

## EXPLANATION OF REVISIONS

Not adjusted estimates of monthly sales are revised for January 2013 through February or March 2024<sup>1</sup> (if an advance sales estimate is computed), as well as end-of-month inventory estimates for January 2011 through February 2024. Not adjusted estimates of quarterly retail e-commerce sales are revised for first quarter 2011 through fourth quarter 2023.

Coefficients of variation (CVs) of totals and standard errors (SEs) of ratios for monthly retail sales and monthly retail end-of-month inventories were revised for March 2018 through February 2024. CVs of totals and SEs of ratios for quarterly e-commerce sales were revised for first quarter 2018 through fourth quarter 2023.

Revisions to not adjusted estimates were made in two parts:

First, revisions were made to prior Monthly Retail Trade and Food Services (MRTS) estimates to reflect historical corrections. Then, revisions were made when benchmarking the Monthly Retail Trade and Food Services estimates to the 2022 Annual Retail Trade Survey (ARTS) and Service Annual Survey (SAS) estimates.

Revisions to seasonally adjusted estimates were made based on the revised not adjusted estimates and revised seasonal adjustment factors. Adjusted estimates of monthly sales are revised for January 2010 through February or March 2024<sup>1</sup> (if an advance sales estimate is computed), as well as end-of-month inventory estimates for January 2008 through February 2024. Adjusted estimates of quarterly retail e-commerce sales are revised for first quarter 2008 through fourth quarter 2023.

### Reasons for Revisions

We revised the not adjusted estimates to:

- Reflect corrections to data for the MRTS and ARTS samples. Corrections are made to replace previously reported data with more accurate data received at a later date or to replace imputed data with reported data obtained from the company.
- Introduce the results from the 2022 ARTS and SAS.
- Link the previously published estimates from the prior MRTS sample to estimates from the current MRTS sample.

We revise the seasonally adjusted estimates to:

- Reflect revisions to the not adjusted estimates.

- Incorporate changes to the seasonal adjustment factors based on the annual review of the seasonal adjustment models.

### **Benchmarking to 2022 ARTS and SAS estimates**

There are several reasons for benchmarking estimates from the Monthly Retail Trade Survey to the Annual Retail Trade Survey and Service Annual Survey:

- **Timing.** The respondents have more time to prepare their annual and census reports than they do for their monthly reports. The annual and census responses are requested at a time when many firms have already compiled audited book figures for their own use. The timing of the annual survey allows us to independently verify the reported data using sources such as a company's annual report. On the other hand, respondents to the monthly survey have just a few weeks to provide reports of their sales and end-of-month inventories. Sometimes these reports are based on incomplete or unaudited records and may include estimates made by respondents to represent their understanding of their business.
- **Sampling.** As described in more detail in the Technical Documentation, the estimates derived from the annual survey are based on a sample that is much larger than the samples used to produce the monthly sales and inventory estimates. MRTS estimates are benchmarked to the results from the 2022 ARTS and the 2022 SAS. See ARTS and SAS methodology pages for more information: <https://www.census.gov/programs-surveys/arts/technical-documentation/methodology.html>. <https://www.census.gov/programs-surveys/sas/technical-documentation/methodology.html>
- **Response.** The annual estimates are based on more reported data than are the monthly estimates. The responses to the ARTS and SAS are required by law, while the MRTS is voluntary. This requirement results in a total quantity response rate (TQRR) of approximately 88.4 percent for retail sales and 86.0 percent for inventories in ARTS and approximately 82.7 percent for food services and drinking places sales in SAS, and a rate of approximately 68.3 percent for sales and 68.6 percent for inventories for MRTS. An imputation process accounts for the sales and inventories data that fail edits or are missing because of nonresponse. For MRTS, this process assumes that non-responding firms have similar month-to-month changes to the responding firms of a similar size in the same industry. However, the ARTS and SAS imputation processes rely heavily on administrative data and relationships of these data for each individual firm, which could result in different data being tabulated for the MRTS and ARTS/SAS for non-responding firms.

## Estimates of Monthly Sales

For detailed NAICS codes, corrections are applied to the monthly retail and food service sales estimates for February 2018 through February 2024. Then, for each detailed NAICS code, the monthly retail and food service sales estimates are linked to the estimates derived from the prior sample. The linkage is performed at each detailed NAICS level by multiplying the sample-based estimates prior to March 2018 by a geometric mean. The geometric mean is computed as the square root of the product of two ratios. The numerators of the ratios are the Horvitz-Thompson sales estimates for February and March 2018 from the current sample. The denominators of the ratios are the Horvitz-Thompson estimates for February and March 2018 from the prior sample.

After performing the above linkage, the resulting sales estimates for December 2012 through February 2024 are input to the benchmarking program. The estimates for a given detailed NAICS code are revised in a manner that—

- For 2013 through 2022, constrains the sum of the 12 monthly sales estimates to equal the corresponding annual sales estimate from the 2022 ARTS or SAS.
- Minimizes the sum of the squared differences between the month-to-month changes of the input and revised estimates for December 2012 through February 2024.
- Uses the previously published December 2012 sales estimate as a constraint, linking the revised estimates to the previously published sales estimates and resulting in no revision to the December 2012 estimate.

A mathematical result of the benchmarking methodology is that, for a given NAICS code, all published monthly sales estimates after December 2022 are derived by multiplying the Horvitz-Thompson estimates by the ratio of the benchmarked-to-input estimate for December 2022. This ratio, which is called a carry-forward factor, remains the same and is used to derive published monthly sales estimates until the next benchmarking operation.

Revised estimates for aggregate industry levels are computed by summing the revised estimates for the appropriate detailed industries comprising the aggregate.

## Estimates of End-of-Month Inventories

For detailed NAICS codes, corrections are applied to the end-of-month

inventory estimates for February 2018 through February 2024. Then, for each detailed NAICS code, the end-of-month inventory estimates are linked to the estimates derived from the prior sample. The linkage is performed using a procedure similar to the one used for sales, except the geometric mean is based on end-of-month inventory.

After performing the above linkage, the resulting end-of-month inventory estimates for December 2010 through February 2024 are input to the benchmarking program. The estimates for a given detailed NAICS code are revised in a manner that—

- For 2010 through 2022, constrains the December end-of-month inventory estimates to equal the corresponding end-of-year inventory estimate from the 2022 ARTS.
- Minimizes the sum of the squared differences between the month-to-month changes of the input and revised estimates for December 2010 through February 2024.
- Uses the previously published December 2010 end-of-month inventory estimate as a constraint, linking the revised estimates to the previously published end-of-month inventory estimates and resulting in no revision to the December 2010 estimate.

For a given detailed NAICS code, end-of-month inventory estimates subsequent to December 2022 are derived by multiplying the input estimates by the ratio of the benchmarked-to-input estimate for December 2022. This ratio is the carry-forward factor for inventory, and it remains the same until the next benchmarking operation.

Revised estimates for aggregate industry levels are computed by summing the revised estimates for the appropriate detailed industries comprising the aggregate.

### Estimates of Quarterly E-commerce Sales

For select detailed NAICS codes, corrections are applied to the quarterly e-commerce sales estimates for first quarter 2018 through fourth quarter 2023. Then, for select detail NAICS codes (usually at the 3-digit NAICS level), these quarterly retail e-commerce sales estimates are linked to the estimates derived from the prior sample. The linkage is performed at these select detail levels by multiplying the sample-based estimates prior to first quarter 2018 by a ratio. The numerators of the ratios are the Horvitz-Thompson e-commerce sales estimates for first quarter 2018 from the current sample. The denominators of the ratios are the Horvitz-Thompson e-commerce sales estimates for first quarter 2018 from the prior sample. Monthly e-commerce estimates are also linked at these select detail levels using a procedure similar to the one used for sales, except the geometric mean is based on monthly e-commerce sales estimates.

After performing the above linkage, the resulting e-commerce sales estimates for fourth quarter 2010 through fourth quarter 2023 are input to the benchmarking program. The estimates for the select detailed NAICS code are revised in a manner that—

- For 2011 through 2022, constrains the sum of the 4 quarterly e-commerce sales estimates to equal the corresponding annual e-commerce sales estimate from the 2022 ARTS.
- Minimizes the sum of squared differences between the quarter-to-quarter changes of the input and revised estimates for fourth quarter 2010 through fourth quarter 2023.
- Uses the previously published fourth quarter 2010 e-commerce estimate as a constraint, linking the revised estimates to the previously published sales estimates and resulting in no revision to the fourth quarter 2010 estimate.

For a given detailed NAICS code, e-commerce estimates subsequent to fourth quarter 2022 are derived by multiplying the input estimates by the ratio of the benchmarked-to-input estimate for fourth quarter 2022. This ratio is the carry-forward factor for e-commerce, and it remains the same until the next benchmarking operation.

Similarly, the monthly e-commerce sales estimates at these select detail levels for December 2010 through December 2023 are input into the benchmarking program. These estimates for the select detail levels are revised in a manner that—

- For first quarter 2011 through fourth quarter 2023, constrains the sum of the 3 months in a given quarter to equal the corresponding quarterly e-commerce sales estimate which has been benchmarked to the 2022 ARTS.
- Minimizes the sum of squared differences between the month-to-month changes of the input and revised estimates for December 2010 through December 2023.
- Uses the previous December 2010 e-commerce estimate as a constraint, linking the revised estimates to the previously published e-commerce sales estimates and resulting in no revision to the December 2010 estimate.

For a given detailed NAICS code, e-commerce estimates subsequent to December 2023 are derived by multiplying the input estimates by the carry-forward factor for e-commerce described above, which remains the same until the next benchmarking operation.

The revised estimates for the total retail quarterly e-commerce sales are computed by summing the revised estimates for the appropriate detailed industries comprising the aggregate.

## **Seasonally Adjusted Estimates**

New seasonal, trading-day, and holiday factors are computed and used to adjust sales for January 2010 through February or March 2024<sup>1</sup> (if an advance sales estimate is computed). For inventories, new seasonal factors are computed and used to adjust inventories for January 2008 through February 2024. For quarterly e-commerce sales, new seasonal factors are computed and used to adjust e-commerce sales for first quarter 2008 through fourth quarter 2023. For sales, inventories, and e-commerce sales, the new seasonal factors are computed using the revised unadjusted estimates as input to the Census Bureau's X-13ARIMA-SEATS software, version 1.1 build 61, and using the X-11 filter-based adjustment procedure.

A different seasonal adjustment model specification exists for select NAICS detail levels for sales, inventory, and quarterly e-commerce. Part of that specification defines a model span, which is the span of time used to calculate trading-day and holiday factors for the given time series. In general, the model span should not be too long since trading-day and holiday patterns can change over time. All model spans for sales, inventory, and e-commerce begin no earlier than January 2001 (or first quarter 2001). For end-of-month inventories series that exhibit significant trading day effects based on research, a trading day regressor was added to the model. The trading day regressor for end-of-month inventories estimates the day of the week effects based on the last day of the month. Sales series also use trading day regressors for MRTS. All model specifications are available upon request.

## **REVISIONS OF SALES AND INVENTORIES**

The following table shows a comparison of the revised sales and inventories to the previously published estimates for 2023:

<<https://www.census.gov/retail/mrts/www/benchmark/2024/excel/introtable.xlsx>>

## **ADDITIONAL INFORMATION**

### **Survey Questionnaires**

The ARTS questionnaires can be found on the Census Bureau Web site at <[https://www.census.gov/retail/arts/get\\_forms.html](https://www.census.gov/retail/arts/get_forms.html)>. The MRTS questionnaires can be found on the Census Bureau's Web site at <[http://www.census.gov/retail/mrts/get\\_forms.html](http://www.census.gov/retail/mrts/get_forms.html)>.

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<sup>1</sup> Advance sales estimates are computed for selected kinds of business and are based on a small subsample selected from the larger MRTS sample.

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### **Related Links:**

<<https://www.census.gov/retail/>>

<<https://www.census.gov/programs-surveys/arts.html>>

<<https://www.census.gov/programs-surveys/e-stats.html>>

Source: Retail Indicators Branch, U.S. Census Bureau  
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