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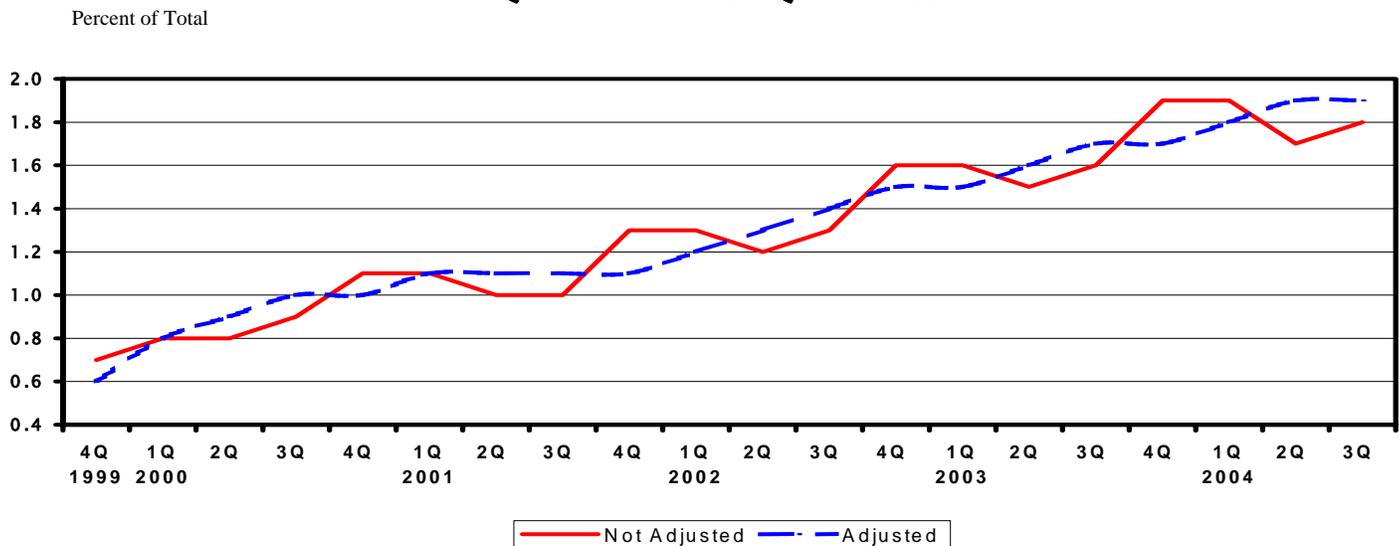
**QUARTERLY RETAIL E-COMMERCE SALES
3RD QUARTER 2004**

Notice of Seasonal Adjustment. Starting with this release, estimates of e-commerce sales will be published adjusted for seasonal, holiday, and trading-day differences and not adjusted. Included in this release are adjusted and not adjusted estimates of retail e-commerce from fourth quarter 1999 forward. More information can be found at: www.census.gov/mrts/www/ecom.html

The Census Bureau of the Department of Commerce announced today that the estimate of U.S. retail e-commerce sales for the third quarter of 2004, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, was \$17.6 billion, an increase of 4.7 percent ($\pm 1.7\%$) from the second quarter of 2004. Total retail sales for the third quarter of 2004 were estimated at \$916.5 billion, an increase of 1.4 percent ($\pm 0.3\%$) from the second quarter of 2004. The third quarter 2004 e-commerce estimate increased 21.5 percent ($\pm 3.0\%$) from the third quarter of 2003 while total retail sales increased 6.2 percent ($\pm 0.5\%$) in the same period. E-commerce sales in the third quarter accounted for 1.9 percent of total sales.

On a not adjusted basis, the estimate of U.S. retail e-commerce sales for the third quarter of 2004 totaled \$16.5 billion, an increase of 5.4 percent ($\pm 1.7\%$) from the second quarter of 2004. The third quarter 2004 e-commerce estimate increased 21.2 percent ($\pm 3.0\%$) from the third quarter of 2003 while total retail sales increased 6.5 percent ($\pm 0.5\%$) in the same period. E-commerce sales in the third quarter of 2004 accounted for 1.8 percent of total sales.

**Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales:
4th Quarter 1999 – 3rd Quarter 2004**



The retail e-commerce sales estimate for the fourth quarter of 2004 is scheduled for release on February 24, 2005 at 10:00 A.M. ET.

Questions concerning this report may be addressed to: Scott Scheleur (301) 763-2713 (Survey Processing), Carol King (301) 763-2675 (Survey Methodology), or Michael Shimberg (301) 763-2480 (Seasonal Adjustment). Electronic Inquiries may be sent to retail.trade@census.gov.

Retail e-commerce sales data and frequently asked questions (FAQ's) about e-commerce sales are available on the Census Bureau website at www.census.gov/mrts/www/ecom.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: Total and E-commerce¹
(Estimates are based on data from the Monthly Retail Trade Survey and administrative records.)

Quarter	Retail Sales (millions of dollars)		E-commerce as a Percent of Total	Percent Change From Prior Quarter		Percent Change From Same Quarter A Year Ago	
	Total	E-commerce ²		Total	E-commerce	Total	E-commerce
Adjusted							
3rd quarter 2004(p)	916,510	17,614	1.9	1.4	4.7	6.2	21.5
2nd quarter 2004(r)	904,135	16,823	1.9	1.7	4.6	7.7	23.8
1st quarter 2004	889,062	16,084	1.8	2.3	6.6	7.4	27.9
4th quarter 2003	869,133	15,095	1.7	0.7	4.1	6.4	25.1
3rd quarter 2003	862,695	14,502	1.7	2.7	6.7	6.1	27.2
Not Adjusted							
3rd quarter 2004(p)	923,408	16,548	1.8	0.5	5.4	6.5	21.2
2nd quarter 2004(r)	918,989	15,707	1.7	10.1	1.2	7.8	23.5
1st quarter 2004	834,716	15,515	1.9	-8.5	-11.4	8.8	28.1
4th quarter 2003	912,109	17,512	1.9	5.2	28.3	6.2	25.1
3rd quarter 2003	867,242	13,651	1.6	1.7	7.3	6.0	27.2

(p) Preliminary estimate. (r) Revised estimate.

¹ 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.

² Estimates are adjusted for seasonal variation and holiday and trading-day differences, but not for price changes.

Note: Table 2 provides estimated measures of sampling variability. For information on confidentiality protection, sampling error, nonsampling error, sample design, and definitions, see www.census.gov/mrts/www/nrely.html.

Table 2. Estimated Measures of Sampling Variability for Quarterly U.S. Retail Sales
Estimates: Total and E-commerce
(Estimates are shown as percents and are based on data from the Monthly Retail Trade Survey.)

Quarter	Coefficient of Variation (CV)		Standard Error (SE) for E-commerce as a Percent of Total	SE for Percent Change From Prior Quarter		SE for Percent Change From Same Quarter A Year Ago	
	Total	E-commerce		Total	E-commerce	Total	E-commerce
3rd quarter 2004	0.5	4.2	0.1	0.2	1.0	0.3	1.8
2nd quarter 2004	0.5	4.6	0.1	0.2	0.5	0.3	2.1
1st quarter 2004	0.6	4.3	0.1	0.2	1.2	0.4	1.8
4th quarter 2003	0.5	3.8	0.1	0.2	1.3	0.2	2.5
3rd quarter 2003	0.5	4.1	0.1	0.2	0.9	0.2	2.5

Note: Estimated measures of sampling variability are based on data not adjusted for seasonal variation or holiday or trading-day differences, and are used to make confidence statements about both adjusted and not adjusted estimates. For information on confidentiality protection, sampling error, nonsampling error, sample design, and definitions, see www.census.gov/mrts/www/nrely.html.

Table 3. Estimated Quarterly U.S. Retail Sales (Adjusted¹): Total and E-commerce²
 (Estimates are based on data from the Monthly Retail Trade Survey and administrative records.)

Quarter	Retail Sales (millions of dollars)		E-commerce as a Percent of Total	Percent Change From Prior Quarter		Percent Change From Same Quarter A Year Ago	
	Total	E-commerce ¹		Total	E-commerce	Total	E-commerce
3rd quarter 2004(p)	916,510	17,614	1.9	1.4	4.7	6.2	21.5
2nd quarter 2004(r)	904,135	16,823	1.9	1.7	4.6	7.7	23.8
1st quarter 2004	889,062	16,084	1.8	2.3	6.6	7.4	27.9
4th quarter 2003	869,133	15,095	1.7	0.7	4.1	6.4	25.1
3rd quarter 2003	862,695	14,502	1.7	2.7	6.7	6.1	27.2
2nd quarter 2003	839,630	13,592	1.6	1.5	8.1	4.3	27.0
1st quarter 2003	827,446	12,579	1.5	1.3	4.2	4.0	26.7
4th quarter 2002	817,221	12,067	1.5	0.5	5.8	1.1	30.0
3rd quarter 2002	813,375	11,401	1.4	1.1	6.6	4.1	37.5
2nd quarter 2002	804,864	10,700	1.3	1.2	7.7	2.1	28.4
1st quarter 2002	795,288	9,932	1.2	-1.6	7.0	2.1	20.7
4th quarter 2001	808,072	9,280	1.1	3.4	11.9	4.5	17.8
3rd quarter 2001	781,138	8,292	1.1	-1.0	-0.5	1.6	12.0
2nd quarter 2001	788,670	8,335	1.1	1.3	1.3	3.5	26.2
1st quarter 2001	778,560	8,227	1.1	0.7	4.5	2.1	38.9
4th quarter 2000	773,144	7,875	1.0	0.5	6.3	4.1	69.7
3rd quarter 2000	769,040	7,405	1.0	0.9	12.1	5.8	NA
2nd quarter 2000	762,191	6,603	0.9	0.0	11.5	7.2	NA
1st quarter 2000	762,358	5,922	0.8	2.6	27.6	9.6	NA
4th quarter 1999	743,019	4,640	0.6	2.2	NA	9.3	NA

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

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Note: For information on confidentiality protection, sampling error, nonsampling error, sample design, and definitions, see www.census.gov/mrts/www/nrely.html.

Table 4. Estimated Quarterly U.S. Retail Sales (Not Adjusted¹): Total and E-commerce²
 (Estimates are based on data from the Monthly Retail Trade Survey and administrative records.)

Quarter	Retail Sales (millions of dollars)		E-commerce as a Percent of Total	Percent Change From Prior Quarter		Percent Change From Same Quarter A Year Ago	
	Total	E-commerce ¹		Total	E-commerce	Total	E-commerce
3rd quarter 2004(p)	923,408	16,548	1.8	0.5	5.4	6.5	21.2
2nd quarter 2004(r)	918,989	15,707	1.7	10.1	1.2	7.8	23.5
1st quarter 2004	834,716	15,515	1.9	-8.5	-11.4	8.8	28.1
4th quarter 2003	912,109	17,512	1.9	5.2	28.3	6.2	25.1
3rd quarter 2003	867,242	13,651	1.6	1.7	7.3	6.0	27.2
2nd quarter 2003	852,760	12,718	1.5	11.1	5.0	4.7	27.1
1st quarter 2003	767,433	12,115	1.6	-10.7	-13.5	4.0	26.9
4th quarter 2002	859,250	13,999	1.6	5.0	30.4	1.1	30.2
3rd quarter 2002	818,061	10,734	1.3	0.4	7.3	5.0	37.2
2nd quarter 2002	814,626	10,005	1.2	10.4	4.8	1.5	28.4
1st quarter 2002	738,185	9,549	1.3	-13.2	-11.2	1.9	21.0
4th quarter 2001	850,265	10,755	1.3	9.1	37.5	4.6	17.6
3rd quarter 2001	779,096	7,821	1.0	-2.9	0.3	1.4	11.6
2nd quarter 2001	802,662	7,794	1.0	10.8	-1.3	3.6	26.0
1st quarter 2001	724,731	7,893	1.1	-10.8	-13.7	1.4	39.4
4th quarter 2000	812,809	9,143	1.1	5.8	30.4	3.3	71.4
3rd quarter 2000	768,139	7,009	0.9	-0.8	13.3	5.5	NA
2nd quarter 2000	774,677	6,185	0.8	8.4	9.2	7.4	NA
1st quarter 2000	714,561	5,663	0.8	-9.2	6.1	11.2	NA
4th quarter 1999	787,212	5,335	0.7	8.1	NA	9.1	NA

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

¹ Estimates have not been adjusted for seasonal variation or holiday or trading-day differences.

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.

Note: For information on confidentiality protection, sampling error, nonsampling error, sample design, and definitions, see www.census.gov/mrts/www/nrely.html.

Survey Description

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 to prior annual survey estimates that include nonemployer sales based on administrative records. 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. 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. Responding firms account for approximately 85 percent of the e-commerce sales estimate and about 80 percent of the estimate of U.S. retail sales for any quarter.

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. The estimate for the most recent quarter is a preliminary estimate. Therefore, the estimate is subject to revision. Data users who create their own estimates using data from this report should cite the Census Bureau as the source of the input data only.

Adjusted Estimates

This report publishes estimates that have been adjusted for seasonal variation and holiday and trading-day differences, but not for price changes. We used quarterly e-commerce sales estimates for 4th quarter 1999 to 3rd quarter 2004 as input to the X-12 ARIMA program to derive the adjusted estimates. For sales, we derived quarterly adjusted estimates by summing adjusted monthly sales estimates for each respective quarter. Seasonal adjustment of estimates is an approximation based on current and past experiences. Additional information on the X-12 ARIMA program may be found at <http://www.census.gov/srd/www/x12a/>.

Reliability of Estimates

Because the estimates in this report are based on a sample survey, they 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. Standard errors and coefficients of variation, as given in Table 2 of this report, are estimated measures of sampling variation.

The margin of error, as used on page 1, gives a range about the estimate which is a 90 percent confidence interval. If, for example, the estimated percent change is -11.4% and its estimated standard error is 1.2%, then the margin of error is $\pm 1.645 \times 1.2\%$ or 2.0%, and the 90 percent confidence interval is -13.4% to -9.4%. Confidence intervals are computed based on the particular sample selected and canvassed. If one repeats the process of drawing all possible samples and forming all corresponding confidence intervals, approximately 90 percent of these individual confidence intervals would contain the estimate computed from a complete enumeration of all units on the sampling frame. If the confidence interval contains 0%, then one does not have sufficient evidence to conclude at the 90 percent confidence level that the estimated change is different from zero.

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.