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nab



# NAB Online Retail Sales Index

Monthly update – Jan 2016



# Online sales decrease 0.2% in January 2016

- At -0.2% the latest seasonally adjusted NAB online retail sales index shows sales contracted slightly in January, after very strong growth in December (1.9%). At 0.6%, the trend estimate for online retail sales was slightly slower than the previous month. This suggests that looking through the month to month volatility, sales are still growing.
- ABS data showed growth of comparable traditional retailers in December to be flat (0.0% mom, s.a.), and 4.7% higher than a year ago. At 10.6% over the year, growth of online retail is more than double that of traditional retail sales.
- In dollar terms, we estimate Australians spent \$19.2 billion on online retail in the 12 months to January 2016. This level is equivalent to 6.6% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to December 2015.
- In year on year terms, all retail categories sectors except Daily Deals (-8.2% yoy) had sales higher than last January, though most slowed relative to December. Annual growth was highest for food catering (+42.3% yoy). This category still represents a relatively small share of spend and is a relatively new addition to the index. Sales growth in the next fastest category, Media, accelerated slightly (23.9% yoy from 22.2% in December). All other categories had slower growth rates: Electronic Games and Toys (27.1% yoy vs 31.8% in December), Personal and Recreational Goods (9.5% yoy vs 11.9% in December), Fashion (7.1% yoy vs 10.2% in December), Grocery and Liquor (5.1% yoy vs 9% in December) Homewares and Appliances (3.4% yoy vs 5.5% in December), and Department & Variety stores (3.1% yoy vs 4.4% in December).

Year-on-year growth (% nsa)			
	Nov-15	Dec-15	Jan-16
Online index	14.6	11.6	10.6
ABS Retail	3.8	4.7	N/A

Month-on-month growth (%)			
	Nov-15	Dec-15	Jan-16
Online (s.a.)	1.3	1.9	-0.2
Online Trend*	0.7	0.7	0.6

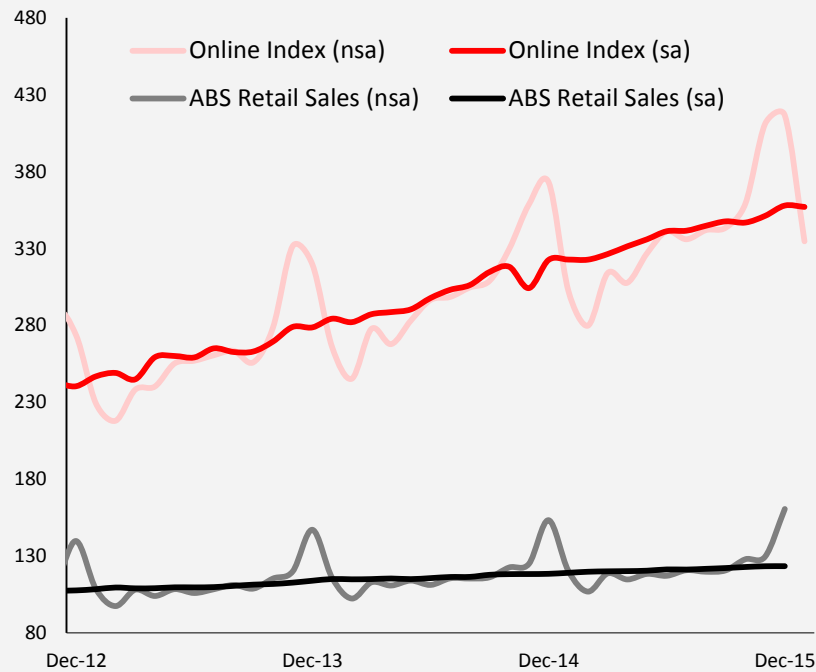
# Online retail statistics

The online index slows in January

Seasonally adjusted growth lower in January, trend slowing slightly

## Index - Online Retail vs. ABS Retail Sales

(Jan 2010 = 100)



## Growth in Online Retail (% mom)

(% mom)



\*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).

# Notes

## **Revision to Trend Series:**

We have moved to publishing the seasonally adjusted month on month change exclusive of a three month moving average. We have now incorporated the Henderson 13 term trend to replace the three month moving average. This makes the numbers more directly comparable to other publicly available series such as traditional retail sales seasonally adjusted and trend series.

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.

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.

## **Impact of online media streaming companies:**

Several high profile subscription media services have entered the Australian market in the past 9 months. Given that these services provide a substitute to purchasing physical content (e.g. CD/DVD sales) we have added these to the Media category in the index.

**To discuss this report in more detail please speak with your NAB Relationship Manager, visit [nab.com.au/onlineretailsales](https://nab.com.au/onlineretailsales) or contact:**

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**About Quantum**

Quantium is Australia's leading data analytics and marketing strategy firm. Quantum has worked with NAB for more than six years, assessing de-identified transaction data to derive insights, trends and shopping habits of different customer groups. The resulting analysis forms Market Blueprint and is used by NAB and other businesses to drive innovation and business performance through customer, distribution and marketing strategies. [www.quantium.com.au](http://www.quantium.com.au)

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