

Contacts: Nancy Piesto *Survey Processing* (301) 457-2706 (Census)
Carol King *Survey Methodology* (301) 457-2675 (Census)
Electronic inquiries: retail.trade@census.gov

For Release 10:00 A.M. EDT
Thursday, August 30, 2001
CB01-141

SPECIAL NOTICE: The retail e-commerce data in this report are based on a new sample of retailers that uses the North American Industry Classification System (NAICS) in place of the Standard Industry Classification (SIC) system. The retail e-commerce sales prior to first quarter 2001 were restated on a NAICS basis beginning with fourth quarter 1999. Total retail sales were previously restated on June 1, 2001. NAICS introduces significant changes to the composition of the Retail Trade Sector. See **Explanatory Notes** for information regarding survey methodology and NAICS implementation.

RETAIL E-COMMERCE SALES IN SECOND QUARTER 2001 WERE \$7.5 BILLION, UP 24.7 PERCENT FROM SECOND QUARTER 2000, 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 second quarter of 2001, not adjusted for seasonal, holiday, and trading-day differences, was \$7.458 billion, an increase of 24.7 percent (± 3.4) from second quarter 2000. Total retail sales for second quarter 2001 were estimated at \$807.5 billion, an increase of 3.8 percent (± 0.5) from the same period a year ago.

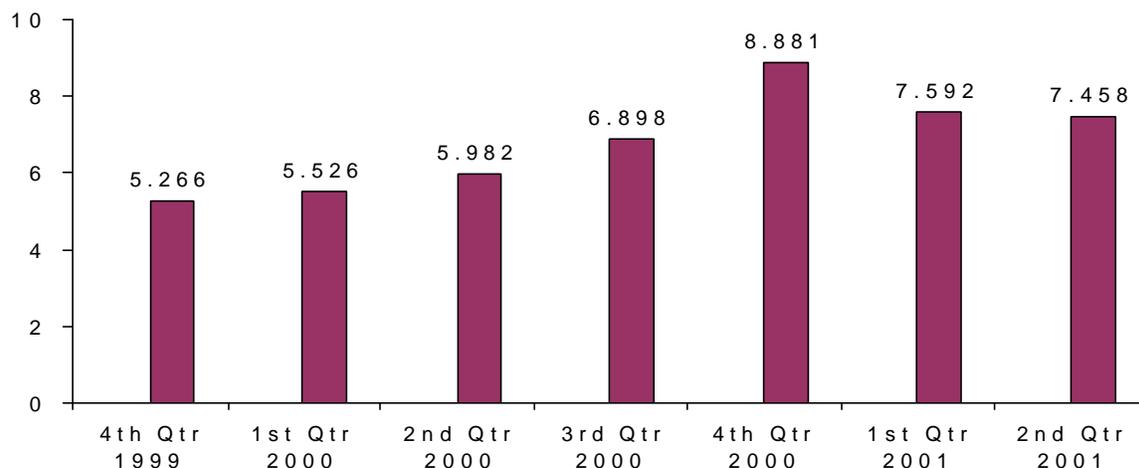
The second quarter 2001 e-commerce estimate decreased 1.8 percent (± 2.4) from the first quarter of 2001 while total retail sales were up 10.8 percent (± 0.3) from the prior quarter.

E-commerce sales in the second quarter of 2001 accounted for 0.9 percent of total sales. In the first quarter 2000 e-commerce sales were 1.0 percent of total sales. E-commerce sales were 0.8 percent of total sales in second quarter 2000.

**Estimated Quarterly U.S. Retail E-commerce Sales:
4th Quarter 1999 – 2nd Quarter 2001**

(Data not adjusted for seasonal, holiday and trading-day differences)

Billions of dollars



The retail e-commerce sales estimate for the third quarter of 2001 is scheduled for release in November 2001.

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>. For additional information about Census Bureau e-business measurement programs and plans visit <http://www.census.gov/estats>.

Table 1. Estimated Quarterly U.S. Retail Sales¹: Total and E-commerce

(Data in millions of dollars. Not adjusted for seasonal, holiday and trading-day differences.)

Period	Retail Sales ¹		E-commerce as a Percent of Total Sales	Quarter-to-Quarter Percent Change		Year-to-Year Percent Change	
	Total	E-commerce ²		Total Sales	E-commerce Sales	Total Sales	E-commerce Sales
1999 4 th Quarter	785,869	5,266	0.67	8.6	(NA)	9.2	(NA)
2000 1 st Quarter	714,425	5,526	0.77	-9.1	4.9	12.0	(NA)
2 nd Quarter	777,819	5,982	0.77	8.9	8.3	8.6	(NA)
3 rd Quarter	772,796	6,898	0.89	0.6	15.3	6.8	(NA)
4 th Quarter	817,715	8,881	1.09	5.8	28.7	4.1	68.6
2001 1 st Quarter ^r	728,662	7,592	1.04	-10.9	-14.5	2.0	37.4
2 nd Quarter ^p	807,467	7,458	0.92	10.8	-1.8	3.8	24.7

NA Not available. ^r Revised. ^p Preliminary.¹NAICS has significantly redefined the composition of the Retail Trade Sector. See Explanatory Notes.²E-commerce sales are sales of goods and services where an order is placed by the buyer or price and terms of sale are negotiated over an Internet, extranet, Electronic Data Interchange (EDI) network, electronic mail, or other online system. Payment may or may not be made online.**Explanatory Notes***Survey Methodology*

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 that is not of adequate size to measure changes in retail e-commerce sales.

A stratified simple random sampling method is used to select approximately 11,000 retail firms whose sales are then weighted and benchmarked to represent the complete universe of over two million retail firms. The MRTS sample is probability based and represents all employer firms engaged in retail activities as defined by the North American Industry Classification System (NAICS). Coverage includes all retailers whether or not they are engaged in e-commerce. Online travel services, financial brokers and dealers, and ticket sales agencies are **not** classified as retail and are **not** included in either the total retail or retail e-commerce sales estimates. Nonemployers are represented in the estimates through the benchmarking operation. E-commerce sales are included in the total monthly sales estimates.

The MRTS sample is updated on an ongoing basis to account for new retail employer businesses (including those selling via the Internet), business deaths, 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.

Firms are asked each month to report e-commerce sales separately. For each month of the quarter, data for nonresponding sampling units are imputed from responding sampling units falling within the same kind of business and sales size category. Approximately 20.0 percent of the e-commerce sales estimate for second quarter 2001 was imputed. Imputed total retail sales data accounted for approximately 18.0 percent of the estimate of U.S. retail sales for the second quarter 2001.

For each month of the quarter, estimates are obtained by summing weighted sales (either reported or imputed). The monthly estimates are benchmarked to prior annual survey estimates. Estimates for the quarter are obtained by summing the monthly benchmarked estimates. For second quarter 2001, the estimate for June is a preliminary estimate. Therefore, the estimate is subject to revision.

NAICS Implementation

A new sample of retailers was introduced with the first quarter of 2001 that was designed to produce estimates based on the North American Industry Classification System (NAICS) and replaces the sample designed to produce estimates based on the Standard Industrial Classification (SIC) System. The SIC time series ended with the first quarter of 2001. Estimates for the first quarter of 2001 were replaced with estimates from the new sample. Previously published SIC estimates were restated on a NAICS basis for the period fourth quarter 1999 to fourth quarter 2000.

The first quarter 2001 e-commerce NAICS estimate of \$7.592 billion is 8.6 percent higher than the previously published first quarter 2001 SIC estimate of \$6.994 billion. Estimates for other quarters that have been restated on a NAICS basis range from 1.3 percent to 8.3 percent greater than the previously published SIC estimates for the same quarter. The differences between the NAICS estimates and the SIC estimates can be attributed to coverage changes and sampling error. NAICS introduces two major changes to the composition of the Retail Trade Sector. First, the redefinition of Retail Trade and Wholesale Trade boundary shifted a significant number of businesses from wholesale to retail. Second, Eating and Drinking Places has been reclassified to NAICS sector 72, Accommodation and Food Services and therefore will not be included in total retail sales or retail e-commerce sales. The first change will increase both total sales and e-commerce sales while the second change will reduce total sales but have a negligible effect on e-commerce sales.

For further information on NAICS see our website at www.census.gov/mrts/www/naics.html.

Reliability of Estimates

The margin of error for the change in U.S. retail e-commerce sales from the first quarter 2001 to the second quarter 2001 is approximately 2.4%, giving a range of -0.6% to 4.2%. Range estimates are computed based on the particular sample selected and canvassed. If we had repeated the process of drawing all possible samples and forming all corresponding range estimates, approximately 90 percent of these individual range estimates would have contained the quarter-to-quarter change in e-commerce sales computed from a complete enumeration of all retail firms on the sampling frame. Because the range above contains 0%, we cannot conclude at the 90 percent confidence level that retail e-commerce sales decreased from the first quarter 2001 to the second quarter 2001.

Table 2. Range Estimates for Estimated Dollar Volumes

(Data in millions of dollars)

Period	Retail Sales		Retail E-commerce Sales	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
1999 4 th Quarter	779,881	791,857	5,004	5,528
2000 1 st Quarter	708,197	720,653	5,161	5,891
2 nd Quarter	771,278	784,360	5,632	6,332
3 rd Quarter	765,714	779,878	6,503	7,293
4 th Quarter	810,317	825,113	8,411	9,351
2001 1 st Quarter ^r	720,871	736,453	7,169	8,015
2 nd Quarter ^p	801,445	813,489	7,168	7,748

^r Revised. ^p Preliminary.

Note: Confidence intervals computed for estimates prior to those for the first quarter 2001 used the coefficients of variation estimated from the SIC-based sample.

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/00-A Current Business Reports and on the Internet: <http://www.census.gov/mrts/www/mrts.html>.