

## Dissecting Changes in Retail Trade 2005 to 2015

*Retail trade* establishments had the largest number of employees among all industry sectors in New Hampshire in 2015, as it has had each year back to 2005. However, there were 2,640 fewer workers in 2015 than in 2005. What has changed to account for the reduced workforce in *Retail trade*?

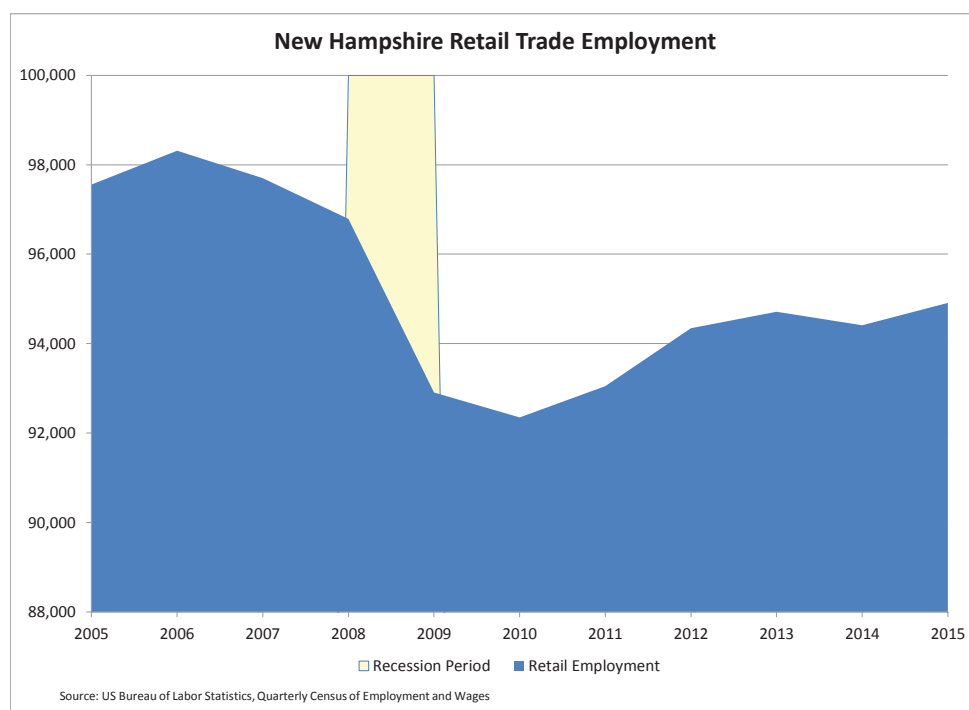
One major change is the result of the Internet and modern technology. Smartphones as well as cell phones with cameras became widely available to the public in 2002. By 2007, Apple released the first iPhone<sup>1</sup> and Amazon launched the

Kindle e-reader.<sup>2</sup> It was such a gradual assimilation, it hardly was noticed that the Internet had revolutionized how people accessed goods and services. Nationally, in fourth quarter 1999, e-commerce accounted for a mere 0.6 percent of total retail sales in the nation. By fourth quarter 2015, e-commerce made up 7.5 percent of total retail sales and increased to 8.1 percent by second quarter 2016.<sup>3</sup>

Additionally, the great recession, an 18-month economic downturn during 2008 and 2009, affected employment in all sectors, save *Health care and social assistance*.<sup>4</sup>

Simultaneously, gasoline prices jumped to over \$4 per gallon. *Retail trade* was particularly vulnerable because a large part of the economy is dependent on consumer spending, and during that period there was reduced spending.

Changes in employment are one result of the impact these economic and technological changes have had on the *Retail trade* industry. To gain another perspective of employment change, a comparison was made between the share of employment growth over two five-year time spans, 2005 through 2010,



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1 Cell phone Timeline – SoftSchools. [www.softschools.com/Timelines](http://www.softschools.com/Timelines)

2 Amazon Kindle - Wikipedia, the free encyclopedia. [https://en.wikipedia.org/wiki/Amazon\\_Kindle](https://en.wikipedia.org/wiki/Amazon_Kindle)

3 Estimates adjusted for seasonal variation. US Census Bureau News, US Department of Commerce. Quarterly Retail E-commerce Sales: 1st Quarter 2016 - 2nd Quarter 2016. [http://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)

4 National Bureau of Economic Analysis. <http://www.nber.org/cycles.html>

and 2010 through 2015. The comparison highlights the retail subsectors that had the largest changes in employment and when those changes occurred. While the period of 2005 to 2010 included the most recent economic recession, the period of 2010 to 2015 included increased use of technology and economic recovery. Four industry subsectors had sufficient job gains in the post-recession period to counter job losses from the pre-recession period, including: *Shoe stores*; *Other miscellaneous store retailers*; *Sporting goods, hobby, and musical instrument stores*; and *Health and personal care stores*.

## Net Job Gains

*Used merchandise stores, Other general merchandise stores, Grocery stores, and Auto parts, accessories, and tire stores* were the only subsectors that had employment gains in both periods.

An increased attitude of reduce, reuse, recycle may have served as the platform for increased employment in *Used merchandise stores*, and employment grew as customers were lured by lower-cost items. The subsector experienced significant job gains in the 2010 to 2015 period. The lure of lower-cost items also led to

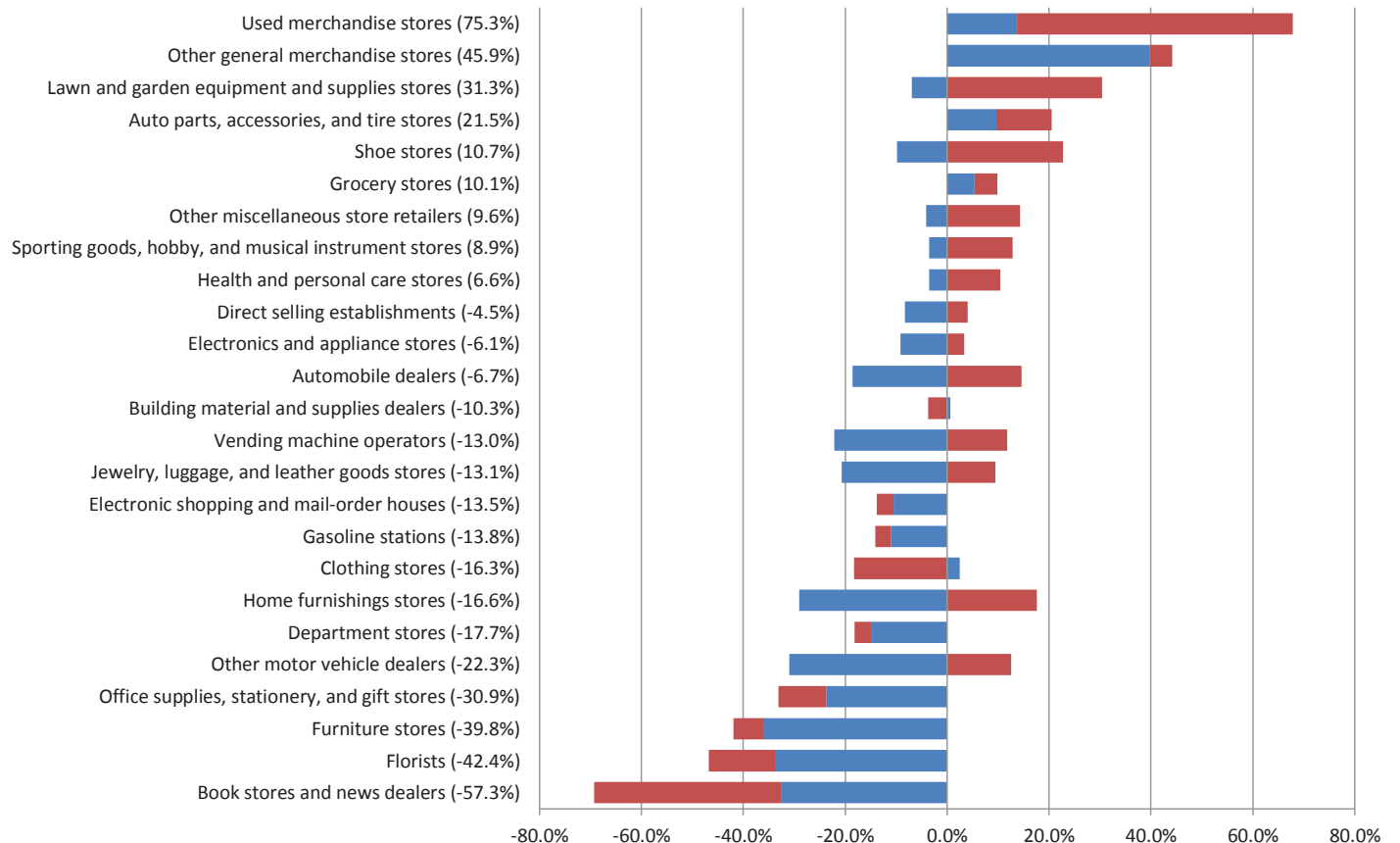
a substantial employment increase at *Other general merchandise stores* — businesses that sell a variety of new merchandise, such as dollar stores, country stores, and trading posts — during the earlier period, but gains were much lower in recent years. *Grocery stores* and *Auto parts, accessories, and tire stores* gained roughly the same share of employment in both the 2005 to 2010 and the 2010 to 2015 periods.

The employment change dynamic for *Lawn and garden equipment and supplies stores* had a small decline from 2005 to 2010, and

### Percent Change in Employment, Retail Trade Subsectors

■ 2005-2010 ■ 2010-2015

(Percent Change in Employment, 2005-2015)



from 2010 to 2015, this subsector had the third largest percent increase in employment.

Four other industry subsectors had sufficient job gains in the latter period to counter job losses from the earlier period, including: *Shoe stores*; *Other miscellaneous store retailers*; *Sporting goods, hobby, and musical instrument stores*; and *Health and personal care stores*.

## Net Job Losers

Seven *Retail trade* subsectors experienced job gains from 2010 to 2015; however, those gains were not enough to outweigh the losses that occurred in the 2005 to 2010 period, resulting in net employment declines. *Clothing stores* was the only subsector to have gained employment from 2005 to 2010 and then have large job losses in the latter period. All other retail subsectors lost employment in both the 2005

to 2010 and the 2010 to 2015 periods. The changes as a result of technology and Internet access combined with the effects of the latest recession were most evident in the substantial employment losses at *Book stores and news dealers*, declining significantly more in the latter period than in the earlier period. Over the 2005 to 2015 period, employment at *Florists*, *Furniture stores*, and *Office supplies, stationery, and gift stores* declined by a third or more. Although there has been a sharp increase in the activity of *Electronic shopping*, the vendor can be located anywhere in the world, and local employment in the *Electronic shopping* subsector has declined.

The impact of the latest recession, increases in gasoline prices, and technological advances can be seen in employment changes among *Retail trade* industry subsectors. Over the last ten

years, consumers increasingly patronized stores offering lower-cost merchandise and products for a do-it-yourself lifestyle, leading to employment gains. At the same time, consumers delayed replacing durable goods, and reduced or eliminated purchases of high-ticket items, resulting in employment declines. In 2016, the *Total Retail Survey* asked what the main influencers for buying online and 58 percent of American consumers shopped online for convenience and another 38 percent because they found the product cheaper.<sup>5</sup> Products that can be delivered to the consumer's doorstep mean less need for workers at brick-and-mortar stores offering the same products.

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<sup>5</sup> Price Waterhouse Coopers, Total Retail Survey 2016. <http://www.pwc.com/gx/en/industries/retail-consumer/global-total-retail.html>