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Navigating the Era of the Feeling Economy: Labor Market Shifts, Industrial Structure Transformations, and Strategic Policy Interventions

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Abstract

Against the backdrop of the rapid development of AI, this study delves into how the "Feeling Economy" reshapes the labor market, industries, and consumer markets, and what challenges it brings. The main results highlight that the labor market is evolving from a "Thinking Economy" to a "Feeling Economy". Demand for data analysis and basic computation is decreasing, while high-cognitive tasks are on the rise. This shift transforms industries via human-AI collaboration, hyper-personalization, and emotional branding. Consumer markets increasingly prioritize emotional connections. Nevertheless, challenges such as structural unemployment and data privacy issues surface. Thus, the government should conduct skills training, safeguard privacy, and regulate AI, and suppliers should enhance emotional value.

Keywords: labor market, economic industrial structure, consumer market

1. Introduction

Feeling economy is an era with an economy system where emotional value and soft skills are prioritized and employment is mostly attributed to feeling tasks. Current economic system is experiencing a shift from thinking economy to feeling economy, which is at its preliminary stage and involves a change in people's social roles. For example, the use of service robot Connie in Hilton hotel illustrates the increasing need for emotional values provided by robots. Specifically, individuals would turn to products with emotional values; firms that deal with feeling tasks would stand out as more job vacancies occur; and government, on the other hand, may enact laws to protect privacy and

prevent piracy while still competing for cutting-edge techniques.

1.1 Thesis Statement

The labor market is evolving due to AI, shifting focus from repetitive tasks to high cognitive roles that require empathy, creativity, and strategic thinking. This transformation impacts various sectors. The consumer market is evolving from a focus on utility and cost to emotional value and personalized services, with AI enhancing customer interactions in traditional industries and driving growth in emerging sectors like mental health tech. Nevertheless, the feeling economy presents challenges such as structural unemployment, data privacy risks, and legal disputes. To address these, governments can implement policies like skills training, privacy protection laws, and clarifying AI responsibilities. These measures aim to enhance data security, boost public trust, and establish a stable market environment, though they may require significant funding and time for effective implementation.

2. Changes of Labor Market

With the rapid development of the AI (Artificial Intelligence), a profound change has occurred in the mode and content of human's work. AI has almost possessed the capability to dispose most of the tasks that managed by the human labor in the nowadays. Thinking Economy, which includes the tasks required science, technology, engineering, and mathematics skills. Freeing from most logical and mechanical works, the world start marching to the age of Feeling economy, and the priority of humans works gradually shifts from repeated and computational tasks to high cognitive tasks that need the involvement of human empathy, emotional intelligence, communication skills, leadership, and interpersonal relationships.

2.1 Emotionally Driven Tasks

Human labor is irreplaceable in the works that require emotional responses. Attaching importance to the consumers' mental experiences, these jobs involve addressing complex human emotions and providing personalized support (Georgieff & Hyee, 2022). In the fields of high-end medical care, luxury goods sales, and private consultants, etc., users need not only the product or service itself, but also emotional recognition and personalized attention. At the same time, the field of mental health requires professionals to have an in-depth understanding of the patient's emotional state, living background, cultural differences, etc. AI can only be used as a tool to help but cannot give humans real emotional support and understanding (White, Katherine, Rishad Habib, & David J. Hardisty, 2019: 22).

2.2 'High-Level' Routine Tasks

As AI reduces conventional tasks, the demand for human labor that can manage 'high-level' routine tasks becomes greater. As AI exposure increases, the possibility of performing teaching and training tasks, which are defined as 'high-level' routine tasks, boosted in a higher percentage, which is larger than the initial change in the possibility of performing the task between 2006 and 2018 (Gathmann, Grimm, & Winkler, 2024). Professions that involve intricate decision-making and problem-solving, such as management, scientific research, and technical trades, require a depth of understanding and adaptability that AI has yet to achieve.

2.3 Strategic and Creational Construction

Jobs in fields like marketing, product development, and strategic planning demand creativity, innovation, and the ability to devise unique solutions—areas where human intuition and experience are paramount. For instance, whether it is industrial design, graphic design, or music and literature creation, AI can only provide a general inspiration framework but not specific creative details and conceptual construction (White, Katherine, Rishad Habib, & David J. Hardisty, 2019: 22). Based on such findings, a prediction about the future global labor market in the age of Feeling Economy can be inferred.

2.4 Comparative Analysis

Figure 1 and Figure 2 show the change of labor market with different skills requirements. From the demand perspective, the demand for labor forces that specifies at data analysis and basic computation will decrease. On the other hand, the labor skilled in 'high-level' routine tasks, strategic and creational construction, and emotionally driven tasks, which can be identified as high cognitive tasks, will be intensively demanded. On the supply side, the supply of labor skilled in high cognitive tasks, a substitute for the previous kind of labor in production in the labor market, will eventually increase. Vice versa, the increase in the demand for the second type of labor will lead to a

decrease in the supply of data analysis and basic computation labor. Consequently, there will be a growth in the structural unemployment because people cannot timely change their analytic and computation skills that will be eliminated by AI to high cognitive skills. Also, the labor may even be discouraged and feel difficult to change the content of their works, leading to a decrease in the labor participation rate.

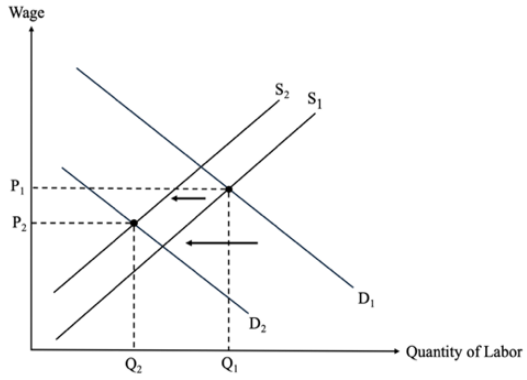

Figure 1. The labor market of data analysis and basic computation

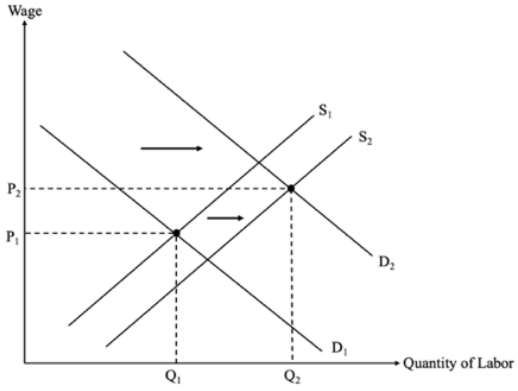

Figure 2. The labor market of high-level routine tasks, strategy, creativity, and emotional work

3. Changes of Economic Industrial Structure

Feeling economy will bring revolutionary changes to industrial structure. First, human-machine collaboration would be standardized in production process, during which AI handles analytical tasks and humans focus on creativity and emotional needs. This specialization provides companies with larger profit margin given the lower costs and ensures the longevity of a company. Second, real-time adaptation allows for hyper-personalization and shorter production cycles to meet instant emotional demands. Third, supply chains would be rationalized by emotional data for optimization. For instance, appliance makers may invest some of their inputs and materials into improving their products to meet customers' pain points. To be more specific, the first industry primarily involves physical and repetitive tasks performed by workers like agriculture and mining. Labors are forced to focus on areas where human perspective is still invaluable. For example, AI tools like soil health monitors are being used by farmers to focus on higher efficiency (McKinsey Global Institute) and storytelling branding like Patagonia's "Earth-Friendly Wool" campaign is adopted to highlight eco-friendly practices (Patagonia). The secondary industry deals with mass production, which includes manufacturing and designing. The impacts on this industry are mainly manifest in the increasing demand for some customized goods. For example, automakers like Mini Cooper use AI-driven design tools for personal experience, fostering emotional attachment (Accenture). For the third industry, the most obvious ones are in psychological counseling and entertainment. For example, AI handles diagnostics, while doctors at institutions like Cleveland Clinic use empathy metrics to improve patient interactions (Cleveland Clinic).

4. Impact on Consumer Market

The focus of customers in the feeling economy are changing from utility value to emotional value (Carrie, 2024). As the emphasis of emotional value has been rising, customers are wishing for more emotional connection with the services they are offered, like empathy and human touches. For some industries that highly rely on human resources, this could be easily adjusted, in contrary, automation may cause a little problem. As shown in Figure 3, the x-axis and the y-axis would be emotional value provided, and the cost (primarily labor costs). During feeling economy, customers crave for emotional value and that resulted in the increase in demand, increasing the cost of labor.

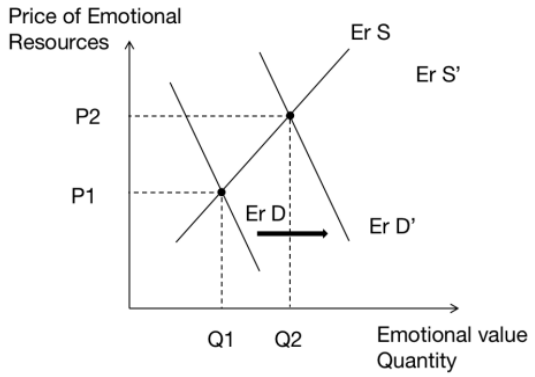

Figure 3. Market demand of emotional value

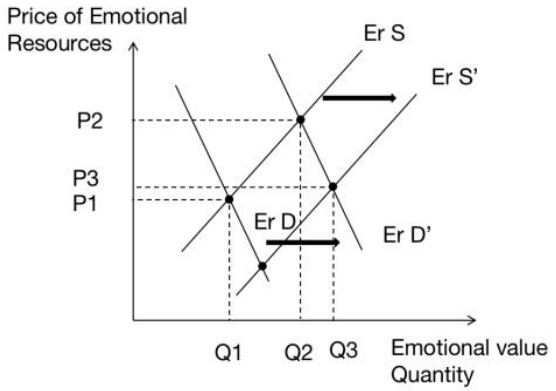

Figure 4. Change of market with emotional value

5. Impact on Traditional Industries and Emerging Industries

5.1 Impact on Traditional Industries

In traditional industries, AI is reshaping the interactions between supplier side and consumer side, making it more human-like. With the calculation and analytic abilities that AIs have, they can easily carry out and summarize customers' preferences and information and provide possible solutions to human workers that can target their "weaknesses" and make them feel satisfied. Upon that, upgrading the chat box system is also a strategy that has been adapted by some companies. With the support of AI behind it, some chat boxes have also been equipped with human-mimicked voice, creating a sense of comfortableness for customers using it.

5.2 Rise of Emerging Industries

From the perspective of emerging market, the mental health and wellness tech industry are rising fast. For example, there are apps popping out for monitor the stability of mental wellness like Moodpath and Wysa. In addition, devices with new functions are coming out quick, watches now can not only measure physical status, but also psychological states through biometric data. In all ways, new emerging industries are putting customers' preferences and emotional importance as their products' priority. Figure 4 implies that not only the demands are increasing, but the supplies are also increasing as well. Although the equilibrium price is uncertain, there is one thing to be sure about, the quantity of emotional value offered to the public must be increasing, following up the trend of the feeling economy.

6. Policy Recommendations and Cost-Benefit Analysis

In the era of feeling economy, with the rapid development of artificial intelligence technology and the rise of emotion-driven consumption, multiple levels of society are undergoing profound changes, which has also resulted in a series of problems and challenges.

6.1 Structural Unemployment

Firstly, structural unemployment caused by skills mismatch will intensify, especially those groups that cannot adapt to new high-skill industries and may fall into long-term unemployment. Therefore, the government can adopt supply-side policies, provide some skills training, and provide personalized counseling for workers with different backgrounds and different emotional perceptions. At the same time, the government can encourage companies to use AI to promote corporate transformation by providing subsidies and tax reduction policies. And the government should promote innovative reforms and reduce production costs. The advantage of this kind of policy is that it can fundamentally solve the problem (Wang, 2024). However, it depends on whether the government has enough funds for training.

6.2 Privacy Concern

Secondly, companies use big data and artificial intelligence technology to extensively collect and analyze users' emotional data to conduct precise personalized marketing. Although this approach improves the consumer experience, it also increases the risk of data leakage and may even violate personal privacy rights (Wang & Li, 2021). Therefore, the government should protect the privacy rights of consumers through laws,

such as EU's Digital Services Act (DSA) (European Commission, 2025), which can also enhance public trust in the emotional economic model and maintain the normal order of the market. The authoritative implementation of the law enables companies to strictly abide by it and protects consumer rights and interests to a certain extent. But at the same time, there is an indirect conflict between consumer rights and the development of technology companies. There is a conflict between the rights and interests and the development prospects of the enterprise, and the formulation and implementation of laws and regulations also take time.

6.3 Misuse of AI

Thirdly, once AI is being misused, legal disputes in the market will increase. At the same time, people's ability to screen information will be reduced, and creativity and critical thinking skills will gradually deteriorate (Qiliang Yuan, 2023; World Bank, 2017). Therefore, the government should continue to deepen the traceability and transparency of AI systems and implement hybrid decision-making in certain key areas. In the long run, it can produce positive benefits in improving the security, transparency, and fairness of AI technology, and help establish a more stable market environment. But it also adds additional burdens of development, oversight, review and accountability.

7. Conclusion

In conclusion, the advent of Feeling Economy signifies a shift in global economic systems: While it fosters innovation and personalized consumer experiences, it also exacerbates structural unemployment, threatens data privacy, and complicates legal landscapes. Governments must implement strict policies, including training for displaced workers, robust privacy protection laws, and regulations for AI applications. Without these regulations and measures, feeling economy is nothing but an utopia. The future hinges on balancing innovation with empathy, creating economies where emotional and economic value bind together sustainably.

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