THE ANALYSIS OF THE RETAIL TURNOVER IN AUGUST 2021

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Abstract

In this article, we aim to analyze the main trends in retail sales. We aim to establish the current level of turnover and to observe some perspective in its future evolutions, using in this sense the series of raw data and adjusted according to the number of working days and seasonality. In the business analysis, we concluded that in addition to the retail sale of motor fuels, sold in specialty stores, almost all indicators showed increases in August compared to July 2021. If on the trade side in non-food products not there are major problems, the indications show overcoming the difficulties generated by the health crisis, the fuel area, with the decreases registered in August 2021 is moving away from the end of 2019. If we take into account the rather high inflation on the fuel market, the turnover is quite severely affected by the abandonment of the population to travel with their own car.
Keywords: *turnover, retail, indices, adjusted series*

Introduction

Through the work done for this article I want to highlight the fact that at the level of turnover in retail trade can be seen a slowdown in the growth of indices, which means that rising prices and limited incomes of the population attract some consumption lower than in the years before the onset of the health crisis.

This article presents the situation at the level of turnover related to retail trade in August 2021, it is analyzed its volume in relation to the previous month, with the same month of the previous year and a situation of the first eight months of 2021 compared to the same period in 2020.

In terms of developments in retail turnover, in the period 2015-2021 it is on an upward trend, it was hit hard during the health crisis but with the help of turnover in the sale of non-food products, which is at a higher level 2019, total retail turnover is heading for a level similar to the end of 2019.

Literature review

Anghel, Marinescu, Diaconu and Bodo (2017) make an analysis of the evolution of turnover in wholesale and retail trade. Allen and Arkolakis (2014) approach elements of spatial theory of economics through the prism of trade. Anghelache, Nguyen and Băţat (2007) study the correlations between value indicators of production and marketing. Céspedes and Velasco (2012) studied commodity prices and significant developments in the dynamics of macroeconomic performance. Hiscox, M.J. (2002) addresses the impact of legislative changes in the area of trade. Melitz (2003) studied the structure of the industrial sector and how its efficiency is influenced by trade. Anghelache, Isaic-Maniu, Mitruţ and Voineagu (2006) address the opportunity to use statistical indicators in short-term analyzes. Glazer and Ranjan (2007) presented the main benefits of practicing protectionism in the commercial field. Harrison, McLaren, and McMillan (2011) examine the links between inequalities and trade prospects. Anghelache (2016, 2015, 2014, 2013) presents in successive papers what are the results of the economy and shows what is the situation of micro and macroeconomic indicators in real time.

Methodological clarifications, data, results and discussions

Regarding the data source, I want to specify that they were extracted from the website of the National Institute of Statistics and are data in accordance with European Council Regulation no. 1165/1998, with the Regulation of the Council and the European Parliament no. 1158/2005, respectively with the Regulation of the European Commission no. 1503/2006, which regulates short-term statistics, are provisional and may be periodically revised on the basis of corrections made by economic operators.

I would like to mention that the National Institute of Statistics uses an exhaustive, selective type of research a survey is used with a sampling method similar to the stratified survey. It presents a random selection without returning to each layer, with stratified variables (economic activity and size of enterprises according to employees). In order to ensure the comparability of the data, an extracted data resulting from the economic operators with great economic potential, with a minimum of 50 employees, is used.

Data are collected from approximately 1800 economic operators and the selection basis provides the sample with a representation of 95.25% of the total active units. Estimates of ± 3% with a 95% confidence level are used to determine the sampling volume.

Retail trade is new or used goods, which are used by the majority of the population for consumption, personal or household use, purchased from shops and other traders.

Within the retail trade in stores there are two subcategories, retail in specialized or non-specialized stores and are subdivided according to the range of products sold. Trade in markets and door-to-door mail-order vending machines are two other groups of retail trade. Commodities are consumer goods, excluding cereals, minerals, industrial machinery and others, but on the other hand, products such as timber, stationery, computers, paints, which are not mandatory for personal use, are included. The retail sale also includes goods sold at retail auction.

There are also other exclusions from the retail trade category, such as the sale of farmers' products, which is defined as a manufacturing industry, the sale of motor vehicles, motorcycles and spare parts, chemicals, the sale of food and beverages consumed on the premises, bundled or rented goods for the general public.

The handling of these products, which enter the trade activity, does not change certain characteristics of the goods, but certain interventions of separation, mixing, sorting and packaging are accepted.

The net turnover represents the total income of the enterprises, in a certain reference period, coming from the activity carried out and the subsidies received from the state, minus the discounts granted to customers, discounts and rebates. The volume indices used to determine retail turnover are of the Laspeyres type and are calculated so as to be expressed in comparable prices. In order to determine the values from the current periods, the consumer price index is used, the indices obtained are aggregated successively and the Structural Survey in Enterprises from 2015 is taken into account when determining the weights used for aggregation.

The series is adjusted using the JDEMETRA + v2.0 program, the leap year and public holidays are taken into account when estimating the number of working days and certain occasional, transient or even permanent changes are identified and corrected, after which correlation coefficients are used, set according to the regression model. To establish the regression model, at the beginning of each year, a recalculation of the adjusted series from the previous year is performed. The adjustment is done by the direct method and leads to some inconsistencies in the data series.

In August 2021, the situation of retail turnover increased by 1.0% compared to the previous month, on a gross basis and an increase of 0.9% as a series adjusted according to the number of working days. Compared to the previous month's situation, the volume of turnover in retail trade increased by 11.1% as gross series and as adjusted series increased by 11.7%.

From the beginning of 2021 until the end of August 2021, there is an increase of 12.4% as a gross series and an increase of 11.2% as an adjusted

series of the volume of turnover in retail trade compared to the same period of the previous year.

Evolution of turnover in retail trade, series adjusted by number of working days and seasonality, January 2015 - August 2021

Chart 1

Source: https://insse.ro/
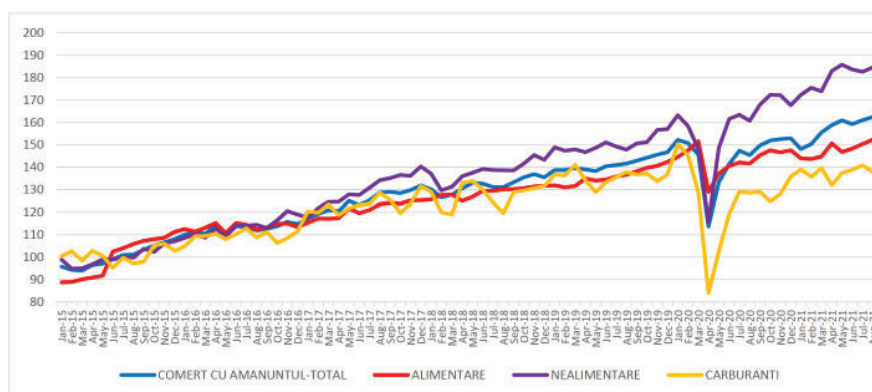
Graph 1 show the evolution of total retail turnover, the monthly evolution of the food, beverage and tobacco retail trade, the monthly evolution of the retail trade of non-food goods and the evolution of the retail trade of motor fuels in shops specialized.

Retail trade indices

Chart 2

|		AUGUST 2021 în % faţă de :		1.I-31.VIII.2021/ 1.I-31.VIII.2020 -%-
		IULIE 2021	**AUGUST 2020**	
Total comerţ cu amănuntul (cu excepţia comerţului cu autovehicule şi motociclete)	B	101,0	111,1	112,4
	S	100,9	111,7	111,2
Cu vânzare predominantă de produse alimentare, băuturi şi tutun	B	101,6	108,1	105,6
	S	101,3	107,5	104,1
Cu vânzare predominantă de produse nealimentare	B	102,2	115,1	118,7
	S	101,1	114,9	118,2
Comerţul cu amănuntul al carburanţilor pentru autovehicule, în magazine specializate	B	97,9	108,9	113,0
	S	97,9	107,2	111,5

Source: https://insse.ro/

Graph 2 shows the evolution of the total retail turnover and the turnover with the three product categories presented in Graph 1. Given that the situation at the level of the total retail turnover was presented, and we note that the predominant sale of food, beverages and tobacco increased by 1.6% in gross series compared to July 2021, 8.1% compared to August 2020 and a 5% increase in gross series. 6% of the first 8 months of 2021 compared to the first 8 months of the previous year. On a series adjusted by number of working days and seasonality, this index shows an increase of 1.3% compared to the previous month, an increase of 7.5% compared to August 2020 and an increase of 4.1% of the first eight months of 2021 compared to the first eight months of the previous year.

Regarding the turnover of the retail trade of non-food products, as a gross series we observe an increase of 2.2% compared to the previous month, an increase of 15.1% compared to August 2020 and an increase of 18.7% of the first 8 months of 2021 compared to the same period of 2020. As an adjusted series, the increase is 1.1% in August compared to July 2021, an increase of 14.9% in August 2021 compared to August 2020 and 18, 2% in the period January - August 2021 compared to January - August 2020.

Retail sales of automotive fuel in specialty stores is the only index showing a 2.1% decrease in both gross and net series in August 2021 compared to July 2021. It shows a an increase of 8.9% as a gross series, when we analyze the months of August in the last two years and an increase of 13% as a gross series when we compare the first eight units of 2021 with the first eight months of 2020. As a net series it shows an increase in the month August 2021 by 7.2% compared to August 2020 and an increase of 11.5% as a net series when we compare the first eight months of 2021 with the first eight months of 2020.

Growth rates, series adjusted according to the number of working days and seasonality

Graph 3

Source: https://insse.ro/
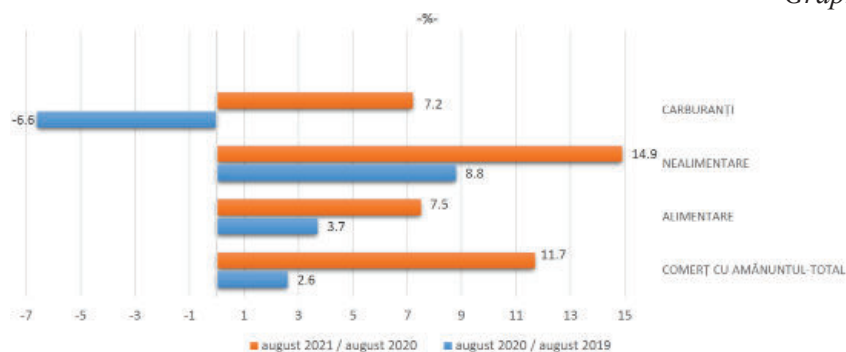
Growth rates show us the dynamics of turnover between Augusts of the last three years, we notice a decrease as a series adjusted according to the number of working days and seasonality in the case of fuels when we report August 2020 to August 2019 by 6.6%. If we analyze the month of August 2021 compared to the similar month of 2020, we observe an increase of 7.2% in the turnover of the retail trade of motor fuels, in specialized stores. Large differences or high volatility could be explained by a weighting of consumption in 2020, the year of the health crisis, when the lack of clear regulations made part of the population give up holidays, and work from home reduced the demand for fuel, the surplus production on the international market and the reduction of fuel prices. Between August 2021 and August 2020 we see increases largely due to the return to life before the pandemic, at least during the summer when restrictions were greatly reduced.

The area of trade in non-food products registers consistent increases near the level of total retail trade, we have increases of 8.8% as a series adjusted according to the number of working days and seasonality in August 2020, compared to August 2019, and between August 2021 and August 2020 there is an increase of 14.9%.

In the area of retail trade with the predominant sale of food, beverages and tobacco, the increases are both in the August 2021/2021 report and in the August 2020/2019 report, with increases of 7.5% and 3.7% respectively as an adjusted series depending on the number of working days and seasonality.

Conclusions

Through this article, I set out to present the areas that managed to remain profitable in this area of retail trade in August 2018, subsequently there is the possibility to expand the coverage area to model the indicators presented. It is extremely important to analyze the trade situation considering the interconnection of the Romanian market with the European one and through an extensive research could be identified solutions to increase the competitiveness of Romanian products or at least their full marketing on the domestic market, in the first instance.

I did not intend to reach an econometric approach through this article, at least in the first instance, which could be possible in a more in-depth approach, on which I could focus in the near future.

Given that there is an area in this study, that of the turnover of retail of motor fuels, in specialty stores, which has major fluctuations from one year to another, it would be interesting to present the main influences that generates uncertainty.

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