

Changes in the Retail Sector: Implications for Employment and Productivity Measurement*

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*Disclaimer: The views expressed are those of the author and not necessarily those of the U.S. Census Bureau.

What is retail?

The Retail Trade sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and nonstore retailers.

Source: <https://www.bls.gov/iag/tgs/iag44-45.htm>

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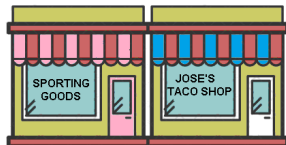
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Main Street, USA



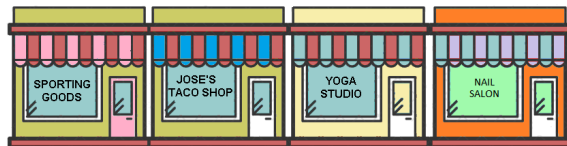
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Measuring retail productivity

- ▶ Typically: $\frac{\text{Store Revenue}}{\text{Store Employment}}$
- ▶ Ignores inputs at the chain level
 - ▶ Technology
 - ▶ Logistics
- ▶ Ignores store inputs other than labor
 - ▶ Cost of goods sold
- ▶ Ignores external labor inputs

Several related trends in the retail sector

- ▶ Rise of chains
- ▶ Technological innovations
- ▶ Customer-labor substitution (self service)
- ▶ Format innovations
- ▶ E-Commerce
- ▶ Blurring boundary with service sector

Thank you