while employment in "non-stores," defined as retailers without a physical storefront that sell online, more than doubled.

A steady rise in e-commerce, from both non-stores and other online retail sales, has undercut many brick-and-mortar stores, especially in clothing and electronics. New York City clothing store and electronics store jobs rose by double digits from the recession low of 2009 to 2014, but

each fell by eight percent over the next five years, 2014-19. These trends have been exacerbated by Covid-19, with distancing and safety measures limiting in-person retailing. They also reflect the ongoing shift to online retailing.

Before the onset of Covid-19, Manhattan had the highest concentration (46 percent) of retail jobs in the city. The exodus by well-to-do Manhattanites to second homes elsewhere, the devastation of the tourist economy, and the absence of one million Manhattan office workers all factor into the concentration in Manhattan of 59 percent of retail job declines between February and June. Two-thirds of clothing store employment had been concentrated there. From April to June, both Queens and Brooklyn regained about 10,000 retail jobs each.

It likely will be a few years before New York City gets back all 29,000 net retail jobs lost since February. The pandemic accelerated the longer-term shift toward online retailing and while the city is host to hundreds of e-commerce start-ups, those jobs are more tech- and marketing-oriented and provide many fewer entry-level positions than clothing, electronics or department stores. The burst in e-commerce activity has created hundreds of delivery and distribution center jobs but those tend to be more precarious and of lower quality than retail clerk and cashier positions in traditional brick and mortar stores.

Because the retail industry has long been plagued by high rates of turnover and limited advancement opportunities, it will continue to provide thousands of job openings for entry level workers each year. The Covid-19 economic landscape poses additional hurdles for job seekers and workforce developers. Job skills and employment requirements are likely to also shift, reflecting the increase demand for tech-based proficiencies. Digital platforms are now often used for hiring, interviewing, and on-boarding processes, which can exaggerate the “digital divide.” Entry level workers may be forced to expand their search beyond the retail industry, as many retailers make greater use of technology or just seek to cope with fewer in-store patrons.

Ultimately, the retail industry – from employers to workers – needs to work together to shape the future of work within this sector. Health and safety standards, career advancement opportunities, and skill and technology training workshops could redefine the retail sector and its employment practices. Effective industry partnerships between companies, workers, and workforce developers would help to set standards across retailers of various size, scope, and service to build a stronger and more sustainable sector. Policies are needed to exploit the potential of technology to enhance job quality and performance rather than degrade the work experience. Sector leaders and policy makers have an opportunity to fix issues that have long plagued the retail sector, and to think innovatively about how to establish a well-trained and retained labor force to meet retail’s rapidly changing and uncertain future.

## 1. Introduction

The retail sector was hit very hard in the early days of the coronavirus pandemic in New York City, with retail employment falling about 27 percent in April compared to the pre-pandemic level in February 2020. Since then, however, it has seen a significant rebound, with nearly 70 percent of the February-to-April job falloff regained as of October. Still, October retail employment was nine percent, or 29,000 jobs, below February's level. The retail jobs decline through April was greater in New York City than in the U.S. overall, and even with a strong rebound, October jobs were much further below the pre-pandemic level than for the nation.

The retail sector is one of the face-to-face service industries bearing the brunt of pandemic job dislocations, since most retail activity involves close in-person interaction between consumers and retail sales workers. Despite this industry-wide trend, two of the largest retail segments are grocery stores and drug stores that were deemed essential and allowed to remain open during the most restrictive early phase of mandated business closings.

In New York City, two distinctive trends re-shaping the retail sector have emerged in the midst of the pandemic upheaval: 1) there has been great unevenness in the impact across retail industry segments; and 2) the e-commerce trend that had been steadily building momentum in recent years has been greatly accelerated. This report examines the job market impact of Covid-19 on the New York City retail sector through the first eight months of the pandemic, and in the process, looks more closely at the acceleration of e-commerce.

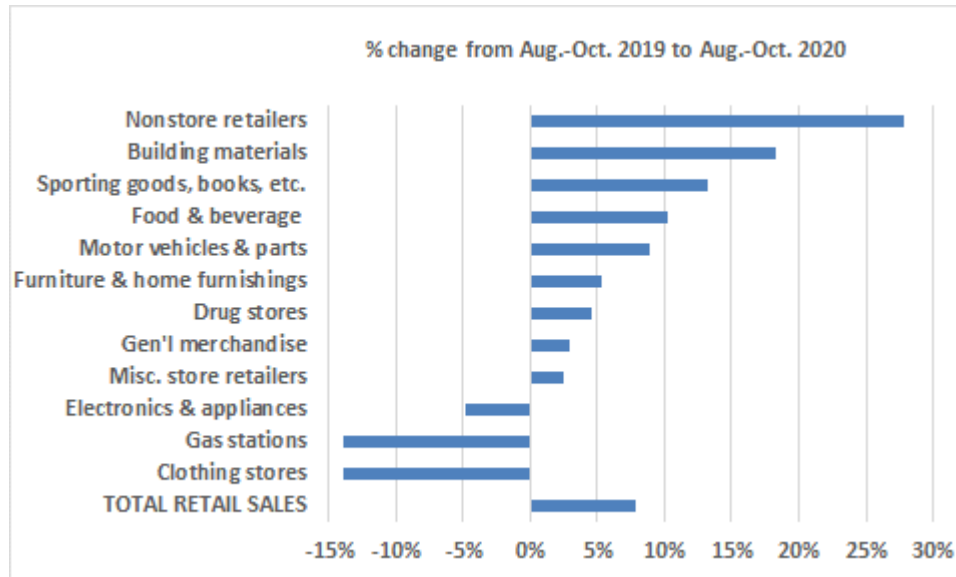
The pandemic pattern in New York City employment by retail segment generally tracks that across retail segments at the national level. (See Figure 1.) For the August-October period, total retail sales rose 7.9 percent compared to the same months of 2019. However, food and beverage store sales were 10 percent higher and sales by non-store retailers (a category that is largely online sales) rose 28 percent, while clothing store sales were 14 percent lower than during the same months in 2019. For the U.S. overall through the first 10 months of 2020, non-store retail sales were greater than the combined sales of several brick-and-mortar store categories, including furniture, home furnishings, electronics, appliance, building materials, clothing, sporting goods, book, and department stores. E-commerce activity encompasses both business conducted in the "non-stores" segment of companies selling online without any physical brick-and-mortar locations and traditional retailers that have expanded operations to offer online sales.

Figure 2 details some of the reasons the retail industry warrants a special focus. As one of the largest sectors in New York City's economy, and as a significant provider of employment opportunities to persons of color and workers without college educations, the industry serves an essential role in the city's economy. This report provides relevant insights on how job seekers

and those in workforce development organizations seeking to match job seekers with openings can both respond and adapt to a retail landscape upended by the pandemic.

**Figure 1**

**U.S. retail sales, by segment, change from Aug.-to-Oct. 2019 to same months of 2020**



Source: U.S. Bureau of the Census, Advance Monthly Sales for Retail and Food Services, Oct. 2020.

**Figure 2**

**Pre-Pandemic Retail Industry Overview, New York City**

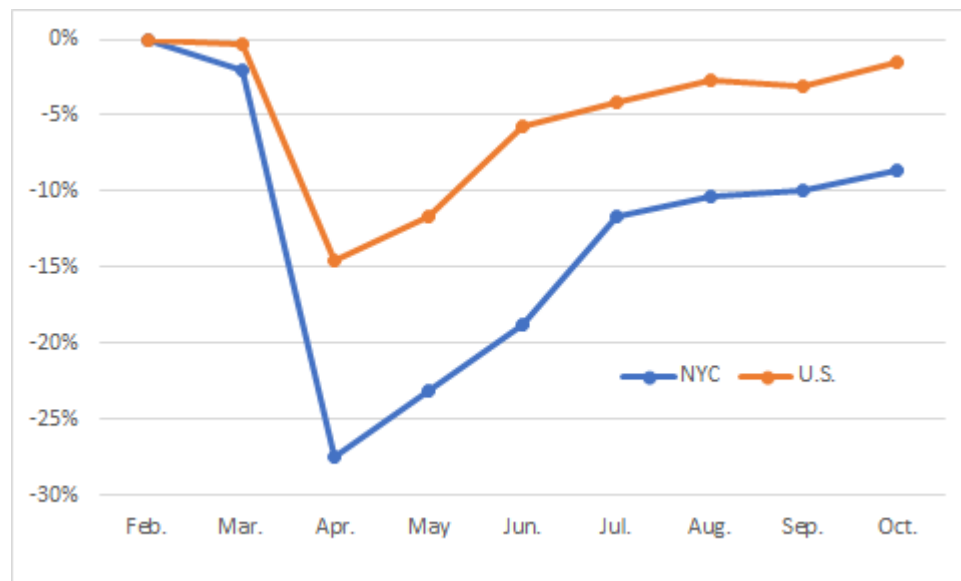
- 340,000 NYC retail workers
- 1 out of every 10 NYC payroll (wage-earning) jobs
- 1 out of every 7 NYC entry-level jobs
- 32,000 retail establishments (chain stores, locally owned retailers, e-commerce)
- Flat overall employment levels in recent years, some growth in outer boroughs
- 46 percent of NYC retail jobs located in Manhattan
- Average wages range widely across segments and boroughs

## 2. New York City's retail employment trend relative to the nation's since February

The city's retail industry suffered a 27 percent decline in employment from February-April, compared to the 15 percent decline in retail employment across the United States. Within New York City, as steep as the retail job plunge was in the first two months of the pandemic, the job falloff was not as severe as in restaurants, hotels, and the arts, entertainment, and recreation sector. Figure 3 shows that New York City's retail industry faced a more significant decline in employment than the retail sector nationally, and also has seen a slower rebound than the United States retail industry overall. The U.S. has seen a more complete rebound of retail employment, with October's sector-wide job level down just two percent from February. In the city, on the other hand, retail employment in October was nine percent below the February 2020 level. The employment data in the figure below are not seasonally adjusted, meaning some of the October improvement shown may reflect hiring in anticipation of the yearend holiday season, though reports indicate this seasonal hiring nationally has been much weaker than usual.<sup>1</sup>

**Figure 3**

**New York City total retail employment still down by 9% in October vs. February, while U.S. retail job level down only 2%**



Source: Bureau of Labor Statistics (BLS) and New York State Department of Labor (NYSDOL), current employment statistics, not seasonally adjusted.

<sup>1</sup> While the not-seasonally adjusted national data for November show a retail trade employment gain compared to October, on a seasonally adjusted basis the decline was only 0.2 percent. November data for New York City were not available as of this writing.



The New York City retail employment rebound has been much greater than the recovery in employment for the city overall: 69 percent of the February-April job loss had been re-gained in the retail industry as of October, compared with a 41 percent rebound in total employment across the city. However, the employment rebound within the retail industry has been very uneven, as discussed below. Additionally, the employment picture presented in Figures 3 and 4 will change when revised employment data are released in March (see the box below).

*Revised jobs data through June 2020 show greater overall retail job decline*

The employment data analysts use to track current-year labor market trends are based on a monthly survey of businesses conducted by the Bureau of Labor Statistics (BLS). In March of every year, BLS and State labor departments revise the prior year's monthly employment estimates based on comprehensive administrative data compiled in connection with the payment of employer payroll taxes for unemployment insurance. This unemployment insurance administrative data is called the Quarterly Census of Employment and Wages (QCEW). In times of dramatic change in economic conditions, there can be substantial employment revisions based on the more definitive administrative data.

QCEW data for the second quarter of 2020 (the months of April, May, and June) recently became available and allow us to get an early look at upcoming monthly employment revisions. QCEW data for the first and second quarters provide a more definitive accounting of payroll job changes in New York City's retail sector. These revisions are detailed in Section 5, below. We also briefly discuss national revisions for retail employment.

Briefly, the revised data show a 40 percent greater overall job decline in retailing (roughly 26,000 jobs) from February to June than shown in previously published monthly establishment survey data. Nationally, the revised data show an eight percent larger retail job decline through June. Downward New York City revisions were largest for drug stores, general merchandise, food and beverage stores, and the sporting goods and book store category. The New York State Department of Labor does not publish monthly employment estimates for the retail segments grouped together in several figures as the "other" category: motor vehicles and parts dealers, electronics stores, building materials, gas stations, and non-stores. QCEW data provide our first look at monthly pandemic employment trends for these five industries. (See Figure 9, below.)

Since we do not have the QCEW data at this point for any months past June, the analysis of industry trends presented in Sections 1-4 relies on the preliminary monthly survey estimates through October. Section 5 below discusses the more definitive administrative payroll data. As noted above, at a national level, the QCEW revisions in retail are much less significant than the revisions for New York City. Given the unprecedented nature of the pandemic economy and its highly uneven impact on jobs and economic activity, it is not possible to predict what the revised employment data for the third quarter (July, August, and September) will look like. In the annual "benchmarking" revision released in March, fourth quarter monthly data are revised based on the QCEW data for the four previous quarters.

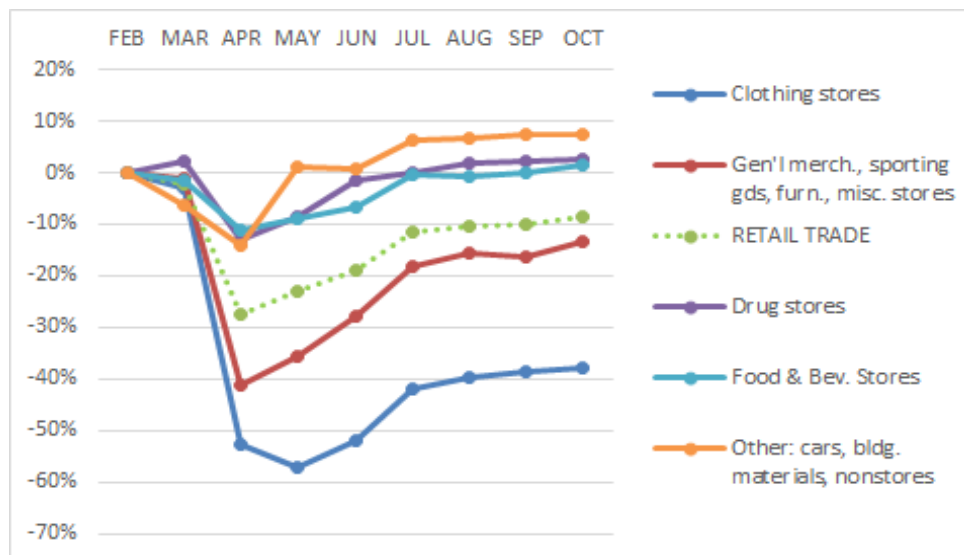
In April and May, the retail sector accounted for 14 percent of all regular unemployment insurance claims in New York State (unemployment claims data by industry are not available for New York City). While the retail share of unemployment claims statewide subsided to 12 percent during the months of August through October, this share was still significantly greater than the nine percent it accounted for in the same months of 2019.<sup>2</sup>

### 3. During Covid-19 uneven developments across retail segments intensify recent trends

The retail industry’s job decline and subsequent rebound has not been evenly distributed across all industry segments. Figure 4 shows the job decline at the beginning of the pandemic disproportionately affecting clothing and department stores. On the other hand, drug stores and food and beverage stores, including grocery stores, were deemed “essential” businesses and saw minimal declines in April according to the preliminary survey data. Similarly, as of October, drug stores, food and beverage, and “other” stores (including “non-stores”) are back to operating either at the pre-pandemic employment level, or at a slightly higher employment level. Drug stores and “other” stores have increased jobs from before the pandemic, up three and seven percent, respectively (again, this is based on preliminary data that will be revised in March).

**Figure 4**

**Pandemic uneven impacts within employment levels in the NYC retail sector—drug stores and “other” are up. But clothing and department store jobs are down**



Source: NYSDOL, current employment statistics, not seasonally adjusted.

<sup>2</sup> Monthly data on characteristics of New York State unemployment insurance recipients from the U.S. Department of Labor, Employment and Training Administration.

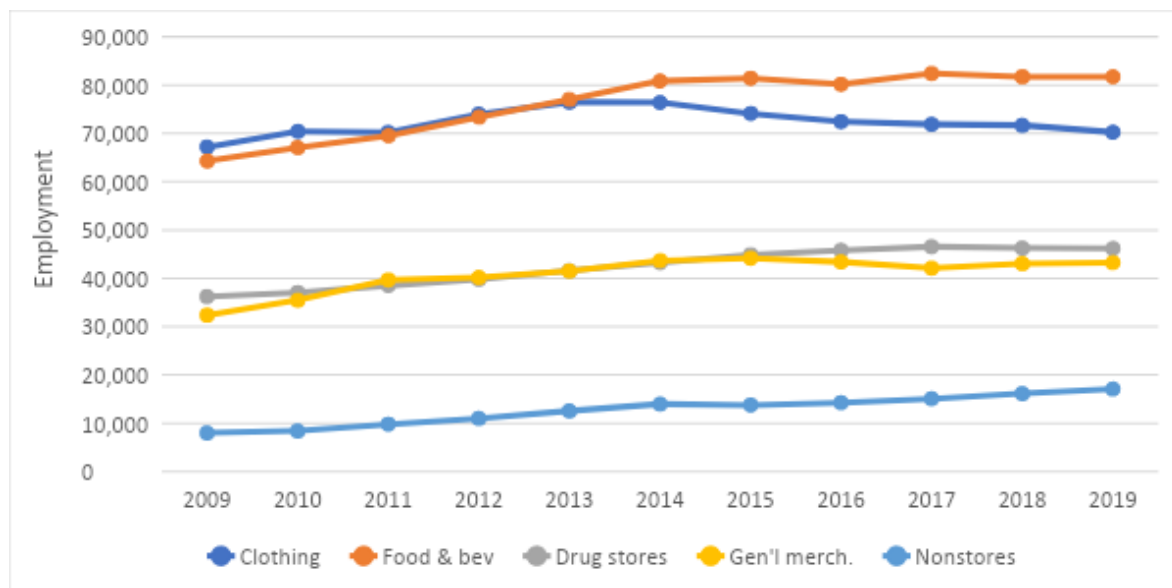
Clothing stores, however, are still at job levels 38 percent below February 2020, and are experiencing a much slower rate of rebound compared than in the rest of the sector.

The pandemic trends across retail should be considered within the context of changes seen over the past decade. Figure 5 provides the employment trends across the retail industry, by segment, over the last 10 years.

Between 2009-19, New York City employment in food and beverage stores rose 27 percent and drug stores saw a 28 percent increase. During this same period, employment in “non-stores,” defined as retailers without a physical storefront that engage largely in e-commerce, more than doubled with a 114 percent increase over the 10-year period. A steady rise in e-commerce, from both non-stores and other online retail purchasing, has undercut many brick-and-mortar stores, especially in clothing and electronics, with the impact concentrated in recent years. Clothing store employment experienced a strong 14 percent rebound from the recession low of 2009 to 2014, but then fell by eight percent over the next five years, 2014-19. Employment in electronics and appliance stores (not shown in Figure 5) was up 27 percent from 2009 to 2014 but also shrank by eight percent from 2014 to 2019. These trends have been exacerbated by Covid-19, with distancing and safety measures preventing some in-person retailing. They also reflect the shift to online retailing in recent years.

**Figure 5**

**Pre-pandemic, non-stores (e-commerce), drug and food stores had been gaining ground while clothing stores had been declining**



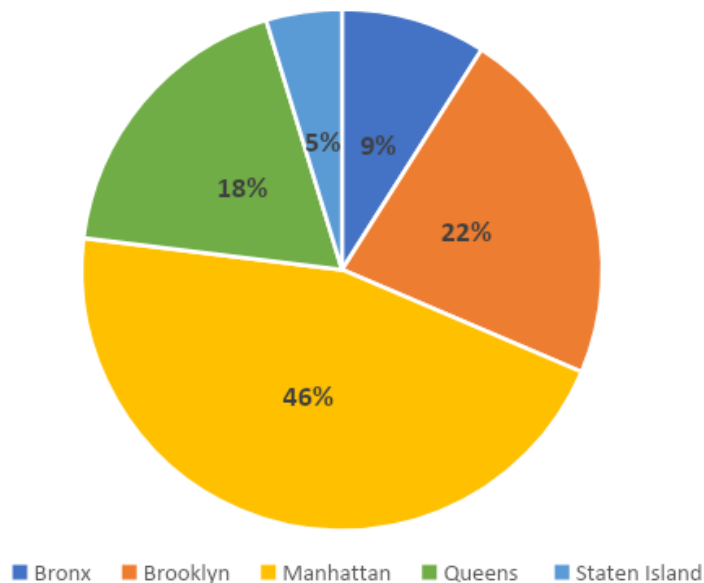
Source: BLS, Quarterly Census of Employment and Wages (QCEW).

#### 4. Borough distribution of retail jobs and trends over the past decade

Figure 6 shows the distribution of overall retail jobs across the boroughs in 2019. Manhattan has the vast majority (46 percent) of retail jobs in the city, reflective of the fact that the region's two largest business districts (Midtown and Downtown) are located there, and it is the focal point for city's subway system, allowing access to consumers from many high-population neighborhoods in Brooklyn, the Bronx, and Queens. Brooklyn has a 22 percent share of retail employment jobs, followed by Queens with 18 percent. The pandemic has disproportionately affected Manhattan retail jobs, in major part because two-thirds of clothing store employment is concentrated there.<sup>3</sup>

**Figure 6**

##### **NYC retail jobs heavily concentrated in Manhattan, 2019**



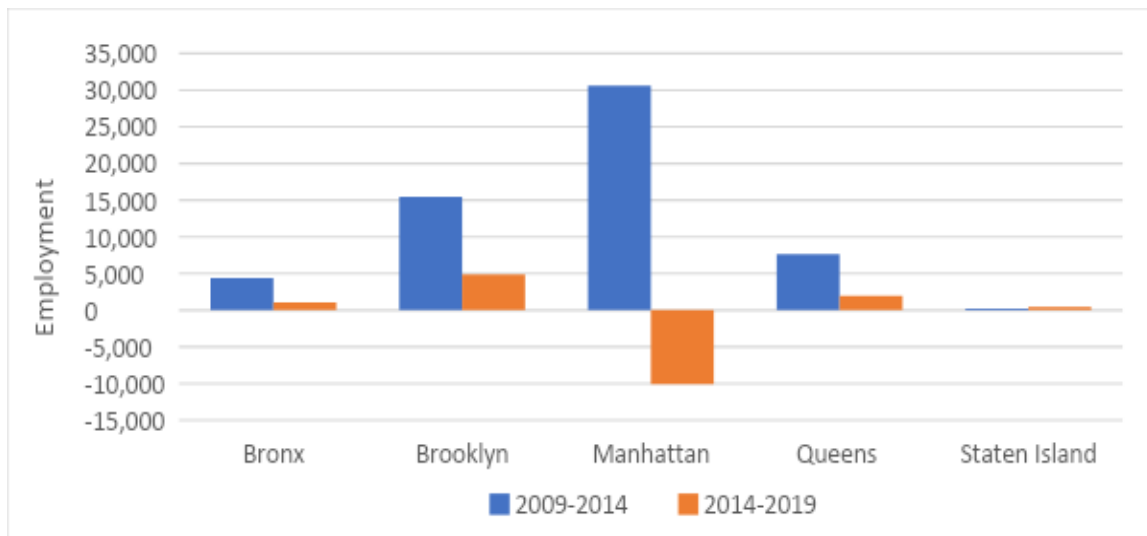
Source: BLS, QCEW.

The retail industry in New York City steadily grew between 2009-2014, with average levels of employment increasing across all boroughs. Manhattan saw the largest increase in employment, adding 30,000 new jobs in retail during this five-year period. Beginning in 2015 the growth in the city's retail employment slowed. Between 2014-2019, job growth in Brooklyn was just one-third of the growth in the five years prior, while Manhattan saw a *decrease*, losing 10,000 retail jobs. Retail job growth also slowed over the past five years in the Bronx and Queens.

<sup>3</sup> Figure 10 below shows the Manhattan concentration of pandemic retail job losses through June 2020.

**Figure 7**

**Growth in employment levels in the retail industry was steady between 2009-14, but slowed between 2014-19 and declined in Manhattan**



Source: BLS, QCEW.

## 5. Revised data show greater decline in retail jobs from February to June, and a first look at retail employment changes by borough

As discussed in the box above on page 6, the more precise administrative employment data for the second quarter show a steeper decline than previous figures had indicated in New York City overall retail employment. Figure 8 shows the February-to-June employment changes, by retail segment, for the monthly survey estimate and the Quarterly Census of Employment and Wages (QCEW) administrative data, which are the basis for revised data that will be released by the New York State Department of Labor (NYSDOL) in March 2021. The final column in Figure 8 shows the net impact of the revisions. Thus, over all for New York City retail, 89,400 jobs were lost between February and June according to the administrative QCEW data, 26,000 more than the preliminary monthly data. Most striking is the revision for drug store employment.

According to the survey data, there was a net decline of only 700 jobs from February to June, but the administrative data show a 7,300-job drop. Grocery (food and beverage) stores, a retail segment deemed essential along with drug stores, also experienced a much more significant February-to-June job decline than initially thought based on the monthly survey data.

Proportionately, the sporting goods and book store segment experienced the sharpest downward revision. There was also a steeper job loss in the general merchandise segment.

On the national level, the QCEW data show much less significant employment revisions than in the city. Whereas the revisions worsened the city's retail job decline by 40 percent, for U.S. retail

overall the administrative data increased the February-to-June decline by eight percent. Nationally, the QCEW data show downward employment revisions in general merchandise stores and upward employment revisions in electronics stores and clothing stores (although still with steep declines from February).

**Figure 8**

**Revised jobs data for first half of 2020 show a much steeper February-to-June decline**

	Feb-June employment change		Feb-June employment change revision
	Preliminary monthly survey	QCEW	
<b>Retail Trade total</b>	<b>-63,400</b>	<b>-89,409</b>	<b>-26,000</b>
<b>Furniture</b>	<b>-4,600</b>	<b>-3,666</b>	<b>900</b>
<b>Food and beverage stores</b>	<b>-5,400</b>	<b>-8,591</b>	<b>-3,200</b>
<b>Drug stores</b>	<b>-700</b>	<b>-7,289</b>	<b>-6,600</b>
<b>Clothing</b>	<b>-34,800</b>	<b>-36,191</b>	<b>-1,400</b>
<b>Sporting goods, books, hobby</b>	<b>-2,700</b>	<b>-5,799</b>	<b>-3,100</b>
<b>General merchandise</b>	<b>-8,400</b>	<b>-13,445</b>	<b>-5,000</b>
<b>Miscellaneous stores</b>	<b>-7,200</b>	<b>-7,190</b>	<b>0</b>
<b>Other *</b>	<b>400</b>	<b>-7,238</b>	<b>-7,600</b>

\* Other includes motor vehicles, electronics, building materials, gas stations and nonstores.

Source: NYSDOL, QCEW.

The “Other” industry category in Figure 8 shows a substantially different pandemic trend than seen in the preliminary survey data. This category includes five retail segments: motor vehicles and parts dealers; electronics stores; building materials; gas stations; and non-stores. Collectively, the preliminary New York City data had these industries with slightly higher employment in June than in February. However, the administrative data from the QCEW show a combined drop of 7,200 jobs over those months. The monthly survey data published by the NYSDOL do not break out any of these individual industries. Figure 9 shows the monthly employment detail from the QCEW data for these industries, along with the detail for the other retail segments. There were significant February-to-June declines in motor vehicles and electronics stores and even an 1,800-job falloff in the non-store segment that includes many e-commerce companies.

It is not surprising that Manhattan has borne the brunt of pandemic retail job losses, since 46 percent of all city retail jobs were located there, pre-pandemic. In addition, the exodus by well-to-do Manhattanites to second homes elsewhere in the state or out-of-state, the devastation of the tourist economy, and the absence of one million office workers most of whom are now working from home all factor into the concentration of retail job declines in Manhattan. (See Figure 10.)

Figure 9

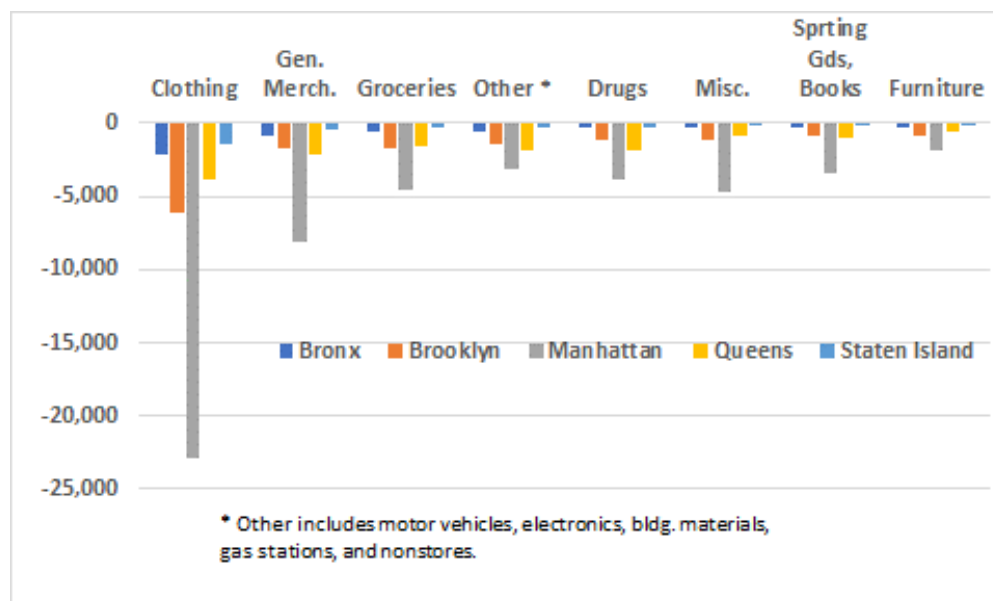
**QCEW administrative payroll employment data for New York City retail segments, February to June 2020**

	FEB	MAR	APR	MAY	JUN	Feb.-Apr.	Apr.-June	Feb-June	% Feb-Apr. loss re-gained by June
Retail Trade	336,001	331,090	222,253	226,371	246,592	-113,748	24,339	-89,409	-21%
Furn. & Home Furnishings	10,333	10,058	5,319	5,182	6,667	-5,014	1,348	-3,666	-27%
Food and Beverage Stores	81,087	80,230	64,582	70,231	72,496	-16,505	7,914	-8,591	-48%
Drug & Pers. Care Stores	45,396	44,989	37,124	36,671	38,107	-8,272	983	-7,289	-12%
Clothing & Clothing Acc.	66,742	65,268	28,411	24,154	30,551	-38,331	2,140	-36,191	-6%
Sprting Gds & Book Stores	9,744	9,298	3,678	3,156	3,945	-6,066	267	-5,799	-4%
Genl. Merch. Stores	42,225	41,793	24,147	24,873	28,780	-18,078	4,633	-13,445	-26%
Misc. Store Retailers	19,367	18,794	11,185	11,254	12,177	-8,182	992	-7,190	-12%
<i>"Other" retail segments</i>	<i>61,107</i>	<i>60,660</i>	<i>47,807</i>	<i>50,850</i>	<i>53,869</i>	<i>-13,300</i>	<i>6,062</i>	<i>-7,238</i>	<i>-46%</i>
Motor vehicles	10,611	10,478	5,082	7,318	8,294	-5,529	3,212	-2,317	-58%
Electronics	16,727	16,429	14,602	14,376	14,681	-2,125	79	-2,046	-4%
Building Materials	13,647	13,785	10,841	11,698	12,983	-2,806	2,142	-664	-76%
Gas Stations	3,613	3,560	2,744	3,006	3,226	-869	482	-387	-55%
Nonstores	16,509	16,408	14,538	14,452	14,685	-1,971	147	-1,824	-7%

Source: NYSDOL, QCEW.

Figure 10

**Concentration of February-to-June retail job decline in Manhattan**



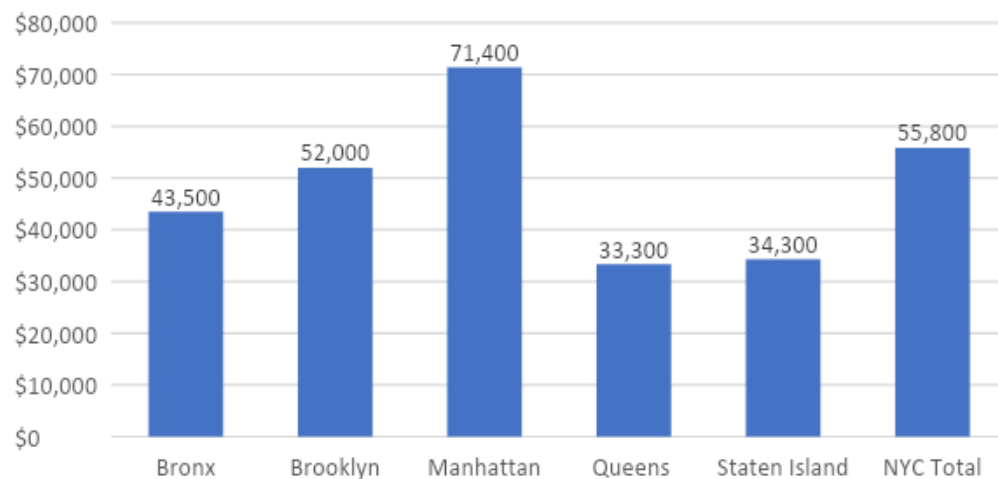
Source: NYSDOL, QCEW.

## 6. Uneven wages across retail segments and boroughs

Borough by borough, wage levels across the industry were extremely uneven in 2019. While full-time retail employees earn just over \$55,700 in the city on average, annual wages paid for jobs in Manhattan were significantly higher than in the rest of the city. Average retail wages in Manhattan were 27 percent higher than in Brooklyn (\$71,400 vs. \$52,000), 41 percent higher than the Bronx average of \$43,500, and about 52 percent higher than in Queens (\$33,300) and Staten Island (\$34,300). Largely as a result of significant minimum wage increases between 2011 and 2019, average wages rose much more in retail than for the city’s private sector overall, 30 percent in retail vs. 17 percent for average private sector wages, reflecting the high concentration of entry-level jobs in retailing.<sup>4</sup>

**Figure 11**

**Wage levels were uneven across all NYC boroughs in 2019**

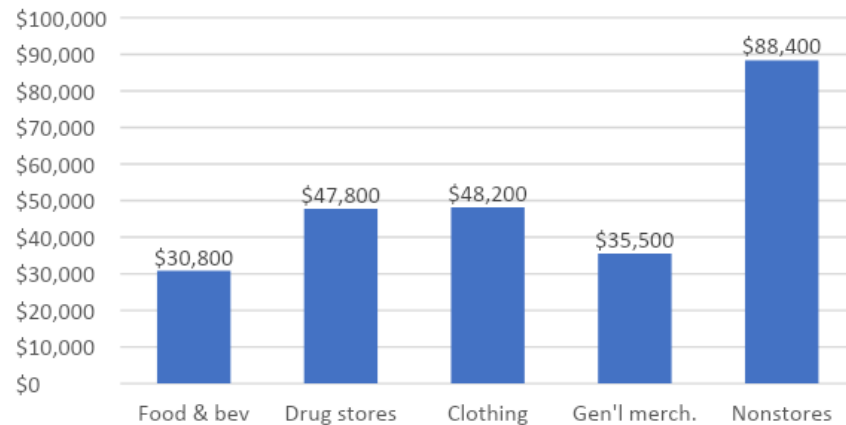


Source: BLS, QCEW.

Average citywide wages across retail segments in New York City are also uneven, particularly in comparison to wages in “non-stores,” or online retailers. Workers in food and beverage stores make about 65 percent less (\$30,800 vs. \$88,400) than do non-store employees, a segment experiencing steady growth over the past decade. Similarly, individuals employed in brick-and-mortar clothing retail make 45 percent less than non-store workers (\$48,200 vs. \$88,400). This reflects that fact that those employed in non-store retailing are much more likely to be engaged in tech-related and design, marketing and buying occupations, jobs significantly different than in traditional retail.

<sup>4</sup> This growth in average wage comparison is based on NYSDOL QCEW data.



**Figure 12****Large disparities existed in average citywide wages by retail segment in 2019**

Source: BLS, QCEW.

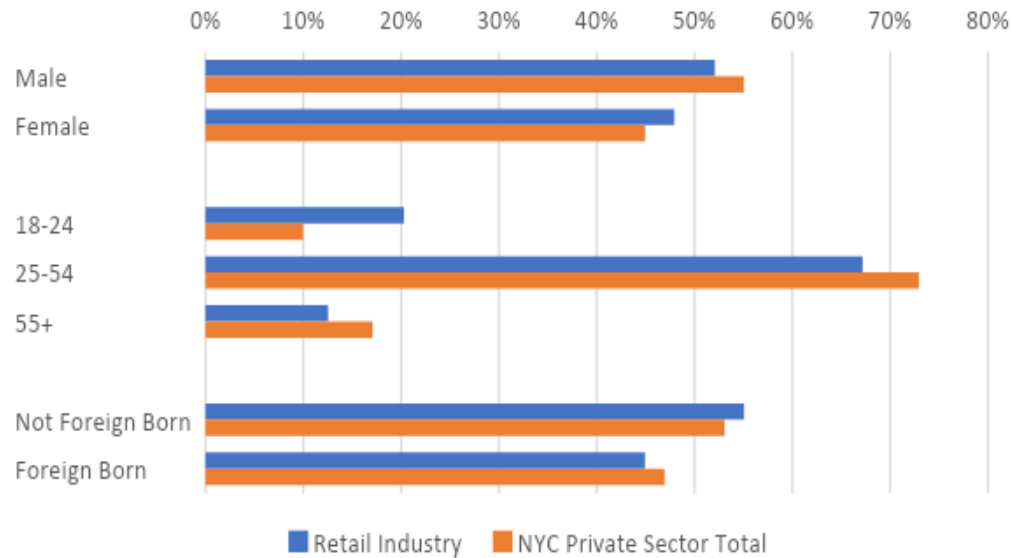
## 7. NYC retail workers are more likely to be persons of color and younger, and less likely to have four-year college degrees, than all NYC wage and salary workers

The retail workforce in New York City is composed of a large share of women, young, and native-born workers. Figure 13 compares demographics of the retail industry to New York City's total private sector workforce. While the retail industry employs three percent more women than the city's overall private sector (48 vs. 45 percent), it employs double the share of workers age 18-24 (20 percent). Moreover, 22 percent of all young workers in the city are employed in the retail industry.

New York City's retail industry also employs a disproportionate number of workers without a college degree, including those with a less-than high school level of schooling, as well as those completing high school, with some amount of college education, and those with associate degrees, as shown in Figure 14. By contrast, New York City's private sector overall employs a much larger share of the city's college-educated and post-graduate degree holders.

**Figure 13**

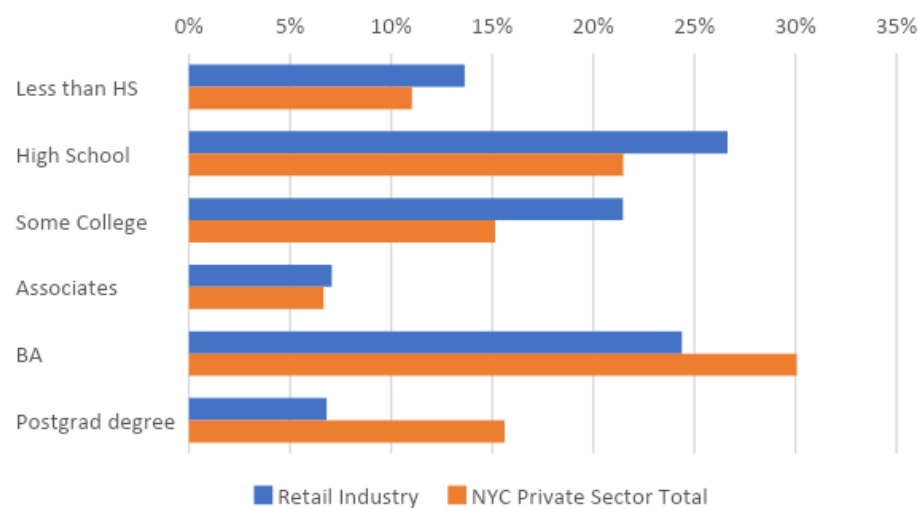
**NYC's retail industry employs more women, young, and non-immigrant workers than the city's private sector workforce overall**



Source: Authors' analysis of American Community Survey 2014/18 5-year sample. IPUMS USA, University of Minnesota, [www.ipums.org](http://www.ipums.org).

**Figure 14**

**The retail industry employs more workers without a college degree, including those with a high school diploma, without, and with some college or an associate's than the city overall**

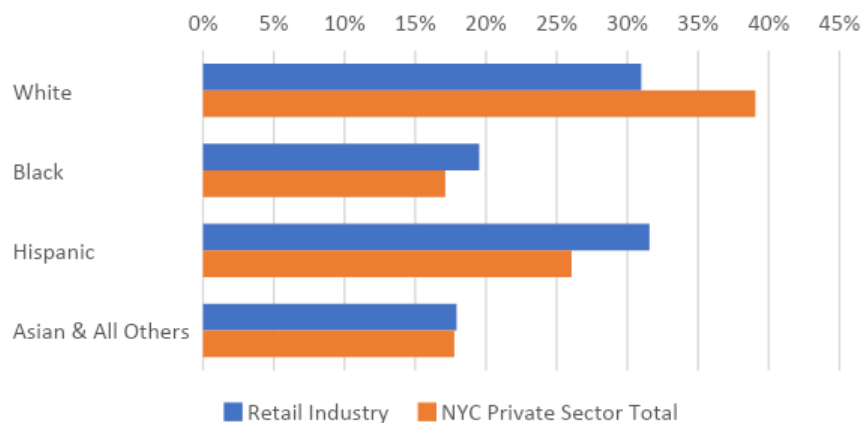


Source: Authors' analysis of American Community Survey 2014/18 5-year sample. IPUMS USA.

Persons of color make up a greater share of the retail industry workforce (69 percent), than in private sector jobs in the city overall (61 percent). Figure 15 shows that the retail industry employs about 2.5 percent more Black workers than the private sector overall (19.5 vs. 17 percent), and about 5.5 percent more Latinx workers (31.5 vs. 26 percent). New York City’s total private sector employs about eight percent more white workers than the retail industry does.

**Figure 15**

**The retail industry employs more persons of color, including Black, Latinx, Asian and “other” racial groups than the city’s private sector overall**

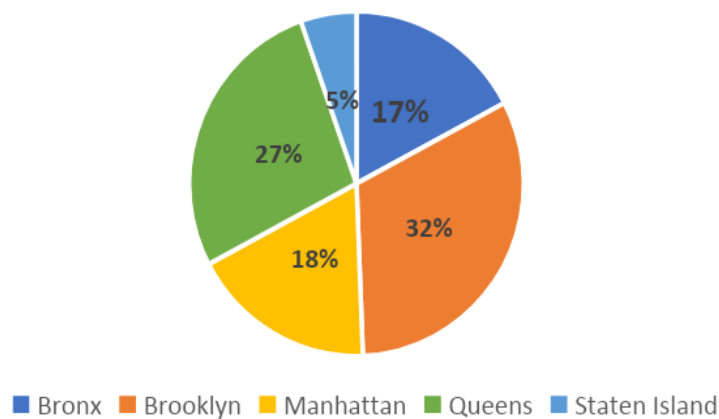


Source: Authors' analysis of American Community Survey 2014/18 5-year sample. IPUMS USA.

While Manhattan has 46 percent of the city’s retail jobs, Figure 16 shows the retail workforce primarily resides in Brooklyn (32 percent) and Queens (27 percent).

**Figure 16**

**Most retail workers reside in the boroughs outside of Manhattan**



Source: Authors' analysis of American Community Survey 2014/18 5-year sample. IPUMS USA.

## 8. Leading occupational titles across New York's retail sector

Although the retail industry employs a range of occupational titles, salespersons and cashiers account for nearly half (47 percent) of the workforce. Figure 17 shows the industry also has a range of average hourly wages, corresponding to various occupational titles. The data in Figure 17 are for New York State, since occupational detail by industry is not published for New York City. (Hourly wage levels for May 2019 would be slightly higher in New York City than in the state as a whole, partly as a result of the higher State minimum wage in the city.)

**Figure 17**

### Fifteen leading occupations in New York State retail

occupational title	% of total retail	avg. hrly. wage	median hrly. wage
All Occupations	100.0	\$18.65	\$14.06
Retail Salespersons	28.7	\$15.47	\$12.95
Cashiers	17.9	\$12.97	\$12.17
Stockers and Order Fillers	9.4	\$14.00	\$12.78
First-Line Supervisors of Retail Sales Workers	6.4	\$24.57	\$21.37
Customer Service Representatives	2.5	\$16.22	\$14.60
General and Operations Managers	2.5	\$51.59	\$41.62
Automotive Service Technicians and Mechanics	1.7	\$22.73	\$20.48
Pharmacy Technicians	1.6	\$16.06	\$15.07
Fast Food and Counter Workers	1.6	\$13.63	\$12.72
Laborers & Freight, Stock, & Material Movers, Hand	1.6	\$15.45	\$14.20
Pharmacists	1.4	\$57.70	\$59.29
Food Preparation Workers	1.3	\$13.42	\$12.50
Office Clerks, General	1.3	\$16.13	\$15.24
Light Truck Drivers	1.2	\$15.18	\$13.38
First-Line Supervisors of Ofc. & Admin. Supp. Workers	1.1	\$25.28	\$23.50
<i>subtotal, these 15 occupations</i>	<i>80.2</i>		

Source: BLS, Occupational Employment Statistics, May 2019.

Figure 18 shows average annual job openings and educational requirements for occupational titles in the retail industry. Consistently, individuals employed in retail have a higher level of education than required by their position. While NYSDOL projections for net job growth through 2026 are fairly low, given the size of the overall retail sector, and its high turnover rate, there are still a considerable number of annual job openings providing opportunities for entry-level job seekers.

**Figure 18****Major New York City retail occupations: 2016-26 occupational projections**

Occupational title	Employment		Annual Average Openings Total	Typical Education Needed for Entry	Most common education attained by workers in the occupation
	2016	2026			
Retail Salespersons	136,540	140,480	20,150	No formal educational credential	Some college, no degree
Cashiers	72,800	75,290	13,980	No formal educational credential	High school diploma or equivalent
Customer Service Representatives	66,440	70,980	9,120	High school diploma or equivalent	Some college, no degree
First-Line Supervisors of Retail Sales Workers	32,070	33,690	3,580	High school diploma or equivalent	High school diploma or equivalent
Laborers & Freight, Stock, & Material Movers	44,120	47,710	6,570	No formal educational credential	High school diploma or equivalent

Note: these jobs typically require short-term on-the-job training to attain competency in the occupation.

Source: NYS DOL, Division of Research and Statistics.

## 9. Current challenges facing traditional retailers

In the past decade, the retail industry has been subject to great change – largely due to the shift to online retailing, which has threatened the existence of department stores and in-person shopping.<sup>5</sup> As this report has outlined, Covid-19 has accelerated these trends, further cementing the online shift within the retail industry, and forcing many businesses to shift dramatically to online sales to stay afloat. This report has detailed the disparate damage Covid-19 has had on various segments of the retail industry and its workforce, specifically on brick-and-mortar clothing and electronics stores, as concerns over health and safety remain for in-person shopping.

A report by Opportunity Insights, a Harvard University project focused on utilizing economic data to inform policy change, on the economic impacts of Covid-19 details the decline in small business revenue in metropolitan areas, and its effect on wealthy zip codes. In New York City, some of the most affluent neighborhoods, especially in Manhattan, have seen the greatest loss in retail revenue.<sup>6</sup> The report suggests this trend is the result of the falloff in tourism as well as the rise in working from home, shifting consumer spending into communities where workers live from traditional commercial centers.

The closure of such New York institutions as Century 21 and the continued downsizing of other well-known department stores seem to mark a new era for retailing in the city. True, department stores have been in decline across much of the country for many years prior to Covid-19. The pandemic, however, has undoubtedly sped up the contraction of these businesses.<sup>7</sup>

<sup>5</sup> Howland, Daphne. *Department stores' decade of decline*. Retail Dive, October 7, 2020.

<https://www.retaildive.com/news/department-stores-decade-of-decline/586488/>

<sup>6</sup> Chetty, Raj. *The Economic Impacts of Covid-19*. Opportunity Insights, June 2020.

<sup>7</sup> Maheshwari, Sapna & Friedman, Vanessa, *The Death of the Department Store*. The New York Times, April 21<sup>st</sup>, 2020. <https://www.nytimes.com/2020/04/21/business/coronavirus-department-stores-neiman-marcus.html>

With offices throughout Manhattan still largely vacant, and tourism all but halted, retailers large and small are trying to make up significant shortfalls from the lack of foot traffic to their brick-and-mortar stores.<sup>8</sup> Small businesses throughout the city have been particularly hard-hit by the pandemic and the inadequacy of government emergency assistance. These impacts have fallen disproportionately on minority and women-owned businesses, according to a report by the New York City Comptroller’s Office, detailing that nearly 85 percent of all minority and women-owned business enterprises (M/WBEs) in the city will face risk of closure due to the pandemic.<sup>9</sup>

Some retailers have been more successful than others at adapting to e-commerce and online shopping. As this report has outlined, the retail industry has seen a significant shift toward “click-and-mortar” businesses over the past decade. Covid-19 tremendously accelerated this trend, with online retailing platforms for Amazon, Walmart, and Target seeing significant gains during the pandemic. As noted earlier, national non-store retail sales were up by 28 percent during the period August-October 2020 compared to the same months in 2019. A recent report by IBM estimates the pandemic has accelerated the shift to online retailing by about five years.<sup>10</sup> In New York alone, Amazon plans to expand its distribution network with the construction of new distribution centers and warehouses.<sup>11</sup> In the next several months, it is possible that such distribution centers and warehouses will provide more job opportunities than retail stores do.

Some online market platforms, such as the Brooklyn-based Etsy, have seen total sales jump by 147 percent during the April-to-June months compared to the same months of 2019. E-commerce startup companies have exploded in the past few years, at the national level and in New York City, offering a range of goods and products – from eyeglasses to mattresses, razors to luggage – for direct delivery without storefronts. One industry source estimates that New York City has 2,280 e-commerce companies, a trend likely to continue in an era of increased online retailing.<sup>12</sup> While the expansion of e-commerce companies may lead to more jobs in New York City, particularly in distribution and fulfillment, tech-based positions, or design and marketing, these trends foreshadow the further shrinking of brick-and-mortar stores.

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<sup>8</sup> Haag, Matthew & McGeehan, Patrick. *Retail Chains Abandon Manhattan: ‘It’s Unsustainable.’* New York Times, August 11<sup>th</sup>, 2020. <https://www.nytimes.com/2020/08/11/nyregion/nyc-economy-chain-stores.html>

<sup>9</sup> New York City Comptroller’s Office, July 10, 2020. <https://comptroller.nyc.gov/newsroom/comptroller-stringer-analysis-85-percent-of-m-wbes-report-they-will-be-out-of-business-in-six-months-due-to-economic-distress-of-covid-19-pandemic/>

<sup>10</sup> Perez, Sarah. *Covid-19 pandemic accelerates shift to e-commerce by 5 years, new report says.* Tech Crunch, August 24<sup>th</sup>, 2020. <https://techcrunch.com/2020/08/24/covid-19-pandemic-accelerated-shift-to-e-commerce-by-5-years-new-report-says/>

<sup>11</sup> Moriarty, Rick. *Amazon to Open Another Fulfillment Center.* Syracuse.Com, August 18<sup>th</sup> 2020. <https://www.syracuse.com/business/2020/08/amazon-to-open-another-fulfillment-center-in-new-york.html>

<sup>12</sup> City of New York E-Commerce Companies. CrunchBase. <https://www.crunchbase.com/hub/city-of-new-york-commerce-companies>

## 10. The challenging road ahead for retail workers, job seekers, and workforce development professionals

The retail industry has long been a challenging sector, plagued by high rates of staff turnover, low pay, and limited advancement opportunities. Retail is a significant employer of young adults, workers of color, women, and individuals with limited educational qualifications. For retail workers, the pandemic has been particularly perilous, leaving many entry-level workers unemployed and unable to find work, and those still on the job in customer-facing positions having to grapple with personal health risks. With thousands of workers furloughed, beloved small businesses and department store institutions much smaller or permanently shut, and a retail landscape moving more decisively online, stakeholders across the industry must adapt quickly to redefine the future of the industry.

While retail workers at pharmacies, grocery stores, and some building material retailers were deemed “essential” at the onset of the pandemic, many went to work with limited protection, preparation, or compensation. This precarity has been especially dire in the explosion of app-based delivery work throughout New York City, where workers are classified as “independent contractors” and have limited safety standards or worker protections.<sup>13</sup> Across the industry, health and safety standards have been largely enacted ad hoc, with workers relying on their employers to set thresholds for customers and employees to adhere to. Though hazard pay and other compensation supplements were initially made to some frontline workers in retail, these benefits have largely run out. As the industry pushes to provide increased flexibility around online shopping and ordering for consumers, workers have been subjected to on-call scheduling, fluctuating hours, and part-time employment offerings. For employees with children, many have struggled to navigate the unpredictability of the changing expectations of their employment, while simultaneously assisting with new models of at-home and remote learning.<sup>14</sup>

Many unionized workers in the retail industry, such as those represented by the Retail, Wholesale and Department Store Union (RWDSU), have benefited from the continuation of health insurance, union-negotiated safety protocols, and a “right to recall” for furloughed workers to have a guaranteed return to their pre-pandemic positions. For the majority of retail workers who are not unionized and lack a collective voice, however, an even more competitive labor market has limited their ability to advocate for the health standards, job security, and pay levels necessary to ensure their protection and safety.

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<sup>13</sup> Irizarry Aponte, Claudie & Velasquez, Josefa. *NYC Food Delivery Workers Band to Demand Better Treatment*. The City, December 6<sup>th</sup>, 2020. <https://www.thecity.nyc/work/2020/12/6/22157730/nyc-food-delivery-workers-demand-better-treatment>

<sup>14</sup> Maheshwari, Sapna & Corkery, Michael, *As School Begins, Mothers Working Retail Jobs Feel Extra Burden*. New York Times. September 22<sup>nd</sup>, 2020. <https://www.nytimes.com/2020/09/21/business/coronavirus-retail-workers-mothers.html?searchResultPosition=1>

*The nature of work within retail is rapidly changing*

In this fast-changing sector, employment descriptions and employer expectations regarding worker skillsets are also changing. Traditionally, the majority of employees in retail are either “retail salespersons,” “cashiers,” or “stock clerks and sales floor associates.” As more retailers shift online, some of these positions may become obsolete. For example, a retail salesperson may have been previously expected to greet customers, recommend products, compute sales prices, answer product questions, stock shelves, or receive payments from customers. In an e-commerce environment, job skills such as listening, negotiation, persuasion, customer engagement, and service support may become less relevant.<sup>15</sup> While retail workers employed in grocery stores or pharmacies may maintain some of their expected roles, workers are likely to have to adapt to new job requirements, such as incorporating various new technologies, navigating online tracking, ordering, customer support services, and other internal management systems.

As the retail industry is disproportionately composed of young workers, individuals with limited education attainment, and entry-level employees, drastic changes in the nature of work and skill requirements may disadvantage those who have typically found employment in retail. E-commerce businesses, on the other hand, tend to be heavily white and male, and generally require much higher education attainment and advanced technology skills.

For those who have become unemployed or furloughed from retail, the changing nature of the industry may impose additional barriers to re-employment. In an effort to manage costs and increase efficiency, retailers have opted for online platforms to facilitate hiring practices, training, and on-boarding procedures. Though employers may be interested in filling vacant positions as quickly as possible, an overreliance on online applications and digital meetings has exacerbated the impact of the “digital divide.” Individuals without reliable internet connections, services like email, or access to printing and scanning are severely disadvantaged when providing documentation for applications, engaging in remote interviews, or on-boarding.

Additionally, some employers have raised their standards and requirements for applicants. Job developers at workforce organizations have noted that while retailers are not usually offering additional levels of compensation, benefits, or security, employers have begun to expect competencies in technology and service platforms, as well as additional education qualifications. Consequently, previously qualified individuals, and even those who have been furloughed, may not be rehired. Those looking for entry-level work, with dependable hours and pay, may need to search beyond the retail industry.

In addition to increased requirements for holding retail jobs, some industry positions may not come back at all. Faced with shrinking sales and shuttered or down-sized stores, some retailers may not hire employees back in pre-pandemic numbers. And if online retailing continues its

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<sup>15</sup> O\*Net, Summary Report (retail salesperson), <https://www.onetonline.org/link/summary/41-2031.00>



ascendence, the number of employees necessary to maintain operations may continue to decline. Particularly, jobs in the clothing and electronic store segments of the industry may not return to pre-pandemic levels. In other retail segments, such as pharmacies, some seasonal employment has returned to cover increased demand in the winter months and flu season, but long-term employment opportunities remain limited. Despite expansions in drugstore jobs over the past decade, positions like pharmacy technicians require specific skills and certifications, often unavailable to entry-level workers. And while large retail operations, such as Amazon, are expanding distribution and employment opportunities across New York, advances in automation, machine learning, and mechanization may mean a future of further routinization in distribution and fulfillment jobs.

For job developers, providing guidance and support to job seekers in a time of unparalleled uncertainty has proved challenging. Since many retailers have not been hiring at pre-pandemic levels, workforce development organizations need to discern trends, and steer job seekers towards likely employment opportunities. Specifically, developers may find it advisable to help job seekers broaden their searches to new industries – while also bearing in mind that the hospitality and leisure sector, which typically requires skills and educational levels for entry-level applicants similar to those needed for entry-level retail jobs, has been hit even harder than retailing has by the pandemic downturn.

Job developers have played an instrumental role in the counseling and coaching of individuals navigating the changes seen in the retail sector, and the job market more broadly. Individuals currently employed in brick-and-mortar retailing may find the transition to an e-commerce position challenging, given the increased emphasis on tech skills and the factory-like nature of distribution work. Job developers may notice shifting trends in job descriptions and encourage the development of new training initiatives. Workforce organizations should recognize the increased need for backend jobs, such as in fulfillment centers, and tech-based positions which may require coding or tech-service. Positions like solutions architects, digital sales representatives, graphic designers, web, mobile, and app developers, marketing specialists, digital coordinator and strategy managers, and purchasing analysts may require increased training and skill development within the rapidly evolving retail landscape.

### *The need for industrywide advocacy*

Job developers have recognized the potential for the retail industry to restructure some of its management models, promotion opportunities, and retention practices to ensure a more resilient sector. High levels of staff and managerial turnover are inherent in the retail industry. The opportunities to build employer relationships is often constrained, and many employees consider retail positions as entry-level steppingstones in their longer-term career trajectory. These dynamics, however, keep many individuals in low-wage positions for extended years of

employment. Job developers have advocated for increased investment in training by the retail industry to establish mentorship and apprenticeship opportunities that actively work to develop staff. Training opportunities and certifications are important to develop retail workers and establish career trajectories within the industry, from entry-level up to managerial and supervisory positions. Organizations such as the Retail Action Project have worked to offer visual merchandising and customer service training for workers in the industry.<sup>16</sup> Workforce developers have articulated the need to convene stakeholders within the retail industry – workers, employers, and developers – to better determine future possibilities for the sector. Large corporations should take interest in assessing current inefficiencies within the industry and opt for structures that limit turnover and better develop the skillset of retail workers.

Ultimately, the retail industry – from employers to workers – needs to work together to establish the future of work within this sector. Health and safety standards, career advancement opportunities, skill and tech training workshops, and even management or certification programs could redefine the retail sector and its employment practices.

In a recent report, Françoise Carré and Chris Tilly provide a comprehensive look at how changing retail technologies are affecting the workforce. They note that while worker and consumer safety have rightly received a lot of attention during the pandemic, it is important to also have an active discussion of how new technologies are implemented in retailing. They write:

Policies could be aimed at minimizing the most negative scenarios for job quality, accentuating technology's supportive potential, taking the edge off job displacement, and in general creating an environment characterized by fair treatment and concern for workers' as well as managements' priorities and needs.<sup>17</sup>

In a rapidly changing economy, and in the recovery from Covid-19, maintaining a strong and adept workforce to effectively shift to the changing needs and norms of retail is essential. With high levels of fear and uncertainty, mentorship and support systems should also be implemented. Workers may increasingly advocate for unionization and other collective bargaining to limit the precarity of their employment and demand benefits, fair scheduling practices, and technology access. Effective industry partnerships between companies, workers, and workforce developers would help to set standards across retailers of various size, scope, and service to build a stronger and more sustainable sector. Sector leaders have a real opportunity to fix issues that have long plagued the retail sector, and to think innovatively about how to establish a well-trained and retained labor force to meet the rapidly changing and uncertain future of the retail industry.

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<sup>16</sup> RAP has also provided workshops around navigating unemployment insurance and various forms of economic assistance, Retail Action Project, <https://www.facebook.com/retailaction/>

<sup>17</sup> Françoise Carré and Chris Tilly, *Change and Uncertainty, Not Apocalypse: Technological Change and Store-Based Retail*. Berkeley: UC Berkeley Labor Center and Working Partnerships USA, 2020.