

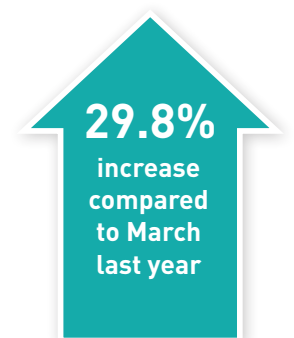
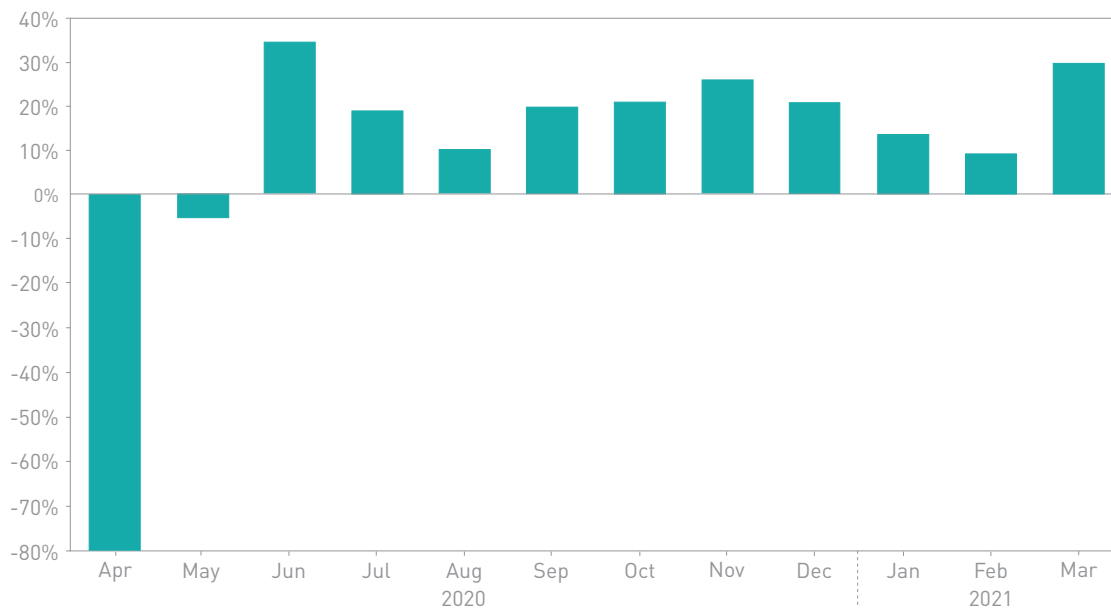
Retail NZ Sales Index numbers indicate a strong March for retailers despite lockdown restrictions in Auckland at the beginning of the month. It was a month of two halves, however, and overall many retailers report that they did not meet sales targets, particularly in Auckland. A number of factors including supply chain hold ups and the Minimum Wage increase are putting pressure on retailers and the majority are expecting prices to rise over the next three months.

Spending in March

March 2021 saw a strong lift in spending compared to March 2020. The Retail NZ Sales Index recorded that average sales per site were 29.8 per cent ahead of last year. This will reflect the economic malaise associated with the early part of March last year, along with the near total cessation of retail spending because of the Level 4 lockdown that began in the last week of March 2020. The strong headline results in March 2021 mask uneven spending across the sector, however. While some firms have recorded strong results, there continues to be a significant number of firms which are suffering because of economic conditions.

Retail NZ Sales Index

nationwide spending compared to the previous year*



March a month of two halves

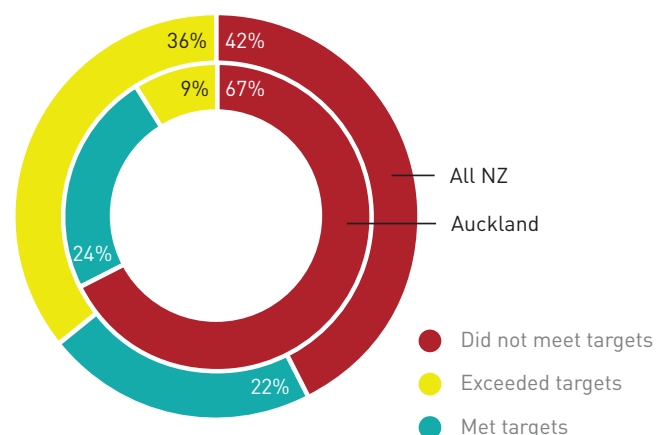
Looking back from where we are now, it is easy to forget how stressful the first weeks of March were for retailers, particularly in Auckland. It was under Alert Level 3 lockdown until the 7th of March, and then Level 2 until the 12th of March. This was particularly concerning given the great opportunities that came with the America's Cup and other large-scale events that coincided with those dates – some of which had to be cancelled.

Across New Zealand 42 per cent of retailers did not meet their own sales targets in March, but this increased to 67 per cent when we look at retailers with stores in Auckland only.

In the second half of March restrictions were lifted and no new community cases of COVID-19 emerged. This is extremely positive for retailers especially as we head into the long Easter weekend, and with the school holiday a few weeks away.

March 2021 sales compared to last year

How did businesses perform against targets over the past three months?

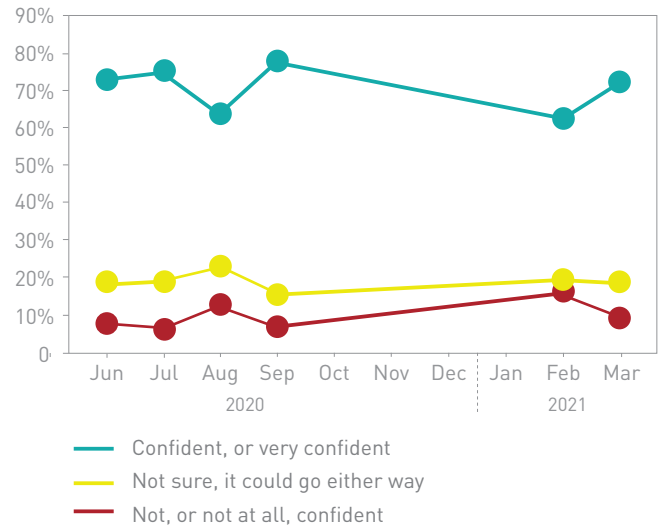


Confidence rebounds as we emerge from a fifth round of lockdown restrictions

Retailers are feeling increasingly confident that their businesses will survive the next 12 months. 73 per cent of retailers now saying that they are confident or very confident about future prospects, which is up from 63 per cent last month.

Retailer confidence is clearly responsive to COVID-19 Alert Level changes, and tied closely to our ability to keep COVID-19 out of the community and keep businesses open. To date New Zealand has been very successful at doing this compared to other countries. However it remains an extremely stressful time for business owners with real uncertainty about what might happen from week to week. Retailers face ongoing and high operating costs which they must cover regardless of any Alert Level changes.

Retailer confidence - next 12 months

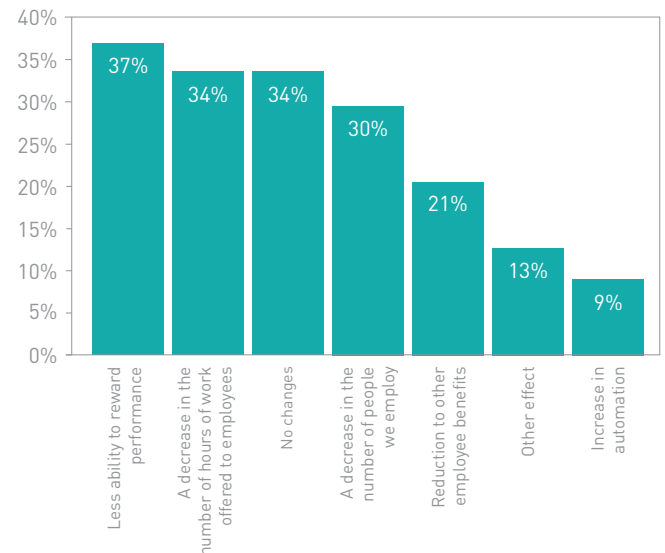


Minimum Wage increase will cause changes for many retailers

On 1 April the Minimum Wage increased to \$20.00 an hour and most retailers are reporting changes within their businesses to meet these increased costs. 37 per cent of retailers will be less able to reward employee performance, and 34 per cent will decrease the number of hours of work they offer employees. 30 per cent of retailers are expecting to decrease the number of people they employ over the next three months.

A number of other consequences will result from the increase, with retailers reporting price increases (see chart below) and less ability to hire unskilled staff. Many retailers are also reporting that they will be making commensurate wage increases to staff not on the minimum wage to ensure the increases are fair and employees with skills and experience are rewarded.

How will the 1 April increase to the Minimum Wage affect your business over next three months?

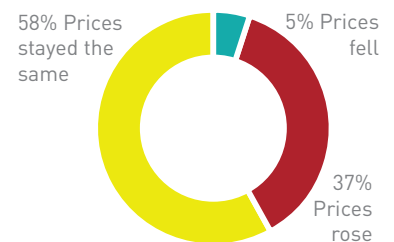


Retail prices under pressure

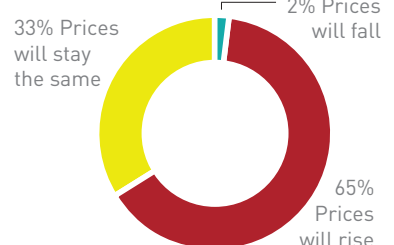
Ongoing supply chain issues, as well as rising overhead costs (including wages) are likely to put upwards pressure on retail prices over the next three months, according to a recent survey of Retail NZ members. When asked how retail prices changed over the past three months the majority (58 per cent) stated there was no change, however, 65 per cent expect to see price increases over the next three months.

Over the past three months

Did prices rise, fall or stay the same?



Do you expect prices will rise, fall or stay the same?

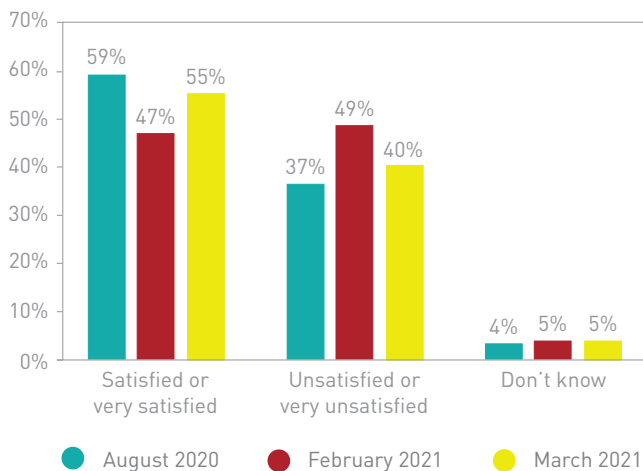


Retailers' satisfaction with the Government's response to the pandemic improves

Retailers' satisfaction with the Government's handling of the COVID-19 situation overall has improved since the March lockdown in Auckland was lifted. 55 per cent report feeling satisfied or very satisfied with the response. This is up from 47 per cent in February 2021. It can be attributed to the successful eradication of COVID-19 from the community in March, and the recovery that followed.

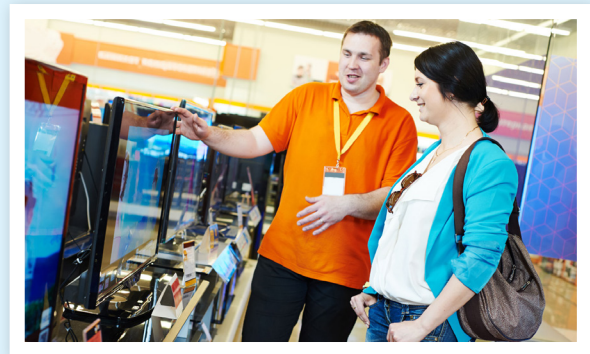
There is frustration from business owners about the lack of progress on international travel bubbles with near neighbours Australia and the Pacific Islands. Many retailers are also concerned about the management of managed isolation facilities. The Minimum Wage increase, alongside increases to other employee entitlements such as sick leave, are also causing real concern for retailers.

How satisfied are you with the Government's handling of the COVID-19 situation?



Methodological notes: *This 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 credit and contactless debit card spend per site at Retail NZ members which process their sales with Westpac.

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

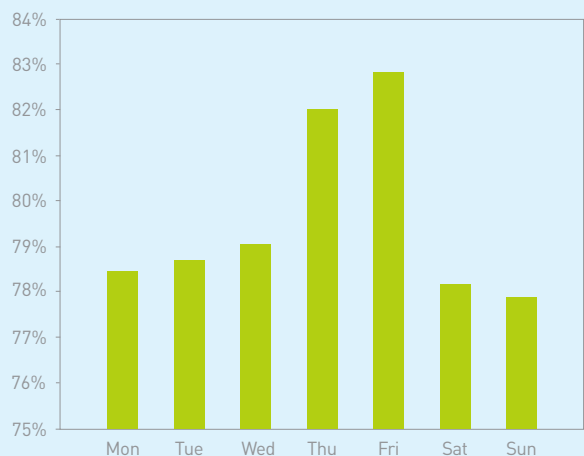


FRIDAY THE 'HAPPIEST' SHOPPING DAY

Customers are happiest when shopping on a Friday. Average Net Promoter Scores (NPS) across the sector, as measured by Customer Radar on Fridays are 82.81. Sunday remains the day that customers are least satisfied with their retail experience. There is a six per cent difference in scores between the two days, reduced from nine per cent last quarter. This may indicate that retailers are aware of the discrepancy and are putting in effort to make Sunday a day for good quality shopping.

Overall, people are getting happier with the service they have been receiving as the year goes on. In fact, the average NPS of 79.82 is just over a +12-point jump from the same period last year (which had an average of 67.79). Compared to the previous Christmas period quarter, customers are slightly happier with a 1.75% increase in NPS.

Customer Radar Q1 2021 NPS Score



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



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