

Deep drop in retail trade employment during the 2007–09 recession

The 2007–09 recession had a more negative impact on employment in retail trade than did previous recessions; job losses accelerated during the second half of the 18-month recession

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Retail trade lost 1 million jobs¹ during the recession which began December 2007 and ended June 2009.² The 6.7 percent decline in retail trade employment exceeded the rate of job loss for total nonfarm employment by 1.3 percentage points but was consistent with the 6.6 percent decline in private industry employment over the same period.

Employment in retail trade peaked in December 2007, coinciding with the start of the recession; the peak in total nonfarm employment took place a month later. Between the retail trade employment trough in July 2003 and its peak in December 2007, retail trade had added 697,000 jobs; thus, job losses during the recession more than offset job gains during the previous employment expansion.

Compared with the previous 11 recessions since 1945, retail trade job losses during the 2007–09 recession were the largest in magnitude and, on both actual and annualized bases, in percent change. (See table 1.) Among the earlier

periods, the most rapid decline, at 3.9 percent, occurred during the 1957–58 recession.

The initial periods of economic recovery following both the 1990–91 and 2001 recessions have both been termed “jobless” recoveries because total nonfarm employment did not begin to recover until many months after those recessions ended. The 1990–91 and 2001 recessions each lasted 8 months, while the 2007–09 recession extended out 18 months. During the latest recession, retail trade employment declined a bit faster in the initial 8-month

Table 1. Employment change in retail trade during recessions, seasonally adjusted, 1945 to 2009

Start	End	Duration (in months)	Number (in thousands)	Percent	Annualized percent
Feb 1945	Oct 1945	8	114	3.2	4.8
Nov 1948	Oct 1949	11	-49	-1.1	-1.2
Jul 1953	May 1954	10	-34	-.7	-.8
Aug 1957	Apr 1958	8	-141	-2.6	-3.9
Apr 1960	Feb 1961	10	-135	-2.4	-2.9
Dec 1969	Nov 1970	11	42	.6	.6
Nov 1973	Mar 1975	16	42	.5	.4
Jan 1980	Jul 1980	6	-75	-.7	-1.5
Jul 1981	Nov 1982	16	-43	-.4	-.3
Jul 1990	Mar 1991	8	-229	-1.7	-2.6
Mar 2001	Nov 2001	8	-197	-1.3	-1.9
Dec 2007	Jun 2009	18	-1,047	-6.7	-4.5

NOTE: The start and end of recessions are determined by the National Bureau of Economic Research (NBER).

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period and performed much worse over the entire 18 months than it did during both earlier downturns. The 10 months following the end of the previous two recessions posted retail trade job losses at about the same rate as during the 8 months of the recessions. By contrast, during the last 10 months of the 2007–09 recession, job losses accelerated. (See chart 1.)

Both real retail sales—which are sales deflated for changes in the Consumer Price Index³ (CPI)—and retail trade employment reached their most recent highs at approximately the same time. Real retail sales peaked in November 2007, 1 month prior to the peak in employment.⁴ However, real retail sales reached a low in March 2009, 9 months before retail employment reached a trough. This delay in recovery of retail employment relative to a rebound in sales is not unusual; retail employment also lagged real retail sales by about 1 year following the 2001 recession. (See chart 2.)

All retail trade industries lost jobs

During the initial 4 months of the 2007–09 recession, modest job losses occurred in five detailed industries

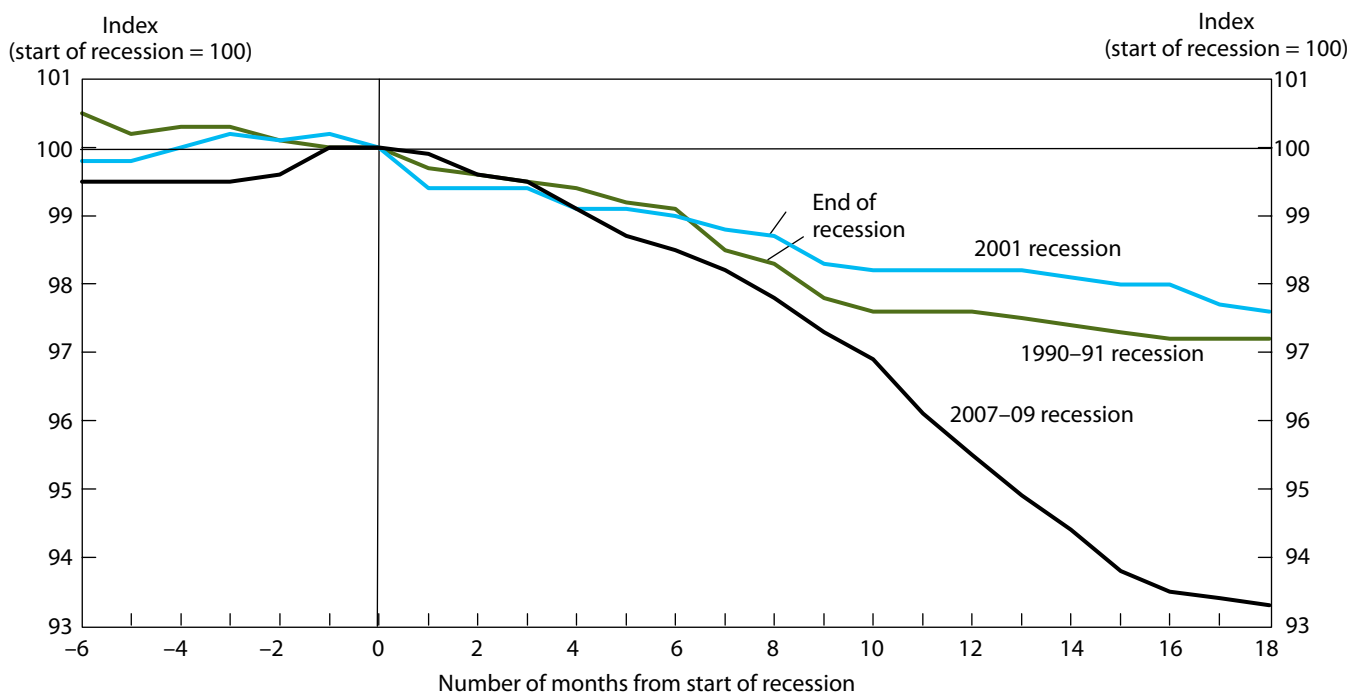
within retail trade—motor vehicle and parts dealers, furniture and home furnishings stores, building material and garden supply stores, clothing and clothing accessories stores, and general merchandise stores. By the end of the recession, however, every retail component industry had experienced employment losses. (See table 2.)

Motor vehicle and parts dealers lost the greatest number of jobs during the recession, 271,000. Of that loss, 85 percent occurred in automobile dealers. These job losses coincided with declines in auto unit sales, which fell from an annualized rate of 15.7 million units in December 2007 to 9.8 million units in June 2009.⁵

Furniture and home furnishings stores posted the largest loss as a percentage of its workforce, 21.6 percent. Employment declines in this industry and in building material and garden supply stores coincided with the collapse of the housing market. As with residential construction employment, both furniture and home furnishings stores and building material and garden supply stores reached employment peaks in 2006,⁶ well before total nonfarm employment peaked in January 2008.

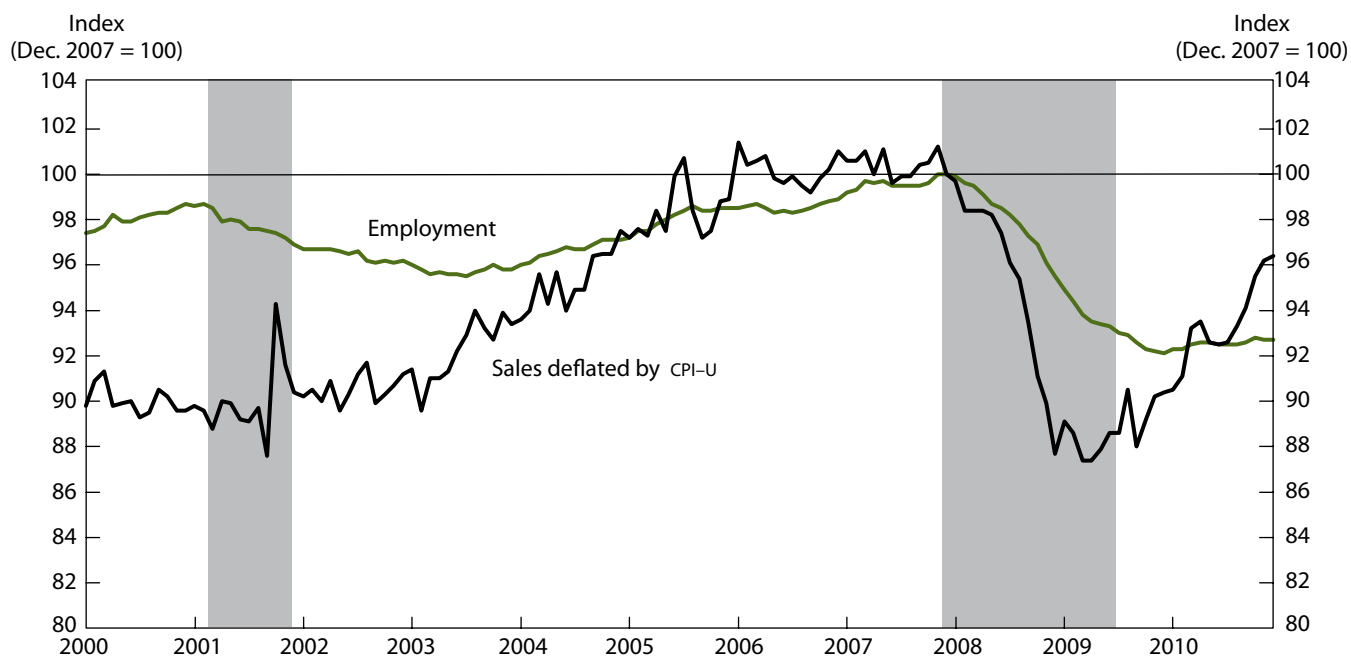
Clothing and clothing accessories stores lost 161,000 jobs—a 10.6 percent decline—during the 2007–2009 recession. Employment in this industry had peaked in November

Chart 1. Retail trade index of employment for three most recent recessions, seasonally adjusted



NOTE: The start and end of recessions are determined by the National Bureau of Economic Research (NBER).

Chart 2. Indexes of retail trade employment and real retail sales, seasonally adjusted, January 2000–December 2010



NOTE: CPI-U base period is 1982–84. Shaded areas represent recessions as defined by the National Bureau of Economic Research (NBER).
 SOURCES: Sales data are from the Census Bureau. Employment data are from the Bureau of Labor Statistics.

2007, 2 months prior to the peak in total nonfarm jobs, and reached a trough in October 2009, 4 months prior to the trough for total nonfarm employment.

Employment declines in general merchandise stores were primarily due to losses in department stores, where employment fell by 132,000 jobs. In contrast, warehouse clubs and supercenters actually posted a net job gain during the recession and did not begin showing consistent monthly job losses until June 2009, nearly a year and a half after total nonfarm employment started to fall.

Post-recession advances

Retail trade employment reached a trough in December 2009, 6 months following the end of the recession. The retail trade sector has added 99,000 jobs during the 12-month period ending December 2010. During the same 12 months, motor vehicle and parts dealers, general merchandise stores, and clothing and clothing accessories stores together accounted for job gains of 128,000. □

Table 2. Employment change in retail trade, seasonally adjusted, December 2007 to June 2009

Industry	Number (in thousands)	Percent
Retail trade.....	-1,047	-6.7
Motor vehicle and parts dealers	-271	-14.3
Furniture and home furnishings stores.....	-122	-21.6
Electronics and appliance stores.....	-64	-11.5
Building material and garden supply stores.....	-125	-9.7
Food and beverage stores.....	-22	-8
Health and personal care stores	-21	-2.1
Gasoline stations	-25	-2.9
Clothing and clothing accessories stores.....	-161	-10.6
Sporting goods, hobby, book, and music stores..	-43	-6.5
General merchandise stores.....	-90	-2.9
Miscellaneous store retailers.....	-77	-8.9
Nonstore retailers.....	-28	-6.2

Notes

¹ The data on employment used in this article are from the Current Employment Statistics (CES) program, which is a monthly survey of approximately 140,000 nonfarm businesses and government agencies representing approximately 440,000 individual worksites. For more information on the program's concepts and methodology, see "Technical Notes to Establishment Survey Data Published in Employment and Earnings," www.bls.gov/web/cestn2.htm (visited Feb. 11, 2011). CES data are available at www.bls.gov/ces (visited Feb. 11, 2011). The CES data used in this article are seasonally adjusted.

² Recessions are identified by the National Bureau of Economic Research (NBER). According to the NBER, the most recent recession began in December 2007 and ended in June 2009. The previous two recessions were from March 2001 to November 2001 and from July 1990 to March 1991. For a complete list of business cycle dates, please consult the NBER webpage at www.nber.org/cycles/cyclesmain.html (visited Nov. 2, 2010).

³ Consumer price data are from the Consumer Price Indexes (CPI) program of the Bureau of Labor Statistics, www.bls.gov/cpi/ (visited Jan. 14, 2011). CPI-U base period is 1982–84.

⁴ Retail sales data are from the U.S. Census Bureau, U.S. Department of Commerce, www.census.gov/retail/ (visited Jan. 14, 2011).

⁵ Auto unit sales data source: Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov/national/xls/gap_hist.xls (visited Nov. 17, 2010).

⁶ For a complete overview of construction employment trends during the December 2007–June 2009 recession, see Adam Hadi, "Construction employment peaks before the recession and falls sharply throughout it," *Monthly Labor Review*, this issue, pp. 24–27, www.bls.gov/opub/mlr/2011/04/art4full.pdf.