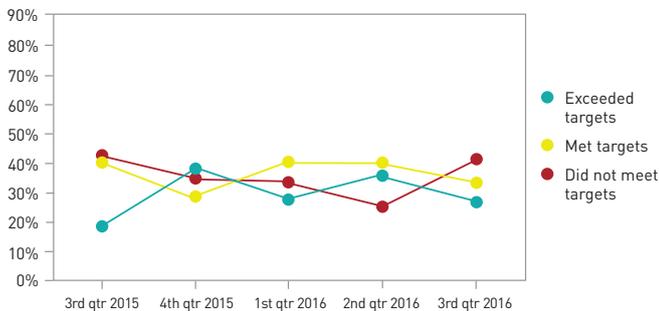


### WEAKER RETAIL PERFORMANCE REPORTED WITH BRIGHTER OUTLOOK MARRED BY EARTHQUAKES & WEATHER

The last quarter saw a significant worsening of reported performance across the retail sector, with 41 per cent of retailers saying that they did not meet their targets for the quarter, up from 25 per cent in the last quarter. At the same time, the proportion of retailers saying they met their targets fell from 40 to 33 per cent and the proportion which exceeded their targets fell from 36 per cent to 26 per cent.

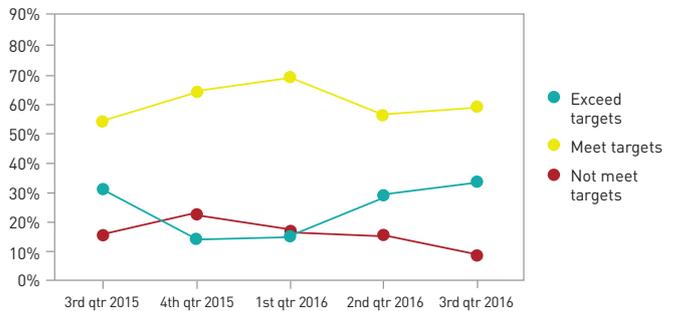
The relatively poor performance in the last quarter has been attributed to heavy competition, both from domestic retailers, but also online traders. This reinforces the retailers face when competing against overseas online retailers, who are not required to register to pay GST or duty on goods being sold to Kiwis. Performance was reported as particularly negative in the clothing, footwear and accessories sectors.

26 per cent of retailers reported that they had exceeded their sales targets in the quarter, with stronger performance reported in the sporting, recreation, hardware and building supplies sectors. Strong tourism numbers, and consumer confidence on the back of rising house prices are likely to have driven spend in these sectors.



**“The relatively poor performance in the last quarter has been attributed to heavy competition, both from domestic retailers, but also online traders.”**

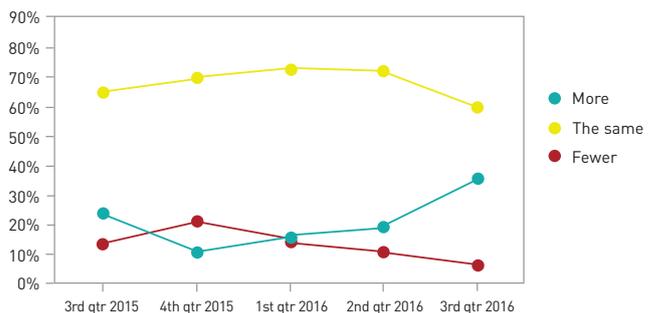
### What’s coming up over the next three months



Notwithstanding the economic headwinds of the past quarter, business sentiment for the rest of the calendar year was strong at the time that we surveyed retailers, with 92 per cent anticipating that they will either meet or exceed their targets. This expectation was strongly tied to the Christmas period, and an increase in general trading during the summer tourist season. Some retailers indicated that they were, however, concerned about the strength of the New Zealand dollar, strong competition, and the continued ability of offshore retailers to sell to New Zealanders without paying GST or duty to the Government.

Since our research was completed, central New Zealand has experienced a major earthquake, and several severe weather systems. This will have a significant impact on regional retail performance, especially in Kaikoura, Marlborough and Wellington. As Retail Radar went to press, the impacts of these events have yet to be fully assessed; but they have placed substantial pressure on some retailers, and it is likely that this will depress performance in the final quarter of the calendar year.

### Employment intentions



As we head into the busy Christmas period, the strong but steady theme for this quarter is again reflected in the industries employment sentiments. 59 per cent of survey respondents expect to retain staff levels, and 35 per cent predict they will employ more staff.

*We are unable to include details of the Statistics New Zealand Retail Trade Survey for the quarter ended 30 September. Their publication has been delayed as a result of the November earthquakes.*

**Got questions?** Email us at: [retail.radar@retail.kiwi](mailto:retail.radar@retail.kiwi)