

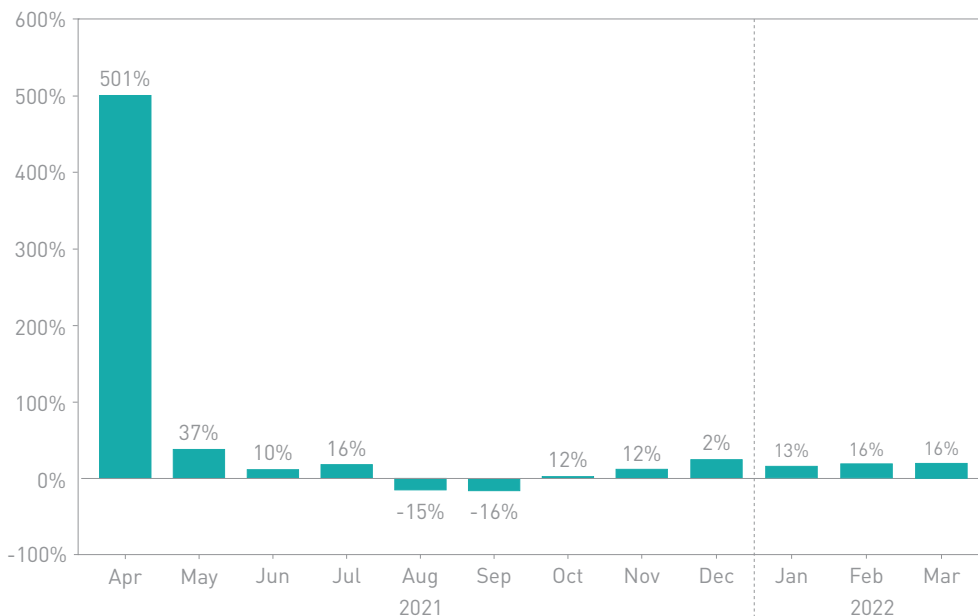
Retailer confidence slumps while inflationary pressures remain

The widespread emergence of Omicron in the community has seen many retailers miss quarterly targets, as dissatisfaction with the Government's response to COVID-19 remains steady.

90 per cent of retailers expect prices to rise by 7.5 per cent on average over the next three months.

Retail NZ Sales Index

The Retail NZ sales index recorded a slow start to 2022, the widespread emergence of Omicron in the community being a key factor. In total, spending was up four per cent for the quarter, compared to a decline of 17 per cent from the previous quarter. While sales are up on average, some stores are facing substantial declines. Additionally, costs are also increasing at a rapid rate, sometimes outstripping any gains in sales.



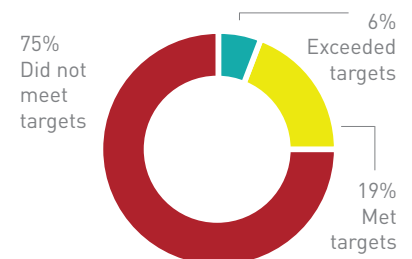
The Retail NZ Sales Index reports changes in average daily credit and contactless debit card spend per site at Retail NZ members which process their sales with Westpac.

Retailers miss targets through first quarter

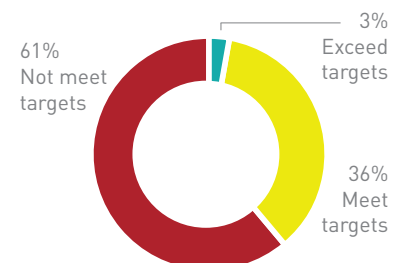
Late January saw Omicron sweep across the country, being our largest COVID outbreak since the virus was introduced more than two years ago. While retailers continued operations throughout the Government's response to Omicron, foot traffic in key retail hubs failed to bounce back. 75 per cent of retailers failed to hit their targets for the quarter - 11 per cent more than the previous quarter.

61 per cent of retailers are not expecting to hit their targets for the next quarter reflecting the overall negative sentiment about the current environment.

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?

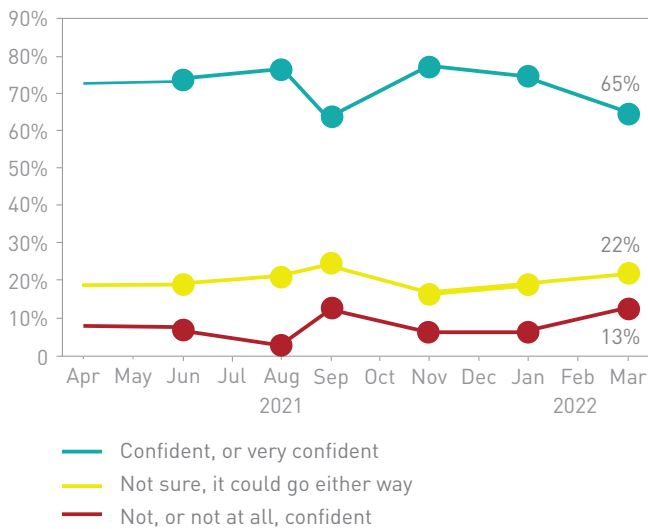


Business confidence stalls

Many retailers are on a knife-edge, with 35 per cent saying they are not confident their businesses will survive the next 12 months, or that it could go either way. The drop in confidence can likely be attributed to changes in customer behaviour as a result of Government restrictions and the widespread presence of Omicron in the community.

With confidence dropping off, and the Omicron situation continuing to develop, an increase in retailers' dissatisfaction with the Government's handling of COVID-19 is no surprise. Dissatisfaction for this quarter was up slightly at 65 per cent, an increase of 6 per cent on the previous quarter.

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

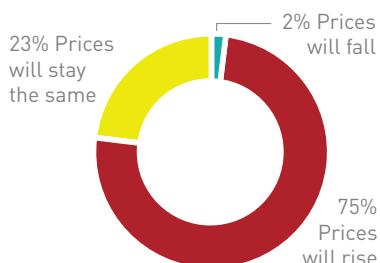


Price pressures continue to sting

Price pressure remains almost identical to what we witnessed in Q4 of 2021. 58 per cent of retailers indicated they had increased prices, an increase of one per cent on the previous quarter. Looking forward to next quarter, 90 per cent of retailers are expecting prices to rise, by 7.5 per cent on average.

The Minimum Wage increase kicked in on 1 April, the introduction of Matariki as a public holiday in June and the recent doubling of sick leave entitlement has left retailers to face a barrage of new costs. On-going domestic and global supply chain issues associated with COVID-19 continue to add to this pressure. The unfortunate reality is many retailers are unable to absorb these costs and instead, they will be reflected in corresponding price increases.

Retail price changes over the next three months



Businesses should be commended this quarter

Businesses should be commended this quarter: customer satisfaction has remained comparable to 2021 despite the Omicron surge that has swept the country.

The Net Promoter Score (NPS) achieved for Q4 was 79.07, only a slight decrease from the previous quarter at the end of 2021. It seems that despite the significant challenges due to Omicron, many businesses have been able to maintain their customer experience delivery.

The biggest trends appear to be related to waiting time and service which suggests that retailers would benefit from continuing to communicate with customers and continuing to support front-line employees on how to navigate tricky circumstances.

Tuesday came out on top as the happiest shopping day for New Zealand customers this quarter with an NPS of 82.05, two points ahead of every other day of the week except Friday. As is often the case, Sunday was the least happy day for customers with an NPS of 72.29, more than three points behind any other day which presents an opportunity for businesses to focus on improving customer experience on this day of the week.



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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 card and contactless debit spend per site at Retail NZ members which process their card sales with Westpac.

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