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MAJOR RELEASES

- **E-commerce: Household Shopping on the Internet, 2003** 2
Household spending jumped 25% from a year earlier to just over \$3.0 billion in 2003, as Canadians bought everything from airplane tickets to books online.
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Canadian Economic Observer

September 2004

The September 2004 issue of Statistics Canada's flagship publication for economic statistics, *Canadian Economic Observer*, analyses current economic conditions, summarizes the major economic events that occurred in August and presents a feature article titled "Canada's Imports by Country." A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The September 2004 issue of *Canadian Economic Observer*, Volume 17, no. 9 (11-010-XIB, \$19/\$182; 11-010-XPB, \$25/\$243) is now available. See *How to order products*.

Visit *Canadian Economic Observer's* page online. From the *Canadian statistics* page, choose *Economic conditions*, and on that page see the banner ad for *Canadian Economic Observer*. For more information, contact Cyndi Bloskie (613-951-3634; ceo@statcan.ca), Current Economic Analysis Group.



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MAJOR RELEASES

E-commerce: Household Shopping on the Internet

2003

Canadian households spent just over \$3.0 billion shopping on the Internet on everything from airplane tickets to books, according to the 2003 Household Internet Use Survey (HIUS).

An estimated 3.2 million Canadian households actively participated in e-commerce in 2003, up from 2.8 million the year before. These households accessed the Internet from various locations, not just home. In total, they placed 21.1 million orders, up from 16.6 million the previous year.

The \$3.0 billion in orders placed over the Internet represents a 25% increase from \$2.4 billion spent online in 2002. This growth rate far exceeds the 5% increase in the number of households that accessed the Internet from any location in 2003.

Total electronic commerce spending represents only a fraction of the \$688 billion in total personal expenditure in Canada last year. However, the new figures confirm that households are increasingly using the Internet as a method of purchasing goods from both Canadian and foreign vendors.

The electronic commerce components of the HIUS from 2001 to 2003 were redesigned to capture Internet shopping from households that regularly used the Internet from various locations, solely for household purposes.

Previously, household e-commerce data were collected only if the Internet shopping was conducted from home. This constituted a break in the data series.

One-third of online purchases made on foreign Web sites

For every \$10 spent by households on Internet purchases last year, \$6.90 was spent on Canadian Web sites. On the other hand, Canadians spent almost \$1 billion of their e-commerce dollars at foreign Web sites.

This constituted a 6% gain from a year earlier and was much lower than the 27% growth in foreign orders placed between 2001 and 2002. The number of orders coming across the border however increased 27%.

During the year, an estimated 4.9 million households, or 40% of the total, were Internet shoppers. That is, they had at least one member who used the Internet to support purchasing decisions, either by window-shopping or by placing online orders.

Note to readers

Data in this report are from the 2003 Household Internet Use Survey (HIUS), from which estimates for Internet use were released on July 8th. The HIUS was administered to a sub-sample of the households included in the Labour Force Survey (LFS).

The respondent provides a proxy response to questions for all members of the household. Of households indicating that they regularly use the Internet, about 89% of the individuals answering the survey for their household were one of the members that regularly used the Internet from various locations.

Residents of Yukon, the Northwest Territories and Nunavut, persons living on Indian reserves, full-time members of the Canadian Armed Forces and inmates of institutions were excluded from the coverage.

In 2003, 34,674 households were eligible for the HIUS. Interviews were completed for 23,113 of these households, for a response rate of 67%. Results were weighted to the entire count of households, excluding those listed above.

Regular-use households are those who responded "yes" to the question, "In a typical month does anyone in your household use the Internet (from any location)?"

Unlike the LFS, in which information is collected on each eligible household member individually, the HIUS collected information on the household as a whole. A designated member of the household enumerated the online shopping characteristics made by all members of the household in the previous 12 months.

The Household Internet Use Survey will not be conducted for the 2004 reference year and is targeted to be replaced by an individual level survey for reference year 2005.

Of these 4.9 million households, an estimated 3.2 million, or 65%, went beyond window-shopping and placed orders online. More than five out of six households paid for their purchases online, a 52% increase from the reference year 2001.

About 1.7 million households reported that they used the Internet only to window-shop, virtually unchanged from 2001. This group browsed online catalogues to narrow their purchasing decisions, but did not place orders or make purchases online. They represented 14% of all Canadian households.

Of these window-shoppers, almost one-half indicated that they later made purchases directly from vendors, indicating that online catalogues are an effective means of obtaining walk-in or telephone orders.

Concerns still high, but online credit card use rises

More Canadian households were paying for their goods and services online in 2003. Paradoxically, many shoppers indicated concerns about security aspects of

the Internet, but they were still willing to use their credit cards online.

More than three-quarters of the 2.7 million households that paid online indicated that they were concerned, or very concerned, about financial transactions conducted over the Internet.

In fact, the proportion of electronic commerce households that paid for their Internet orders online rose from 79% in 2001 to 85% last year. This contributed to increased growth in the number of orders paid online.

Books, magazines still most popular purchase

Reading materials such as books, magazines and newspapers were still the most popular online purchases in 2003. About 30% of e-commerce households reported purchasing these items.

However, consumers are increasingly using the Internet to make travel arrangements. In 2003, 22% of households reported making travel arrangements over the Internet, up from 18% the year before.

Growth in the number of households purchasing commodities was highest for consumer electronics (+86%) and videos and DVDs (+68%). The number of households that ordered music online increased 36%, while the number downloading free music declined.

Household growth of commodity categories where members only window-shopped was greatest for health, beauty items and vitamins; consumer electronics; clothing, jewelry and accessories; and housewares and appliances.

Digital products

One bundle of goods and services purchased over the Internet by Canadian households for personal non-business use is referred to as "digital products."

This group of orders includes products purchased online that are delivered in a digital format from the vendors' computer to the purchasers' computer. Almost 20% of electronic commerce households bought digital products in 2003, up from 16% a year earlier.

On average, these households purchased \$180 of these products, which were comprised mostly of software, software licenses and music.

An estimated \$113 million of these products were purchased by Canadian households, almost double that of the previous year. Vendors outside Canada accounted for more than half the dollar value.

High-speed access at home gateway to online purchases

Households with a high-speed connection are more likely to be electronic commerce households.

Over 7 of 10 electronic commerce households have a high-speed connection.

Speed of household connection by region 2003

	Proportion of total households using regularly from home	High speed from home	Low speed from home
Atlantic Canada	47%	56%	44%
Quebec	45%	59%	41%
Ontario	60%	62%	38%
Manitoba and Saskatchewan	52%	70%	30%
Alberta	58%	74%	26%
British Columbia	62%	77%	23%
Total	54%	65%	35%

Access speed of electronic commerce household by region 2003

	Proportion of regular use households purchasing from home	High speed from home	Low speed from home
Atlantic Canada	49%	65%	35%
Quebec	39%	68%	32%
Ontario	49%	69%	31%
Manitoba and Saskatchewan	49%	76%	24%
Alberta	50%	80%	20%
British Columbia	50%	80%	20%
Total	47%	72%	28%

Of the households that pay for their purchases online, 73% access the Internet at home using a high-speed connection.

Those households west of Ontario with a high speed connection are slightly more likely than national average to purchase goods from home.

Ontario households account for almost half of total e-commerce spending

On average, e-commerce households spent \$956 annually online, with an average dollar value per order of \$144 in 2003. The average expenditure per household and the average dollar value per order were above the national average for Alberta, British Columbia and Ontario.

Households in Ontario contributed one-third of the increase in purchases last year, and represented nearly one-half of the \$3.0 billion total e-commerce spending. They also placed 46% of all orders made online. Nearly 30% of Ontario spending was conducted with foreign vendors.

Alberta recorded the highest provincial growth in e-commerce spending (+43%), followed by Quebec (+41%) with the Atlantic provinces close behind at 36% growth.

Households in British Columbia were Canada's second largest market for electronic commerce. They spent over half a billion dollars on Internet purchases, almost 17% of the national total.

Available on CANSIM: tables 358-0018 to 358-0023.

Definitions, data sources and methods: survey number 4432.

Additional data tables related to the information presented in this series are available online in the publication *Internet use in Canada* (56F0003XIE, free).

Data from the 2003 Household Internet Use Survey, conducted in January 2004, for January to December 2003, is now available on the CD-ROM *Household Internet Use Survey—Public Use Microdata File, 2003*(56M0002XCB, \$2,140). The survey provides information on the use of the Internet by Canadian households within the 10 provinces. This is the seventh cross-sectional microdata file to be released in the series beginning with the Household Internet Use Survey for 1997.

For more information about the survey and related goods and services, or to enquire about the concepts, methods or data quality of this release, contact Jonathan Ellison (613-951-5882; fax: 613-951-9920; jonathan.ellison@statcan.ca), Science, Innovation, and Electronic Information Division. ■

OTHER RELEASES

Current economic conditions

Canada's economic growth accelerated to 1.1% in the second quarter, making it the only G7 nation to top 1%, as growth in the United States, Japan and Europe all slowed, according to an assessment of current economic conditions in the September issue of *Canadian Economic Observer*.

Employment in Canada levelled off during the summer as strength in natural resources and construction was offset by declines in the public sector.

Total household spending advanced at a steady pace, with strength in housing offsetting slower growth in consumer spending.

While prices accelerated between April and June, disposable incomes rose even faster, reflecting more jobs and large income tax refunds. Consumer spending slowed, as energy consumption fell and cool weather dampened clothing. Instead, households borrowed less and saved more.

Canada's current account surplus soared to more than \$10 billion, the second highest level on record. Export volumes drove the increase, fuelled by the strong global economy. Exports to China alone are up 75% from last year.

Regionally, resource exports fuelled the economy in western Canada in June, more than they did in other parts of the country.

Growth relative to 2003 was particularly vigorous in Alberta, at 50%, equivalent to just over 1% of the province's total gross domestic product. Energy led with an advance of \$1.4 billion (+45%), and was well on its way to breaking new records.

Central Canada's exports also performed well. In Quebec, metals led the growth in exports, which rose by 20% from a year earlier, partly because a number of strikes loomed in the industry. Aircraft in Quebec snapped out of a slump that had lasted the whole year. As a result, manufacturing posted one of its best growth rates in over two years.

Export growth also spread in Ontario. While the auto industry had led growth earlier in the year, it accounted for only about one-third of the growth in June compared with last year. Machinery and equipment contributed about 20% of the growth.

Ontario was still the only region in Canada with an external trade deficit, notably with China and Mexico.

Definitions, data sources and methods: survey numbers, including related surveys, 1901 and 3701.

The entire analysis of current economic conditions is now available in the September 2004 issue of *Canadian Economic Observer*, Vol. 17, no. 9 (11-010-XIB, \$19/\$182; 11-010-XPB, \$25/\$243). See *How to order products*.

You can visit the *Canadian Economic Observer's* page on our Web site. From the *Canadian Statistics* page, choose *Economic conditions*, and on that page click on the banner ad for *Canadian Economic Observer*.

For more information, contact Cyndi Bloskie (613-951-3634), Current Economic Analysis Group. ■

Financial Performance Indicators for Canadian Business 2002

The three-volume series of *Financial Performance Indicators for Canadian Business* (FPI) for 2002 is now available in CD-ROM format. FPI is an authoritative reference source of key financial ratios for many industries in Canada.

This series uses up-to-date, reliable and comprehensive data on Canadian businesses derived from Statistics Canada databases of financial statements.

This CD-ROM enables users to compare their firm's performance to that of their industry to address issues such as profitability, efficiency and business risk. FPI can also be used for inter-industry comparisons. These ratios can be easily exported to Lotus and Excel.

Volume 1 covers medium and large incorporated firms in both the financial and non-financial sectors, at the national level, with annual sales revenue exceeding \$5 million.

Volume 2 covers medium-sized incorporated firms in the non-financial sector, at the national level, with annual sales revenue between \$5 million and \$25 million.

Volume 3 covers small-sized incorporated firms in the non-financial sector, at the national, regional, provincial and territorial levels, with annual sales revenue between \$30,000 and \$5 million.

The CD-ROM provides three reference years of data (2000, 2001 and 2002). It offers a full slate of financial ratios and a "common-sized balance sheet" for sectors and industries in Canada. The estimates are compiled based on the North American Industry Classification System (NAICS 2002).

Financial Performance Indicators for Canadian Business (61-224-XCB; All volumes \$1,045;

Volumes 1, 2 and 3, national, \$590; Volume 1, \$240; Volume 2, \$240; Volume 3, national, \$240; Volume 3, province, territory or region, \$240 each), is now available. Customized data extractions are also available. See *How to order products*.

For general information or to order data, contact Louise Noel (613-951-2604; louise.noel@statcan.ca), Industrial Organization and Finance Division or Advisory Services (1-800-263-1136).

To enquire about the concepts, methods or data quality of this release, contact Danielle Lafontaine-Sorgo (613-951-2634; danielle.lafontaine-sorgo@statcan.ca) or Haig McCarrell (613-951-5948; haig.mccarrell@statcan.ca), Industrial Organization and Finance Division. ■

Primary iron and steel

July 2004

Data on primary iron and steel for July are now available.

Available on CANSIM: table 303-0010.

Definitions, data sources and methods: survey numbers, including related surveys, 2106, 2116 and 2184.

The July 2004 issue of *Primary Iron and Steel*, Vol. 59, no. 7 (41-001-XIB, \$6/\$51) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca) Manufacturing, Construction and Energy Division. ■

Sawmills and planing mills

June 2004

Data on sawmills and planing mills are now available for June 2004. Monthly data for 2002, 2003 and January to May 2004 were revised.

Available on CANSIM: table 303-0009.

Definitions, data sources and methods: survey numbers, including related surveys, 2134 and 2135.

The June 2004 issue of *Sawmills and Planing Mills*, Vol. 58, no. 6 (35-003-XIB, \$10/\$93) is now available. See *How to order products*.

For general information or to order data, contact the dissemination officer (1-866-873 8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

Canadian Economic Observer, September 2004,
Vol. 17, no. 9
Catalogue number 11-010-XIB (\$19/\$182).

Canadian Economic Observer, September 2004,
Vol. 17, no. 9
Catalogue number 11-010-XPB (\$25/\$243).

Industry Classification Coding System (ICCS),
August 2004
Catalogue number 12F0074XCB (\$300).

National Income and Expenditure Accounts,
Quarterly Estimates, Second quarter 2004, Vol. 52,
no. 2
Catalogue number 13-001-XIB (\$36/\$117).

Sawmills and Planing Mills, June 2004, Vol. 58, no. 6
Catalogue number 35-003-XIB (\$10/\$93).

Primary Iron and Steel, July 2004, Vol. 59, no. 7
Catalogue number 41-001-XIB (\$6/\$51).

Internet Use in Canada, 2003
Catalogue number 56F0003XIE
(free).

Household Internet Use Survey—Public Use
Microdata File, 2003
Catalogue number 56M0002XCB (\$2,140).

Financial Performance Indicators for Canadian
Business, 2002
Catalogue number 61-224-XCB
(various prices).

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
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Statistics Canada	
Thursday, June 3, 1997 For release at 9:30 a.m.	
MAJOR RELEASES	
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• Productivity, hourly compensation and unit labour cost, 1995 Growth in productivity among Canadian businesses was modestly weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.	4
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