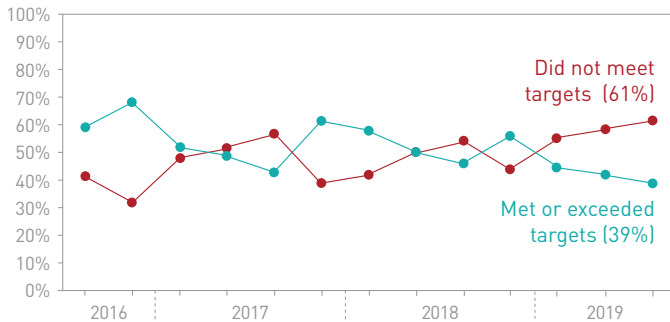


Retail sector activity was increasingly slow-moving during the third quarter of 2019.

Slowing economic growth, ongoing business uncertainty regarding Government policy and a continued lack of consumer spending saw 61 per cent of retailers report that they failed to hit their sales targets in the quarter ended 30 September 2019.

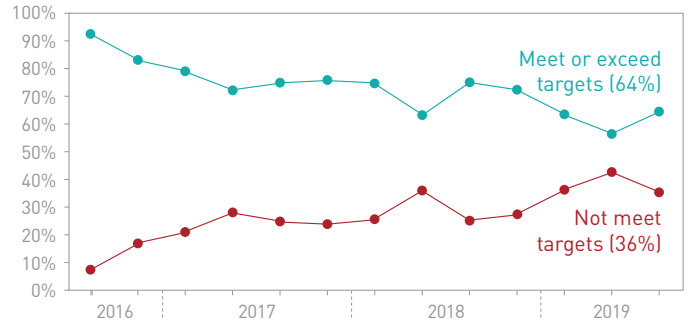
- Overall, the Retail NZ Sales Index suggests that the market was slow, with 2 per cent growth compared to the previous quarter.
- Retailers are beginning to look optimistic when looking ahead over the next three months, with 64 per cent of retailers expecting to meet their sales targets during the busy Christmas period.
- Employment intentions over the next three months indicate that retailers are still looking to take on additional seasonal staff, with 22 per cent of retailers reporting they will increase staff levels over the busy period.
- Data from Customer Radar shows that customer satisfaction had a 3 per cent increase overall across the third quarter for 2019 and that consumers continue to be the most satisfied with their shopping experiences on a Friday and least satisfied on a Sunday.

Looking back over the past three months



Most retailers indicated that the slowing economy and government policy contributed to sluggish retail performance over the last three months. Additionally some retailers pointed to the winter weather as having a negative impact on their business, while for others the weather gave their third quarter sales a needed boost. In the face of climate change and shifting weather patterns, this will be an issue retailers will continue to face.

What's coming up?

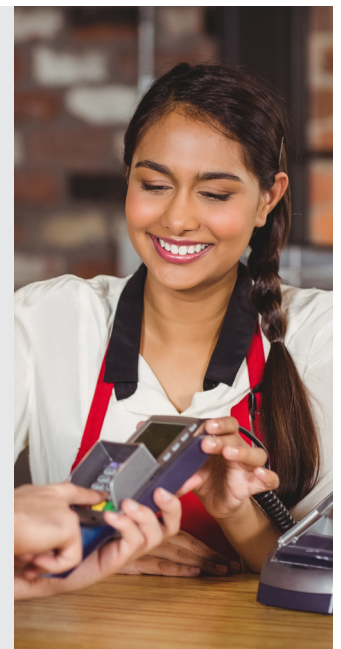
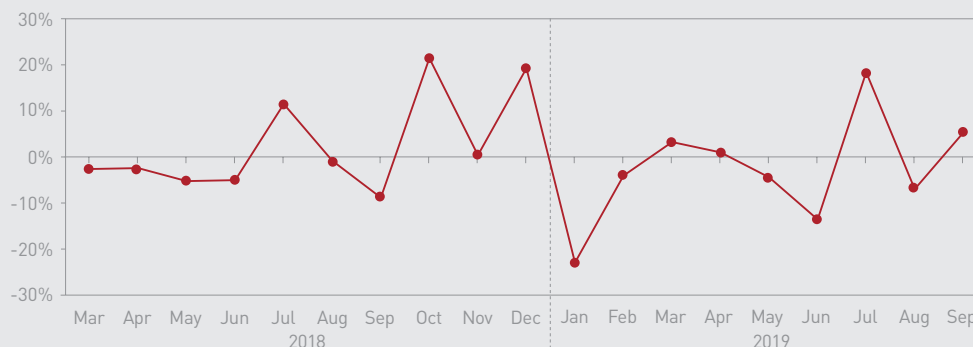


64 per cent of retailers report that they are expecting to meet or exceed sales targets for the fourth quarter in 2019, a decrease of 11 per cent from this time last year. Retailers are optimistic that the busy Christmas season, coupled with increasing domestic and international tourism during the summer, will be the drivers for achieving sales targets to close out 2019.

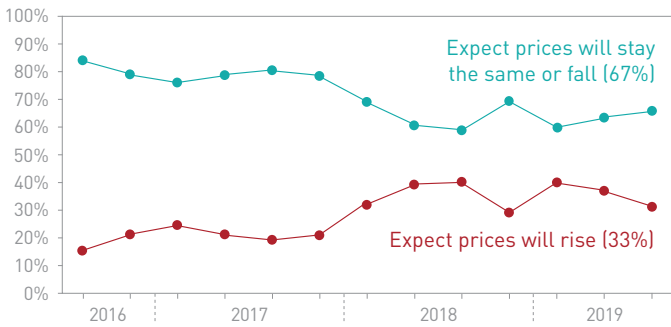
INTRODUCING THE RETAIL NZ SALES INDEX

The Retail NZ Sales Index measures credit card spending data with Retail NZ merchants who process their sales with Westpac and reports the change in average sales per site. The latest data shows a 5.2 per cent average increase in spending in September compared to August, but a small 2 per cent increase in spending overall quarter on quarter.

Month on month average % variation in sales by site

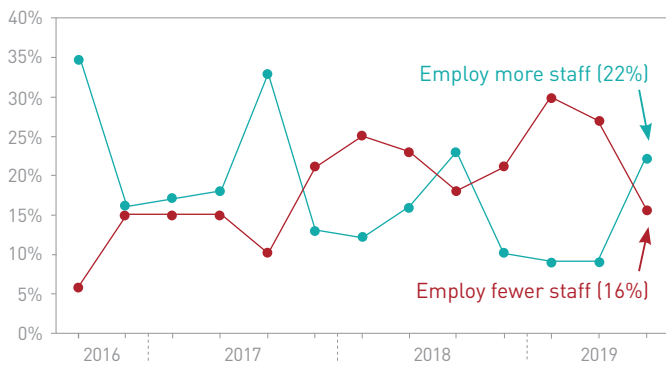


Retail price expectations



Retailers are still adjusting from increasing costs as a result of the minimum wage increase, coupled with slower sales, which resulted with 27 per cent of retailers increasing prices in the third quarter. Looking ahead, retailers are only slightly more optimistic, with one-third of retailers expecting prices will rise for the fourth quarter of 2019.

Employment and intentions



Retailers consistently expect to employ more staff for the fourth quarter each year, and this year 22 per cent of retailers report they intend to increase staff levels. We expect staff numbers will fall again in the next quarter as seasonal staff finish their contracts.



Got questions? Email us at: retail.radar@retail.kiwi

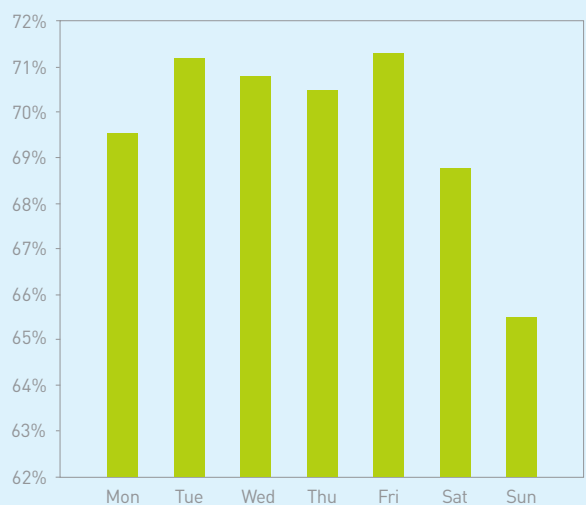


CUSTOMERS CONTINUE TO BE MORE SATISFIED

As the year goes on, customers are getting happier with a 3 per cent increase in the Customer Radar Net Promoter Score (NPS).

This past quarter, customers appear to be experiencing their happiest shopping days on a Friday, with an NPS of 71.39 which has shifted from Wednesday in the last quarter. Tuesday is closely followed with an NPS of 71.21. Sunday still remains the day that customers are least satisfied - which may be due to the less experienced part-time staff members working on Sundays, and creates an opportunity for retailers to improve.

Customer Radar 2019 Q3 NPS Score



*Customer Radar measures the Net Promoter Scores of individual retailers.



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