

# NAB Online Retail Sales Index December 2024



## NAB Group Economics

### Key Points

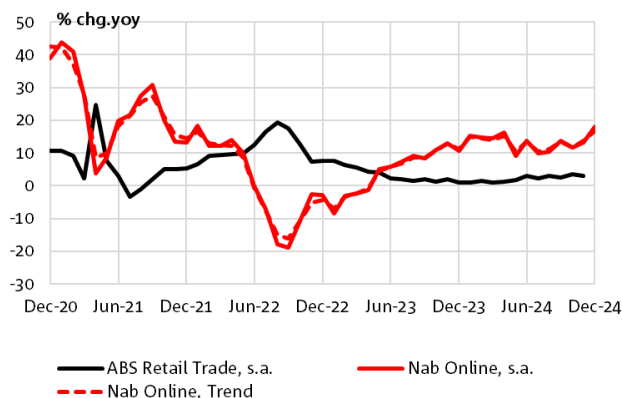
- **On a month-on-month, seasonally adjusted basis, the index grew moderately in December (0.2%),** following rapid growth in November (6.0%).
- **Growth accelerated again in year-on-year terms (18.0% y/y),** with November also rapid (13.3%).
- **By category, growth was mixed in December.** While fashion, which recorded the most rapid growth in November, partially reversed those gains in December, grocery and liquor had a much stronger drop. Strong growth for one of the smallest sales categories, takeaway food, along with slower growth for department stores and personal and rec goods barely offset this. In year-on-year terms, growth was most rapid for department stores, along with homewares and appliances, with the two largest categories accelerating in December. For more detail, see charts 3, 5, 7 & 8 and table 3 below.
- **Growth was also mixed by state this month, with the largest sales states except NSW recording growth, albeit much slower than November, and ACT leading the contraction.** Both VIC and ACT had led growth in November, but the drop, especially in homewares and appliances, clearly impacted the latter in December. Broad based weakness in the grocery and liquor category, but particularly so in NSW and TAS. See charts 4, 6, 9-14, and table 3 for more detail.
- **In year-on-year terms, metro growth continues to outpace regional. Metro accelerated slightly in December, slightly widening the gap as regional growth plateaued.** See Charts 15 and 16 for more detail.
- **International retailers recorded growth in the month, with domestic contracting after outpacing international in the month prior.** While domestic is still growing faster than international in year-on-year terms, the gap has narrowed. See charts 13 and 14, and table 4 for category growth and share.
- **NAB estimates that in the 12 months to December, Australians spent \$59.9 billion on online retail,** a level that is around 13.8% of the total retail trade estimate (November 2024, Series 8501, Australian Bureau of Statistics), with 12 months to growth (10%) continuing to improve.

Year-on-year growth (% s.a.)			
	Oct-24	Nov-24	Dec-24
NAB Online Index	11.7	13.3	18.0
ABS Retail Trade	3.1	2.3	-

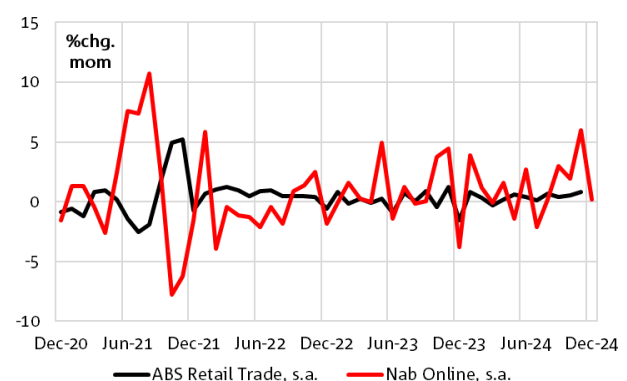
Month-on-month growth (% s.a.)			
	Oct-24	Nov-24	Dec-24
NAB Online Index	1.9	6.0	0.2
ABS Retail Trade	0.7	0.1	-

Sources: NAB, Australian Bureau of Statistics (ABS). \*Data seasonally adjusted (s.a.) using TRAMO/SEATS (incl. trading-day & Easter adjustment.)

**Chart 1: Online retail sales and ABS retail sales**



**Chart 2: NAB Online retail trade data (mom, s.a.)**

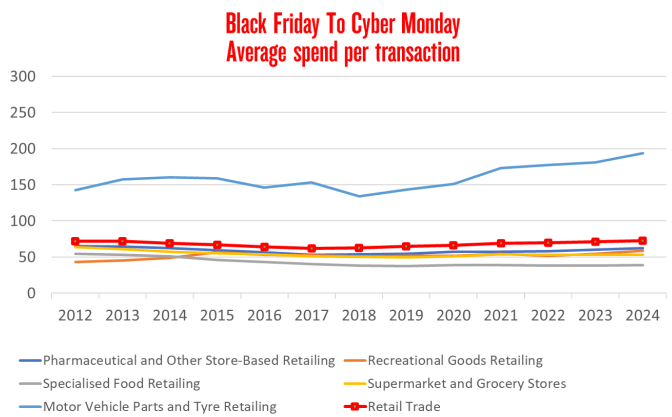
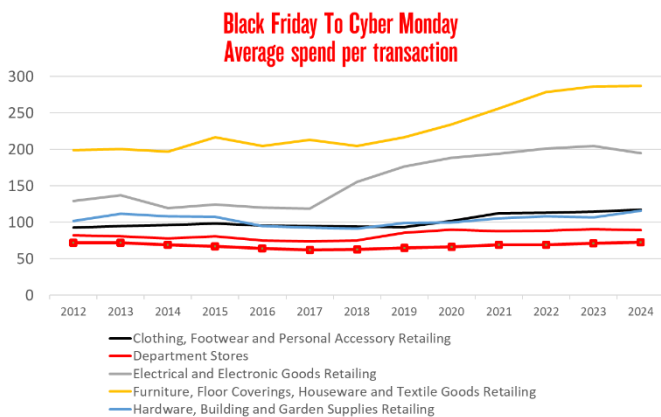
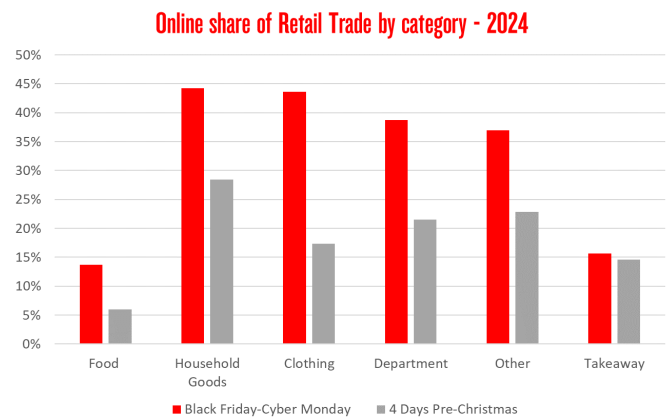
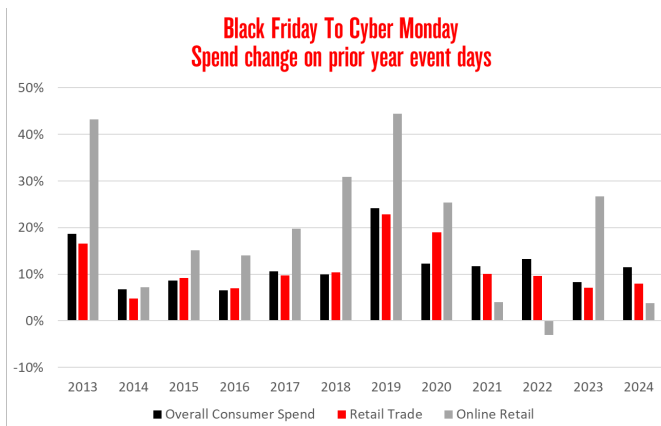


## Comments from NAB Chief Economist Alan Oster

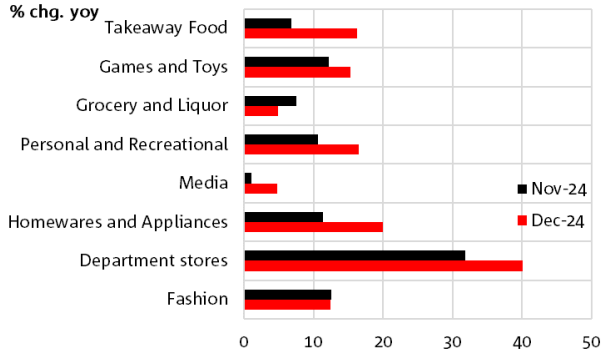
Beyond the regular analysis, this month we delve into the data on recent sales event days, the Black Friday to Cyber Monday (BF-CM) weekend, and compare this to the traditional peak retail trade four day trading period immediately prior to Christmas day. Firstly, it is worth noting that over recent years key retailers have listed sales offers available, days or in some instances, weeks before the event date. For simplicity, consistency, and comparability, our analysis for this exercise includes only the four specific dates of the events. Overall, we observed the continued sales growth during the period of the Black Friday event, particularly for broader consumer spend and retail trade. While online retail was also up compared to the year prior, the rate was slower, especially given base effects of a rapid 2023 event. In 2024, over 35% of all retail trade that occurred during these four days was conducted online. This is up markedly over the period we have been monitoring the series. For example, in 2012 it was about 9%, and as recently as 2022, it was just over 25%.

There is some conjecture as to how the BF-CM trading period compares to the retail trade period around Christmas, with the composition of sales a key part of the discussion. From what we observe in the data, for broad retail trade, instore and online combined, sales value for the BF-CM weekend represented close to 94% of the 4 day pre-Christmas lead up period in 2024. The same metric for 2012 was circa 63% of sales, highlighting the increasing importance of these days for retail trade. For the online component, BF-CM is clearly dominant, with 2.4 times the sales value relative to the comparable online sales period of the 4 days pre-Christmas. This is perhaps unsurprising as November retail sales for online in recent years have typically been about 30% higher than the average monthly sales for the rest of the year, and December only about 8% higher. This fits with our observations of the online monthly seasonal pattern.

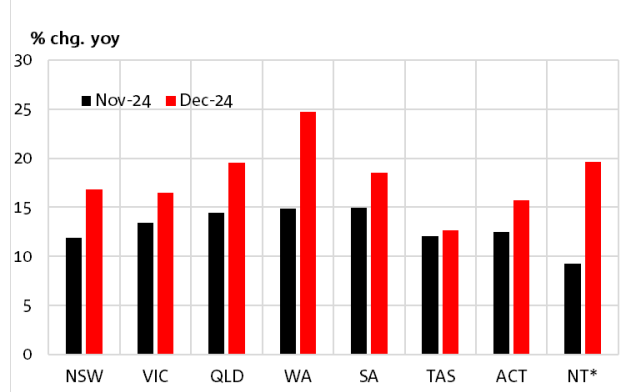
We have also observed that average transaction values increased for categories more associated with the BF-CM sales event, especially homewares and electrical, and more recently car parts related, whereas other categories like supermarkets and specialised food have trended lower.



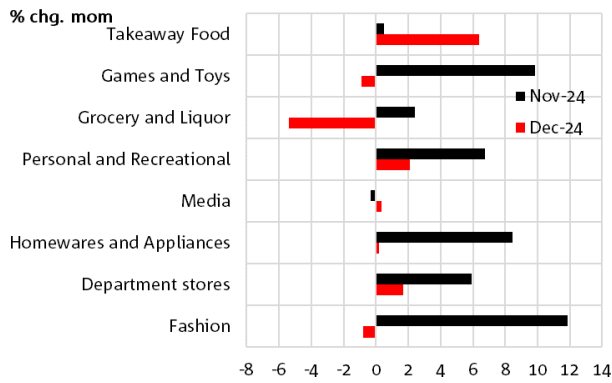
**Chart 3: Online retail sales by category, yoy s.a.**



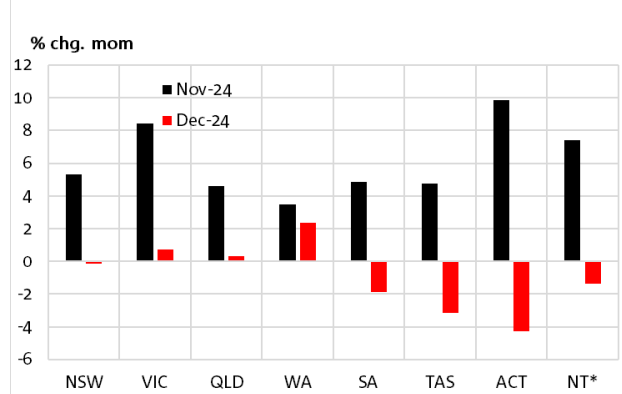
**Chart 4: Online retail sales by state, yoy s.a.**



**Chart 5: Online retail sales by category, mom s.a.**

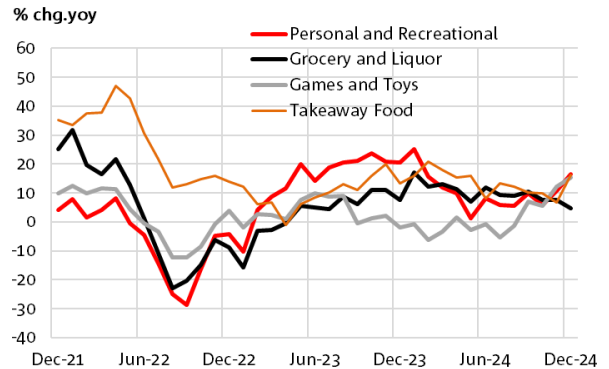
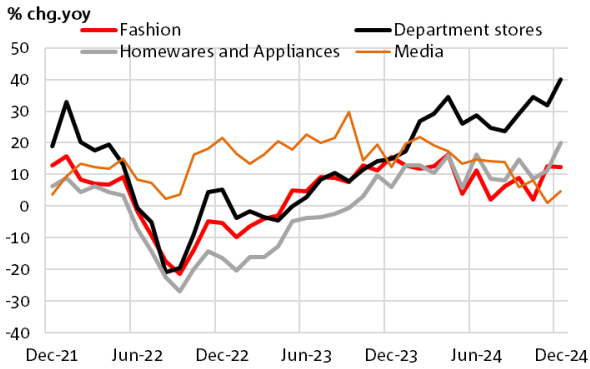


**Chart 6: Online retail sales by state, mom s.a.**

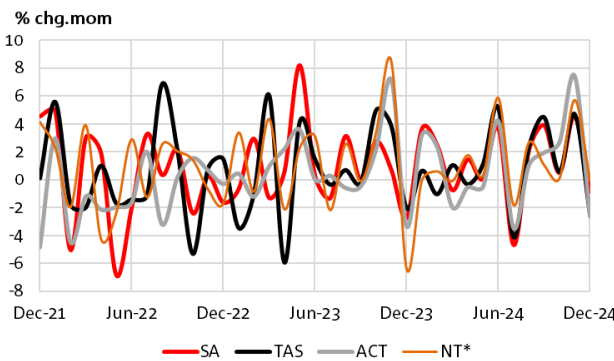
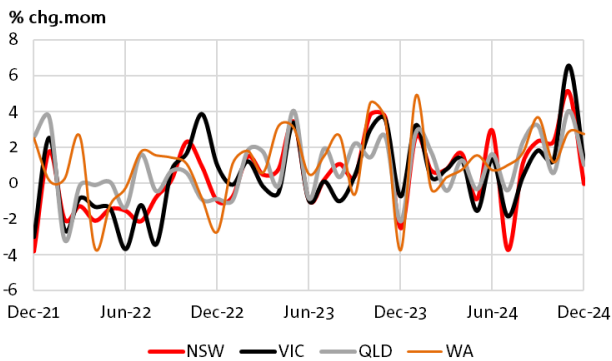


\* Note that the series representing Northern Territory is highly variable and should be used with caution.

**Charts 7 & 8: Online sales by category, seasonally adjusted**

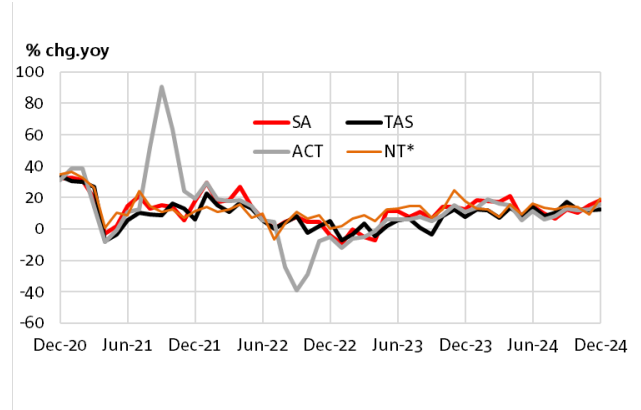
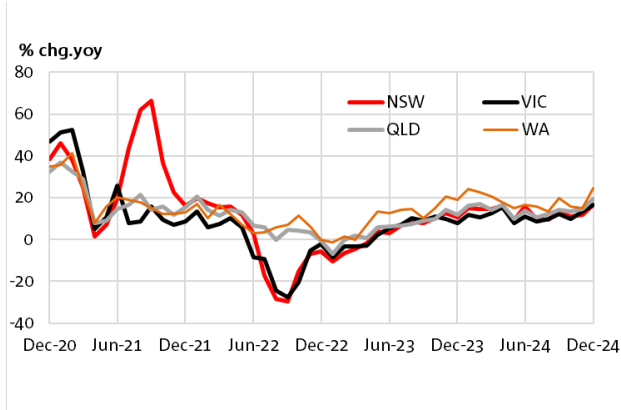


**Charts 9 & 10: Online sales by state, trend**

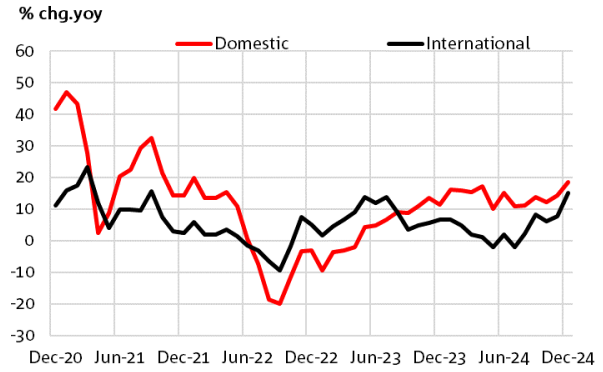
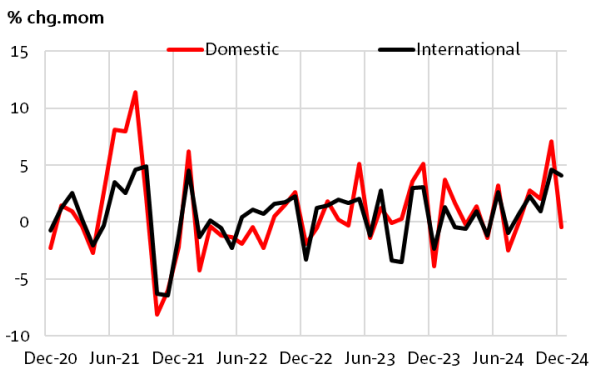


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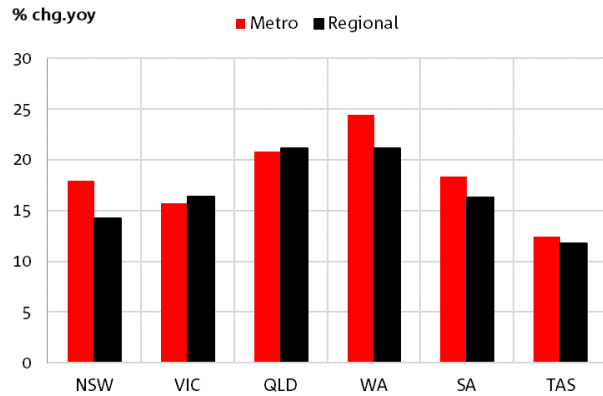
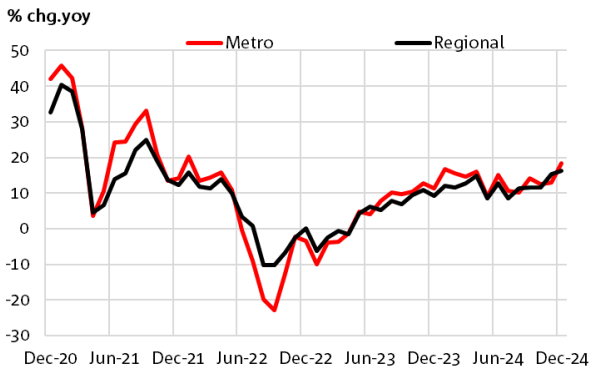
**Charts 11 & 12: Online sales by state, yoy, s.a.**



**Charts 13 & 14: Online sales by merchant location, mom and yoy**



**Charts 15 & 16: Online retail sales growth by region and state, yoy s.a.**



**Table 3: Online sales by category and state**

<b>% (mom,s.a.)</b>	<b>Fashion</b>	<b>Dep't stores</b>	<b>Home &amp; appliances</b>	<b>Media</b>	<b>Personal and Rec.</b>	<b>Grocery and Liquor</b>	<b>Games and Toys</b>	<b>T'away Food</b>	<b>Total</b>
ACT	-7.1	-3.2	-13.3	-1.5	0.7	-5.4	-1.7	7.4	-4.3
NSW	0.1	3.7	-0.6	-3.1	2.2	-9.4	0.8	7.1	-0.1
NT	-2.9	4.0	-7.0	3.9	-10.5	-5.3	-4.4	16.3	-1.4
QLD	-1.3	-0.5	-0.2	3.3	2.2	-0.9	-3.4	6.6	0.3
SA	-3.3	-2.0	-4.8	1.5	1.2	-3.3	-3.9	5.7	-1.9
TAS	-16.0	3.1	-8.5	4.4	-3.5	-8.0	4.8	10.1	-3.2
VIC	-0.8	2.3	3.3	0.4	2.4	-6.2	-0.9	3.6	0.7
WA	2.9	1.1	2.0	3.2	3.0	-1.7	1.0	12.2	2.4
<b>Total</b>	<b>-0.8</b>	<b>1.7</b>	<b>0.2</b>	<b>0.3</b>	<b>2.1</b>	<b>-5.4</b>	<b>-0.9</b>	<b>6.4</b>	<b>0.2</b>

**Table 4: Online sales by category and merchant location- Domestic, International (Int'l)**

<b>%</b>	<b>Monthly growth – Domestic</b>	<b>Monthly growth – Int'l.</b>	<b>Annual growth – Domestic</b>	<b>Annual growth – Int'l.</b>	<b>Domestic Share of Category Spend</b>	<b>Int'l Share of Category Spend</b>	<b>Overall Category Spend Share</b>
Fashion	-2.2	7.4	12.9	11.5	84.8	15.2	10.3
Department stores	1.9	3.9	41.1	22.8	94.3	5.7	19.4
Homewares and appliances	1.8	5.3	21.2	15.5	95.6	4.4	19.2
Media	0.0	6.9	3.3	23.0	92.6	7.4	7.9
Personal and Recreational	3.1	0.6	17.3	12.3	90.0	10.0	12.0
Grocery and Liquor	-5.9	-3.5	4.0	-1.6	96.8	3.2	15.0
Games and Toys	-1.0	2.3	14.1	17.1	78.6	21.4	8.0
Takeaway Food	7.0	4.2	16.0	29.4	98.4	1.6	8.2
<b>All categories</b>	<b>-0.4</b>	<b>4.1</b>	<b>18.4</b>	<b>15.0</b>	<b>92.4</b>	<b>7.6</b>	<b>100</b>

## About this report

The NAB Online Retail Sales Index is now sourced in-house and is produced by Group Economics. We have made some significant changes to the NAB online series. Importantly, we have merged SME and Corporate Online into a single index, and provide more detail by region and industry on a monthly basis.

It is derived from NAB transactions data that have been assigned from particular merchant codes to retail industries by state. To keep the series reasonably consistent with past series, we have left these category descriptions broadly unchanged, albeit we now include new entrants to the Australian market. Against that, we have however removed the standalone previously reported category of 'Daily Deals', as this category was considerably volatile and caused statistical issues with indirect seasonal adjustment.

The NAB Online Retail Sales Index measures all Online Retail spending by consumers using various electronic payment methods such as credit cards, BPAY, and PayPal. We have made adjustments for where merchants appear to be wholesaling goods as opposed for final household consumption, and also incorporate new standards involving purchases using stored customer details. The index is derived from personal transaction data from NAB platforms and is scaled up to be representative of the economy by using scalars including ABS Estimated Resident Population, and RBA payments data.

NAB electronic transactions data for the compilation of this series is collected in real time at event record level, which allows significant flexibility to segment the data by age, time, location and merchant type. In future months, we plan to expand the data provided from the series as we bed-in acceptable seasonal adjustment factors for the new series. Transactions included in these data may incorporate purchases by Card, BPAY, Bank Transfers, Direct Debits and PayPal services where available, and include transactions with Australian and international merchants. Spending represented here includes transactions we have identified as online. NAB's estimate of the online retail market is larger than that of the official ABS measure of Online retail trade as it covers businesses that may not be within the remit of the ABS business register, such as overseas online retailers.

In the previously published series, we were using online retail sales by merchants with turnover greater than \$2.5m ('Corporate') as a proxy for online sales growth of the whole online market. This was due to the shorter time series of the previous market estimate and associated seasonal adjustment issues. With the new extract, we now have sufficient time series, and the growth rates represented are for the total market – i.e. Corporate and SME combined in a single series.

The data captures electronic retail online transactions and is therefore subject to the changing nature and take-up rate of electronic payment methods. Hence, change in growth in the overall transaction value may be attributable to either an increased preference towards a payment type by consumers (such as buy now pay later schemes), or a change in the level of spending across the economy by consumers, i.e. a pick-up in nominal online sales. We continue to work to isolate these effects.

Customer spending is based on where the customer lives, which may or may not be where the actual spending activity occurs. Customers without an Australian residential address are excluded.

These estimates are developed from transaction micro level data are then aggregated to higher level categories based on transaction attributes. The data is made representative of national sales activity by applying both demographic attributes to customer location using the most recent ABS Estimated Resident Population, and comparing NAB transaction data to RBA payments system data. Changes in these data are reflected in the NORSI market size estimate timeseries.

The industry and state data have been seasonally adjusted using Tramo-SEATS with a trading day and Easter adjustment. Given the relatively short time frame for the data, this seasonal adjustment process should be regarded as provisional: estimates are likely to change as a longer run of data becomes available and can be revised from month-to-month given the concurrent process. The trends have been extracted from the same process.

Our aim is to have a data series that is as reflective as possible of online retail spend. As such, each month we will revise previous data to take into account changes in payment processing such as chargebacks and delayed payments. Given these attributes, typically, larger revisions occur to the most recent months, and diminish as the data ages, but the latter effect cannot be excluded.

Our data differs to that of the ABS series as the NAB series covers a broader spectrum of online retailers – overseas merchants selling to Australian residents for example, and categories that substitute for previously retail purchased goods. Categories such as music and book retailing, and electronic games form part of the current online estimate. These are now substitutes for what may have been purchased in-store, but are now provided by online media streaming companies. While these may not fit the strict retail trade definition, our data reveals that they are increasingly being used by customers who previously purchased media in-store. We incorporate these companies into our estimate of online retail sales.

As part of the continual improvement of the series, this month we have revised our total market estimates. We have identified and removed potential wholesale trade transactions made on personal accounts. We have also identified more transactions that are made using a 'stored credentials' technique of online purchases. This technique is increasing in popularity as consumers opt for convenience especially with purchases made using mobile apps. Finally, in March 2018 the RBA made changes to its Payments System Data which we use as an input into our estimate of online total market size. These revisions are retrofitted to the series history.

We have also added a comparison based on metropolitan and regional areas. The definition of these geographical areas is based on the ABS geographical concordance tables, specifically the Greater Capital City Statistical Areas (GCCSAs).

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