



UNFULFILLED

AMAZON AND THE
AMERICAN RETAIL
LANDSCAPE

NOVEMBER 2022

ABA
AMERICAN
BOOKSELLERS
ASSOCIATION

CIVIC
ECONOMICS
CREATIVITY · OPPORTUNITY · PROSPERITY

SUMMARY OF FINDINGS

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AMAZON AND THE AMERICAN RETAIL LANDSCAPE



1) AMAZON SALES IN 2021

Shoppers spent \$367 billion at Amazon in 2021 - that's \$367 billion that could have gone to local business owners and recirculated into their communities through their vendors, employees, donations, and local sales taxes

2) GAMING THE SYSTEM AGAINST THIRD-PARTY SELLERS

Amazon is increasingly conducting sales through third-party Marketplace sellers, making them jump through hoops and pay fees while prioritizing Amazon's own products ahead of theirs.



3) DISPLACEMENT OF RETAIL SHOPS

In 2021, 136,000 retail shops were displaced - that's 1.1 billion square feet of traditional retail space.

4) DISPLACEMENT OF RETAIL EMPLOYEES

In 2021, 1.7 million retail workers were displaced, in addition to 70,000 distribution workers.



5) DISPLACEMENT OF LOCAL ECONOMIC ACTIVITY

Buying from Amazon circulates just 5.8% of revenue into your local economy. **Buying from local, independently-owned bookstores creates 4x more local economic activity than buying from Amazon.**

Learn more at CivicEconomics.com/Unfulfilled

INTRODUCTION

Since 2016, Civic Economics and the American Booksellers Association have teamed up to analyze the impact of Amazon on the American retail landscape. These studies have provided us the opportunity to build a deep understanding of how Amazon affects small businesses and communities across the nation, and how those impacts have changed over the years.

The first iteration of these studies, *Empty Storefronts* (January and September 2016), was the first to quantify the displacement of retail from storefronts to warehouses, and provide state level estimates of shops, square footage, and employment lost to the growth of online retail.

The next iterations, entitled *Prime Numbers* (2018 and 2019), updated those analyses and added in an estimate of the total sales and use tax revenue lost by state across the nation.

Today, the American Booksellers Association and its allies across the independent business community have largely succeeded at eliminating the de facto subsidization of Amazon through sales tax avoidance. Since we first quantified the magnitude of the issue, states from coast to coast closed the loophole that incentivized consumers to shop online. However, far too many local governments continue to offer subsidies to the company in the form of tax abatements and infrastructure spending.

On the other hand, we are surprised at the relative absence of alarm bells around the accelerating relocation of retail activity from main streets and commercial districts to outlying industrial parks.

APPROACH TO THE STUDY

This study begins with an updated analysis of the local economic impact advantage provided by independent booksellers relative to both chain stores and Amazon.

Then, as in previous iterations of this study series, the analysis of Amazon begins with an in-depth review of data available from Amazon itself. Our focus is on annual and quarterly reports to shareholders, which are understood to be the most accurate and trustworthy sources of material about any company. In practice, Civic Economics tracks the data in these reports annually regardless of whether we are scheduled for another iteration of this series. That allows us to see changes in trends and to spot changes in data availability.

We also review Amazon's own research and reports on its operations around the nation. The company provides claims of employment by state, for example, along with a detailed list of operations in each.

Of course, even annual reports must be read carefully, and Amazon reports are as notable for what cannot be found as for what can be. The company famously mixes geographies and a wide variety of services into different tables, making a direct calculation of any particular revenue source in any particular nation impossible to glean directly.

We supplement Amazon's own available data with a variety of outside sources, as well, in developing our understanding of the company's practices, particularly in the distribution sector.

Finally, this report ends with a celebration rather than an analysis of sales taxes Amazon has avoided.

IMPACTS: INDEPENDENTS VS. CHAINS VS. AMAZON

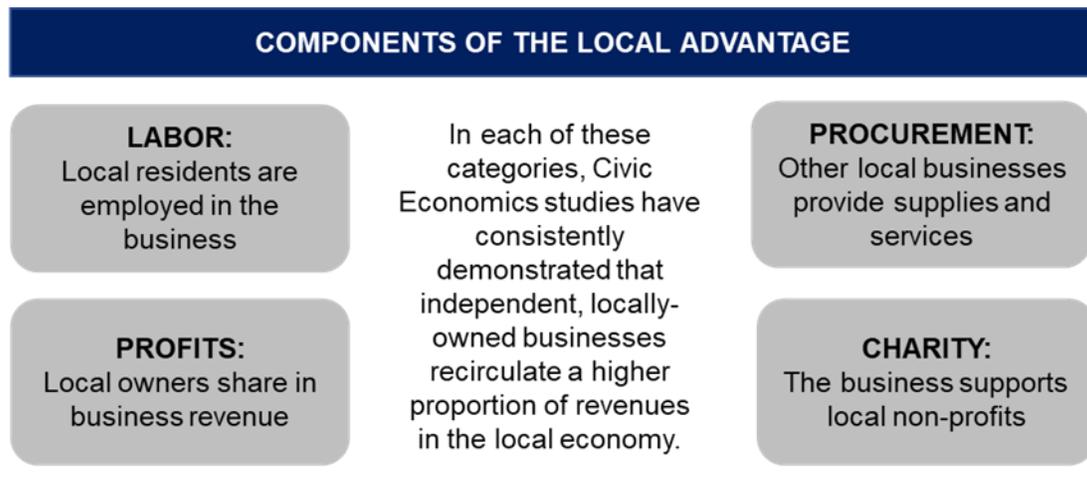
Since 2002, Civic Economics has analyzed the comparative economic impact of independent, locally owned businesses and their chain and online competitors. Built from surveys of independents and regular analyses of the finances of publicly held competitors, our data-driven findings have been consistent:

Independent businesses provide the communities with substantial, quantifiable economic benefits relative to their chain competitors. Even modest changes in purchasing habits can produce meaningful impacts. These enhanced benefits are even more substantial compared to online competitors such as Amazon.

For this iteration of our Amazon study series, we took a deep dive into bookselling, comparing a typical independent bookseller with both Barnes & Noble, the largest remaining chain in the sector, and Amazon, which began life aiming to be “Earth’s biggest bookstore.”

Data on independents was gleaned from a close review of ABA’s Abacus survey of member booksellers. Data on Barnes & Noble was derived from the 2017 Economic Census.

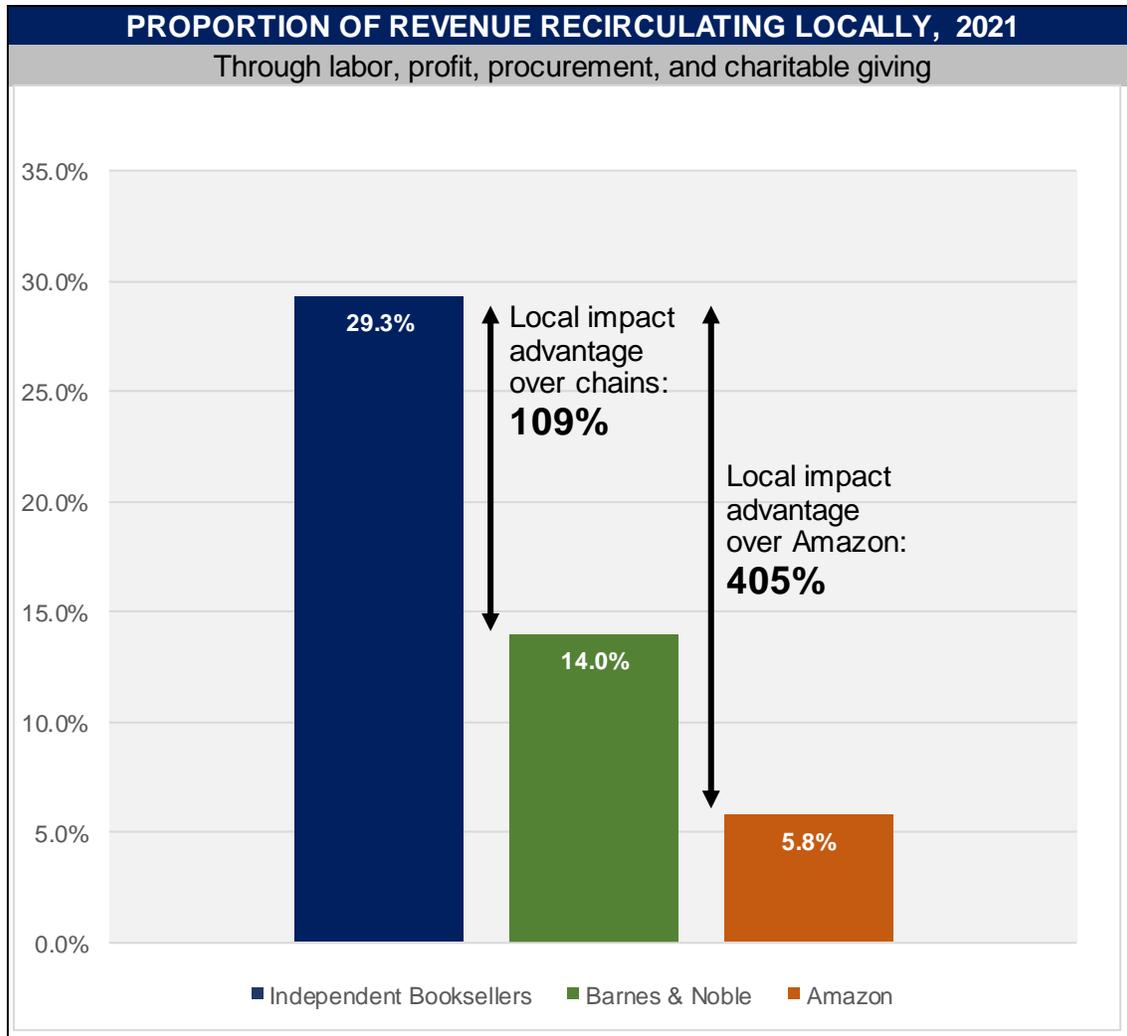
Our methodology has been consistent since the beginning. For each class of business or specific firm, we aim to quantify the proportion of total revenue that recirculates in the local economy in four streams:



Learn more at www.CivicEconomics.com/retail.html

Approximately 29% of all revenue at independent bookstores immediately recirculates in the local economy. This translates to a local impact advantage of 109% that of chain competitor Barnes & Noble, and a massive 405% local impact advantage over Amazon.

These findings should come as no surprise to consumers and policymakers. They should come as no surprise to consumers and policymakers, either. Independent booksellers distribute profits to local ownership, employ a variety of personnel that might otherwise reside at a distant corporate office, routinely purchase goods and services from other local businesses, and generously support local charitable causes.



SOURCES: Independents: American Booksellers Association, Abacus survey of members, 2020; B&N: 2017 Economic Census and 2020 10-K; Amazon: 2021 analysis by Civic Economics

An additional selling channel we might include is online sales serviced by independent booksellers. Many shops offer a full or partial catalog for online sales, which provides the same local impact as purchasing in store.

One channel is *Bookshop.org*, through which more than 1,400 American independent booksellers offer a broad database of books online. The book-focused service is easier to use than Amazon and allows customers to designate a local bookseller to be treated as the seller for each transaction. That shop receives 30% of the sale price, as well as a share in profits from unaffiliated book sales through the site.



Purchasing directly from an independent bookstore, in person or online, is still the best way to support the local economy. Second best is buying through *Bookshop.org*. Both of these generate greater local economic activity than an in-person visit to Barnes & Noble or buying online from Amazon.

AMAZON SALES AND SELLERS

As has been widely reported, the pandemic was very good for Amazon sales. As shops closed and restrictions spread, consumers turned to delivery services of all kinds, with Amazon perhaps the greatest beneficiary of the change.

In response to pandemic-induced sales growth, which occurred quite suddenly in spring of 2020, Amazon accelerated hiring and building plans nationwide. Since that time, with an easing in sales growth rates, the company has begun dialing back that process, delaying new distribution facilities and the hiring that goes with them.

Continued Growth in Marketplace

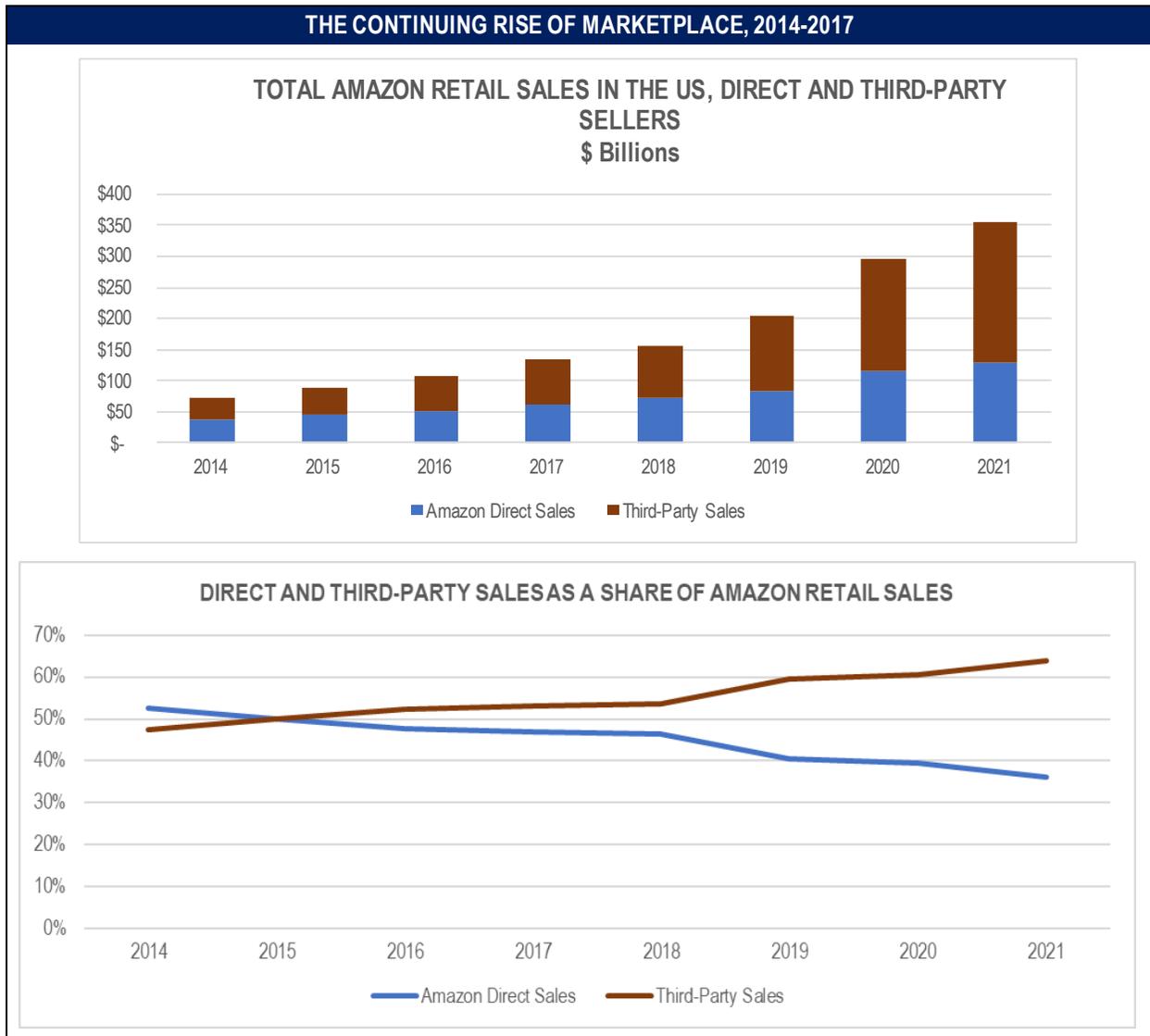
For many years, Amazon has been focused on increasing the share of sales on the site that are made by third-party sellers through its Marketplace function. The company might like to claim the initiative is about supporting independent businesses, but the economics are much simpler than that: Marketplace sales are risk-free and highly profitable for Amazon, shifting many of the challenges of traditional retail onto participating sellers.

A traditional retailer must purchase truckloads of widgets on their own account, distribute those widgets among fulfillment centers at its own expense, and incorporate final delivery into the sales price. With Marketplace, though, Amazon moves all those factors onto the seller, as depicted in the chart below. For Marketplace sales, then, Amazon is not a retailer in any common sense, it is instead a platform provider and distribution service, collecting fees throughout the process, even on products that never actually sell.



It is no surprise, then, that Amazon has aggressively promoted the growth of Marketplace, particularly in the form that maximizes fees and shifts the most risk to the seller.

Interestingly, even as overall sales growth slowed in 2021, the increase in Marketplace sales continued apace.



SOURCE: Amazon 10-K reports and Annual Reports to Shareholders, 2016-2021; Civic Economics

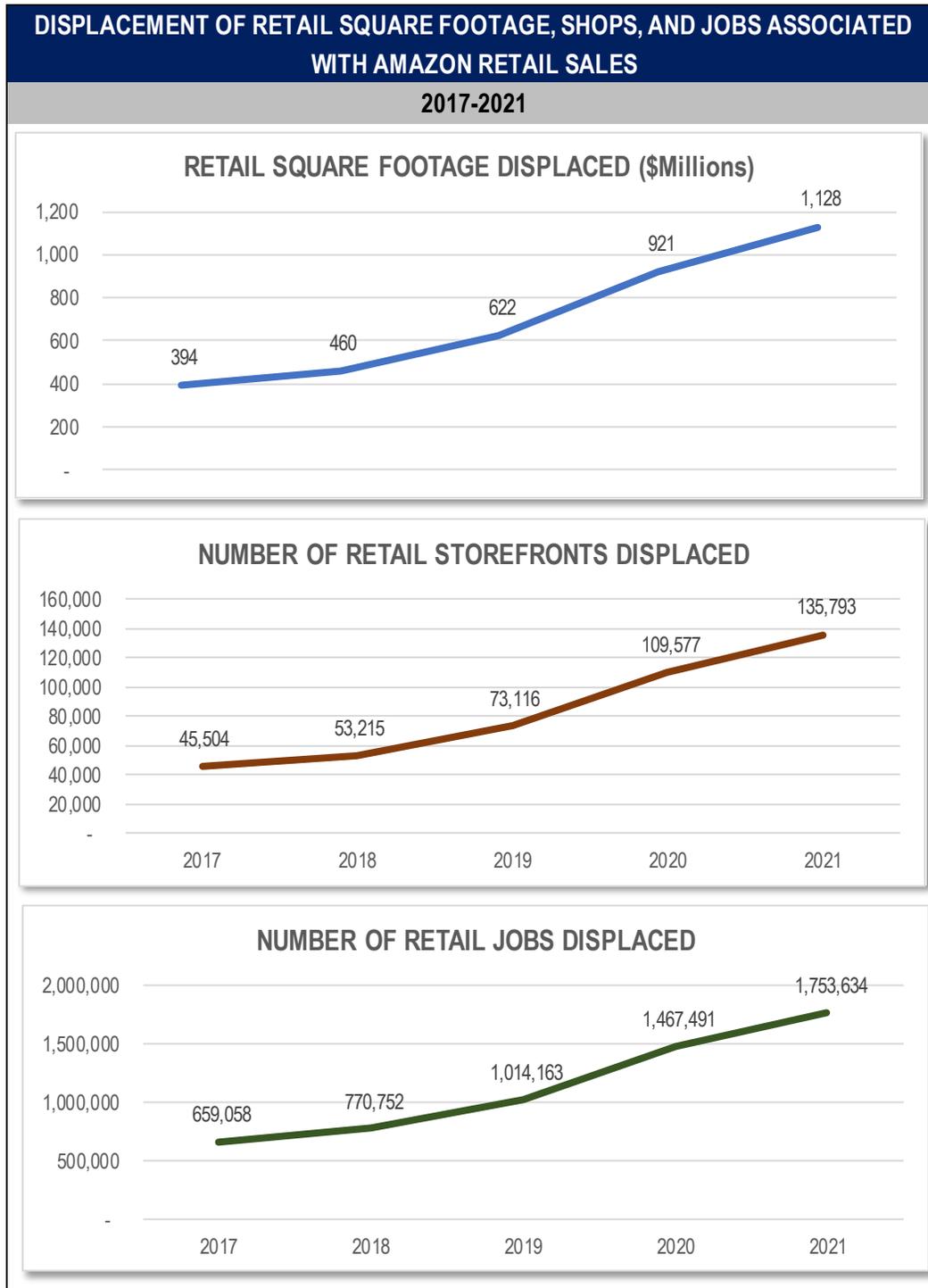
The table on the following page provides Civic Economics’ estimate of Amazon sales in each state, both Amazon direct sales and Marketplace, based on each state’s relative retail purchasing power. While these state-level sales estimates are interesting on their own, they provide the basis for the displacement calculations in the following section.

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AMAZON RETAIL SALES BY STATE AND SELLER, 2017-21 (\$ Millions)										
	2017		2018		2019		2020		2021	
	Direct	Third-Party	Direct	Third-Party	Direct	Third-Party	Direct	Third-Party	Direct	Third-Party
Alabama	767	868	878	1,017	1,009	1,479	1,409	2,170	1,543	2,734
Alaska	163	185	186	216	212	310	286	441	313	555
Arizona	1,150	1,302	1,326	1,536	1,561	2,288	2,270	3,496	2,486	4,404
Arkansas	483	546	542	628	632	927	882	1,358	966	1,711
California	9,073	10,268	10,549	12,221	11,888	17,427	17,022	26,218	18,641	33,030
Colorado	1,182	1,337	1,377	1,595	1,637	2,400	2,282	3,514	2,499	4,427
Connecticut	991	1,121	1,126	1,304	1,263	1,851	1,722	2,653	1,886	3,342
Delaware	186	211	210	244	245	360	341	525	373	662
Florida	3,872	4,382	4,456	5,163	5,326	7,807	7,454	11,480	8,163	14,463
Georgia	1,777	2,011	2,040	2,364	2,422	3,550	3,416	5,262	3,741	6,629
Hawaii	292	330	329	381	367	538	508	783	557	986
Idaho	274	310	322	373	382	561	549	845	601	1,065
Illinois	2,662	3,013	3,073	3,561	3,499	5,129	4,880	7,516	5,344	9,468
Indiana	1,160	1,312	1,323	1,532	1,540	2,258	2,161	3,328	2,366	4,193
Iowa	570	645	653	756	746	1,094	1,042	1,605	1,141	2,022
Kansas	546	618	620	718	724	1,061	1,007	1,551	1,103	1,954
Kentucky	691	782	794	920	917	1,344	1,306	2,011	1,430	2,533
Louisiana	802	908	901	1,044	1,038	1,521	1,456	2,242	1,594	2,825
Maine	237	268	274	317	317	465	451	694	494	875
Maryland	1,419	1,606	1,620	1,876	1,782	2,612	2,492	3,838	2,729	4,835
Massachusetts	1,780	2,014	2,058	2,384	2,367	3,470	3,332	5,132	3,649	6,465
Michigan	1,776	2,009	2,024	2,345	2,299	3,370	3,270	5,036	3,581	6,345
Minnesota	1,165	1,318	1,343	1,556	1,540	2,257	2,161	3,328	2,366	4,193
Mississippi	427	483	480	556	544	797	770	1,186	843	1,494
Missouri	1,051	1,190	1,214	1,407	1,404	2,059	1,959	3,017	2,145	3,801
Montana	182	206	213	246	251	367	355	547	389	689
Nebraska	381	431	426	494	488	715	687	1,058	752	1,333
Nevada	527	596	623	722	743	1,089	1,038	1,600	1,137	2,015
New Hampshire	304	345	354	410	406	595	565	870	618	1,096
New Jersey	2,219	2,511	2,563	2,969	2,893	4,240	4,019	6,191	4,402	7,799
New Mexico	321	363	366	424	423	620	601	926	658	1,167
New York	4,768	5,396	5,709	6,614	6,362	9,326	8,871	13,663	9,715	17,213
North Carolina	1,752	1,983	2,023	2,344	2,339	3,428	3,285	5,060	3,597	6,374
North Dakota	163	184	175	203	208	304	290	447	318	563
Ohio	2,094	2,370	2,389	2,768	2,744	4,022	3,864	5,951	4,231	7,497
Oklahoma	673	761	771	893	894	1,311	1,223	1,884	1,339	2,373
Oregon	756	856	890	1,031	1,034	1,515	1,471	2,266	1,611	2,855
Pennsylvania	2,627	2,973	3,010	3,488	3,445	5,049	4,859	7,483	5,321	9,428
Rhode Island	215	243	246	285	280	410	396	610	434	769
South Carolina	800	905	923	1,069	1,095	1,606	1,544	2,377	1,690	2,995
South Dakota	165	187	186	216	227	333	326	502	357	633
Tennessee	1,171	1,325	1,356	1,571	1,564	2,293	2,166	3,335	2,372	4,202
Texas	5,233	5,922	5,999	6,950	7,215	10,576	9,971	15,357	10,919	19,348
Utah	514	581	610	706	735	1,078	1,045	1,610	1,144	2,028
Vermont	126	142	143	166	162	237	227	350	249	441
Virginia	1,809	2,048	2,058	2,384	2,348	3,443	3,279	5,050	3,591	6,362
Washington	1,642	1,858	1,953	2,262	2,242	3,287	3,181	4,900	3,484	6,173
West Virginia	271	307	308	357	357	523	495	762	542	960
Wisconsin	1,092	1,236	1,251	1,450	1,440	2,111	1,997	3,076	2,187	3,876
Wyoming	129	146	147	170	166	243	222	342	243	431
DC	210	238	244	283	267	392	380	585	416	738
Total	64,641	73,151	74,655	86,490	85,987	126,049	120,781	186,034	132,271	234,369

DISPLACEMENT OF RETAIL SHOPS, SPACE, AND EMPLOYEES

The growth of Amazon and of Marketplace through the pandemic period is striking. However, our focus is on the tangible impact of that growth: the displacement of businesses, storefronts, and employment associated with bricks-and-mortar retail.



SOURCE: Amazon 10-K reports and Annual Reports to Shareholders, 2016-2021; Civic Economics

This displacement remains the most alarming impact of online retail in general and Amazon in particular.

Traditional retail operates in urban commercial districts and suburban strips and malls in every American community. Shoppers and workers alike gravitate to those locations, and the associated infrastructure to support that activity has become a defining characteristic of American cities and towns.

Amazon, by contrast, operates in purpose-built warehouses, mostly on the periphery of each community. Each dollar of retail that moves online effectively displaces one dollar's worth of economic activity from a commercial district to an outlying industrial park. The impact of this shift is hardly beneficial to host communities.

These facilities require entirely new, invariably publicly funded infrastructure in order to move workers and an endless stream of trucks and vans to and from those locations. And even as local governments struggle to develop that infrastructure, the legacy investment in existing commercial districts goes underutilized and loses the tax basis that supported it. Moreover, the quantity and variety of employment opportunities in traditional retail settings will never be replaced by more limited jobs created within the Amazon fulfillment network.

As Amazon sales grow, so too do these alarming displacements of storefronts and workers. Civic Economics estimates that Amazon's displacement of retail square footage increased from 621 million square feet in 2019 to 1.1 billion square feet in 2021. We further estimate that displaced retail jobs increased from roughly 1 million in 2019 to 1.75 million in 2021, even as Amazon's distribution facilities became less labor-intensive.

To provide a visual reference to what has been lost, this displacement is the rough equivalent of 300 Malls of America, storefronts and space that simply do not exist, replaced by vast concrete boxes and tens of thousands of vehicles streaming out of distant industrial parks.

DISPLACEMENT OF RETAIL SPACE, SHOPS, AND EMPLOYMENT ASSOCIATED WITH AMAZON SALES BY STATE				
2019				
	Total Amazon Sales	Square Footage Displaced	Stores Displaced	Employees Displaced
	(\$Millions)	(millions)	(#)	(#)
Alabama	2,488.0	7.3	858	11,900
Alaska	521.9	1.5	180	2,496
Arizona	3,848.8	11.3	1,327	18,409
Arkansas	1,559.0	4.6	538	7,457
California	29,315.8	86.0	10,109	140,217
Colorado	4,037.3	11.8	1,392	19,311
Connecticut	3,114.3	9.1	1,074	14,896
Delaware	605.4	1.8	209	2,895
Florida	13,133.3	38.5	4,529	62,816
Georgia	5,971.8	17.5	2,059	28,563
Hawaii	904.7	2.7	312	4,327
Idaho	942.9	2.8	325	4,510
Illinois	8,628.1	25.3	2,975	41,268
Indiana	3,798.7	11.1	1,310	18,169
Iowa	1,839.7	5.4	634	8,799
Kansas	1,785.5	5.2	616	8,540
Kentucky	2,261.3	6.6	780	10,816
Louisiana	2,558.7	7.5	882	12,238
Maine	781.9	2.3	270	3,740
Maryland	4,394.6	12.9	1,515	21,019
Massachusetts	5,837.4	17.1	2,013	27,920
Michigan	5,669.3	16.6	1,955	27,116
Minnesota	3,796.9	11.1	1,309	18,161
Mississippi	1,340.5	3.9	462	6,411
Missouri	3,463.0	10.2	1,194	16,564
Montana	617.7	1.8	213	2,955
Nebraska	1,203.3	3.5	415	5,755
Nevada	1,831.2	5.4	631	8,759
New Hampshire	1,000.1	2.9	345	4,784
New Jersey	7,133.1	20.9	2,460	34,118
New Mexico	1,043.2	3.1	360	4,990
New York	15,687.5	46.0	5,409	75,033
North Carolina	5,766.9	16.9	1,989	27,583
North Dakota	511.8	1.5	176	2,448
Ohio	6,765.7	19.8	2,333	32,360
Oklahoma	2,205.0	6.5	760	10,547
Oregon	2,548.6	7.5	879	12,190
Pennsylvania	8,493.9	24.9	2,929	40,626
Rhode Island	690.3	2.0	238	3,302
South Carolina	2,701.4	7.9	932	12,921
South Dakota	559.4	1.6	193	2,676
Tennessee	3,857.1	11.3	1,330	18,449
Texas	17,790.9	52.2	6,135	85,093
Utah	1,812.9	5.3	625	8,671
Vermont	398.3	1.2	137	1,905
Virginia	5,791.2	17.0	1,997	27,699
Washington	5,528.9	16.2	1,907	26,445
West Virginia	879.2	2.6	303	4,205
Wisconsin	3,551.5	10.4	1,225	16,987
Wyoming	408.2	1.2	141	1,952
DC	659.5	1.9	227	3,155
Total	212,035.7	621.8	73,116	1,014,163

SOURCE: Amazon 10-K and Annual Reports to Shareholders, 2016-2021; Civic Economics

DISPLACEMENT OF RETAIL SPACE, SHOPS, AND EMPLOYMENT ASSOCIATED WITH AMAZON SALES BY STATE				
2020				
	Total Amazon Sales	Square Footage Displaced	Stores Displaced	Employees Displaced
	(\$Millions)	(millions)	(#)	(#)
Alabama	3,579.4	10.7	1,278	17,120
Alaska	726.5	2.2	259	3,475
Arizona	5,765.6	17.3	2,059	27,577
Arkansas	2,240.0	6.7	800	10,714
California	43,240.0	129.8	15,443	206,816
Colorado	5,795.9	17.4	2,070	27,721
Connecticut	4,375.3	13.1	1,563	20,927
Delaware	866.2	2.6	309	4,143
Florida	18,933.9	56.9	6,762	90,560
Georgia	8,677.8	26.1	3,099	41,506
Hawaii	1,291.4	3.9	461	6,177
Idaho	1,393.9	4.2	498	6,667
Illinois	12,395.2	37.2	4,427	59,286
Indiana	5,488.6	16.5	1,960	26,252
Iowa	2,647.3	7.9	945	12,662
Kansas	2,557.8	7.7	914	12,234
Kentucky	3,316.5	10.0	1,184	15,863
Louisiana	3,698.0	11.1	1,321	17,688
Maine	1,145.3	3.4	409	5,478
Maryland	6,329.9	19.0	2,261	30,276
Massachusetts	8,463.2	25.4	3,023	40,480
Michigan	8,306.0	24.9	2,966	39,728
Minnesota	5,489.0	16.5	1,960	26,254
Mississippi	1,955.8	5.9	699	9,355
Missouri	4,976.3	14.9	1,777	23,802
Montana	902.3	2.7	322	4,315
Nebraska	1,745.4	5.2	623	8,348
Nevada	2,638.0	7.9	942	12,618
New Hampshire	1,434.5	4.3	512	6,861
New Jersey	10,210.2	30.7	3,647	48,835
New Mexico	1,527.3	4.6	545	7,305
New York	22,533.7	67.7	8,048	107,778
North Carolina	8,344.5	25.1	2,980	39,912
North Dakota	736.8	2.2	263	3,524
Ohio	9,814.8	29.5	3,505	46,944
Oklahoma	3,106.9	9.3	1,110	14,860
Oregon	3,737.5	11.2	1,335	17,876
Pennsylvania	12,341.9	37.1	4,408	59,031
Rhode Island	1,006.2	3.0	359	4,812
South Carolina	3,920.9	11.8	1,400	18,754
South Dakota	828.1	2.5	296	3,961
Tennessee	5,501.0	16.5	1,965	26,311
Texas	25,328.2	76.1	9,046	121,144
Utah	2,654.8	8.0	948	12,698
Vermont	577.3	1.7	206	2,761
Virginia	8,328.7	25.0	2,975	39,836
Washington	8,081.2	24.3	2,886	38,652
West Virginia	1,256.6	3.8	449	6,010
Wisconsin	5,073.9	15.2	1,812	24,268
Wyoming	563.6	1.7	201	2,696
DC	965.6	2.9	345	4,618
Total	306,815.0	921.4	109,577	1,467,491

SOURCE: Amazon 10-K and Annual Reports to Shareholders, 2016-2021; Civic Economics

DISPLACEMENT OF RETAIL SPACE, SHOPS, AND EMPLOYMENT ASSOCIATED WITH AMAZON SALES BY STATE				
2021				
	Total Amazon Sales	Square Footage Displaced	Stores Displaced	Employees Displaced
	(\$Millions)	(millions)	(#)	(#)
Alabama	4,277.4	13.2	1,584	20,459
Alaska	868.2	2.7	322	4,153
Arizona	6,889.8	21.2	2,552	32,954
Arkansas	2,676.7	8.2	991	12,803
California	51,671.3	159.0	19,138	247,143
Colorado	6,926.0	21.3	2,565	33,127
Connecticut	5,228.5	16.1	1,936	25,008
Delaware	1,035.1	3.2	383	4,951
Florida	22,625.8	69.6	8,380	108,219
Georgia	10,369.9	31.9	3,841	49,599
Hawaii	1,543.2	4.7	572	7,381
Idaho	1,665.7	5.1	617	7,967
Illinois	14,812.2	45.6	5,486	70,846
Indiana	6,558.9	20.2	2,429	31,371
Iowa	3,163.5	9.7	1,172	15,131
Kansas	3,056.6	9.4	1,132	14,620
Kentucky	3,963.2	12.2	1,468	18,956
Louisiana	4,419.1	13.6	1,637	21,136
Maine	1,368.6	4.2	507	6,546
Maryland	7,564.1	23.3	2,802	36,179
Massachusetts	10,113.5	31.1	3,746	48,373
Michigan	9,925.6	30.5	3,676	47,474
Minnesota	6,559.3	20.2	2,429	31,373
Mississippi	2,337.2	7.2	866	11,179
Missouri	5,946.6	18.3	2,202	28,443
Montana	1,078.2	3.3	399	5,157
Nebraska	2,085.8	6.4	773	9,976
Nevada	3,152.4	9.7	1,168	15,078
New Hampshire	1,714.2	5.3	635	8,199
New Jersey	12,201.1	37.5	4,519	58,358
New Mexico	1,825.1	5.6	676	8,729
New York	26,927.5	82.9	9,973	128,794
North Carolina	9,971.6	30.7	3,693	47,694
North Dakota	880.5	2.7	326	4,212
Ohio	11,728.6	36.1	4,344	56,098
Oklahoma	3,712.7	11.4	1,375	17,758
Oregon	4,466.2	13.7	1,654	21,362
Pennsylvania	14,748.4	45.4	5,462	70,541
Rhode Island	1,202.3	3.7	445	5,751
South Carolina	4,685.5	14.4	1,735	22,411
South Dakota	989.6	3.0	367	4,733
Tennessee	6,573.6	20.2	2,435	31,441
Texas	30,266.9	93.1	11,210	144,766
Utah	3,172.4	9.8	1,175	15,174
Vermont	689.9	2.1	256	3,300
Virginia	9,952.7	30.6	3,686	47,603
Washington	9,656.9	29.7	3,577	46,189
West Virginia	1,501.6	4.6	556	7,182
Wisconsin	6,063.2	18.7	2,246	29,000
Wyoming	673.5	2.1	249	3,222
DC	1,153.8	3.6	427	5,519
Total	366,640.2	1,128.1	135,793	1,753,634

SOURCE: Amazon 10-K and Annual Reports to Shareholders, 2016-2021; Civic Economics

AMAZON EMPLOYMENT

Amazon, of course, employs more than one million Americans at any given time, and a sizeable portion of those might be said to replace the jobs displaced from storefront retailers.

Based on Amazon’s own job claims and the mix of facilities in each state, Civic Economics estimates that Amazon employs a total of roughly 850,000 Americans in jobs that are driven by retail activity rather than the company’s wide range of other activities.

The company, of course, likes to tout these job numbers in a vacuum, as if it were all new economic activity. But retailers know that is far from true.

It is also important to remember that brick and mortar stores, too, rely on an extensive distribution network to supply them. That network creates jobs far from the storefront, jobs which are also displaced by those in Amazon warehouses.

Based on Implan national multipliers for general merchandise retail, Civic Economics estimates that every \$10 million in retail storefront sales supports two related jobs in wholesale distribution. At that rate, Amazon 2021 US sales of \$367 billion displaced a further 70,000 warehousing and shipping jobs across the nation that service traditional storefront retailers. In the coming years, Civic Economics will seek to validate and monitor this displacement.

ESTIMATED AMAZON DIRECT, RETAIL-RELATED EMPLOYMENT BY STATE		
	2021	
	Total Amazon Retail Jobs	Net Jobs Lost in Retail Sector
	FT + PT	FT + PT
Alabama	8,200	12,259
Alaska	0	4,153
Arizona	36,700	(3,746)
Arkansas	1,100	11,703
California	143,920	103,223
Colorado	14,100	19,027
Connecticut	14,150	10,858
Delaware	7,000	(2,049)
Florida	51,900	56,319
Georgia	33,000	16,599
Hawaii	50	7,331
Idaho	4,300	3,667
Illinois	35,400	35,446
Indiana	22,800	8,571
Iowa	2,300	12,831
Kansas	7,400	7,220
Kentucky	24,600	(5,644)
Louisiana	5,450	15,686
Maine	100	6,446
Maryland	29,700	6,479
Massachusetts	13,100	35,273
Michigan	23,550	23,924
Minnesota	6,550	24,823
Mississippi	3,300	7,879
Missouri	9,150	19,293
Montana	30	5,127
Nebraska	100	9,876
Nevada	19,950	(4,872)
New Hampshire	1,000	7,199
New Jersey	53,200	5,158
New Mexico	2,750	5,979
New York	31,060	97,734
North Carolina	28,750	18,944
North Dakota	900	3,312
Ohio	42,600	13,498
Oklahoma	11,400	6,358
Oregon	9,950	11,412
Pennsylvania	26,000	44,541
Rhode Island	400	5,351
South Carolina	5,000	17,411
South Dakota	100	4,633
Tennessee	26,850	4,591
Texas	84,200	60,566
Utah	7,050	8,124
Vermont	0	3,300
Virginia	24,250	23,353
Washington	15,930	30,259
West Virginia	400	6,782
Wisconsin	14,400	14,600
Wyoming	0	3,222
DC	0	5,519
Total	904,090	849,544

SOURCE: Civic Economics research

SALES TAX FAIRNESS: A VICTORY FOR INDEPENDENTS

In the early years of Internet commerce, taxes on online goods and services were uncommon and rarely enforced. In many states, residents were expected to file a separate return quantifying and paying taxes on their online purchases. Unsurprisingly, few such forms were completed. Not only did this policy reduce local government revenues that support education, public safety, and transportation, it placed a thumb on the scale in favor of online purchasing wherever sales taxes exceeded the cost of shipping.

ABA began advocating for sales tax fairness as far back as 2007, and New York State acted to pass the first legislation in 2008. Even that legislation, though, allowed Amazon to escape a sizable portion of the total sales tax that would have been collected at a storefront retailer.

When the ABA and Civic Economics first teamed up to study the impact of Amazon in 2014, Amazon sales were subjected to complete sales and use tax in very few states. Those that did have a collection mechanism often collected only the state portion, excluding counties, municipalities, and special districts. By 2016, we estimated that uncollected sales taxes on Amazon retail sales reached \$4-5 billion across the fifty states and DC. In 2018, that estimate had risen to a range of \$5.5-7 billion.

But during that period, a movement took hold. Efforts towards “sales tax fairness” were not led by state and city officials, but by independent businesses across the nation, banding together to help Americans understand the burgeoning crisis. The ABA was the leading voice in the Marketplace Fairness Coalition, which sought Congressional action on the question and advocated for state action, as well.

In 2018, the Supreme Court decision in *South Dakota v. Wayfair* affirmed the ability of states to enforce sales and use tax regulations on online retailers selling into the state, with some limitations.

The fairness movement, and the regularly updated estimates of the magnitude of the problem provided by the Prime Numbers studies, led state after state to action. Today, there are few remaining holes in the patchwork of sales and use tax fairness. While smaller online retailers may still get a pass in many states, Amazon and the other big players do not.

Sales tax fairness, while not complete yet, has produced billions of dollars annually for state and local governments. Perhaps more importantly, it has taken the thumb off the scale, allowing independent businesses like booksellers to compete in a fairer marketplace.

CONCLUSION

Amazon Growth and Pandemic

As demonstrated in this and many other reports, the growth of Amazon was remarkable and consistent before Covid, but accelerated rapidly during the year-plus when Americans turned to delivery services in previously unheard-of numbers. With its established fulfillment network, many households turned to Amazon first, even for goods they may have been accustomed to purchasing from local retailers. The company moved aggressively to expand its fulfillment network at the same time as it brought in-house a greater share of final deliveries.

Amazon reports for late 2021 and early 2022, though, brought relatively good news to retailers: Amazon grew, but the rate of that growth actually slowed for the first time. Consumers did return to old habits as the easing of restrictions and fears led to a resurgence in retail spending. And alternative delivery services allowed consumers to both stay home and support local retailers at the same time. The end result, according to many analysts, may be that Amazon's overall retail growth over a multi-year period aligns with pre-Covid trends.

Amazon faces challenges internally, too. Recently announced delays in the expansion of its fulfillment network suggest that inefficiencies have crept into the system as growth in facilities outpaced growth in sales. In addition, the company faces unprecedented challenges in maintaining its workforce. Amazon's high turnover means that it effectively replaces the entire workforce every few months.

Impact on American Communities

We close with this point:

The ongoing displacement of retail activity from traditional commercial spaces to outlying industrial parks is an emerging crisis for American cities and towns.

Amazon displaced 136,000 shops occupying 1.1 billion square feet of traditional commercial space with its 2021 retail sales. Moreover, the replacement of 1.7 million retail employees with only half as many jobs in fulfillment means there are ever fewer jobs associated with retail.

American cities have been slow to grasp the challenge posed by this movement. Even now, municipalities and counties rush to subsidize Amazon facilities and construct elaborate new infrastructure to service them, even as existing infrastructure designed around traditional commercial districts loses its supporting tax base. On the local level, mayors and economic development executives routinely sign off on Amazon-authored press releases claiming the arrival of a subsidized warehouse is evidence of their city's rising role in a technology driven economy. This routine gift of limited local resources to Amazon must stop, and the availability of good information and public pressure is likely the only way.

The American Booksellers Association and Independent Business

Civic Economics thanks the American Booksellers Association for its continued investment in this initiative to track the impact of Amazon on American communities. Other Amazon studies focus on investment implications or the business implications of shifting consumer behaviors.

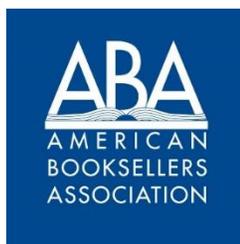
UNFULFILLED

Working with the ABA since 2014, we have built an extended record of its impact on the communities where we live, work, and shop.

Civic Economics has repeatedly quantified the economic benefits of independent, locally owned businesses across the US and abroad. This study demonstrates the remarkable impact we can have simply by choosing to shop for books with locals first, chains second, and Amazon only when all else fails. And booksellers provide even more in their communities, routinely leading local independent business efforts, promoting other local businesses, and providing a forum for important civic conversations.

This report and summary graphics will be made available *CivicEconomics.com*, along with the previous iterations of this study series.

To learn more about this study, the ABA, and Civic Economics, please visit:



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