Retail RADAR

RETAIL CONFIDENCE RISES AS PEAK SEASON APPROACHES

A quarterly Retail NZ report // to 30 September 2026

Retailers have had a year that would test anyone's nerve, and yet as the peak season approaches they are more confident than the economy gives them any obvious reason to be. Inflation is at 3.7%, unemployment is high (5.6% for the June quarter), and rising fuel and power bills continue to drain both business and household incomes. The weak NZ dollar means importing is expensive which is of particular concern for retail. On paper, this is not the backdrop for optimism, yet our members tell us they expect to meet or exceed their targets in the coming quarter, and they are saying it with unusual conviction.

With the July to September quarter behind them, 73.7% of retailers say they are confident of surviving the next 12 months. That is five points above the 68.7% average of the previous eight quarters. The share who are not confident has fallen to 6.7%, compared with an average for the same period of 9.0%. After a difficult trading stretch, more retailers feel confident they will survive the next 12 months than they have all year.



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We asked members for their views between 12 and 27 October, just after the school holidays and with record fuel prices on the forecourt, so it might seem surprising that retailers are reporting optimism with the pressure on shoppers so plain to see.

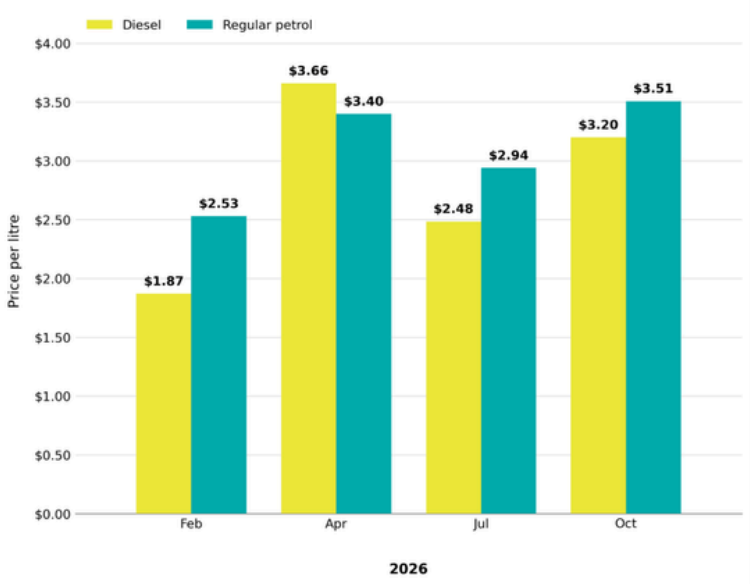
Part of the answer may be a matter of perspective. Consumer confidence has recovered well since the lows of the April-June quarter when fuel prices first peaked due to the war in Iran, but the Westpac-McDermott Miller Consumer Confidence Index remains below (89.5) the ten-year average of 97.2 (a score below 100 means consumers are overall more pessimistic about the economy). For a business owner who traded through that low point, the present can feel like an improvement; relief and optimism can be easily mistaken for one another.

"If disposable income is less due to the higher cost of fuel and groceries, there is less to spend on clothes and shoes."

The upcoming election is the backdrop to this quarter, and some might expect businesses to exercise caution with the uncertainty around what the next government will look like. This doesn't hold up in the data, however. Instead, members are either optimistic about what comes next or, perhaps more likely, doubtful that a change of government would alter their trading conditions in the short term.

What retailers are really telling us, then, is something about the shape of their year. It began strongly, was pulled down by the fuel squeeze, and was lifted in turn by the Football World Cup, Matariki, and a dip in fuel prices in July (Fig 1). After so many swings, a good deal of hope now rests on the fourth quarter, the busiest and most important quarter of the retail calendar.

Fig 1. The average monthly fuel prices for key months in 2026



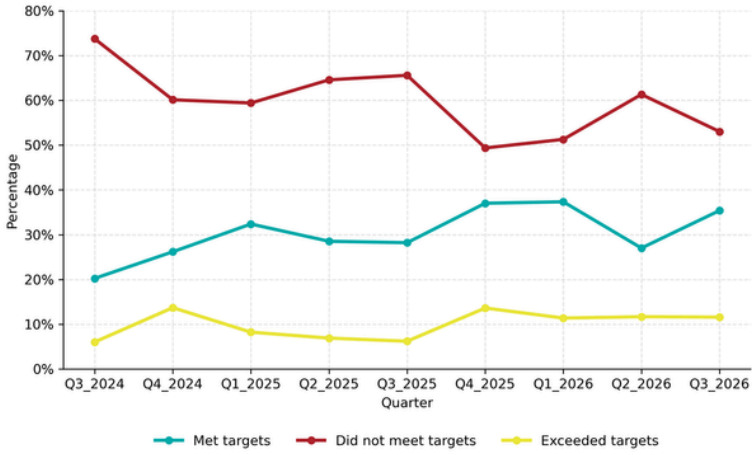
February (pre Iran), April (first fuel price peak), July (dip in fuel prices), October (current price peak). Monthly average uses MBIE weekly fuel price monitoring data. Diesel and Regular 91 Petrol price per litre.



Retail NZ

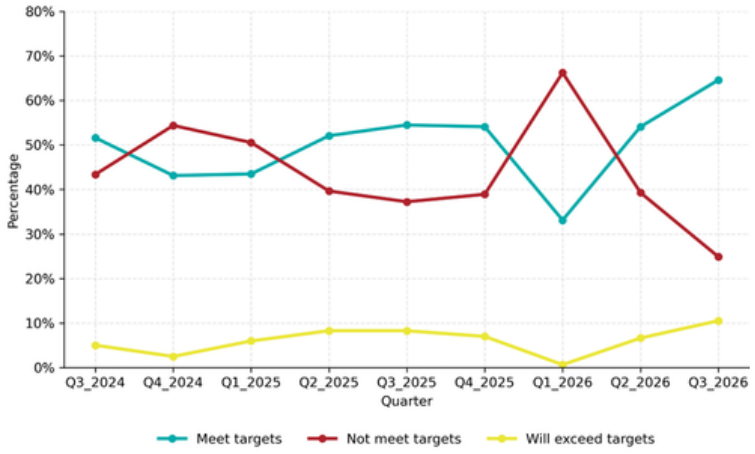
The trading results help explain the mood. Over the eight quarters before this one (Q3 2024 to Q2 2026), an average of 60.7% of retailers told us they had not met their targets (Fig 2). In the most recent quarter (Q3 2026) that fell to 53.0%, which means 47.0% met or exceeded them. This may go some way to explaining the prevailing sense of hopefulness.

Fig 2. Looking back over the past three months, how did your business track against your targets?



Looking ahead, 75.1% of retailers expect to meet or exceed their targets in the fourth quarter (Fig 3). The share expecting to exceed them has risen to 10.5%, about double the 5.5% average of the previous eight quarters and far above the 0.7% who expected to exceed targets in the first Retail Radar (surveyed in April) of the year.

Fig 3. How do you expect your business to track against your targets over the next three months?





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

Got questions? Email us at research@retail.kiwi

2026 Election

With the election now just days away, we wanted to find out what retailers need the next government to prioritise. Their message for the next government is loud and clear; both the cost of doing business and the cost of living are the critical issues. Fuel impacts both of these areas, and a majority of respondents want the next government to stabilise fuel prices, even though in the short term those prices are largely set by international markets.

Also high on the list is stability. Retailers want successive governments to stop undoing each other's legislation, because every change costs businesses time and money.

Power bills, card fees, and the uneven settings with offshore online platforms rounded out the top five priorities, and the detail is revealing.

Retailers' top five asks of the next goverment:

1. Taking measures to stabilise fuel price shocks
2. Keeping policy stable so retailers aren't hit by big changes between governments
3. Lowering card and payment fees
4. Making overseas online platforms follow the same rules as NZ retailers
5. Lowering business electricity costs

We asked for retailer's views on a selection of policies that we outline in the Retail NZ 2026 Election Manifesto. On power, 88.5% support changing how electricity is priced so that renewables cost less and bills come down. Regarding large online platforms such as Temu and Shein, 87.6% of retailers want more done to hold them accountable for product safety. Card fees are less clear-cut; lower fees are a priority, yet a ban on passing card charges on to customers divides opinion, with 47.4% opposing it (27.8% strongly), about a quarter are neutral, and another quarter are in favour. Retailers want relief from the fees, it seems, but perhaps not at the price of losing the choice to pass them on.

"I do think the banks need to take more responsibility. We all pay banks so many charges already; they were able to wipe charges due to COVID but then all started charging again. It's not fair to expect businesses, which are being charged more fees, to have to absorb them all."

The message from retail is clear: ease the cost of living, lower the cost of doing business so retailers have room to thrive, and provide greater certainty by avoiding sharp policy swings. Retail NZ's election manifesto sets out these priorities in more detail and is available here.

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