

Economic Turbulence Signals Wave of Layoffs and Retail Closures in 2024

January 21, 2024 - Last year's stable employment market is now showing signs of strain. An acceleration of layoffs observed towards the end of 2023 appears to be a precursor to a challenging year ahead. A recent survey conducted by Resume Builder reveals alarming statistics, with 38% of U.S. companies expressed their intention to conduct layoffs in 2024. Additionally, 52% are considering implementing hiring freezes, with half attributing the possibility of a recession as a key factor for potential layoffs. The survey also highlights that 4 in 10 companies are contemplating layoffs due to the integration of artificial intelligence (AI), signaling a shift in workforce dynamics.

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Large U.S. companies have already begun making announcements regarding layoffs. Nike plans a \$2 billion cutback over the next three years, including an undisclosed number of job cuts. Toy giant Hasbro is set to reduce its workforce by nearly 20% in 2024, and music service Spotify is undergoing a third round of layoffs, aiming to cut nearly 20% of its workforce. Other major companies such as Wayfair, Roku, Amazon, Citi and Charles Schwab are also reducing the size of their workforces.

Simultaneously, the retail sector is grappling with closures at an unprecedented rate. The surge in online shopping coupled with record inflation has led to substantial financial losses for retailers. In 2023 alone, over 3,000 retail locations shut down, and the trend is projected to intensify.

An equity analyst for UBS recently stated that the U.S. is over-retailed, estimating the closure of almost 50,000 retail stores by 2028. Rising operating costs, rampant crime and a higher proportion of e-commerce sales are compelling retailers to reevaluate their store locations and performance.

The impact of these layoffs is expected to extend beyond individual companies, potentially influencing the overall economy. As more companies trim their workforce, concerns grow about the cumulative effect on unemployment, business closures, consumer spending and economic stability.

2024 is shaping up to provide a bumpy economic ride for American consumers.

by Jim Malmberg

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