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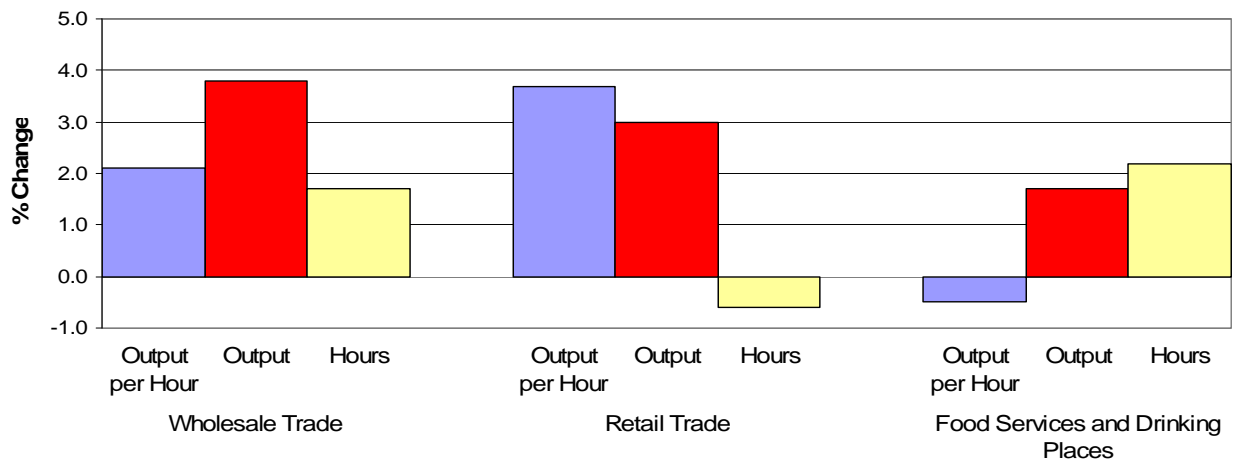
PRODUCTIVITY AND COSTS BY INDUSTRY: WHOLESALE TRADE, RETAIL TRADE, AND FOOD SERVICES AND DRINKING PLACES INDUSTRIES, 2007

Labor productivity – defined as output per hour – increased in wholesale trade and retail trade, and fell in food services and drinking places in 2007 as follows:

- 2.1 percent in wholesale trade
- 3.7 percent in retail trade and
- 0.5 percent in food services and drinking places.

Output grew in each of these sectors in 2007. Hours increased in wholesale trade and in food services and drinking places, and declined in retail trade. (See chart 1.) Productivity rose in 34 of the 50 detailed industries studied. (See table 1.) Unit labor costs declined in 22 of these industries, were unchanged in the retail trade sector, and increased in the wholesale trade and food services and drinking places sectors.

**Chart 1. Percent change in output per hour, output, and hours, 2006-2007
(Wholesale Trade, Retail Trade, and Food Services and Drinking Places)**

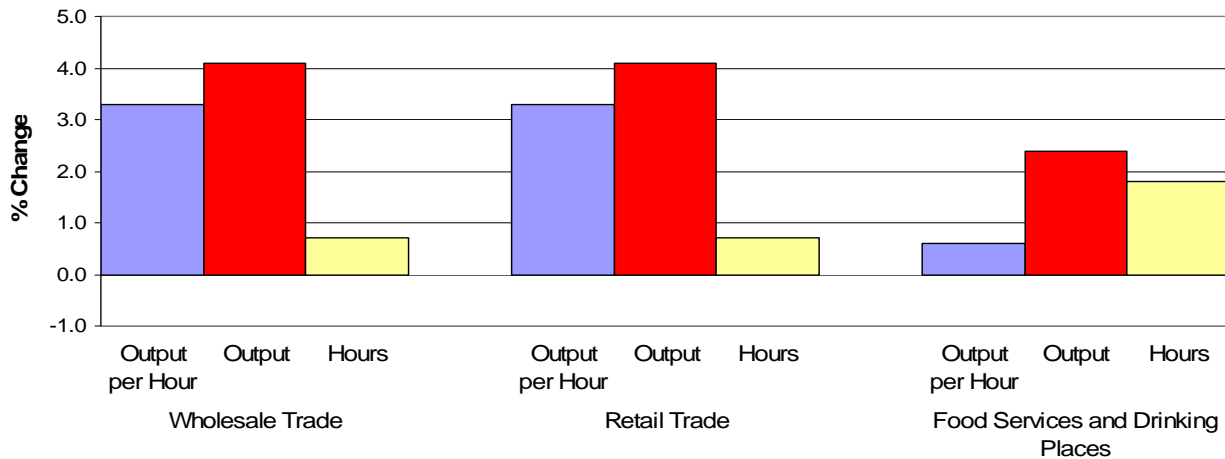


From a longer term perspective, labor productivity increased at the following average annual rates between 1987 and 2007:

- 3.3 percent in wholesale trade
- 3.3 percent in retail trade and
- 0.6 percent in food services and drinking places.

Output and hours increased in all of these sectors over the period. (See chart 2.) Productivity rose in 48 of the 50 detailed industries. (See table 2.) Unit labor costs fell in 17 industries and in the retail trade sector, but grew in the wholesale trade and food services and drinking places sectors during the period.

Chart 2. Average annual percent change in output per hour, output, and hours, 1987-2007 (Wholesale Trade, Retail Trade, and Food Services and Drinking Places)



2006-2007 change

Wholesale trade: Labor productivity increased 2.1 percent, as output grew 3.8 percent and hours rose 1.7 percent. Output per hour grew in 12 of the 19 detailed wholesale trade industries in 2007. Commercial equipment wholesalers (NAICS 4234) experienced the largest productivity gain, 13.7 percent. Unit labor costs fell in seven of the 19 detailed industries, but rose 1.9 percent in wholesale trade overall.

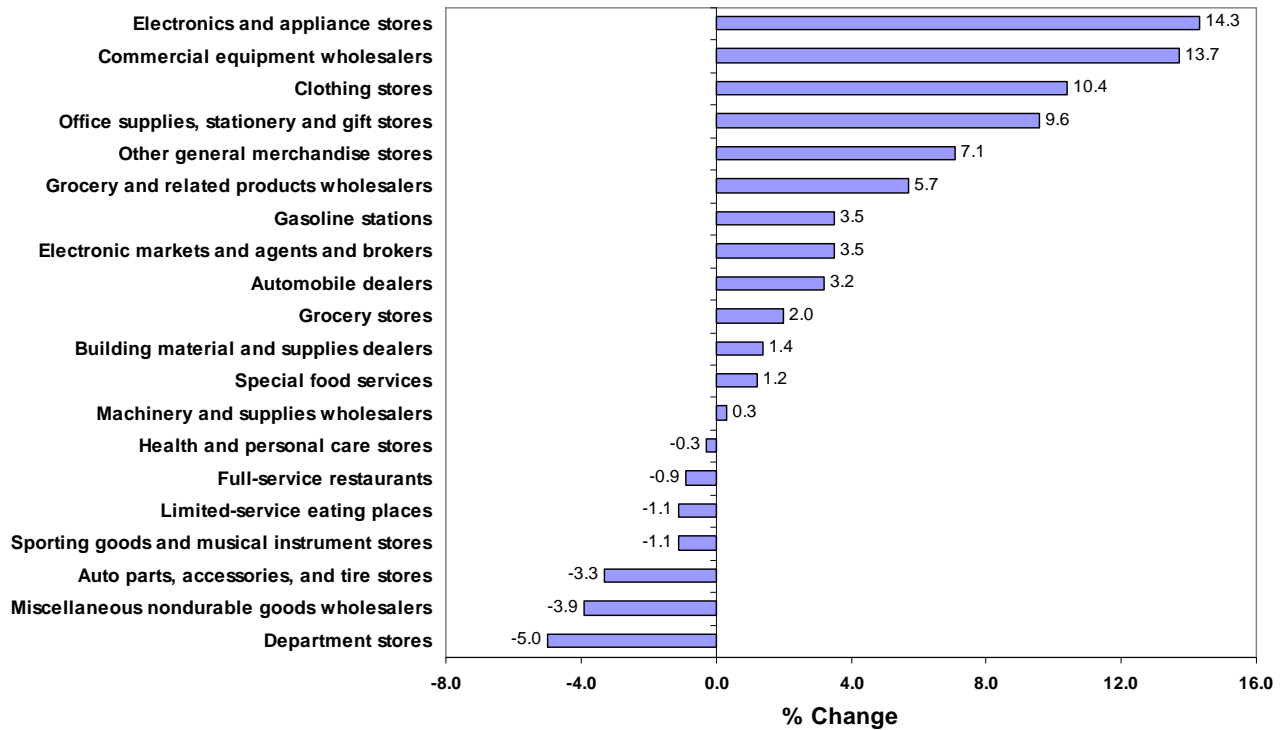
Retail trade: Labor productivity grew 3.7 percent as output increased 3.0 percent while hours fell 0.6 percent. Output per hour rose in 20 of the 27 detailed retail trade industries in 2007. The largest increases in productivity occurred in lawn and garden equipment and supplies stores (NAICS 4442) and electronics and appliance stores (NAICS 4431), 17.3 percent and 14.3 percent, respectively. Although unit labor costs fell in 14 of the 27 industries studied, unit labor costs in the retail sector as a whole were unchanged.

Food services and drinking places: Labor productivity fell 0.5 percent as output increased 1.7 percent and hours grew 2.2 percent. Two of the four industries in food services and drinking places registered productivity gains in 2007. The largest increase in productivity, 7.0 percent,

occurred in drinking places (NAICS 7224). Unit labor costs grew in three of the four detailed industries and increased 4.6 percent in food services and drinking places overall.

Chart 3 shows the 2007 productivity changes for the twenty largest trade and food services and drinking places industries.

Chart 3. Percent change in output per hour for the largest (by employment) trade and food services and drinking places industries, 2006-2007



Long-term trends

Wholesale trade: Labor productivity rose 3.3 percent per year, on average, between 1987 and 2007. Output increased 4.1 percent per year and hours grew 0.7 percent per year. Labor productivity rose in 17 of the 19 detailed industries. The fastest growth in output per hour occurred in commercial equipment wholesalers (NAICS 4234) and electric goods wholesalers (NAICS 4236), 15.6 percent and 8.9 percent per year, respectively. Unit labor costs rose in all but two of the wholesale trade industries over the period, and increased 0.9 percent per year overall in the wholesale trade sector.

Retail trade: Labor productivity increased an average 3.3 percent per year from 1987 to 2007, while output rose 4.1 percent per year and hours grew 0.7 percent. Output per hour increased in all 27 detailed industries. Labor productivity rose the fastest in electronics and appliance stores (NAICS 4431), 13.4 percent per year, followed by electronic shopping and mail-order houses (NAICS 4541) at 12.2 percent per year. Unit labor costs declined in 15 of the 27 industries in this sector during the time period and declined 0.2 percent per year in retail trade overall.

Food services and drinking places: Labor productivity grew 0.6 percent per year on average, as output increased 2.4 percent per year and hours grew 1.8 percent per year. Productivity increased in all of the food services and drinking places industries from 1987-2007. Unit labor costs also increased in each of the detailed industries, and rose 3.2 per year in food services and drinking places overall.

Additional Information

The measures in this news release incorporate current data from the Census Bureau's Monthly Wholesale Trade Survey (May 2008) and Monthly Retail Trade Survey (April 2008). Also included in this release are BLS employment and hours from the March 2008 Current Employment Statistics (CES) survey and wages from the July 2008 Quarterly Census of Employment and Wages. The measures replace the wholesale trade, retail trade, and food services and drinking places series published on the BLS website, in the news release *Productivity and Costs by Industry: Wholesale Trade, Retail Trade, and Food Services and Drinking Places, 2006* (released August 28, 2007) and in table 50 of the Monthly Labor Review. All of the measures for 2007 in this release are preliminary and subject to revision.

While the index numbers and rates of change reported by BLS in this news release are rounded to one decimal place, all industry productivity percent changes are calculated using index numbers to three decimal places.

Industry productivity and cost measures are produced as data become available. Measures for industries in other sectors have been published in separate releases that can be accessed online at: http://www.bls.gov/schedule/archives/prin_nr.htm. Indexes and rates of change for all covered industries can be accessed electronically by visiting the Labor Productivity and Costs web site at <http://www.bls.gov/lpc/#tables>. Data on industry employment, hours, labor compensation, value of production, and the implicit price deflator for output for these industries are available upon request by calling the Division of Industry Productivity Studies (202-691-5618) or by sending a request by e-mail to dipsweb@bls.gov.

Information in this report will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5618; TDD message referral phone number: 1-800-877-8339.

Technical Note

Labor Productivity: Industry labor productivity measures describe the relationship between industry output and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although labor productivity measures relate output to the hours of all persons in an industry, they do not measure the specific contribution of labor or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; utilization of capacity, energy, and materials; the use of purchased service inputs, including contract employment services; the organization of production; managerial skill; and the characteristics and effort of the workforce.

Long-term productivity trends tend to be more reliable indicators of industry performance than are year-to-year changes. The annual changes in an industry's output and use of labor may reflect cyclical changes in the economy as well as long-term trends.

Output: Industry output is measured as sectoral output, the value, in real terms, of goods and services produced for sale outside the industry. Industry output measures for the trade and food services and drinking places industries are constructed by deflating nominal dollar revenues from the Bureau of the Census, U.S. Department of Commerce, with price indexes primarily from BLS.

Labor Hours: The primary source of industry employment and hours data is the BLS Current Employment Statistics (CES) survey. The CES provides monthly data on the number of total and nonsupervisory worker jobs held by wage and salary workers in nonfarm establishments, as well as data on the average weekly hours of nonsupervisory workers in those establishments. Data from

the Current Population Survey (CPS) are used to supplement the CES data. The industry productivity program estimates the average weekly hours of supervisory workers for each industry using data from the CPS together with the CES data. Data from the CPS are also used to estimate the employment and hours of self-employed and unpaid family workers in each industry. Hours of all workers in an industry are treated as homogeneous and are directly aggregated.

Unit Labor Costs: Unit labor costs represent the cost of labor required to produce one unit of output. Indexes of unit labor costs are computed by dividing an index of industry labor compensation by an index of real industry output. Unit labor costs also describe the relationship between compensation per hour and real output per hour (labor productivity). Increases in hourly compensation increase unit labor costs; increases in labor productivity offset compensation increases and lower unit labor costs.

Compensation, defined as payroll plus supplemental payments, is a measure of the cost to the employer of securing the services of labor. Payroll includes salaries, wages, commissions, dismissal pay, bonuses, vacation and sick leave pay, and compensation in kind. Supplemental payments include legally required expenditures and payments for voluntary programs. The legally required portion consists primarily of Federal old age and survivors' insurance, unemployment compensation, and workers' compensation. Payments for voluntary programs include all programs not specifically required by legislation, such as the employer portion of private health insurance and pension plans.

Table 1. Percent change in output per hour, output, hours, compensation, and unit labor costs, 2006-2007

NAICS code	Industry	2007 Employment (thousands)	Percent change, 2006-2007				
			Output per hour	Output	Hours	Labor compensation	Unit labor costs
Wholesale Trade							
42	Wholesale trade	6227	2.1	3.8	1.7	5.8	1.9
423	Durable goods	3232	2.2	3.8	1.5	5.0	1.2
4231	Motor vehicles and parts	369	-0.5	1.1	1.7	4.2	3.0
4232	Furniture and furnishings	120	0.4	3.2	2.8	2.1	-1.1
4233	Lumber and construction supplies	266	-8.0	-11.4	-3.7	-3.0	9.5
4234	Commercial equipment	674	13.7	13.2	-0.4	7.5	-5.1
4235	Metals and minerals	134	-5.5	-3.5	2.2	5.1	8.9
4236	Electric goods	364	5.8	9.0	3.0	6.2	-2.6
4237	Hardware and plumbing	265	0.2	-1.4	-1.6	3.8	5.2
4238	Machinery and supplies	709	0.3	4.1	3.8	4.5	0.3
4239	Miscellaneous durable goods	332	-3.2	2.0	5.3	6.1	4.1
424	Nondurable goods	2160	1.7	3.6	1.9	4.6	1.0
4241	Paper and paper products	145	6.9	-1.8	-8.1	-3.1	-1.3
4242	Druggists' goods	224	-4.9	0.5	5.7	6.5	6.0
4243	Apparel and piece goods	163	1.2	3.8	2.6	0.3	-3.4
4244	Grocery and related products	760	5.7	6.6	0.9	5.2	-1.3
4245	Farm product raw materials	76	6.0	3.6	-2.3	1.9	-1.6
4246	Chemicals	140	1.5	4.1	2.6	5.5	1.3
4247	Petroleum	103	-0.2	5.0	5.2	7.6	2.5
4248	Alcoholic beverages	158	1.0	4.9	3.8	5.1	0.2
4249	Miscellaneous nondurable goods	391	-3.9	-0.1	4.0	6.1	6.2
425	Electronic markets and agents and brokers	835	3.5	5.1	1.6	11.8	6.3
4251	Electronic markets and agents and brokers	835	3.5	5.1	1.6	11.8	6.3
Retail Trade							
44-45	Retail trade	16547	3.7	3.0	-0.6	3.0	0.0
441	Motor vehicle and parts dealers	2007	2.2	3.1	0.9	1.2	-1.8
4411	Automobile dealers	1307	3.2	3.4	0.2	0.8	-2.5
4412	Other motor vehicle dealers	181	3.0	4.7	1.6	3.2	-1.4
4413	Auto parts, accessories, and tire stores	519	-3.3	-1.1	2.3	1.9	3.0
442	Furniture and home furnishings stores	633	6.6	2.3	-4.0	-2.1	-4.3
4421	Furniture stores	309	3.7	2.5	-1.1	-2.7	-5.1
4422	Home furnishings stores	325	9.7	2.1	-6.9	-1.4	-3.4
443	Electronics and appliance stores	580	14.3	12.2	-1.9	5.4	-6.1
4431	Electronics and appliance stores	580	14.3	12.2	-1.9	5.4	-6.1
444	Building material and garden supply stores	1358	3.1	-2.1	-5.1	-1.2	0.9
4441	Building material and supplies dealers	1193	1.4	-3.5	-4.8	-1.1	2.5
4442	Lawn and garden equipment and supplies stores	165	17.3	8.9	-7.1	-2.1	-10.1
445	Food and beverage stores	2957	2.6	1.3	-1.3	3.7	2.4
4451	Grocery stores	2550	2.0	1.0	-1.0	3.8	2.7
4452	Specialty food stores	252	4.3	-0.4	-4.5	3.3	3.6
4453	Beer, wine and liquor stores	155	7.3	5.4	-1.7	3.5	-1.9
446	Health and personal care stores	1031	-0.3	4.1	4.4	7.6	3.4
4461	Health and personal care stores	1031	-0.3	4.1	4.4	7.6	3.4
447	Gasoline stations	876	3.5	0.0	-3.4	2.9	2.9
4471	Gasoline stations	876	3.5	0.0	-3.4	2.9	2.9

Table 1. Percent change in output per hour, output, hours, compensation, and unit labor costs, 2006-2007

NAICS code	Industry	2007 Employment (thousands)	Percent change, 2006-2007				
			Output per hour	Output	Hours	Labor compensation	Unit labor costs
448	Clothing and clothing accessories stores	1595	8.7	4.5	-3.9	3.0	-1.4
4481	Clothing stores	1199	10.4	6.5	-3.5	4.9	-1.5
4482	Shoe stores	193	-2.5	0.4	2.9	2.6	2.2
4483	Jewelry, luggage, and leather goods stores	204	9.8	-1.6	-10.4	-2.9	-1.3
451	Sporting goods, hobby, book, and music stores	750	-1.6	4.5	6.3	4.1	-0.4
4511	Sporting goods and musical instrument stores	546	-1.1	7.3	8.5	6.4	-0.8
4512	Book, periodical, and music stores	204	-3.1	-2.2	0.9	-1.7	0.5
452	General merchandise stores	3005	1.8	4.0	2.1	5.1	1.1
4521	Department stores	1587	-5.0	-0.6	4.7	3.4	4.0
4529	Other general merchandise stores	1419	7.1	6.8	-0.3	7.0	0.2
453	Miscellaneous store retailers	1058	3.8	2.1	-1.6	1.3	-0.7
4531	Florists	123	-8.4	0.5	9.7	10.8	10.2
4532	Office supplies, stationery and gift stores	407	9.6	5.2	-4.0	-0.8	-5.7
4533	Used merchandise stores	177	8.6	5.2	-3.1	-8.4	-12.9
4539	Other miscellaneous store retailers	351	1.2	-0.8	-1.9	5.1	5.9
454	Nonstore retailers	697	11.1	9.8	-1.1	5.8	-3.6
4541	Electronic shopping and mail-order houses	299	11.6	11.7	0.1	6.7	-4.5
4542	Vending machine operators	69	5.3	5.4	0.1	7.7	2.2
4543	Direct selling establishments	329	8.6	5.6	-2.7	4.5	-1.1
Food Services and Drinking Places							
722	Food services and drinking places	9909	-0.5	1.7	2.2	6.4	4.6
7221	Full-service restaurants	4634	-0.9	1.7	2.6	7.2	5.4
7222	Limited-service eating places	4199	-1.1	1.1	2.2	6.3	5.2
7223	Special food services	699	1.2	2.3	1.1	5.3	2.9
7224	Drinking places, alcoholic beverages	377	7.0	6.6	-0.4	0.6	-5.6

Table 2. Average annual percent change in output per hour, output, hours, compensation, and unit labor costs, 1987-2007

NAICS code	Industry	Average annual percent change, 1987-2007				
		Output per hour	Output	Hours	Labor compensation	Unit labor costs
Wholesale Trade						
42	Wholesale trade	3.3	4.1	0.7	5.0	0.9
423	Durable goods	5.4	6.0	0.6	5.1	-0.9
4231	Motor vehicles and parts	4.0	4.0	0.0	4.3	0.3
4232	Furniture and furnishings	2.5	2.7	0.3	5.0	2.2
4233	Lumber and construction supplies	0.7	2.4	1.7	4.3	1.8
4234	Commercial equipment	15.6	16.3	0.6	5.4	-9.3
4235	Metals and minerals	-0.4	0.2	0.6	4.9	4.7
4236	Electric goods	8.9	8.9	0.0	5.3	-3.3
4237	Hardware and plumbing	1.3	2.5	1.3	5.3	2.7
4238	Machinery and supplies	2.5	2.8	0.3	4.7	1.9
4239	Miscellaneous durable goods	1.4	2.8	1.4	5.8	2.9
424	Nondurable goods	1.2	1.6	0.4	5.1	3.4
4241	Paper and paper products	2.7	1.8	-0.9	3.9	2.1
4242	Druggists' goods	2.0	4.6	2.6	10.4	5.6
4243	Apparel and piece goods	2.7	2.8	0.0	4.3	1.5
4244	Grocery and related products	1.1	2.1	1.0	5.0	2.9
4245	Farm product raw materials	2.2	-0.5	-2.6	3.4	3.9
4246	Chemicals	-0.2	0.7	1.0	5.0	4.2
4247	Petroleum	2.9	0.3	-2.5	3.3	3.0
4248	Alcoholic beverages	0.4	2.1	1.6	5.0	2.9
4249	Miscellaneous nondurable goods	0.3	0.5	0.3	3.8	3.2
425	Electronic markets and agents and brokers	2.1	4.8	2.6	4.9	0.1
4251	Electronic markets and agents and brokers	2.1	4.8	2.6	4.9	0.1
Retail Trade						
44-45	Retail trade	3.3	4.1	0.7	3.9	-0.2
441	Motor vehicle and parts dealers	2.6	3.7	1.1	4.2	0.4
4411	Automobile dealers	2.5	3.7	1.1	4.3	0.6
4412	Other motor vehicle dealers	3.5	5.9	2.3	6.3	0.4
4413	Auto parts, accessories, and tire stores	2.2	2.8	0.6	3.2	0.4
442	Furniture and home furnishings stores	4.1	5.1	0.9	4.2	-0.8
4421	Furniture stores	3.6	4.4	0.8	3.7	-0.6
4422	Home furnishings stores	4.9	6.0	1.1	4.7	-1.2
443	Electronics and appliance stores	13.4	15.4	1.7	4.9	-9.1
4431	Electronics and appliance stores	13.4	15.4	1.7	4.9	-9.1
444	Building material and garden supply stores	3.2	4.9	1.6	4.4	-0.5
4441	Building material and supplies dealers	3.0	5.0	2.0	4.6	-0.3
4442	Lawn and garden equipment and supplies stores	4.5	4.1	-0.4	2.6	-1.4
445	Food and beverage stores	0.6	0.4	-0.1	3.3	2.9
4451	Grocery stores	0.4	0.4	0.0	3.5	3.1
4452	Specialty food stores	0.2	-0.2	-0.4	2.4	2.5
4453	Beer, wine and liquor stores	2.6	1.0	-1.6	2.4	1.4
446	Health and personal care stores	2.5	3.9	1.4	5.3	1.3
4461	Health and personal care stores	2.5	3.9	1.4	5.3	1.3
447	Gasoline stations	2.2	1.6	-0.6	2.5	0.9
4471	Gasoline stations	2.2	1.6	-0.6	2.5	0.9

Table 2. Average annual percent change in output per hour, output, hours, compensation, and unit labor costs, 1987-2007

NAICS code	Industry	Average annual percent change, 1987-2007				
		Output per hour	Output	Hours	Labor compensation	Unit labor costs
448	Clothing and clothing accessories stores	5.0	5.0	0.0	3.3	-1.6
4481	Clothing stores	5.3	5.6	0.3	3.7	-1.8
4482	Shoe stores	3.9	2.7	-1.2	1.9	-0.8
4483	Jewelry, luggage, and leather goods stores	4.7	4.4	-0.3	3.1	-1.3
451	Sporting goods, hobby, book, and music stores	4.1	4.9	0.8	4.1	-0.7
4511	Sporting goods and musical instrument stores	4.9	5.7	0.8	4.4	-1.2
4512	Book, periodical, and music stores	2.5	3.2	0.7	3.5	0.3
452	General merchandise stores	3.7	5.5	1.7	4.1	-1.3
4521	Department stores	1.0	2.4	1.4	3.0	0.6
4529	Other general merchandise stores	7.2	9.4	2.1	5.6	-3.4
453	Miscellaneous store retailers	4.6	4.9	0.3	2.9	-1.9
4531	Florists	2.7	0.9	-1.7	1.1	0.2
4532	Office supplies, stationery and gift stores	6.7	6.7	0.0	3.3	-3.2
4533	Used merchandise stores	5.3	6.5	1.1	3.7	-2.6
4539	Other miscellaneous store retailers	2.7	4.0	1.3	2.9	-1.1
454	Nonstore retailers	9.1	9.5	0.3	4.1	-4.9
4541	Electronic shopping and mail-order houses	12.2	16.1	3.4	7.9	-7.1
4542	Vending machine operators	1.6	-0.5	-2.1	1.9	2.3
4543	Direct selling establishments	3.4	2.2	-1.2	1.9	-0.3
	Food Services and Drinking Places					
722	Food services and drinking places	0.6	2.4	1.8	5.7	3.2
7221	Full-service restaurants	0.7	2.5	1.8	6.7	4.0
7222	Limited-service eating places	0.6	2.6	2.0	5.4	2.8
7223	Special food services	1.5	2.6	1.1	4.0	1.4
7224	Drinking places, alcoholic beverages	0.3	0.3	0.0	2.4	2.1