

Retail trade sales

January, February and March 2004

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In this publication Stats SA releases the new series for retail trade sales. This continues the publication of the new monthly series, which are an outcome of a strategic, systematic approach to the overhaul of Stats SA's economic statistics.

The new retail trade series, which is based on a new survey running in parallel with the existing survey since the start of 2003, shows movements consistent with those from the old retail trade series.

The old series is discontinued from the end of 2003. The new series has been backcast to the start of 1998 to assist users of time series. For the period 1998 to 2002, it reflects the movements from the old series, using the level for January 2003 as the end point of the backcast series.

For 2003, the level of retail trade sales is about 20% higher than the level from the old series. This increase in level is consistent with the 17% increase in manufacturing sales published on 18 May 2004 (a copy can be downloaded from the Stats SA website at www.statssa.gov.za).

This increase is a direct reflection of a major drive to improve the coverage of established economic statistics series by basing them on a new, much more comprehensive register of businesses. Economic statistics require the best possible register of businesses by activity, size and location to underpin all Stats SA's business surveys.

The higher levels are also reflected in the new monthly series for wholesale trade and motor trade sales, all of which replace series based on Stats SA's old business address register.

The statistical releases for retail trade and the above-mentioned monthly series were suspended in March 2004, as Stats SA needed more time to fully satisfy itself about the reliability of the new series. This has been done and all the new monthly series except land freight have now been published. The latter will be published shortly, and the established publication timetable for all monthly series will be resumed.

Article 1: *Retail trade sales – old and new series* in this release provides information on the levels and movements under the old and new series. The article *Effects of Statistics South Africa's new business register on industry statistics* in the manufacturing release P3041.2 discusses the changes in more detail. Article 2: *New monthly indicator series – feasibility of seasonal adjustment* discusses the effects of seasonal adjustments on the new series.

The new series

Key figures as at the end of March 2004

Actual estimates Retail trade sales	R million	% change between month shown in 2004 and preceding month	% change between month shown in 2004 and corresponding month in 2003	% change between three months ending in the month shown in 2004 and corresponding three months in 2003
January 2004				
current prices	23 154	-30,3	+9,1	..
constant (2000) prices	18 568	-30,7	+6,7	..
February 2004				
current prices	22 455	-3,0	+10,4	..
constant (2000) prices	17 892	-3,6	+7,1	..
March 2004				
current prices	24 408	+8,7	+8,3	+9,3
constant (2000) prices	19 372	+8,3	+5,5	+6,4

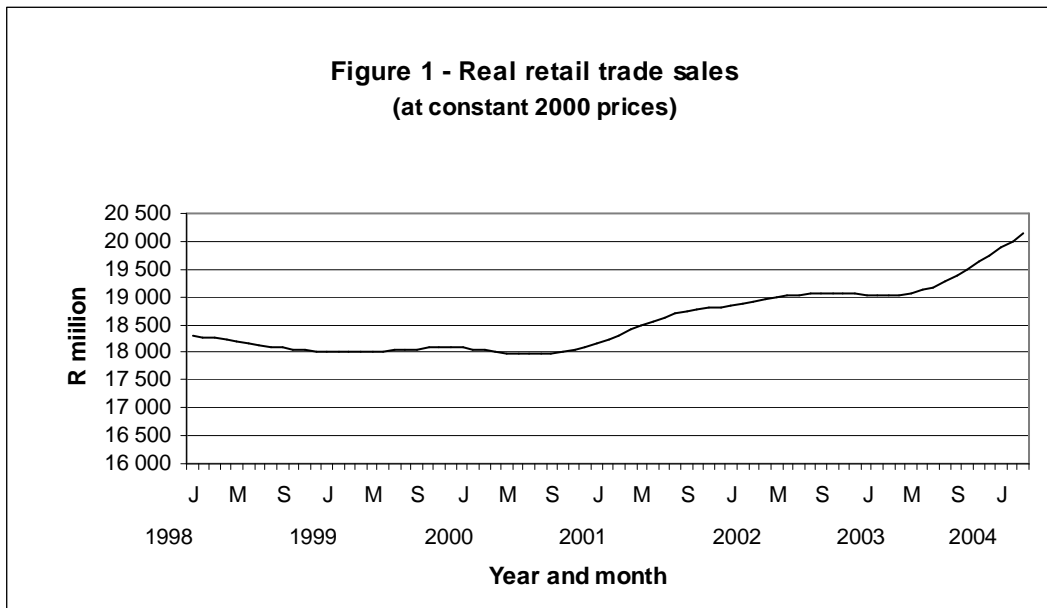
Key findings as at the end of March 2004

Retail trade sales increase in real terms

Real retail trade sales, at constant (2000) prices for the first quarter of 2004, increased by 6,4%, compared with the first quarter of 2003.

Similarly, real retail trade sales for the months of January, February and March 2004 increased by 6,7%, 7,1% and 5,5% respectively, compared to the corresponding months in 2003.

Figure 1 below shows the trend cycle for the real retail trade sales at constant (2000) prices between January 1998 and March 2004. There was a slightly downward trend till mid 2000 and a gradual upward trend after that.



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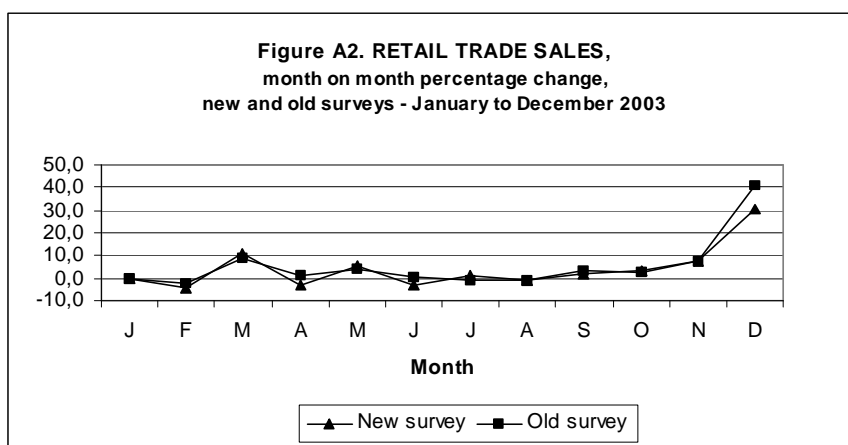
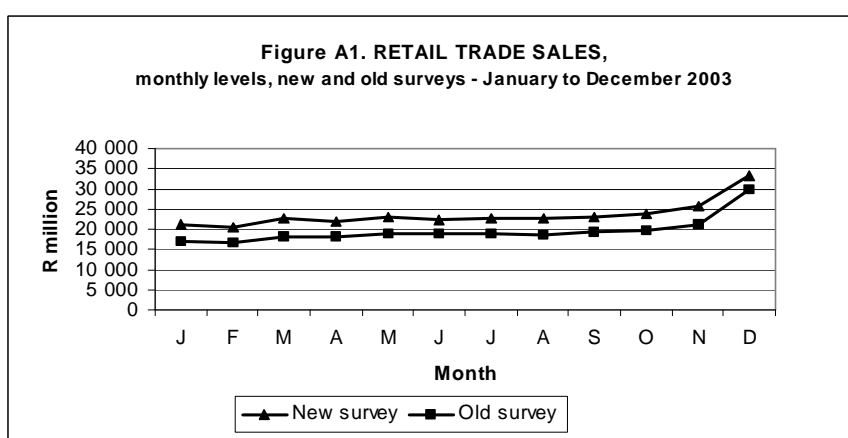
Notes

Forthcoming issue	Issue	Expected release date
	April 2004	14 July 2004
Purpose of the survey	The results of the monthly retail trade sales survey are used to compile estimates of the Gross Domestic Product (GDP) and its components, which are used in monitoring the state of the economy and formulation of economic policy. These statistics are also used in the analysis of comparative business and industry performance.	

Article 1: Retail trade sales – old and new series

Since the beginning of 2003, Stats SA has been conducting its monthly retail trade sales survey, and its other monthly indicator surveys, using a fresh sample of businesses drawn from its new business register, in parallel with continued conduct of the surveys based on the established sample of businesses drawn from the old business register. The parallel operation was designed to ensure that the new sample was well established, and that estimates could be constructed for an overlap period of one year between the old and new samples, to provide users with a comparability bridge of a reasonable number of observations, on both the old and new bases, for the value of sales by retail enterprises. The present publication provides these series on both bases for each month of 2003, as well as estimates on the new basis for the months of January, February and March 2004. The new series has been backcast to the start of 1998 to assist users of time series. For the period 1998 to 2002, it reflects the movements from the old series, using the level for January 2003 as the end point of the backcast series.

Figures A1 and A2 respectively show the levels and movements for total retail trade sales over the months of 2003. It can be seen that the levels for the new series are approximately 20% higher than those of the old series. The movements of the new series track that of the old series very closely.



The differences in level are mainly due to the following:

- The greater currency of the frame now being used compared to the frame drawn from the previous business register.
- The improved coverage, particularly for smaller enterprises as a result of access to VAT registrations to update the new business register.
- The additional scope of the new series, which also includes repair of personal and household goods (SIC 626).

The movements were not affected by the inclusion of SIC 626 because their contribution to the total sales is too small to affect the overall industry’s movements.

Table A1 shows the value of sales of retail enterprises for 2003 from the old and new surveys, together with percentage differences in level and the month on month movements.

Table A1 - Sales of retail enterprises, at current prices, old and new surveys - 2003

Year and month	Value of sales ¹		Percentage difference	Month on month percentage change ²	
	Old survey R million	New survey R million		Old survey	New survey
	2003 January	16 945	21 214	25,2	-
February	16 554	20 334	22,8	-2,3	-4,1
March	17 971	22 536	25,4	8,6	10,8
April	18 124	21 843	20,5	0,8	-3,1
May	18 872	23 003	21,9	4,1	5,3
June	18 985	22 297	17,4	0,6	-3,1
July	18 825	22 628	20,2	-0,8	1,5
August	18 612	22 478	20,8	-1,1	-0,7
September	19 253	22 948	19,2	3,4	2,1
October	19 753	23 650	19,7	2,6	3,1
November	21 199	25 476	20,2	7,3	7,7
December	29 830	33 211	11,3	40,7	30,4
Total	234 923	281 618	19,9		

¹ See figure A1

² See figure A2

Further developments

The new business register is being further enhanced through access to the income tax records of businesses. In particular, this will provide a business register-updating source for businesses too small to register for VAT. This may result in further adjustments to the levels of these retail series. However, these are expected to be smaller than those resulting from the move to the new business register described above. The impact of this further, and probably final, enhancement to the business register will be seen in the estimates from September 2004, which will be based on a refreshed sample drawn from the further enhanced business register. Stats SA will take appropriate action to measure and describe to users the differences in level resulting from the new sample, and will spread its impact appropriately over the time series, to ensure continuity in those series.

Article 2: New monthly indicator series – feasibility of seasonal adjustment

As indicated in earlier discussions, since the beginning of 2003, Stats SA has been conducting its monthly indicator surveys (manufacturing, wholesale trade, retail trade, motor trade and land freight) using fresh samples of businesses drawn from its new business register, in parallel with the continued conduct of the surveys based on the established sample of businesses drawn from the old business address register. The parallel operation was designed to ensure that the new samples were well established, and that estimates could be constructed for an overlap period of one year between the old and new samples, to provide users with a comparability bridge of a reasonable number of observations on both the old and new bases.

The inadequacy of the old business register to accurately capture and represent the true business population across the economy is mainly due to the fact that the register could not be updated regularly or consistently across industry sectors. This has been rectified through access to information about VAT registrations from the South African Revenue Services. This source has been used to construct Stats SA's new business register.

Manufacturing was the most frequently updated sector in the old business address register, through special efforts to build up coverage for reasonably regular censuses of the sector, which in turn provided information for updating the business population for the sector, particularly for ceased businesses and changes in activity. Accordingly the industry structure of the sector was relatively well captured by the old business register, even though it under covered the number of businesses involved, mainly smaller businesses. The movements of the new manufacturing series track that of the old series very closely for 2003, and seasonal adjustment of the new series, including its backcast component, was found to be feasible using the seasonal factors from the old manufacturing series carried over to the new one.

The **wholesale** and **motor** industries remained relatively stable in structure in the old and new registers, and activities were dominated by the large enterprises, even though the old register under covered smaller enterprises. Again, the movements of the new series tracked that of the old series very closely for 2003, and seasonal adjustment of the new series using the seasonal factors from the old series, including their backcast components, produced seasonally adjusted series which were reasonably consistent with the pattern of the seasonally adjusted series from the old surveys. The addition of wholesale on a commission or fee basis in the wholesale survey and the expansion of coverage to wholesale activities in the motor trade survey, contributed to some of the differences noted in the monthly movements.

The situation for **retail trade** was found to be more complicated. It is the sector where, on the one hand, the structure changed most frequently in terms of business starts, cessations, mergers and acquisitions, so that frequent updating of the business register to reflect these changes was the most important. On the other hand, the inadequacies of the old business register were greatest in this sector, and the sample drawn from it for the monthly retail trade survey was accordingly the most deficient for capturing both the level and movements in activity. While the movements of the new series track that of the old series reasonably well over most months of 2003, the growth shown from November to December 2003 differs quite significantly between the old and new series (the old series showed a current price growth of 40,7% whilst the new series shows a growth of 30,4%). It is the view of Stats SA that the growth from the new survey is more reliable.

Retail trade is more strongly characterised by strong seasonal fluctuations than other industry sectors. The seasonal factors from the old survey were built up over many years for that survey based on the performance of that series, which in turn was influenced by the long-standing inadequacies in the old business frame and sample. When those seasonal factors were applied to the new series, including its backcast component, it was found that the resulting seasonally adjusted series did not behave plausibly.

Stats SA has concluded that there is no option for retail trade but to stop publishing a seasonally adjusted series until enough data points are available to derive seasonal adjustment factors informed by the behaviour of the new series. Usually at least 36 data points are needed, and currently there are 15. However, Stats SA will show an estimated trend line through the original series (see figure 1, p.2).

Detailed results of retail trade sales

Outlined below in figure 2 and tables 1 and 2 are details of the behaviour of retail trade sales over the period January 1998 to March 2004. The new series has been backcast to the start of 1998 to assist users of time series. For the period 1998 to 2002, it reflects the movements from the old series, using the level for January 2003 as the end point of the backcast series.

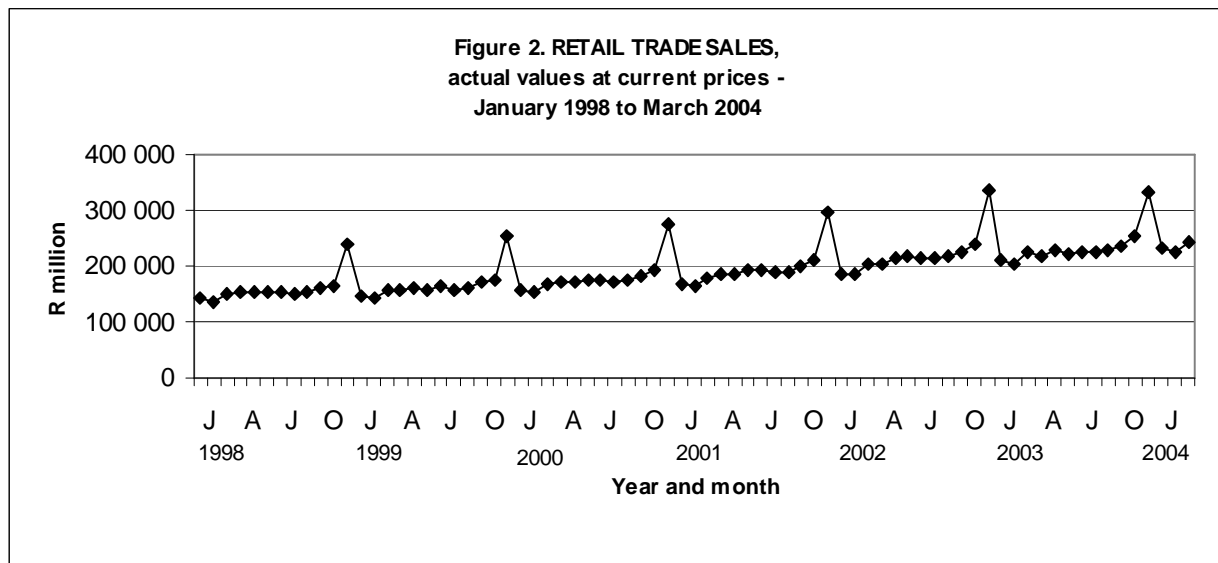


Table 1 - Total retail trade sales at current prices (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	14 422	14 716	15 862	16 732	18 628	21 214	23 154
February	13 592	14 253	15 515	16 496	18 498	20 334	22 455
March	14 830	15 570	16 695	17 947	20 229	22 536	24 408
April	15 222	15 858	17 248	18 532	20 437	21 843	
May	15 440	16 166	17 244	18 667	21 255	23 003	
June	15 292	15 730	17 599	19 304	21 813	22 297	
July	15 249	16 330	17 328	19 215	21 274	22 628	
August	14 919	15 821	17 059	18 873	21 524	22 478	
September	15 409	16 016	17 524	18 969	21 765	22 948	
October	16 077	17 084	18 146	20 031	22 634	23 650	
November	16 569	17 551	19 328	21 033	24 078	25 476	
December	23 840	25 314	27 468	29 808	33 576	33 211	
Total	190 861	200 409	217 016	235 607	265 711	281 618	

Table 2 - Percentage change in total retail trade sales at current prices

Month	1998	1999	2000	2001	2002	2003	2004
January	-	2,0	7,8	5,5	11,3	13,9	9,1
February	-	4,9	8,9	6,3	12,1	9,9	10,4
March	-	5,0	7,2	7,5	12,7	11,4	8,3
April	-	4,2	8,8	7,4	10,3	6,9	
May	-	4,7	6,7	8,3	13,9	8,2	
June	-	2,9	11,9	9,7	13,0	2,2	
July	-	7,1	6,1	10,9	10,7	6,4	
August	-	6,0	7,8	10,6	14,0	4,4	
September	-	3,9	9,4	8,2	14,7	5,4	
October	-	6,3	6,2	10,4	13,0	4,5	
November	-	5,9	10,1	8,8	14,5	5,8	
December	-	6,2	8,5	8,5	12,6	-1,1	
Total	-	5,0	8,3	8,6	12,8	6,0	

Outlined below in figure 3 and tables 3 and 4 are details of the behaviour of retail trade sales at constant (2000) prices over the period January 1998 to March 2004. The new series has been backcast to the start of 1998 to assist users of time series. For the period 1998 to 2002, it reflects the movements from the old series, using the level for January 2003 as the end point of the backcast series.

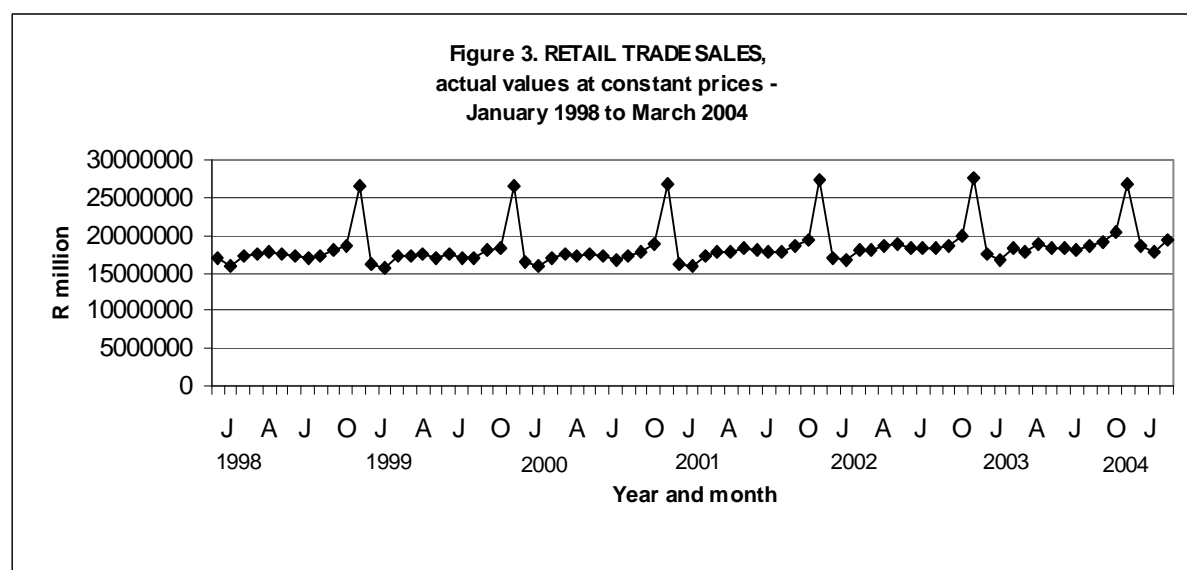


Table 3 - Total retail trade sales at constant 2000 prices (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	17 027	16 315	16 454	16 292	16 919	17 403	18 568
February	16 009	15 767	16 061	16 031	16 725	16 708	17 892
March	17 365	17 166	17 123	17 307	17 997	18 366	19 372
April	17 638	17 388	17 440	17 734	17 943	17 730	
May	17 830	17 629	17 366	17 761	18 467	18 778	
June	17 556	17 024	17 599	18 245	18 772	18 336	
July	17 368	17 541	17 140	18 059	18 198	18 397	
August	16 915	16 957	16 824	17 771	18 272	18 172	
September	17 333	17 038	17 214	17 811	18 213	18 522	
October	18 023	18 079	17 755	18 703	18 706	19 135	
November	18 554	18 436	18 894	19 493	19 817	20 545	
December	26 577	26 535	26 824	27 447	27 635	26 783	
Total	218 195	215 875	216 694	222 654	227 664	228 875	

Table 4 - Percentage change in total retail trade sales at constant 2000 prices

Month	1998	1999	2000	2001	2002	2003	2004
January	-	-4,2	0,9	-1,0	3,8	2,9	6,7
February	-	-1,5	1,9	-0,2	4,3	-0,1	7,1
March	-	-1,1	-0,3	1,1	4,0	2,1	5,5
April	-	-1,4	0,3	1,7	1,2	-1,2	
May	-	-1,1	-1,5	2,3	4,0	1,7	
June	-	-3,0	3,4	3,7	2,9	-2,3	
July	-	1,0	-2,3	5,4	0,8	1,1	
August	-	0,2	-0,8	5,6	2,8	-0,5	
September	-	-1,7	1,0	3,5	2,3	1,7	
October	-	0,3	-1,8	5,3	0,0	2,3	
November	-	-0,6	2,5	3,2	1,7	3,7	
December	-	-0,2	1,1	2,3	0,7	-3,1	
Total	-	-1,1	0,4	2,8	2,3	0,5	

Explanatory notes

- Introduction**
- 1 Statistics South Africa (Stats SA) conducts a monthly survey of the retail trade industry, covering retail enterprises (see 4 below). This statistical release contains the first results of a sample drawn from the new business register, with a significantly enhanced coverage of South African businesses. The release shows the monthly value of retail trade sales. It also provides information on the behaviour in terms of level and movement, of the sales series based on the old and new business registers for 2003. The new series have been backcast to the start of 1998, using the level of January 2003 whilst maintaining the movements of the old series, to help the users of the time series. Retail trade sales include value added tax (VAT).
 - 2 As is usual, information for the latest month has had to be estimated for respondents who have not reported by the cut-off date for production of results. These estimates will be revised in future statistical releases when their reported information becomes available.
 - 3 As indicated earlier, Stats SA developed a new business register, based on the VAT database obtained from the South African Revenue Service (SARS), which replaced the previous business register. All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. Enterprises that conform to these criteria are included in the new business register, and hence were given a chance of selection in the new sample for the survey.
- Scope of the survey**
- 4 This survey covers retail enterprises, i.e.
 - butchers;
 - general dealers;
 - bottle stores;
 - dealers in clothing, footwear and textiles;
 - dealers in furniture and household requisites;
 - bookstores and stationers;
 - jewellers;
 - chemists;
 - dealers in miscellaneous goods; and
 - repair of personal and household goods.
- Classification**
- 5 The 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC)*, Fifth Edition, Report No. 09-90-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 *International Standard Industrial Classification of all Economic Activities (ISIC)* with suitable adaptations for local conditions. Statistics in this publication are presented at SIC division (two digit) level. Each enterprise is classified to the industry which reflects its predominant activity.
- Statistical unit**
- 6 The statistical unit for which information is compiled and published is the enterprise, defined as a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.
- Survey methodology and design**
- 7 The survey is conducted by mail on a monthly basis. Questionnaires are sent to a sample of about 3 000 enterprises from a population of about 28 000 enterprises. Completed questionnaires are required to be returned to Stats SA within 10 days after the end of the reference month. Fax and telephone reminders are used to follow up non-respondents.
 - 8 The value of sales is obtained monthly from the sample of 3 000 enterprises (which was drawn in January 2003 at the SIC three-digit level) from a population then of about 28 000 retail enterprises. The retail industry is divided into four size groups. All large enterprises (size group one), which comprise about 11 percent of the enterprises in the current sample, are completely enumerated. Simple random sampling is applied to size groups two (medium sized), three and four (small) enterprises. The total value of sales of the large enterprises (size group one) is added to the weighted totals of size groups two, three and four to reflect the total value of sales.

Weighting methodology	9	For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form division estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at www.statssa.gov.za/publications/publicationsearch.asp (keywords: sampling methodology)																
Constant prices	10	The constant prices for the new series are calculated using the price index for commodities for the metropolitan areas from the Consumer Price Index (CPI) to deflate the current prices.																
Seasonal adjustment	11	Seasonally adjusted estimates will not be published until there are sufficient data points for the new survey (see Article 2 on page 7).																
Trend cycle	12	The trend is the long-term pattern or movement of a time series. The X-11 Seasonal Adjustment Program is used for smoothing seasonally adjusted estimates to estimates of the underlying trend cycle.																
Reliability of estimates	13	Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the retail industry in South Africa. Estimates are subject to sampling and non-sampling errors. Figures for the latest month are preliminary.																
	14	Inaccuracies may occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Figures for the latest month are preliminary. Fluctuations may occur in consecutive months as a result of seasonal and economic factors.																
Revised figures	15	Revised figures are due to respondents reporting revisions or corrections to their figures and late submission of their data to Stats SA. Figures for the latest month are preliminary. Data are edited at the enterprise level.																
Related publications	16	Users may also wish to refer to the following publications available from Stats SA - <ul style="list-style-type: none"> • <i>Bulletin of Statistics</i> issued quarterly. • <i>SA Statistics</i> issued annually. These will be revised on the basis of the backcast series in due course.																
Rounding of figures	17	The figures in the tables have, where necessary, been rounded to the nearest digit shown.																
Pre-release policy	18	Stats SA's pre-release policy may be inspected at its Website, www.statssa.gov.za .																
Symbols and abbreviations	19	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">GDP</td> <td>Gross Domestic Product</td> </tr> <tr> <td>ISIC</td> <td>International Standard Industrial Classification</td> </tr> <tr> <td>SIC</td> <td>Standard Industrial Classification of all Economic Activities</td> </tr> <tr> <td>SARS</td> <td>South African Revenue Service</td> </tr> <tr> <td>Stats SA</td> <td>Statistics South Africa</td> </tr> <tr> <td>VAT</td> <td>Value added tax</td> </tr> <tr> <td>..</td> <td>Figures not available</td> </tr> <tr> <td>*</td> <td>Revised figures</td> </tr> </table>	GDP	Gross Domestic Product	ISIC	International Standard Industrial Classification	SIC	Standard Industrial Classification of all Economic Activities	SARS	South African Revenue Service	Stats SA	Statistics South Africa	VAT	Value added tax	..	Figures not available	*	Revised figures
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VAT	Value added tax																	
..	Figures not available																	
*	Revised figures																	
Comparability with previously published information	20	As indicated earlier, the levels of sales for 2003 in this statistical release, based on the new sample, are about 20% higher than the levels previously published for total retail trade sales.																

- 21 The higher values of sales from the new sample can mainly be attributed to the following:
- The greater currency of the frame now being used compared to the frame drawn from the previous business register;
 - The improved coverage particularly for smaller enterprises as a result of access to VAT registrations to update the new business register; and
 - The additional scope of the new series, which also includes repair of personal and household goods (SIC 626).

Glossary

Enterprise	The enterprise is a legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.
Industry	An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the <i>System of National Accounts (SNA)</i> in the same way as in the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)</i> .
Statistical unit	A statistical unit is a unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.
Retail trade	Retail trade includes the resale (sale without transformation) of new and used goods and products to the general public for household use.
Retailer	A retailer is an enterprise deriving more than 50% of its turnover from sales of goods to the general public for household use.

General information

Stats SA publishes approximately 300 different statistical releases each year. It is not economically viable to produce them in more than one of South Africa's eleven official languages. Since the releases are used extensively, not only locally but also by international economic and social-scientific communities, Stats SA releases are published in English only.

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