

# Econ Quiz – 11/11/10

## E-Commerce, Part III: Is e-commerce overtaking retail?

By Bill Pinkovitz and Colette Hershey

According to the U.S. Census Bureau E –Stats, business-to-consumer (B-to-C) online sales (goods and services) totaled \$288 billion in 2008.

Businesses also sell to other businesses.

Business-to business (B-to-B) e-commerce has increased dramatically over the past few years as businesses find new, effective, cost efficient ways to use the internet. B-to-B e-commerce more than doubled between 2003 and 2008, and today, in 2010, accounts for about 40 percent of all U.S. manufacturing shipments.

**Question:** What were total e-commerce B-to-B transactions in 2008?

**Answer: \$3.4 trillion**

The U.S. Census E-Stats reports that B-to-B e-commerce total \$3.4 trillion in 2008. That represents 92.2 percent of all e-commerce in the U.S.



Want to figure this out? Luckily, the Census already keeps track of e-commerce statistics for us.

Click <http://www.census.gov/econ/estats/2008/2008reportfinal.pdf> to get information on business-to-consumer service revenues.

### U.S. Shipments, Sales, Revenues and E-commerce: 2008 and 2007

[Shipments, sales and revenues are in billions of dollars.]

Description	Value of Shipments, Sales, or Revenue				Year to Year Percent Change		% Distribution of E-commerce	
	2008		2007		Total	E-commerce	2008	2007
	Total	E-commerce	Total	E-commerce				
<b>Total *</b>	22,408	3,704	21,966	3,395	5.0	12.1	100.0	100.0
<b>B-to-B*</b>	11,602	3,416	11,179	3,130	3.8	9.1	92.2	92.2
Manufacturing	5,486	2,154	5,338	1,879	2.8	14.6	58.2	55.3
Merchant Wholesale	6,116	1,262	5,841	1,251	4.7	0.9	34.1	36.8
Excluding MSBOs <sup>1</sup>	4,411	720	4,153	705	6.2	2.1	19.4	20.8
MSBOs	1,705	543	1,687	547	1.1	-0.7	14.7	16.1
<b>B-to-C*</b>	10,806	288	10,787	265	0.2	8.7	7.8	7.8
Retail	3,959	142	4,005	137	-1.2	3.3	3.8	4.0
Selected Services	6,847	146	6,782	128	1.0	14.1	3.9	3.8

\* We estimate business-to-business (B-to-B) and business-to-consumer (B-to-C) e-commerce by making several simplifying assumptions: manufacturing and wholesale e-commerce is entirely B-to-B, and retail and service e-commerce is entirely B-to-C. We also ignore definitional differences among shipments, sales, and revenues. The resulting B-to-B and B-to-C estimates, while not directly measured, show that almost all the dollar volume of e-commerce activity involves transactions between businesses. See the "Note to reader" for cautions relating to the interpretation of the "Total" shown here.

<sup>1</sup>Manufacturers' Sales Branches and Offices

The information for this Econ Quiz can be found on page 2 of that document.

It's already tallied in that orange box! Note that the figures here are in *billions* of dollars.

3,416 means \$3,416,000,000,000 – over a *trillion* dollars!  
 Note that total e-commerce for 2008 was \$3,704,000,000,000.

How much of all e-commerce is business-to-business e-commerce?  
 $\$3,416 \div \$3,704 = .9217$ , or **92%**

Go here for all tables in E-Stat's complete 2008 study:

<http://www.census.gov/econ/estats/2008/all2008tables.html>

**Thanks for taking this week's Econ Quiz!**  
**Broken link? Something wrong with the directions?**

These websites often move information around without notifying users. It's possible we have provided a broken link. E-mail [Bill Pinkovitz](mailto:Bill.Pinkovitz) if you come across a broken link.