# Retail RADAR

# The REPORT

A quarterly Retail NZ Report // to 30 September 2021

**The retail sector has ended the September quarter battered and bruised as a result of the re-emergence of COVID-19 and lockdowns in Auckland. Spending is down, confidence is down, prices are going up, and there is significantly less satisfaction with the Government's response to COVID-19.**

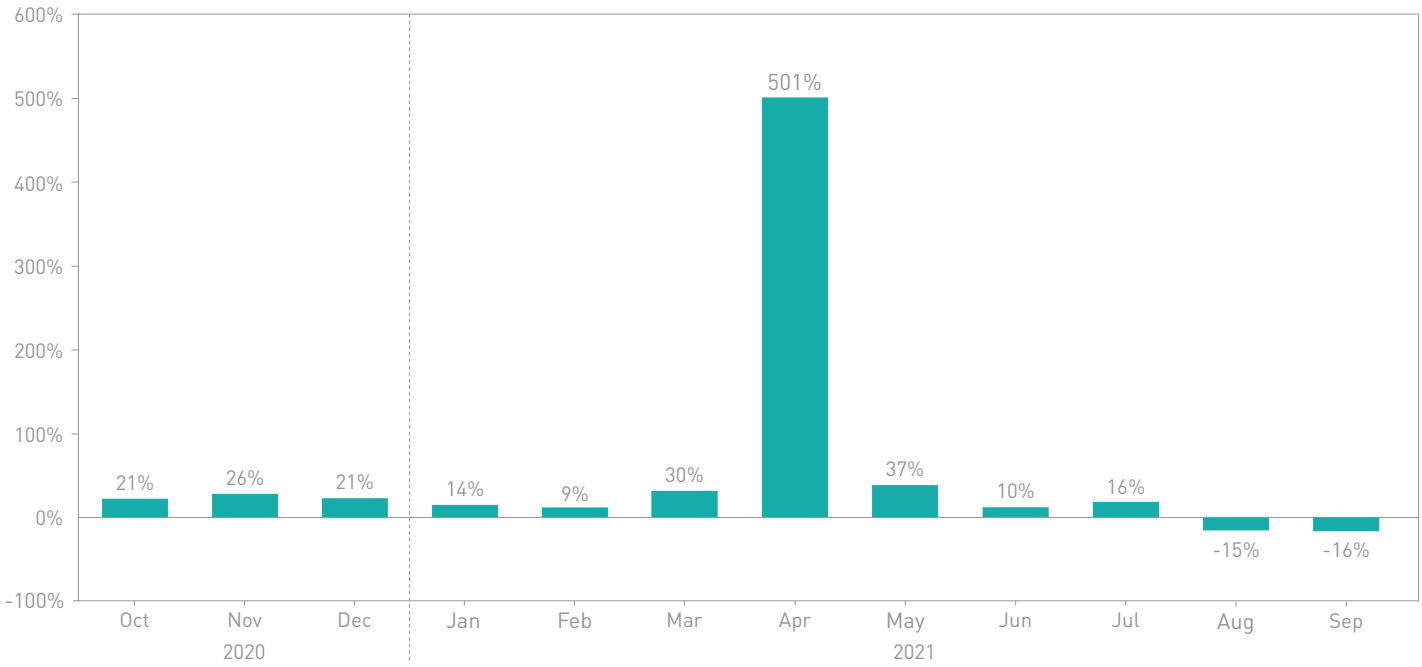
## Spending in August and September

The lockdowns in August and September led to the Retail NZ Sales Index recording a 15 to 16 per cent slump nationally in overall spending. It is important to note that this is a national average number, and we did not see a significant bounceback when areas outside Auckland moved to Alert Level 2.

**16%**
**decrease compared to September last year**

## Retail NZ Sales Index

nationwide spending compared to the previous year*

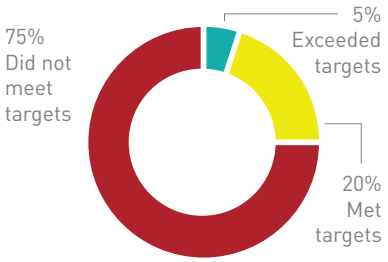



## Third quarter of 2021 significantly impacted by lockdown

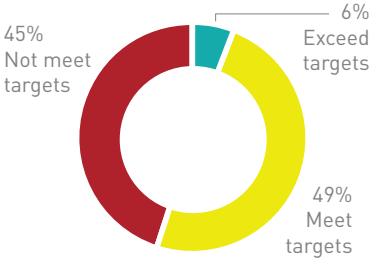
The emergence of the Delta variant of COVID-19 in the community plunged New Zealand into a Alert Level 4 lockdown in August, meaning 75 per cent of retailers did not meet their sales targets during the quarter. This compares to 23 per cent in the previous quarter.

Uncertainty remains in the next three months, particularly as Auckland remains in Alert Level 3, the Waikato is gaining new community cases of COVID-19 and there is low customer foot traffic at Alert Level 2. 45 per cent of retailers do not expect to meet their sales targets in the next three months, while 49 per cent expect to hit their targets in the run-up to Christmas.

**Looking back over the past three months, how did your business track against your targets?**




**Looking forward over the next three months, how do you expect your business to track against your targets?**



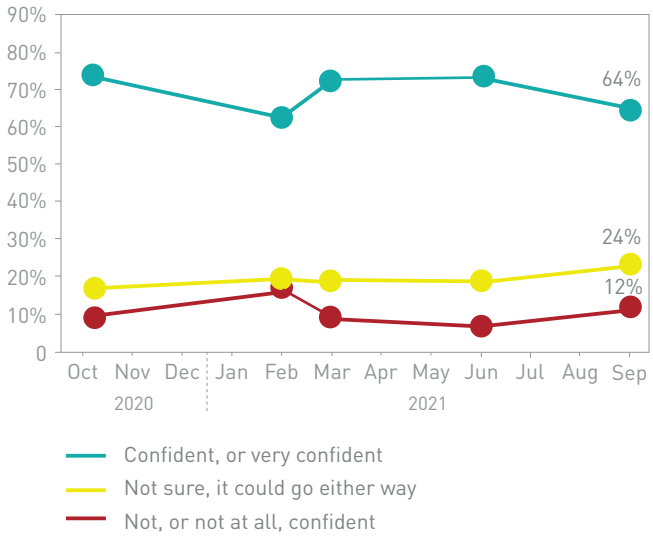
## Confidence takes a dive

Retailer confidence is clearly impacted by the emergence of COVID-19 in the community and length of lockdowns. 36 per cent are not sure, or not confident their businesses will survive the next 12 months. Whilst 64 per cent of retailers are confident their business will survive the next 12 months, this is a 10 percent drop in comparison to the level recorded in March.

## Alert Levels 2 and 3 no silver bullet

Retailers identified that rent payments, lack of stock supply, low income and cashflow were the main issues of concern during Alert Level 2 and 3 settings. This reflects the tougher trading restrictions placed on retailers at the new alert level settings, and the ongoing impact on international and domestic supply chains. Additionally retailers are concerned about the lack of vaccination policies for staff and customers.

**How confident are you that your retail business will survive the next 12 months?**



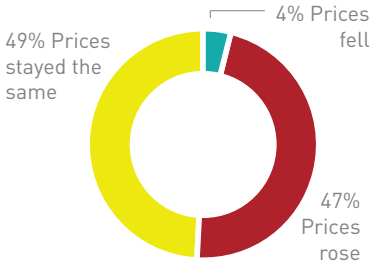

## Strong pressure on prices

Continued pressure on prices remains in the third quarter, with just under half of retailers expecting to increase their prices, by an average of 8.3 per cent over the next quarter. Of note is that inflationary expectations are creeping higher, with around eight per cent of retailers expecting to increase prices by 20 per cent or more in the next three months.

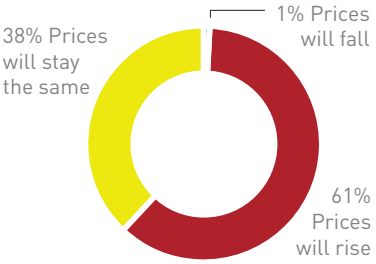
Alongside this 47 per cent of retailers have made no change to price discounting. And 27 per cent have undertaken more discounting of prices. These figures are steady in comparison to the previous quarter.



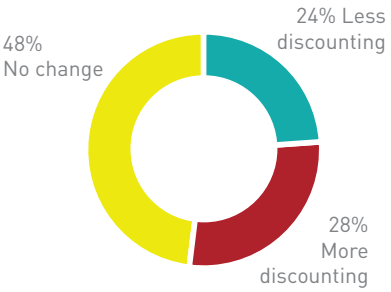
**Retail price changes over the past three months**




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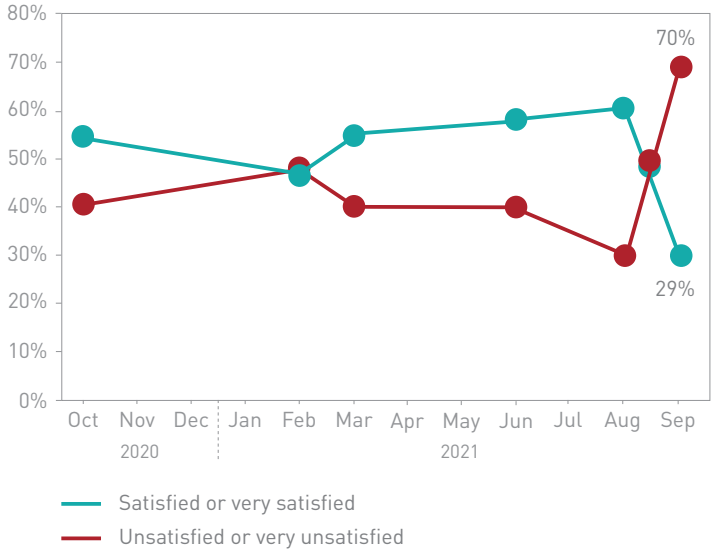

**Changes to the amount of discounting over the last three months**



## Satisfaction with Government on COVID-19 plummets

Retailers satisfaction in the Government's handling of COVID-19 has plummeted since the last Retail Radar report, in a direct response to the re-emergence of COVID-19. More than 69 per cent of retailers are now unsatisfied or very unsatisfied with the Government's response to COVID-19, compared to 29 per cent in the previous quarter.

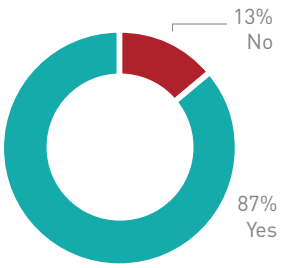
**How satisfied are you with the Government's handling of the COVID-19 situation?**




## Sector pleads for further financial support

Despite the introduction of legislation to provide rent relief negotiations in commercial contracts and the resurgence support payment, the vast majority of retailers are seeking financial support to cover rent. 86 per cent of retailers think the Government should be providing a financial payment to businesses specifically to contribute towards the costs of rent. This is no surprise when 68 per cent of retailers sought rent relief from landlords in relation to the August lockdowns.

**Do you think the Government should be providing a financial payment to businesses specifically to contribute towards the costs of rent?**



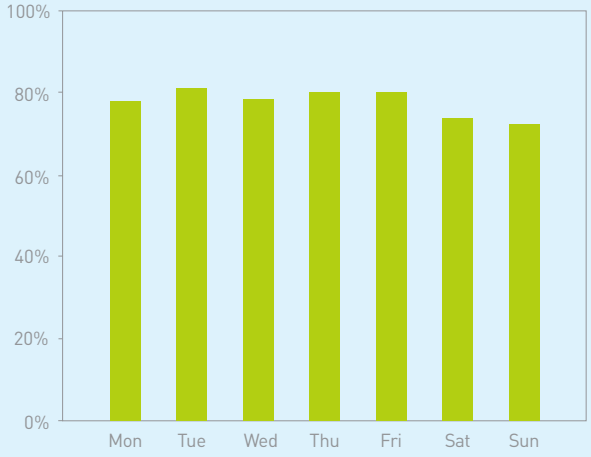

## Do lockdowns impact customer happiness?

Insights from Customer Radar show that the August lockdown has caused a slight decrease in overall customer satisfaction. The impact of the latest lockdowns are evident where we see a 3.3 per cent drop in customer satisfaction from quarter one and two. The good news is that we're starting to see this bounce back in September as most of the country has come out of Level 4.

The biggest trends appear to be related to waiting time and quality of service which suggests that retailers would benefit from continuing to communicate clearly with customers when delivering under tricky circumstances. Trends also show that customers still appreciate the retail basics such as friendly customer service experiences.

Customers' experiences change depending on which day of the week it is. Customers appear to be experiencing their happiest shopping days on a Tuesday, breaking the trend from previous quarters where Friday has been customers' happiest shopping day.

**Customer Radar 2021 NPS Score**




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

CUSTOMER•RADAR

***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**