

MONTHLY Economic Review

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Jack Kleinhenz, Ph.D., CBE
Chief Economist
National Retail Federation

The data for this report is released on a rolling schedule. The presented numbers are current as of publication and are subject to revision.

SYNOPSIS | ‘Satellite Account’ Could Better Track Retail’s Economic Contribution

Retail is an important part of the U.S. economy, accounting for 5.7 percent of gross domestic product in 2020. Many people interact with retailers daily, and the way in which they interact has changed dramatically, as demonstrated by the expansion of ecommerce during the pandemic. Nonetheless, conventional government labor and output statistics do not capture what's happening in the modern retail industry. Ecommerce jobs in a retailer's distribution centers and warehouses, for example, are not counted as "retail" even though that is where many of the hundreds of thousands of new jobs created by retailers in recent years are located. Meanwhile, monthly reports on retail sales do not break out ecommerce purchases so that online sales of clothing, for example, can be combined with in-store sales to show the total for retailers' combined sales channels. NRF has repeatedly raised these significant challenges in measurement of the performance of the retail industry, but the problem has yet to be resolved.

In recent years, critics have claimed the retail industry is facing an existential crisis, that retail is not growing and that we are entering – if not already in – a retail apocalypse. Some critics have argued that retail will migrate almost entirely online, and that physical retail will become minimal. If you dig into the facts, this is not an accurate picture and the analysis driving this conclusion is incomplete. But why has this become the conventional wisdom? The lack of government data that accurately reflects the retail industry is at least partially to blame.

Recognizing that current government methods are inadequate and leave data gaps, the federal Bureau of Labor Statistics last year asked the Committee on National Statistics of the National Academies of Sciences, Engineering and Medicine to evaluate changes in retail since the 1990s. BLS asked that the committee assess retail employment and productivity measurements and to discuss the value of creating a “satellite account” that would better capture the retail industry’s transformation.

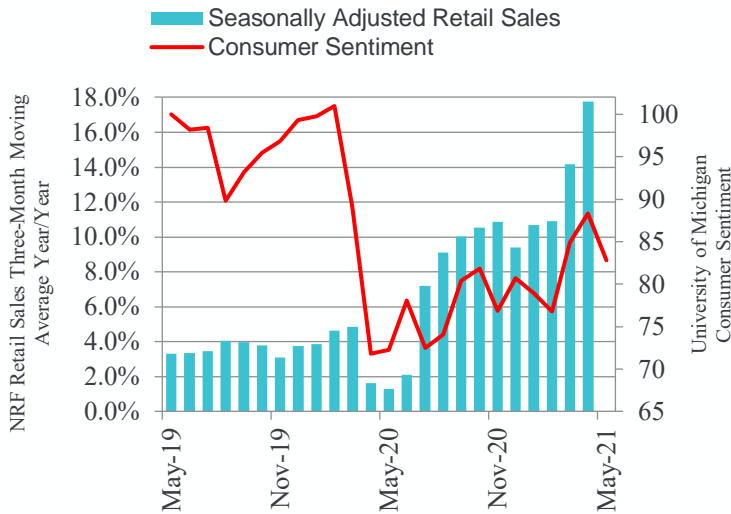
After a careful review of existing measures and methodology issues, the National Academies panel has published its findings. The overarching recommendation is for BLS to develop a labor productivity satellite account that would enable a fuller understanding and better measurement of the retail industry. To do so, a broader definition of the retail sector will be required, and the committee recommends that the account be developed by an interagency team from agencies that have the widest range of expertise and skills needed to address this challenge. The committee has recommended that the Bureau of Economic Analysis, the Bureau of Labor Statistics and the Census Bureau – each of which currently track or analyze different retail statistics – be involved.

The creation and use of satellite accounts is not new. Satellite accounts have been implemented to pull data together in one place and provide a better picture of economic sectors that cross traditional statistical lines such as e-commerce and digital services, health care, outdoor recreation and small business. The committee said those accounts could be useful examples in developing a retail satellite account.

While it is difficult to put a precise value on government data, having accurate and up-to-date information is clearly a strategic asset for retail businesses. Solid data is important to the analysis and forecasting that drive business decisions. NRF has been a strong advocate for better retail data from government agencies and has emphasized the need to capture aspects of the industry’s transformation that are not reflected in current statistics. Having BLS engage with the Committee on National Statistics was a sound public investment. We are proud that NRF was involved in the dialogue, including organizing an industry session at one of the workshops. We are hopeful that work on creation of a retail satellite account will begin immediately, and we are prepared to bring industry perspective to assist in the launching of this essential and timely initiative.

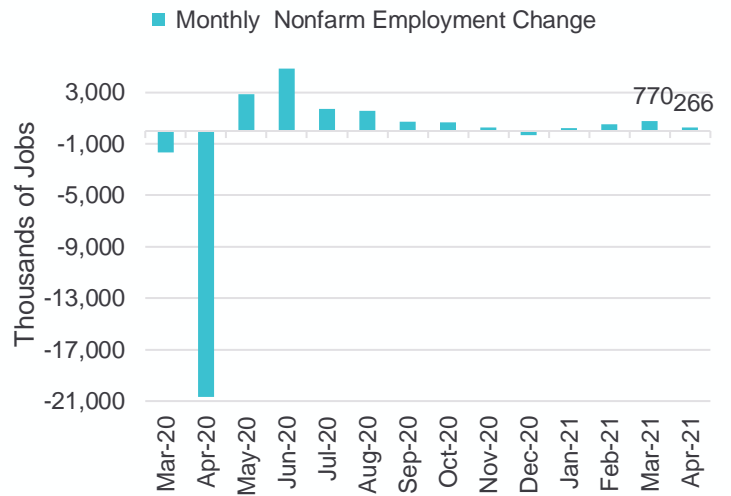
CONSUMER SENTIMENT

While consumer sentiment reversed itself in mid-May, spending has not suffered. Rising prices and the expectation of higher prices could, however, be pulling down household attitudes.



EMPLOYMENT

While employment data was far weaker in April than expected, NRF remains optimistic about the trajectory of the economy and job growth this year.



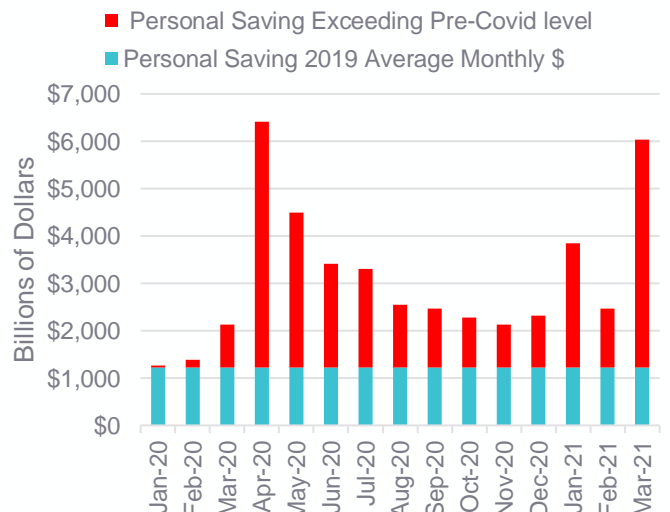
HIRING & UNEMPLOYMENT

March retail job openings surged to 878,000 – the highest since November 2018. Hires increased to 753,000. The gap between openings and hires shows the difficulty firms are having filling jobs.



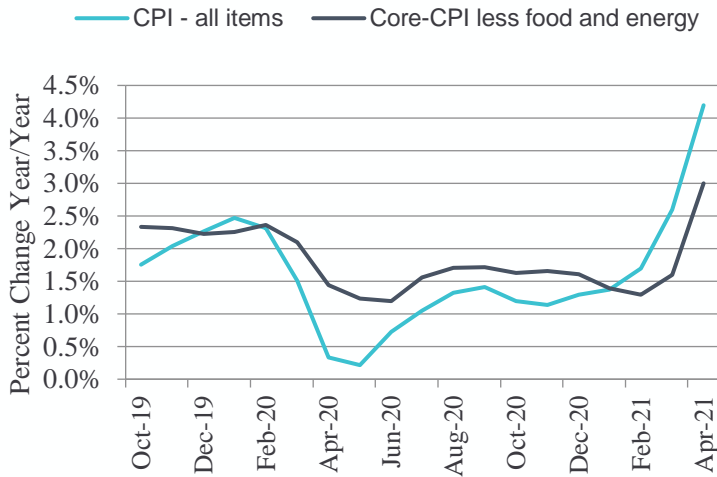
SAVINGS

The March saving rate was the second highest on record, following April 2020. It was approximately four times the average monthly saving during pre-pandemic 2019.



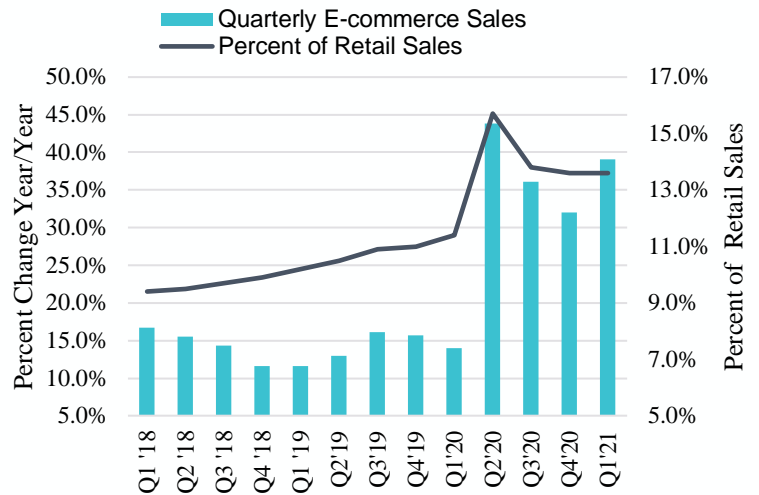
CONSUMER PRICE INDEX

On a year-over-year basis, the Consumer Price Index rose 4.2 percent in April while core prices were up 3 percent. Low prices in 2020 contributed to some of the year-over-year elevation.



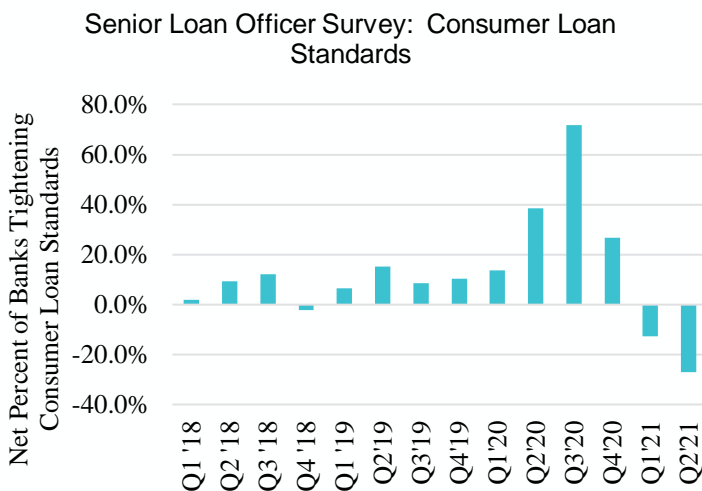
E-COMMERCE

Internet sales in the first quarter of 2021 rose an incredible 39.1 percent over the same quarter in 2020. The online share of total retail sales ticked down to 13.4 percent.



CONSUMER LOAN STANDARDS

The second-quarter Senior Loan Officer Opinion Survey shows banks have loosened standards on all types of consumer loans, which should support a continued expansion in 2021 and 2022.



ECONOMIC INDEX

The Conference Board's Leading Economic Index increased 1.6 percent to 113.3 in April. The index confirms that the economic recovery picked up steam in March and April.

