

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**Monthly Retail Trade Survey**  
**OMB Control No. 0607-0717**

Part A. **Justification**

1. Necessity of the Information Collection

This request is for approval of an extension to the Monthly Retail Trade Survey, previously referred to as the “Current Retail Sales and Inventory Survey”.

The Monthly Retail Trade Survey provides estimates of monthly retail sales, end-of-month merchandise inventories, and quarterly e-commerce sales of retailers in the United States by selected kinds of business. Also, it provides monthly sales of food service establishments.

Sales and inventories data provide a current statistical picture of the retail portion of consumer activity. The sales and inventories estimates in the Monthly Retail Trade Survey measure current trends of economic activity that occur in the United States. Also, the estimates compiled from the survey provide valuable information for economic policy decisions and actions by the government and are widely used by private businesses, trade organizations, professional associations, and others for market research and analysis. The Bureau of Economic Analysis (BEA) uses these data in determining the consumption portion of Gross Domestic Product (GDP).

Retail and Food Services Sales during 2007 amounted to \$4.5 trillion. The estimates produced in the Monthly Retail Trade Survey are critical to the accurate measurement of total economic activity. The estimates of retail sales represent all operating receipts, including receipts from wholesale sales made at retail locations and services rendered as part of the sale of the goods, by businesses that primarily sell at retail. The sales estimates include sales made on credit as well on a cash basis, but exclude receipts from sales taxes and interest charges from credit sales. Also excluded is non-operating income from such services as investments and real estate.

The estimates of merchandise inventories owned by retailers represent all merchandise located in retail stores, warehouses, offices, or in transit for distribution to retail establishments. The estimates of merchandise inventories exclude fixtures and supplies not held for sale, as well as merchandise held on consignment owned by others. The BEA uses inventories data to determine the investment portion of the GDP.

Retail e-commerce sales are estimated from the same sample used in the Monthly Retail Trade Survey to estimate preliminary and final U.S. retail sales. The Monthly Retail Trade 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 Monthly Retail Trade Survey sample and engaged in e-commerce are representative of the universe of e-commerce retailers. Total e-commerce sales for 2007 were estimated at \$136 billion.

We publish retail sales and inventories estimates based on the North American Industry Classification System (NAICS), which has been widely adopted throughout both the public and private sectors.

The U. S. Census Bureau conducts this voluntary survey under 13 USC §182.

Listed below are the retail form numbers and a description of the form:

<b><u>Series</u></b>	<b><u>Description</u></b>
SM-44(06)S	Non Department Store/Sales Only/WO E-Commerce
SM-44(06)SE	Non Department Store/Sales Only W E-Commerce
SM-44(06)SS	Non Department Store/Sales Only/Screener
SM-44(06)B	Non Department Store/Sales and Inventory/WO E-Comm.
SM-44(06)BE	Non Department Store/Sales and Inventory/ W E-Comm.
SM-44(06)BS	Non Department Store/Sales and Inventory/Screener
SM-45(06)S	Department Store/Sales Only/WO E-Commerce
SM-45(06)SE	Department Store/Sales Only/W E-Commerce
SM-45(06)SS	Department Store/Sales Only/Screener
SM-45(06)B	Department Store/Sales and Inventory/WO E-Commerce
SM-45(06)BE	Department Store/Sales and Inventory/W E-Commerce
SM-45(06)BS	Department Store/Sales and Inventory/Screener
SM-72(06)S	Food Services/Sales Only/WO E-Commerce
SM-20(06)I	Non Department and Department Store/Inventory Only

## 2. Needs and Uses

The BEA is the primary Federal user of data collected in the Monthly Retail Trade Survey. BEA uses the information in its preparation of the National Income and Products Accounts, and its benchmark and annual input-output tables. Statistics provided from retail sales and inventories estimates are used in the calculation of the GDP. If the survey were not conducted, BEA would lack

comprehensive data from the retail sector. This would adversely affect the reliability of the National Income and Products Accounts and the GDP.

The Bureau of Labor Statistics (BLS) uses the data as input to their Producer Price Indexes and in developing productivity measurements. The data are also used for gauging current economic trends of the economy. Private businesses use the retail sales and inventories data to compute business activity indexes. The private sector also uses retail sales as a reliable indicator of consumer activity.

Information quality is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). Information quality is also integral to the information collections conducted by the Census Bureau and is incorporated into the clearance process required by the Paperwork Reduction Act.

### 3. Use of Information Technology

An automated system for check-in of returned forms allows for timely identification of completed questionnaires and removal from the delinquent workload. The automated telephone follow-up call scheduling evaluates when data are typically available and reduces the number of telephone calls to respondents.

A 24-hour facsimile machine connected to an "800" telephone line permits respondents to FAX data to our collection facility in Jeffersonville, Indiana. This process expedites the receipt of questionnaires, thus decreasing the number of telephone follow-up inquiries. Approximately 40% of the responses are received via FAX each month.

### 4. Efforts to Identify Duplication

Research with other governmental agencies, trade associations and data users (both government and private sector) via telephone conversations, meetings, trade journal articles, and written correspondence indicates these data are not available from other sources on an ongoing basis.

Annual sales and inventories by retailers are collected in the Annual Retail Trade Survey, (OMB Approval # 0607-0013), and retail sales are collected in the quinquennial Census of Retail Trade. While the annual and quinquennial census data provide levels of sales for retail trade, they do not provide the data points needed to monitor the current state of the economy. The monthly sales and inventories data are the only available data source for use as a trend series for evaluating current business conditions.

Sales data are also collected in the Advance Monthly Retail Sales Survey, (OMB Approval # 0607-0104). The advance sales estimates are based on early reporting

of sales by a subsample of firms in the Monthly Retail Trade Survey. Because of the early reporting, the advance estimates can substantially differ from the Monthly Retail Trade Survey estimates, which are based on later reporting.

#### 5. Minimizing Burden

The Census Bureau developed a program to transfer data between the Advance Monthly Retail Sales Survey and the Monthly Retail Trade Survey. The Advance Monthly Retail Sales Survey is a subsample of firms in the Monthly Retail Trade Survey. Approximately 5,000 firms are canvassed in the Advance Monthly Retail Sales Survey. About 2,500 cases consistently respond and data are transferred from the Advance Monthly Retail Sales Survey to the Monthly Retail Trade Survey.

The Census Bureau accepts data prepared on a company's own form. This relieves the respondent of the burden of posting data to a report form.

The stratified random sample design used in the Monthly Retail Trade Survey uses the least number of sampling units required to produce national level estimates with the desired level of reliability, thus minimizing respondent burden. Sales data are collected from the largest retail firms and from a sample of small and medium-sized firms. The selection of a new sample every five years replaces about 97 percent of the small and medium-sized firms that participate in the survey, thus minimizing respondent burden by redistributing reporting burden. Also, carefully prepared estimates are acceptable if book figures are not readily available.

Furthermore, firms are not required to maintain additional records. The data requested are generally carried in existing company records. Carefully prepared estimates are acceptable if book figures are not available. Finally, interviewers use computers with on-line edits of response data conduct follow-up and delinquent interviews, thus reducing the number of callbacks to respondents.

#### 6. Consequences of Less Frequent Collection

Estimates from the Monthly Retail Trade Survey are used extensively by government and private economists to evaluate current economic, fiscal, and monetary policies. The monthly retail sales and inventories estimates are important economic indicators and provide timely input for BEA's computation of the National Income and Product Accounts. Less frequent data collection would create a serious gap in the economic information available to evaluate current economic conditions and to formulate economic policy.

7. Special Circumstances

Because the survey is vitally important in determining monthly changes in sales, inventories, and e-commerce, respondents are selected to report on a monthly basis. Data collected contribute to the Advance Monthly Sales for Retail and Food Services as well as the Manufacturing and Trade Inventories and Sales economic indicators. Respondents normally maintain the data we collect in this survey on a monthly basis. Because the timeliness of the Monthly Retail Trade Survey is critical to its value, respondents are asked to reply to the questionnaire within eight business days of receipt of the form.

8. Consultations Outside the Agency

A pre-submission notice was placed in the Federal Register on November 15, 2007 on page 64192, inviting the general public and other Federal agencies to comment on the information collection. We received two responses to the pre-submission notice. Dennis J. Fixler, Chief Statistician at BEA, sent a letter dated December 13, 2007, supporting our collection and discussing ways in which BEA uses data from the Monthly Retail Trade Survey. A copy of that letter is attached.

We received another comment, which expressed concerns about the frequency of collection, cost, and utility of the information collected in the survey. Our position is that the concerns raised by the commenter were unwarranted. Both the public and private sectors utilize the results of our survey extensively. The frequency of the survey is necessary as an indicator of current economic conditions. The cost of the survey is relatively small when compared to the benefit provided to the public. Finally, the survey is conducted with lawful authority under Title 13, U.S.C.

9. Paying Respondents

The Census Bureau does not pay respondents or provide them gifts for participating in the Monthly Retail Trade Survey.

10. Assurance of Confidentiality

Data collected in this survey are confidential under 13 USC §9. Only persons sworn to uphold the confidentiality of Census Bureau information may see the questionnaires and may use them only for statistical purposes. Additionally, all reports are immune from legal process. Respondents are advised of this and are told that the survey is voluntary in a letter that accompanies the initial report form. In addition, the survey forms indicate that the survey is voluntary. Copies of the survey forms and the letters are attached.

### 11. Justification for Sensitive Questions

The Monthly Retail Trade Survey requests only routine business information that is generally available from existing company records and is not of a sensitive nature.

### 12. Estimate of Hour Burden

Approximately 8,712 retail businesses are requested to report in the Monthly Retail Trade Survey each month (based on the most recent collection period).

According to responses given by a sample of respondents, we computed an average of 7 minutes per response. This results in an annual burden of 12,196 hours (see chart below).

<u>Size</u>	<u>Total Number of Respondents</u>	<u>Responses per Respondent Hours</u>	<u>Annual Responses</u>	<u>Annual Hours per Response</u>	<u>Burden per Response</u>
	6546	12	78,552	.1000/6 min.	9,164
	2166	12	25,992	.2333/14 min.	3,032
	8712 *		104,544	.1279/7.7 min.	12,196

\* Figures are based on December 2007 mail.

The cost to the respondents for fiscal year 2007 is estimated to be \$320,267 based on the median hourly salary of \$26.26 for accountants and auditors. (Occupational Employment Statistics- Bureau of Labor Statistics May 2006 National Occupational Employment and Wage Estimates, \$26.26 represents the median hourly wage of the full-time wage and salary earnings of accountants and auditors SOC code 13-2011) <http://stats.bls.gov/oes/current/oes132011.htm>

### 13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than that of their time to respond. The information requested is of the type and scope normally carried in company records and no special hardware or accounting software or system is necessary to provide answers to this information collection. Therefore, respondents are not expected to incur any capital and start-up costs or system maintenance costs in responding. Further, purchasing of outside accounting or information collection services, if performed by the respondent, is part of usual and customary business practices and not specifically required for this information collection.

14. Cost to Federal Government

The cost to the Federal Government for the Monthly Retail Trade Survey in fiscal year 2007 was expected to be \$2,985,230 all borne by the Census Bureau. We expect the fiscal 2008 budget to be at a similar level.

15. Reason for Change in Burden

The annual reporting burden for the Monthly Retail Trade Survey decreased by 3,103 hours. This estimate is 20 percent lower than the burden estimate in the last OMB submission. This effect is greater than would otherwise be the case because our previous submission included an estimate of the maximum burden, based on the maximum expected number of firms canvassed at the beginning of the 2006 sample. In addition, part of the decrease in burden hours is attributable to the normal increase in the number of companies excluded from the mailout as the sample matures because they do not agree to participate in a voluntary survey, they are no longer in business, or are sampled in the incorrect NAICS industry. We currently mail to 8,712 firms compared with an estimate of 10,928 firms prior to the introduction of the sample in September 2006. The current coverage is similar to the estimate provided in our 2005 supporting statement.

16. Project Schedule

The Census Bureau mails forms to the respondents on the last workday of the survey month. The return date requested is 8 business days after receipt. An automated system screens the questionnaires for completeness and consistency when the data are keyed beginning with the tenth workday of the month. Data are tabulated and edited, summary estimates are analyzed, and data tables are prepared.

Sales data for major kinds of business are released in the press release "Advance Monthly Sales for Retail Trade and Food Services" and inventories data are released in the press release "Manufacturing and Trade Inventories and Sales" approximately 40 days after the reference month. Sales and inventories data at more detailed industry levels are released electronically on the same day. E-commerce sales estimates are released quarterly as part of the "Quarterly Retail E-commerce Sales" report, approximately 45 days following the reference period

17. Request to Not Display Expiration Date

We wish to continue to display the expiration date.

18. Exceptions to the Certification

19. There are no exceptions to the certification statement.  
NAICS Codes Affected

The following are the 3-digit NAICS codes for the retailers affected by the information collection:

<u>NAICS Code</u>	<u>Description</u>
441	Motor Vehicle and Parts Dealers
442	Furniture and Home Furnishings Stores
443	Electronics and Appliances Stores
444	Building Material and Garden Equipment and Supplies Dealers
445	Food and Beverage Stores
446	Health and Personal Care Stores
447	Gasoline Stations
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Book, and Music Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers
454	Nonstore Retailers
722	Food Services and Drinking Places