



# **NAB ONLINE RETAIL SALES INDEX**

**MONTHLY REPORT – OCTOBER 2018**

# ONLINE SALES GROWTH FASTER OVER THE MONTH SLOWER FOR THE YEAR

- ★ NAB Online Retail Sales Index (NORSI) in October (+0.7% mom s.a.) accelerated relative to September (0.3%). 12 months to growth slowed in October, with sales up 14.7% compared to September (16.7%). Trend online retail sales also slowed.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted sales rose (0.2%) in September, almost on par with NORSI in that month.
- ★ Our revised estimate puts Australian online spend at around \$28.5 billion over the 12 months to October 2018. This is equivalent to 9.0% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to September 2018.
- ★ Generally moderate slowing for seven of nine categories in October, with only two categories accelerating in 12-months to growth terms. Fastest 12-months-to growth was again recorded by games and toys stores, whose sales accelerated (55.5% October vs 51% 12 months to September), along with third fastest, fashion (15.2% vs 13%). Second fastest, grocery and liquor (19% vs 19.4%) slowed, as did every other category: Media (14.4% vs 19.9%), homewares and appliances (14.1% vs 16.4%), department stores (8.7% vs 10.2%), personal and recreational (7.1% vs 10%), food catering (6.2% vs 9.5%), and the smallest spend share, daily deals (5.7% vs 16.6%)
- ★ SME merchants represent over 35% of all online sales. Seasonally adjusted SME sales accelerated more rapidly in October (1.9%, mom s.a.), relative to large online retailers.

	12 months to (% nsa)		
	Aug-18	Sep-18	Oct-18
Online index	17.3	16.7	14.7
SME Index	18.6	19.2	16.5
ABS Retail	4.2	2.8	N/A

	Month-on-month growth (%)		
	Aug-18	Sep-18	Oct-18
Online (s.a.)	0.7	0.3	0.7
SME (s.a)*	0.1	0.3	1.9
Online Trend*	0.9	0.7	0.5

\*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

October 'original' monthly sales was in-line with the regular seasonal pattern.

Trend online retail growth is now on par with the lows of the early 2017, and is turning down.

Chart 1

## INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

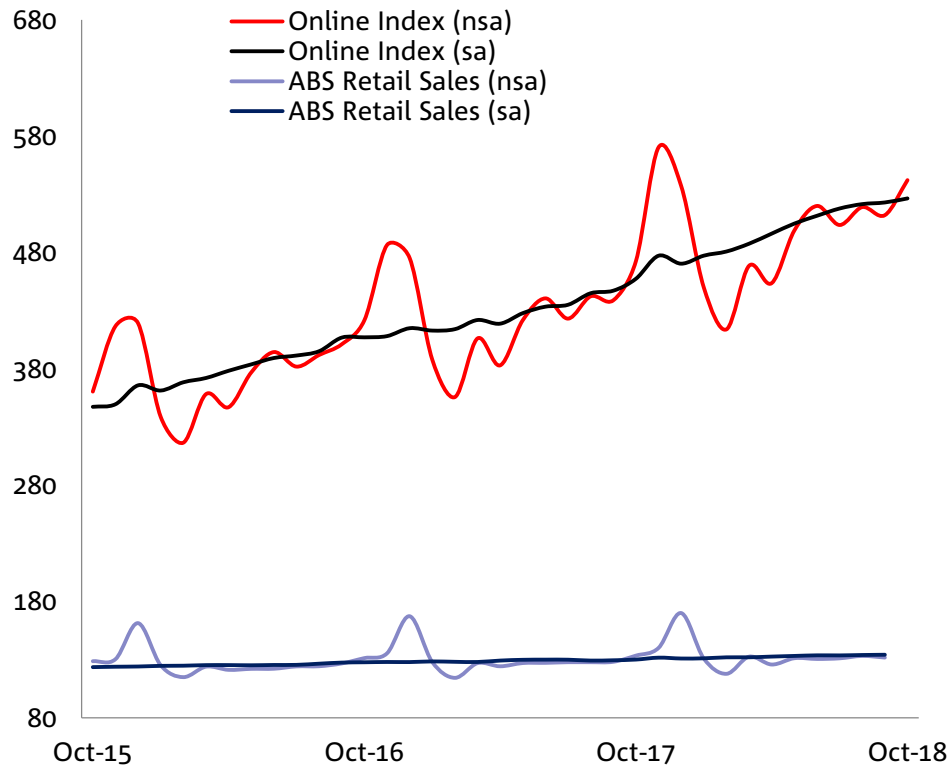
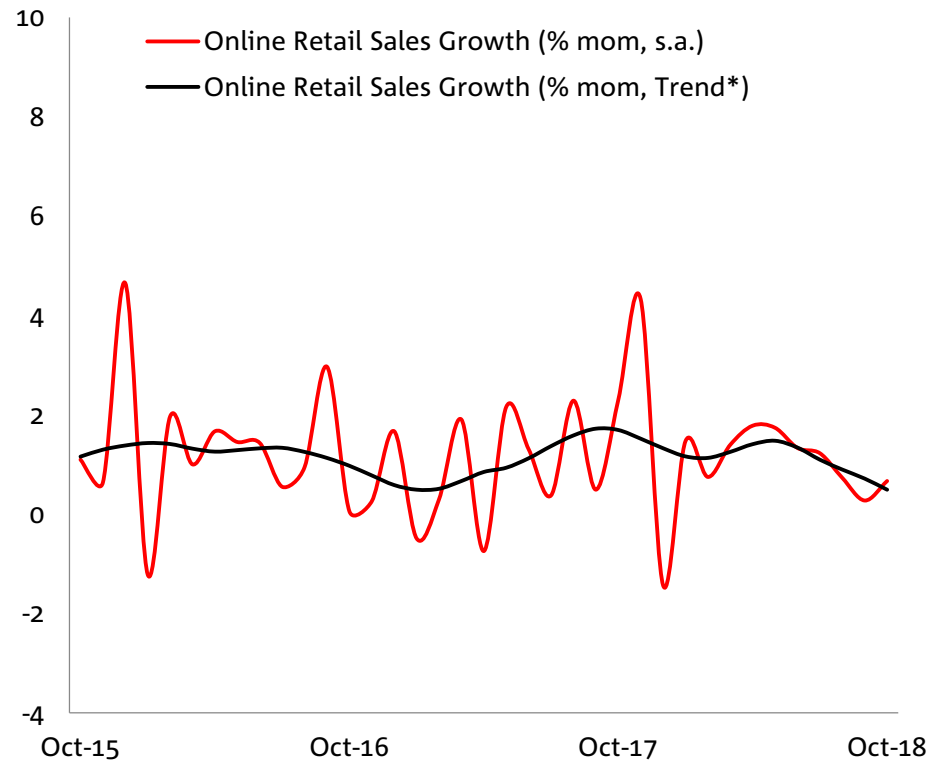


Chart 2

## 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

---

## **Size Estimate revision:**

This month we have identified and incorporated additional brands into the online index history that were previously excluded. The additional brands have added over half a billion to our annual estimated of online spend.

**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)

## ABOUT QUANTIUM

Quantium is Australia's leading data analytics and marketing strategy firm. Quantium 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)

## IMPORTANT NOTICE

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please [click here](#) to view our disclaimer and terms of use.