

NAB Online Retail Sales Index

Monthly update – December 2015

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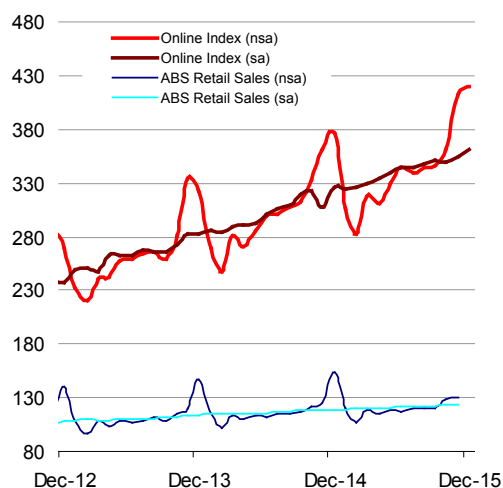


Online sales rose 1.8 per cent in December 2015

- The online retail series has been improved and now includes food. We also have better estimates of size with improvements to the identification of smaller online retail players. The data history has consequently been revised. Our new estimate of the online retail market in Australia is \$19.1 billion in the 12 months to December 2015, up from the previously published November estimate of \$18.1 billion.
- At 1.8% online retail sales recorded reasonably strong growth in December, higher than the revised 1.2% recorded in November. In trend terms, at 0.6%, the revised estimate for online retail sales was almost unchanged on November (0.7%). We estimate that online sales are now 11.2% higher compared to a year ago.
- ABS data showed growth of comparable traditional retailers in November to be 0.4% (mom, s.a.) higher than October, and 3.8% higher than a year ago.
- In dollar terms, we estimate Australians spent \$19.1 billion on online retail. This level is equivalent to 6.6% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to November 2015.
- By Category, in month on month terms, all categories except Electronic Games and Toys (-0.5% mom, s.a.) recorded growth in December. Highest growth was in the Daily Deals category (4.3% mom, s.a.) (though this is small share of spend, and follows a much weaker November). Next highest in the month was Groceries and liquor (4.2% mom s.a.), and Department & Variety stores (2.1% mom s.a.), and Fashion (1.8% mom s.a.). The new category of online orders of Takeaway food, at 1.48% (mom s.a) was next, followed by both Media, and Homewares and Appliances (1.1% mom s.a.). Sub 1% growth was recorded in Personal and Recreational (0.8% mom, s.a.).
- In year on year terms, the strongest growth categories were Food (42.4%), Toys (30.8%), and Media (21.9%) with the weakest Daily Deals (-7%), Department stores (2.5%), and Homewares and Appliances (5.2%)

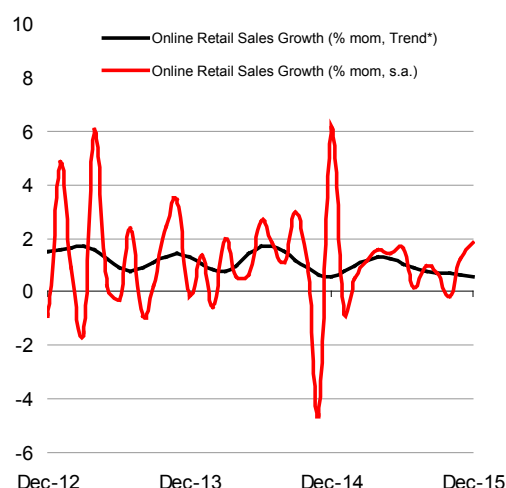
The online index grows in December

Index - Online Retail vs. ABS Retail Sales (Jan 2010 =100)



Seasonally adjusted growth faster in December, trend marginally slower

Growth in Online Retail (% mom)



Online retail statistics

	Year-on-year growth (% nsa)			Month-on-month growth (%)			
	Oct-15	Nov-15	Dec-15	Oct-15	Nov-15	Dec-15	
Online index	8.6	14.4	11.2	Online (s.a.)*	-0.2	1.2	1.8
ABS Retail	4.4	3.8	N/A	Online Trend	0.7	0.7	0.6

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* Expansion of coverage to include food and smaller online retailers has caused seasonal adjustment issues this month. In addition the expanded online series has a shorter history. Accordingly as an interim measure we are using the seasonally adjusted corporate online series as a proxy for the total online index.

Notes:

Data is seasonally adjusted (s.a.) where specified, with a leap year adjustment made for February 2012. Trend data is generated using the Henderson 13 term moving averages where specified. Non-seasonally adjusted (nsa) online sales data is produced by Quantum. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS) and now *includes* cafés, restaurants and takeaway food.

Reporting Cycle:

The reporting cycle of the NAB Online Retail Sales Index has been aligned to traditional quarters, with the larger more in-depth reports now being based on March, June, September and December data.

Seasonal Adjustment:

We publish month on month data that has been seasonally adjusted. The seasonal adjustment technique is used as a way of identifying changes beyond the repeated calendar events (such as Christmas trading, or the subsequent slowdown in January). These seasonal and trend patterns are re-estimated each time the series is analysed, i.e. monthly.

Trend:

Trend number quoted is a Henderson 13 term trend with asymmetric end points. This makes the numbers more directly comparable to other publicly available series such as traditional retail sales seasonally adjusted and trend series. The Henderson 13 term trend estimate applied to the series is used as a way to understand what is happening to the series through time. This smoothes the results by avoiding over emphasis of a single month's result on a series which may be subject to 'noise' or high volatility. The trend we have applied to the series is a symmetrically weighted trend technique, with the exception of the final six months where a different set of weights are applied as per the Henderson technique. For this reason, revisions in the trend series typically affect the most recent months as more recent 'new' data changes their position in the time series.

Series additions, re- estimates, and revision:

Take away Food:

This category is now included in the NAB Online Retail Sales Index. As a result, the market size has been re-estimated and the history of the Index revised. In addition, comparison to published ABS data now includes takeaway food.

Online SMEs:

Improvements have been made allowing for the identification of smaller online retailers. These have now been included and allow for a better estimate of market size. These have not yet been included in the monthly growth estimates quoted on page 1.

More detail will be provided in the detailed quarterly release.

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