



Statistics on Service Industries

Introduction

Some service businesses in the contiguous United States, such as auto repair and service shops, were included in the 1929 Census of Distribution, and there was a census of hotels for 1930, but the first major enumeration of selected service establishments was carried out for 1933. Similar censuses were done for 1935, 1939 (when coverage was extended to include Puerto Rico, Alaska, and Hawaii), and for 1948. Thereafter, the enumeration of selected service industries became part of the general economic data-collection program, with economic censuses, including service industries, conducted every 5 years. The geographic coverage of the services census was expanded in the 1958 census, when Guam and the Virgin Islands of the United States were added, and again for the 1982 census, when the Northern Mariana Islands became part of the enumeration. The industry coverage was broadened in the 1977 Census of Service Industries, when the limiting word "selected" was dropped as well, and coverage was extended again in the 1992 enumeration.

The economic census, which includes an enumeration of service industries, is taken every 5 years for those years ending in "2" and "7." Receipts and other figures reported refer to business transacted during the specified reference year. Title 13, United States Code, Census, authorizes the censuses and their related surveys, and makes response to the census and to annual surveys mandatory. (Response to most monthly surveys is voluntary.)

Information supplied to the Census Bureau in response to these censuses and surveys is confidentiality by law, and is published in summary form only. The Census Bureau also makes certain that no individual firm's operations can be identified from the statistics in the published reports, compact discs, read-only memory (CD-ROM) products, or other electronic media. There are heavy penalties for violating the confidentiality provisions of the law.

The censuses and surveys have generally been conducted by mail, but the 1992 and 1997 Economic Censuses also made use of electronic response (in the 1997 census over 700 companies, with about 250,000 establishments, responded to the census electronically). Census data are collected directly from all large- and medium-size employer firms, and from a sample of smaller employers. Federal administrative records are used for the remaining small employers and for all firms with no paid employees ("nonemployers").

The North American Industry Classification System (NAICS)

The unit of enumeration for the service industries is the establishment—defined as a single physical location that produces a product or provides services. Prior to the 1997 Economic Census, the Census Bureau classified business activities in its censuses and surveys using the Standard Industrial Classification (SIC) code, originally introduced in the 1930s and updated periodically thereafter. The 1997 Economic Census collected, tabulated, and disseminated the bulk of the data in terms of the new NAICS. The NAICS was developed after extended

negotiations among the United States, Canada, and Mexico to create an integrated industrial classification system providing comparable economic statistics for all three national economies. The 1997 Economic Census was the first major statistical activity conducted by one of the three signatory nations to collect and publish data in terms of the new system.

The NAICS measure of economic activity is "production-based" (i.e., establishments using similar production processes are grouped together), separating economic activity into 20 sectors, instead of the 10 "divisions" used by the SIC system. The NAICS provides a more detailed and accurate measurement of industrial activity in the United States, creating several new sectors comprised of specified services, and adding over 250 new services industries to the classification system. The SIC "Services Division" was replaced by more specific NAICS industrial sectors—some drawn entirely from the Services Division, others composed of industries taken from the SIC Services Division combined with industries transferred from other SIC divisions as well.

The NAICS was introduced in Census Bureau operations and products in the 1997 Economic Census, although, at the request of the local area governments, the census for the Outlying Areas (Guam, Puerto Rico, the Northern Mariana Islands, and the Virgin Islands of the United States) continued to use the SIC code. The agency's current economic surveys programs will begin using the NAICS classifications after the 1997 census—e.g., the 1999 Service Annual Survey, which is scheduled for publication in February 2001.

NAICS Services Sectors

The conversion to the NAICS led to the reorganization of services industries, and to the creation of six separate sectors comprised of industries drawn from the SIC Services Division, and of industries newly identified and classified as belonging to one of the services sectors. These six sectors were as follows:

- **Professional, Scientific, and Technical Services** (NAICS sector 54) comprises businesses whose major input is human capital, and that are defined by the expertise and training of the service provider. The sector includes such industries as law offices, engineering services, architectural services, advertising agencies, veterinary services, and interior design services.
- **Administrative and Support and Waste Management and Remediation Services** (NAICS sector 56) consists of establishments performing routine support activities for the day-to-day operations of other organizations. Activities performed include office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.
- **Educational Services** (NAICS sector 61) comprises establishments and training centers, that provide instruction and training in a wide variety of subjects, such as schools, colleges, universities. These establishments may be privately or publicly owned and operated and may provide services through diverse settings, such as educational institutions, the workplace, or the home through correspondence, television, or other means. All industries in the sector share this commonality of process, namely, labor inputs of instructors with the requisite subject matter expertise and teaching ability.
- **Health Care and Social Assistance** (NAICS sector 62) comprises establishments providing health care and social assistance to individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities.
- **Arts, Entertainment, and Recreation** (NAICS sector 71) comprises establishments that (1) are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) preserve and exhibit objects and sites of historical, cultural, or educational interest; and/or (3) operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure time interests.
- **Other Services (Except Public Administration)** (NAICS sector 81) consists of establishments engaged in providing services not specifically provided for elsewhere in the classification system. The services provided include equipment and machinery repairing, promoting and administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

The following sectors were created in part by incorporating industries from the former SIC Services Division or include businesses involved with providing services or support functions in specialized areas:
- **Information** (NAICS sector 51) sector comprises establishments engaged in (1) producing and distributing information and cultural products, (2) providing the means to transmit or distribute these products as well as data or communications, and (3) processing data.
- **Finance and Insurance** (NAICS sector 52) comprises establishments of firms primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. These establishments may engage in such activities as (1) raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities, (2) pooling of risk by underwriting insurance and annuities, and (3) providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs. Monetary authorities charged with monetary control are included in this sector.
- **Real Estate and Rental and Leasing** (NAICS sector 53) comprises establishments of firms primarily engaged in renting, leasing, or otherwise allowing the use of tangible assets (e.g., real estate and equipment), intangible assets (e.g., patents and trademarks), and establishments providing related services (e.g., establishments primarily engaged in managing real estate for others, selling, renting and/or buying real estate for others, and appraising real estate). This sector excludes real estate investment trusts (REITs) and establishments primarily engaged in renting or leasing equipment with operators.¹
- **Management of Companies and Enterprises** (NAICS sector 55) sector consists of establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest;

¹ REITs are classified in the North American Industry Classification System (NAICS) Subsector 525, Funds, Trusts, and Other Financial Vehicles, because they are considered investment vehicles. Establishments renting or leasing equipment with operators are classified in various subsectors of NAICS depending on the nature of the services provided (e.g., transportation, construction, agriculture). These activities are excluded from this sector because the client is paying for the expertise and knowledge of the equipment operator, in addition to the use of the equipment.

or influencing management decisions; or establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decisionmaking role of the company or enterprise.

- **Accommodation and Foodservices** (NAICS sector 72). This sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. (Civic and social organizations, amusement and recreation parks, theaters, and other recreation and entertainment facilities providing food and beverage services are excluded from this sector.)

Census Geography

Census data on most of the subjects listed in the next section are available for the United States, states, the District of Columbia, metropolitan areas (MAs), Puerto Rico, Guam, the Virgin Islands of the United States, the Northern Mariana Islands, U.S. counties, incorporated places of 2,500 or more inhabitants, and, on CD-ROM only, by five-digit ZIP Codes.

What Subjects Are Covered by the Census and Surveys?

The economic census collected basic general data as well as sector- or industry-specific information from respondents. The basic data items asked of all respondents included—

- Kind of business: the Census Bureau used the SIC code classification within the Services Division prior to 1997, thereafter, businesses were classified within the following NAICS sectors:

- Professional, Scientific, and Technical Services
- Administrative and Support and Waste Management and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment, and Recreation
- Information
- Finance and Insurance
- Real Estate and Rental and Leasing
- Management of Companies and Enterprises
- Accommodation and Foodservices
- Other Services (Except Public Administration)
- Legal form of organization
- Number of employees
- Payroll
- Value of sales, receipts, work done, or equivalent

For the services sectors industries the census also asked for Federal tax status (i.e., taxable or tax-exempt) and operating expenses for tax-exempt organizations).

During each census reference year, a separate survey collects data on capital expenditures, depreciable assets, and selected operating expenses. The results are tabulated at the national level, and are published in *Business Expenses*, part of the *Company Statistics* series (see below).

The annual services surveys collect data on tax and organization status, revenue, expenses, number of locations by kind of business, and selected industry-specific items (such as telephone communications revenue).

Who Uses Services Sectors Data?

The services sectors data from the economic census provide benchmark data for compiling national income accounts and for

forecasting future trends. Accordingly, they are of concern to government at all levels, and management in various industries use them to gauge potential markets, project and analyze sales, assign territories, allocate advertising, and plan new outlets. Trade and professional organizations, market researchers, and chambers of commerce use the information to study economic conditions. Business operators of all kinds can compare their operations with those tabulated for their own or for other areas.

The current services survey data are used by the Federal Government in preparing the national income and product accounts, estimating expenditures for the National Health Accounts, and as input to producer price indexes and productivity measurements. Trade and professional organizations use the estimates to analyze industry trends and as benchmarks for their own statistical measures.

How the Data Are Published

Most of the services sector data are issued on CD-ROM and online through the U.S. Census Bureau's American Factfinder and in PDF format at <http://www.census.gov>. Only selected highlights are published in printed reports. Printed products may be ordered by mail, telephone, and the Internet from—

Superintendent of Documents
U.S. Government Printing Office
P.O. Box 371954
Pittsburgh, PA 15250-7954
Telephone: 202-512-1800
Fax: 202-512-2250
<http://www.gpo.gov>

Electronic products may be purchased by mail from—

U.S. Department of Commerce
U.S. Census Bureau (MS1921)
P.O. Box 277943
Atlanta, GA 30384-7943

Electronic products may be ordered by telephone or fax from—

Administrative and Customer Services Division
Customer Services Branch
U.S. Census Bureau
Washington, DC 20233
Telephone: 301-457-4100
Fax: 888-249-7295 or
301-457-3842

The U.S. Census Bureau's Customer Services Branch can print and bind any PDF report on demand, priced at \$25 or more per report, depending upon the number of pages. (A list of reports, with page counts, is available via the U.S. Census Bureau's Internet site (<http://www.census.gov>), in the economic census section of the *Catalog: Publications*.)

Censuses

The Economic Census, which occurs in years ending in "2" and "7," enumerates all establishments in the United States and the Outlying Areas (Puerto Rico, Guam, the Virgin Islands of the United States, and the Northern Mariana Islands).

Data collected in the 1997 Economic Census were published in the following economy-wide reports between 1999 and 2000:

- *Core Business Statistics*
 - *Advance Report*. This report contains the first data ever published on a NAICS basis and contains national data at the sector and subsector levels. The NAICS table is limited to 1997 data, but a separate, Standard Industrial Classification (SIC) code-based table shows 1992 and 1997 figures at the two-digit SIC level, which permits calculation of percentage change in the number of establishments, sales/receipts/revenue/shipments, annual payroll, and paid employees over the 5-year period.
 - *Comparative Statistics*. This report supersedes the *Advance Report*. It presents two-, three-, and four-digit SIC summaries at the U.S. level and two-digit SIC data at the state level.
 - *Bridge Between NAICS and SIC*. The *Bridge Between NAICS and SIC* presents 1997 data cross-tabulated by the old and new classification systems identifying the lowest common denominator between the two systems.
 - *Nonemployer Statistics*. This report summarizes the number of establishments and sales and receipts of companies with no paid employees.
 - *Auxiliary Establishments*. This report presents data for auxiliaries, except corporate, subsidiary, and regional managing offices. These are establishments that are involved in providing support services for other establishments of the enterprise. Generally, these support services are not intended for use outside the enterprise. In NAICS, these establishments are classified according to the establishment's primary activity—i.e., an establishment providing data processing services for an enterprise is classified as NAICS 51421, Data Processing Services. It shows data on the number of auxiliaries and payroll, number of employees by type of industry served, and sales/receipts.
 - *Company Statistics*. Data compiled from the 1997 industry-wide programs are released as part of the *Company Statistics Series*. Each of these reports includes data by industrial classification and/or geographic areas (states, metropolitan areas, counties, and places), size of firm (employment and receipts), and legal form of organization (individual proprietorships, partnerships, and corporations). This series of seven reports includes—
 - *Company Summary*
 - *Women*
 - *Black*
 - *Hispanic*
 - *Asians and Pacific Islanders*
 - *American Indians and Alaska Natives*
 - *Summary*
- An eighth report, *Business Expenses*, shows operating expenses data at the national level for SIC-based service industries and travel industries.
- Extensive final census data appear in the following series for each of the services sectors:
- *Geographic Area Report*. This series presents sources of revenue data for establishments for each sector, most containing 52 reports—one for each state, the District of Columbia, and the United States as a whole.
 - *Subject Series*.
 - *Source of Receipts or Revenue*. This report presents sources of revenue data for establishments by kind of business. Data are presented for the United States
 - *Establishment and Firm Size (Including Legal Form of Organization)*. This report presents revenue, payroll, and employment data for the United States by revenue size, by employment size, and by legal form of organization for establishments; and by revenue size (including concentration by largest firms), by employment size, and by number of establishments operated (single- and multiestablishment) for firms.
 - *Miscellaneous Subjects*. This report presents data for establishments for a variety of industry-specific questions. Presentation of data varies by kind of business.

- *Summary.* After the publication of all area and subject reports, a single volume was published summarizing the most widely used statistics from all of the previously issued Real Estate and Rental and Leasing sector reports.
- *ZIP Code Statistics* reports were published for selected sectors, including all of Services Sectors except Finance and Insurance and Real Estate and Rental and Leasing, for the United States, each state, and the District of Columbia, with data by five-digit ZIP Codes for taxable establishments with payroll. The reports contained data on number of establishments in various receipts- and employment-size groups, by NAICS kind of business.
- *Economic Census of the Outlying Areas: Construction, Manufacturing, Wholesale, Retail, and Service Industries.* (Because the Outlying Areas will not adopt the NAICS until 2002, establishments currently categorized in NAICS sector 62, "Health Care and Social Assistance," are instead found in "Services," SIC Major Group 80, "Health Services.")
- *Puerto Rico.* Retail data for Puerto Rico are published in the following two reports:
 - *Geographic Area Statistics.* This report contains general statistics for industry groups by the municipio and commercial region level.
 - *Subject Series.* This report contains data on commodity line sales by kind of business, and merchandise line sales by kind of business.
- *Virgin Islands of the United States.* This report presents data by kind of business for construction industries, manufactures, retail trade, wholesale

trade, and service industries. In addition to data for the Virgin Islands as a whole, statistics are presented for St. Thomas and St. John (combined to prevent disclosure problems), St. Croix and the towns of Charlotte Amalie, Christiansted, and Frederiksted.

- *Guam.* This report presents data by kind of business for construction industries, manufacturing, retail trade, wholesale trade, and service industries. Tables present data for Guam and its election districts.
- *Northern Mariana Islands.* This report presents data by kind of business for construction industries, manufacturing, retail trade, wholesale trade, and service industries. Tables present data for the Northern Mariana Islands and the four municipalities.

Surveys

The principal services survey undertaken by the U.S. Census Bureau is the Service Annual Survey, covering companies primarily engaged in providing services to individuals, businesses, and governments. (The current services survey program continued to use the SIC code industrial classification system through data-year 1998; the NAICS was implemented for 1999 and subsequent data years.) Data from this survey were published in the *Service Annual Survey* [year] series BS, which includes of receipts of selected service industries, including hospitals, hotels and motels, amusement services, and legal, personnel, health, and repair services. Estimates of current- and previous-year receipts, year-to-year percentage changes, and the corresponding estimated coefficient of variations are shown. The report also presents data for selected kinds of business by Federal income-tax status (taxable and tax-exempt). The Service Annual

Survey reports are issued 12 months after the end of the survey year.

Other Aids and Sources of Data

- *County Business Patterns.* This is an annual series that covers most of the Nation's economic activity. Data are provided in the following NAICS economic sectors: forestry, fishing, hunting, and agriculture support; mining; utilities; construction; manufacturing; wholesale trade; retail trade; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises; administrative and support and waste management and remediation services; education services; health care and social assistance; arts, entertainment, and recreation; accommodation and foodservices; and other services (except public administration). The series is useful for studying the economic activity of small areas; analyzing economic changes over time; and as a benchmark for statistical series, surveys, and databases between economic censuses. The series serves various business uses such as analyzing market potential, measuring the effectiveness of sales and advertising programs, setting sales quotas, and developing budgets. The data are also used by government agencies for administration and planning.
- More information about the scope, coverage, classification system, data items, and publications for each of the economic censuses and related surveys are published in the *Guide to the 1997 Economic Census and Related Statistics* (available at <http://www.census.gov/epcd/www/guide.html>); *The Statistical Abstract of the United States*; the

periodic *County and City Data Book* (latest, 1994), *State and Metropolitan Area Data Book* (latest, 1998), *Historical Statistics of the United States From Colonial Times to 1970* (available from the Government Printing Office, out-of-print commercially), and *County and State Profiles* (latest, 1997). Census and survey data also appear in trade journals, textbooks, and other secondary sources. Additional information on the methodology, procedures, and history of the economic censuses is published in the *History of the 1997 Economic Census* (available in printed form from the GPO; the *History* also will be made available on the web at <http://www.census.gov>).

- Business and Industry Data Centers (BIDCs) are the result of a U.S. Census Bureau pilot project launched in 1988.

The U.S. Census Bureau and other Federal agencies furnish economic data and related assistance and training to aid a number of BIDCs in furthering economic development in their states.

- All of the states, plus the District of Columbia, Puerto Rico, Guam, and the Virgin Islands of the United States have Census State Data Centers that assist the public with printed and electronic census data. Additionally, some states also have business and industry data centers, which specialize in economic data.
- A network of Regional Data Centers (RDCs) and the Suitland, MD, research facility offer qualified researchers restricted access, in secure environments, to data collected by the U.S. Census Bureau's surveys and censuses that are

not included within the agency's publication program. Researchers must submit research proposals to the RDCs and the U.S. Census Bureau for review and approval. Upon approval, researchers are subject to the confidentiality restrictions of Title 13, United States Code-Census.

Factfinder for the Nation

General information about the U.S. Census Bureau's various statistical programs are contained in the publications of the *Factfinder for the Nation* series. Inquiries and suggestions about the services statistics program and other U.S. Census Bureau activities are invited. Write to—

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Washington, DC 20233