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NAB Online Retail Sales Index

Monthly update – May 2016



Online sales increase 2.0 % in May 2016

- At 2.0% the latest seasonally adjusted NAB Online Retail Sales Index shows sales growth rebounded in May, from relatively low growth in April (0.3%). The annual rate (13.2%) is more inline with March (13.3%) than April (11.2%). However, the revised trend estimate for online retail sales is still slowing, albeit at a higher level than previously published. Monthly trend estimates have remained on or below 1% for the past year.
- ABS data showed growth of traditional retailers grew in April (0.2% mom, s.a.), and 4.9% higher than a year ago. In April, while growth of online retail outpaced traditional retail sales growth in annual terms, the results were much closer in month on month terms.
- In dollar terms, we estimate Australians spent \$19.9 billion on online retail in the 12 months to May 2016. This level is equivalent to 6.7% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to April 2016.
- A key driver of the overall result was Fashion sales, which expanded rapidly (21.1% yoy vs 8.6% yoy in April).
- Sales growth also improved faster in Games and Toys (41.6% yoy vs 16.2% yoy), Department and Variety Stores (6.6% yoy vs 3.3% yoy), Personal and Recreational (8.4% yoy vs 7.5% yoy), and Daily Deals (3.2% yoy vs -8.3% yoy).
- Sales slowed in Food Catering (39.1% yoy vs 50.3% yoy), Groceries and Liquor (6.3% yoy vs 8.3%), Media (26.3% yoy vs 27.3% yoy). The largest spend category, Homeware and Appliances contracted (-1.7% yoy vs 0.4% yoy), though this slowdown was not enough to counter the growth in all other segments.
- While representing just over a third of all online sales, SME (22.7% yoy) outpaced corporates this month, its highest recorded annual growth rate.

Year-on-year growth (% nsa)			
	Mar-16	Apr-16	May-16
Online index	13.3	11.2	13.2
ABS Retail	3.7	4.9	N/A

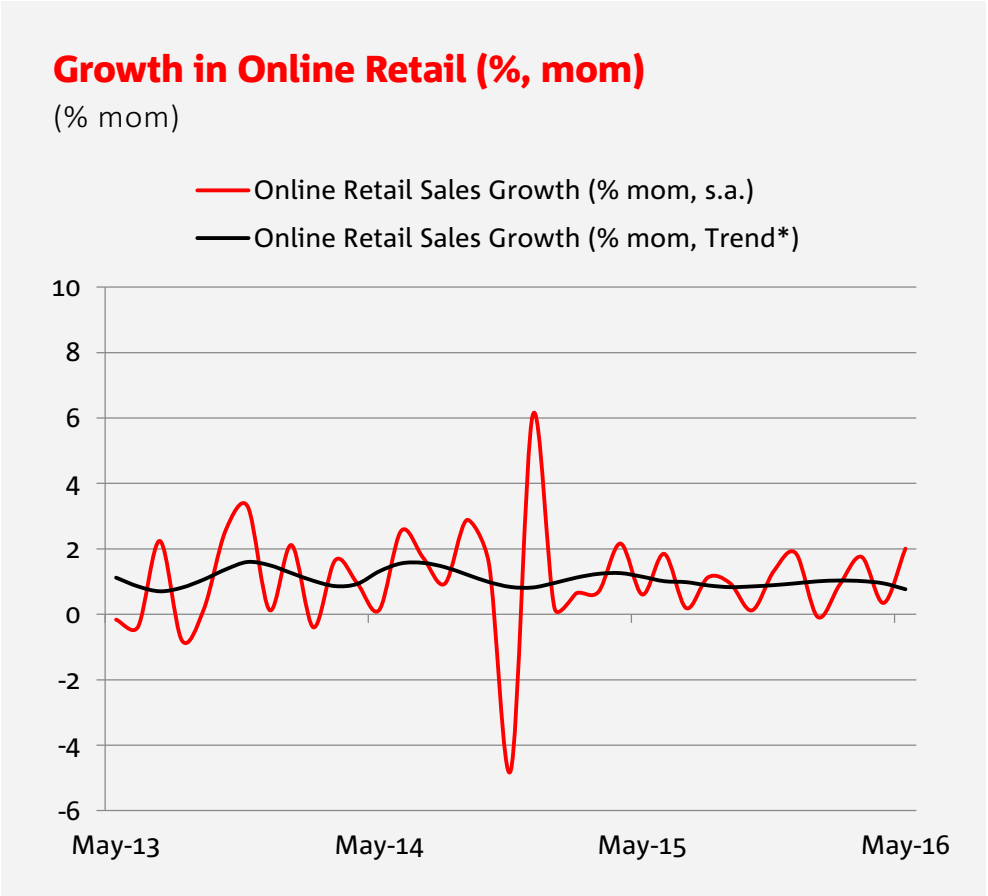
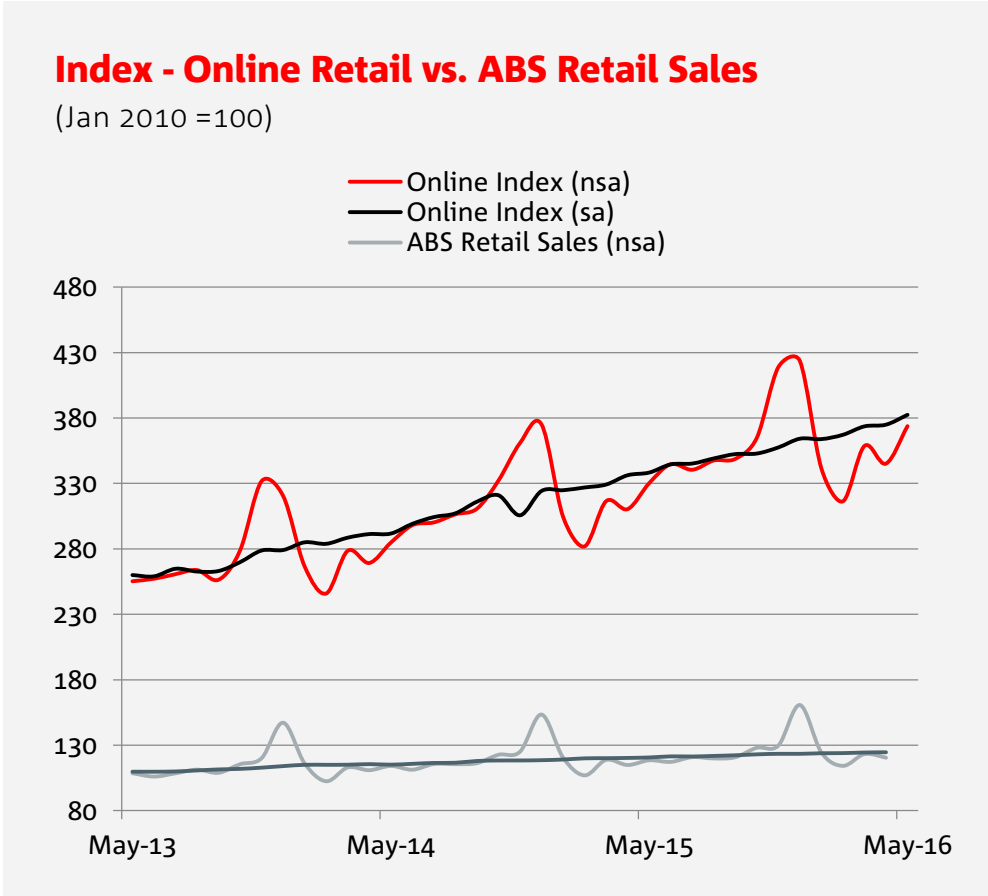
Month-on-month growth (%)			
	Mar-16	Apr-16	May-16
Online (s.a.)	1.8	0.3	2.0
Online Trend*	1.0	0.9	0.8

*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 grows in May

Seasonally adjusted growth higher in May, trend still slowing, albeit moderating sub 1%



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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/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

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