

SUPPORTING STATEMENT – PART A
U.S. Department of Commerce
U.S. Census Bureau
OMB Control Number 0607-0104
Advance Monthly Retail Trade Survey (MARTS)

Part A. Justification

1. Necessity of the Information Collection

The U.S. Census Bureau is requesting an extension of the currently approved collection for the Advance Monthly Retail Trade Survey (MARTS).

MARTS is administered monthly to a sample of employer firms (i.e., businesses with paid employees) with establishments located in the United States and classified in retail trade and/or food services sectors as defined by the North American Industry Classification System (NAICS). MARTS began in 1953 as a monthly survey for activity taking place during the previous month. MARTS was developed in response to requests by government, business, and other users to provide an early indication of current retail trade activity in the United States. Retail sales are one of the primary measures of consumer demand for both durable and non-durable goods. MARTS also provides an estimate of monthly sales at food service establishments and drinking places.

The results from MARTS provide the earliest possible look at consumer spending. Without MARTS, the Census Bureau’s earliest measure of retail sales is the “preliminary” estimate from the full monthly sample, Month Retail Trade Survey (MRTS), released approximately 6 weeks after the end of the reference month. Advance estimates are released approximately 9 working days after the reference month.

The U.S. Census Bureau conducts the survey under the authority of Title 13, United States Code, Sections 131 and 182. This survey uses a multi-mode data collection process that includes Internet reporting (Centurion), fax, telephone, and mail. The survey requests sales and e-commerce sales for the month just ending. If reporting data for a period other than the calendar month, the survey asks for the period’s length (4 or 5 weeks) and the date on which the period ended. The survey also asks for the number of establishments covered by the data provided and whether or not the sales data provided are estimates or more accurate “book” figures.

The survey results are published on the Census Bureau’s website, <http://www.census.gov/retail> (reference Attachment A).

Attachment B provides a copy of the MARTS forms with instructions. Response to the monthly survey is voluntary.

2. Needs and Uses

The U.S. Census Bureau tabulates the collected data to provide, with measured reliability, statistics on United States retail sales. These estimates are especially valued by data users because of their timeliness. There would be approximately a 6 week delay in the availability of these statistics if this survey were not conducted.

The sales estimates are used by the Bureau of Economic Analysis (BEA), Council of Economic Advisers (CEA), Federal Reserve Board (FRB), Bureau of Labor Statistics (BLS), and other government agencies, as well as business users in formulating economic decisions.

BEA uses the survey results as critical inputs to the calculation of the personal consumption expenditures component (PCE) of Gross Domestic Product (GDP). Specifically, BEA Chief Statistician states “this important survey is our main data source for key components of BEA’s economic statistics. Data on retail sales are used to prepare monthly estimates of personal consumption expenditures component of gross domestic product for all PCE goods categories, except tobacco, prescription drugs, motor vehicles, and gasoline end oil. These estimates are also published each month in the Personal Income and Outlays press release”. In first quarter 2015, PCE comprised 68 percent of total GDP. PCE Goods (retail) was 32 percent of the PCE estimate.

CEA and other government agencies and businesses use the survey results to formulate and make decisions. CEA reports the retail data, one of the principal federal economic indicators, to the President each month for awareness on the current picture on the “state of the economy” and presents the data in one of the tables in *Economic Indicators*, a monthly publication prepared for Congress and the public. In addition, CEA’s Macroeconomic Forecaster uses the retail sales data, one of the key monthly data releases each month, to keep track of real economic growth in the current quarter. According to CEA, spending components in the retail sales report constitute about 25 percent of the GDP, well in excess of any other indicator.

Policymakers such as the FRB need to have the timeliest estimates in order to anticipate economic trends and act accordingly. BLS uses the estimates to develop consumer price indexes used in inflation and cost of living calculations. In addition, businesses use the estimates to measure how they are performing and predict future demand for their products.

Attachment D provides a compilation of news articles on MARTS before and after the data is released each month on the 9th working day after the reference month at 8:30 a.m. per OMB approved release schedule.

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

The Census Bureau offers and encourages electronic submission of responses via the Internet by using its Centurion software. Responding via the Internet provides companies with a convenient reporting method and reduces respondent burden. This method of data collection also reduces the amount of data that has to be keyed; therefore, reducing data capture costs. No additional software is needed by the respondent. In addition, all data submitted through Centurion are encrypted. A cover letter is included in the mailing package with instructions for reporting online (see Attachment E).

We also continue to use other options such as facsimile technology and telephone to retrieve data from our respondents as well as other Census Bureau technologies, such as automated check-in to collect and process data.

Companies can report electronically using facsimile technology. A 24-hour facsimile machine connected to a toll free 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.

The National Processing Center in Jeffersonville, Indiana performs telephone follow-up for all firms that have not responded by the due date, as well as those firms that have reported incomplete or questionable data. NPC will call from the third working day to the seventh working day of each month.

An automated system for check-in of returned questionnaires allows for timely identification of responses and removal from the delinquent workload. The automated telephone follow-up call scheduling system ensures that firms are contacted when the data are likely to be available, based on past experience with each firm. This process decreases the number of phone calls necessary to obtain data from respondents. Businesses may also respond by mail.

4. Efforts to Identify Duplication

Consultations with other governmental agencies, trade associations (i.e. International Council of Shopping Centers (ICSC) and the National Retail Federation (NRF)) and government and private sector data users via telephone conversations, meetings, trade journal articles, and written correspondence indicate that these data are not available from other sources on an ongoing timely basis.

Annual sales and inventories by retailers are collected in the Annual Retail Trade Survey (ARTS) (OMB Control Number 0607-0013), and retail sales are collected in the quinquennial Economic Census. While the annual and quinquennial census data provide levels of sales for retail trade, they do not provide the data, on a timely basis, needed to monitor the current state of the economy. The latest data available from ARTS is 2013 reflecting benchmarking to the preliminary results of the 2012 Economic Census.

The advance sales estimates are based on early reporting of sales by a subsample of firms in MRTS (OMB Control Number 0607-0717). Rather than burdening the entire MRTS sample to report early enough to produce an advance estimate, we select a subset to produce the MARTS. To eliminate duplication, firms that report to the MARTS survey are not required to provide sales and ecommerce sales information for MRTS. Rather, sales and ecommerce data collected for MARTS are transferred into the database used for MRTS. This ensures that respondents do not have to provide duplicate responses. In addition, if companies have their end-of-month inventory estimates available during the MARTS collection, they can provide those figures at the same time.

5. Minimizing Burden

MARTS is a subsample of approximately 4,900 firms in the MRTS. The design used to select the sample for MARTS 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 firms and from a sample of small and medium-sized firms. The selection of a new MARTS sample every two and one-half to three years replaces a portion of the small and medium-sized firms that participate in the survey, thus redistributing reporting burden.

The Census Bureau accepts data prepared on a company's own form. This relieves the respondent of the burden of recording data on a preprinted questionnaire.

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 computer

software that provides real time edits of response data. This interface prompts interviewers to confirm questionable responses in real time, decreasing the need for later follow up.

Firms that report in the MARTS survey also are included in the MRTS survey. To reduce burden, an integrated collection exists for the two connected surveys. This way, a company will only be asked for each item once. In addition, companies can indicate how they wish to be contacted and the date that their data is available. From this information, contacts with the companies are streamlined to reduce unnecessary contacts and, thus, undue burden on the firms.

6. Consequences of Less Frequent Collection

Estimates from MARTS provide an early indication of retail sales trends in the United States. This enables government and business users to make important policy decisions on a timely basis. If the data were collected less frequently, retail sales estimates would not be available for policy decisions on a timely basis. In addition, the BEA's estimates of GDP may be less accurate.

Without MARTS, the Census Bureau's earliest measure of retail sales is the "preliminary" estimate from the full monthly sample, MRTS, released approximately 6 weeks after the end of the reference month. Advance estimates are released approximately 9th working days after the reference month.

7. Special Circumstances

The collection of data is consistent with Office of Management and Budget (OMB) guidelines with the following exception: because the timeliness of this survey is critical to its value as an economic indicator, respondents are asked to reply to the questionnaire by the second business day of the month following the reference period. Generally, respondents are able to report in the requested time frame because the forms ask only for data items usually maintained in existing company records. The final data collection closeout is on the seventh working day of the month. Total sales estimates are released to the public approximately 9 days after the end of the reference month.

8. Consultations Outside the Agency

The U.S. Census Bureau published a pre-submission notice in the Federal Register on February 12, 2015 (Pages 7835-7836) inviting the public to comment on our plans to submit this request. We received no comments in response to that notice. However, we did receive a letter of support from the BEA (see Attachment F). We thank the BEA for its continued support for this collection.

The BEA is the Census Bureau’s main source of consultation for items contained within MARTS and general survey content. Dr. Dennis Fixler is the Chief Statistician at BEA, phone number (202) 606-9607, and a primary source of consultation on the survey.

9. Paying Respondents

The Census Bureau does not pay respondents or provide them gifts for participating in MARTS.

10. Assurance of Confidentiality

Data collected in this survey are confidential under Title 13, United States Code, Section 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 responses are immune from legal process.

We inform respondents of the confidential nature of this survey in the mailing letter that we send to our contacts. The current mailing letter is included in Attachment C and will be available to respondents on our website at http://www.census.gov/retail/marts/get_forms.html. On a monthly basis, we inform respondents of the voluntary and confidential nature of this survey on the questionnaires/forms we provide on our website. The survey questionnaires/forms are included as Attachment B.

11. Justification for Sensitive Questions

MARTS 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

There are approximately 4,900 firms that are canvassed. Based on responses given by a cross section sample of respondents which includes large-size and small-size companies, the estimated burden is 5 minutes per response, which equates to a maximum annual response burden of 4,900 hours.

Estimated Number of Respondents	Estimated Time Per Response	Frequency of Response	Estimated Total Annual Burden Hours
4900	5 mins.	12	4900

The estimated annual cost to respondents is \$153,321 based on the median hourly salary of \$31.29 for accountants and auditors (U. S. Department of Labor -

Bureau of Labor Statistics - Occupational Employment Statistics - May 2013. \$31.29 represents the median hourly wage of the full-time wage and salary earnings of accountants and auditors).
<<http://www.bls.gov/oes/current/oes132011.htm>>

13. Estimate of Cost Burden

We do not expect respondents to incur any costs other than the time required to respond to the survey.

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. Furthermore, the purchase 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 Advance Monthly Retail Trade Survey in fiscal year 2015 is estimated at \$1,500,000 all borne by the Census Bureau. We expect the cost to remain relatively constant for fiscal years 2016 and 2017.

15. Reason for Change in Burden

The burden decreased slightly from 5,000 to 4,900 hours annually due to the introduction of a new sample in 2013. The sample size (and thus the burden) is determined by reliability constraints established to publish the level of detail required on MARTS. There were no changes to the published levels and minimal changes to the reliability constraints. The sample size can be influenced by the number of U.S. retailers in the various industries (which fluctuates) as well as the number of recent openings and closures in a final update prior to the initial mail. Since 2000, the MARTS sample has ranged in size from 4,500 – 5,000 companies.

16. Project Schedule

Questionnaires are mailed to approximately 35% of the respondents five working days before the end of the reference month. In addition, the questionnaires are sent via facsimile to the other 65% on the last working day of the reference month

with a requested return date of the second working day following the end of the reference month. These percentages are based on average collection technology statistics for the period May 2013 through April 2015.

The survey data are collected by the National Processing Center in Jeffersonville, Indiana by the end of the seventh working day following the reference month. The data are tabulated, edited, analyzed, and reviewed between the fourth and eighth working days.

On approximately the 9th working day, an 8:30 a.m. press release (“Advance Monthly Sales for Retail Trade and Food Services”) is issued that summarizes the estimates and provides a brief description of the survey, along with information on the reliability of the estimates. This release is simultaneously published electronically on the Census Bureau website, <http://www.census.gov/retail>, and distributed in paper form to members of the press in a designated room at the Labor Department (temporarily due to repairs being made at the Department of Commerce Headquarters). An example of the MARTS Report is shown in Attachment A.

The scheduled release dates for each calendar year are established roughly 3-4 months ahead of time and takes into account the reporting calendar of the retailers, as well as the timing of other government press releases. This can sometimes lead to a slight variance in the general schedule discussed above.

17. Request to Not Display Expiration Date

We wish to continue to display the expiration date and OMB number on the forms.

18. Exceptions to the Certification

There are no exceptions to the certification statement.

19. NAICS Codes Affected

Data are collected for the retail trade sector (NAICS 44-45) and the food services subsector (NAICS 722) as defined by the North American Industry Classification System (NAICS). The following are the 3-digit NAICS codes for the retailers affected by the information collection:

<u>NAICS Code</u>	<u>Description</u>
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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