

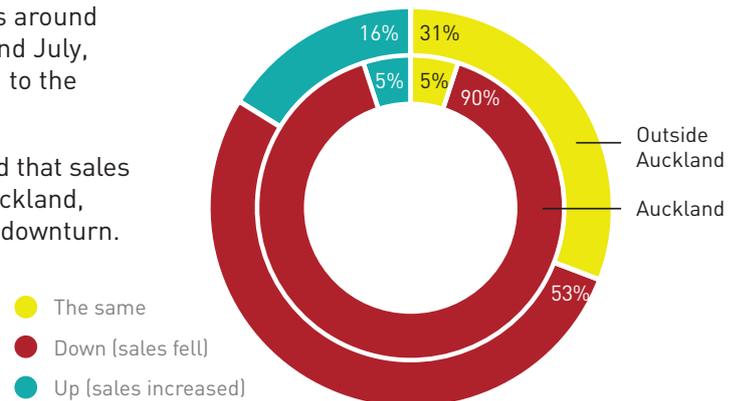
Retailer confidence slumped during August as a result of the Level 3 lockdown in Auckland. Overall sales were up across the country, reflecting strong trading nationwide in the early part of August. However, sales fell substantially when the Level 3 lockdown kicked in. Total sales over the last six months remain 6.4 per cent down compared to last year.

### Retail sales plummet under Level 3

The new lockdown has had a serious impact on retail sales around the country. After a short period of recovery during June and July, when most retailers were recording sales rising compared to the same months of last year, sales have again plummeted.

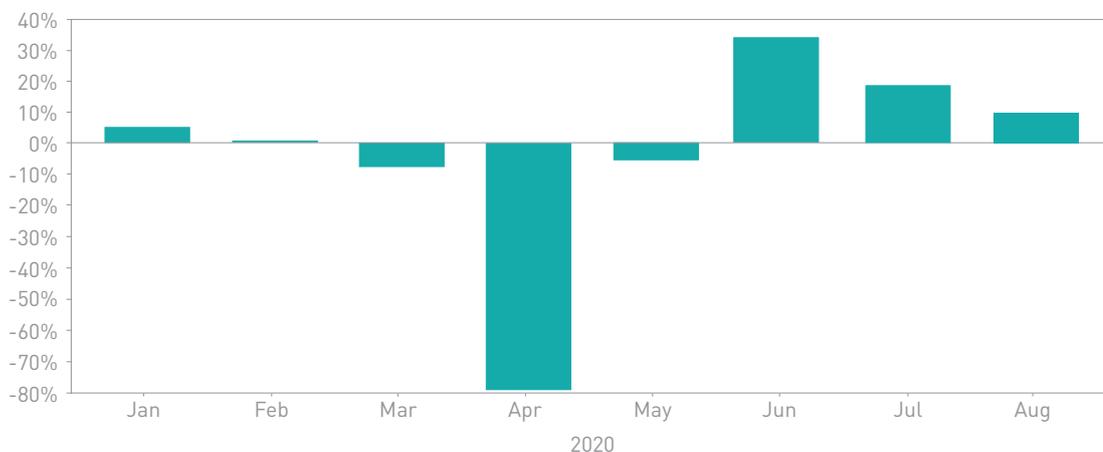
Across the country, 68 per cent of retailers in our survey said that sales had fallen since lockdown. For businesses with stores in Auckland, this result was much worse with 90 per cent seeing a sales downturn.

### Impact of lockdown on retail sales



**“Across the country, 68 per cent of retailers in our survey said that sales had fallen since lockdown.”**

### Retail NZ Sales Index - nationwide spending compared to the previous year\*



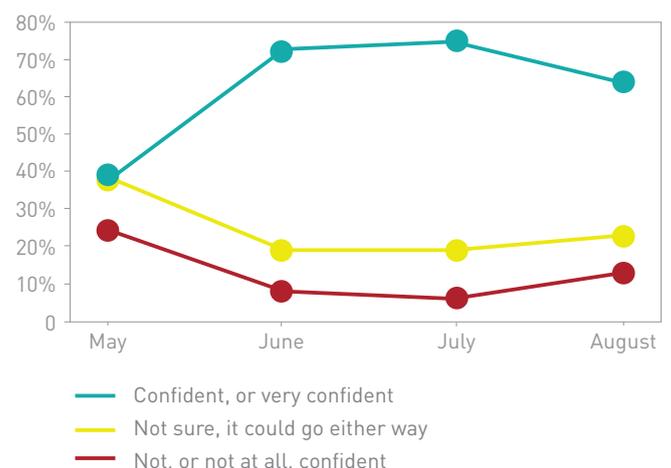
Overall spending March to August  
**-6.4%**

### Retailer confidence falls away

The resurgence of community transmission of COVID-19 in New Zealand, and the accompanying restrictions have resulted in a drop in retailer confidence. 64 per cent of retailers responding to the COVID-19 Retail Radar survey reported they are confident or very confident that their business will survive the next 12 months, which is a drop from the 75 per cent recorded last month. 13 per cent are not confident that they will survive, while 23 per cent think that it could go either way. Businesses exposed to the Auckland market are even less confident - with a total of 43 per cent being not confident or unsure.

Overall, around the country, some 10,000 retail businesses are estimated to be at serious risk over the next 12 months, demonstrating the fragility of the market.

### Retailer confidence - next 12 months



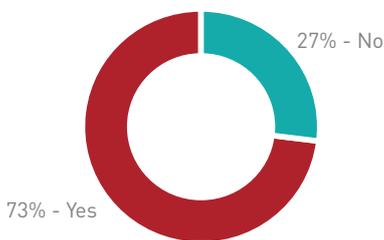
## Impact of restrictions at Auckland's borders

During the Level 3 lockdown, Police checkpoints resulted in long delays for freight movement into and out of the region. 50 per cent of retailers reported that they experienced delays in the movement of freight due to these restrictions, although only 40 per cent of retailers with stores in Auckland were impacted, likely because Auckland is a key hub for freight and logistics.

## Issues sourcing products for retailers

COVID-19 is impacting economies in every corner of the world and this is being felt by retailers in New Zealand who are having issues sourcing products. 73 per cent of retailers to the COVID-19 Retail Radar survey recorded issues with international supply chains. The major choke points for retailers are shipping products from overseas, and freight entering New Zealand.

Proportion of retailers experiencing issues with international supply chains



Supply chain issues for retailers

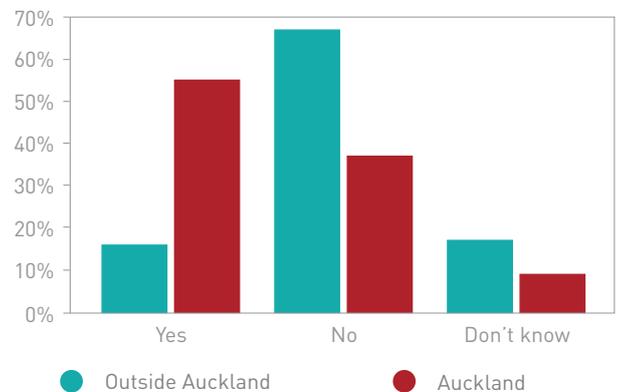


## Mixed response to the new Resurgence Wage Subsidy

Our survey showed that the Resurgence Wage Subsidy will help just 32 per cent of retailers across New Zealand. However, for businesses with Auckland stores the response was more positive with 55 per cent expecting it to help.

To qualify for any of the Wage Subsidies, businesses need to experience a decline in sales across the whole enterprise. This unfairly disadvantages businesses owners with stores both within and outside of Auckland that might not reach the required 40 per cent decline across the business, even though Auckland stores do. While this was a pre-existing issue, it was highlighted by the regional lockdown.

Will the new Resurgence Wage Subsidy help your business?

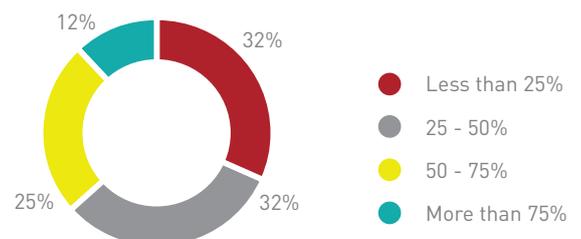


## New contact tracing rules for retailers

As part of the new range of restrictions that came with the resurgence of COVID-19 in New Zealand, it was announced on 19 August that it would be mandatory for all businesses to display the Government's official QR code poster.

Almost all retailers have complied, and there has been a significant increase in the use of the QR code by shoppers since the resurgence of COVID-19 in August. 37 per cent of retailers report more than half of all shoppers are now using the QR codes.

Proportion of customers using the official QR code posters for contact tracing



**Methodological notes:** \*This special Retail Radar report presents the results of turnover recorded in the monthly Retail NZ Sales Index, as well as a survey of Retail NZ members. The Retail NZ Sales Index reports changes in average spend per site at Retail NZ members which process their sales with Westpac.