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RETAIL E-COMMERCE SALES IN SECOND QUARTER 2004 WERE $15.7 BILLION, UP 23.1 PERCENT FROM SECOND QUARTER 2003, CENSUS BUREAU REPORTS

Notice. Beginning with the 3rd quarter 2004 release, we will publish estimates of e-commerce sales adjusted for seasonal variation and holiday and trading–day differences. The releases will continue to include estimates not adjusted for these factors. Tables showing adjusted and unadjusted estimates from the 4th quarter 1999 through the current quarter will be provided in the 3rd quarter release. More information can be found at: www.census.gov/mrts/www/mrts.html
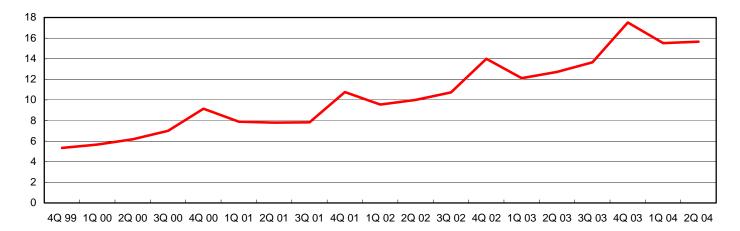
The Census Bureau of the Department of Commerce announced today that the estimate of U.S. retail e-commerce sales for the second quarter of 2004, not adjusted for seasonal, holiday, or trading–day differences, was $15.7 billion, an increase of 23.1 percent ($\pm3.5\%$) from the second quarter of 2003. Total retail sales for the second quarter of 2004 were estimated at $919.0 billion, an increase of 7.8 percent ($\pm0.6\%$) from the same period a year ago.

The second quarter 2004 e-commerce estimate increased 0.9 percent ($\pm0.9\%$) from the first quarter of 2004 while total retail sales increased 10.1 percent ($\pm0.4\%$) from the prior quarter.

E-commerce sales in the second quarter of 2004 accounted for 1.7 percent of total sales, while in the second quarter of 2003 e-commerce sales were 1.5 percent of total sales. In the first quarter of 2004, e-commerce sales were 1.9 percent of total sales.

Estimated Quarterly U.S. Retail E-commerce Sales:
4TH Quarter 1999 – 2ND Quarter 2004

(Estimates not adjusted for seasonal variation, holiday or trading–day differences, or price changes)

Billions of dollars

The retail e-commerce sales estimate for the third quarter of 2004 is scheduled for release on November 19, 2004 at 10:00 A.M. ET.

E-commerce retail sales data and frequently asked questions (FAQ's) about e-commerce sales are available on the Census website at www.census.gov/mrts/www/mrts.html. For additional information about Census Bureau e-business measurement programs and plans visit www.census.gov/estats.

Table 1.   Estimated Quarterly U.S. Retail Sales[1]: Total and E-commerce
(Estimates are based on data from the Monthly Retail Trade Survey and administrative records)

Period	Retail Sales[1] (millions of dollars)		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 4th Quarter	787,212	5,335	0.7	8.1	(NA)	9.1	(NA)
2000 1st Quarter	714,561	5,663	0.8	−9.2	6.1	11.2	(NA)
2nd Quarter	774,677	6,185	0.8	8.4	9.2	7.4	(NA)
3rd Quarter	768,139	7,009	0.9	−0.8	13.3	5.5	(NA)
4th Quarter	812,809	9,143	1.1	5.8	30.4	3.3	71.4
2001 1st Quarter	724,731	7,893	1.1	−10.8	−13.7	1.4	39.4
2nd Quarter	802,662	7,794	1.0	10.8	−1.3	3.6	26.0
3rd Quarter	779,096	7,821	1.0	−2.9	0.3	1.4	11.6
4th Quarter	850,265	10,755	1.3	9.1	37.5	4.6	17.6
2002 1st Quarter	738,185	9,549	1.3	−13.2	−11.2	1.9	21.0
2nd Quarter	814,626	10,005	1.2	10.4	4.8	1.5	28.4
3rd Quarter	818,061	10,734	1.3	0.4	7.3	5.0	37.2
4th Quarter	859,250	13,999	1.6	5.0	30.4	1.1	30.2
2003 1st Quarter	767,433	12,115	1.6	−10.7	−13.5	4.0	26.9
2nd Quarter	852,760	12,718	1.5	11.1	5.0	4.7	27.1
3rd Quarter	867,242	13,651	1.6	1.7	7.3	6.0	27.2
4th Quarter	912,109	17,512	1.9	5.2	28.3	6.2	25.1
2004 1st Quarter (r)	834,716	15,515	1.9	−8.5	−11.4	8.8	28.1
2nd Quarter[3] (p)	919,041	15,654	1.7	10.1	0.9	7.8	23.1

NA Not available.   (r) Revised. (p) Preliminary.

[1] Estimates exclude Food Services.

[2] E-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.

[3] Estimated measures of sampling variability (shown as percents) for 2nd quarter 2004 estimates: coefficient of variation (cv) of total sales = 0.5; cv of e-commerce = 4.6; standard error (se) of e-commerce as a percent of total sales = 0.1; se of quarter-to-quarter change in total sales = 0.2; se of quarter-to-quarter change in e-commerce = 0.5; se of current quarter to same-quarter-a-year-ago change in total sales = 0.3; se of current quarter to same-quarter-a-year-ago change in e-commerce = 2.1. Measures of sampling variability for estimates from prior quarters can be obtained by dividing the margin of error for the estimate as published in the *Reliability of Estimates* section of prior releases by 1.645.

Note: Estimates are not adjusted for seasonal variation, holiday or trading-day differences, or price changes. For information on confidentiality protection, sampling error, nonsampling error, sample design, and definitions, see http://www.census.gov/mrts/www/nrely.html.

Description of the Survey

Retail e-commerce sales are estimated from the same sample used for 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 benchmarking. 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 15 percent of the e-commerce sales estimate for second quarter 2004 was imputed. Imputed total retail sales data accounted for approximately 20 percent of the estimate of U.S. retail sales for the second quarter 2004.

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 2004, the estimate for June is a preliminary estimate. Therefore, the estimate is subject to revision. Individuals who use estimates in this report to create new estimates should cite the Census Bureau as the source of only the original estimates.

Reliability of Estimates

Because the estimates in this report are based on a sample survey, they may contain sampling error and nonsampling error.

Sampling error is the difference between the estimate and the result that would be obtained from a complete enumeration of the population conducted under the same survey conditions. This error occurs because only a subset of the entire population is measured in a sample survey. The margin of error, as used on page 1, gives a range about the estimate which is a 90 percent confidence interval.

The margin of error for the change in U.S. retail e-commerce sales from the first quarter 2004 to the second quarter 2004 is approximately 0.9%, giving a range of 0% to 1.8%. 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 increased from the first quarter 2004 to the second quarter 2004. The Census Bureau recommends that individuals using estimates in this report incorporate this information into their analyses, as sampling error could affect the conclusions drawn from the estimates.

Nonsampling error encompasses all other factors that contribute to the total error of a sample survey estimate. This type of error can occur because of nonresponse, insufficient coverage of the universe of retail businesses with e-commerce sales, mistakes in the recording and coding of data, and other errors of collection, response, coverage, or processing. Although not directly measured, precautionary steps are taken to minimize the effects of nonsampling error.

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.