

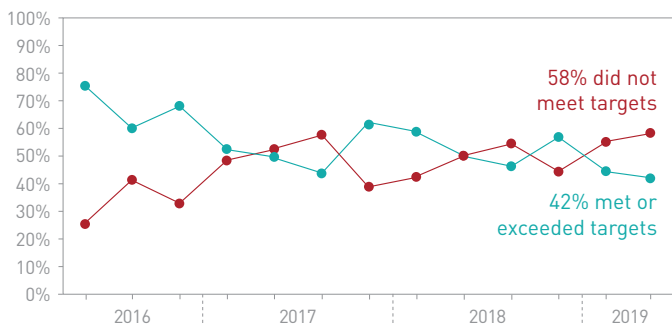
## RETAIL SECTOR ACTIVITY REMAINED SLUGGISH DURING THE 2ND QUARTER OF 2019, ACCORDING TO RETAIL NZ'S LATEST RETAIL RADAR REPORT.

**Business uncertainty and a lack of desire to spend from consumers saw 58 per cent of retailers report that they failed to hit their sales targets.**

The outlook for retailers continues to be pessimistic when looking ahead to their sales targets over the next three months. 43 per cent of retailers expect not to meet their sales targets. However, there are still some positive things happening in the sector. Employment intentions appear to remain stable.

There is also interesting data coming out of Customer Radar, which indicates that consumers are the most satisfied with their shopping experiences on a Wednesday and least satisfied on a Sunday. This gives retailers something to think about when planning their staff, product and promotions for the week.

### Looking back over the past three months



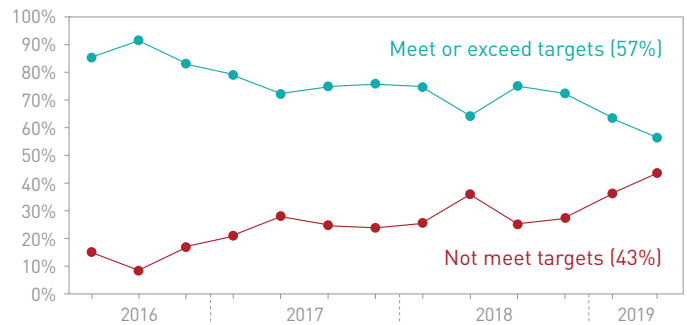
Some periods of extreme weather coupled with increasing business uncertainty and a lack of consumer desire to spend resulted in retail performance continuing to struggle in the 2nd quarter of 2019. 58 per cent of retailers reported that they did not meet their sales targets for 2nd quarter (up from 55 per cent in the previous quarter).

**“58 per cent of retailers reported that they did not meet their sales targets for 2nd quarter”.**

42 per cent of retailers reported that they managed to meet or exceed their targets for the quarter, a reduction on the 50 per cent who met or exceeded their targets during the same time in 2018.

For some retailers, the prolonged autumn weather and an easy transition to winter saw positive results, and the Government's decision not to proceed with a Capital Gains Tax was also seen as positive. However, across the sector many are continuing to point to business and economic uncertainty. For the second quarter in a row, this uncertainty is the largest issue that negatively impacted retailers, indicating that consumer unwillingness to spend is continuing on. Retailers also indicated that the substantial increase in the minimum wage to \$17.70 an hour (up from \$16.50 last quarter) had a negative impact on their business.

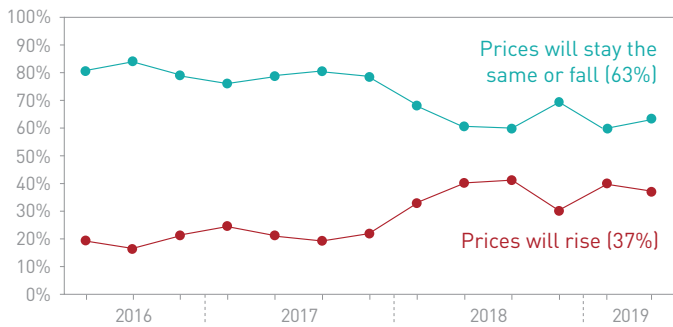
### What's coming up?



57 per cent of retailers report that they are expecting to meet or exceed sales targets for the 3rd quarter in 2019. Retailers are pointing to the recent school holidays and winter weather as positives that will hopefully see them meet or exceed their targets in the next quarter. However, for the first time in recent years, we are seeing retailers increasingly expect not to meet their targets for the upcoming quarter. 43 per cent of retailers do not expect to meet sales targets next quarter, up from 36 per cent in 1st quarter 2019. Retailers are again pointing to a continuing lack of confidence in the Government and economy more broadly.

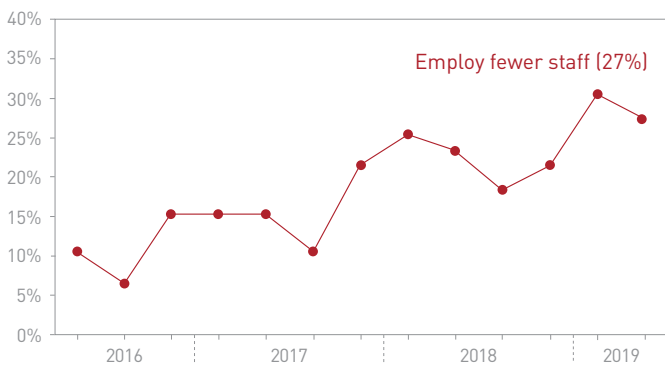


## Retail price expectations



Rising operational costs, a sharp increase in minimum wage and a lack of confidence in consumer spending resulted in 32 per cent of retailers increasing at least some of their prices during the 2nd quarter. Looking ahead to 3rd quarter 2019, 37 per cent of retailers expect to increase prices, a small decrease from 40 per cent reported last quarter.

## Employment and intentions



27 per cent of retailers report that they plan to employ fewer staff over the next quarter, down slightly from 30 per cent in the previous quarter. While retailers are reporting that the increase in minimum wage has been challenging for business, 64 per cent of retailers reporting that they expect to maintain staff levels.



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

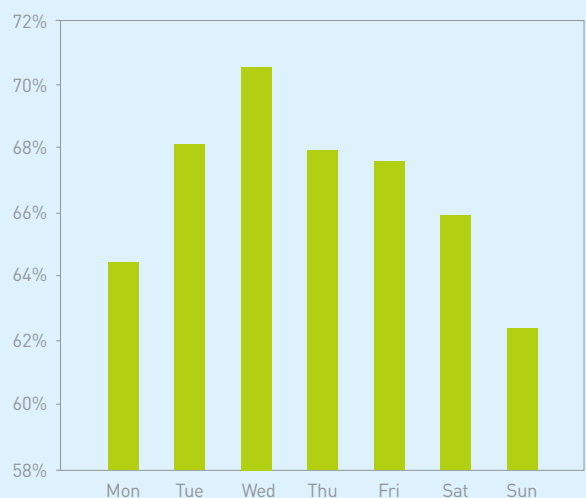


## CUSTOMERS GETTING HAPPIER

Customer Radar results for the last three months show that, as the year goes on, customers are getting happier. With back to school and Christmas spending a distant memory, customers are enjoying being back in stores to shop a new season, and we've seen a two per cent increase in customer satisfaction to an average NPS (Net Promoter Score) of 67.7 per cent.

Customers appeared to be happiest on a Wednesday this past quarter, which has overtaken Thursday as the highest day of customer satisfaction. On the flip side, Sunday remains the day that customers are least satisfied which provides food for thought for retailers. Interestingly, there is a big jump of 11 per cent between the two satisfaction scores - a good change for retailers to question what is so heavily influencing the difference their customers experience throughout the week?

## Customer Radar 2019 Q2 NPS Score



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



CUSTOMER • RADAR