



Internet Sales Rise with Gas Prices

MasterCard's consulting arm reports 16.1-percent increase in e-commerce sales in March

Estimates released today by MasterCard Advisors, the consulting arm of major credit card issuer MasterCard, showed that most retail sectors experienced year-over-year growth in March. However, the rate of growth slowed due to a late Easter holiday and concerns about rising gas prices. Nevertheless, the consulting firm's report noted that overall, spending was not down as much as some had speculated given concern over the increasing price of gasoline. The "SpendingPulse" report covers national retail and service sales and is based on sales activity in the MasterCard network, coupled with survey-based estimates for certain other payment forms such as cash and check.

Instead, the report notes that rising gas prices have simply resulted in some changes in consumer behavior, which include driving less and making fewer trips to brick-and-mortar locations. Sales over the Internet continued to show double-digit growth in March, rising 16.1 percent, the highest rate seen since December 2010. March was the fifth consecutive month of double-digit growth in the e-commerce sector.

"What is particularly interesting about such reports from credit card companies like MasterCard is that they include Internet sales that may not be subject to sales tax. At the state level, when we look at non-store, or Internet, taxable sales, we see only sales where sales tax was collected, which excludes out-of-state Internet retailers or those without a physical nexus in Nevada. In theory, consumers are supposed to send a 'use tax' on such purchases to the state, but that rarely happens," says Mary Lau, President of the Retail Association of Nevada. Lau commented on the fiscal impact to the state, "It is very likely that the state's taxable sales figures significantly underestimate the e-commerce trend and that Nevada actually receives considerably less tax than is owed on Internet purchases."



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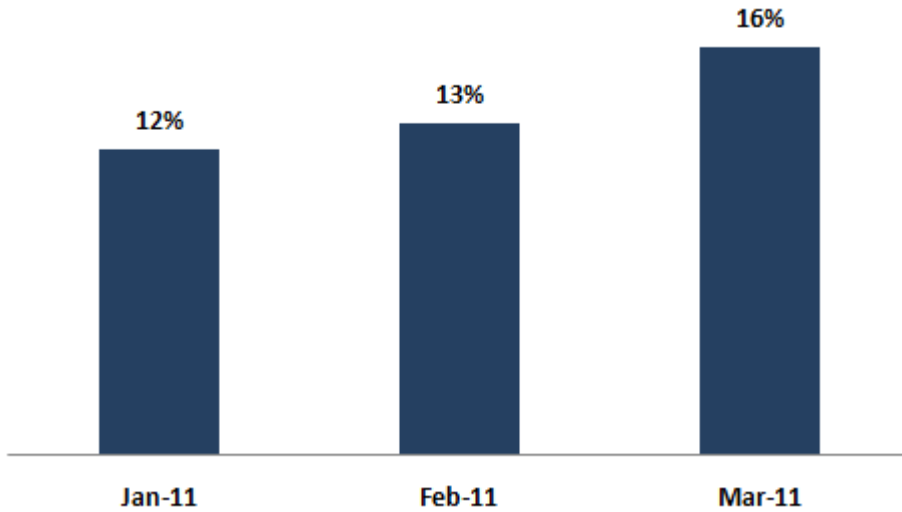
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Year-over-Year Growth in E-Commerce Sales 2011



Source: MasterCard Advisors SpendingPulse Reports

About The Author

Applied Analysis, founded in 1997, is a Nevada-based advisory services firm providing information and analyses for both the public and private sectors.



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