

## Report on the Study of Retail Video Media, Audio Media and Book Stores

Excerpt from the WCIRB Classification and Rating Committee Minutes  
April 25, 2017

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# **Classification Study — Retail Video Media, Audio Media and Book Stores**

**8070, Stores – video media – retail**

**8071, Stores – books – retail**

**8017(1), Stores – retail – N.O.C.**

## **Executive Summary**

### **Objective**

The reported exposure in Classification 8070, *Stores – video media – retail*, has been rapidly declining and the classification no longer develops sufficient data to produce a statistically credible advisory pure premium rate. As a result, the WCIRB studied this classification to determine whether it should be eliminated and its constituents reassigned to one or more existing classifications. Additionally, while Classification 8071, *Stores – books – retail*, is currently marginally credible, its credibility has also been rapidly decreasing with evolving practices in that industry. This study reviews whether Classifications 8070 and 8071 have sufficiently similar operations to be combined, or whether one or both of these classifications should be combined with similar recorded audio media retail store operations that are currently assignable to Classification 8017(1), *Stores – retail – N.O.C.*

### **Findings**

Based on its review, the WCIRB determined:

1. There is insufficient payroll and loss data reported under Classification 8070 to generate a fully credible pure premium rate and the volume of data continues to diminish.
2. The employers currently assignable to Classification 8070 are similar in operation, hazard, pay scale, size and type of goods handled to those assignable to Classification 8071, *Stores – books – retail*.
3. Employers engaged in the retail sale of recorded audio media that are currently assigned to Classification 8017(1) are similar in operation, hazard, pay scale, size and type of goods handled to those employers assignable to Classifications 8070 and 8071.

### **Recommendations**

The WCIRB recommends:

1. Eliminating Classification 8070, *Stores – video media – retail*, and reassign its constituents to Classification 8071, *Stores – books – retail*.
2. Reassigning the operations of recorded audio media retail stores from Classification 8017(1), *Stores – retail – N.O.C.*, to Classification 8071, *Stores – books – retail*.
3. Amending Classification 8071, *Stores – books – retail*, to specify that it applies to the retail sale or rental of books, video media and recorded audio media. The WCIRB also recommends amending Classification 8071 to remove its current requirements that (a) the sale of books and magazines equals or exceeds 75% of gross receipts and (b) not less than 75% of the square footage devoted to the display and sale of merchandise is dedicated to specified merchandise.

## Introduction

Pursuant to the WCIRB's practice of reviewing classifications that do not develop sufficient data to produce statistically credible advisory pure premium rates, Classification 8070, *Stores – video media – retail*, was studied to determine whether it should be eliminated and its constituents reassigned to an existing classification. Classifications 8071, *Stores – books – retail*, and 8017(1), *Stores – retail – N.O.C.*, were reviewed as potential existing classifications for the reassignment.

## Classification History

Appendix II contains a chronological history of Classifications 8070, 8071 and 8017(1).

## Description of Operations

Classification 8070, *Stores – video media – retail*, applies to retail store locations at which the rental and sale of video media, including but not limited to digital video discs (DVDs) and console video games, equals or exceeds 75% of gross receipts. Classification 8070 was intended to apply to stores specializing in the rental or sale of video media for personal use. At the time of its creation in 1991, Classification 8070 constituted an identifiable, homogenous and statistically credible constituency with over 5,000 video media rental store locations in California. Prior to the establishment of this classification, the rental and sale of video media was assigned to Classification 8017(1), *Stores – retail – N.O.C.*<sup>1</sup> Classification 8017(1) was established in 1915 to apply to stores that were not specifically described by any other store classification. Currently, Classification 8017(1) retains the same description.

For video media rental employers assigned to Classification 8070, typical operations involve the receipt and display of available movie titles within the store area for customer selection. Following the selection, employees draw up rental agreements and prepare tapes, discs or other media for customer carry-out. Rental fees are generally assessed on a per-day basis and are paid at the time of rental or upon return. Many stores also maintain “drop-off” slots to enable customers to return rented media during nonbusiness hours. In many cases additional merchandise such as video cables, video storage products and snack foods are also sold, and this additional merchandise constitutes less than 25% of gross receipts. It is common for video stores to also sell some amount of books or magazines. Some employers in this classification do not operate walk-in locations, but instead ship or mail the rental media to customers and customers ship or mail the media back to the store.

Classification 8071, *Stores – books – retail*, was established on January 1, 1992 after the Classification and Rating Committee reviewed the classification assignment applicable to the sale of books and magazines to customers. Classification 8071 applies to each separate store location at which the sale of books and magazines equals or exceeds 75% of gross receipts and not less than 75% of the square footage devoted to the display and sale of merchandise is dedicated to books and magazines.

For retail bookstore employers assigned to Classification 8071, typical operations involve the receipt of hardback and paperback books, books on audio tape and magazines from suppliers. These items are arranged on display shelves by subject matter. Store employees assist customers in locating books, accept payment for purchases, issue receipts and place merchandise into bags. Store employees will also take inventory of books and place new orders for merchandise with suppliers. In many cases additional merchandise, such as writing supplies, puzzles, decorative products and snacks and beverages, are also sold, and this merchandise constitutes less than 25% of gross receipts. It is common for book stores to also sell some amount of recorded audio or video media.

Classification 8017(1), *Stores – retail – N.O.C.*, was established to apply to stores that were not specifically described by any other store classification. This classification includes retail stores that sell records, CDs and other forms of recorded audio media. These stores also typically sell a variety of other merchandise, including magazines, books and video media such as DVDs and video games.

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<sup>1</sup> N.O.C. is an abbreviation of *not otherwise classified*. No classification so qualified shall be assigned in any case where another classification more accurately describes the enterprise or where the language of any classification so qualified prescribes other treatment. USRP, Part 3, Section II, *Classification Terminology*, Rule 17, N.O.C.

For recorded audio media retail store employers assigned to Classification 8017(1), typical operations involve the receipt of recorded audio media, including but not limited to records and CDs, as well as video media and books. Individual items are inventoried, labeled, priced, cataloged by genre, alphabetized and stocked on the display floor. Store employees greet walk-in customers, assist them in their audio media selections, answer their questions, quote prices, ring up sales and bag purchased items. At some stores, employees purchase used audio media from consumers to be resold within the store. In many cases additional merchandise such as clothing, wall decorations, decorative products, musical instrument accessories and audio equipment are also sold. It is common for recorded audio media stores to also sell some amount of books or video media.

### **Classification Analysis**

Over the last decade, the video media rental store industry has seen a dramatic reduction in the number of employers and reported payroll and loss data. While walk-in video rental stores were initially very popular, several alternatives to this traditional model emerged that caused consolidation within the industry. Companies such as Netflix, Amazon and GameFly began to offer an internet-based, flat-fee, unlimited rental service that delivered video media titles via standard mail on a monthly subscription basis. Additionally, the development of new technology, including automated retail kiosks such as those used by Redbox, has created an inexpensive and convenient alternative for direct video media rental and reduced the need for physical brick-and-mortar retail video media rental locations. These automated retail kiosks are now very common and can be found in various locations, including convenience stores, fast food restaurants, grocery stores, mass retailers and pharmacies. Further, increased internet connectivity speeds, primarily via high-speed broadband internet, have allowed video media to be accessed digitally and streamed in real time or “on demand” without the need for physical video media. Currently, few walk-in video media rental stores remain in operation.

In considering whether employers currently assigned to Classification 8070 should be reassigned to Classification 8071, *Stores – books – retail*, the WCIRB reviewed and compared the operations of video media rental stores and retail book stores. The retail sales environments, pay scale of employees and size and weight of merchandise handled are fundamentally similar between the two types of stores. Additionally, many of these stores engage in both the sale of books and magazines and the sale or rental of video media.

Retail stores that sell recorded audio media, including phonograph records and compact discs (CDs), have never been reviewed for the purpose of establishing a unique classification; these stores have been assigned to 8017(1), *Stores – retail – N.O.C.* However, the retail sales environments, pay scale of employees and size and weight of merchandise handled at retail recorded audio media stores that sell records, CDs and other types of recorded audio media are fundamentally similar to those of book stores and video media stores.

Many retailers sell or rent some combination of books, video media and recorded audio media within the same store. These employers are often classified as 8017(1) because they do not meet the sales percentage requirements for either Classification 8070 (the rental or sale of video media exceeds 75% of gross receipts) or Classification 8071 (the sale of books and magazines equals or exceeds 75% of gross receipts). However, some employers would meet a sales requirement of 75% of gross receipts if the sales of books, video media and audio media were combined.

The sales requirements found in Classifications 8070 and 8071 predate<sup>2</sup> the sales requirements found in the current Special Industry Classification Procedures for *Stores*. The current classification procedures state that “*the store classification shall be determined based on the highest rated category of merchandise sold, provided that category exceeds twenty-five percent (25%) of gross receipts.*”<sup>3</sup> The requirement that 75% of gross receipts come from a single type of merchandise was appropriate when Classifications 8070 and 8071 were established as no other requirements existed and these classifications were intended to apply to employers that specialize in the sale of a single type of

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<sup>2</sup> See Appendix II for chronological summarized history of Classifications 8070, 8071 and 8017(1).

<sup>3</sup> USRP, Section IV, *Special Industry Classification Procedures*, Rule 6, *Stores*, subrule b(1), *Type of Merchandise Sold*.

merchandise. However, the application of the 25% provision in the Special Industry Classification Procedures for *Stores* would achieve similar classification assignment outcomes.

Classification 8071 is the only *Stores* Industry Group classification with a requirement that not less than 75% of the square footage devoted to the display and sale of merchandise be dedicated to specified merchandise (books and magazines). Most *Stores* Industry Group classification assignments are determined based upon the type of merchandise sold, leased, consigned or auctioned and whether the operations are wholesale or retail, except for specific examples such as convenience or department stores that have some additional requirements. The WCIRB does not believe that it is necessary to maintain a square footage percentage requirement for 8071 as it may complicate the administration of the classification, is inconsistent with most *Stores* Industry Group classifications, and the 25% of gross receipts requirement is sufficient to ensure that stores that sell multiple types of merchandise are appropriately assigned.

### Statistical Analysis

To determine whether Classification 8070 should be combined with Classification 8071, and select employers in Classification 8017(1) should be combined with Classification 8071, the WCIRB compared the average loss to payroll ratios for Classification 8070 to Classification 8071 and Classification 8017 independently.

Table 1 presents the Classification Relativity data for Classification 8070 at the policy year 2017 level<sup>4</sup>:

**Table 1: Classification 8070  
Classification Relativity Data at Policy Year 2017 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2009	118,086,562	660,873	0.560
2010	80,955,651	720,363	0.890
2011	47,270,458	1,614,087	3.415
2012	30,527,449	1,312,340	4.299
2013	19,744,970	733,682	3.716
Total	296,585,090	5,041,346	

Five-Year Average Loss to Payroll Ratio 1.700  
Selected (Unlimited) Loss to Payroll Ratio 2.096

Credibility <sup>5</sup>	
Indemnity	Medical
0.52	0.50

Table 1 shows that the total payroll per year has diminished significantly between 2009 and 2013 for employers assigned to Classification 8070. The data is also only marginally credible at 52% credibility for indemnity and 50% credibility for medical with future credibilities expected to decline further with diminishing exposure in this classification.

<sup>4</sup> The Classification Relativities used in this study are from statewide ratemaking data from the January 1, 2017 Regulatory Filing.

<sup>5</sup> The relativity for each classification in the upcoming policy year is determined based on a comparison of that classification's actual losses per \$100 of payroll and the ratio of losses per \$100 of payroll underlying the current pure premium rate. The "credibilities" assigned to a classification are the statistical weights assigned to that classification's experience as a predictor of future claim experience relative to the loss per \$100 of payroll underlying the classification's current pure premium rate. The predictability or credibilities assigned to a classification's recent historical experience depends on the volume of indemnity and medical claims incurred during the experience period. The WCIRB strives to have classifications that are fully, or 100%, statistically credible based on historical experience over five or fewer years, which means that the classification's relativity in the upcoming policy year can be best estimated using only the loss per \$100 of payroll experience from the latest two-, three-, four- or five-year periods. The WCIRB generally will not recommend the establishment of a new classification if the credibility factors are less than one-half (< 0.50).

Table 2 presents the Classification Relativities data for employers assigned to Classification 8071 at policy year 2017 level. As shown, while Classification 8071 is somewhat more credible than Classification 8070, it has also seen a significant decline in reported payroll between 2009 and 2013. The loss to payroll ratio for Classification 8071 is somewhat lower than for Classification 8070.

**Table 2: Classification 8071**  
**Classification Relativity Data at Policy Year 2017 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2009	192,728,314	2,203,107	1.143
2010	188,571,069	1,118,066	0.593
2011	196,310,014	1,453,414	0.740
2012	135,377,259	1,460,300	1.079
2013	132,256,462	1,178,537	0.891
Total	845,243,118	7,413,423	

Five-Year Average Loss to Payroll Ratio 0.877  
Selected (Unlimited) Loss to Payroll Ratio 1.129

Credibility	
Indemnity	Medical
0.64	0.61

Table 3 presents the Classification Relativity data for employers assigned to Classification 8017 at policy year 2017 level:

**Table 3: Classification 8017**  
**Classification Relativity Data at Policy Year 2017 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2012	10,856,132,615	248,778,733	2.292
2013	11,035,282,830	262,559,611	2.379
Total	21,891,415,445	511,338,344	

Two-Year Average Loss to Payroll Ratio 2.336  
Selected (Unlimited) Loss to Payroll Ratio 2.971

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 3, the Loss to Payroll Ratio for all employers currently assigned to Classification 8017 is higher than the Loss to Payroll Ratio for both Classification 8070 and Classification 8071. This data is fully credible with two years of experience.

The WCIRB identified approximately 50 employers currently assigned to Classification 8017 that sell recorded audio media such as records and CDs. The loss and payroll experience for this group is shown below in Table 4 at the policy year 2017 level:

**Table 4: Based on Selected 8017 Employers (Recorded Audio Media Stores)  
Classification Relativity Data at Policy Year 2017 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2009	15,593,750	257,497	1.651
2010	13,044,191	1,347	0.010
2011	13,096,981	161,705	1.235
2012	12,708,516	31,151	0.245
2013	13,809,734	84,348	0.611
Total	68,253,172	536,047	

Five-Year Average Loss to Payroll Ratio 0.785

Credibility	
Indemnity	Medical
0.33	0.33

Table 4 demonstrates that the Loss to Payroll Ratio for selected 8017 employers (stores that sell recorded audio media) currently assigned to Classification 8017 is significantly lower (66%) than the Loss to Payroll Ratio for all employers currently assigned to Classification 8017 and is generally consistent with the loss to payroll ratio for Classification 8071. This data is also not credible at 33% indemnity and 33% medical.

Given the similarity in operations, as well as the loss to payroll ratios for Classifications 8070 and 8071 and selected 8017 employers are significantly below that of Classification 8017, the WCIRB considered combining Classifications 8070 and 8071 with the selected 8017 employers that have been identified as operating stores that sell recorded audio media. Table 5 presents the Classification Relativity data for employers currently assigned to Classifications 8070 and 8071 and the selected 8017 employers that have been identified as operating stores that sell recorded audio media at the policy year 2017 level:

**Table 5: Based on Reconstituted Classification 8071  
(Classification 8070 and 8071 and selected 8017 employers)  
Classification Relativity Data at Policy Year 2017 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2009	326,408,626	3,175,942	0.973
2010	282,570,911	1,932,479	0.684
2011	256,677,453	3,389,309	1.320
2012	178,613,224	2,771,178	1.551
2013	165,811,166	1,983,198	1.196
Total	1,210,081,380	13,252,107	

Five-Year Average Loss to Payroll Ratio 1.095  
Selected (Unlimited) Loss to Payroll Ratio 1.332

Credibility	
Indemnity	Medical
0.74	0.71

As shown in Table 5, the Loss to Payroll Ratio for employers assigned to Classifications 8070 and 8071 and the selected 8017 employers is 53% lower than the Loss to Payroll Ratio for all employers currently assigned to Classification 8017. This grouping of employers has modest statistical credibility with 74% credibility for indemnity and 71% credibility for medical.

### Impact Analysis

Table 6 depicts the impact on affected policyholders in Classification 8070 if the data currently assigned to Classification 8070 and selected 8017 employers that have been identified as operating stores that sell recorded audio media are reassigned to Classification 8071. As shown in Table 6, the indicated Classification Relativity for the combined Classification 8070, Classification 8071 and selected 8017 employers (recorded audio media stores) is 36% lower than the indicated relativity for Classification 8070.

**Table 6: Comparison of Selected (Unlimited) Loss to Payroll Ratios at Policy Year 2017 Level 8070, 8071 and selected 8017 employers (recorded audio media stores) vs. 8070**

Classification 8070	Classification 8070, 8071 and selected 8017 Combined	Difference
2.096	1.332	-0.764 (-36.45%)

Table 7 depicts the impact on affected policyholders in Classification 8071 if the data currently assigned to Classification 8070 and selected 8017 employers (recorded audio media stores) are reassigned to Classification 8071. As shown in Table 7, the indicated Classification Relativity for the combined Classification 8070, Classification 8071 and selected 8017 employers (recorded audio media stores) is approximately 18% higher than the indicated relativity of Classification 8071.

**Table 7: Comparison of Selected (Unlimited) Loss to Payroll Ratios at Policy Year 2017 Level 8070, 8071 and selected 8017 employers (recorded audio media stores) Combined vs. 8071**

Classification 8071	Classification 8070, 8071 and selected 8017 Combined	Difference
1.129	1.332	+0.203 (+17.98%)

Table 8 depicts the impact on affected policyholders in Classification 8017 if the data currently assigned to Classification 8070 and selected 8017 employers (recorded audio media stores) are reassigned to Classification 8071. As shown in Table 8, the indicated impact for the combined Classification 8070, Classification 8071 and selected 8017 employers is approximately 55% less than the indicated relativity of Classification 8017.<sup>6</sup>

**Table 8: Comparison of Selected (Unlimited) Loss to Payroll Ratios at Policy Year 2017 Level 8070, 8071 and selected 8017 employers (recorded audio media stores) vs. all 8017**

Classification 8017	Classification 8070, 8071 and selected 8017 Combined	Difference
2.971	1.332	-1.639 (-55.17%)

<sup>6</sup> The impact of removing these employers from the 8017 Classification Relativity computation is insignificant. See Appendix I.

## Findings

The video media rental industry has changed significantly since Classification 8070 was established in 1991. Very few video media rental stores are still in operation and this decrease is likely to continue. Most of the remaining walk-in rental stores are typically small and privately owned, with a few larger employers operating rent-by-mail stores. The operations currently assigned to Classification 8070 are fundamentally similar to those currently assigned to Classification 8071 with respect to the retail sales environments, pay scale of employees and size and weight of merchandise handled. Many stores sell books and magazines and also rent or sell video media at the same location.

In addition to being similar to each other, the operations currently assigned to Classifications 8070 and 8071 are also fundamentally similar to those of retail recorded audio media stores, currently assigned to Classification 8017(1), that sell records, CDs and other types of recorded audio media. Many of the stores now assigned to Classification 8017(1) sell or rent some combination of books, video media and recorded audio media at the same store location.

Classification 8071's existing restriction, limiting its application to stores where not less than 75% of the square footage devoted to the display and sale of merchandise is dedicated to books and magazines, is an unnecessary complication when administering this classification. Most other *Stores* Industry classification assignments are determined based upon the type of merchandise sold, leased, consigned or auctioned and whether the operations are wholesale or retail.

In addition to the square footage percentage requirement, Classification 8071 also contains a requirement that the sale of books and magazines equals or exceeds 75% of gross receipts. Classification 8070 contains the same gross receipt requirement for the sale or rental of video media. The gross receipt and square footage percentage requirements predate the current Special Industry Classification Procedures for *Stores*, which state in part, that "... *the store classification shall be determined based on the highest rated category of merchandise sold, provided that category exceeds twenty-five percent (25%) of gross receipts.*" While the 75% of gross receipts and square footage requirements were appropriate when classifying specialty employers that predominantly sell a single type of merchandise, the continued use of these requirements is no longer necessary as the 25% provision in the Special Industry Classification Procedures for *Stores* will result in similar classification assignments. The removal of these requirements will also align the revised Classification 8071 with most other *Stores* classifications.

## Recommendations

The WCIRB recommends:

1. Eliminating Classification 8070, *Stores – video media – retail*, and assigning these operations to Classification 8071, *Stores – books – retail*.
2. Amending Classification 8071 to include video media rental stores and recorded audio media stores as Classification 8071, *Stores – books, video media and audio media – retail*.
3. Removing the restrictions in Classification 8071 that require that (a) the sale of specific merchandise equals or exceeds 75% of gross receipts and (b) not less than 75% of the square footage be devoted to the display and sale of specific merchandise.

## Appendix I – Additional Data Summaries

Table I depicts the impact on affected policyholders in Classification 8017 if the data currently assigned to selected 8017 employers (recorded audio media stores) is removed from Classification 8017.

**Table I: New Classification 8017  
(Without selected 8017 employers (recorded audio media stores))  
Classification Relativity Data at Policy Year 2017 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2012	10,843,424,099	248,747,583	2.294
2013	11,021,473,096	262,475,263	2.381
Total	21,864,897,195	511,222,845	

Two-Year Average Loss to Payroll Ratio      2.338  
Selected (Unlimited) Loss to Payroll Ratio      2.974

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table I, the Loss to Payroll Ratio for Classification 8017 when selected employers in Classification 8017 are removed is only marginally higher (0.1%) than the Loss to Payroll Ratio for all employers currently assigned to Classification 8017. The Selected (Unlimited) Loss to Payroll Ratio of 2.974 compares to 2.971 for Classification 8017 as a whole. This data remains fully credible in two years.

## Appendix II – Classification History

### Classification 8070

- **1991:** Classification 8070, *Stores – videotape – rental or sale – retail*, was established as part of the review of a trade association's request to establish a new classification for retail store locations that specialize in the rental or sale of video media, including but not limited to video cassette movies, blank video tapes, or video game software to consumers for personal use.
- **2004:** A study of Classification 8070 was performed in which the classification was amended to require that video rental stores develop at least 25% of gross receipts in the rental of video media. This was to ensure that significant rental operations, which have historically differentiated Classification 8070 from other retail store classifications, are a qualifying factor for the assignment.
- **2016:** Classification 8070 was amended as part of the multi-year USRP enhancement project to clarify their intended applications and provide direction as to how related operations shall be classified.

### Classification 8071

- **1992:** Classification 8071, *Stores – books – retail*, was established as part of the review of a trade association's request to establish a new classification for retail store locations that specialize in the sale of hardback and paperback books, books on audio tape, and magazines to consumers for personal use.
- **2015:** Classification 8071 was amended as part of the multi-year USRP enhancement project to clarify their intended applications and provide direction as to how related operations shall be classified.

### Classification 8017(1)

- **1915:** Originally intended to apply to stores that were not specifically described by any other store classification.
- Numerous reviews and amendments were performed, however, none were relevant to this study.
- **2000:** Review of *Stores Special Industry Classification Procedures* performed to update percentage of sales requirements stating “*the store classification shall be determined based on the highest rated category of merchandise sold, provided that category exceeds twenty-five percent (25%)*”
- **2016:** Classification 8017(1) was amended as part of the multi-year USRP enhancement project to clarify their intended applications and provide direction as to how related operations shall be classified.

## Recommendation

Eliminate Classification 8070, *Stores – video media*, which is part of the *Stores* Industry Group, as this classification has rapidly diminishing statistical credibility, and reassign its constituents to Classification 8071, *Stores – books*.

## PROPOSED

### STORES

#### ~~STORES – video media – retail~~

~~8070~~

~~This classification applies to each separate store location at which the rental or sale of video media, including but not limited to digital video discs and console video games equals or exceeds 75% of gross receipts.~~

~~This classification also applies to the mail order rental of video media.~~

~~The sale or rental of video media by use of vending machines shall be classified as 5192, *Vending or Coin-Operated Machines*.~~

\* \* \* \* \*

## Recommendation

Amend Classification 8071, *Stores – books*, which is part of the *Stores* Industry Group, to include stores that sell or rent new or used video media and recorded audio media, and to remove the requirements regarding gross receipts and square footage.

## PROPOSED

### STORES

#### STORES – books, video media or recorded audio media – retail

**8071**

This classification applies to each separate stores location at which engaged in the sale or rental of new or used books and/or magazines equals or exceeds 75% of the gross receipts and not less than 75% of the square footage devoted to the display and sale of merchandise is dedicated to books and magazines; video media, including but not limited to digital video discs (DVDs); and video games or recorded audio media, including but not limited to records, compact discs (CDs) and other formats of recorded and audio media.

This classification also applies to the mail order sale or rental of books, magazines, video media or recorded audio media.

The sale or rental of merchandise by use of vending machines shall be classified as 5192, *Vending or Coin-Operated Machines*.

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**Recommendation**

Amend Section VIII, *Abbreviated Classifications – Numeric Listing*, for consistency.

PROPOSED

**Section VIII – Abbreviated Classifications – Numeric Listing**

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- 8070      ~~Stores–video media–retail~~
- 8071      ~~Stores–books~~/video/audio~~–retail~~
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