



Media Release

For release: 26 January 2012

Small business sales show mixed Christmas trading season

ANZ today released its monthly Small Business Sales Trends report which showed sales increased by 3.3% year on year (y/y) in December 2011. This is the eighth consecutive month of positive annual growth in sales for small businesses, driven by growth in the mining states as well as non-retail and services sectors.

Small Business Sales Trends – Highlights

- Small business sales increased by 3.3% y/y in December 2011
- Year-to-date growth remains relatively flat at 1.9%
- Non-retail and services continue to outperform traditional retailers, with automotive (+8.2% y/y) and trades (+6.4% y/y) the best performers in December
- Among the retail-related small businesses, restaurants retain the best growth rates, 10.0% y/y in December 2011, after 11.8% y/y in December 2010
- Western Australia continues to surge ahead of other states, with 4.9% y/y sales growth in December
- Regional and rural small businesses outperformed metropolitan-based businesses on a monthly basis (+4.5%y/y) and on a year-to-date basis (+2.6%)

ANZ General Manager Small Business Nick Reade said: "The December figures reflect a reasonable Christmas trading period overall, with sales up 3.3% y/y and 1.9% year-to-date.

"A better than initially expected Christmas period was also seen in general by retail-related small businesses, with sales growth of 1.8% y/y. Anecdotal reports suggest retailers still had to discount strongly to achieve this growth rate and clear their stock.

"The year-to-date growth figure of just 1.9% is still a concern however and remains consistent with generally subdued market conditions. The divergence in performance between Western Australia and the less mining intensive states and territories is also becoming more apparent.

"Essentially what we're seeing is still a very mixed story for small business sales, with wide gaps across geographies and between segments, particularly between retail versus the trades and services.

"While retail sales on the whole were positive, clothing and fashion and appliances and electrical had negative y/y growth, as they continue to experience difficult trading conditions. This sustained gap between retail and non-retail sectors could be due to a complex mix of factors, including changing consumer preferences and an increased range of direct competitors via rapid growth of online shopping.

"We'll be looking for the momentum from Christmas trading to carry further into the new year. While consumers are still spending selectively, we're hopeful that Australians will still look to support small businesses and help sustain the growth that's slowly starting to become more consistent," Mr Reade said.

Commenting specifically on small business sales data, ANZ Head of Australian Economics and Property Research, Ivan Colhoun said: "Restaurants had another good year of sales growth in 2011, with growth of 10.0% y/y in December and 9.5% year-to-date for 2011. Other food outlets also did relatively well in December up 4.4% y/y and up 5.3% year-

to-date. Other segments of stronger growth were all in the services area, with automotive up 8.2% y/y and trades up 6.4% y/y.

"Across the states, Western Australia surged ahead of other states and territories, with 4.9% y/y in December. Victoria and South Australia also had stronger growth rates for 2011 as a whole, but this reflected better conditions experienced earlier in the year, which have since moderated. The other key resources states of Queensland and the Northern Territory also showed a strengthening in sales growth throughout the year. This pattern is also evident in other sources at the moment, including ABS retail sales and labour market data. It most likely relates to the positive effects of the pick up in resources-related investment activity occurring in these states, which is expected to strengthen further during 2012. In contrast, ACT and Tasmania, continue to report relatively weak small business sales," Mr Colhoun said.

This data is based on the value of credit, debit and Eftpos transactions processed through ANZ merchant terminals and all ANZ card transactions processed through other systems for businesses at least two years old with annual turnover less than \$5 million. ANZ has approximately 20% market share of all card transactions.

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About ANZ Small Business Sales Trends

ANZ Small Business Sales Trends uses data from credit, debit and Eftpos transactions processed through ANZ merchant systems to provide insights into trading conditions for small businesses. The figures do not include cash transactions and therefore do not represent total sales for small businesses. The survey contains data from small businesses that have been accepting card payments during the 24 months directly preceding the current month (that is, businesses that have been in business and accepting payments for at least 24 months). Therefore each month, the survey uses data from a slightly different cohort of small businesses, as different businesses drop in and out of the 24 month timeframe. Small businesses are defined as having an estimated total turnover under \$5m p.a. The data are nominal (current dollars), that is, they have not been adjusted for inflation. Some changes in transactions that pass through ANZ systems can be attributed to factors such as changes in the acceptance and use of credit and debit card transactions, and changes in ANZ's market share. The focus on small business and use of a 24-month business existence filter is believed to minimize the significance of such distortions.

Small business at ANZ

ANZ Small Business Sales Trends is part of ANZ's commitment to its small business customers. Other recent initiatives to help support small businesses include:

- A series of free online education courses and tools to help build the skills and knowledge of business owners, available through ANZ's Small Business Hub: register at thesbhub.com.au.
- An agreement with online accounting software provider Xero to provide small business customers and their advisors with an online, integrated banking and accounting solution that allows them to understand trading performance and cash flow position in real time.
- Awarded CANSTAR CANNEX Innovation Excellence award for 'ANZ Business Insights'.
- Awarded 2011 CANSTAR CANNEX award for outstanding value business deposits, business loans and business credit cards.

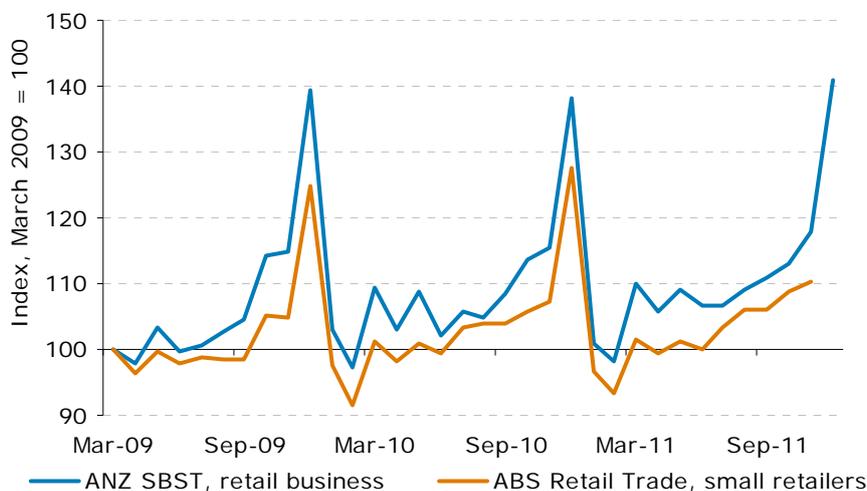
Business owners can see how they compare with ANZ Business Insights

Businesses that accept card payments and industry specialists can access this information at a local level by signing up to ANZ Business Insights which is free for ANZ business customers. ANZ Business Insights gives customers access to reports on sales patterns, turnover and customer insights. To find out more about ANZ Business Insights customers should speak to a local small business specialist by calling 1800 801 485 or visit www.anzbusinessinsights.com



Small Business Sales Trends

Monthly sales index – comparison with ABS retail trade survey*



*ABS retail trade survey, small retailers, original nominal data, not seasonally adjusted or deflated.

Monthly growth summary – all small businesses

y/y %	Dec-11	2011 YTD	Dec-10
Retail related	1.8	1.4	-0.9
Non-retail and services	4.5	2.2	-4.5
Metro	2.6	1.5	-3.0
Regional and rural	4.5	2.6	-2.9
All small business	3.3	1.9	-2.9

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation



Small Business Sales Trends

Industry detail – small businesses

y/y %	Dec-11	2011 YTD	Dec-10
Retail related:			
Appliances and Electrical	-2.1	-0.7	-9.8
Clothing and fashion	-1.5	-2.8	-2.3
Homewares and furniture	0.5	-0.8	-6.5
Other food outlets	4.4	5.3	6.9
Other retail	3.2	2.6	0.3
Restaurants	10.0	9.5	11.8
Retail related	1.8	1.4	-0.9
Non-retail and services:			
Automotive	8.2	4.5	-6.0
Business services	2.1	0.6	-6.8
Hotels and Motels	1.5	4.0	3.4
Personal services	2.5	1.3	-3.6
Trade	6.4	2.5	-7.4
Travel & Entertainment	4.0	2.0	-2.6
Non-retail and services	4.5	2.2	-4.5
All small business	3.3	1.9	-2.9

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.

Industry composition – predominant industry types:

Appliances and electrical – Appliance stores, electronics stores, hardware equipment, computer stores

Automotive – Car, Truck and Motorcycle dealers, Auto parts and repairs, service stations, taxi cabs

Business services- Office supplies, accountants, advertising services, legal services

Clothing and fashion – Clothing sales, footwear, jewellery, costumes, tailoring services

Homewares and furniture – Home and commercial furniture, drapers, flooring, antiques, homewares, art

Hotels and motels – Hotels, bars, beer and wine producers

Other food outlets – Fast food, bakeries, dairy product stores

Other retail – Books, pharmacies, newsagents, grocery stores, convenience stores, speciality retail

Personal services – Health and beauty services, cosmetics, dental, medical, childcare, gyms

Restaurants – Restaurants, cafes and catering

Trade – Construction materials, roofing, cleaning, plumbing, landscaping, tradespeople services,

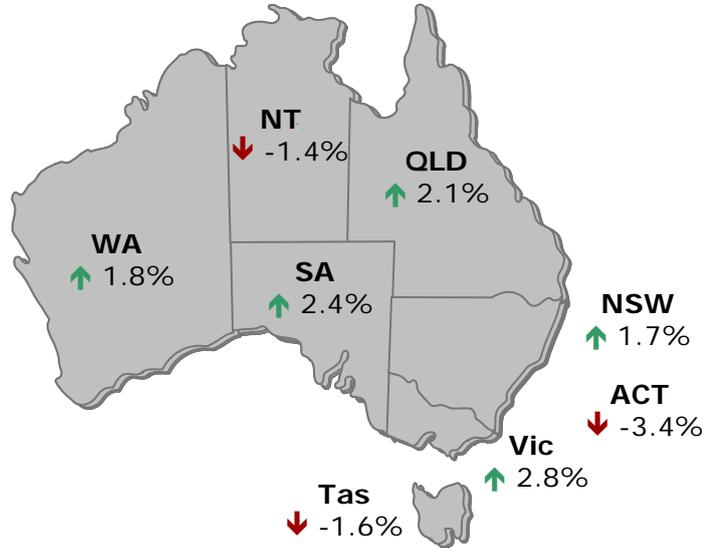
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State detail – small businesses

Year to date annual growth, December 2011



y/y %	Dec-11	2011 YTD	Dec-10
New South Wales	2.5	1.7	-3.9
Victoria	3.9	2.8	-0.9
Queensland	3.7	2.1	-4.6
Western Australia	4.9	1.8	-0.9
South Australia	2.7	2.4	-3.1
Tasmania	-0.3	-1.6	-5.0
ACT	-0.4	-3.4	-7.8
NT	3.8	-1.4	-1.8
All small business	3.3	1.9	-2.9

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.