

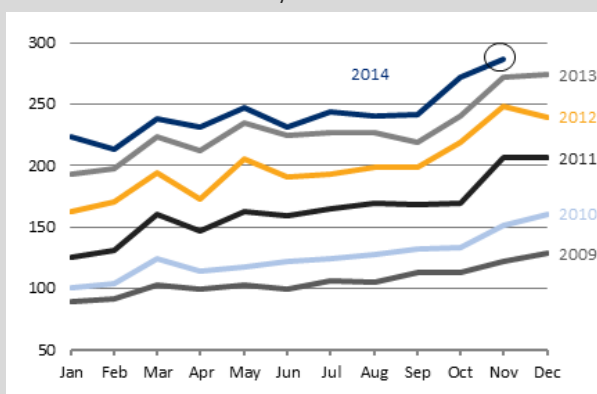
Strong underlying growth in online spending at offshore merchants

- **New Zealand's total online spending in November was up a moderate 5% on the same month last year.**
- **The growth rate for online spending at international online retailers eased back after a surge in October.**
 - In last month's report we suspected that the 28% leap in online purchases at international merchants (Oct 2014 vs Oct 2013) was partly driven by a pulling forward of spending that we would normally see in November. Possibly due to factors like earlier release dates for new Apple products.
 - The November result supports this view. Sales growth was still buoyant, but much less sprightly. Spending at international sites was up 11% on the level we saw in November last year.
 - Purchases of electronic goods at offshore sites in November were lower than in November last year, but were still strong. The combined total spending in this category for Oct + Nov was up nearly 40% on last year.
 - To smooth out the month-to-month volatility we can look at figures for the 3 months ended November. Kiwis' online spending at offshore merchants over this period was up 18% on the same period last year – a very strong result. The softer NZ dollar (e.g. NZD/USD was down 3.5% compared to the November quarter last year) may mean offshore goods are costing a little more, but it doesn't seem to be putting off online shoppers.
- **Online spending at domestic merchants was up 2% on last November - similar to the growth rate for physical stores¹.**
 - That growth rate figure lifts to 4.5% if we exclude the shrinking "Daily deals" sector.
 - Results vary considerably across categories. For example, local online sales in areas such as housewares, electronic goods, toys and specialised food were all up by more than 20% on their levels in November last year.
- **November is the key month for Christmas shopping at offshore sites and December is the peak month for online shopping at local sites. We are keen to see if the strength in Oct/Nov international online purchases is mirrored to some degree in domestic online sales in December. Anecdotal evidence suggests it might be.**

¹ Statistics New Zealand data for November 2014 for the value of electronic card transactions (ECT) for "core retail" industries excluding hospitality was also up 2% on November last year. ECT transactions mostly relate to physical stores, but do include an element of domestic online spending. The series is a reasonable comparator with our index of domestic online spending in many respects, but isn't a perfect match.

Total Online Retail Sales Index

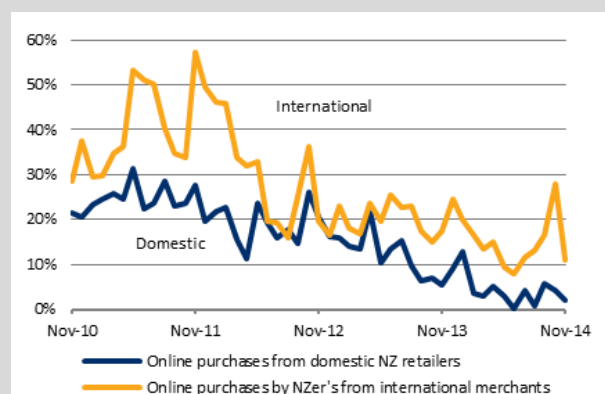
January 2010 = 100



Source: BNZ, Marketview

Growth in NZ online spending by retailer location

Monthly spending compared to same month in prior year



Source: BNZ, Marketview

Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Sep-14	Oct-14	Nov-14	Sep-14	Oct-14	Nov-14	Sep-14	Oct-14	Nov-14
Monthly spending vs Same month prior year	10%	13%	5%	6%	4%	2%	17%	28%	11%
3-monthly average vs Same period prior year	8%	10%	9%	4%	4%	4%	14%	19%	18%

*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.

Reports can be downloaded here:

www.bnz.co.nz/onlineretailindex

www.marketview.co.nz/our-reports/

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About Marketview

Marketview specialises in the management and analysis of depersonalised, debit (EFTPOS) and credit card transactional data. Marketview manages annual transaction volumes of 1 billion transactions and spending worth over \$40 billion. We have spending data across a broad range of industries, dating back to 2002. We cover spending at stores, and online transactions with both domestic and international E-tailers.

Working with our data partners, Marketview converts the raw transactions into high quality, precision market intelligence reports. Our services include Market Performance monitoring, Customer catchment definition and valuation, and Consumer purchase behaviour. Reports are available on a subscription basis or through one off projects, tailored to meet specific requirements.

The first Marketview services were launched in association with BNZ in September 2001. Today our reporting services are used by retailers - national chains and independents, central and local government agencies, as well as a range of professional services consultancies.



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