Retail trade sales

May 2004

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Key figures as at the end of May 2004

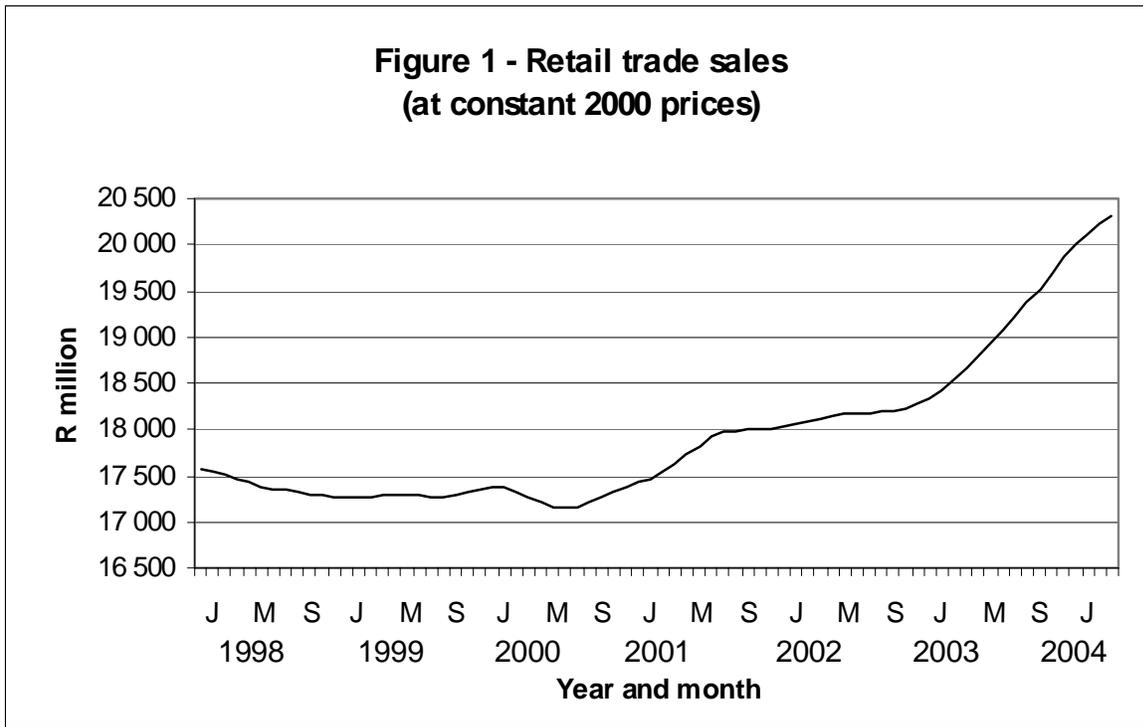| Actual estimates	May 2004 R million	% change between April 2004 and May 2004	% change between May 2003 and May 2004	% change between March to May 2003 and March to May 2004	% change between January to May 2003 and January to May 2004
Retail trade sales:					
at current prices	26 204	+7,8	+13,9	+11,5	+12,4
at constant (2000) prices	20 714	+7,7	+10,3	+8,4	+9,4

Key findings as at the end of May 2004

Retail trade sales increase in real terms

Retail trade sales, at constant (2000) prices for the three months up to May 2004 increased by 8,4%, compared with the three months up to May 2003.

Similarly, retail trade sales, at constant (2000) prices for the period January to May 2004 increased by 9,4% compared with the period January to May 2003. Furthermore, retail trade sales, at constant (2000) prices for May 2004 increased by 10,3% compared with May 2003.

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

Figure 1 - Retail trade sales
(at constant 2000 prices)

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Notes

Forthcoming issue	**Issue**	**Expected release date**
	June 2004	2 September 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 revised series

As indicated in previous publications Stats SA introduced a new retail sales survey utilising an upgraded business register commencing with the month of January 2003.

The previous retail trade sales survey and the current one were run side by side from January 2003 to December 2003 with a view to ensuring that the new survey was bedded in properly and to provide a set of factors which could then be applied to the old series to revise previous estimates back to January 1998.

The new survey produced estimates of a significantly higher level and exhibited a distinctively different seasonal pattern. Details of the differences in the levels by month were published in the March 2004 statistical release on 2 June 2004.

The old survey suffered from significant under-coverage and to compensate a variety of estimation methods were utilised based partly on information from the 1977 Retail Census. The availability of results from the new survey illustrated the shortcomings of this approach.

Because this new seasonal pattern had only been established for a twelve-month period Stats SA was reluctant to introduce this new seasonal pattern into the old series. Instead it chose to use the January 2003 difference between the old and new series to back cast the previous series.

Unfavourable user comments arising as a result of this backcasting method has resulted in Stats SA reviewing its position.

Stats SA has now revised the old series taking into consideration the seasonal pattern established by the new collection (even though at this stage only 17 data points are available).

The effect of this change in methodology resulted in the revised series now exhibiting the same year-on-year movements as the old series, at a higher level but with month-to-month movements now reflecting the seasonal pattern exhibited by the new series (see table 1, p.7). As further information becomes available it may yet be necessary to modify this seasonal pattern in the future. Estimates from January 2003 onwards have not been affected by this revision although January to April 2004 data have been revised as a result of further data becoming available.

Further likely changes to the series:

Even though the current survey uses Stats SA's business register as the frame, it is now some two years old and as a result does not reflect structural changes that may have taken place over that period. Measures are underway to construct a new frame from the business register with its reference period being the end of June 2004, with a new sample being selected in August and questionnaires being dispatched in September. A parallel run with the existing survey will occur for the month of September. It may then be necessary to revise the existing series in the light of results obtained in the new survey.

There has also been some user concern expressed about the lack of data on sales by type of retailer and sales by products.

As far as the former is concerned the new sample will be constructed in such a way that it will permit the production of estimates by type of retailer. It is planned that publication of this data will commence early in the new year.

As far as the latter is concerned, the increased coverage now applying to the survey has resulted in a larger number of smaller retailers being included on the frame and subsequently in the sample. These smaller retailers cannot provide commodity data on a monthly basis. Commodity data will be collected in the future but at relatively infrequent intervals using a different collection vehicle.

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 Service. 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 businesses which had closed down and changes in activity. Accordingly the industry structure of the sector was relatively well captured by the old business register, even though the number of businesses involved, particularly of smaller businesses, was inadequate. 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 smaller enterprises were under-represented in the old register. 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 trade 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 shown by 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 data from January 2003 up to the current month. However, Stats SA will show an estimated trend line through the original series (see figure 1, p.2).

Detailed results

Outlined below in tables 1 and 2 are details of the behaviour of retail trade sales over the period January 1998 to May 2004.

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

Month	1998[2]	1999[2]	2000[2]	2001[2]	2002[2]	2003	2004
January	14 422	14 716	15 862	16 732	18 628	21 214	24 001 *
February	13 335	13 984	15 223	16 185	18 149	20 334	23 332 *
March	14 853	15 595	16 721	17 976	20 261	22 536	24 636 *
April	14 653	15 265	16 604	17 840	19 673	21 843	24 301
May	15 032	15 738	16 788	18 173	20 693	23 003	26 204 1/
June	14 345	14 756	16 509	18 108	20 462	22 297	
July	14 641	15 678	16 636	18 448	20 424	22 628	
August	14 392	15 262	16 456	18 206	20 763	22 478	
September	14 670	15 248	16 684	18 059	20 721	22 948	
October	15 375	16 339	17 354	19 156	21 646	23 650	
November	15 904	16 847	18 553	20 190	23 112	25 476	
December	21 199	22 511	24 426	26 506	29 858	33 211	
Total	**182 821**	**191 939**	**207 816**	**225 579**	**254 390**	**281 618**	

* Revised.
1/ Preliminary.
2/ New backcast (see article 1, p.5).

Table 2 - Percentage change in total retail trade sales at current prices[3]

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

3/ The percentage change is the change in retail trade sales of the relevant year compared with retail trade sales of the previous year expressed as a percentage.

Outlined below in tables 3 and 4 are details of the behaviour of retail trade sales at constant (2000) prices over the period January 1998 to May 2004.

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

Month	1998[2]	1999[2]	2000[2]	2001[2]	2002[2]	2003	2004
January	17 027	16 315	16 454	16 292	16 919	17 403	19 247 *
February	15 707	15 469	15 758	15 729	16 409	16 708	18 591 *
March	17 393	17 194	17 150	17 334	18 026	18 366	19 553 *
April	16 979	16 738	16 788	17 071	17 272	17 730	19 226
May	17 358	17 163	16 907	17 291	17 978	18 778	20 714 1/
June	16 469	15 970	16 509	17 115	17 609	18 336	
July	16 675	16 840	16 455	17 338	17 472	18 397	
August	16 318	16 358	16 229	17 143	17 626	18 172	
September	16 501	16 221	16 389	16 957	17 340	18 522	
October	17 236	17 290	16 980	17 886	17 889	19 135	
November	17 810	17 697	18 136	18 711	19 022	20 545	
December	23 633	23 596	23 853	24 407	24 574	26 783	
Total	**209 106**	**206 851**	**207 608**	**213 274**	**218 136**	**228 875**	

* Revised.
1/ Preliminary.
2/ New backcast (see article 1, p.5).

Table 4 - Percentage change in total retail trade sales at constant 2000 prices[3]

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

3/ The percentage change is the change in retail trade sales of the relevant year compared with retail trade sales of the previous year expressed as a percentage.

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 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 http://www.statssa.gov.za/publications/publicationsearch.asp.
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 the article on page 5).
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 - • *Bulletin of Statistics* issued quarterly. • *SA Statistics* issued annually. These will, in due course, be revised on the basis of the backcast series.
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**	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
Comparability with previously published information	**20**	The levels of retail trade sales based on the new sample, are about 20% higher than the levels based on the old sample. The first results of the new sample were published on 2 June 2004.

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 *System of National Accounts (SNA)* in the same way as in the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC).*

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

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