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Holiday Season Hiring in Retail Trade

Abstract

[Excerpt]

Every year, certain industries experience substantial seasonal variations in their business activity. In other words, they have strong seasonal hiring and laying off patterns. During these periods, which can last for months, affected industries buildup the number of employees, to accommodate the increased seasonal activity. One of the most notable buildup periods occurs in retail trade for the winter holiday season, which falls in the last 3 months of the year. Knowing that this seasonal activity takes place each year, a "buildup" table can be used to help gauge the level of seasonal hiring compared with previous years and also can be used to explain trends in employment after seasonal adjustment.

Keywords

season, seasonal employment, retail, hiring, holiday, Current Employment Statistics

Comments

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Holiday Season Hiring in Retail Trade

Every year, certain industries experience substantial seasonal variations in their business activity. In other words, they have strong seasonal hiring and laying off patterns. During these periods, which can last for months, affected industries build up the number of employees, to accommodate the increased seasonal activity. One of the most notable buildup periods occurs in retail trade for the winter holiday season, which falls in the last 3 months of the year. Knowing that this seasonal activity takes place each year, a “buildup” table can be used to help gauge the level of seasonal hiring compared with previous years and also can be used to explain trends in employment after seasonal adjustment.

Traditionally, employment grows substantially during the holiday season in eight retail industries.

- Furniture and home furnishing stores
- Electronics and appliance stores
- Health and personal care stores
- Clothing and clothing accessory stores
- Sporting goods, hobby, book, and music stores
- General merchandise stores
- Miscellaneous store retail-

ers (e.g., florists, office supply stores, gift shops, and pet shops)

- Nonstore retailers (e.g., electronic shopping and mail-order houses, vending machine operators, and direct store establishments)

Table 1 shows employment changes in these selected retail industries, October through December, for each year since 2003. A buildup table is a useful tool for analyzing seasonal hiring because weakness in one month’s employment may be compensated for during a different month of the buildup season. Other calendar issues play a role in the monthly employment trends also. For example, there are either 4 or 5 weeks between the Current Employment Statistics (CES) reference periods which is the pay period that includes the 12th of the month. The difference of 1 week can result in stronger hiring during a buildup season because the 5th week allows for more time to hire. The 4-to-5 week effect is factored into the CES seasonal adjustment method.

When Black Friday¹ falls 1 week before the reference week, there are 5 weeks between the October and November reference periods. Given this timing, retailers often will have brought more new hires onto the payrolls than if there had been only 4 weeks between surveys and 2 weeks before the

holiday shopping kicked off. This situation occurred in 2006 and 2007, and seasonal hiring was strong relative to other years. In 2008, there were 4 weeks between the October and November reference periods and an extra week before the start of the holiday shopping season. November seasonal hiring was weak, relative to the average hiring of 386,000 and even well below years with only 4 weeks between surveys, due to overall weakness in the economy. After seasonal adjustment, retail employment in the selected industries fell by 51,000.

The employment gain of 520,000 for the entire holiday season was approximately three-fourths of the average hiring over the previous 5 years. This increase represents 6.2 percent of September employment, compared with an average of 8.7 percent. As a result of the weak holiday buildup, seasonally adjusted employment fell by 135,000 in the selected retail industries.

After the holiday hiring is completed in December, there is a 2-month period where employers release those employees hired specifically for the holiday shopping season. A layoff table, similar to the buildup table, can be created to analyze the seasonal decrease. Typically, the retail layoff is slightly larger in size than the total holiday buildup; for example, the buildup in

2007 was 769,000; and the layoff was 826,000. This pattern varies little over time, regardless of the actual size of the buildup.

In January 2009, there were 5 weeks between the December and January reference weeks, giving employers more time to reduce their payrolls. However, even with a longer time frame, the January layoff was much greater than the average, including the 2003–04 January layoff, which also had 5 weeks between surveys. In just the first month of the holiday layoff season, employers laid off 114 percent of the total number hired for the holiday buildup. In February, 189,000 more workers were laid off, representing a total layoff of 150 percent of the holiday buildup in retail trade. A layoff of greater than 100 percent of the buildup implies employers laid off more than just the staff hired for the holiday season. As a result of the strong layoff, seasonally adjusted employment fell by 24,000 in the selected holiday retail industries.

This Issues paper was prepared by Stephen Crestol, an economist in the Division of Current Employment Statistics, Office of Employment and Unemployment Statistics, U.S. Bureau of Labor Statistics, Washington, DC 20212.

¹ Black Friday is the day after Thanksgiving. This is the day when many retailers go from losses during the year (red) into a profit (black).

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Table 1. Holiday season employment buildup in selected retail industries

(unadjusted, in thousands)

Year	Sept. level	Oct.	Nov.	Dec.	Total holiday buildup	Percent holiday buildup
2003	8058	143*	303	204	650	8.1
2004	8160	152	359	199*	710	8.7
2005	8330	119	390	201*	710	8.5
2006	8309	150	419*	186	754	9.1
2007	8508	108	458*	202	769	9.0
Average	8273	134	386	198	719	8.7
2008	8449	94*	274	153	520	6.2

* Represents 5 weeks between reference periods

NOTE: Includes employment only from furniture and home furnishings stores, electronics and appliance stores, health and personal care stores, clothing and clothing accessories stores, sporting goods, hobby, book, and music stores, general merchandise stores, miscellaneous store retailers, and nonstore retailers

Table 2. Holiday season employment layoff in retail trade

(unadjusted, in thousands)

Year	Total holiday buildup	Percent holiday buildup	Jan.	Feb.	Total layoff	Layoff as percent of buildup
2004	650	8.1	-551*	-157	-708	109
2005	710	8.7	-558	-149	-706	100
2006	710	8.5	-588	-183*	-771	109
2007	754	9.1	-530	-167*	-696	92
2008	769	9.0	-601	-225*	-826	107
Average	719	8.7	-566	-176	-742	103
2009	520	6.2	-592*	-189	-781	150

* Represents 5 weeks between reference periods

Note: Includes employment only from furniture and home furnishings stores, electronics and appliance stores, health and personal care stores, clothing and clothing accessories stores, sporting goods, hobby, book, and music stores, general merchandise stores, miscellaneous store retailers, and nonstore retailers

Table 3. Seasonally adjusted employment changes in retail holiday industries, 2008–2009

(in thousands)

	Oct.-Dec. 2008 holiday buildup	Jan.-Feb. 2009 holiday layoff
Furniture and home furnishings stores	-24	-16
Electronics and appliance stores	-9	4
Health and personal care stores	-8	-5
Clothing and clothing accessories stores	-30	1
Sporting goods, hobby, book, and music stores	-17	-13
General merchandise stores	-17	17
Miscellaneous store retailers	-19	-8
Nonstore retailers	-12	-5
Total change	-135	-24