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NAB Online Retail Sales Index

Monthly update – April 2016



Online sales increase 0.3 % in April 2016

- At 0.3% the latest seasonally adjusted NAB Online Retail Sales Index shows sales growth weakened in April, after rapid growth in March (1.7%) and February (1.0%). As a result the annual growth rate slowed from 13.0% to 10.8%. The trend estimate for online retail sales also slowed to 0.7% - continuing a weakening trend. Looking through the month to month volatility, it appears that online sales in April were relatively soft - albeit coming off a very strong few months.
- ABS data showed growth of traditional retailers grew in March (0.3% mom, s.a.), and 3.7% higher than a year ago. At 10.8% over the year, growth of online retail continues to significantly outpace traditional retail sales growth.
- In dollar terms, we estimate Australians spent \$19.6 billion on online retail in the 12 months to April 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 March 2016.
- A key driver of the overall result was the slowdown in Homewares and Appliances which contracted slightly (-0.2% yoy vs 10.9% yoy in March).
- Sales were also slower in Fashion (8.5% yoy vs 14.0% yoy), Games and Toys (16.2% yoy vs 32.6% yoy), Daily Deals (-8.3% yoy vs -2.9% yoy) and slightly slower in Media (27.3% yoy vs 29.5% yoy).
- Sales improved in Personal and Recreational (7.6% yoy vs 0% yoy), Groceries and Liquor (8% yoy vs 3.4%), Food Catering (47.6% yoy vs 45.8% yoy) and Department and Variety Stores (2.5% yoy vs 1.8% yoy).
- While representing just over a third of all online sales, SME (18.1% yoy) outpaced corporates this month and improved on the March yoy growth (9.2%).

Year-on-year growth (% nsa)			
	Feb-16	Mar-16	Apr-16
Online index	12.0	13.0	10.8
ABS Retail	6.8	3.7	N/A

Month-on-month growth (%)			
	Feb-16	Mar-16	Apr-16
Online (s.a.)	1.0	1.7	0.3
Online Trend*	0.9	0.8	0.7

*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).

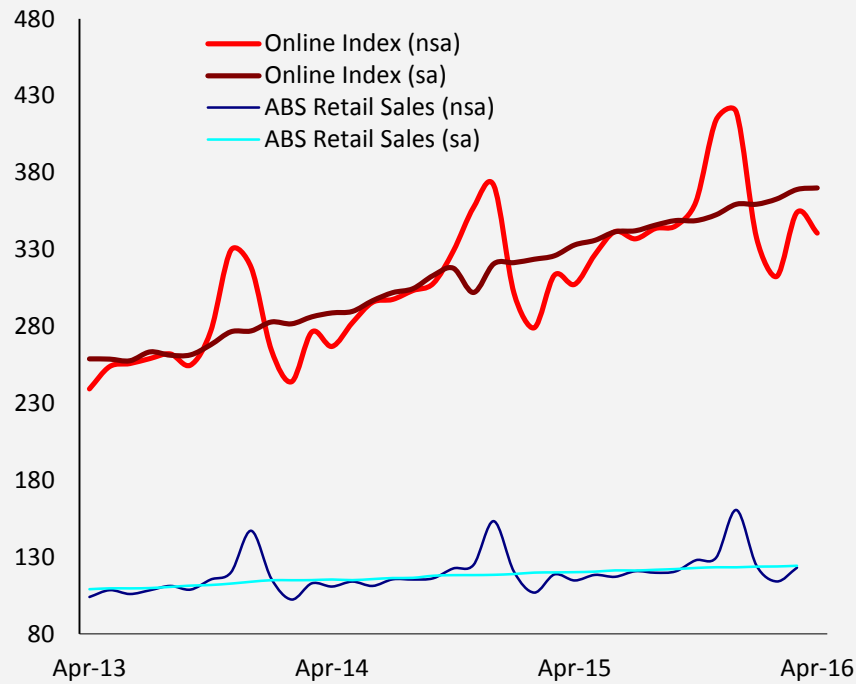
Online retail statistics

The online index slows in April

Seasonally adjusted growth lower in April, trend slowing slightly

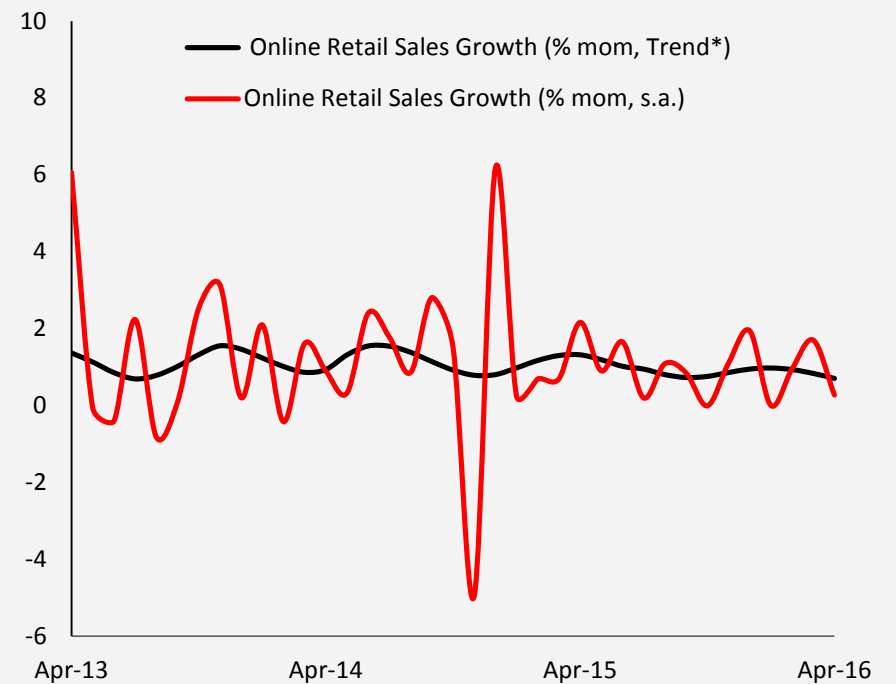
Index - Online Retail vs. ABS Retail Sales

(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 12 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/onlinereetailsales 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

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