

Distributional Impacts of the Changing Retail Landscape

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Abstract

Countering the prevailing narrative of a "retail apocalypse," we demonstrate expansion of the general merchandise sector from 2010 to 2019 period, driven predominantly by the growth of dollar and discount department stores. Using geolocation data from millions of smartphones, we estimate preferences for specific, identified chains across income groups and geographies. We introduce a novel instrument to address endogeneity of the distance between consumers and retail establishments. We estimate that welfare per trip to general merchandise stores has not substantially declined over time. While consumers have been made worse off from the decline in smaller regional chains, they have benefited.