

BNZ Online Retail Sales Report



Monthly Update: March 2015 online retail sales

Focus topic: Trends in Kiwis' purchases at international sites

Annual growth in online spending nudges back into double digits

- Total online retail spending was up 11% compared to March 2014 levels.
- Online purchases at domestic merchants in March were up 7% on the spending levels a year earlier, which is slightly ahead of the growth in spending at physical stores (approx. 5%, based on electronic card transactions)[^].
- Spending at international sites was very strong in March - up 18% on the level we saw in March last year.

Growth rates by category groups

Growth in total online spending (vs same month last year)	
23%	Groceries & Liquor (incl health food and supplements)
10%	Furniture, Housewares and Hardware
17%	Electrical & Electronic goods (incl computers & appliances)
9%	Recreation, Toys, Games, Entertainment media, Books
10%	Clothing, Footwear and Accessories
-17%	Daily Sales (at specialist sites)
10%	Variety, Department and Other*
14%	Pharmacy, Cosmetics, Stationery, Antiques, Flowers

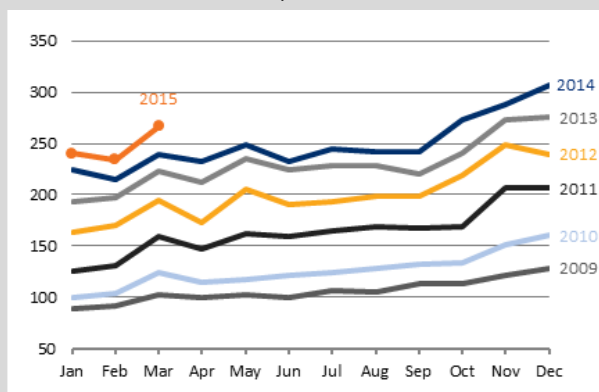
Electrical goods and Groceries (including specialised food such as supplements) are categories growing particularly strongly:

- Monthly online spending in these categories is up 17% and 23% respectively on March last year.
- Together they are responsible for around half of the increase in total online spending by Kiwis over the past 12 months.

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

Total Online Retail Sales Index

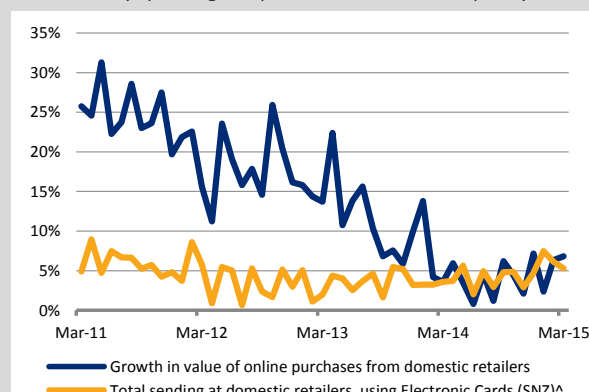
January 2010 = 100



Source: BNZ, Marketview

Domestic Retailers: Online sales vs Total sales using cards

Monthly spending compared to same month in prior year



Source: BNZ and Marketview (online data); Statistics New Zealand (Electronic Cards data).

[^]Using Statistics New Zealand data for the value of electronic card transactions (ECT) for "core retail" industries excluding hospitality. These 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.

Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Jan-15	Feb-15	Mar-15	Jan-15	Feb-15	Mar-15	Jan-15	Feb-15	Mar-15
Month ended >>>									
Monthly spending vs Same month prior year	7%	9%	11%	2%	6%	7%	14%	13%	18%
3-monthly average vs Same period prior year	8%	9%	9%	4%	5%	5%	14%	16%	15%

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: Trends in Kiwis' purchases at international sites

A weaker NZD vs USD

When we looked at spending by country in an earlier report*, the US and the UK were particularly significant, accounting for 30% and 18% respectively of Kiwis' online spending at offshore merchants. It's worth noting that the influence of the US dollar (USD) extends beyond goods purchased in the US, as sometimes goods from other countries are priced in USD.

The NZ dollar (NZD) has weakened against both the US and UK currencies over the past year, making it more expensive (in NZD terms) to purchase goods from those countries. Comparing March 2015 with a year ago, the NZ dollar is down 12% against the US dollar and down 4% against the British pound.

There is a partial offset from strengthening in the NZD against other currencies. Notably, the NZD is up 3% against the Aussie dollar since March 2014. Australia accounts for approximately 15% of Kiwis' online spending at offshore merchants.

Online spending at offshore sites still growing rapidly

Regardless of the weakening in the NZD vs the USD, online spending at offshore sites is still growing extremely strongly - up 18% on the monthly spending in March 2014 (yellow line, middle chart).

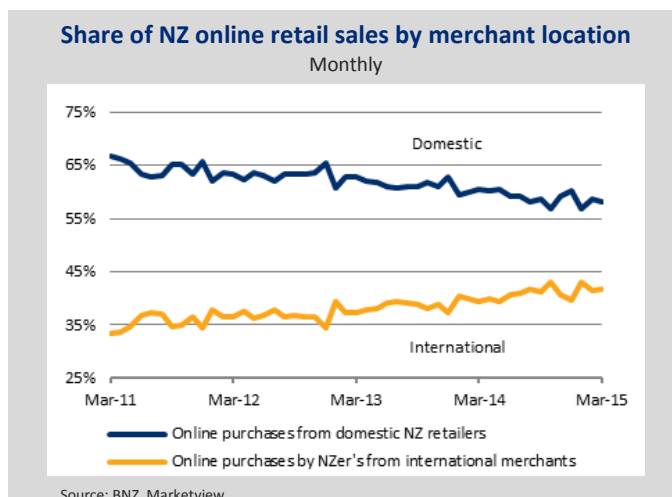
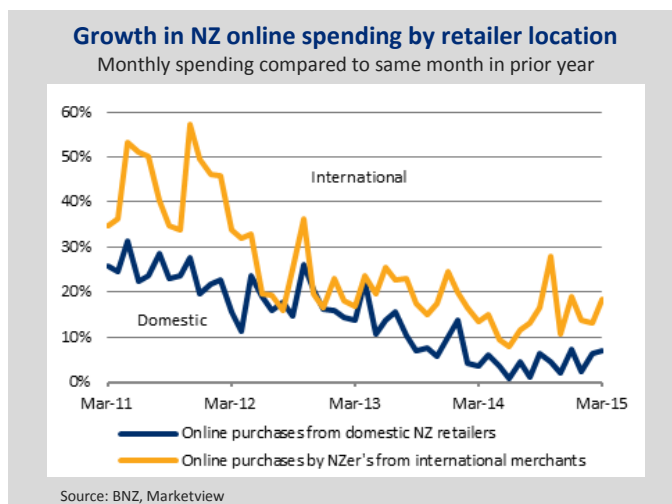
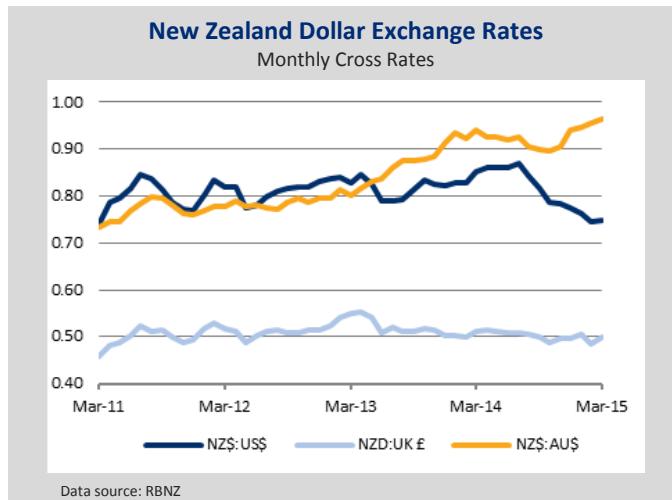
Online spending at international merchants for the March quarter is up \$40m on the same 3 months last year. 60% of that increase was driven by 5 categories:

- Clothing
- Computers and peripherals
- Electrical and electronic goods
- "Other" specialised food (incl. supplements)
- Entertainment media

NB: These categories are at a more detailed level than those on p1

Please note: Exchange rate changes can affect spending in multiple ways and ultimately impact both online and physical store retailers of imported products. Caution is needed in interpreting exchange rate effects, and a detailed study is beyond the scope of this report.

* <https://www.bnz.co.nz/assets/business-banking-help-support/online-retail-sales-index/pdfs/or2013-11.pdf>



Reports can be downloaded here:

www.bnz.co.nz/onlineretailindex and www.marketview.co.nz/our-reports/

For technical notes, please refer to one of our “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 we released in February 2014.

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