

BNZ Online Retail Sales Index

Monthly Update – December 2013

Focus topic: Christmas and Boxing Day



A strong December for online purchases by kiwis: up 13% on December 2012

Online purchases from offshore merchants - 24% higher than December 2012

- The level of online spending by New Zealanders at offshore merchants was down slightly from its seasonal peak in November, but the underlying trend continues to show very high growth rates.

Online purchases from domestic stores - 7% higher than December 2012

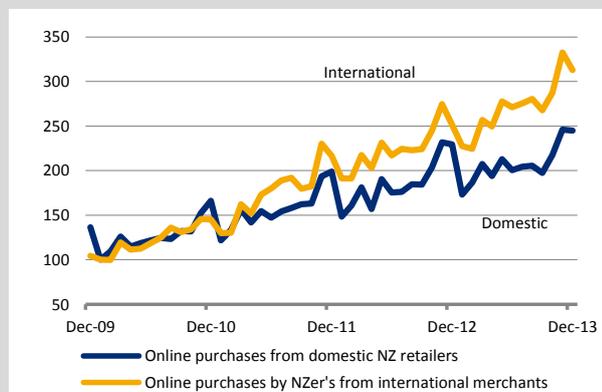
- The growth in online spending at domestic stores in December was more than double the growth rate reported by Statistics NZ for electronic card transactions (using broadly comparable industries¹).
- Online sales at domestic “daily sales” stores are continuing to run below the levels seen a year ago². If we exclude this category from our analysis, online retail spending at domestic stores in December was around 9% higher than in December 2012.
- The growth in online sales at domestic stores varies considerably across store types. Groceries and liquor, furniture, sport and camping equipment, toys and games, entertainment media and garden supplies were some of the categories showing double digit growth compared to December 2012.

¹Using Statistics NZ data we calculate that the value of electronic card transactions for “core retail” industries excluding hospitality was up 3.2% on December 2012. These transactions mostly relate to physical stores, but do include an element of domestic online spending.

²This is not altogether surprising given the period of extremely rapid expansion in “daily sales” over 2010/2011 (refer our report published in November).

Online Index by retailer location*

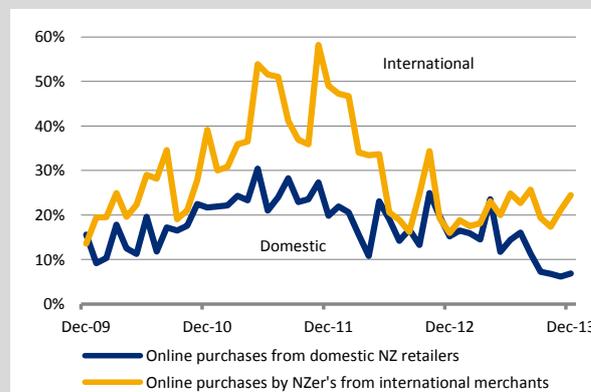
January 2010 = 100



Source: BNZ, Marketview

Growth in online sales by retailer location

(Monthly spending compared to same month in prior year)



Source: BNZ, Marketview

The table below shows growth rates on a monthly and 3-monthly basis (comparing to the equivalent period in prior year). Monthly growth rates can be volatile, so it's best not to read too much into a single month's result.

Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Oct-13	Nov-13	Dec-13	Oct-13	Nov-13	Dec-13	Oct-13	Nov-13	Dec-13
Month ended >>>									
Monthly spending vs same month prior year	11%	12%	13%	7%	6%	7%	17%	21%	24%
3-monthly average vs same period prior year	13%	11%	12%	8%	7%	7%	21%	19%	21%

Note: Final figures for November are only marginally different from the provisional figures published last month. December figures are provisional, but we do not expect final figures to vary much.

*Data notes: Online sales data is produced by Marketview. Traditional retail sales data is from Statistics New Zealand quarterly releases. For both data sets, the figures we use correspond to Statistics New Zealand's ANZSIC Division G (Retail Trade) excluding fuel, motor vehicles and parts, and marine. The annual value of official retail sales in the categories we monitor is approximately \$44 billion.

Categories included in the BNZ Online Retail Index are: supermarket and grocery stores; specialised food and liquor; furniture, floor coverings, houseware and textile goods; electrical and electronic goods; hardware, building and garden supplies; recreational goods; clothing, footwear and personal accessories; department stores; pharmaceutical and other store-based retailing; non-store retailing; and retail commission-based buying and/or selling.

Focus Topic: Christmas and Boxing Day

- Various reports overseas have noted a trend towards higher levels of online shopping over Christmas Day and Boxing Day. For example:
 - The Financial Times reported an estimate from one UK consultant that “online purchases accounted for almost 20 per cent of total retail sales over Christmas, compared with about 15 per cent at Christmas 2012”¹.
 - Another article reports “Almost one-third of people in the UK said they would begin shopping online on Christmas Day, sparking an early start to Britain's annual Boxing Day spending spree, according to Barclaycard research”².
 - And in the US “Online sales were up 16.5 per cent on December 25, compared with last year’s Christmas day, said IBM, which tracks 800 retail US sites”³.
- In New Zealand:
 - Online shopping on the 25th and 26th of December has grown strongly:

Growth Rates	Domestic Online Purchases	International Online Purchases	Total Online Purchases
25 Dec 2013 vs 25 Dec 2012	9%	17%	13%
26 Dec 2013 vs 26 Dec 2012	12%	23%	17%

- Online spending on each of these two days is lower than what kiwis typically spend online each day throughout the year. We suspect this is partly because many people’s focus is elsewhere over Christmas, and partly because people are very accustomed to attending Boxing Day sales at physical stores. It will be interesting to see what changes in spending patterns unfold as New Zealanders’ online shopping habits continue to evolve.
- Although online spending on Christmas Day is lower than the daily average, it nonetheless accounts for a large share of retail shopping on that day. An extremely rough estimate is that online sales account for over 25% of NZ retail sales on 25 December (across the categories we measure). The large online share is not totally surprising, given that most physical stores are closed. It is also interesting that close to 60% of the online shopping on Christmas Day is for purchases at overseas sites.

¹ <http://www.ft.com/cms/s/0/5a71bffc-74b4-11e3-af50-00144feabdc0.html#ixzz2paGJwP6v>

² <http://rt.com/business/barclaycard-predicts-christmas-shopping-boom-790/>

³ <http://www.ft.com/intl/cms/s/0/bcf5d76a-6efd-11e3-bc9e-00144feabdc0.html#axzz2paGFMv7>

Next Report

- Report is scheduled for publication on 25th February 2014.
- Final figures for December and January. Extended quarterly update report.

For more information, contact:

Gary Baker

Director, Institutional Research, BNZ
+64 9 924 9353
+64 21 995 435

Stephen Bridle

Managing Director, Marketview
+64 4 472 1991
+64 274 740 141



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