

The Conference Board Special Webcasts

The Post-COVID US Labor Market: What can we expect in 2025?

October 22, 2020



Some of the topics we will be addressing today

- Brief short-term economic outlook
 - ✓ Where are we now?
- Long-term economic outlook
 - ✓ How will the US's ongoing **demographic concerns** impact the labor market in the long-term?
- Long-term **COVID-related trends** that will impact the economy and labor market
- Most **disrupted industries and occupations** by 2025
 - ✓ Labor market implications of changing company incentives to **automate**
- Business Geography
 - ✓ Long-term impact of decreased consumer spending in **city centers** on labor demand in those areas



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- Credit available for participation in the live webcast only

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Today's Presenters



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The Conference Board



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(Moderator)
Senior Economist,
Labor Markets
The Conference Board



Economic Outlook

- Deepest recession since the Great Depression
- Recovery stronger than expected, but is slowing down
- The core of the outlook is the impact on consumption categories affected by social distancing
- Strong spending on Goods
- High unemployment rate for the next year, but that overstates the current slack in the labor market, for now
- Uncertainty about future government stimulus
- Technology boom
- The magnitude of the crisis will vary across industries and locations – vacation destinations hardest hit, as well as demographic groups
- Strong growth in 2021 if vaccine is widely distributed



The Economy After COVID-19: Long-term Trends

The underlying factors that will shape the US economy by 2025

- Remote working and the decline of geography
 - ✓ Permanent increase
 - ✓ More recruiting flexibility across geographies, including offshoring
- Growing online purchasing and delivery
 - ✓ Retail, higher education, health, banking
- Increased automation
- Shrinking supply of workers without a bachelor's degree
- Industry structural changes as a result of the crisis
 - ✓ Bankruptcies, M&A, private equity
- State and local government budget crisis
- The decline of city centers

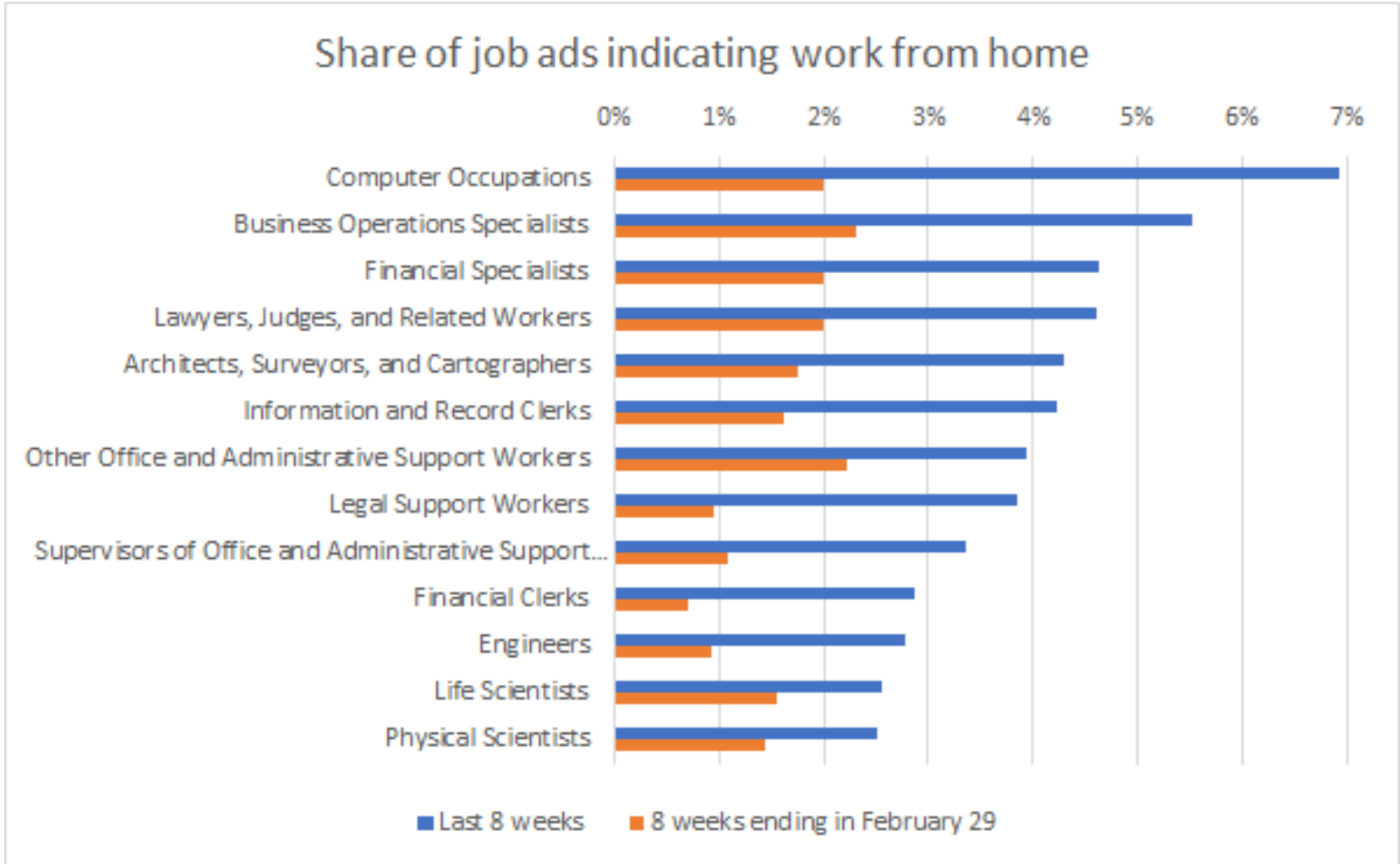


The accelerated shift to remote work

- With 6-month experience, the overall perception is that remote work does not hurt productivity
- Comparing our September survey to our April survey, a larger percent of companies expects a permanent shift to remote work – perhaps the biggest Covid-19 legacy
- Remote work works better for some occupations than for others
- Remote work and productivity
- A very large increase in the willingness to hire 100% virtual workers anywhere in the US, and even outside the country
- The decline of city centers



Large increase in the share of jobs ads indicating work from home

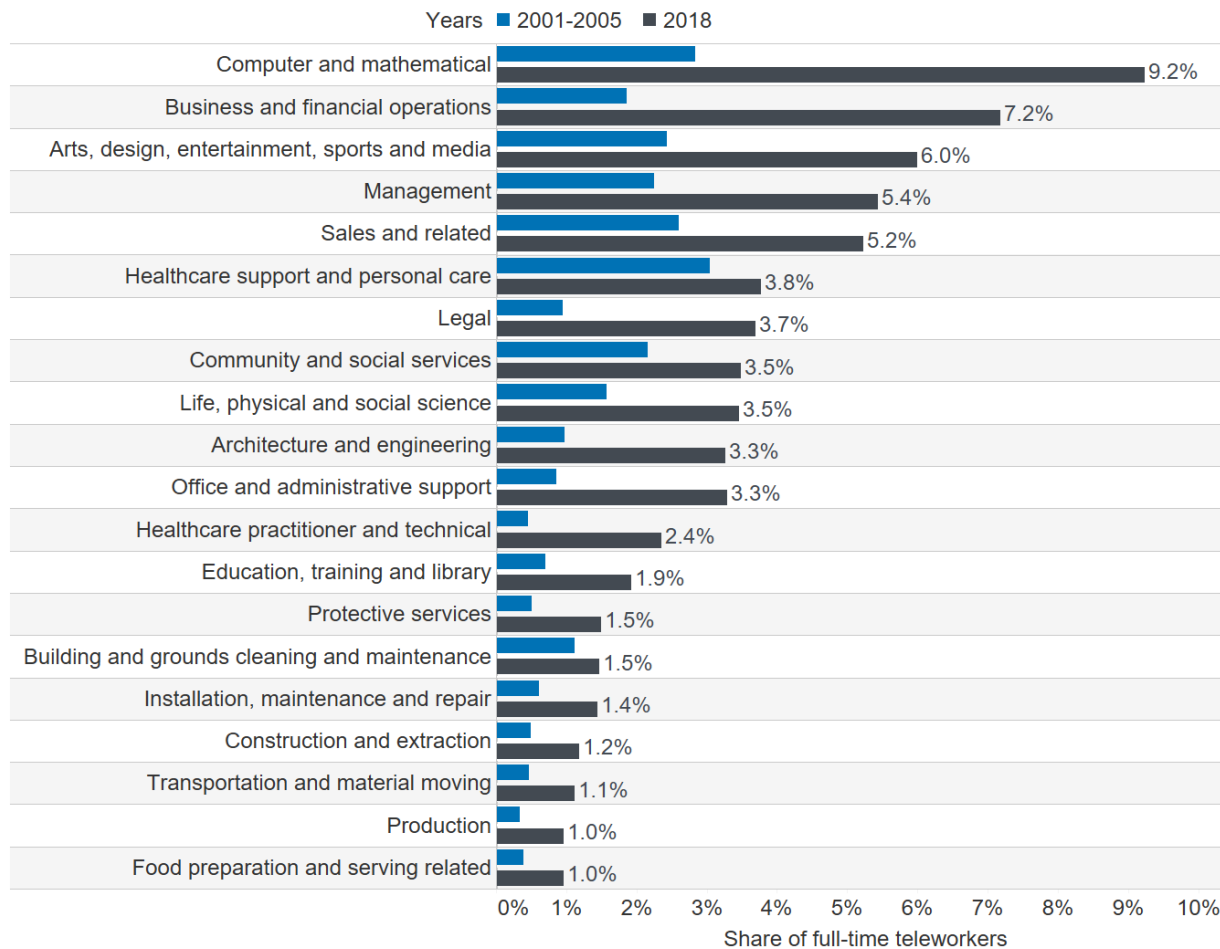


Source: The HWOL Program



In the past decade, there has been a strong surge in the share of full-time teleworkers. In 2018, for office and admin. workers the rate is still low.

Percentage of full-time employees primarily working from home



Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota



Remote work is productive, but long-term impact on creativity and innovation is a downside risk

- According to an often cited 2015 study, WFH made employees 13% more productive and 50% less likely to quit ([Bloom](#))
- But WFH ≠ pandemic WFH (Bloom)
 - ✓ Children, space, and privacy
 - ✓ Choice
 - ✓ Additional stressors - can impact motivation, well-being, mental health
- WFH productivity differences between men and women (Adams-Prassl et al, 2020)
- [Business leaders](#) concerned about long-term impact: reduced office-time may lead to reduced creativity and innovation, lowering long-term growth

Productivity by the Numbers

- PwC reports that while **63%** of CFOs were concerned about productivity in March, that number dropped to **26%** by June.
- According to a June Korn Ferry survey, **64%** of professionals say they are more productive working from home than in any office.
- A July Azurite Consulting survey reveals that **43%** of managers and **50%** of employees say they are more efficient working from home.
- Gartner reports that just **13%** of executives surveyed in June are concerned about sustaining productivity. This might be because **61%** have implemented more manager-employee check-ins.
- According to a July Chubb survey of workers, **70%** say their productivity at home is equal to **(37%)** or greater than **(33%)** working at the office.

Source: Sandra Beckwith, "[Is remote work working?](#)" CFO.com.

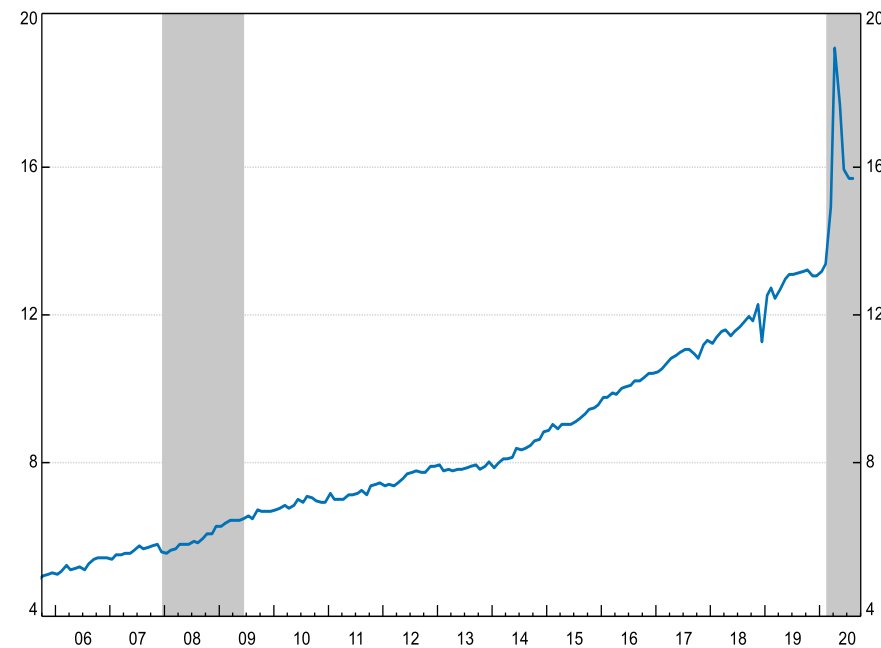


The Economy After COVID-19: Most Disrupted Industries

Lasting disruption in **retail** will be driven by the rise in e-commerce and increasing industry concentration

- **Consumer demand** will likely return to pre-COVID levels
 - ✓ Reallocation between online and brick-and-mortar
- Lasting **shift to online** shopping
- Rising **industry concentration**
 - ✓ Online retail giants get bigger
 - ✓ Rising store closures, bankruptcies and M&A among SMEs
- Relocation **away from city centers**
 - ✓ Rise in remote work
 - ✓ Closed retail locations become last-mile micro-fulfillment centers
- Jobs more susceptible to **automation**
 - ✓ Rise of no-touch shopping technologies
 - ✓ Robotics powered fulfillment centers
 - ✓ e.g. cashiers, salespersons, shipping and receiving clerks

Electronic Shopping
as a Percent of Total Retail Sales



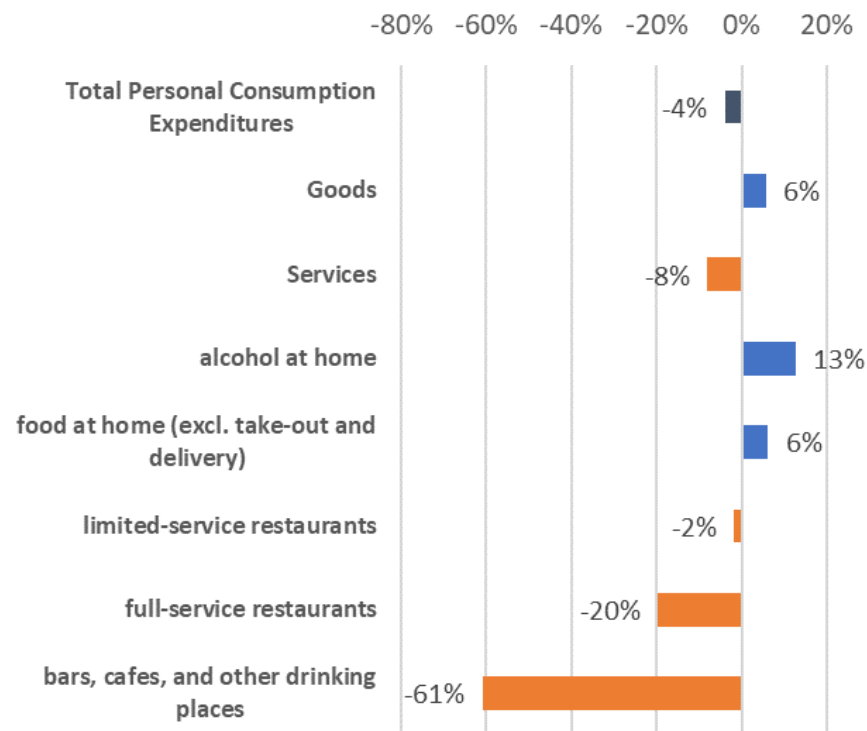
Source: Haver Analytics



While **restaurant** spending may recover, pickup and delivery may rise at the expense of full-service spending

- **Consumer demand** will likely return to pre-COVID levels
 - ✓ Reallocation between food pickup/delivery and service-oriented spending
- Lasting **shift to online** ordering
- Rising **industry concentration**
 - ✓ Fast food chains get bigger
 - ✓ Despite many closures, new mom-and-pop and full-service restaurants will emerge
- Relocation **away from city centers**
 - ✓ Rise in remote work
- Jobs more susceptible to **automation**
 - ✓ Due to rise in digital ordering, new business models, and high risk of infection
 - ✓ e.g. hosts/hostesses, waiters/waitresses

Percent change in consumer spending from Feb (pre-pandemic) to Aug 2020



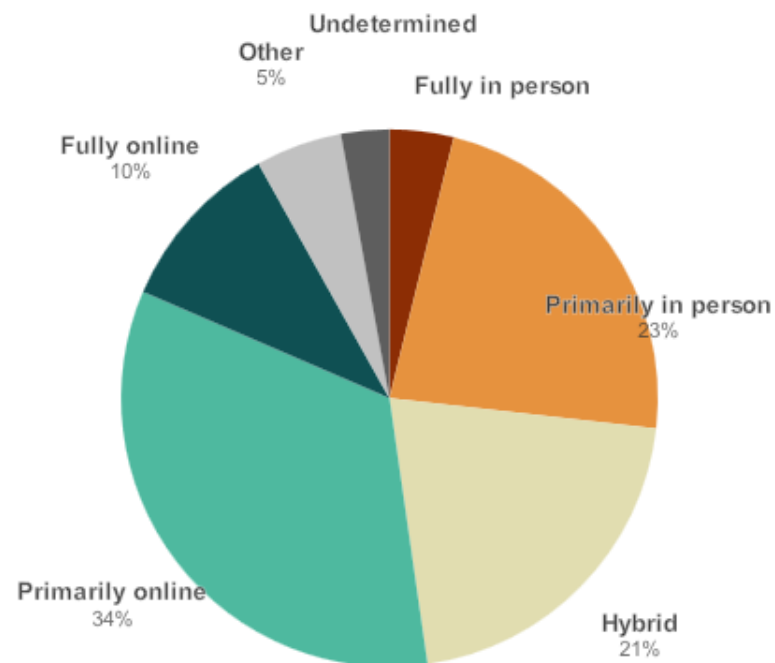
Source: The Conference Board using Real Personal Consumption Expenditures by Type of Product from the US Bureau of Economic Analysis



Greater access to online higher education may help demand recover, but long-term cuts in public funding pose a risk

- **Consumer demand** will likely return to pre-COVID levels
 - ✓ Online offerings at a lower price point may increase access
- Lasting **shift to online** education
- Rising **industry concentration**
 - ✓ Elite colleges with large endowments will prosper
 - ✓ Many small private colleges will go bankrupt due to reduced revenues and rising costs for online education
- **State government revenue shortfalls** may lead to permanent cuts in higher-ed budgets
 - ✓ Schools may eliminate degree programs or reduce quality
 - ✓ Reduced financial aid may increase student debt

US Colleges' Fall 2020 Reopening Models



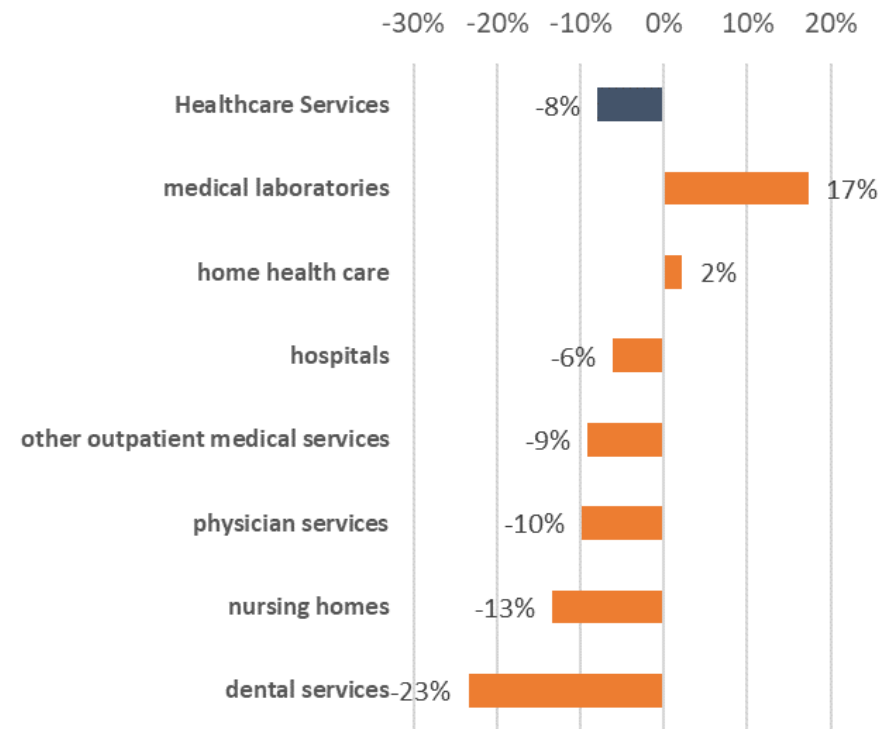
Source: [The Chronicle for Higher Education](#), reopening models as of October 1, 2020



An aging population and rising demand for a combo of in-person and virtual services will lead to a rebound in **healthcare** spending

- **Consumer demand** will likely return to pre-COVID levels
- Lasting **shift to online** care
 - ✓ Infusion of telehealth for certain types of consults or at certain points of treatment, e.g. remote monitoring
- Rising **industry concentration**
 - ✓ Large health systems with previous telehealth investments positioned to grow
 - ✓ Many small rural hospitals will likely go bankrupt or dive M&A activity
- Jobs more susceptible to **automation**
 - ✓ Due to virus exposure, cost cutting, and rising use of AI, robotics, and at-home diagnostic equipment
 - ✓ e.g. RNs and medical assistants

Percent change in consumer spending from Feb (pre-pandemic) to Aug 2020



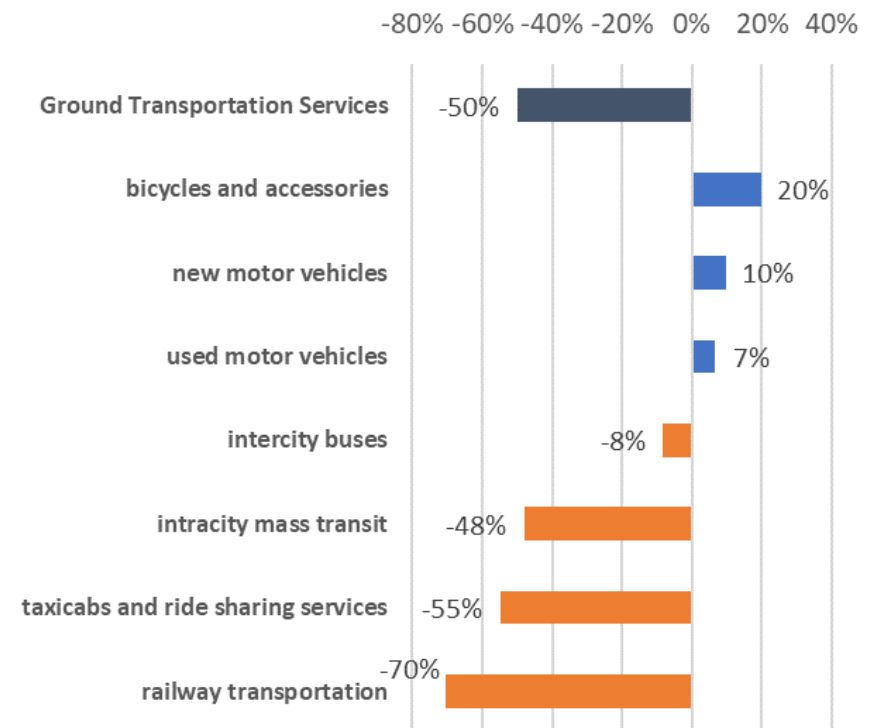
Source: The Conference Board using Real Personal Consumption Expenditures by Type of Product from the US Bureau of Economic Analysis



Demand for transit and ground transportation will likely not recover to pre-pandemic levels

- **Consumer demand** will remain depressed
 - ✓ Remote work and reduced business travel
 - ✓ Shifting consumer preferences for personal vehicles or micro-mobility
- **Local government revenue shortfalls** may lead to permanent cuts in public transport budgets and services
 - ✓ Reduced ridership and vehicle-related tax revenues
- Public investments in **autonomous vehicles** likely to be delayed, making jobs less susceptible to automation in the near term
 - ✓ Transit authorities may instead develop new public-private partnerships focused on micro-mobility options

Percent change in consumer spending from Feb (pre-pandemic) to Aug 2020



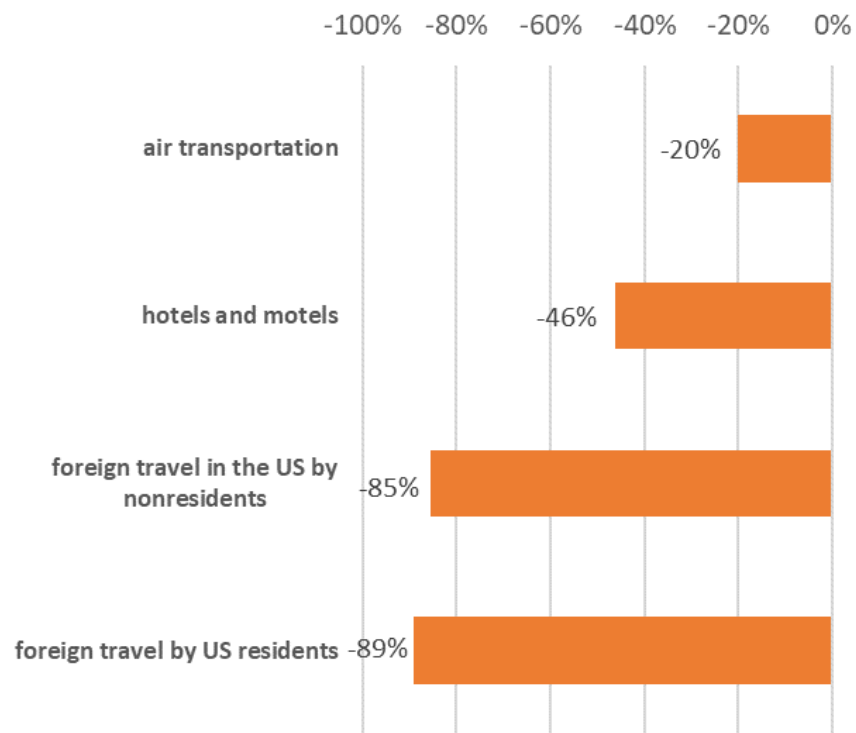
Source: The Conference Board using Real Personal Consumption Expenditures by Type of Product from the US Bureau of Economic Analysis



Virtual meetings and cost cutting will permanently reduce demand for business air travel and lodging

- **Business demand** will remain depressed
 - ✓ Remote work and reduced business travel
 - ✓ But domestic leisure travel expected to recover
- **Rising industry concentration**
 - ✓ Airline and hotel industries will likely emerge smaller than before
 - ✓ Looming bankruptcies will likely spur M&A activity as large airline carriers and hotel brands look to regional carriers or smaller hotels focused on domestic leisure travel
- **Jobs more susceptible to automation**
 - ✓ Layoffs by airlines and hotel chains
 - ✓ Increased use of AI-enabled bots, digital check-in, and autonomous cleaning robots
 - ✓ e.g. airline customer service agents, hotel front desk, clerks, housekeepers

Percent change in consumer spending from Feb (pre-pandemic) to Aug 2020



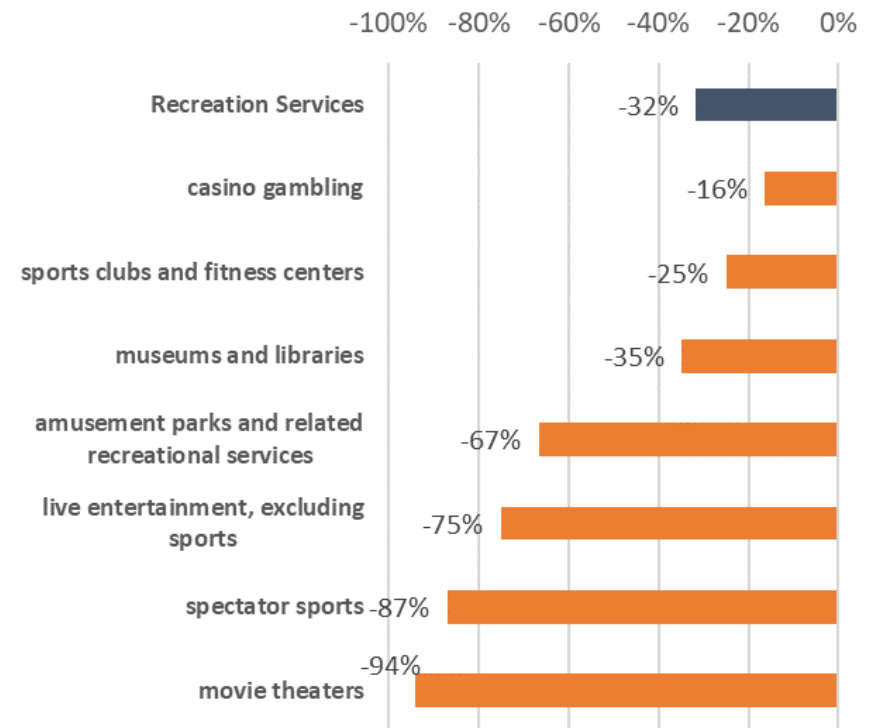
Source: The Conference Board using Real Personal Consumption Expenditures by Type of Product from the US Bureau of Economic Analysis



Pent-up demand will likely drive spending on **leisure and entertainment** back to pre-pandemic levels

- **Consumer demand** will likely return to pre-COVID levels
- Lasting **shift to online** entertainment
 - ✓ Video streaming
 - ✓ Traditional offline experiences may become more infused with digital elements
- Rising **industry concentration**
 - ✓ A smaller number of larger companies will likely emerge post-COVID due to M&A
 - ✓ e.g. among cruise lines, cinemas, theaters, cultural centers, and media entertainment companies
- Jobs more susceptible to **automation**
 - ✓ Due to cost cutting, routine tasks, and high risk of infection
 - ✓ e.g. ushers, lobby attendants, and ticket takers

Percent change in consumer spending from Feb (pre-pandemic) to Aug 2020



Source: The Conference Board using Real Personal Consumption Expenditures by Type of Product from the US Bureau of Economic Analysis





The Economy After COVID-19: Most Disrupted Occupations

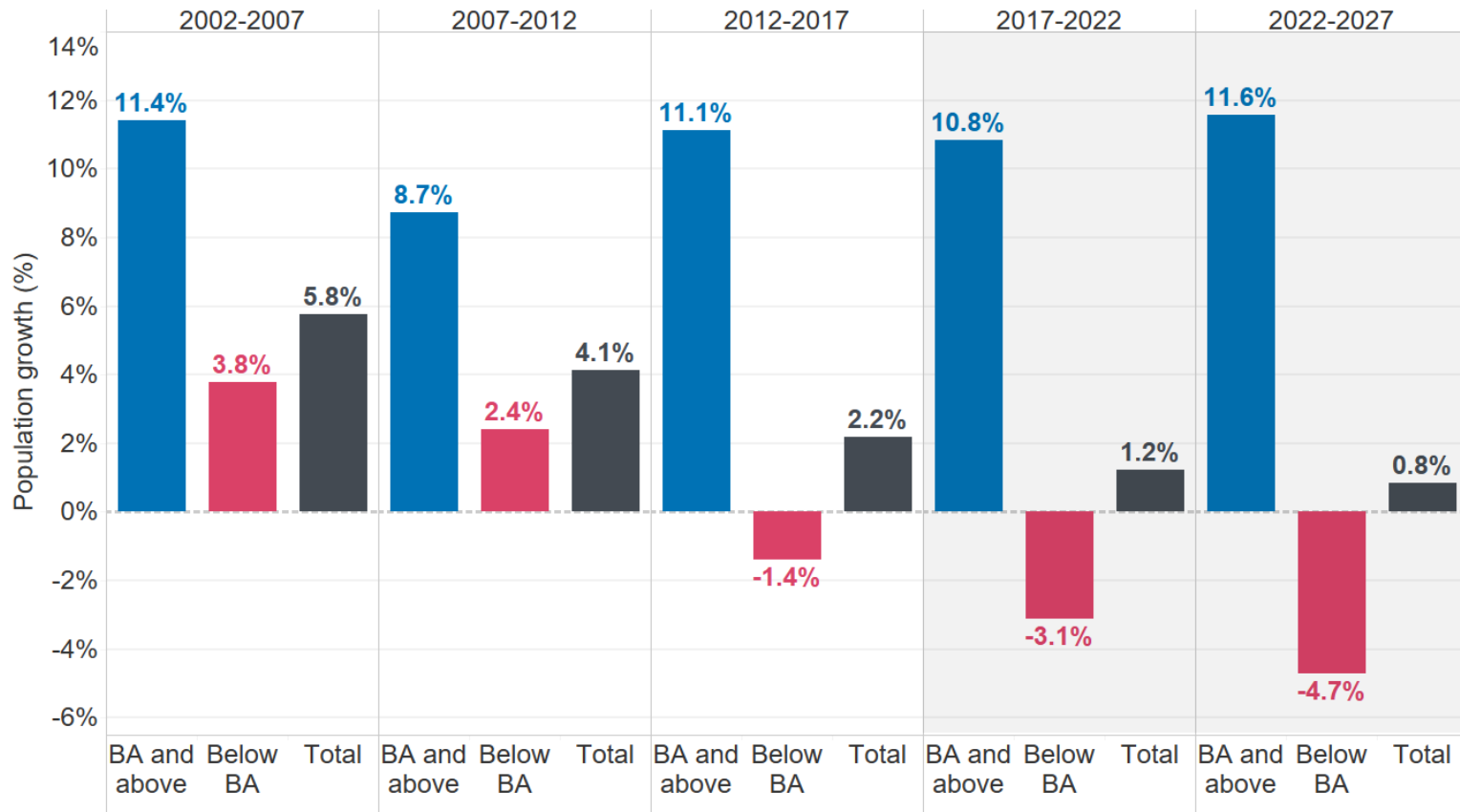
Most disrupted US occupations by 2025: We expect a decline in the demand for workers without a bachelor's degree

- Technology
 - ✓ Large demand from technology companies
 - ✓ Growing online purchasing and delivery
 - ✓ Growing demand in all industries due to digital transformation
- Office and administrative support
 - ✓ Automation
 - ✓ Remote working
- Sales
 - ✓ Automation
 - ✓ Remote working
 - ✓ Elimination of brick and mortar sales jobs
- White-collar jobs that could be offshored



The supply of workers without a bachelor's degree is shrinking

Working-age population (aged 20 to 64) growth by education, 2002 to 2027.

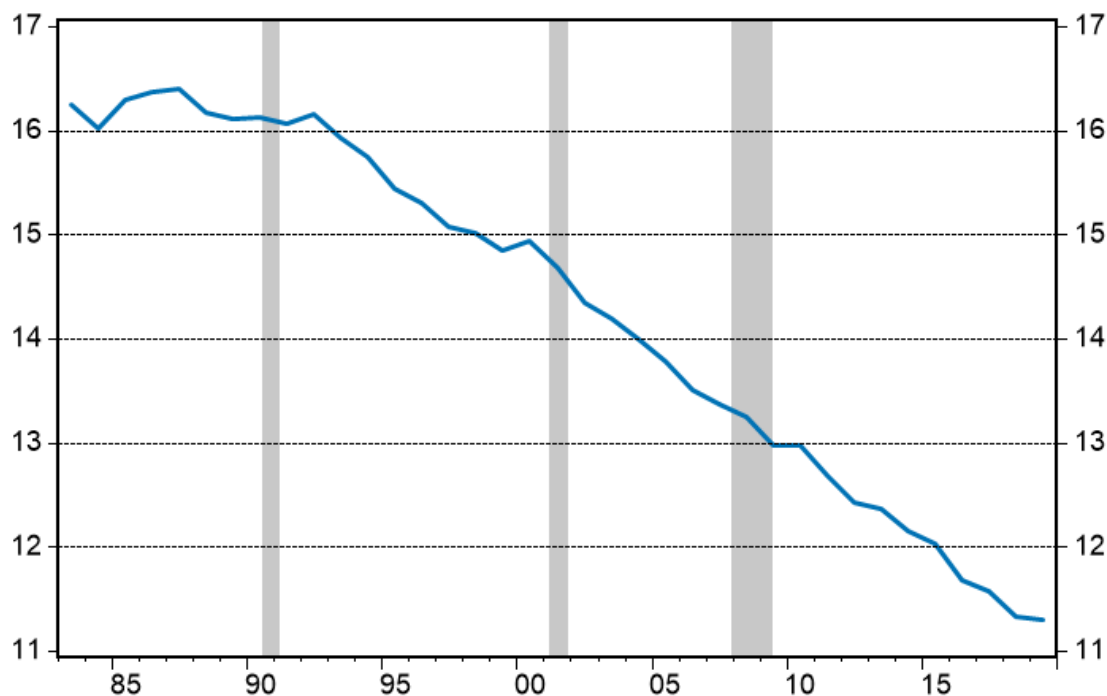


Source: The Conference Board; US Census Bureau; microdata from the American Community Survey.



Large scale automation of office and administrative support workers in recent decades, and probably in the next decade

Share of office and administrative support workers in total employment

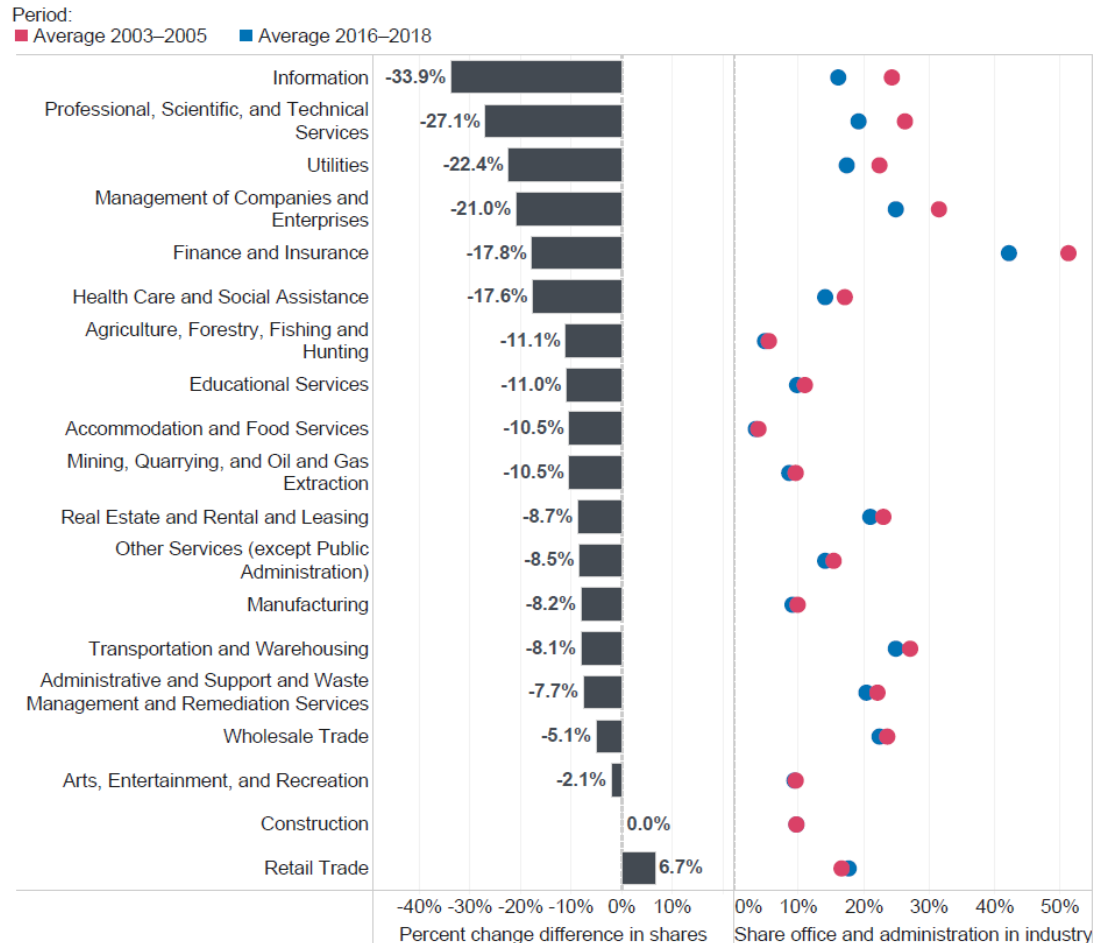


Source: Haver Analytics



The share of office and admin support jobs has declined faster in industries with more technologically advanced companies

The share of office and administrative support occupations by industry, and the percent change in the shares



Source: The Conference Board using data from the US Bureau of Labor Statistics



Some occupations may be automated sooner due to COVID-19

Occupation	Probability of automation	Employment growth 2013–2018
Insurance claims and policy processing clerks	98.4%	16.3%
Loan officers	98.4%	1.0%
Shipping, receiving, and traffic clerks	97.9%	-3.2%
Restaurants hosts and hostesses	97.5%	15.5%
Cashiers	97.1%	8.7%
Ushers, lobby attendants, and ticket takers	96.4%	25.5%
Cooks, restaurant	96.3%	26.8%
Office clerks, general	95.6%	5.0%
Hotel, motel, and resort desk clerks	94.3%	11.1%
Waiters and waitresses	93.7%	7.4%
Accountants and auditors	93.5%	7.8%
Food preparation and serving workers	92.4%	21.6%
Retail salespersons	92.3%	-0.8%
Taxi drivers and chauffeurs	89.4%	22.3%
Personal care aides	73.6%	94.8%
Pharmacy aides	71.7%	-12.5%
Maids and housekeeping cleaners	68.8%	0.7%
Bus drivers, transit and intercity	66.9%	10.3%
Travel agents	61.3%	-6.9%
Customer service representatives	55.1%	20.2%
Medical assistants	30.0%	17.8%

Source: Frey and Osborne (2013) projections of probability of automation; US Bureau of Labor Statistics for employment by occupations



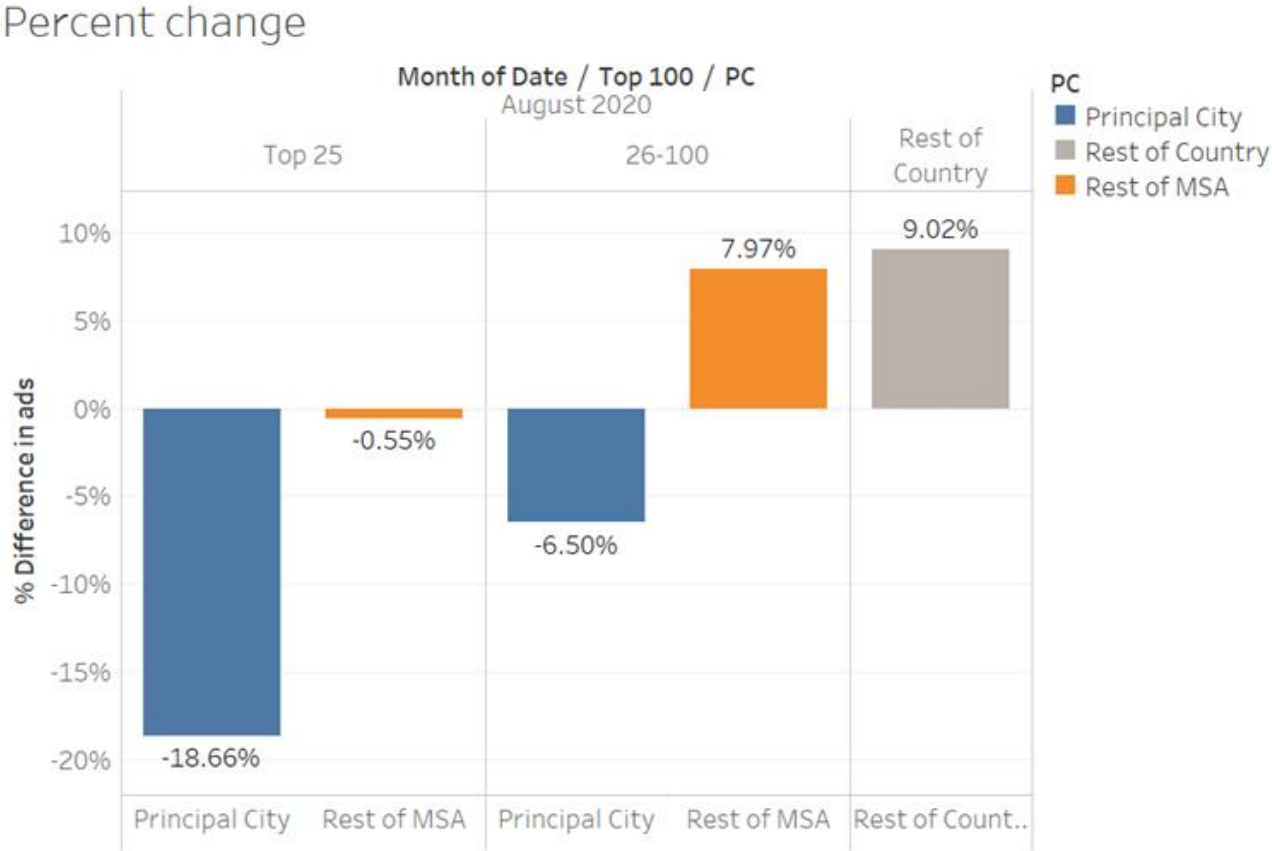
The Economy After COVID-19: Business Geography

Long-term business geography implications

- Drop in **spending** in city centers and some of it will remain **permanent**
- Commercial real estate in city centers will suffer a **double whammy**
- As commuting time is **less important for remote workers** – a shift in the demand for housing to outside city centers
- Downward pressure on **real estate prices** in city centers
- Increase in spending **outside city centers** on retail, restaurants, other services and real estate
- In the long run, city centers will likely remain an **attractive residential destination**
- Worst case scenario: fiscal budget-tax revenues **vicious cycle**



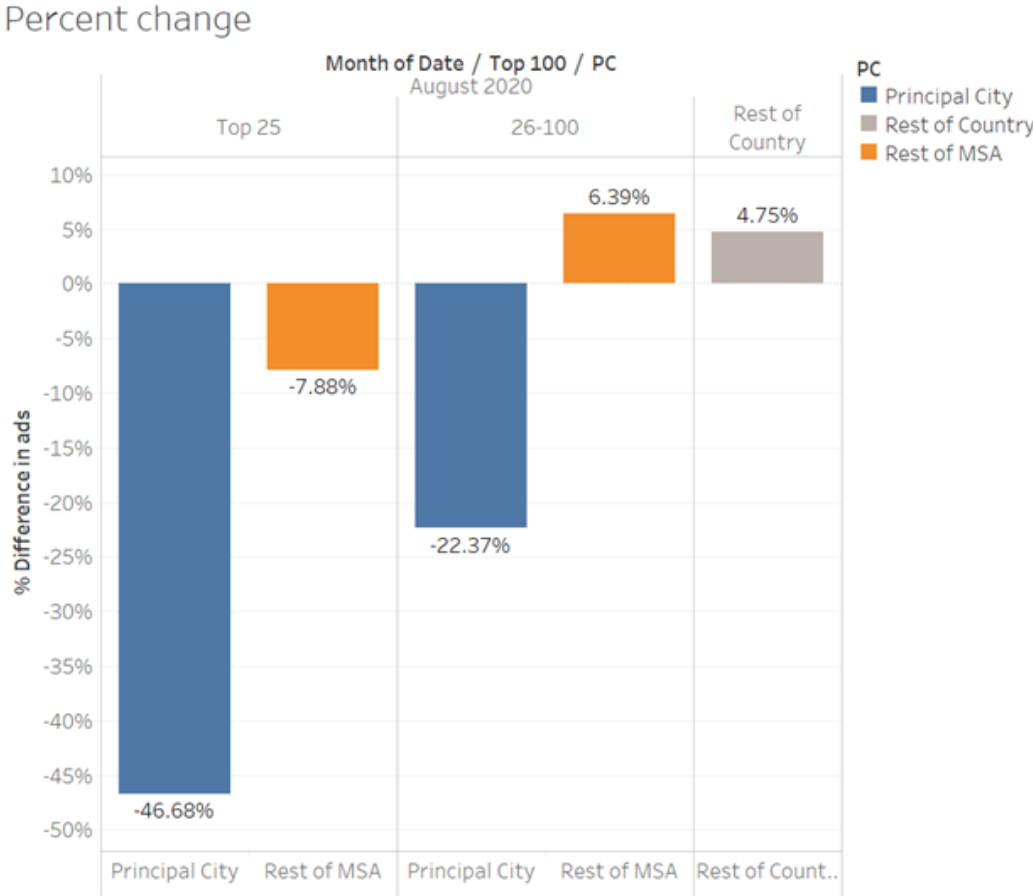
The drop in the number of job ads was especially strong in principal cities



% Difference in ads for each PC broken down by Date Month and Top 100. Color shows details about PC. The data is filtered on SOC, which keeps 24 of 24 members.



The drop in food services job ads was especially noticeable



% Difference in ads for each PC broken down by Date Month and Top 100. Color shows details about PC. The data is filtered on SOC, which keeps 35-0000.



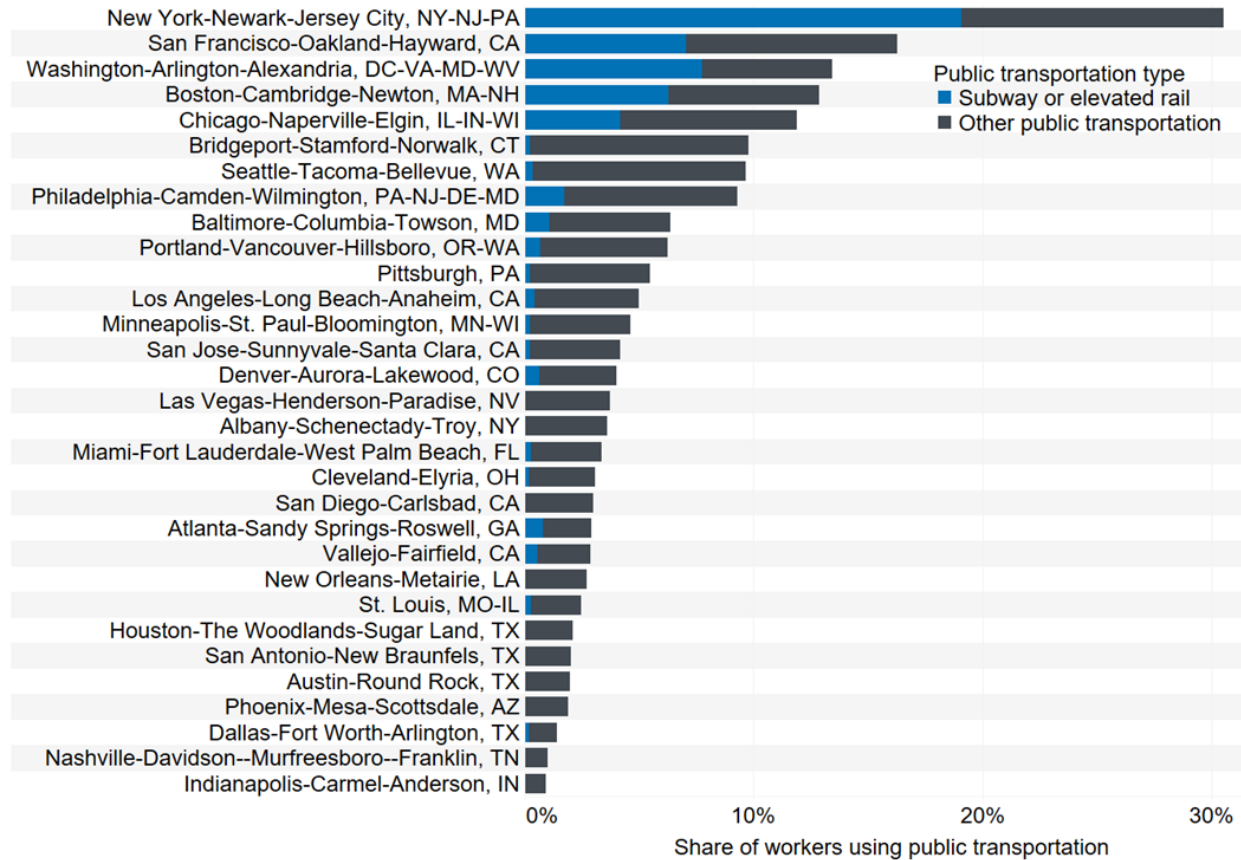
Concentration in top principal cities could be a factor in business performance

Restaurants	Share in top principal Cities	Retail	Share in top principal Cities	Hotels	Share in top principal Cities
Starbucks Coffee Company	56.66%	Nordstrom	43.52%	MGM Resorts International	82.40%
Little Caesar's	49.84%	Gap Inc.	37.57%	Kimpton Hotel & Restaurant Group	78.96%
Bjs Restaurants	49.16%	Whole Foods Market, Inc.	34.10%	Fairmont Hotels & Resorts	75.67%
TGI Friday's	47.95%	Macy's	33.41%	Loews	73.68%
California Pizza Kitchen, Inc.	47.58%	American Eagle Outfitters	30.56%	Wynn Resort	71.87%
Bob Evans	46.34%	PetSmart	27.04%	Intercontinental Hotels Group	71.82%
Krispy Kreme	45.81%	Sears	24.88%	Crowne Plaza	66.28%
The Cheesecake Factory	44.90%	Barnes & Noble	24.00%	Concord Hospitality	58.70%
Chick-fil-A	42.73%	Target	23.13%	Hyatt	56.57%
Ruby Tuesday Incorporated	40.95%	JCPenney	22.41%	Westin	55.48%
Wendy's Restaurants	34.12%	Best Buy	21.15%	Wyndham Hotels Resorts	54.18%
Burger King	33.99%	Kroger Company	19.44%	Doubletree Hotel	53.12%
Subway	32.01%	Office Depot	19.13%	Radisson	52.52%
Domino's Pizza	30.48%	7-Eleven	19.09%	Sheraton	51.83%
Dunkin' Donuts	28.75%	Dick's Sporting Goods Incorporated	19.08%	Hilton Hotel Corporation	51.51%
Applebee's	28.21%	Family Dollar Stores Incorporated	18.98%	Residence Inn	46.42%
Red Lobster	24.15%	The Home Depot Incorporated	18.84%	Holiday Inn	45.05%
Arby's	23.79%	Staples	18.12%	Marriott International Incorporated	42.40%
Outback Steakhouse	23.22%	Petco	17.94%	Best Western	35.83%
Olive Garden	21.68%	Kohl's	16.86%	Hampton Inn	35.46%
Taco Bell	21.00%	Bed Bath & Beyond	16.84%		
Papa John's	20.89%	CVS Health	16.05%		
Panera Bread	19.95%	Walmart / Sam's	14.79%		
Chipotle Mexican Grill	18.85%	AutoZone Auto Parts	14.31%		
Panda Express	15.10%	Lowe's Companies, Inc	14.31%		
Long John Silvers	11.80%	Rite Aid Corporation	11.36%		
McDonald's	11.34%	Dollar Tree	9.24%		
KFC	11.33%	Dollar General	6.93%		
Pizza Hut	8.57%				



Larger metro areas tend to rely more on public transportation

The share of workers commuting to work using public transportation, 2018



Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota





Interested in this topic?
Join us for our next webcast,
**Labor Market Update and the Short-
Term Outlook**
on **November 18 at 2pm ET.**

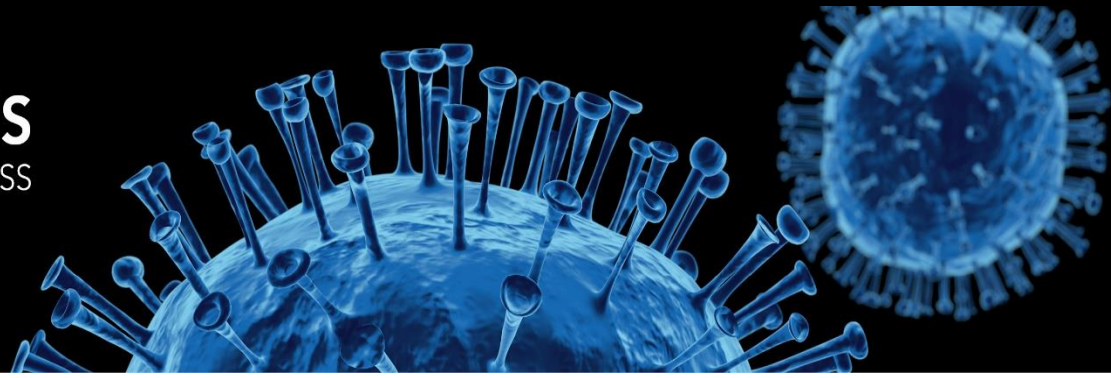
The US labor market has been turned upside down after the outbreak of COVID-19, and the toll on unemployment has been worse than even during the Great Recession.

Join our panel of expert economists as they provide an update on the latest labor market trends and what we should expect in 2021.

Register at [conference-board.org/webcasts/labor-outlook](https://www.conference-board.org/webcasts/labor-outlook)



COVID-19
CORONAVIRUS
IMPLICATIONS FOR BUSINESS

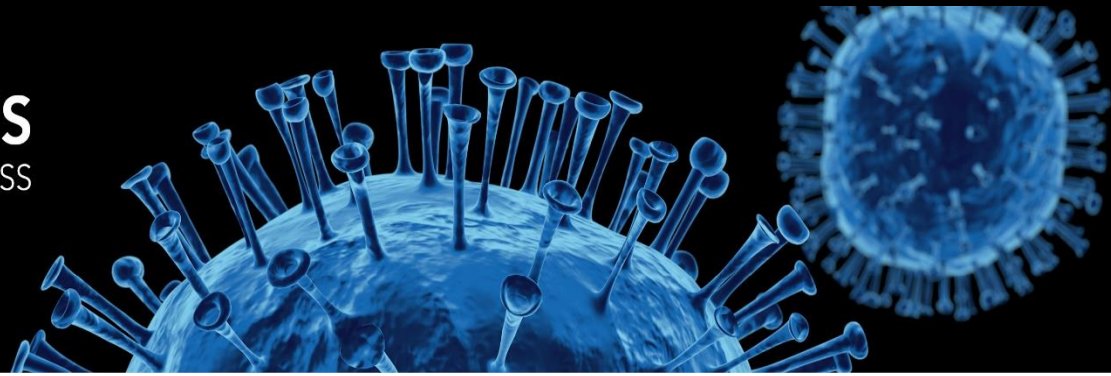


Want to hear more about this topic and how the spread of COVID-19 will impact business and the global economy?

The Conference Board has gathered insights and learnings from our thought leaders and member network which we hope will be helpful as you formulate, implement and manage your own crisis response.

Explore all of these resources on our website at <https://www.conference-board.org/COVID-19>.





Webcast: Adapting to the Reimagined Workplace

Human Capital Responses to the COVID-19 Pandemic

October 29, 2020 11:00 AM ET

The Conference Board expects that COVID-19 will have many lasting impacts on the world of work and Human Capital processes. To gauge how organizations are reacting to the changing business environment in the context of their workforces, **we conducted an online survey in September 2020**, a follow-up on our survey from April 2020. Join our panel of Human Capital experts and economists to hear important findings from our recent research.

Please register for this webcast at
<https://conference-board.org/webcasts/reimagined-workplace>





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