

New Zealand Online Retail Sales



Monthly Update for December 2016

31 January 2017

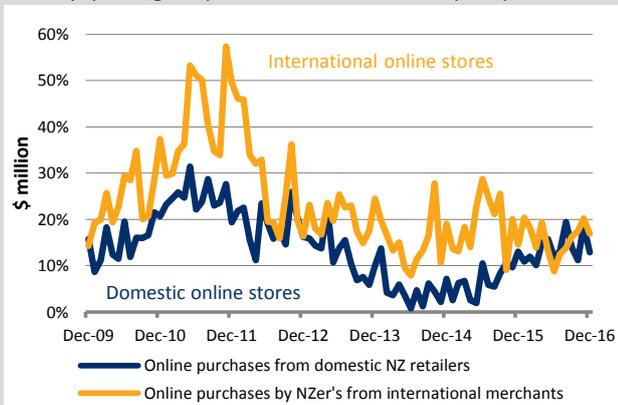
- **Total online retail spending by New Zealanders in December was up 14% compared to the previous December, bringing the 2016 annual spend level to \$3.75 billion.**
- Spending at **offshore sites** eased slightly from its November seasonal peak, but underlying growth remained very strong.
 - Purchases from overseas online retailers in December were up 17% on the previous December, with approximately half of the increase coming from Clothing, Computer and Electrical/Electronic stores.
- Spending at **local sites** was up 13% on the previous December; confirming the early data that pointed towards continued double-digit growth, and eclipsing the growth rate at bricks and mortar stores (approximately 4%^{*}).
 - Food, Clothing and Department/Variety stores stood out, driving over 60% of the increase on the previous December.
- In this month's 'Focus commentary' on the following page Marketview look at the impact of the Kaikoura **earthquake** on online spending patterns in the Wellington region over November and December.

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

Please note: The top two charts below differ slightly from previous versions: the left one shows a longer time period and the right one shows monthly \$million, rather than index levels.

Growth in NZ online sales by retailer location

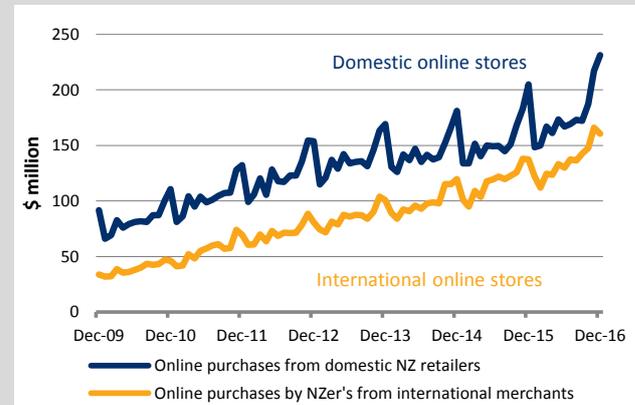
Monthly spending compared to the same month in prior year



Source: BNZ and Marketview.

Online Retail spending by New Zealanders

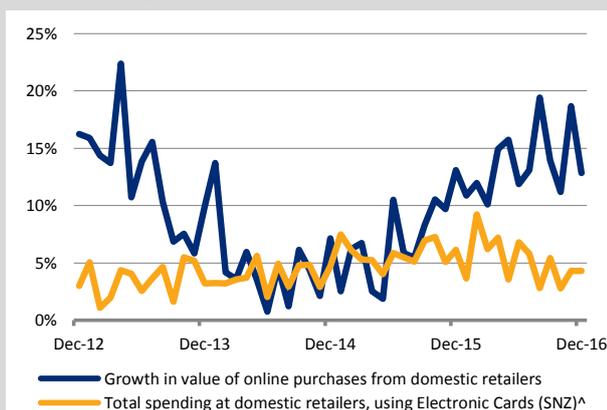
\$ million



Source: BNZ and Marketview.

NZ Domestic Online vs SNZ Electronic Card Transactions[^]

Monthly spending compared to same month in prior year



Source: BNZ and Marketview.

[^]“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

16%	Groceries & Liquor (incl health food and supplements)
-1%	Furniture, Housewares and Hardware
24%	Electrical & Electronic goods (incl computers & appliances)
5%	Recreation, Toys, Games, Entertainment media, Books
23%	Clothing, Footwear and Accessories
20%	Daily Sales (at specialist sites)
15%	Variety, Department and Other*
6%	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. Figures may not add to 100% due to rounding..

Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Oct-16	Nov-16	Dec-16	Oct-16	Nov-16	Dec-16	Oct-16	Nov-16	Dec-16
Month ended >>>									
Monthly spending vs Same month prior year	14%	19%	14%	11%	19%	13%	17%	20%	17%
3-monthly average vs Same period prior year	15%	16%	16%	15%	15%	14%	16%	18%	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 \$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.

Focus commentary *provided by Marketview*



Wellingtonians choose online options following quake

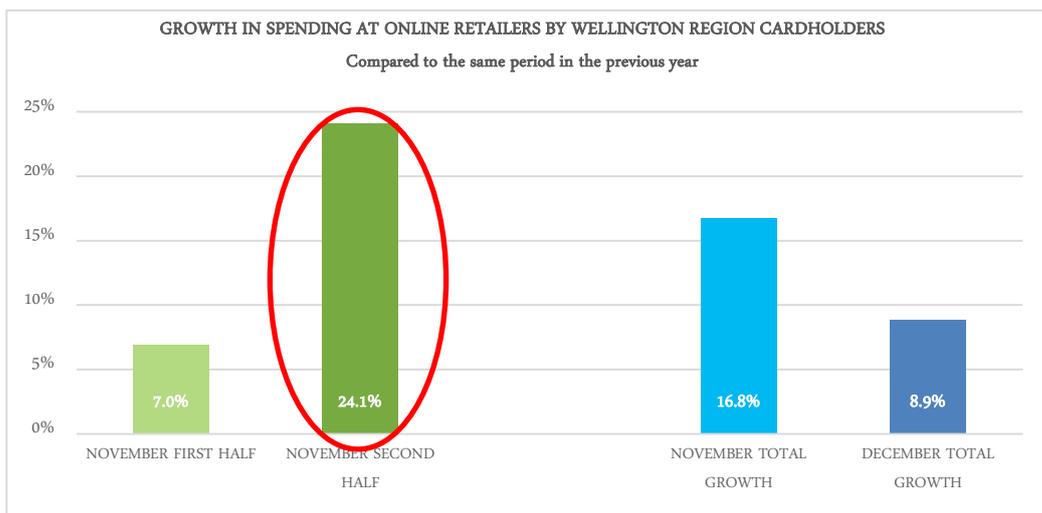
The Kaikoura earthquake on November 14 caused major disruptions for businesses in impacted areas, as well as affecting the shopping habits of consumers. November and December are already busy times for online shopping (in part due to shipping times for international purchases for Christmas), and the earthquake seems to have encouraged online spending for those in affected areas, more so than usual.

Following business closures in the Wellington region, local cardholders look to have turned to online options for more of their shopping needs in the second half of November. Total spending for cardholders from the Wellington region* at online retailers in the two weeks following the earthquake, was up 24% on the same period a year prior. Compared to the 7% increase in spending for the same cardholders in the two weeks before the quake (over the same weeks in 2015), this level of growth is certainly noteworthy.

Looking at just the domestic online stores over November, Wellington area shoppers increased their spending significantly at online Grocery and Food retailers. This category has been experiencing high growth nationally, but the increase in the Wellington region was particularly marked, up by approximately 40% on last November’s spending.

Looking at December, Wellington shoppers seemed to have returned to similar spending habits to the rest of the country. Online spending by cardholders from the Wellington region was up 9% on the prior December, behind the national growth figure of 14%.

The graph below illustrates the growth in online spending by Wellington area cardholders in November and December. Most notably, the graph illustrates the growth experienced in the Wellington region in the second half of November, following the earthquake.



Source: Marketview

*For this analysis, we have included cardholders from Wellington City, Lower Hutt City, Upper Hutt City and Porirua City as part of the ‘Wellington region’

For enquiries regarding this focus commentary please contact Marketview:

Madeleine Boles de Boer (04) 472 1991

Stephen Bridle (0274) 740 141

Reports can be downloaded here:

www.bnz.co.nz/onlinetailindex and www.marketview.co.nz/our-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



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