

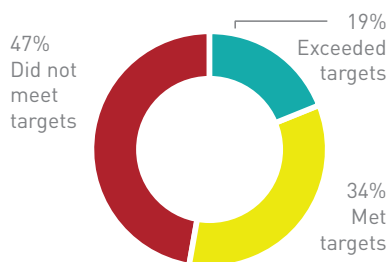
## Mixed results in Christmas quarter

The peak Christmas season produced mixed results for retailers, with a mostly pessimistic outlook for 2023. Inflationary pressures continue and will likely translate into further price increases in 2023.

### Confidence and targets similar to previous quarter

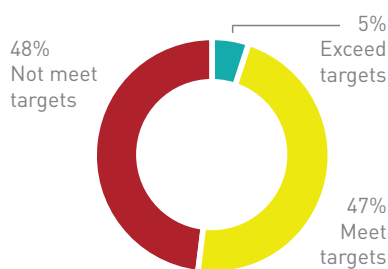
Retail failed to fire as expected in the last quarter of the year. Going into the quarter, 63 per cent of retailers had expected to hit their sales targets, but only 34 per cent did so. This was a decline of six per cent on the previous quarter. This reflects dampened consumer demand in light of the state of the economy. While Worldline has reported record spend in December, overall spending has not kept pace with inflation.

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



This has translated into a more pessimistic outlook for the months ahead. Nearly half of retailers do not expect to meet sales targets over the next three months.

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



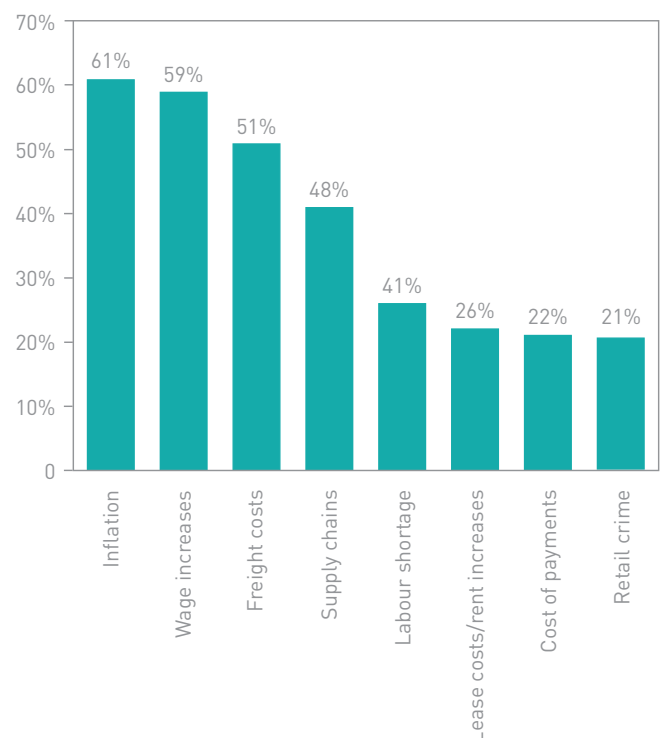
30 per cent of respondents indicated that they are not confident their businesses will survive the next 12 months. While this is a slight improvement from previous quarters, it does demonstrate the seriousness of challenges faced by the sector.



### Key issues facing retailers

The key issues impacting retailers' operations relate to inflation and the cost of doing business; supply chain pressures and employee shortages.

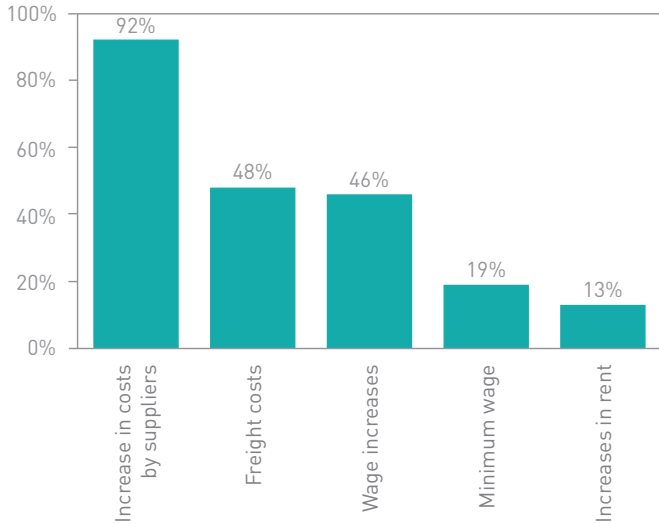
**What issue(s) are having the biggest impact on your business at the moment?**



## Inflation outside of retailers' control continues

Retailers reported that, on average, prices increased by an average of 7.7 per cent over the last quarter.

### What is the key driver of price increases for your business?



A combination of influences continues to drive increases in retail prices, which are mostly outside the control of retailers. 92 per cent of retailers report that price increases by suppliers have been a key driver of consumer price increases, 48 per cent were impacted by higher freight costs and 46 per cent by wage increases. While the price increases reported by retailers are only one component that feeds into the official Consumer Price Index, it does show that inflationary pressures are likely to continue.

Looking ahead into the next three months, retailers continue expect to see continued price increases, with an average increase of 7.1 per cent anticipated.



## Sales Index

The Retail NZ Sales Index recorded a 15.9 per cent increase in daily sales per site compared to the same quarter last year, when retail activity was still heavily hampered by COVID-19 restrictions.

**Methodological notes:** \*This Retail Radar report presents the results of a survey of Retail NZ members.

**Got questions?** Email us at: [retail.radar@retail.kiwi](mailto:retail.radar@retail.kiwi)



## A Happy Holiday Season?

Great service remains the key to building customer loyalty and growth. 32 per cent of happy customers share that helpful and friendly service plays a part in their experience. Even better, over 2,000 customers took the time to say thank you this quarter when giving their feedback!

We can see that customers started gearing up for Christmas from early November - where the word starts to get a mention for the first time so October is a good time to get ready for the rush!

This holiday season resulted in a dip in customer satisfaction on the weekends. There was a three per cent decrease in satisfaction, which is significant in an economic climate where every dollar counts. For example, that's 30 customers for every 1,000 that are unlikely to buy from a business again, and may even discourage others through negative word of mouth or online reviews.

Friday keeps the lead for the happiest shopping day for customers with an average NPS of 81.21 for the quarter. It seems that there is an opportunity for businesses to work on delivering this level of customer experience across every day of the week.

Overall, The Net Promoter Score for October to December showed an NPS of 78.52 which was very comparable to the previous quarter - which had an NPS of 78.08.

*The customer satisfaction analysis above is from more than 32,000 pieces of customer feedback received through Customer Radar from October to December 2022. Customer satisfaction and loyalty is measured using the Net Promoter Score® methodology which ranges from -100 to +100.*

