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MAJOR RELEASES

- **Electronic commerce and technology, 2001**

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Canadian businesses sold more goods and services over the Internet in 2001. Although the proportion of firms selling online increased marginally, e-commerce sales still accounted for only a small fraction of total operating revenue.

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MAJOR RELEASES

Electronic commerce and technology 2001

Canadian businesses increased sales of goods and services over the Internet in 2001. Although the proportion of firms selling on-line increased marginally, e-commerce sales still accounted for only a small fraction of total operating revenue.

Companies received \$10.4 billion in customer orders over the Internet in 2001, up 43.4% from 2000, according to the Survey of Electronic Commerce and Technology. The percentage of businesses that reported selling goods and services on-line rose marginally to 7% from 6%.

Electronic commerce is increasingly concentrated in large businesses. Firms selling on-line accounted for nearly 30% of all gross business income in Canada, up from 25% in 2000.

The e-commerce market is also volatile. Among the businesses that responded to the survey in both 2000 and 2001, four firms stopped selling over the Internet in 2001 for every five that started. In contrast, for every two that started selling over the Internet in 2000, five stopped.

Despite this rapid growth, e-commerce sales still accounted for only 0.5% of total operating revenue in 2001, up from 0.2% in 1999. Internet sales made up 2.6% of total operating revenue for businesses in private sector educational services, the highest share. Next came firms in transportation and warehousing (1.4%).

E-commerce sales highest in wholesale trade sector

Measured by value, e-commerce sales were highest in wholesale trade, followed by manufacturing, retail, and transportation and warehousing. Combined, these industries accounted for 58% of all Internet sales in 2001.

Wholesalers sold \$1.9 billion worth of goods and services over the Internet in 2001, up 83.9% from 2000. This accounted for 0.6% of their total operating revenue. Twelve percent of all e-commerce sales by wholesalers were direct to consumers, while 13% went outside the country.

Manufacturers sold \$1.7 billion worth of goods and services over the Internet, up 28.8% from 2000. This made up 0.3% of their operating revenue. More

Note to readers

Data in this release are from the 2001 Survey of Electronic Commerce and Technology, which covered the entire economy except local governments. About 21,000 businesses were in the sample.

Electronic commerce is defined as sales over the Internet, with or without on-line payment. Included are the value of orders received over the Internet, Extranets and electronic data interchange (EDI) on the Internet. Excluded are sales using EDI over proprietary networks. Automatic teller machines are excluded, as is the volume of financial transactions conducted over the Internet. Included are service charges received for conducting transactions over the Internet.

than 85% of these sales were to other businesses, while 40% went outside Canada.

Retailers attracted \$1.5 billion in on-line sales in 2001, up 66.9%. Despite this increase, Internet sales accounted for only 0.6% of their operating revenue.

Large businesses are still the big players in electronic commerce. Enterprises with more than 500 employees were responsible for 40% of sales over the Internet, down slightly from 43% in 2000.

Only one-fifth of on-line sales are to consumers or households

Although the dollar value of business-to-consumer sales rose 59.0% to \$2.3 billion in 2001, this comprised only 22% of Internet sales. Business-to-business sales also rose sharply — 39.5% to \$8.1 billion.

The retail trade sector accounted for 25% of the business-to-consumer market in 2001, the largest share, followed by the information and cultural industries (11%), manufacturing (11%) and wholesale trade (10%).

Sales to consumers accounted for 84% of Internet sales from the arts, entertainment and recreation sector, and 63% for the accommodation and food services sector.

On-line sales for export more than double

In 2001, the value of export sales over the Internet more than doubled to \$2.7 billion from \$1.2 billion in 2000. These sales accounted for only slightly more than one-quarter of total e-commerce sales.

Retail trade had the largest share of the electronic export market (30%), followed by manufacturing (25%)

and wholesale trade (9%). Fifty-four percent of all on-line retail sales went for export.

More businesses buying on-line

The percentage of Canadian businesses buying goods or services over the Internet continued to grow in 2001. Twenty-two percent of firms bought goods or services over the Internet, up from 18% in 2000 and 14% in 1999. These same businesses accounted for 48% of all gross business income in Canada.

Purchasing over the Internet

	1999	2000	2001
Percentage of enterprises using the Internet to buy goods or services			
Forestry, logging and support activities	7.4	4.5	11.0
Mining and oil and gas extraction	19.3	20.4	14.5
Utilities	24.7	25.5	31.5
Construction	..	..	16.7
Manufacturing	18.9	21.3	29.1
Wholesale trade	13.9	22.9	26.4
Retail trade	10.8	13.5	16.9
Transportation and warehousing	10.7	15.0	11.6
Information and cultural industries	49.6	52.7	51.8
Finance and insurance	12.7	20.2	24.9
Real estate and rental and leasing	8.2	8.8	13.4
Professional, scientific and technical services	30.0	35.8	42.1
Management of companies and enterprises	12.9	8.5	8.4
Administration and support, waste management and remediation services	13.4	22.5	30.9
Educational services (private sector)	27.2	41.0	39.3
Health care and social assistance (private sector)	9.5	14.4	20.0
Arts, entertainment and recreation	12.1	15.9	23.2
Accommodation and food services	3.9	10.1	9.4
Other services (except public administration)	6.5	10.5	14.8
All private sector	13.8	18.2	22.4

.. Figures not available.

For the third straight year, the percentage of businesses purchasing over the Internet was highest in the information and cultural services industry, 52%. This sector includes enterprises involved in publishing, broadcasting, telecommunications, information services and data processing.

Among businesses that did not buy or sell over the Internet, 52% believed that their goods or services did not lend themselves to Internet transactions. Thirty-six percent preferred to maintain their current

business model. Smaller percentages of these enterprises felt that security was a concern, or that the cost of development and maintenance of an e-commerce-enabled Web site was too high.

Almost three-quarters of all businesses use the Internet

While the value of sales over the Internet was small, businesses continued to embrace the Internet in 2001; 71% of them used the Internet, up from 63% in 2000. Firms that used the Internet accounted for 96% of economic activity.

More than 9 of 10 businesses with 20 employees or more used the Internet in 2001. Overall, 47% of private sector employees had Internet access, up from 39% in 2000.

Internet use and presence of Web sites

	2000	2001	2000	2001
Percentage of enterprises that use the Internet		Percentage of enterprises with a Web site		
Forestry, logging and support activities	42.3	68.2	4.7	15.3
Mining and oil and gas extraction	78.0	77.6	22.6	39.2
Utilities	80.8	93.7	31.3	45.1
Construction	..	70.5	..	24.3
Manufacturing	77.5	82.4	38.0	45.9
Wholesale trade	75.3	81.7	34.3	37.6
Retail trade	52.7	65.2	22.9	26.7
Transportation and warehousing	57.5	57.4	12.9	11.1
Information and cultural industries	92.7	92.9	54.5	65.1
Finance and insurance	75.9	82.0	34.4	47.8
Real estate and rental and leasing	51.2	53.4	21.9	22.3
Professional, scientific and technical services	84.0	90.7	30.0	31.9
Management of companies and enterprises	52.9	63.1	16.9	13.8
Administration and support, waste management and remediation services	75.0	80.0	32.7	39.7
Educational services (private sector)	89.2	93.0	69.7	61.7
Health care and social assistance (private sector)	61.7	70.4	15.6	18.6
Arts, entertainment and recreation	69.2	81.5	36.0	45.8
Accommodation and food services	44.0	48.0	18.5	20.1
Other services (except public administration)	51.8	58.6	22.3	24.5
All private sector	63.4	70.8	25.7	28.6

.. Figures not available.

The percentage of businesses using the Internet advanced in almost all industry sectors. Gains were strongest in forestry, logging and support activities,

utilities, retail trade, and arts, entertainment and recreation.

About 29% of businesses had a Web site, up marginally from 2000. These firms accounted for 81% of all gross business income. Businesses in the information and cultural industries sector were most likely to have a Web site (65%), followed by private sector educational services (62%). Those in transportation and warehousing were least likely (11%).

About 14% of enterprises had an internal Internet, or intranet, up from 12% in 2000. Industries most likely

to have an intranet were finance and insurance, and information and cultural industries.

Available on CANSIM: tables 358-0007 to 358-0012 and 358-0014.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bryan van Tol (613-951-6663, bryan.vantol@statcan.ca), Science, Innovation and Electronic Information Division.

Value of Internet sales

	2000	2001	2001	2001	2001	2001
	Percentage of enterprises that use the Internet to sell goods or services		Internet sales with or without on-line payment	Internet sales as a percentage of total operating revenue	Percentage of Internet sales to consumers	Percentage of Internet sales to outside Canada
			\$ millions			
Forestry, logging and support activities	1.6	4.3	x	x	10.6	14.1
Mining and oil and gas extraction	0.4	0.2	x	x	x	4.5
Utilities	4.6	1.4	x	x	x	0.0
Construction	..	0.7	x	x	1.3	0.5
Manufacturing	8.2	11.7	1,680.3	0.3	14.6	39.6
Wholesale trade	13.5	12.9	1,914.7	0.6	12.0	12.6
Retail trade	8.7	10.8	1,485.1	0.6	38.6	54.1
Transportation and warehousing	2.0	2.2	937.4	1.4	3.5	23.8
Information and cultural industries	18.9	20.1	388.5	0.6	63.2	50.3
Finance and insurance	7.3	9.6	623.7	0.3	8.0	2.1
Real estate and rental and leasing	4.8	7.3	x	x	48.4	17.4
Professional, scientific and technical services	7.2	5.8	423.5	0.7	20.5	35.1
Management of companies and enterprises	1.4	4.8	..	..	0.3	2.3
Administration and support, waste management and remediation services	6.4	10.7	..	..	11.5	5.9
Educational services (private sector)	15.6	14.0	80.6	2.6	21.8	19.9
Health care and social assistance (private sector)	1.3	0.6	..	..	3.3	0.1
Arts, entertainment and recreation	5.3	10.0	..	..	83.6	28.5
Accommodation and food services	5.1	3.7	259.4	0.3	62.9	36.0
Other services (except public administration)	3.5	3.6	8.1	6.9
All private sector	6.4	6.7	10,388.9	0.5	22.2	25.8

.. Figures not available.

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
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Thursday, June 3, 1997	
For release at 9:30 a.m.	
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