Industry Spotlight

Retail Trade

Summary

Retail trade is a service-providing industry comprised of establishments engaged in the sale and distribution of merchandise through either a store location or a nonstore location, such as over the internet or phone, or through catalog sales. The retailing process is the final step in the distribution of merchandise and includes establishments selling merchandise that is generally intended for personal or household consumption and rendering services related to those items. Examples of businesses involved in such activities include those in motor vehicles and parts, furniture, gasoline sales, clothing, and general merchandise.

Retail trade is one of New Mexico’s larger industries, with an employment level that accounts for approximately 11 percent of the total nonfarm payroll workforce. In June 2013, its share was identical to the Nation’s, as can be seen in Exhibit 1. All of the states in the southwest had similar percentages of their workforces involved in retail trade. Colorado, at 10.5 percent, had the lowest percentage of its workforce employed in retail trade, while Arizona, at 11.9 percent, had the highest percentage.

Employment Trends

Exhibit 2 shows the seasonally adjusted employment in the retail trade industry, as well as the total nonfarm payroll employment for New Mexico. Retail trade employment, not seasonally adjusted, peaked during the recession in April 2008 with an estimated 96,100 jobs. It continued on a downward trend for 27 consecutive months before hitting its trough in July 2010; between the peak and trough periods, the industry lost 6,300 jobs, or 6.6 percent. Since then, retail trade’s employment level has remained relatively stable, with less than a 2 percent change from its July 2010 employment level of 89,800 jobs. Retail trade’s employment trend mirrored that of total nonfarm employment. Total nonfarm employment, not seasonally adjusted, peaked in April 2008 at 848,800 jobs and hit a trough in March 2010, after losing 47,700 jobs, or 5.6 percent of the workforce. The most recent data available estimated that in July 2013 there was a total of 803,400 nonfarm payroll jobs, with 90,900 of those jobs in retail trade; these levels represent an increase of 0.3 percent to total nonfarm employment’s 2010 trough and a 1.2 percent increase from retail trade’s 2010 employment trough.
Exhibit 3 displays the year-over-year percent change in taxable gross receipts from retail trade and in retail trade employment. Retail trade is an industry that can be volatile depending on the state of the economy, the type of merchandise the establishment sells, and the consumer’s disposable income. Taxable gross receipts from retail sales were down in 2009, as was employment in retail trade. Starting in 2011, both receipts and employment have had positive over-the-year growth rates.

The retail trade sector consists of 12 subsectors based on the specific business activities in which the establishment is engaged. Exhibit 4 has the subsectors listed, along with the historical employment data for those establishments with covered employment. Overall, the retail trade sector lost over 4,000 jobs between 2007 and 2009. The recession had the largest impact on furniture and home furnishings stores, which saw a 31.7 percent drop in employment. Motor vehicle and parts dealers were also one of the subsectors to be most negatively affected by the recession; subsector employment fell by 13.1 percent, representing a loss of 1,744 jobs. General merchandise stores, food and beverage stores, and health and personal care stores were the only three subsectors where employment did not decline over the two-year period. Typically during tough economic periods establishments involved in nonessential merchandise tend to suffer more, while establishments retailing essential items, such as food, general merchandise, and health items, are not as affected. In the recovery period from 2009 to 2012, half of the subsectors added jobs, while the other half continued to post negative average annual growth rates.

**Occupations Profile**

Approximately one-quarter of all workers in retail trade were employed at general merchandise stores in 2012. (See Exhibit 5.) These establishments retail a large variety of goods from a single location and include large employers, such as Walmart and Target. Despite accounting for 25 percent of the workforce, general merchandise stores represented 6.3 percent of establishments in retail trade. So far in 2013, Target opened a
new location in Albuquerque, creating over 200 new jobs, and Walmart opened a new supercenter in Las Cruces which is expected to create about 350 jobs. Food and beverage stores was the second largest subsector; 15.7 percent of the retail trade workforce was working in such establishments. Walmart opened its fourth Neighborhood Market recently in Albuquerque, and it was expected that the new store would employ close to 100 workers.

Exhibit 6 displays the top 10 most common occupations in retail trade in New Mexico. All of the occupations on the list are typical of the type of workers seen at establishments operating in retail trade. Retail salespersons tops the list, with an average employment of over 24,000 across every subsector of retail trade. Pharmacy technicians are largely employed in health and personal care stores, but also can be found at general merchandise stores. Parts salespersons and automotive service technicians and mechanics work almost exclusively in the motor vehicle and parts dealers subsector of the retail trade industry.

Excluding supervisor and manager occupations, wages for the top 10 occupations range from $20,222 for cashiers to $37,734 for automotive service technicians and mechanics. The majority of the jobs have low education requirements; however, some do require little to moderate on-the-job training or experience. The motor vehicle and parts dealers subsector had the highest average weekly wage in 2012, at $767, while gasoline stations had the lowest, at $344. Retail trade typically has a larger percentage of employees that work part-time, which could contribute to the lower average weekly wages that some of the subsectors report. Additionally, the overall hourly wages of the top occupations are relatively low compared to the average wage for all occupations, which in New Mexico was $41,941 in 2012.

Who Works in Retail Trade?

The distribution of male and females workers in retail trade is roughly the same as the all-industry distribution; about half of workers are male and half female. (See Exhibit 7.) However, workers in retail trade are younger than the all-industry distribution of workers, with nearly half of all workers under the age of 34. Due to the low education requirements, many workers are qualified for occupations in retail trade and can start working in the industry during, or right out of, high school.

Retail Trade Employment by County

Nearly half of all retail trade employees work in the Central Region and one-quarter work in the All Counties.
in the Northern Region. Exhibit 9 displays the percentage of the workforce employed in the retail trade industry by county. Lincoln County had the highest percentage of its covered employment working in retail trade; nearly 20 percent of its workforce was employed in retail trade in 2012. Many of the counties with high percentages of their workforce in retail trade, however, are also counties with small populations. Retail trade is an industry that is present nearly everywhere in the United States and, therefore, is less tied to population than other industries. However, in areas with less population, essential industries such as retail trade may account for a higher percentage of the workforce. Los Alamos County had the smallest percentage of its workforce in retail trade. It has a population similar to Lincoln County, however, the Los Alamos Laboratory and supporting businesses in the professional and business services sector dominate its workforce. A small population and/or limited diversity in its industries are important characteristics to take into consideration when analyzing the labor market.

The Industry Spotlight is a monthly publication from the New Mexico Department of Workforce Solutions, Economic Research & Analysis Bureau. This month’s contributor is Katie Bass, Economist.

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