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ECONOMICS AND STATISTICS ADMINISTRATION
U.S. CENSUS BUREAU

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RETAIL E-COMMERCE SALES FOR THE FOURTH QUARTER 1999 REACH $5.3 BILLION, CENSUS BUREAU REPORTS

The Census Bureau of the Department of Commerce announced today that the estimate of U.S. retail E-commerce sales for the fourth quarter 1999 (October through December) was $5.3 billion (±$0.3 billion). E-commerce sales accounted for 0.64 percent (±0.05%) of the total retail sales estimate which was $821.2 billion (±$6.2 billion) for the quarter. These estimates are not adjusted for seasonal variations, holiday, or trading-day differences.

This is the first official U.S. government estimate of retail E-commerce sales. E-commerce sales are sales of goods and services over the Internet, an extranet, Electronic Data Interchange (EDI), or other online system. Payment may or may not be made online.

Retail E-commerce sales are estimated from the same sample used to estimate U.S. retail sales in the Monthly Retail Trade Survey (MRTS). In the MRTS:

- A stratified simple random sampling method is used to select over 12,000 retail firms whose sales are then weighted and benchmarked to represent the complete universe of over two million retail firms;
- Retail firms include businesses, such as building materials dealers, new car dealers, furniture stores, mail order and online retailers, eating and drinking places, grocery stores, department stores, and apparel stores, selling merchandise for personal and household consumption. Online travel services, financial brokers and dealers, and ticket sales agencies are not retail and are not included in either the total retail or retail E-commerce sales estimates; and
- Retail E-commerce sales, while not previously identified separately, continue to be included in the total monthly sales estimates.

The Census Bureau plans to release quarterly retail E-commerce sales. The next scheduled release for first quarter 2000 will be in May.

The Census Bureau has an ambitious E-commerce measurement plan. In addition to quarterly retail E-commerce sales, the Census Bureau will collect E-commerce data in the 1999 annual surveys of manufacturing; wholesale trade; retail trade; food services and accommodations; and information, transportation, business, professional, and personal services. For additional information about Census Bureau E-business measurement programs and plans visit http://www.census.gov/epcd/www/ebusines.htm.

E-commerce retail sales data and frequently asked questions (FAQ's) about E-commerce sales are available on the Census website at http://www.census.gov/mrts/www/mrts.html.

Explanatory Notes

Retail E-commerce sales are estimated from the same sample used in the Monthly Retail Trade Survey (MRTS) to estimate preliminary and final U.S. retail sales. Advance U.S. retail sales are estimated from a subsample of the MRTS sample. The MRTS sample is probability based and represents all employer firms engaged in retail activities as defined by the current Standard Industrial Classification (SIC) Manual. Coverage includes both retailers selling by traditional means plus via the Internet and those selling exclusively via the Internet, an extranet, EDI, or other online system. The E-commerce sales estimate does not include online revenues generated from firms primarily engaged in activities not classified as retail in the SIC manual, such as travel services, financial brokerages, and ticket sales agencies.

The MRTS sample is updated on an ongoing basis to account for new retail employer businesses (including those selling via the Internet) and other changes to the retail business universe. Research was conducted to ensure that retail firms selected in the MRTS sample and engaged in E-commerce are representative of the universe of E-commerce retailers.

Beginning with the October 1999 data month, firms were asked to report E-commerce sales separately in the MRTS. E-commerce sales previously had been included in the total sales reported by a firm. Prior to the October 1999 data month, sampling units were screened to determine if they had E-commerce sales or planned to have them before the end of the year. Sampling units that responded positively to the screener were asked to report their E-commerce sales. Response to the screener, kind of business, and sales size were used to categorize sampling units for imputation purposes. For each month of the quarter, data for nonresponding sampling units were imputed from responding sampling units falling within the same kind of business and sales size category. Approximately 20 percent of the E-commerce sales estimate was imputed. Imputed total retail sales data accounted for approximately 26 percent of the estimate of all retail sales for the quarter.

For each month of the quarter, estimates were obtained by aggregating weighted sales (either reported or imputed) for each month of the quarter. The monthly estimates were benchmarked to prior annual survey estimates. Estimates for the quarter were obtained by summing the monthly benchmarked estimates. In this computation, the estimate for the month of December is a preliminary estimate. Therefore, the quarter is subject to revision.

The margin of error for the total retail E-commerce sales estimate of $5.292 billion is approximately $0.258 billion, giving a range of $5.034 billion to $5.550 billion. This range estimate is computed based on the particular sample selected and canvassed. If we had repeated the process to draw all possible samples and form all corresponding range estimates, approximately 90 percent of these range estimates would have contained the true E-commerce sales figure.

Estimates in this report are based on a sample, and therefore, are subject to sampling and nonsampling error. A general discussion of the estimates and survey methodology appears in BR/98-A Current Business Reports and on the Internet at: http://www.census.gov/mrts/www/mrts.html.

The U.S. Census Bureau, pre-eminent collector and disseminator of timely, relevant, and quality data about the people and the economy of the United States, conducts a population and housing census every 10 years, an economic census every five years, and more than 100 demographic and economic surveys every year, all of them evolving from the first census in 1790.