IT’S THE CENSUS THAT COUNTS

February 15, 1988, is an important date for business firms across the country. That is the due date for return of the 1987 Economic Census questionnaires they will receive in late December or early January.

Every five years, the U.S. Census Bureau conducts a census of the nation’s business and industrial establishments. Started in 1810 as an adjunct to the population census, the economic censuses have evolved into seven separate censuses each covering a specific sector of the economy, plus several special programs:

• the Census of Manufacturers
• the Census of Mineral Industries
• the Census of Retail Trade
• the Census of Wholesale Trade
• the Census of Service Industries
• the Census of Transportation Industries
• the Census of Construction Industries
• Enterprise Statistics
• Minority-Owned Business Enterprises
• Women-Owned Businesses
• Census of Outlying Areas

All businesses being canvassed will be asked to report for each location on the number of employees, payrolls, and the value of goods or services produced or sold. Other inquiries will be specialized by kind of business, so the Census Bureau uses more than 500 versions of the census questionnaire.

While over 3.5 million business establishments will participate directly in the 1987 censuses, 6 million very small firms will not be canvassed. Key data on these firms will be obtained from the administrative records of other government agencies, so that census reports will represent all establishments in covered industries.

In the 1967 Economic Censuses, the range of industries covered was expanded and the census of construction industries resumed.

Preliminary reports from the economic censuses will start to appear in the fall of 1988. The most widely used final reports will be published during 1989 and 1990. The data will be published by type of business (using the Standard Industrial Classification system) for the entire United States and for each state, metropolitan area, county and city. The results will be issued in over 700 printed reports as well as dozens of files on computer tape, flexible diskette and even compact discs.

While these data will be heavily used by the federal government, they can also benefit the individual companies that fill out the forms. Businesses use the census statistics to compare themselves with industry averages, calculate their share of the market, and project important trends.

History of Economic Census

Early in the 19th century, Congress ordered federal marshals to “take an account of the several manufacturing establishments and manufacturers within their several districts, territories and divisions” as part of the Third Decennial Census of Population in 1810. They traveled from house to house...
house counting the population, asking questions on 25 broad categories of manufactured products and more than 200 kinds of goods.

In 1840 the census was expanded to include a special questionnaire, “Schedule of Mines, Agriculture, Commerce, Manufacturing, etc.” Ten years later, the responsibility of compiling and assembling statistics was transferred to a “central office” in Washington, D.C.

For the 1880 and 1890 censuses, Congress authorized a number of changes. Many additional sets of questions, tailored to various specialized industries and businesses, were included. The scope of the censuses was expanded. Census supervisors and “experts” were hired to take the censuses instead of the marshals—and supervisors and enumerators were required to take an oath not to reveal any information collected in the censuses to anyone except authorized census officials.

In March 1902, Congress established a permanent Census Bureau and directed censuses of manufacturers be taken every five years. During the 1920s and 1930s, censuses of manufacturers were increased to every two years. Throughout World War II, the periodic economic censuses were suspended in favor of war-oriented current surveys—but resumed with the 1947 Census of Manufacturers and 1948 Census of Business.

Data on certain nonmanufacturing businesses—retail stores, lumber yards, butcher shops, other business places—had been collected in the censuses as far back as 1840. But the first official census of business was taken in 1930, covering 1929. Initially it covered retail and wholesale trade, but was broadened in 1933 to include some of the service trades. The construction component of the early censuses of business subsequently was suspended for nearly 20 years before being re instituted as the census of construction industries in 1967.

The 1954 economic censuses were the first in which an electronic computer (UNIVAC I) was used for processing.

In the 1967 Economic Censuses, the range of industries covered was expanded significantly. Not only was the census of construction industries resumed, but there also was an expansion of the scope of service industries enumerated.

The first survey of minority-owned businesses covered 1969, and a parallel program was begun for women-owned businesses for 1977.

A major expansion of the economic censuses is scheduled for 1992, when they are slated to include coverage of finance, insurance, real estate, communications, utilities, and remaining transportation industries—a group accounting for more than 20 percent of our gross national product. At that point the economic censuses and the censuses of agriculture and governments will cover virtually the entire economy except for schools and colleges; labor, political, and religious organizations; and employment by private households.
# ILLUSTRATIVE USES OF ECONOMIC CENSUS DATA

<table>
<thead>
<tr>
<th>Firms compare themselves to their competition, using economic census totals, averages, and trends for their industry or area.</th>
<th>A contractor experienced a poor year in 1982, but took some comfort from Census figures which showed the firm had lost less ground than the rest of the industry between 1977 and 1982. The census figures also helped them identify areas for possible diversification in which activity had increased despite the overall downward trends.</th>
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<td>Firms calculate their market share, where their own sales figures are divided by census totals for sales by product line.</td>
<td>A contractor calculated it had roughly an 11 percent market share in its primary sales region in the northern mountain states, and used that figure as a target when it expanded into Arizona and New Mexico.</td>
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<td>Firms that make or sell products used by other businesses use census data to locate their markets.</td>
<td>The marketing department of a plumbing contractor looks to the Census for information on industries that might use its products for water treatment and purification. Census data on water use by different industries and by state have been used to determine how big the market is, to assign market areas, and to allocate resources for contacting potential product users.</td>
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<td>Firms use census data to pinpoint the locations of retailers, wholesalers, contractors, and others who may redistribute their products.</td>
<td>A distributor of electrical supplies consulted Census of Construction Industries reports to determine receipts of electrical contractors by state and to examine trends in industry payments for materials and supplies.</td>
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<td>Firms make site location decisions using statistics on both their markets, their competition, or the availability of important resources.</td>
<td>A residential painting contractor compared paint sales figures from the Census of Retail Trade with population, family income and home ownership from the Census of Population and Housing for several neighboring metropolitan areas. He found that the ratio of paint sales to family income in his own area was already well above national averages. Concluding the local market for painting might already be saturated, he decided to expand into a nearby metro area with a lower ratio of sales to family income instead of adding another store locally.</td>
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<td>Firms design sales territories and set sales quotas based on statistics that imply market potential.</td>
<td>A contractor used counts of establishments and sales by kind of business on computer tape from the 1982 Economic Censuses to redesign sales territories and set quotas and incentive levels for branch offices. By comparing census figures to their own records on customers by kind of business, company executives quantified the extent to which some kinds of business were better prospects than others.</td>
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<td>Small business people use census data to enhance their business-opportunity presentations to banks or venture capitalists when they are seeking financing.</td>
<td>An installer of solar water heater panels sought to attract new investors. It found census data showing growth among the kinds of firms it thought would be its best customers: hotels, motels and institutional health care facilities. It changed its prospectus to prominently feature that growth. The company also used census data to support its loan applications.</td>
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<td>People evaluate new business opportunities by looking at the characteristics of the target industry and the competition before making further investment.</td>
<td>A construction engineer in the Boston area seeking job advancement examined census data about a number of different kinds of business where he thought his skills could be used. After studying statistics, he concentrated his job search on the industries which had grown the most between the last two censuses.</td>
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