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CHALLENGING TIMES CONTINUE FOR RETAILERS

The latest Retail NZ Retail Radar Report shows that despite the busy Black Friday, Christmas and Boxing Day sales periods, a significant number of retailers did not hit their sales targets for the quarter ended 31 December.

“While strong sales results were reported at key shopping periods such as on Black Friday and on Boxing Day, overall the picture for the quarter was less rosy, with just 45 per cent of businesses hitting their sales targets for the last quarter,” Retail NZ Chief Executive Greg Harford said today. “This suggests that consumer spending patterns are shifting to take advantage of the great deals on offer around key sales dates and that, overall, spending growth is modest. In fact, the Retail NZ Sales Index recorded a contraction in overall spending in October and November, notwithstanding the Black Friday frenzy. There is strong competition in the market, both from domestic Kiwi businesses and foreign websites, and there is real pressure on margins because of discounting across the sector.

“Despite the underperformance reported last quarter, nearly a third of retailers expect the first quarter of 2020 to be brighter, because of the summer period, peak tourist season and an expected improvement in house prices, especially in Auckland.

“27 per cent of retailers report that they are planning to reduce staff numbers over the next quarter. While it is not unusual for retailers to shed some staff after the busy Christmas period, the proportion is high. Retail is a low margin business, and retailers are being driven to improve productivity and reduce staff numbers on the back of higher wage rates. Feedback from retailers suggest that substantial increases in the minimum wage, and the flow-on effect into other wage rates is not sustainable in an environment where there is real pressure on margins and sales growth is slow.”

[Click here](#) to see the latest Retail Radar report.

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