**8 September 2020**

July 2020

**RETAIL TRADE**

* In July 2020 estimates for seasonally adjusted index of retail trade show a monthly contraction, even though levels of total sales confirm recovery after steep falls due to Covid-19 outbreak. When compared with June 2020, value of sales decreased by 2.2%, while volume of retail trade dropped by 3.1%.
* Partial recovery after lockdown was confirmed in the three-month on three-month series, as value grew by 12.1% and volume rose by 11.5%.
* In July 2020, both value and volume of sales sharply fell in the year on year series, decreasing by 7.2% and 10.2% respectively.
* Concerning large-scale distribution and small-scale distribution, the year on year rate dropped for the 5th consecutive month in July, decreasing by 3.8% and 11.7% respectively. Non-store retail sales were down 7.0% when compared with July 2019.
* In July 2020, online sales showed a lower year on year growth rate comparing with the strong rise recorded in June 2020 (+52.9%), however internet sales still remained positive year on year (+11.6%).
* Looking at the value of sales for non-food products, dramatic falls were reported across all categories besides Tools (+3.2%). Similarly to the previous month, in July 2020 the most affected categories of products were Clothing (-27.9%) and Shoes, leather goods and travel items (-17.3%).

**CHART 1. RETAIL TRADE, SEASONALLY ADJUSTED INDEX AND three-month moving average**January 2015 – July 2020, value (index, 2015=100)

**CHART 2. RETAIL TRADE, month on same month a year ago percentage changes**

January 2016 – July 2020, percentage changes in value and volume, non-seasonally adjusted (index, 2015=100)

# TABLE 1. Retail trade by marketable goods sector

July 2020, months on previous months and months on same months a year ago percentage changes in value and volume, seasonally adjusted and non-seasonally adjusted (index, 2015=100) (a)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **MARKETABLE GOODS SECTOR** | **Months on previous months percentage changes (seasonally adjusted)** | | | | | | |
| Jul20  Jun20 | | | | May-Jul20  Feb-Apr20 | | |
|  | **Value** | | **Volume** | | **Value** | | **volume** |
| Food | -1.0 | | -0.8 | | -1.8 | | -2.5 |
| Non food | -3.2 | | -4.8 | | +27.4 | | +26.2 |
| **Total** | **-2.2** | | **-3.1** | | **+12.1** | | **+11.5** |
|  | **Months on same months a year ago percentage changes (non-seasonally adjusted)** | | | | | | |
|  | Jul20  Jul19 | | | Jan-Jul20  Jan-Jul19 | | | |
|  | **Value** | **volume** | | | **Value** | **volume** | |
| Food | -1.1 | -2.4 | | | +3.3 | +1.5 | |
| Non food | -11.6 | -15.8 | | | -17.6 | -17.8 | |
| **Total** | **-7.2** | **-10.2** | | | **-8.5** | **-9.7** | |

1. Provisional data

**TABLE 2**. **Retail trade BY MARKETABLE GOODS SECTOR AND CHANNEL OF DISTRIBUTION**

July 2020, months on same months a year ago percentage changes in value, non-seasonally adjusted (index, 2015=100) (a)

|  |  |  |
| --- | --- | --- |
| **MARKETABLE GOODS SECTOR AND CHANNEL OF DISTRIBUTION** | Jul20  Jul19 | Jan-Jul20  Jan-Jul19 |
| **Large-scale distribution** | **-3.8** | **-3.9** |
| Food | -0.6 | +4.4 |
| Non food | -9.2 | -19.3 |
| **Small-scale distribution** | **-11.7** | **-14.6** |
| Food | -0.5 | +3.9 |
| Non food | -15.1 | -20.0 |
| **Non-store retail sales** | **-7.0** | **-17.0** |
| **Online sales** | **+11.6** | **+28.5** |
| **Total** | **-7.2** | **-8.5** |

(a) Provisional data

**CHART 3. Year-on-Year non-food growth rate by product segment**

July 2020, months on same months a year ago value (index, 2015=100)

The table below shows routine revisions, calculated as differences (in percentage points) between first release and the latest estimates concerning growth rates of the same reference period. Revisions to year-on-year growth rate refer to not adjusted data of the last month prior to the current reference period. Estimates are then subject to a second revision, which occurs on annual basis in autumn.

With regard to the short-term growth rate, an additional monthly revision for seasonally adjusted data occurs as new observations can change the seasonal factors that are applied to the whole time series.

Table 3 provides revised data for June 2020.

**TABLE 3. REVISIONS TO GROWTH RATES BY MARKETABLE GOODS SECTOR**

Differences in percentage points (index, 2015=100)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Food sales** | | **Non-food sales** | | **Total sales** | |
| Month-on-month change (a) | Year-on-year change (b) | Month-on-month change (a) | Year-on-year change (b) | Month-on-month change (a) | Year-on-year change (b) |
| **June 2020** | | | | | | |
| Value | 0.0 | +0.3 | -3.6 | -0.5 | -1.9 | -0.2 |
| Volume | +0.1 | +0.3 | -5.0 | -0.4 | -2.4 | -0.1 |

(a) Figures are calculated on seasonally adjusted data

(b) Figures are calculated on non-seasonally adjusted data

**Large-scale distribution:** definition of this aggregate was revised according to the classification ATECO 2007 (Italian version of the Classification of Economic Activities NACE Rev.2). Large-scale distribution includes the following categories:

***Non-specialized stores with food predominating***

* *Hypermarket (Ateco 47111):* store combining a supermarket (food products) and a department store (non-food products), with a selling surface over 2.500 square metres.
* *Supermarket (Ateco 47112):* store operating in food retailing, organized as a self-service shop covering a surface area over 400 square metres and offering a wide variety of food (mainly canned and packaged goods). personal hygiene products, household cleaners and pet supplies.
* *Discount stores (Ateco 47113):* retail area selling wide assortments of goods (not name-brand) focusing on low prices rather than service, displays or variety.

***Non-specialized stores with non-food predominating***

* *Department store and non-specialized store selling computers, peripheral devices, telecoms equipment, consumer electronics (audio and video), electrical household appliances:* they both are [retail](https://en.wikipedia.org/wiki/Retail) establishments offering a wide range of predominantly non-food [consumer goods](https://en.wikipedia.org/wiki/Consumer_goods). Both kinds of stores cover a floor space over 400 square metres and sell a wide range of products such as consumer electronics, household appliances, clothing, furniture and household supplies.

***Large footprints specialized stores***

* *Large footprints specialized store (or category killer store):* specialized store offering a deep product assortment within a given category with a footprints over 400 square metres. Category killer stores typically have a large-scale distribution business model.

**Small retail store:** retail store with a selling surface under 400 square metres. Both specialized stores and non-specialized stores may fall within this category. Among the latter ones, minimarkets (Ateco 47114), frozen food stores (Ateco 47115) and general stores (Ateco 47199) can be found.

**E-commerce:** electronic selling of goods over the internet newtwork (Ateco 47911). The monthly indices refer to real-time sales transactions that occur as a consumer purchases an item from an online store, which predominantly operates in the e-commerce sector. Web sales performed by retailers that sell primarily in stores do not flow into e-commerce indicators.

**Non-store retailing:** (Ateco 478 and 479. except from 47911) sales taking place outside of fixed retail stores. Non-store distribution channel includes market stands, mail and catalogue ordering, automated vending, sales representatives and telesales.

**Value of sales index:** the value of sales index measures the retail trade turnover over time at current prices.

**Volume of sales index:** the volume of sales index measures the retail trade turnover over time in volume terms (quantity sold). In order to dermine the volume of sales index, the value of sales index is divided by the Harmonised index of consumer price (HICP) to allow removing price effects on turnover.

**Seasonally adjusted data:** seasonally adjusted data refer to the statistical technique designed to remove fluctuations related to seasonal factors (such as weather conditions, administrative measures, etc.) and calendar effects when relevant. Seasonal adjustment provides a clearer view for a trend analysis of a short-term index.

**Short-term growth rate**: short-term growth rate compares a period (typically a month or quarter) with the previous period, measuring the percentage change.

**Year-on-year growth rate**: Y-o-Y growth rate compares a period (typically a month or quarter) with the same period from the previous year, measuring the percentage change.

**Information objectives and reference regulatory framework**

### The Retail trade index is compiled using data from the monthly survey on retail sales.

### This survey refers to enterprises whose main economic activity is retail trade (according to the Economic activity classification [NACE Rev.2](http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM_DTL&StrNom=NACE_REV2&StrLanguageCode=EN&IntPcKey=&StrLayoutCode=HIERARCHIC&IntCurrentPage=1)).

### Enterprises having the sale of car and fuel as main economic activity are excluded from the survey.

Apart from the monthly indices released at a national level, monthly estimates, consistent with the [European Union Regulation EC 1165/98](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31998R1165&from=ENhttp://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31998R1165&from=EN) concerning short-term statistics[[1]](#footnote-2), are available. The latter refer to the main economic activity of the enterprises only and the former are more detailed.

**Index base year**

The base year for Retail trade indicators is 2015. They are elaborated with reference to the classification of the economic activity Ateco 2007 (the Italian version of the European classification Nace Rev. 2)

The series of monthly indices of retail sales based 2015=100 start with January 2015, Therefore, for the period January 2015-December 2017, the new indices with base year 2015 replace those with base year 2010 already published.

### Time series (data for the period January 2000 – December 2014) have been rescaled to the base 2015, in order to meet users’ needs and for research purposes.

### In coincidence with the elaboration of data in base 2015, a new index on e-commerce starts to be calculated and published.

**Sampling design**

Retail trade data are collected from a sample of about 8.000 enterprises, resident in Italy.

The sample is stratified considering the following variables:

* + - main activity according to the classification Ateco 2007
    - enterprise size, identified on the basis of three classes of persons employed (1-5, 6-49 and at least 50).

According to the sampling scheme, enterprises with less than 50 persons employed are selected at random, while all the units with 50 or more persons employed are included in the sample.

In the calculation of the monthly indices weights with reference to the base 2015 are used. In particular, weights of the large distribution in terms of turnover is equal to 46.4%, while the weight of small scale distribution enterprises is 48.0%. In the next table data on the weights used in the aggregation of the monthly indices of retail sales in base 2015 are compared to those used in the previous base 2010.

**TABLE 1.** **WEIGHTING STRUCTURE OF MONTHLY RETAIL SALES INDEX**

Percentage values

|  |  |  |
| --- | --- | --- |
| **Aggregates** | **base 2010** | **base 2015** |
| **TYPE OF DISTRIBUTION** |  |  |
| **Small scale distribution** | **55.1** | **48.0** |
| **Large scale distribution** | **44.9** | **46.4** |
| -Non-specialised large-scale retail | 38.2 | 36.7 |
| Food predominant | 34.2 | 33.7 |
| - Hypermarkets | 12.5 | 11.6 |
| - Supermarkets | 16.7 | 16.7 |
| - Discount stores | 5.0 | 5.4 |
| Non-food predominant | 4.1 | 3.0 |
| - Large scale specialised stores | 6.6 | 9.7 |
| **E-commerce** | **-** | **1.9** |
| **Non-store retailing** | **-** | **3.7** |
| **PRODUCT GROUPING** |  |  |
| **Food products** | **35.5** | **42.2** |
| **Non-food products** | **64.5** | **57.8** |
| Pharmaceuticals and other therapeutic products | 9.2 | 8.4 |
| Clothing | 12.1 | 11.9 |
| Shoes, leather goods and travel items | 3.5 | 3.4 |
| Furniture and textile items and household furnishings | 5.9 | 4.5 |
| Electric household appliances, audio-video equipment | 4.0 | 3.3 |
| Computers and telecommunications equipment | 2.7 | 2.6 |
| Optical instruments and photographic equipment | 1.6 | 1.3 |
| Durable and non-durable household items | 3.5 | 2.1 |
| Household tools and hardware | 5.1 | 4.1 |
| Cosmetic and toilet articles | 4.2 | 3.0 |
| Stationery, books, newspapers and magazines | 2.7 | 1.9 |
| Sporting equipment. games and toys | 3.2 | 2.5 |
| Other goods | 6.8 | 8.8 |
| **SIZE OF ENTERPRISES (PERSONS EMPLOYED)** |  |  |
| 1-5 | 27.9 | 28.4 |
| 6- 49 | 28.2 | 25.4 |
| 50 or more | 43.9 | 46.2 |

**Value and volume index**

The retail trade value index is a short-term measure of the changes in the value of sales by Italian retailers. It reflects the effect of both volume and price. In order to determine estimates on the volume of sales, value of sales indices are processed to allow removing price effects on turnover, using the Harmonised index of consumer price (HICP).

**Data revision and seasonal effects**

Monthly data are revised in the following month after the first publication. The revision is made in order to take into account the additional information from the respondents.

Indices are seasonally adjusted through the Tramo-Seats procedure (942 version for Linux). Like other seasonal adjustment procedures. Tramo Seats is based on the hypothesis that monthly or quarterly time series result from unobservable components:

* trend-cycle component (long-term and medium-term movements in the data);
* seasonal component (periodical short-term movements having a length of no more than one year);
* irregular component (unpredictable movements in the data).

Tramo-Seats uses a *model-based* method, that is a statistical model that explain the behaviour of the original time series and its components.

In particular, food and non-food series are seasonally adjusted and aggregate seasonally adjusted estimates are then be derived.

Seasonal adjusted data are revised every month as a consequence of the re-estimation of the seasonal adjustment factors, that are also reviewed annually.

**Territorial breakdown**

Indices are calculated and disseminated at national level.

**Timeliness**

Indices are published on a monthly basis with a delay of approximately 38 days from the end of the reference month.

**Dissemination**

Data are issued through press releases, available on the Istat website at <http://www.istat.it/en>.

The series of the updated indices are published on the Istat data warehouse (http://dati.istat.it/?lang=en) under the theme “Index of retail trade sales”.

**Measures adopted to handle the impact of pandemic emergency on retail trade survey**

The COVID-19 pandemic emergency did not affect the data collection for businesses involved in this survey. Overall, the majority of the businesses involved in the survey provided the information required. The response rate of businesses did not register any loss compared with the rate recorded for the advance estimate of July 2019. Procedures for data revision and correction were modified to accurately manage the abnormal changes in growth rate of sales to fully include any immediate pandemic effects on retailing and the data verification process was strengthened. Quality of monthly data provided for July is to be considered equivalent to the usual one, although estimates may show higher revisions when the final data will be released.

Series were seasonally adjusted following official Eurostat guidelines, available at:

<https://ec.europa.eu/eurostat/documents/10186/10693286/Time_series_treatment_guidance.pdf>

Considering the extraordinary changes in sales recorded in the last few months, models for time series treatment included additional regressors (additive outliers) when necessary. This procedure may continue in the next months until the information collected will offer a clear insight and therefore statistical models for seasonal adjustment might be revised.

Therefore, in the next months’ revisions of the seasonally-adjusted data may be larger than usual.

For technical and methodological information

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1. Eurostat publishes monthly data referring to all European countries. The same data are also used to estimate data for the European Union aggregates. [↑](#footnote-ref-2)