



Memo

TO Rachel Schrauben, Digital Content Manager, Michigan Retailers Association
FROM Lauren Branneman, Public Sector Consultants
DATE Friday, July 12, 2024
SUBJECT 2024 Buy Nearby Results

Introduction

Public Sector Consultants (PSC) produced this Buy Nearby analysis by estimating the economic benefits to Michigan resulting from consumers switching one in ten of their purchases from remote sellers, e.g., e-commerce, mail-order catalogs, and home-shopping television, to retail stores located in Michigan. It also provides data on the indirect and induced jobs and economic activity related to retail industry spending patterns and local spending on goods and services by retail industry employees in Michigan.¹

PSC followed the prior methodology by using national-level data to generate Michigan estimates. The results are displayed in the following series of exhibits.

Results

If Michigan consumers redirected 10 percent of their 2023 estimated \$36.5 billion in e-commerce and remote sales, equivalent to about \$3.6 billion, this modest change would have the following effects:

- Increase Michigan employment by 15,367 (compared to 17,279 last year)
- Boost labor income (salary and benefits) by about \$691 million (\$700 million last year)
- Contribute \$1.5 billion in value-added to the state's economy (\$1.3 billion last year)
- Contribute \$2.6 billion in gross economic output (\$2.4 billion last year)

Exhibit 1 details the impacts of shifting 10 percent of remote sales to local sales.

¹ Indirect economic activity occurs through business-to-business spending in the supply chain of a region, while induced activity is realized through household spending as a result of increased labor income.

EXHIBIT 1. Total Economic Impact of Shifting 10 Percent of 2023 Remote Sales to Local Sales

Impact Type	Employment	Labor Income	Value-Added	Output
Direct effect	9,143	\$302,930,075	\$874,268,220	\$1,464,508,428
Indirect effect	3,524	\$233,220,108	\$343,386,106	\$677,895,228
Induced effect	2,701	\$154,750,178	\$277,688,726	\$491,328,198
Total effect	15,367	\$690,900,362	\$1,495,343,052	\$2,633,731,854

Note: Totals may not sum due to rounding.
Source: IMPLAN model 2022 data.

Exhibit 2 shows the top 20 industries that would benefit (in terms of employment) from a 10 percent shift from remote purchases to local in-store purchases. The largest employment gains would accrue in retail industries, with the greatest benefits occurring in the nonstore, general merchandise, clothing, and electronic retail sectors.

EXHIBIT 2. Top 20 Industries Benefiting from Shifting 10 Percent of 2023 Remote Sales to Local Sales, by Employment

IMPLAN Sector	Direct	Indirect and Induced	Total
Retail - Nonstore retailers	4,200	77	4,277
Retail - General merchandise stores	1,167	70	1,237
Retail - Clothing and clothing accessories stores	1,001	29	1,030
Retail - Electronics and appliance stores	727	15	742
Retail - Miscellaneous store retailers	534	54	589
Other real estate	-	542	542
Retail - Health and personal care stores	482	36	518
Employment services	-	436	436
Warehousing and storage	-	399	399
Couriers and messengers	-	345	345
Retail - Building material and garden equipment and supplies stores	309	22	331
Retail - Sporting goods, hobby, musical instrument and book stores	282	25	307
Retail - Motor vehicle and parts dealers	221	30	252
Retail - Furniture and home furnishings stores	218	16	234
Management of companies and enterprises	-	174	174
Full-service restaurants	-	172	172
Hospitals	-	166	166
Limited-service restaurants	-	142	142
Advertising, public relations, and related services	-	138	138
All other food and drinking places	-	121	121
Total top 20	9,143	3,009	12,151
Total overall	9,143	6,225	15,367

Note: Totals may not sum due to rounding.
Source: IMPLAN model 2022 data.

Exhibit 3 shows the industries that would experience the greatest economic impact in terms of total output by shifting 10 percent of remote purchases to local retailers. In addition to the retail sector, the real estate, owner-occupied dwellings, employment services, warehousing and storage, and the management of companies and enterprises sectors would also experience an increase in economic output.

EXHIBIT 3. Top 20 Industries Benefiting from Shifting 10 Percent of Remote Sales to Local Sales, by Output

IMPLAN Sector	Direct	Indirect and Induced	Total
Retail - Nonstore retailers	\$943,611,333	\$17,309,922	\$960,921,255
Retail - General merchandise stores	\$122,917,655	\$7,326,729	\$130,244,385
Other real estate	\$0	\$122,738,051	\$122,738,051
Retail - Clothing and clothing accessories stores	\$116,625,992	\$3,339,791	\$119,965,783
Retail - Electronics and appliance stores	\$73,071,444	\$1,507,410	\$74,578,854
Owner-occupied dwellings	\$0	\$58,131,325	\$58,131,325
Retail - Health and personal care stores	\$46,840,263	\$3,518,801	\$50,359,064
Retail - Building material and garden equipment and supplies stores	\$46,230,795	\$3,334,869	\$49,565,663
Employment services	\$0	\$47,937,913	\$47,937,913
Warehousing and storage	\$0	\$46,010,561	\$46,010,561
Management of companies and enterprises	\$0	\$44,684,795	\$44,684,795
Internet publishing and broadcasting and web search portals	\$0	\$43,093,776	\$43,093,776
Retail - Motor vehicle and parts dealers	\$36,623,067	\$5,044,456	\$41,667,523
Advertising, public relations, and related services	\$0	\$35,811,464	\$35,811,464
Retail - Miscellaneous store retailers	\$30,842,921	\$3,137,578	\$33,980,499
Hospitals	\$0	\$33,146,311	\$33,146,311
Retail - Furniture and home furnishings stores	\$26,889,323	\$1,943,331	\$28,832,654
Monetary authorities and depository credit intermediation	\$0	\$27,221,068	\$27,221,068
Insurance carriers, except direct life	\$0	\$25,443,989	\$25,443,989
Electric power transmission and distribution	\$0	\$23,553,368	\$23,553,368
Total top 20	\$1,443,652,793	\$554,235,508	\$1,997,888,301
Total overall	\$1,464,508,428	\$1,169,223,426	\$2,633,731,854

Note: Totals may not sum due to rounding.
Source: IMPLAN model 2022 data.

Appendix A: Industry Classifications and Model Inputs

EXHIBIT A1. Industry Classifications and Model Inputs—2023

IMPLAN Category—Description	North American Industrial Classification System (NAICS) Code	Model Input, Remote Sales
Retail—Motor vehicle and parts dealers	441	\$154,601,561
Retail—Furniture and home furnishings stores	442	\$58,507,698
Retail—Electronics and appliance stores	443	\$157,088,488
Retail—Building material and garden equipment and supplies stores	444	\$111,306,409
Retail—Food and beverage stores*	445	\$87,887,673
Retail—Health and personal care stores	446	\$157,634,230
Retail—Gasoline stores	447	\$0
Retail—Clothing and clothing accessories stores	448	\$210,151,670
Retail—Sporting goods, hobby, musical instrument, and book stores	451	\$41,795,720
Retail—General merchandise stores	452	\$374,252,241
Retail—Miscellaneous store retailers	453	\$53,915,830
Retail—Nonstore retailers	454	\$2,186,382,731

Note: Food and beverage stores are not included in the IMPLAN model but are listed here for reference.

Source: Estimated by PSC using national-level data on e-shopping patterns by industry; U.S. Census Bureau January 29, 2024a; U.S. Census Bureau January 29, 2024b; U.S. Census Bureau January 29, 2024c; U.S. Census Bureau May 17, 2024.

Appendix B: Overall Retail Economy

In addition to the retail industries directly impacted by switching remote sales to local, food service and drinking places are also often included when examining the overall retail economy. Exhibit B1 shows the industries included in the overall retail economy, though food service and drinking places were not included in the IMPLAN model. This table serves as a reference point for the employment impacts estimated in Exhibit 2, though due to recent updates to the NAICS utilized by the Bureau of Labor Statistics, not every subsector can be directly compared. Also note that “nonstore retailers” (previously categorized by 2017 NAICS 454) no longer exists in the updated 2022 NAICS. Employment from the now defunct subsector has been distributed among corresponding retail goods subsectors shown below.

EXHIBIT B1. Industry Classifications of Overall Retail Economy—2023

NAICS Code ²	Category	Total Employment
Total	All Retail	919,096
441	Motor vehicle dealers	71,722
444	Building materials and garden supply stores	52,711
445	Food and beverage stores	85,057
449	Furniture, home furnishings, electronics, and appliance stores	28,206
455	General merchandise stores	117,858
456	Health and personal care stores	51,738
457	Gasoline stations	29,706
458	Clothing and clothing accessories stores	36,708
459	Sporting goods, hobby, book, music, and miscellaneous retailers	92,341
722	Food service and drinking places	353,048

Source: Lightcast 2024.2 dataset; 2023 data year; class of worker includes Quarterly Census of Employment and Wages (QCEW), self-employed, and extended proprietors.

Note: The classes of workers represented here are Lightcast’s estimates for QCEW and nonemployer jobs and includes employment from workers who do not consider it their primary job. These estimates differ from those in the *2023 Buy Nearby Results* report, and therefore are not directly comparable.

² This dataset utilizes the updated 2022 NAICS, updated every five years by the Office of Management and Budget to reflect changes in economic activity. As such, some NAICS have been combined (e.g., 2017 NAICS codes 442 and 443 were combined into 2022 NAICS code 449). Further, 2017 NAICS 454—representing electronic shopping and mail-order houses, vending machine operators, and direct selling establishments—has been eliminated. Employment numbers in that 2017 subsector have been distributed among each of the new 2022 retail subsectors in which those goods are sold. For this reason, employment by subsector from the *2023 Buy Nearby Results* report cannot be compared to these estimates.

References

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