



BRIEF

Report: E-commerce job creation outpaces brick-and-mortar contraction

By Jennifer McKeivitt • July 13, 2017

Dive Brief:

- Economist Michael Mandel of the Progressive Policy Institute finds that a decade's worth of data demonstrates not that the American economy is losing jobs to e-commerce, but gaining them at a rapid pace, creating a new middle class, The New York Times reported.
- Admitting that his analysis came as a surprise, Mandel cites that in the past decade, by his calculations, e-commerce has created 397,000 jobs U.S. jobs while retail has lost 76,000. He further notes that the e-commerce jobs pay roughly 30% more than traditional retail.
- Mandel also observes that serious discrepancies exist within current job statistics, noting that Amazon claims to employ 12,000 in Kentucky, while the Bureau of Labor Statistics records 2,640 workers in e-commerce. Yet the general warehouse industry reports 23,000 workers.

Dive Insight:


Contrary to current thinking about the death of brick-and-mortar jobs and the resulting effect on unemployment numbers, the rise in e-commerce is creating a surge in logistics positions, in which workers are needed in nearly every area: cargo transport, warehouse fulfillment and real estate, to name a few.

In fact, with Amazon Prime Day just behind us, the logistics involved provide a clear example of how employment is changing to support e-commerce. To stock the fulfillment centers in which Prime Day goods are stored, third-party logistics providers (3PLs) rushed to stuff Amazon's warehouses with all desired items in time to appear on the site as available. Afterwards, more truckers are engaged to speed next day delivery, causing demand for drivers to rise, and with it, rates.

What consumers require, and increasingly demand, is assurance, and they're willing to pay for it. Because of this requirement, and the accompanying sales premium that accompanies it, companies are making the move to increase their staffing at various potential pain points in the supply chain in order to guard against increasingly intolerable disruptions in timeline and delivery quality.

Jobs in logistics also appear when sudden disruptions occur, such as when Nintendo chose to ship 2.74 million Switch consoles by air in order to avert yet another game shortage and incur more customer dissatisfaction. Logistics staff can also increase when ocean cargo carriers suffer from industry upheaval, such as when Hanjin went bankrupt, worker strikes delay vessel loading and unloading, or even when carrier lines like Maersk suffer an unprecedented malware attack.


Recommended Reading:

 The New York Times

E-Commerce as a Jobs Engine? One Economist's Unorthodox View [View](#)

 Supply Chain Dive

Air cargo receives boost from e-commerce [View](#)

 Supply Chain Dive

Prime Day: A test-run for peak season logistics [View](#)