



# **NAB ONLINE RETAIL SALES INDEX**

**MONTHLY REPORT – JULY 2018**

# ONLINE SALES GROWTH ON PAR WITH JUNE, FASTER OVER THE YEAR

- ★ NAB Online Retail Sales Index (NORSI) in July (+1.3% mom s.a.) was on par with June, from stronger growth in May (1.7%). 12 months to growth accelerated in July, with sales up 18.8%. While slowing, trend online retail sales is still much stronger compared to the same period a year ago.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted sales grew 2.6% in June, substantially outpaced by NORSI in that month.
- ★ We estimate that Australian consumers have spent around \$26.88 billion over the 12 months to July 2018. This is equivalent to 8.5% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to June 2018.
- ★ Generally moderate acceleration for 5 of nine categories in July, with all except food catering maintaining double digit 12-months to growth. Fastest 12-months-to growth was recorded by Games and Toys stores, whose sales accelerated (36.3% July vs 24.6% 12 months to June). Department stores (20.8%) recorded the 2<sup>nd</sup> fastest growth, but slowed from June (38.4%). Grocery and Liquor (20.3% vs 15.9%) was 3<sup>rd</sup> fastest in 12 months to terms. The much larger sales category, Media (19.7% vs 24.5%) was 4<sup>th</sup>, but also slowed. The largest spend category Homewares and Appliances (19.0% vs 8.5%) accelerated in the month, and the recent resurgence in Fashion continues, albeit with slightly slower growth (18.2%vs 19.3%). Smallest category Daily Deals (18.0% vs 14.5%) accelerated along with Personal and Recreational (16.7% vs 14.3%), while Food Catering slowed (6.9% vs 14.4%).
- ★ SME merchants represent over 36% of all online sales. Seasonally adjusted SME sales jumped in July (2.4%, mom s.a.), outpacing large online retailers.

	12 months to (% nsa)		
	May-18	June-18	July-18
Online index	18.3	17.9	18.8
SME Index	16.9	22.5	24.6
ABS Retail	3.3	2.6	N/A

	Month-on-month growth (%)		
	May-18	June-18	July-18
Online (s.a.)	1.7	1.3	1.3
SME (s.a)*	4.3	0.5	2.4
Online Trend*	1.4	1.3	1.0

\*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. Caution should be used with SME seasonal adjustment as it is based on a shorter period than the corporate index. 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 slowing in July 'original' monthly sales was slightly higher than the regular seasonal pattern.

Trend online retail growth is now well above the lows of the same period 2017, but is turning down.

Chart 1

## INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

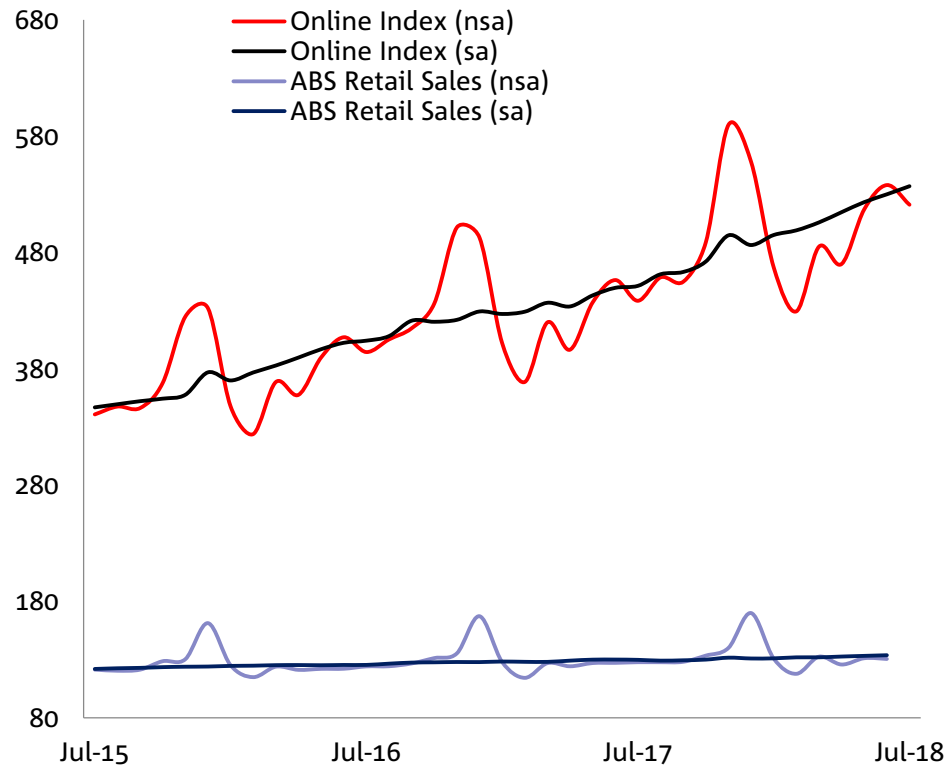
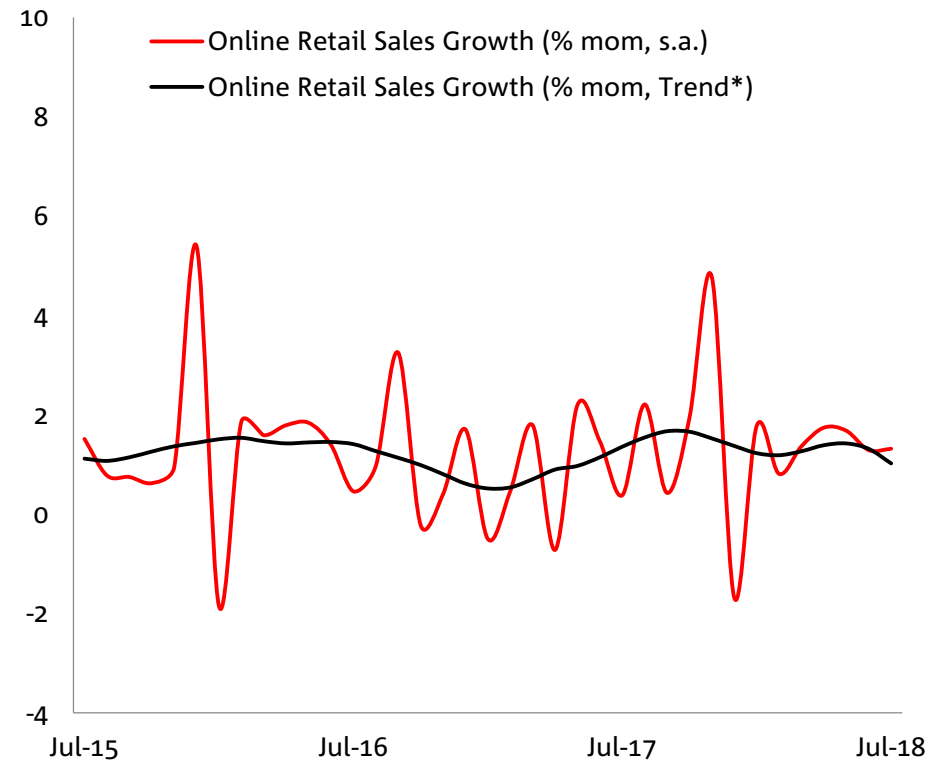


Chart 2

## GROWTH IN ONLINE RETAIL

(% mom)



\* 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. Caution should be used with SME seasonal adjustment as it is based on a shorter period than the corporate index. 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

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**12 Month to:** Change on the corresponding period last year. For this report it is the monthly value this year relative to the monthly value the previous year. This was previously quoted as Year on Year (yoy).

**Month on Month (MoM):** Change on the previous month. For this report it is the monthly value this month relative to the monthly value the previous month.

## **Revision to Trend Series:**

We publish the seasonally adjusted month on month change. We incorporate a Henderson 13 term trend as the trend value. 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. Seasonal adjustment of the SME series is based on a shorter time period, and should be used with caution.

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.

## **Effect of buy now, pay later payment facilitators:**

With the advent of buy now pay later payment facilitators, payments made for the final good purchased are facilitated by a third party. These transactions mask the ability to identify final merchant categories. Fashion and Personal & Recreational goods are the categories most affected by the emergence of these payment facilitators. As such, it is likely that sales at these categories are being understated in recent index estimates.

# 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:

## ALAN OSTER

Group Chief Economist  
Group Economics  
National Australia Bank  
+61 (0) 3 8634 2927  
[alan.oster@nab.com.au](mailto:alan.oster@nab.com.au)

## TOM MAZZAFERRO

General Manager,  
Consumer, Real Estate and  
Diversified Industries  
National Australia Bank  
+61 (0) 2 9237 9834  
[tom.mazzaferro@nab.com.au](mailto:tom.mazzaferro@nab.com.au)

## WADE TUBMAN

Group Executive  
Quantium  
+61 (0) 2 9292 6400  
[wade.tubman@quantium.com.au](mailto:wade.tubman@quantium.com.au)

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