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Technical information: (202) 691-5618
Media contact: (202) 691-5902

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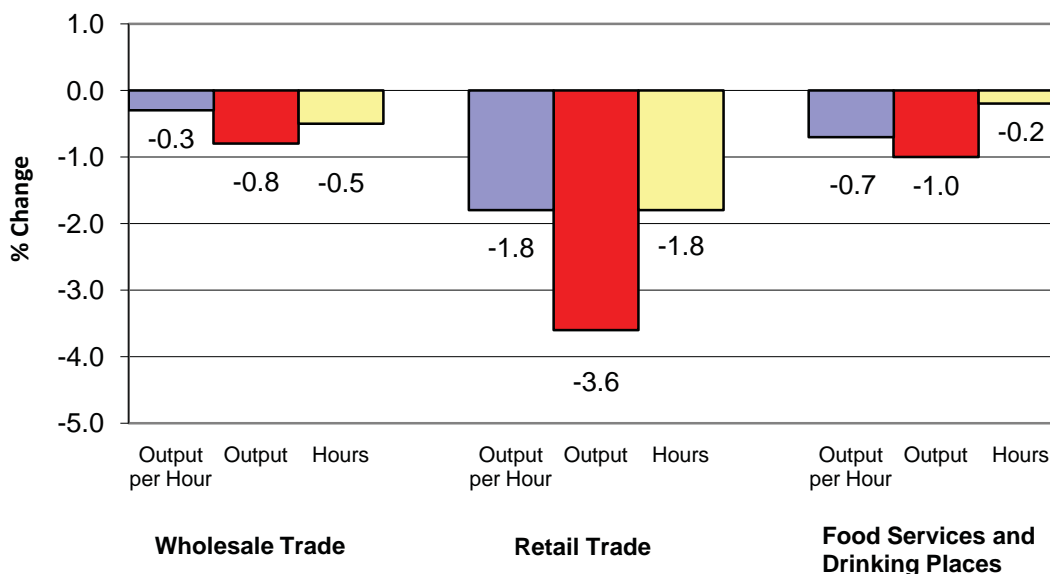
PRODUCTIVITY AND COSTS BY INDUSTRY: WHOLESALE TRADE, RETAIL TRADE, AND FOOD SERVICES AND DRINKING PLACES INDUSTRIES, 2008

Labor productivity – defined as output per hour – fell in wholesale trade, retail trade, and food services and drinking places in 2008 as follows:

- 0.3 percent in wholesale trade
- 1.8 percent in retail trade and
- 0.7 percent in food services and drinking places.

Both output and hours declined in each of these sectors in 2008. (See chart 1.) Productivity fell in 26 of the 50 detailed industries studied. (See table 1.) Unit labor costs rose in 29 of the detailed industries and in all three sectors.

Chart 1. Percent change in output per hour, output, and hours, 2007-2008
(Wholesale Trade, Retail Trade, and Food Services and Drinking Places)

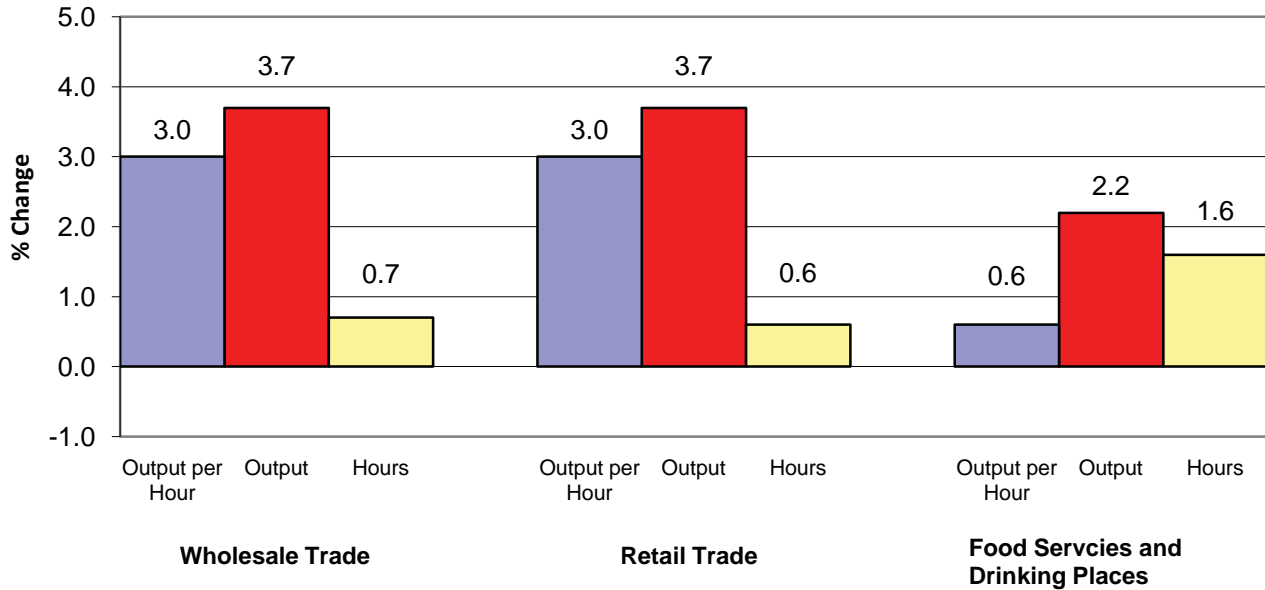


Over the longer term, output per hour increased at the following average annual rates between 1987 and 2008:

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

Output and hours grew in all three sectors over the period. (See chart 2.) Productivity increased in 46 of the 50 detailed industries. (See table 2.) Unit labor costs rose in 32 of the 50 industries and in each of the three sectors between 1987 and 2008.

Chart 2. Average annual percent change in output per hour, output, and hours, 1987-2008 (Wholesale Trade, Retail Trade, and Food Services and Drinking Places)



2007-2008 change

Wholesale trade: Labor productivity fell 0.3 percent as output declined 0.8 percent and hours declined 0.5 percent. Output per hour fell in 10 of the 19 detailed wholesale trade industries in 2008. Commercial equipment wholesalers (NAICS 4234) experienced the largest labor productivity gain, 9.2 percent, while furniture and home furnishing wholesalers (NAICS 4232) recorded the largest decline, 15.9 percent. The largest employer in the wholesale trade sector, electronic markets and agents and brokers (NAICS 4251), experienced a productivity decline of 2.6 percent. (See chart 3.) Unit labor costs rose in 13 of the 19 detailed industries, and grew 1.9 percent in the wholesale trade sector overall.

Retail trade: Labor productivity fell 1.8 percent as output declined 3.6 percent and hours decreased 1.8 percent. Output per hour fell in 15 of the 27 retail trade industries in 2008. Lawn and garden equipment and supplies stores (NAICS 4442) had the largest labor productivity gain, 20.8 percent, while automotive dealers (NAICS 4411) posted the largest decline, 9.3 percent. Grocery stores (NAICS 4451), the largest employer among the retail trade industries, saw a 1.4 percent decline in productivity in 2008. Unit labor costs rose in 13 of the 27 detailed industries, and rose 2.4 percent in the retail trade sector overall.

Food services and drinking places: Labor productivity fell 0.7 percent as output and hours fell 1.0 percent and 0.2 percent, respectively. Output per hour grew in three of the four detailed industries in 2008 including the largest employer, full-service restaurants (NAICS 7221). Drinking places (NAICS 7224) experienced the largest labor productivity increase, 4.1 percent, while limited-service eating places (NAICS 7222) recorded the only decline, -3.1 percent. Unit labor costs rose in three of the four detailed industries and rose 3.7 percent in the food services and drinking places overall.

Chart 3: Percent change in output per hour for the largest (by employment) trade and food services and drinking places industries, 2007-2008



Long-term trends

Wholesale trade: Labor productivity rose 3.0 percent per year, on average, between 1987 and 2008. Output grew 3.7 percent per year and hours increased 0.7 percent per year. Labor productivity rose in 16 of the 19 detailed industries. Commercial equipment wholesalers (NAICS 4234) and electric goods wholesalers (NAICS 4236) posted the highest average growth in output per hour, 14.9 percent and 8.5 percent, respectively. Unit labor costs rose in 17 of the 19 detailed industries between 1987 and 2008, and grew at an average annual rate of 1.1 percent per year overall in the wholesale trade sector.

Retail trade: Labor productivity grew 3.0 percent per year, on average, between 1987 and 2008, while output and hours increased 3.7 percent and 0.6 percent per year, respectively. Labor productivity grew in all but one of the detailed industries in this period. Electronics and appliance stores (NAICS 4431) and electronic shopping and mail-order houses (NAICS 4541) experienced the fastest labor productivity growth, 13.5 percent and 11.2 percent per year, respectively. Unit labor costs fell in 14 of the 27 detailed industries in retail trade, but rose 0.1 percent per year, on average, in the retail trade sector overall.

Food services and drinking places: Labor productivity increased at an average annual rate of 0.6 percent per year between 1987 and 2008, as output and hours increased 2.2 percent and 1.6 percent, respectively. Labor productivity rose in the four detailed food services and drinking places industries during the period. Unit labor costs rose in all four industries and rose 3.2 percent per year, on average, in food services and drinking places overall.

Technical Note

Labor Productivity: The 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 the labor productivity measures relate output to hours of employees or 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 services 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 the performance of an industry 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 an annual-weighted index of the changes in the various products or services (in real terms) provided for sale outside the industry. Real industry output is usually derived by deflating nominal sales or values of production using BLS price indexes, but for some industries it is measured by physical quantities of output.

Industry output measures are constructed primarily using data from the economic censuses and annual surveys of the U.S. Census Bureau, U.S. Department of Commerce, together with information on price changes primarily from BLS. The measures in this news release incorporate current data from the Census Bureau's Monthly Wholesale Trade Survey (May 2009), Annual Wholesale Trade Report (February 2009), Annual Revision of the Monthly Retail and Food Services:

Sales and Inventories (April 2009), and the Annual Retail Trade Survey (July 2009).

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 also 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 persons 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. The unit labor cost indexes 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.

Revisions: Output measures for wholesale trade industries have been revised to include the revenues of nonemployer firms as well as those of employer firms. Although small, the revision reflects a more complete accounting of the total sales of each industry, and makes the output measures for wholesale trade industries consistent with the output series for industries in retail trade and food services and drinking places, which include nonemployer revenues.

Additional Information: The measures in this news release 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 and Drinking Places, 2007* (released August 21, 2008) and in

table 50 of the Monthly Labor Review. The industries included in this release are classified according to the 2007 NAICS. All of the measures for 2008 in this release are preliminary and subject to revision.

Industry productivity and related indexes and rates of change can be accessed online by visiting the Labor Productivity and Costs web site at <http://www.bls.gov/lpc/>. 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. While the 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.

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.

Table 1. Percent change in output per hour, output, hours, compensation, and unit labor costs, 2007-2008

NAICS code	Industry	2008 Employment (thousands)	Percent change, 2007-2008				
			Output per hour	Output	Hours	Labor compensation	Unit labor costs
Wholesale Trade							
42	Wholesale trade	6166	-0.3	-0.8	-0.5	1.2	1.9
423	Durable goods	3171	0.4	-1.1	-1.5	0.3	1.4
4231	Motor vehicles and parts	351	-7.7	-10.9	-3.5	-4.2	7.6
4232	Furniture and furnishings	122	-15.9	-10.3	6.8	3.7	15.5
4233	Lumber and construction supplies	240	-1.1	-10.3	-9.3	-7.8	2.8
4234	Commercial equipment	665	9.2	8.8	-0.3	-0.5	-8.6
4235	Metals and minerals	136	-8.5	-7.4	1.2	6.0	14.5
4236	Electric goods	362	2.7	3.4	0.7	0.1	-3.3
4237	Hardware and plumbing	258	-7.3	-9.6	-2.5	0.2	10.8
4238	Machinery and supplies	697	6.5	4.7	-1.7	2.6	-1.9
4239	Miscellaneous durable goods	340	2.9	2.6	-0.2	5.4	2.7
424	Nondurable goods	2141	-0.4	-0.5	-0.1	1.1	1.5
4241	Paper and paper products	143	-8.5	-3.1	6.0	-1.1	2.0
4242	Druggists' goods	215	7.0	3.2	-3.6	-2.0	-5.0
4243	Apparel and piece goods	157	4.6	2.2	-2.3	-4.3	-6.3
4244	Grocery and related products	766	-3.5	-1.9	1.6	1.6	3.6
4245	Farm product raw materials	79	1.7	3.3	1.5	17.8	14.0
4246	Chemicals	134	0.8	-3.3	-4.1	-0.7	2.7
4247	Petroleum	104	1.7	4.4	2.6	2.7	-1.6
4248	Alcoholic beverages	164	-4.2	0.6	5.0	8.1	7.5
4249	Miscellaneous nondurable goods	379	-6.9	-10.4	-3.8	1.5	13.3
425	Electronic markets and agents and brokers	854	-2.6	-0.2	2.5	4.5	4.7
4251	Electronic markets and agents and brokers	854	-2.6	-0.2	2.5	4.5	4.7
Retail Trade							
44-45	Retail trade	16328	-1.8	-3.6	-1.8	-1.3	2.4
441	Motor vehicle and parts dealers	1931	-8.9	-12.5	-3.9	-6.2	7.1
4411	Automobile dealers	1240	-9.3	-14.2	-5.4	-8.0	7.3
4412	Other motor vehicle dealers	175	1.6	-4.2	-5.7	-8.2	-4.2
4413	Auto parts, accessories, and tire stores	516	-3.9	-3.6	0.4	1.2	4.9
442	Furniture and home furnishings stores	579	0.3	-7.4	-7.6	-10.2	-3.1
4421	Furniture stores	281	-1.3	-6.6	-5.4	-11.0	-4.8
4422	Home furnishings stores	298	1.9	-8.3	-10.0	-9.4	-1.2
443	Electronics and appliance stores	577	15.9	7.8	-7.0	-0.1	-7.3
4431	Electronics and appliance stores	577	15.9	7.8	-7.0	-0.1	-7.3
444	Building material and garden supply stores	1305	0.8	-4.2	-4.9	-2.9	1.3
4441	Building material and supplies dealers	1147	-2.1	-7.1	-5.1	-3.3	4.0
4442	Lawn and garden equipment and supplies stores	158	20.8	16.6	-3.5	1.1	-13.3
445	Food and beverage stores	2978	-1.8	-0.6	1.2	4.5	5.1
4451	Grocery stores	2558	-1.4	-0.6	0.8	4.3	5.0
4452	Specialty food stores	257	-8.1	-7.0	1.2	3.3	11.1
4453	Beer, wine and liquor stores	163	-4.9	2.9	8.2	9.4	6.3
446	Health and personal care stores	1048	0.4	1.9	1.5	3.1	1.2
4461	Health and personal care stores	1048	0.4	1.9	1.5	3.1	1.2
447	Gasoline stations	860	-0.6	-4.4	-3.8	-0.7	3.9
4471	Gasoline stations	860	-0.6	-4.4	-3.8	-0.7	3.9

Table 1. Percent change in output per hour, output, hours, compensation, and unit labor costs, 2007-2008

NAICS code	Industry	2008 Employment (thousands)	Percent change, 2007-2008				
			Output per hour	Output	Hours	Labor compensation	Unit labor costs
448	Clothing and clothing accessories stores	1577	3.2	-2.4	-5.4	-1.7	0.7
4481	Clothing stores	1179	6.9	-0.8	-7.2	-2.3	-1.5
4482	Shoe stores	197	-1.2	-0.6	0.6	-1.8	-1.2
4483	Jewelry, luggage, and leather goods stores	201	-9.1	-11.8	-2.9	0.4	13.8
451	Sporting goods, hobby, book, and music stores	727	3.2	0.7	-2.4	-2.7	-3.3
4511	Sporting goods and musical instrument stores	532	3.4	2.6	-0.8	-2.1	-4.6
4512	Book, periodical, and music stores	194	2.6	-4.1	-6.5	-4.1	0.0
452	General merchandise stores	3070	-0.8	1.8	2.6	1.1	-0.7
4521	Department stores	1557	-6.7	-4.5	2.4	-3.9	0.6
4529	Other general merchandise stores	1513	2.4	5.3	2.8	6.1	0.8
453	Miscellaneous store retailers	1013	2.2	-1.2	-3.3	-5.2	-4.1
4531	Florists	111	19.0	0.5	-15.5	-8.5	-9.0
4532	Office supplies, stationery and gift stores	389	-2.9	-6.0	-3.1	-7.1	-1.2
4533	Used merchandise stores	172	12.7	5.9	-6.1	-1.1	-6.5
4539	Other miscellaneous store retailers	342	-1.5	0.7	2.2	-4.0	-4.7
454	Nonstore retailers	665	1.5	-0.4	-1.9	1.1	1.6
4541	Electronic shopping and mail-order houses	305	-3.4	3.7	7.5	7.8	3.9
4542	Vending machine operators	58	13.1	-2.2	-13.5	-5.4	-3.2
4543	Direct selling establishments	303	-0.5	-9.8	-9.4	-5.9	4.4
Food Services and Drinking Places							
722	Food services and drinking places	9877	-0.7	-1.0	-0.2	2.7	3.7
7221	Full-service restaurants	4640	0.5	-0.5	-0.9	2.1	2.6
7222	Limited-service eating places	4191	-3.1	-2.6	0.5	3.3	6.1
7223	Special food services	683	1.8	1.8	0.0	3.8	1.9
7224	Drinking places, alcoholic beverages	364	4.1	4.1	-0.1	1.2	-2.7

Table 2. Average annual percent change in output per hour, output, hours, compensation, and unit labor costs, 1987-2008

NAICS code	Industry	Average annual percent change, 1987-2008				
		Output per hour	Output	Hours	Labor compensation	Unit labor costs
Wholesale Trade						
42	Wholesale trade	3.0	3.7	0.7	4.9	1.1
423	Durable goods	4.9	5.4	0.5	4.8	-0.6
4231	Motor vehicles and parts	3.1	2.9	-0.2	3.9	0.9
4232	Furniture and furnishings	1.2	1.7	0.6	4.9	3.1
4233	Lumber and construction supplies	0.7	1.9	1.2	3.8	1.9
4234	Commercial equipment	14.9	15.5	0.5	5.1	-9.0
4235	Metals and minerals	-0.9	-0.3	0.6	4.8	5.2
4236	Electric goods	8.5	8.5	0.0	5.1	-3.2
4237	Hardware and plumbing	0.5	1.6	1.1	5.1	3.4
4238	Machinery and supplies	2.5	2.6	0.2	4.6	1.9
4239	Miscellaneous durable goods	1.4	2.7	1.3	5.7	2.9
424	Nondurable goods	0.9	1.3	0.4	4.9	3.5
4241	Paper and paper products	2.1	1.5	-0.6	3.7	2.2
4242	Druggists' goods	2.1	4.3	2.2	9.8	5.2
4243	Apparel and piece goods	2.5	2.4	-0.1	4.0	1.5
4244	Grocery and related products	0.7	1.7	1.0	4.8	3.0
4245	Farm product raw materials	1.8	-0.7	-2.5	4.0	4.7
4246	Chemicals	-0.4	0.3	0.7	4.7	4.5
4247	Petroleum	2.6	0.3	-2.3	3.2	2.9
4248	Alcoholic beverages	0.2	2.0	1.8	5.2	3.2
4249	Miscellaneous nondurable goods	-0.2	-0.1	0.1	3.7	3.8
425	Electronic markets and agents and brokers	2.0	4.7	2.6	4.9	0.2
4251	Electronic markets and agents and brokers	2.0	4.7	2.6	4.9	0.2
Retail Trade						
44-45	Retail trade	3.0	3.7	0.6	3.8	0.1
441	Motor vehicle and parts dealers	2.0	2.8	0.8	3.8	0.9
4411	Automobile dealers	1.8	2.7	0.8	3.7	1.1
4412	Other motor vehicle dealers	3.3	5.3	2.0	5.7	0.3
4413	Auto parts, accessories, and tire stores	2.0	2.6	0.5	3.4	0.8
442	Furniture and home furnishings stores	3.8	4.3	0.4	3.5	-0.8
4421	Furniture stores	3.3	3.7	0.4	3.0	-0.6
4422	Home furnishings stores	4.6	5.1	0.5	4.0	-1.0
443	Electronics and appliance stores	13.5	15.0	1.3	4.8	-8.9
4431	Electronics and appliance stores	13.5	15.0	1.3	4.8	-8.9
444	Building material and garden supply stores	3.0	4.4	1.3	4.1	-0.3
4441	Building material and supplies dealers	2.7	4.4	1.6	4.4	0.0
4442	Lawn and garden equipment and supplies stores	5.2	4.7	-0.5	2.6	-2.0
445	Food and beverage stores	0.4	0.3	-0.1	3.3	3.0
4451	Grocery stores	0.3	0.3	0.0	3.5	3.2
4452	Specialty food stores	-0.1	-0.4	-0.3	2.1	2.6
4453	Beer, wine and liquor stores	2.2	1.0	-1.2	2.6	1.6
446	Health and personal care stores	2.4	3.8	1.4	5.4	1.5
4461	Health and personal care stores	2.4	3.8	1.4	5.4	1.5
447	Gasoline stations	2.0	1.2	-0.7	2.5	1.3
4471	Gasoline stations	2.0	1.2	-0.7	2.5	1.3

Table 2. Average annual percent change in output per hour, output, hours, compensation, and unit labor costs, 1987-2008

NAICS code	Industry	Average annual percent change, 1987-2008				
		Output per hour	Output	Hours	Labor compensation	Unit labor costs
448	Clothing and clothing accessories stores	4.9	4.5	-0.3	3.2	-1.3
4481	Clothing stores	5.2	5.2	-0.1	3.5	-1.6
4482	Shoe stores	3.7	2.6	-1.1	1.8	-0.8
4483	Jewelry, luggage, and leather goods stores	3.9	3.5	-0.4	3.1	-0.4
451	Sporting goods, hobby, book, and music stores	4.1	4.7	0.6	3.8	-0.8
4511	Sporting goods and musical instrument stores	4.7	5.5	0.7	4.1	-1.3
4512	Book, periodical, and music stores	2.6	2.9	0.3	3.2	0.3
452	General merchandise stores	3.4	5.3	1.8	4.0	-1.2
4521	Department stores	0.6	2.1	1.4	2.7	0.6
4529	Other general merchandise stores	6.9	9.2	2.2	5.7	-3.2
453	Miscellaneous store retailers	4.5	4.6	0.1	2.6	-1.9
4531	Florists	3.5	1.0	-2.5	0.7	-0.3
4532	Office supplies, stationery and gift stores	6.0	5.8	-0.2	2.8	-2.8
4533	Used merchandise stores	5.8	6.6	0.7	3.5	-2.9
4539	Other miscellaneous store retailers	2.5	3.9	1.3	2.6	-1.3
454	Nonstore retailers	8.5	8.7	0.2	3.9	-4.5
4541	Electronic shopping and mail-order houses	11.2	15.2	3.6	7.8	-6.4
4542	Vending machine operators	2.1	-0.7	-2.7	1.5	2.2
4543	Direct selling establishments	3.1	1.5	-1.6	1.5	0.0
	Food Services and Drinking Places					
722	Food services and drinking places	0.6	2.2	1.6	5.5	3.2
7221	Full-service restaurants	0.6	2.3	1.7	6.4	4.0
7222	Limited-service eating places	0.4	2.3	1.8	5.3	3.0
7223	Special food services	1.5	2.6	1.1	4.1	1.4
7224	Drinking places, alcoholic beverages	0.2	0.1	-0.1	2.4	2.2