

# New Zealand Online Retail Sales



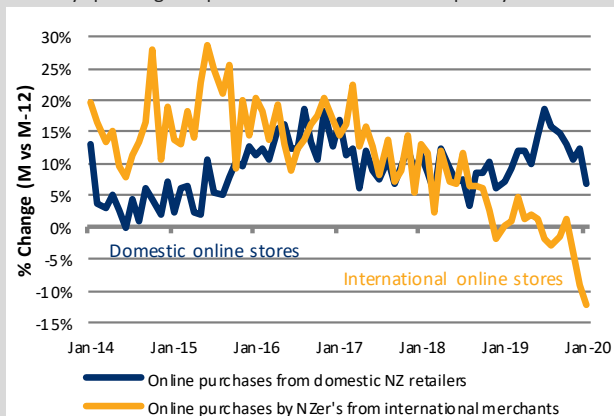
January 2020

27 Feb 2020

- January was a soft month for New Zealand's online retail spending, with **total spending down 1%** on January last year (excl GST).
- The decline is driven by a large year-on-year drop in spending at **offshore sites**, which was **down 12%** on last January (excl GST).
  - This is slightly larger than the 9% year-on-year decline we saw for overseas sites in December, which followed the widening of GST charges on 1 Dec.
  - If we add back GST, the international spending would be close to what it was a year ago. This - very crudely - suggests that consumers are spending a similar amount to last year at overseas sites, but less is going to offshore retailers (most likely because of lower purchase volumes) and more is going to IRD.
  - Local retailers win from a more level playing field for pricing and would hope to see an improvement in volumes over time, at the expense of the offshore competitors. We might not see all the gains for local retailers show up in the online shopping space. For example, a customer may pick up a book from their local physical bookstore that they might otherwise have purchased from an offshore online site.
  - Looking at **offshore** spending by store type, a lot of categories saw spending fall by an amount similar to the increase in GST. Notable exceptions were: Newspaper and Book retailing, which was down more than 25% on January last year; and Department stores, which saw spending up nearly 20% compared to a year earlier.
- Growth in spending at **local online sites was up 7%** on January last year. Purchases of Electrical and Electronic goods featured strongly.
- Annual online spending across the retail categories we cover\* is running at \$4.8 billion (excl GST). This is equivalent to **8% 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 equivalent to 11% of retail sales.

## Growth in NZ online sales by retailer location

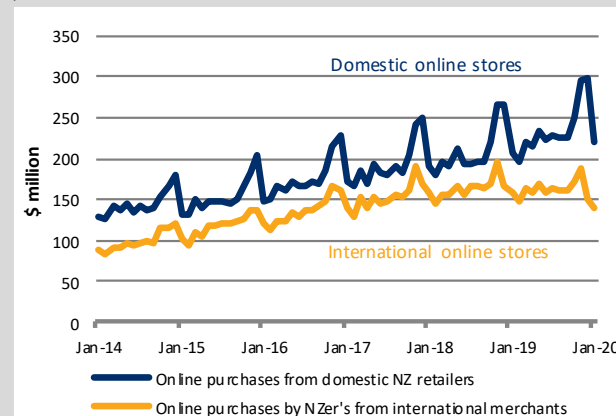
Monthly spending compared to the same month in prior year



Source: BNZ and Marketview.

## Monthly Online Retail spending by New Zealanders

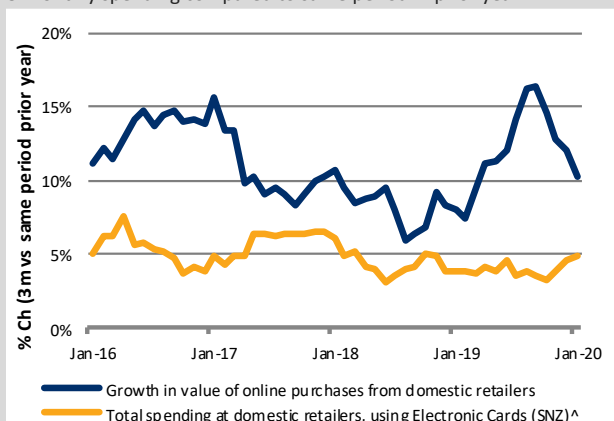
\$ million



Source: BNZ and Marketview

## NZ Domestic Online vs SNZ Electronic Card Transactions<sup>^</sup>

3-monthly spending compared to same period in prior year



Source: BNZ, Marketview, Statistics NZ.

<sup>^</sup>“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

### January 2020 vs January 2019

6%	Groceries & Liquor (incl health food and supplements)
3%	Furniture, Housewares and Hardware
-2%	Electrical & Electronic goods (incl computers & appliances)
-7%	Recreation, Toys, Games, Entertainment media, Books
-4%	Clothing, Footwear and Accessories
-2%	Variety, Department and Other*
-1%	Pharmacy, Cosmetics, Stationery, Antiques, Flowers

Source: BNZ and Marketview

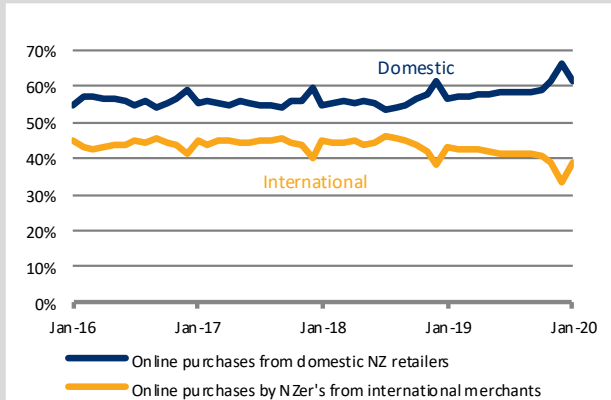
\*Note: “Other” includes unclassified stores and specialty stores that don't neatly fit into defined ANZSIC categories. Unclassified Trade Me spending (the estimated “retail” component) is included with Department Store spending.

Growth Rates	Total Online Index			Domestic Online Purchases			International Online Purchases		
	Nov-19	Dec-19	Jan-20	Nov-19	Dec-19	Jan-20	Nov-19	Dec-19	Jan-20
Month ended >>>									
Monthly spending vs Same month prior year	5%	4%	-1%	11%	12%	7%	-4%	-9%	-12%
3-monthly average vs Same period prior year	7%	5%	3%	13%	12%	10%	-1%	-4%	-8%

**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 \$50 billion.

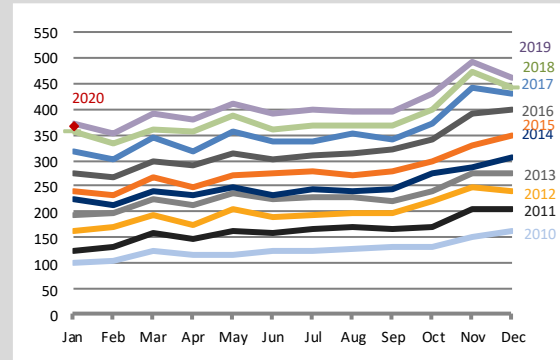
\*Categories included in the BNZ Online Retail Index are: supermarket and grocery stores; specialised food and liquor; furniture, floor coverings, houseware and textile goods; electrical and electronic goods; hardware, building and garden supplies; recreational goods; clothing, footwear and personal accessories; department stores; pharmaceutical and other store-based retailing; non-store retailing; and retail commission-based buying and/or selling.

**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

**Reports can be downloaded here:**

[www.bnz.co.nz/onlinetailindex](http://www.bnz.co.nz/onlinetailindex) and [www.marketview.co.nz/free-reports/](http://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.

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