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"Black Boycott of Retail Sales Successful Again"

This report follows our essay on "We Made a Difference" from June of 2018 where we highlighted the extent of Black Americans' successful and elongated retail sales protest boycott in the aftermath of Michael Brown's murder in Ferguson, Missouri in 2014.[1]

In this report brief, we discuss another important retail sales boycott success. Following the murder of George Floyd and other Black American men and women during the spring of 2020, BLM protests ensued around the country. By the end of June 2020, there was a call for a retail sales boycott specifically for July 7, 2020.

To determine the extent of success with the July 7 boycott, we analyzed Retail Sales data from the U.S. Census Bureau during August, September, and October of 2020 when advance, preliminary, and revised estimates for July were released for the nation. We reflect these retail sales data in Table 1 below. Note that the boycott notice arrived late and was a one-day event only. Therefore, our analyses focus only on three categories of retails sales, which would likely be most affected by the one-day boycott: (i) Total Sales (Retail Sales and Food Services); (ii) Food and Beverage Stores; and (iii) Food Services and Drinking Places.[2] Admittedly, it was expected that the boycott effect might be difficult to identify given its one-day duration in the context of an entire month of sales activity during a Covid-19 pandemic.

Table 1.—July 2020 Results: Retail Sales and Seasonal Factors

No.	Retail Sales Component	August (Advance)	September (Preliminary)	October (Revised)
1	Percent Change: Total Sales (Retail Sales and Food Services)	1.2	0.9	1.1
2	Seasonal factors for July	1.031	1.030	1.030
3	Ten-year average (2010-2019) seasonal factor for July	1.010	1.010	1.010
4	Difference in seasonal factors (4=2-3)	0.021	0.020	0.020

[1] This report brief should be read in conjunction with the June 2018 essay.

[2] These three categories of Retail Sales are likely to be most affected by the boycott because a decision to forego purchases of food, beverages, and related products on the day of the boycott represents consumption foregone forever. On the other hand, a decision to forego the purchase of other retail items (e.g., automobiles, furniture, electronic products, etc.) on the boycott day can be purchased and consumed at other times during July.

No.	Retail Sales Component	August (Advance)	September (Preliminary)	October (Revised)
5	Percent Change: Food and Beverage Stores	0.2	0.6	0.4
6	Seasonal factors for July	1.032	1.031	1.031
7	Ten-year average (2010-2019) seasonal factor for July	1.023	1.023	1.023
8	Difference in seasonal factors (8=6-7)	0.009	0.008	0.008
9	Percent Change: Food Services and Drinking Places	5.1	4.1	4.2
10	Seasonal factors for July	1.037	1.036	1.036
11	Ten-year average (2010-2019) seasonal factor for July	1.025	1.025	1.025
12	Difference in seasonal factors (12=10-11)	0.012	0.011	0.011

Our analytical approach differs from the approach used in the June 2018 essay mentioned above in that we identify the success of the boycott by: (i) assessing deviations in seasonally adjusted sales from forecasts/expectations; (ii) considering the "Advance" to "Revised" revision pattern; and (ii) by observing deviations in seasonal factors from their ten-year averages. It is especially important to note that the Census Bureau took action to ensure that Covid-19 effects did not bleed over into seasonal factors.[3]

Let us start by noting that the Dow Jones "consensus" (forecast) was for a robust 2.3 percent increase in Total Sales during July.[4] This increase in Total Sales implied increases for most categories; including for Food and Beverage Stores and Food Services and Drinking Places. Notably, the forecast baked in consideration of the Covid-19 pandemic and the related stimulus flows. Also, our expectation was that we would be more likely to identify boycott effects in detailed subcategories (Food and Beverage Stores and Food Services and Drinking Places) than in in Total Sales because the aggregate includes categories for which a one-day boycott is likely to have minimal effects (see footnote 2).

The first (blue) panel of Table 1 shows that actual Total Sales evolved from 1.2 percent growth for the advance estimate, to 0.9 percent growth for the September preliminary estimate, to 1.1 percent growth for the October revised estimate. This failure to meet the 2.3 percent growth expectation, and the deceleration in growth reflected in the revision pattern implicates potential boycott effects. Also, the actual seasonal factor is revised down slightly for the preliminary estimate indicating that, in the seasonal adjustment process, July represents less robust growth for the year than initially estimated. Admittedly, while other factors, including the Covid-19 pandemic, are at play, one cannot rule out a boycott effect. Given these outcomes for Total Sales, it is reasonable to expect to observe similar outcomes for the two subcategories of sales that are considered here.

[3] See the related F.A.Q. for Census Bureau Monthly Retail Sales data that discusses estimation of seasonal factors. https://www.census.gov/retail/marts/www/covid19retailseptemberfaq.pdf; retrieved October 16, 2020.
[4] See Jeff Cox (2020). "Americans Keep Buying Stuff Despite the Pandemic – Retail Sales Rise for a Third Straight Month." CNBC, August 14th. https://www.cnbc.com/2020/08/14/retail-sales-july-2020.html; retrieved August 15, 2020.

The second (green) panel of Table 1 shows retail sales data for Food and Beverage Stores. Sales for this subcategory rise 0.2 percent for the advance estimate, accelerates to 0.6 percent for the preliminary estimate, then decelerates to 0.4 percent for the revised estimate. Generally, this subcategory reflects growth that is not robust. However, because we do not have a forecast for the subcategory, it is difficult to determine whether it underperforms, and whether there is a likely boycott effect. The seasonal factors (the actual seasonal factor and the related difference from the ten-year average), however, are revised down over the period indicating the decreasing importance of July as a high-growth month in the seasonal adjustment process. This infers a potential boycott effect—among other factors.

The third (orange) and final panel of Table 1 shows results for Food Services and Drinking Places. Growth is seemingly robust, but it reflects a sizeable downward revision from 5.1 percent growth for the advance estimate, to 4.1 percent growth for the preliminary estimate, then shows a slight acceleration to 4.2 percent growth for the revised estimate. Again, because we do not have a forecast for this subcategory, we cannot determine whether even with this seemingly robust growth it underperforms as a result of a boycott effect or other factors. However, the pattern of revisions from the advance to the revised estimate implies that, to the extent that there was a boycott effect, a potential boycott effect is confirmed increasingly as more information became available about sales for July. The slight downward revision to the seasonal factor and the related difference from the ten-year average also indicates that the seasonal adjustment process identifies July as a less high-growth month for the year—possibly reflecting the impact of a boycott effect.

In other words, July 2020 growth in Total Sales (Retail Sales and Food Services) and for two of its important subcategories (Food and Beverage Stores and Food Services and Drinking Places) was considerably weaker than expected, potentially reflecting a BLM boycott effect. We come to this conclusion based on underperformance of growth (compared to a consensus forecast) for the overall aggregate and because of downward revisions to both sales and to related seasonal factors as more information about sales for July became available.[5] While we conclude that a boycott effect is apparent in the data, the magnitude of the impact cannot be estimated precisely.

However, if we take the difference in the actual seasonal factors and their ten-year averages as at least a partial indicator of the boycott effect for Food and Beverage Stores and for Food Services and Drinking places, then we derive a potential $1.1 billion impact. We do not estimate the boycott effect on Total Sales directly because too many other industries and factors are at play.

Importantly, given these results and the results of our June 2018 essay, it seems logical that boycotts serve as an effective tool for redistributing economic pain in response to social injustices. And, if a short-notice boycott with a one-day duration can produce these results, then more well-planned and targeted boycotts can have even more powerful effects that may help produce social change that is being demanded by Black Americans.

B.B. Robinson
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[5] The likely boycott effect may be made more transparent when the Census Bureau revises retail sales statistics for 2020 during the spring of 2021.