

New Zealand Online Retail Sales

October 2018

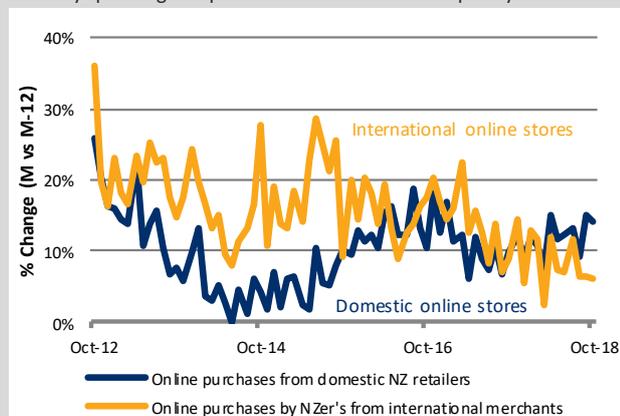
28 November 2018

- New Zealand's **total online retail** spending in October was **11% higher** than in October last year. Growth in online purchases from local retailers outpaced the growth in purchases from overseas sites, for the eighth month in a row.
- Annual online spending across the retail categories we cover* is now running at approximately \$4.5 billion (excl GST). This is equivalent to 7.9% of total retail sales reported in Statistics NZ's Retail Trade Series (RTS), comparing like-for-like categories. Excluding the food and liquor sectors from both the RTS and our Index, annual online spending is now equivalent to 11.4% of retail sales.
- Spending at **local online sites** continued recent strength and was **up 14%** compared to October last year. This is significantly above the 5.5% growth rate for spending at traditional stores¹. Local clothing purchases were exceptionally strong, up more than 25% on last October.
- Online spending at **international sites** was **up 6%** compared to October last year. The NZD is weaker by a similar amount versus the US\$, £ and €, compared to last October, which is making offshore items more expensive in NZD terms. However, while the 6% rise in offshore spending may partly reflect higher prices, shoppers could be also be buying more items, but substituting some goods for less expensive alternatives. It will be interesting to see if the gap in growth rates for international versus local purchases persists as the effects of the weaker NZD start to flow through into local retailers' inventory costs.

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

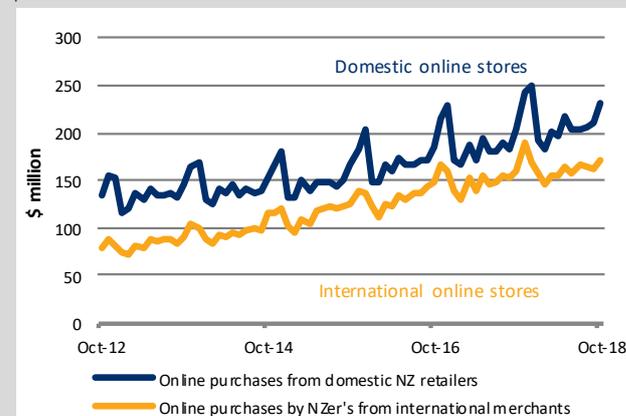
Monthly spending compared to the same month in prior year



Source: BNZ and Marketview.

Monthly Online Retail spending by New Zealanders

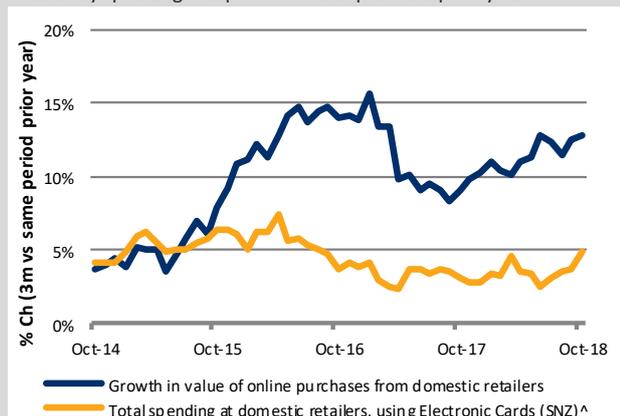
\$ million



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

October 2018 vs October 2017

13%	Groceries & Liquor (incl health food and supplements)
13%	Furniture, Housewares and Hardware
14%	Electrical & Electronic goods (incl computers & appliances)
10%	Recreation, Toys, Games, Entertainment media, Books
17%	Clothing, Footwear and Accessories
9%	Variety, Department and Other*
-2%	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.

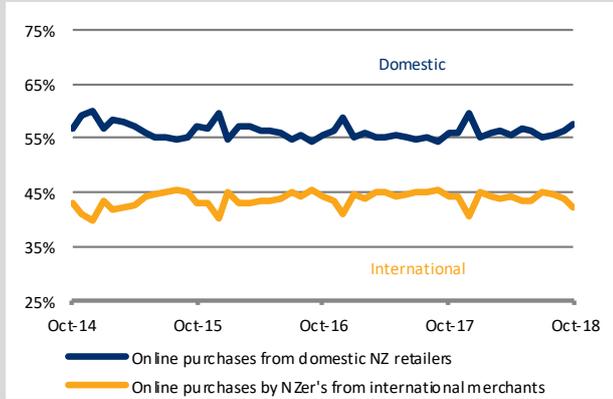
Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Aug-18	Sep-18	Oct-18	Aug-18	Sep-18	Oct-18	Aug-18	Sep-18	Oct-18
Month ended >>>									
Monthly spending vs Same month prior year	8%	11%	11%	9%	15%	14%	7%	7%	6%
3-monthly average vs Same period prior year	10%	11%	10%	12%	12%	13%	8%	8%	6%

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.

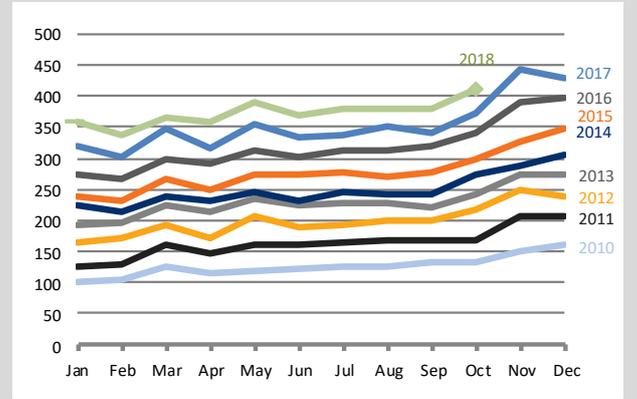
Supplementary charts: October 2018

Monthly share of NZ Online Retail Sales, by retailer location



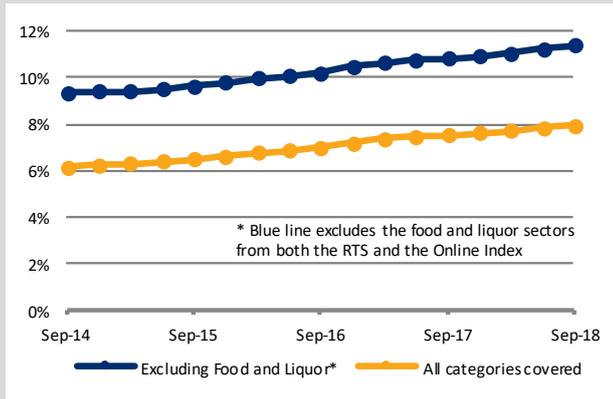
Source: BNZ, Marketview

Index of Total NZ Online Retail Sales January 2010 = 100



Source: BNZ, Marketview

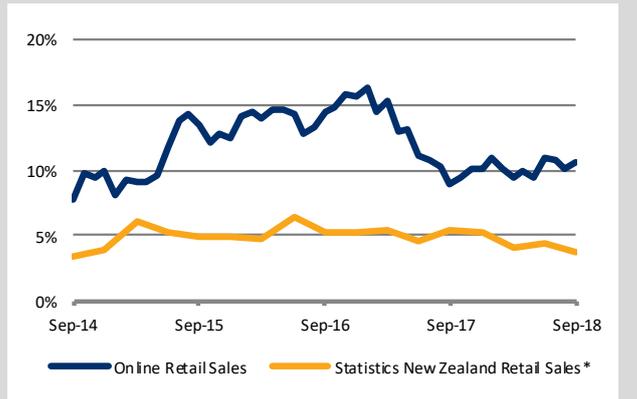
Annual Online spending as a % of Statistics NZ Retail Sales Selected categories, for the 12 months ended September 2018



Data sources: BNZ, Marketview, Statistics New Zealand

Includes like-for-like categories from our series and SNZ's Retail Sales.
Key exclusions: vehicles and parts, fuel, accommodation, cafes, takeaways

Growth Rates: Online Sales vs Statistics NZ Retail Sales Quarterly spending versus same quarter in prior year



Data sources: BNZ, Marketview, Statistics New Zealand

Includes like-for-like categories from our series and SNZ's Retail Sales.
Key exclusions: vehicles and parts, fuel, accommodation, cafes, takeaways

Reports can be downloaded here:

www.bnz.co.nz/onlineretailindex 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.