

New Zealand Online Retail Sales

December 2018

31 January 2019

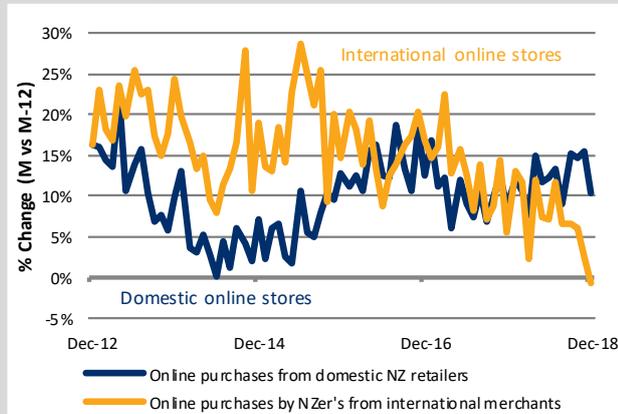


- New Zealand's **total online retail** spending in December was **6% higher** than in the prior December. This is a slower growth rate than we've seen in recent months, mainly due to a softening in purchases from offshore sites.
- Online spending at **international sites** was **1% lower** than a year earlier. The growth rate for international sites has been slowing down in recent years (refer the first chart below), but this is the first time we have seen a negative year-on-year growth rate. The NZD exchange rate was only slightly different from a year earlier (e.g. down 2% vs USD and up 2% vs EUR), so prima facie the drop-off in growth does not seem exchange rate driven. Over time we would expect percentage growth rates to come down from the high levels we saw a few years ago, as purchasing patterns mature and the spending base grows. (For example, \$1 of extra spending now represents a smaller percentage increase than it did a few years ago.) But nonetheless, November and December look particularly sluggish for Kiwis' online shopping at overseas sites. Spending at offshore Clothing retailers, for example, was down 9% on a year earlier.
- In contrast, **local online sites** saw spending **up 10%** compared to the prior December. The growth rate at local online stores also outpaced that at traditional stores, where spending was only up 1.3%¹ year-on-year. The Food and Grocery categories continue to grow strongly, which is more to the advantage of local sites than offshore ones.

¹Using Statistics NZ figures for electronic transactions in core retail industries excluding hospitality, as a proxy for physical stores.

Growth in NZ online sales by retailer location

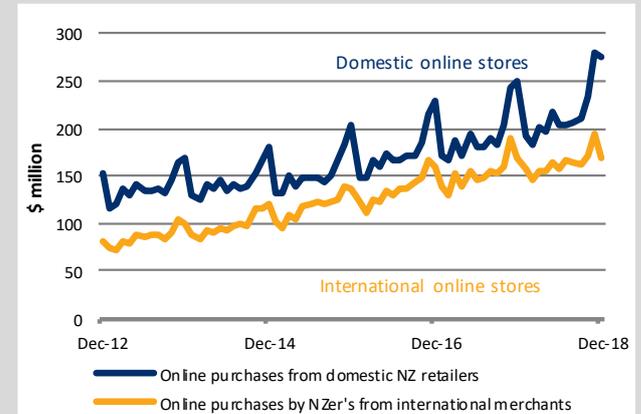
Monthly spending compared to the same month in prior year



Source: BNZ and Marketview.

Monthly Online Retail spending by New Zealanders

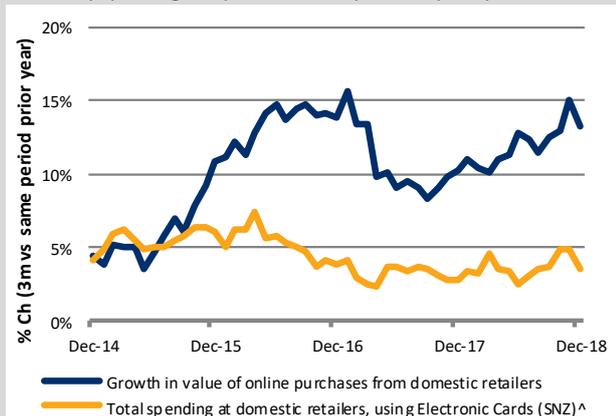
\$ million



Source: BNZ and Marketview

NZ Domestic Online vs SNZ Electronic Card Transactions[^]

3-monthly spending compared to same period in prior year



Source: BNZ, Marketview, Statistics NZ.

[^]"SNZ" refers to official figures released by Statistics New Zealand. The SNZ ECT data used in our calculations is for core retail excluding hospitality. Online data is from BNZ & Marketview.

Growth in total online spending by broad category group

Monthly spending compared to the same month in prior year

December 2018 vs December 2017

10%	Groceries & Liquor (incl health food and supplements)
1%	Furniture, Housewares and Hardware
-1%	Electrical & Electronic goods (incl computers & appliances)
11%	Recreation, Toys, Games, Entertainment media, Books
8%	Clothing, Footwear and Accessories
8%	Variety, Department and Other*
1%	Pharmacy, Cosmetics, Stationery, Antiques, Flowers

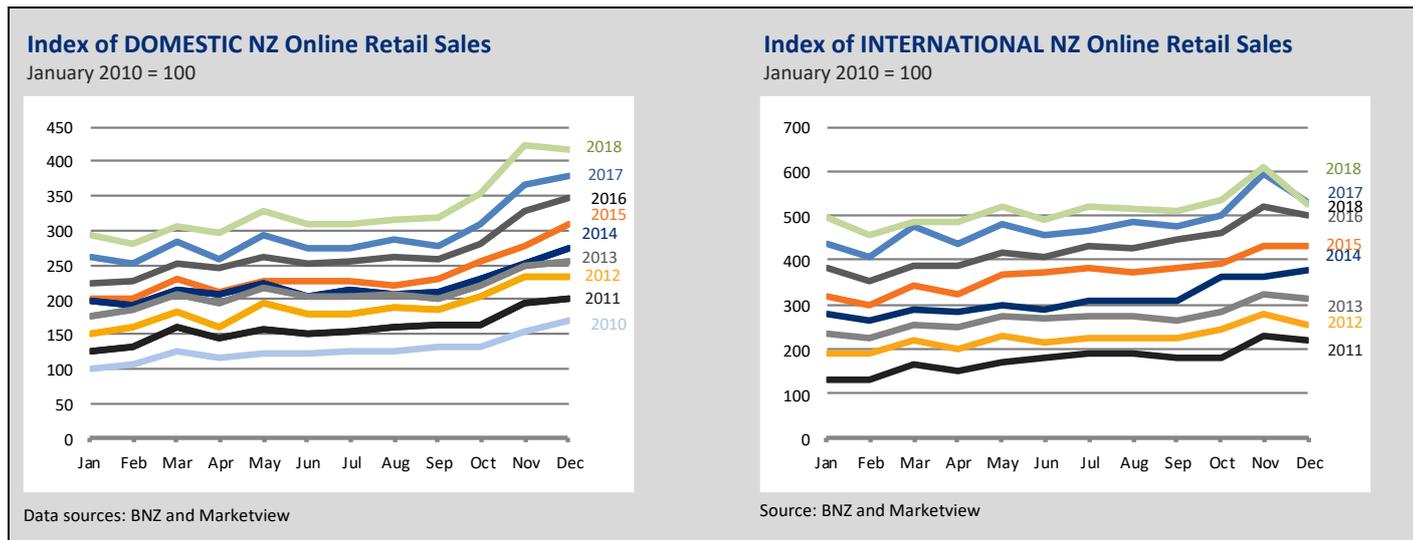
Source: BNZ and Marketview

*Note: "Other" includes unclassified stores and specialty stores that don't neatly fit into defined ANZSIC categories. Unclassified Trade Me spending (the estimated "retail" component) is included with Department Store spending.

Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Oct-18	Nov-18	Dec-18	Oct-18	Nov-18	Dec-18	Oct-18	Nov-18	Dec-18
Month ended >>>									
Monthly spending vs Same month prior year	11%	10%	6%	15%	15%	10%	6%	3%	-1%
3-monthly average vs Same period prior year	10%	11%	9%	13%	15%	13%	6%	5%	3%

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 \$49 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.



Reports can be downloaded here:

www.bnz.co.nz/onlinetailindex and www.marketview.co.nz/free-reports/

For technical notes, please refer to one of our earlier “Quarterly update” reports.

For details on how our measure compares with other studies of online sales in New Zealand please refer to the “Quarterly update” report released in February 2014 and the report on May 2014 online sales released on 2 July 2014.

For more information, contact:

Gary Baker

Director, Institutional Research, BNZ
 +64 9 924 9353
 +64 21 436 763



Stephen Bridle

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



Caroline Beattie

Client Services Consultant
 +64 4 472 1991

Disclaimer

The information in this document (Information) is provided for general information purposes only. The Information does not constitute, in any jurisdiction, any advice, recommendation, opinion, guidance, offer, inducement or solicitation with respect to the purchase or sale or any financial product or the engaging (or refraining to engage) in any transaction. The Information is governed by, and is to be construed in accordance with, the laws of New Zealand and any dispute or claim arising from, or in connection with, the Information is subject to the non-exclusive jurisdiction of the courts of New Zealand. To the extent that any Information could constitute financial advice, it does not take into account any person’s particular financial situation or goals. Any statements as to past performance do not represent future performance. The Information may contain forward-looking statements that may be based on certain assumptions. Actual events may differ from those assumed. All forward-looking statements included are based on information available on the date hereof and no Relevant Person assumes any duty to update any forward-looking statement. Accordingly, there can be no assurance that any forward-looking statements will materialise or will not be materially worse than those presented. The Information may include estimates and projections and involves elements of subjective judgement and analysis.

None of BNZ or any of its directors, officers, employees, agents, advisers or contractors (each a Relevant Person) provides any legal, tax, accounting, financial or other advice in respect of the Information. Anyone proposing to rely on or use the Information should obtain independent and specific advice, including (without limitation) legal, tax, accounting and financial advice, from appropriate professionals or experts, and should independently investigate and verify, and reach their own conclusions in respect of, the Information. No Relevant Person gives any representation or warranty, express or implied, that any of the Information is accurate, reliable, complete, current or reasonable, and no Relevant Person undertakes to update the Information. To the maximum extent permissible by law, each Relevant Person disclaims all liability and responsibility for any loss, damage, cost or liability whatsoever suffered or incurred by any person directly or indirectly resulting from the content of or any omission from the Information (including by reasons of fault, negligence, negligent misstatement or otherwise). Where the Information is provided by a specific author in this document, that Information is the personal view of the author and does not necessarily reflect the views of BNZ.

National Australia Bank Limited is not a registered bank in New Zealand.