

Monday, 17 February 2020

Black Friday Boom boosts pre-Christmas retail sales

Roy Morgan's 2019 Christmas retail sales forecast conducted in conjunction with the Australian Retailers Association (ARA) of \$52.728 billion for the key pre-Christmas retailing period was within 0.3% of the actual retail sales result of \$52.898 billion.

The pre-Christmas retail sales period commences in mid-November and has increasingly been boosted in recent years as the Black Friday/Cyber Monday sales in late November have grown in prominence on the Australian retail calendar.

The impact of Black Friday/Cyber Monday bringing sales forward into November is apparent from an analysis of the reported annual increase in [ABS November Retail sales \(+3.3%\)](#) and [ABS December Retail sales \(+2.7%\)](#) which trends towards the figure predicted by Roy Morgan-ARA in early November – [covered in detail here](#).

Retail sales growth comfortably out-paced inflation in the year to December which the [ABS reports at an annual rate of 1.8%](#). The resilience of retail sales growth is impressive when one considers the fall in Consumer Confidence from a year ago.

Consumer Confidence averaged [109.6 in November/December 2019](#) according to the ANZ-Roy Morgan Consumer Rating, a decrease of 8.2pts on a year ago, and the easily lowest Consumer Confidence for the pre-Christmas period for over a decade since the Global Financial Crisis in [November/December 2008 \(96.4\)](#).

State by State growth strongest in Tasmania, Queensland & Victoria – as forecast by Roy Morgan

Roy Morgan had predicted that pre-Christmas sales growth would be fastest in the States of Tasmania, Queensland and Victoria and analysing retail sales figures on a State-by-State basis shows it was Tasmania, which grew fastest with pre-Christmas retail sales growing 6% to \$1.098 billion.

Growth was also faster than the national average in Queensland, up by 4.9% to \$10.764 billion and Victoria, which grew by just above 2.9% to \$13.836 billion. Western Australia also grew slightly above the national average by 2.9% to \$5.592 billion.

Growth in Australia's largest State of New South Wales was the only State to come in below the rate of inflation with an increase of 1.5% to \$16.692 billion. However the lower result was New South Wales is unsurprising when one considers the considerable bush-fire threat that engulfed much of the State during the pre-Christmas period covered in the ARA-Roy Morgan forecasts.

Retail Category growth led by Clothing, footwear, accessories and Food

There was growth across all six of the six categories measured in the pre-Christmas period with spending on Clothing, Footwear & Accessories growing the fastest up by 4.4% to \$4.23 billion.

Also growing impressively was the important Food category which grew 3.3% to \$21.685 billion. Spending on Food comprises well over 40% of all pre-Christmas spending.

Department Stores grew slightly above the overall figure by 2.9% to \$3.047 billion while Hospitality grew slightly below by 2.8% to \$7.485 billion.

The only category to grow below the rate of inflation was the Household Goods category by 1.7% to \$8.895 billion. This still leaves Household Goods as clearly the second largest spending category comprising over 1-in-6 dollars spent in the pre-Christmas retail period.

FOR IMMEDIATE RELEASE

Michele Levine, Chief Executive Officer, Roy Morgan, says concerns about the Australian consumer in the run-up to Christmas appear to have been over-blown as spending growth remains robust but is adjusting to a changing retail landscape:

"The pre-Christmas retail landscape was beset with stories of consumers closing their wallets and not spending like they used to however the real story should be about the enduring resilience of the Australian consumer.

"[Roy Morgan predicted an increase in retail sales of 2.6% during the pre-Christmas period to \\$52.728 billion](#). The final results from the ABS show retail sales grew at a slightly faster pace of 2.9% to \$52.898 billion – and much of this growth was increasingly pulled forward into November.

"It's important to understand that the pre-Christmas retail sales growth of 2.9% last year was higher than for the same pre-Christmas period in 2018 (+2.8%) and even higher than for the same period a year earlier in 2017 (+2.7%).

"According to the ABS November retail sales were up 3.3% on a year ago while December experienced growth of 2.7% in line with the Roy Morgan prediction. The high growth in November is being driven by the Black Friday/Cyber Monday sales phenomenon as Australian retailers are increasingly using the late November period to kick-off their pre-Christmas sales.

"The sales figures are even more impressive when one considers that the slowest retail growth was in New South Wales which grew by only 1.5% - the only state to grow below the rate of inflation for the period reported at 1.8% - and coincidentally the home state of many of Australia's most prominent media commentators.

"New South Wales was beset by extensive bush-fires throughout the pre-Christmas period and had Australia's largest state grown at the same rate as the national average of 2.9% that would have meant an extra \$230 million in retail sales.

"Retail sales growth was exceptionally strong in Tasmania (+6%) and Queensland (+4.9%) and also just above the national average in both Victoria (2.9%) and Western Australia (+2.9%).

"The strongest category growth was seen in the categories of Clothing, Footwear & Accessories which increased 4.4% to \$4.23 billion, Food which was up 3.3% to \$21.685 billion and Department Stores which increased 2.9% to \$3.047 billion."

Roy Morgan Enquiries
Office: +61 (3) 9224 5309
enquiries@roymorgan.com

Methodology

The ARA defines the pre-Christmas trading period to include sales from 12 November through 24 December 2019, and the post-Christmas trading period to include sales from 26 December 2018 to 15 January 2019.

Roy Morgan uses statistical modelling to forecast the retail spending trend for overall retail trade in Australia, in each of the eight States and Territories, and for six retail categories: Food retailing, Household goods retailing, Clothing, footwear and personal accessory retailing, Department stores, Cafes, restaurants and takeaway food services and Other retailing.

The Roy Morgan-ARA Christmas sales forecasts are based on data taken from the ABS Retail Trade Catalogue 8501.0. Note that online sales through Australian retail stores are included in the retail figures. Sales forecasts are determined by historical retail trade data from the ABS, Roy Morgan's Consumer Confidence and unemployment data, and various other data relating to macro-economic conditions (e.g. income, inflation, interest rates).

About Roy Morgan

Roy Morgan is Australia’s largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years’ experience collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2