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nab



# NAB Online Retail Sales Index

Monthly update – Feb 2016



# Online sales increase 0.8 % in February 2016

- At 0.8% the latest seasonally adjusted NAB online retail sales index shows sales grew strongly in February, after a slight contraction in January (-0.1%). 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 traditional retailers to also grow in January (0.3% mom, s.a.), and 3.1% higher than a year ago. At 10.4% over the year, growth of online retail is more than triple that of traditional retail sales.
- In dollar terms, we estimate Australians spent \$19.2 billion on online retail in the 12 months to February 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 January 2016.
- In year on year terms, all retail categories sectors except Daily Deals (-3.1% yoy) had sales higher than last February. Though slowing, Food Catering maintained the highest annual growth (35.6% yoy from 42.1% in January). Second highest growth category Electronic Games and Toys accelerated (35% vs 26.6%). Both of these categories still represents a relatively small share of spend. Although only 4<sup>th</sup> fastest, sales growth in fashion increased rapidly (13.6% vs 6.8%). All other categories had slower growth rates: Media (21.1% vs 23.8%), Personal and Recreational Goods (4.5% vs 10.9%), Grocery and Liquor (4.2% vs 4.7%), Homewares and Appliances (2.7% vs 3.3%), and Department & Variety Stores (2.5% vs 3.4%).

Year-on-year growth (% nsa)			
	Dec-15	Jan-16	Feb-16
Online index	11.7	10.7	10.4
ABS Retail	4.7	3.1	N/A

Month-on-month growth (%)			
	Dec-15	Jan-16	Feb-16
Online (s.a.)	1.9	-0.1	0.8
Online Trend*	0.8	0.7	0.6

\*Data is seasonally adjusted (s.a.) where specified, with a leap year adjustment made for February 2012 and 2016. 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).

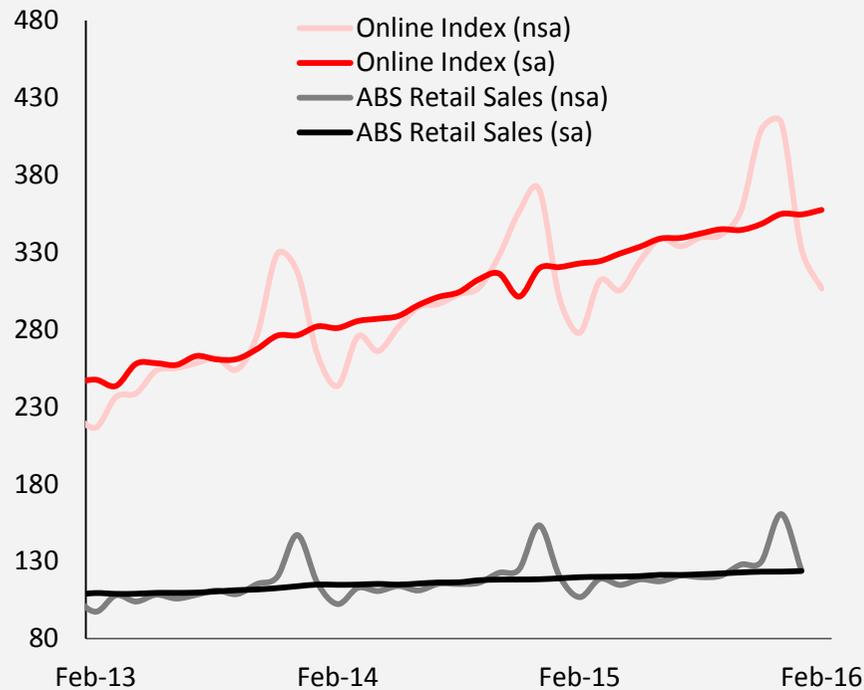
# Online retail statistics

The online index accelerates in February

Seasonally adjusted growth higher in February, trend slowing slightly

## Index - Online Retail vs. ABS Retail Sales

(Jan 2010 =100)



## Growth in Online Retail (% mom)

(% mom)



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# 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 smooths 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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