

Impacts of the COVID-19 Pandemic on the Retail, Hospitality, and Tourism Sector in Orange County

October 2021



Prepared by the
Orange County
Center of Excellence



C·O·E

CENTERS OF EXCELLENCE
FOR LABOR MARKET RESEARCH

Executive Summary

The impacts of the COVID-19 pandemic were widespread and reverberated throughout the labor market. Though all sectors were impacted by stay-at-home orders that forced businesses to close their doors, many were able to transition to working in a remote environment. However, the Retail, Hospitality, and Tourism (RHT) sector was not able to transition to remote work, as job activities in this sector are largely conducted face-to-face. The pandemic disproportionately impacted the RHT sector, one of the largest sectors in Orange County, resulting in massive job losses. This report examines data from a variety of data sources to analyze the effects of the pandemic on the RHT sector. Though RHT is typically combined into one sector, the effects of the pandemic on retail were different than those for hospitality and tourism. The data throughout this report is presented separately for Retail as well as Hospitality and Tourism.

Key Findings

- Though the impacts of the pandemic were widespread, the RHT sector was most heavily impacted and suffered the largest job losses due to multiple closures and re-openings.
 - From 2019 to 2020, Retail accounted for 9.6% of all job losses in Orange County and Hospitality and Tourism accounted for 45% of all job losses.
- The effects of the pandemic were felt most acutely in areas throughout the county that are younger, more racially and ethnically diverse, and have lower levels of income when compared to the county average.
 - The number of RHT workers filing unemployment insurance (UI) claims hit an all-time high in March 2020. The highest number of UI claims were filed by RHT workers residing in Anaheim, Costa Mesa, Fullerton, and Garden Grove.
- Within the RHT industry, 11 occupations accounted for 49% of job losses from 2019 to 2020 in Orange County.
 - All 11 occupations have entry-level hourly earnings far below the current living wage of \$20.63. Workers in these occupations are typically younger, more racially and ethnically diverse, and have lower levels of educational attainment when compared to all workers in Orange County.

Though the pandemic disproportionately affected the RHT sector, there is an increased demand for these workers as re-opening efforts continue. As of July 2021, there were over 2.9 million job openings nationally within the RHT industry.¹ Due to the current increase in demand, displaced RHT workers could relatively easily return to the industry with their existing skill-set. However, these workers can also consider attending an Orange County community college to receive training for an in-demand, growing occupation. More information regarding these occupations, including labor market demand, wages, and the typical length of time it takes to complete a program, is included in the OC COE's companion report *Jobs for Recovery: Occupational Training Opportunities for Displaced Workers in Orange County*.²

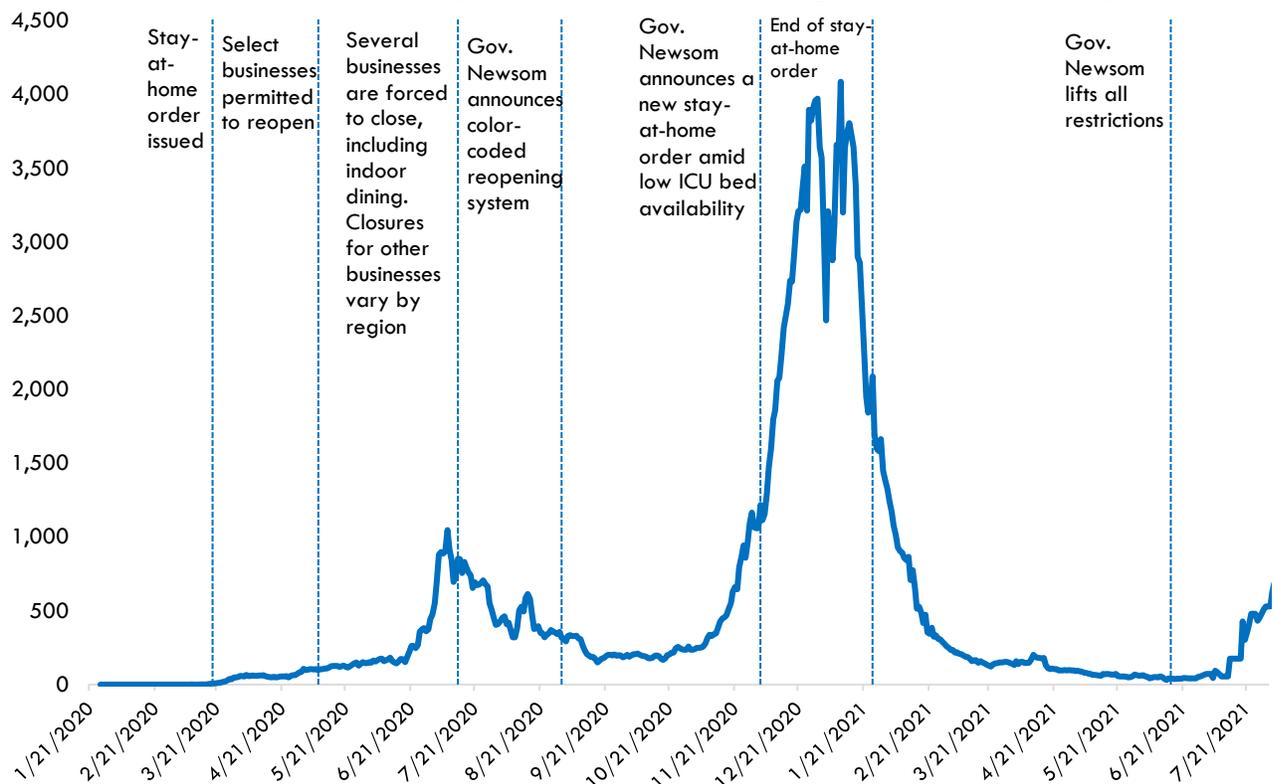
¹ "Table 1. Job Openings Levels and Rates by Industry and Region, Seasonally Adjusted," U.S. Bureau of Labor Statistics (U.S. Bureau of Labor Statistics, September 8, 2021), <https://www.bls.gov/news.release/jolts.t01.htm#>.

² The OC COE's companion report, *Jobs for Recovery: Occupational Training Opportunities for Displaced Workers in Orange County* can be accessed [using this link](#).

Introduction

The ongoing COVID-19 pandemic was an economic shock to the world that had widespread effects on the labor market across California and Orange County. To preserve public health, national, state, and local governments implemented lockdown measures designed to prevent the spread of COVID-19. These measures pushed the United States into a pandemic-induced recession and numerous businesses were forced to close their doors. Exhibit 1 shows the number of new COVID-19 cases reported daily in Orange County from January 2020 through July 2021, as well as key statewide actions taken to slow the spread of COVID-19.

Exhibit 1: Number of New Daily COVID-19 Cases in Orange County, 2020 – July 2021



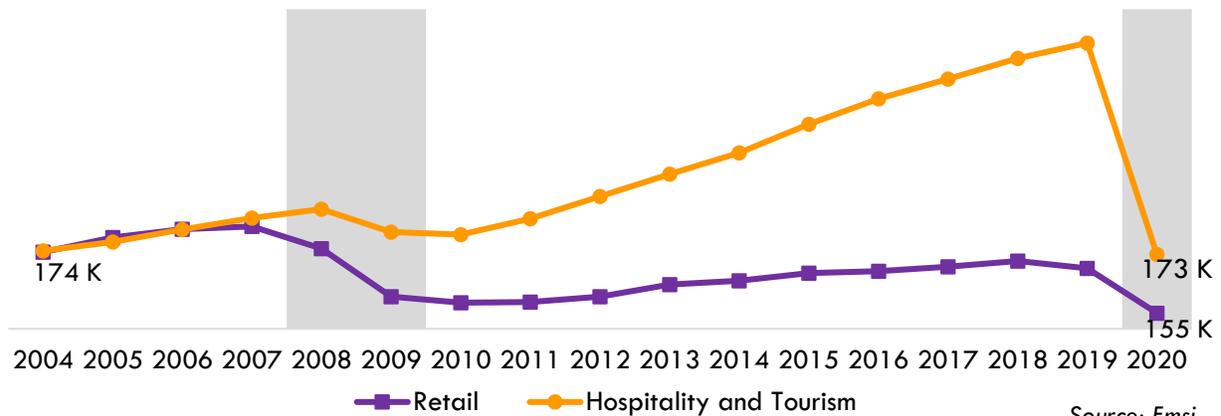
Source: Opportunity Insights Economic Tracker

Though nearly all industries were negatively affected by the pandemic, the Retail, Hospitality, and Tourism (RHT) sector was particularly hard hit because only a small portion of establishments were considered essential businesses and a significant part of their business activities could not be conducted remotely. The following sections provide an analysis of labor market data from a variety of proprietary and publicly available sources to provide an overview of the RHT industry prior to and during the COVID-19 pandemic. Though RHT is typically combined into one sector, the effects of the pandemic on Retail were different than those for Hospitality and Tourism. To better understand the effects of the pandemic, the data throughout this report is presented separately for Retail as well as for Hospitality and Tourism.

Retail, Hospitality, and Tourism Industry Historical Employment

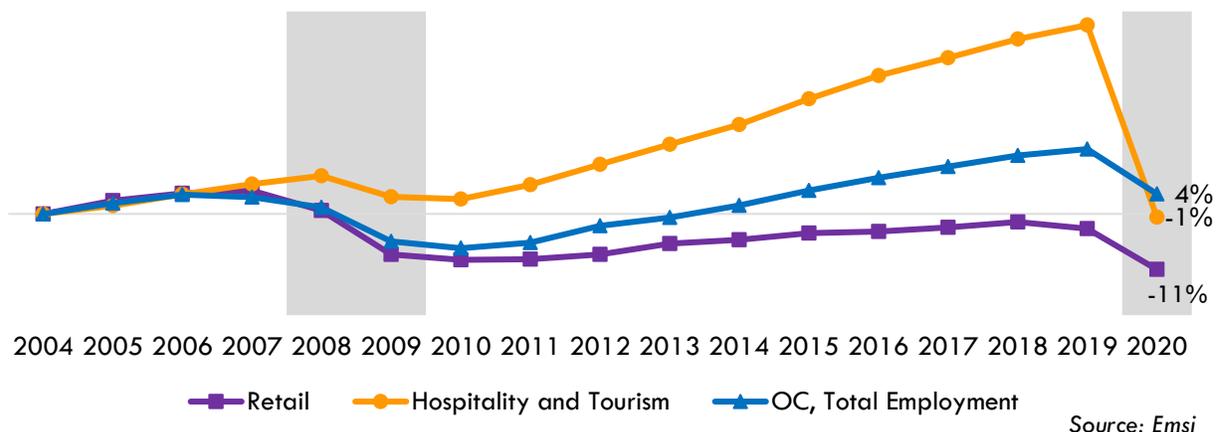
The RHT industry was hit particularly hard by state and local stay-at-home mandates, as many businesses were considered non-essential and/or forced to heavily modify their business models. Prior to the pandemic, RHT employment in Orange County steadily increased after a decline during the Great Recession (2007-2009). However, there was a sharp decline in RHT employment from 2019 to 2020, with Retail employment declining by 14,056 jobs (an 8% decline). Following a decade of job growth, Hospitality and Tourism employment declined by 66,155 jobs (a 28% decline). Exhibit 2 shows RHT employment in Orange County from 2004 to 2020.

Exhibit 2: RHT Employment in Orange County, 2004-2020



From 2019 to 2020, Retail accounted for 9.6% of all job losses in Orange County and declined at a similar rate to overall employment throughout the county. However, Hospitality and Tourism accounted for 45% of job losses from 2019 to 2020 and declined at nearly four times the rate of overall employment. In both Retail as well as Hospitality and Tourism, 2020 employment was below 2004 employment, wiping out all job gains made since then and demonstrating the severe impact of the COVID-19 pandemic on these industries. Exhibit 3 shows the percentage change in employment in the RHT sector compared to all industries in Orange County from 2004 to 2020.

Exhibit 3: Industry Employment in Orange County, 2004-2020

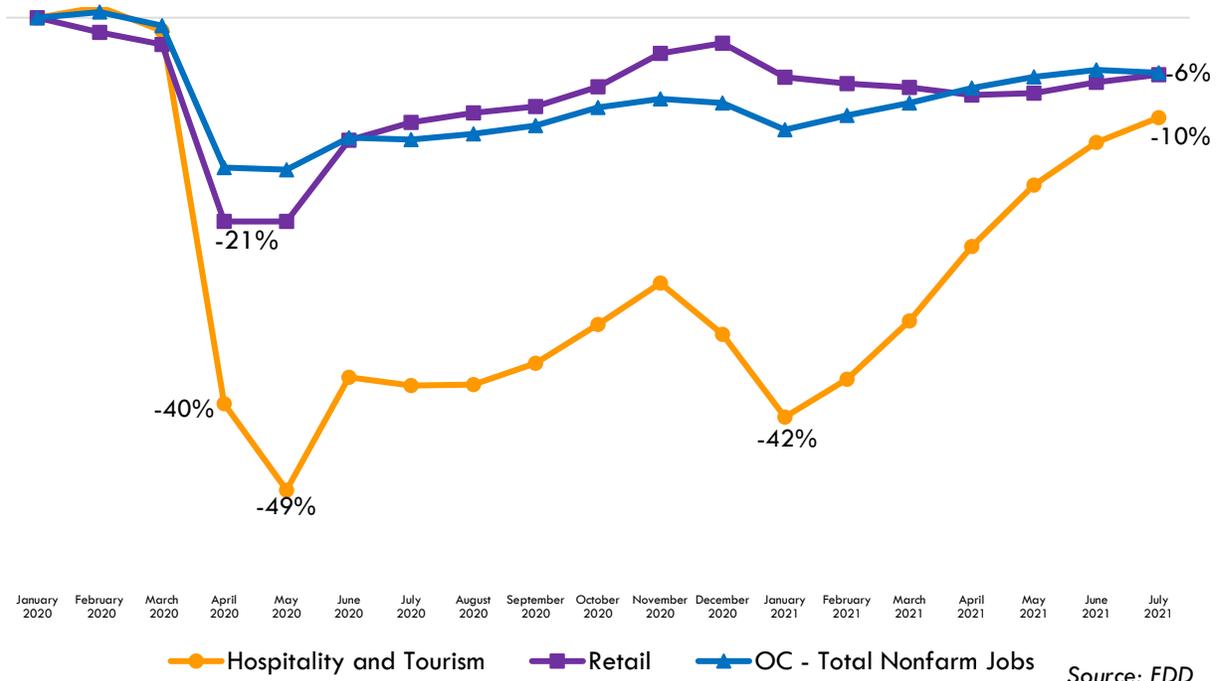


Impacts of the COVID-19 Pandemic

Industry Employment

Following the stay-at-home order that was announced in March 2020, employment rapidly declined in April 2020, with Retail employment declining 21% compared to January 2020 and Hospitality and Tourism employment declining 40%. Employment in both industries hit a low in May 2020 before beginning to recover. Though Retail employment has largely followed the recovery trajectory of all nonfarm jobs in Orange County, Hospitality and Tourism employment began a slow recovery during the summer of 2020 that continued through November 2020 before declining again in December 2020 and January 2021. Since the beginning of 2021, Hospitality and Tourism employment has continued to increase. Despite employment gains in both sectors, as of July 2021, employment in Retail is 6% below January 2020 levels and employment in Hospitality and Tourism is 10% below January 2020. Exhibit 6 shows the change in employment within RHT, as well as nonfarm jobs in Orange County, from January 2020 to July 2021.

Exhibit 4: Orange County Industry Employment Change, January 2020 – July 2021



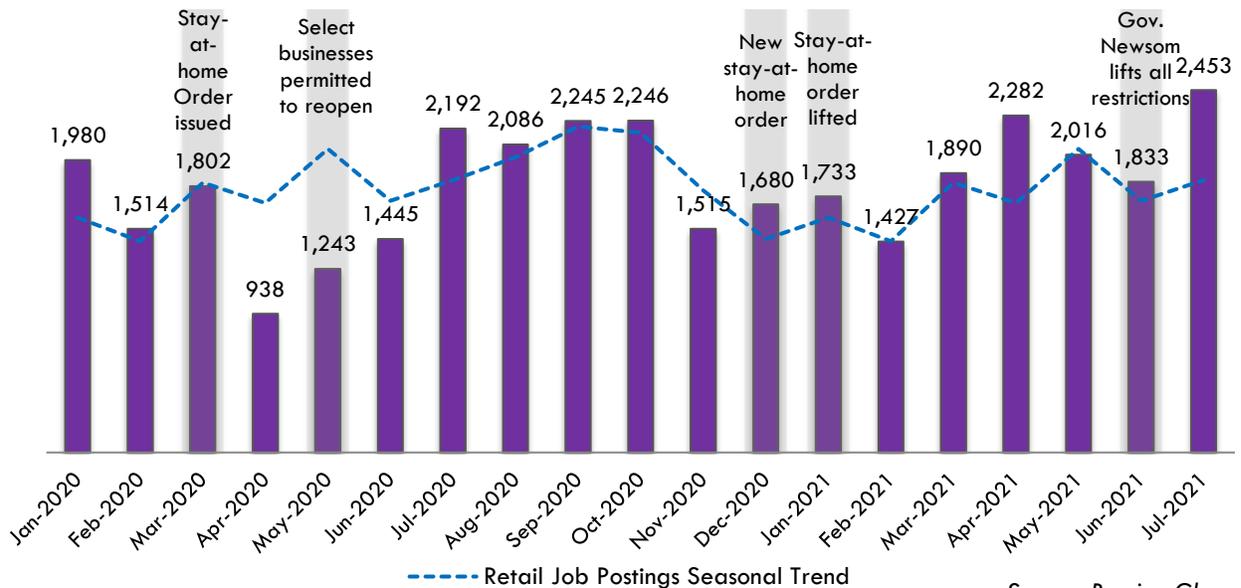
RHT Industry Online Job Postings

Retail

Throughout the county, retail employers posted nearly 2,000 job listings in January 2020. The number of postings followed the traditional seasonal trend and declined in February 2020 before slightly increasing in March 2020. Online job postings sharply declined to 938 postings in April 2020, far below the seasonal trend. The number of postings then gradually increased throughout the summer, and peaked at nearly 2,250 postings in September and October.

Online job postings have largely followed the traditional seasonal trend of postings in 2021, with the exception of April and July, when postings were much higher than usual. July 2021 had the highest number of postings, 2,453, since the beginning of 2020. Exhibit 5 shows the number of retail job postings by month, as well as the seasonal trend over the past five years.

Exhibit 5: Retail Job Postings in Orange County, January 2020 – July 2021



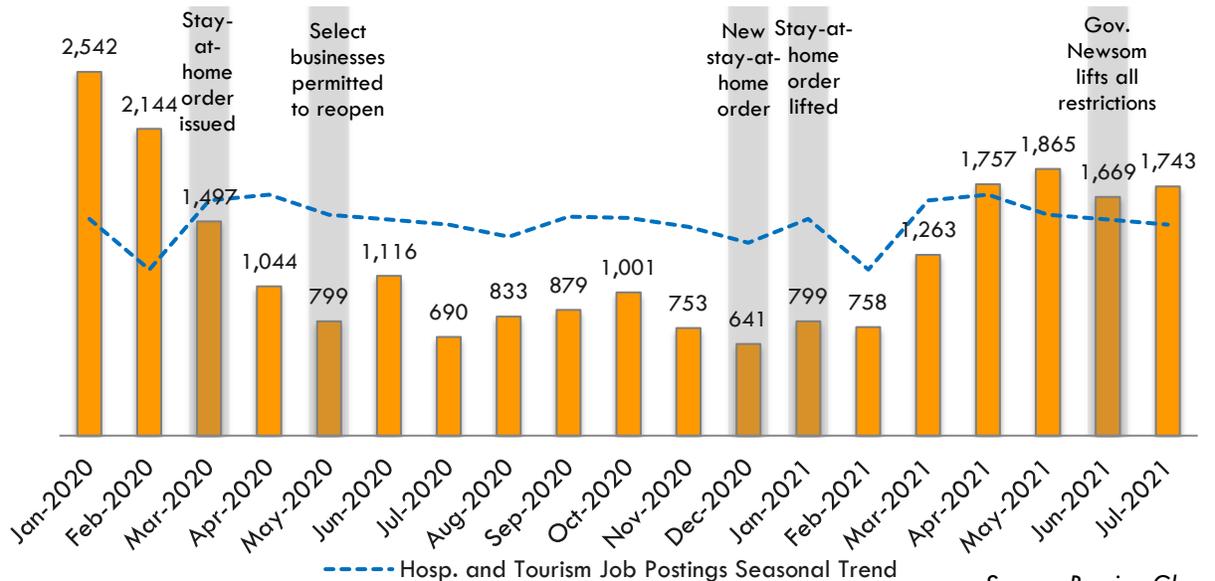
Source: Burning Glass

Hospitality and Tourism

Throughout the county, hospitality and tourism employers posted over 2,500 job listings in January 2020. The number of postings followed the seasonal trend and declined in February 2020, but bucked the trend in March 2020 as postings continued to decline. Online job postings declined to 799 postings in April 2020, far below the seasonal trend. Despite an increase in postings in June 2020, postings again declined in July 2020 before increasing each month through October 2020. Postings fell again in November 2020 before hitting a low of 641 postings in December 2020.

Though the number of postings increased at the beginning of 2021, they were far below the seasonal trend. The number of postings sharply increased in March 2021 and have remained above the seasonal trend through July 2021. Despite this increase, the number of online job postings in hospitality and tourism are still significantly below pre-pandemic levels. Exhibit 6 shows the number of hospitality and tourism job postings by month, as well as the seasonal trend over the past five years.

Exhibit 6: Hospitality and Tourism Job Postings in Orange County, January 2020 – July 2021



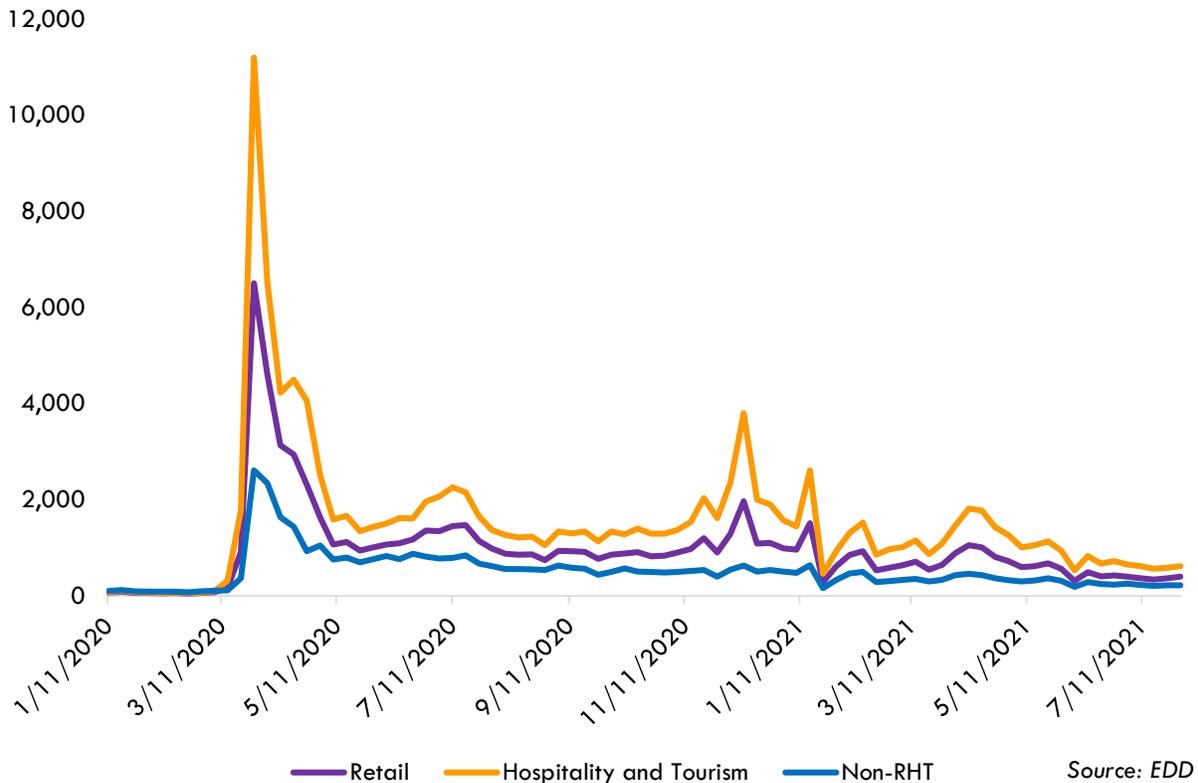
Source: Burning Glass

Unemployment Insurance Claims and Unemployment

Unemployment insurance (UI) claims data can also identify trends and provide additional insight into the types of workers that were affected by layoffs or closures. At the start of 2020, UI claims in Orange County were mostly flat and reflected the typical number of claims as previous years. Following the onset of the pandemic in March 2020, workers filed record numbers of UI claims, with the number of claims spiking in late March before declining until July 2020, when there was another uptick in UI claims. Claims once again declined before increasing amid a surge in COVID-19 cases throughout December 2020 and January 2021. Though the number of UI claims in Orange County has declined since the beginning of 2021, UI claims remain above pre-pandemic levels.

Comparing the number of UI claims by industry shows that workers in Hospitality and Tourism were most severely affected by the pandemic. During the week of March 28, UI claims for Hospitality and Tourism workers were nearly five times higher than claims for non-RHT workers when adjusted for the size of employment in each industry. Comparatively, UI claims for Retail workers were nearly two and a half times higher than claims for non-RHT workers during the week of March 28. Exhibit 7 shows the number of UI claims filed by RHT and non-RHT workers, adjusted for employment size, from January 2020 to July 2021.

Exhibit 7: Employment Adjusted Unemployment Insurance Claims in Orange County, January 2020 – July 2021³

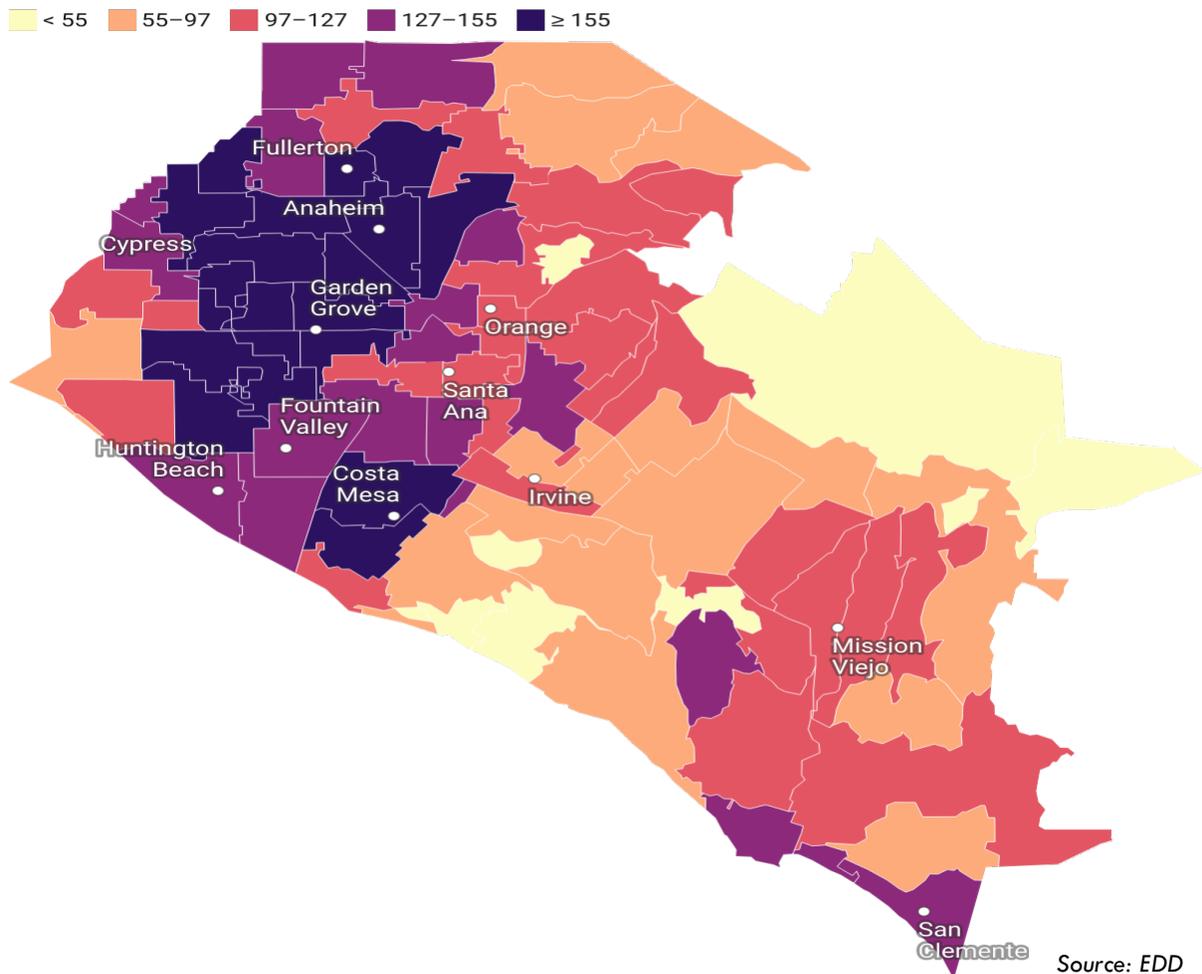


Though RHT workers throughout the county were affected, residents in north Orange County were most heavily affected, with the highest number of population-adjusted UI claims filed by RHT workers residing in cities such as Anaheim, Fullerton, and Garden Grove; a significant number of UI claims were also filed by RHT workers residing in Costa Mesa. The zip code that was most impacted is home to the Disneyland Resort, Anaheim Convention Center, and retail and dining establishments in the Anaheim Resort District. Exhibit 8 shows the number of UI claims filed by RHT workers, by ZIP code, throughout the county. The ZIP codes that were most severely impacted are more racially diverse and younger when compared to ZIP codes that were not as heavily impacted. Additionally, the median household income in the ZIP codes that were heavily impacted is 36% lower than the ZIP codes that were not as heavily affected.⁴

³It is important to note that UI claims are not used to calculate the official unemployment rate; additionally, claims data includes only those who filed an unemployment claim and does not capture unemployed workers who may not be eligible for unemployment insurance or who are not aware that they can apply for unemployment.

⁴ U.S. Census Bureau 2015-2019 American Community Survey 5-Year Estimates.

**Exhibit 8: Population Adjusted RHT Unemployment Insurance Claims in Orange County,
January 2020 – July 2021**



Affected RHT Occupations

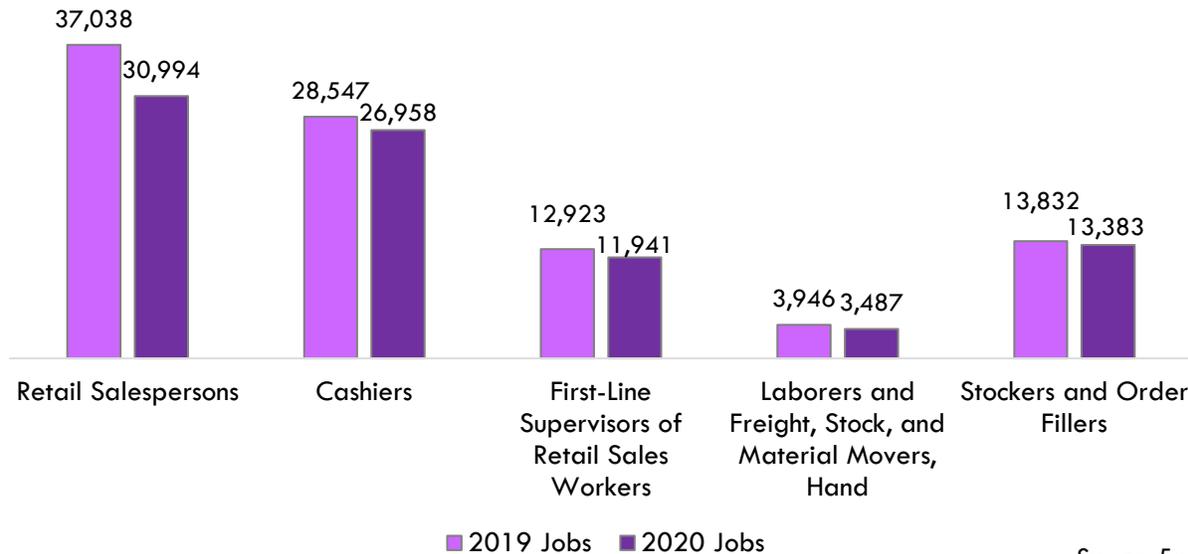
Workers employed in RHT occupations were particularly hard-hit due to lockdown measures that forced non-essential retail stores, hotels, restaurants, and other hospitality businesses to close, resulting in massive job losses. The occupations analyzed in this section accounted for 49% of the job losses in the RHT industry in Orange County from 2019 to 2020. Though the occupations that were affected in Retail are different from those in Hospitality and Tourism, they share several characteristics, including similar wages, age composition, racial and ethnic composition, and educational attainment. Generally, these occupations are considered entry-level, have low wages, a large percentage of young workers, a high percentage of Hispanic and Latino workers, and typically require no more than a high school diploma or equivalent.

Retail Occupations

The occupations within the Retail industry that were most affected were Retail Salespersons; Cashiers; First-Line Supervisors of Retail Sales Workers; Laborers and Freight, Stock, and Material Movers, Hand; and Stockers and Order Fillers. Collectively, these five Retail occupations

accounted for a loss of 9,523 jobs (a 10% decline). Job losses in these occupations accounted for 67% of all job losses in the Retail industry from 2019 to 2020 in Orange County. Exhibit 9 shows employment in these occupations in 2019 and 2020. Additional information regarding these occupations is included in Appendix A.

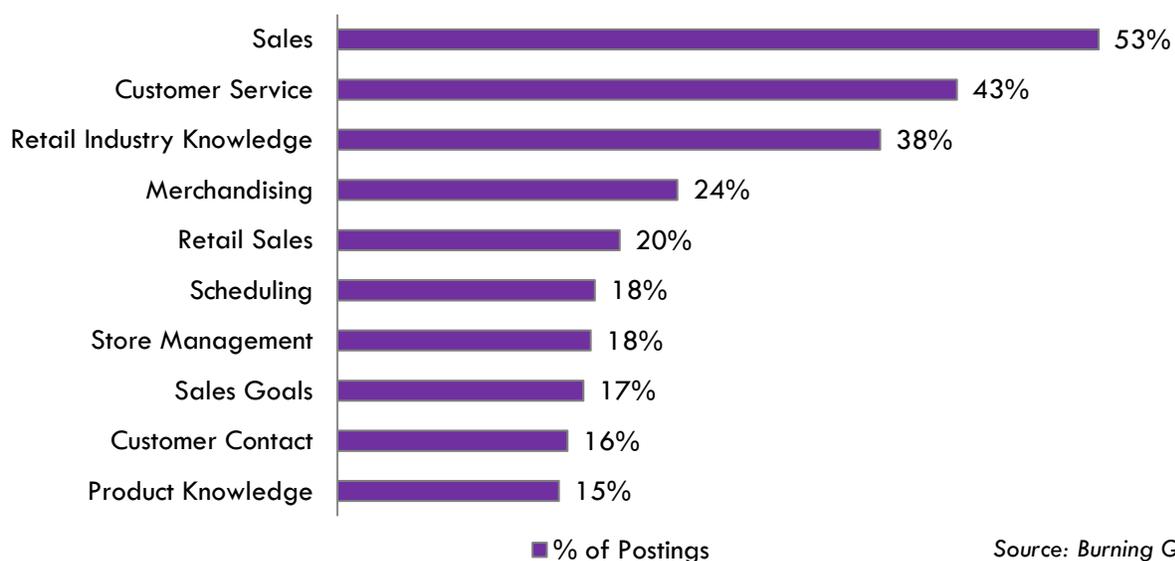
Exhibit 9: Retail Occupations, 2019 vs. 2020 Employment in Orange County



Source: Emsi

These five Retail occupations are usually customer-facing and workers typically have skills related to customer service and sales. Exhibit 10 shows the top skills that Retail workers in these occupations are likely to have based on the top requested skills in online job postings.

Exhibit 10: Top Skills for Retail Occupations in Orange County

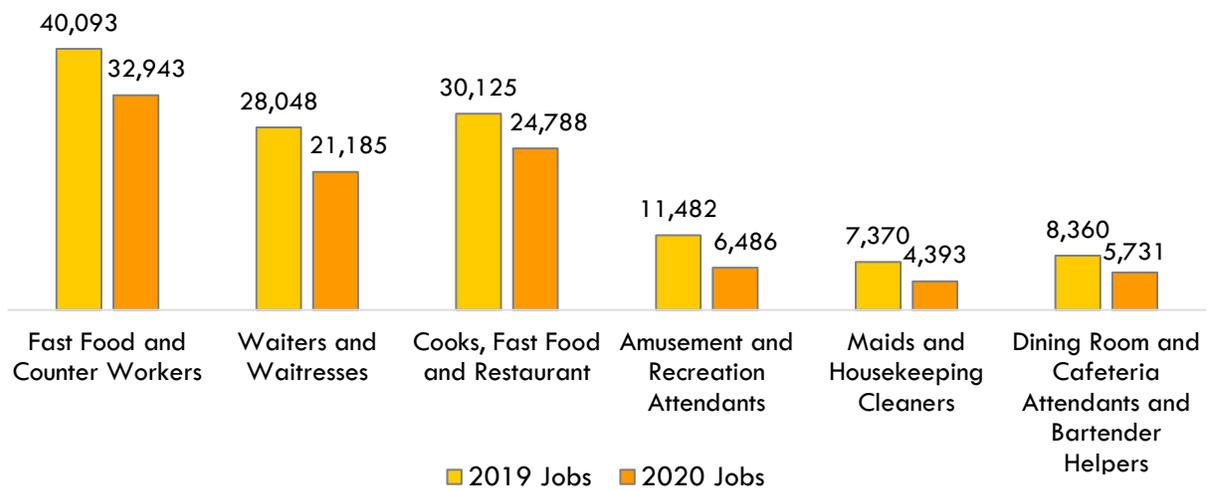


Source: Burning Glass

Hospitality and Tourism Occupations

The occupations within the Hospitality and Tourism industry that were most affected were Fast Food and Counter Workers; Waiters and Waitresses; Cooks, Fast Food and Restaurant; Amusement and Recreation Attendants; Maids and Housekeeping Cleaners; and Dining Room and Cafeteria Attendants and Bartender Helpers. Collectively, these six Hospitality and Tourism occupations had a loss of 29,953 jobs (a 24% decline). Job losses in these six occupations accounted for 45% of all job losses in the Hospitality and Tourism industry from 2019 to 2020 in Orange County. Exhibit 11 shows employment in these Hospitality and Tourism occupations in 2019 and 2020. Additional information regarding these occupations is included in Appendix A.

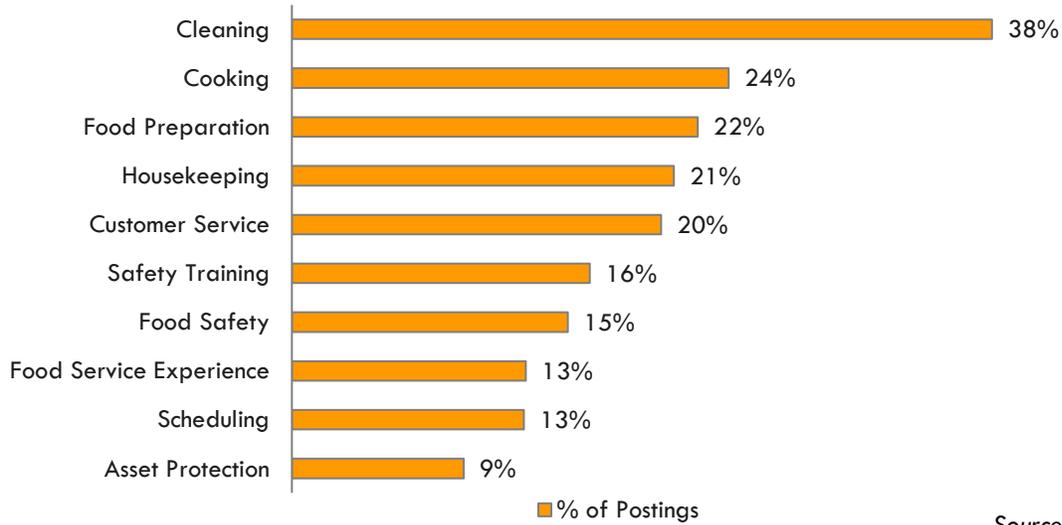
Exhibit 11: Hospitality and Tourism Occupations, 2019 vs. 2020 Employment in Orange County



Source: Emsi

These six Hospitality and Tourism occupations are related to food service as well as hospitality and include bartenders, wait staff, food preparation/cooking, and housekeeping positions. Workers in these occupations typically have skills such as cleaning, cooking, food preparation, and bartending. Notably, Amusement and Recreation Attendants were largely affected by the closure of the Disneyland Resort and Knott’s Berry Farm, two of the largest employers in the county. Exhibit 12 shows the top skills that Hospitality and Tourism workers in these occupations are likely to have based on the top requested skills in online job postings.

Exhibit 12: Top Skills for Hospitality and Tourism Occupations in Orange County



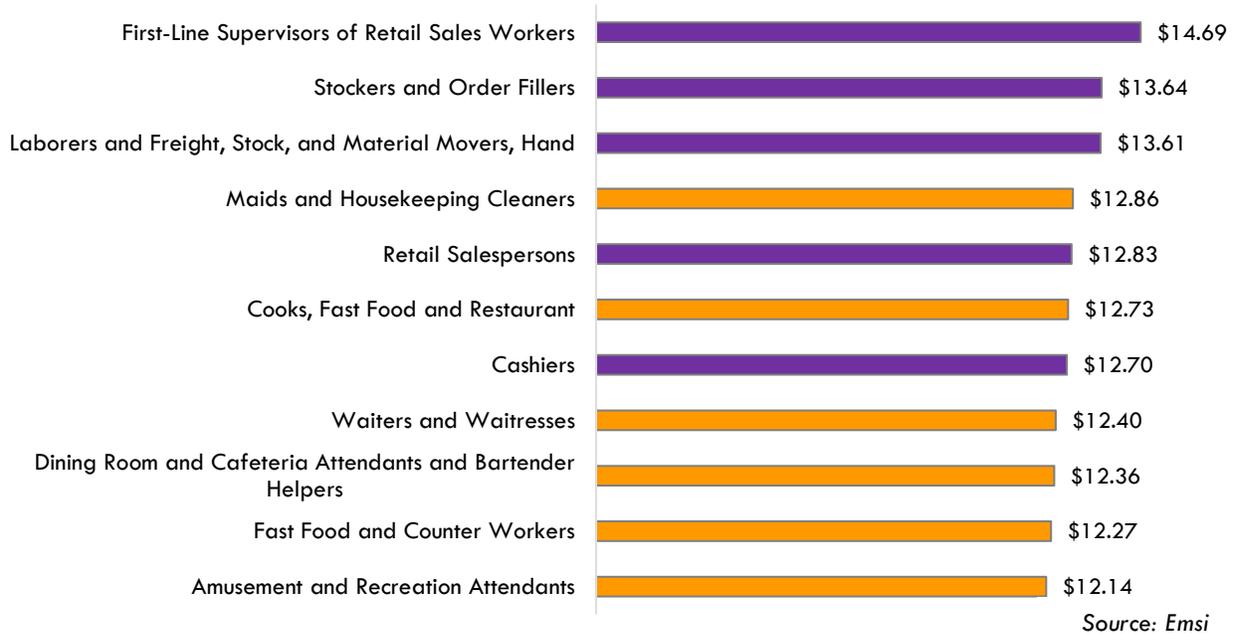
Source: Burning Glass

Characteristics of RHT Occupations

Though these 11 combined RHT occupations have different tasks, work activities, and skills profiles, they share other characteristics such as low wages and demographics related to age, race and ethnicity, and educational attainment. Typical entry-level hourly earnings for these occupations range from \$12.14 to \$14.69, which is far below Orange County’s living wage of \$20.63. Generally, earnings for Hospitality and Tourism occupations are lower than earnings for Retail occupations. Exhibit 13 shows the typical entry-level hourly earnings for all 11 RHT occupations (Retail occupations are in purple and Hospitality and Tourism occupations are in orange). It is important to note that the figures included in Exhibit 11 include tips and commissions, but do not include overtime pay.⁵ Additionally, because labor market information is based on past trends, the earnings in Exhibit 13 reflect 2020 earnings.

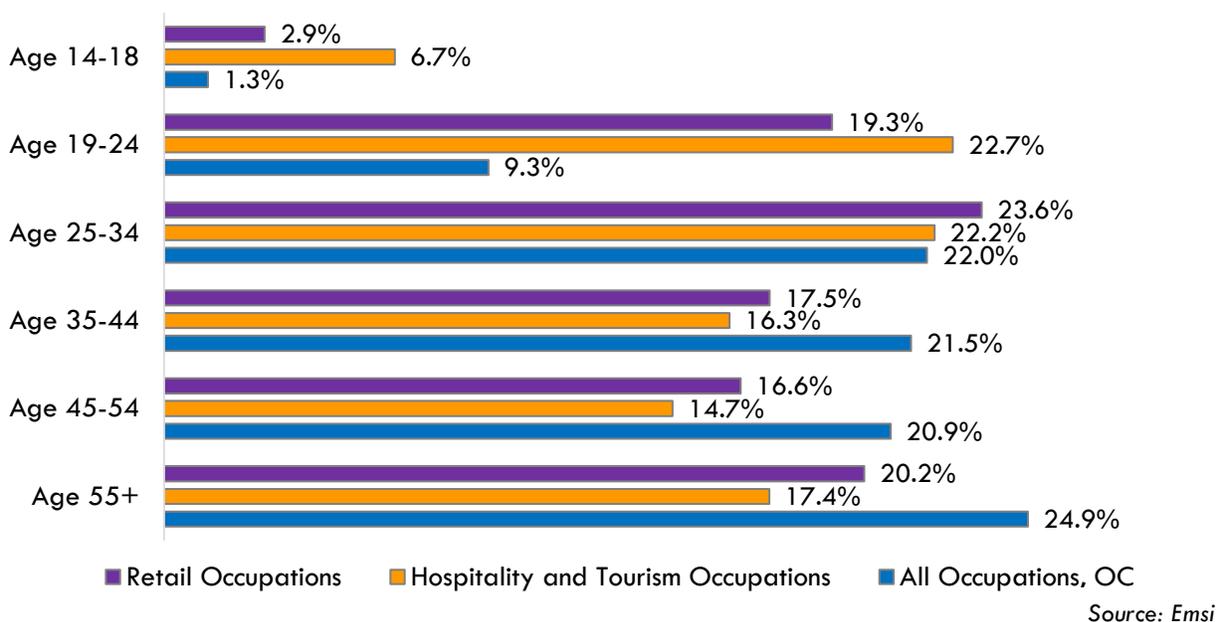
⁵ For more details on the types of compensation that are included in earnings, see: <https://kb.emsidata.com/glossary/occupation-earnings/>

Exhibit 13: Entry-Level Hourly Earnings for RHT Occupations in Orange County



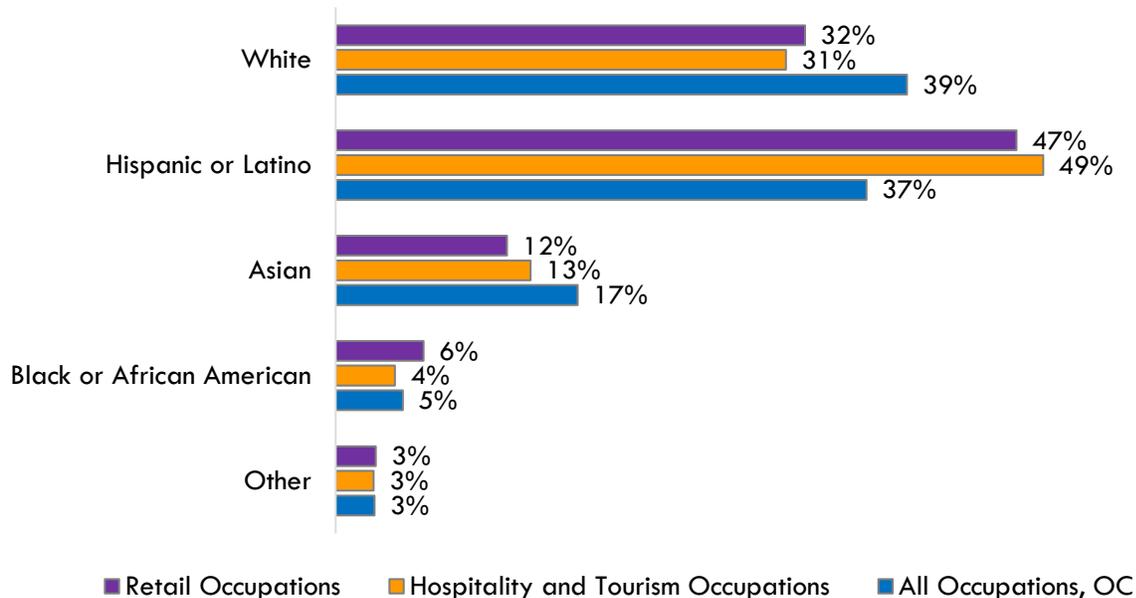
Workers in these 11 RHT occupations are younger than average when compared to workers across all occupations in Orange County. Nearly 46% of workers in the Retail occupations and over 51% of workers in the Hospitality and Tourism occupations are between the ages of 14 and 34. This compares with an average of 33% of workers in the same age group across all occupations in Orange County. Exhibit 14 shows the age composition of workers in these RHT occupations compared to the average of all workers in Orange County (all workers are in blue).

Exhibit 14 Age Composition of Workers in RHT Occupations in Orange County



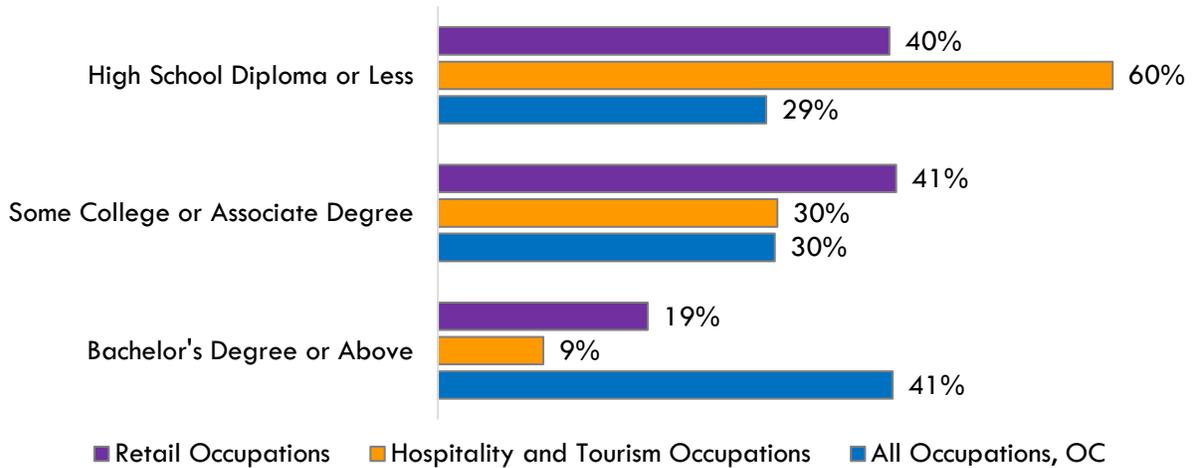
In addition to being younger than average, these 11 RHT occupations have a higher percentage of Hispanic or Latino workers when compared to all occupations in Orange County. Nearly 50% of workers in these RHT occupations are Hispanic or Latino, which is significantly higher than the countywide average of 37%. Exhibit 15 shows the race and ethnicity composition of workers in these RHT occupations.

Exhibit 15 Race and Ethnicity Composition of Workers in RHT Occupations in Orange County



The 11 RHT occupations included in this report typically require no more than a high school diploma or equivalent. Of the five Retail occupations, three typically require no formal education and two typically require a high school diploma. All six Hospitality and Tourism occupations typically require no formal education. Additionally, 40% of workers in the Retail occupations and 60% of workers in the Hospitality and Tourism occupations hold a high school diploma or less as their highest level of education, which is much higher than the Orange County average of 29% across all occupations. Exhibit 16 shows the educational attainment of workers in these RHT occupations compared to the county average.

Exhibit 16: Educational Attainment of Workers in RHT Occupations



Source: Emsi, ACS

The 11 RHT occupations included in this section were severely impacted by the COVID-19 pandemic. Workers in these occupations typically have entry-level hourly earnings that are below the county living wage of \$20.63. Additionally, workers in these occupations tend to be younger, more racially and ethnically diverse, and have lower levels of educational attainment when compared to the county average.

Conclusion

Though the impacts of the COVID-19 pandemic were felt throughout the labor market, the Retail, Hospitality, and Tourism (RHT) sector was most heavily impacted and suffered the largest job losses. Ongoing closures and re-openings resulted in a sharp decline in RHT employment throughout the county. Workers that were most affected were largely low-wage workers, younger than average, more racially and ethnically diverse, and have lower levels of educational attainment when compared to the countywide average.

Orange County community colleges should consider implementing targeted outreach to the communities that were most impacted by the pandemic so that displaced workers are aware of the training opportunities available to them at their local community college. These training programs can lead to employment in several in-demand, growing occupations that are included in the OC COE's companion report *Jobs for Recovery: Occupational Training Opportunities for Displaced Workers in Orange County*.⁶

⁶ The OC COE's companion report, *Jobs for Recovery: Occupational Training Opportunities for Displaced Workers in Orange County* can be accessed [using this link](#).

Appendix A: RHT Occupations Most Impacted by COVID-19 Pandemic

Exhibit 17 shows the RHT occupations that were most impacted by COVID-19, as well as the number of jobs for each occupation within the RHT industry in 2019 and 2020, the change in the number of jobs from 2019 to 2020 as an actual number and percentage, and the typical entry-level hourly earnings for each occupation.

Exhibit 17: RHT Occupations Most Impacted by COVID-19 Pandemic in Orange County⁷

Industry	Occupation (SOC)	2019 Jobs	2020 Jobs	2019 - 2020 Change	2019 - 2020 % Change	Entry-Level Hourly Earnings
Retail	Retail Salespersons (41-2031)	37,038	30,994	(6,044)	(16%)	\$12.83
	Cashiers (41-2011)	28,547	26,958	(1,589)	(6%)	\$12.70
	First-Line Supervisors of Retail Sales Workers (41-1011)	12,923	11,941	(982)	(8%)	\$14.69
	Laborers and Freight, Stock, and Material Movers, Hand	3,946	3,487	(460)	(12%)	\$13.61
	Stockers and Order Fillers (53-7065)	13,832	13,383	(449)	(3%)	\$13.64
Retail Subtotal		96,286	86,763	(9,523)	(10%)	
Hospitality and Tourism	Fast Food and Counter Workers (35-3023)	40,093	32,943	(7,151)	(18%)	\$12.27
	Waiters and Waitresses (35-3031)	28,048	21,185	(6,864)	(24%)	\$12.40
	Cooks, Fast Food and Restaurant (35-2011 and 35-2014)	30,125	24,788	(5,337)	(18%)	\$12.73
	Amusement and Recreation Attendants (39-9091)	11,482	6,486	(4,996)	(44%)	\$12.14
	Maids and Housekeeping Cleaners (37-2012)	7,370	4,393	(2,976)	(40%)	\$12.86
	Dining Room and Cafeteria Attendants and Bartender Helpers (35-911)	8,360	5,731	(2,629)	(31%)	\$12.36
Hospitality and Tourism Subtotal		125,478	95,526	(29,953)	(24%)	
Total		221,764	182,289	(39,476)	(18%)	

⁷ The data presented in Exhibit 17 represents RHT industry staffing patterns data and includes occupational employment within *only* the RHT industry.