

FY22 Retail Review

Results, Review and Changes

July 2022





Methodology



An analysis of key retail trends for FY22 vs FY21

On occasion, FY19 is used to create a layer of perspective

This analysis is drawn from the Kepler Retail Index – a like for like basket of ~1850 retail stores across Australia and New Zealand

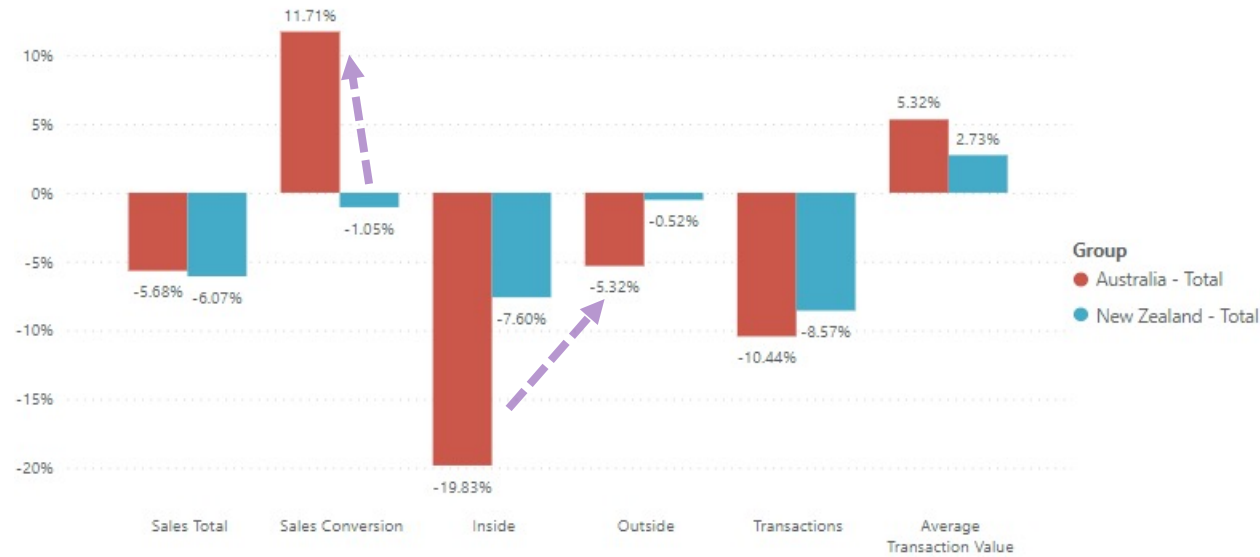
The KRI provides proportional trends for 11 key metrics, for over 150 shopping centres, 9 categories, and states and territories across Australia and New Zealand.

It is based on real retail data – if you need more information or would like to access the KRI, please contact Kepler.



Sales \$ results were weaker in FY22 compared to prior year

21/22 v 20/21 by Measures and Group



Neither AU or NZ did well in FY22 compared to prior year.

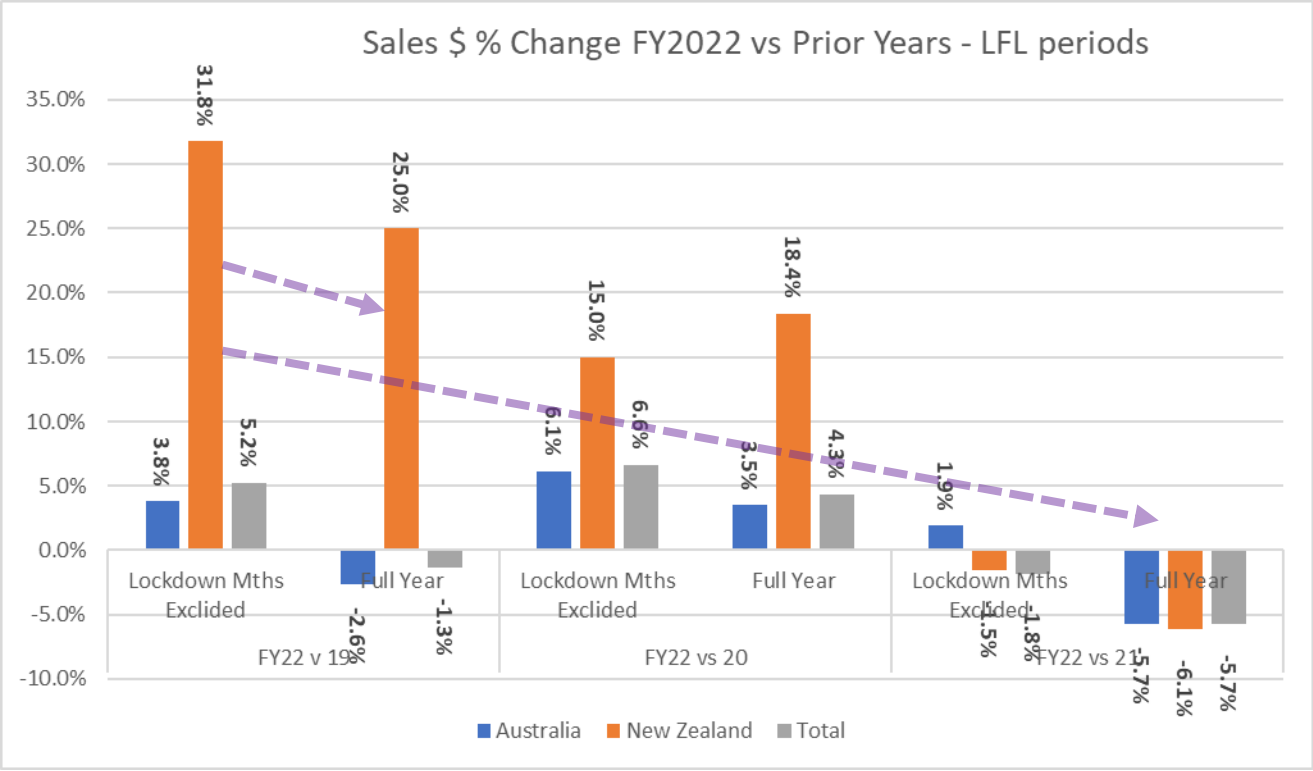
Declines in Inside Traffic in both countries proved too challenging to overcome

Australia fared marginally better, despite its huge Inside traffic decline, as Sales Conversion and ATV were able to offset most of the decline

New Zealand could not grow Sales Conversion and ATV growth was more moderate.



Sales \$ results were weaker in FY22 compared to prior years



Lockdowns in 2022 had a ~6-7% impact on dragging results down vs FY2019 with no lockdowns

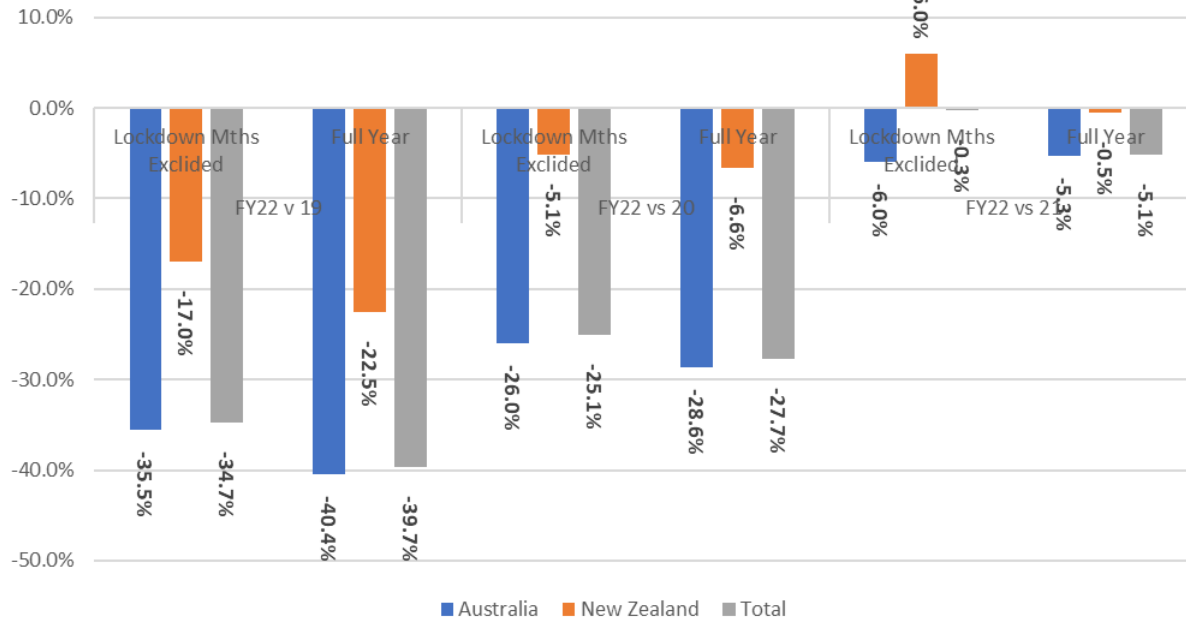
The different number of lockdowns in FY22 vs FY21 had the opposite effect in Aus vs NZ with Aus slower when the full year is taken into account. NZ showed stronger sales as their lockdown impacts were significantly lower.

There is an overall trend of sales decline over the years as wider societal and external factors add additional pressures

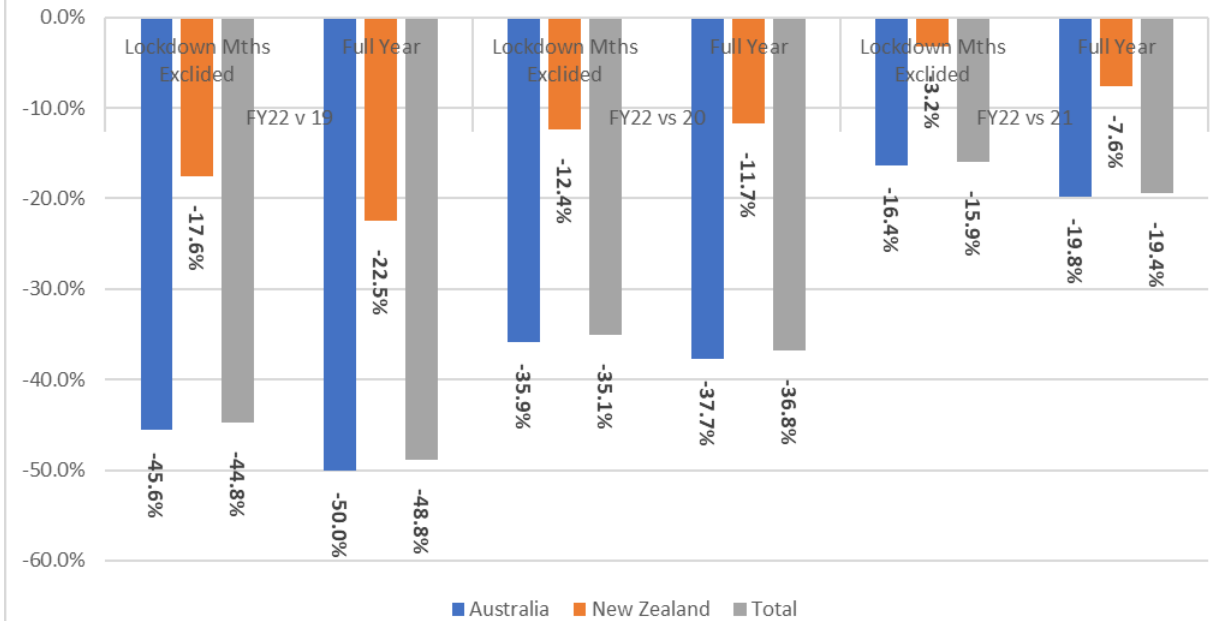


Traffic remains lower than prior years but gradually returning

Outside Traffic % Change FY2022 vs Prior Years - LFL periods



Inside Traffic % Change FY2022 vs Prior Years - LFL periods



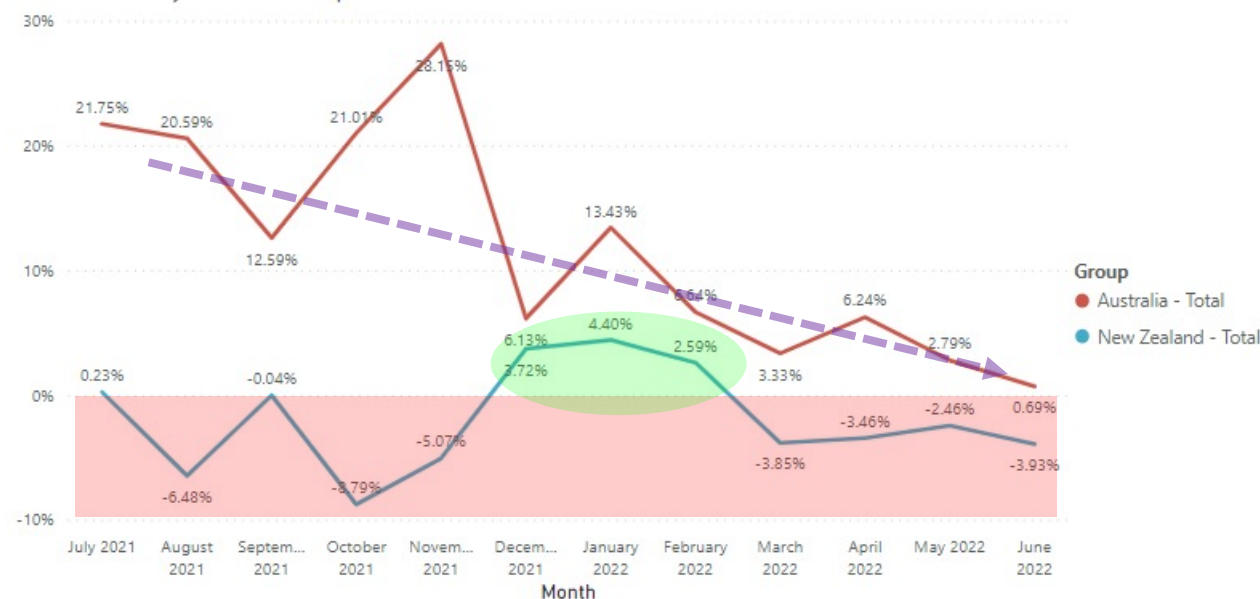
NZ Traffic is more resilient than Australian Traffic – excluding lockdown periods, traffic was positive FY22 vs FY21

Inside Traffic lags Outside Traffic, though the gradual trend is towards a return to positivity in FY23



Sales Conversion

21/22 v 20/21 by Date and Group



Month	Australia - Total	New Zealand - Total	Total
July 2021	21.75%	0.23%	20.14%
August 2021	20.59%	-6.48%	19.37%
September 2021	12.59%	-0.04%	11.60%
October 2021	21.01%	-8.79%	19.37%
November 2021	28.15%	-5.07%	26.88%
December 2021	6.13%	3.72%	5.91%
January 2022	13.43%	4.40%	12.86%
February 2022	6.64%	2.59%	6.50%
March 2022	3.33%	-3.85%	3.12%
April 2022	6.24%	-3.46%	5.92%
May 2022	2.79%	-2.46%	2.63%
June 2022	0.69%	-3.93%	0.65%
Total	11.71%	-1.05%	11.13%

Whilst Australian Sales Conversion % were proportionately greater vs prior year, the trajectory is significantly in decline vs prior year.

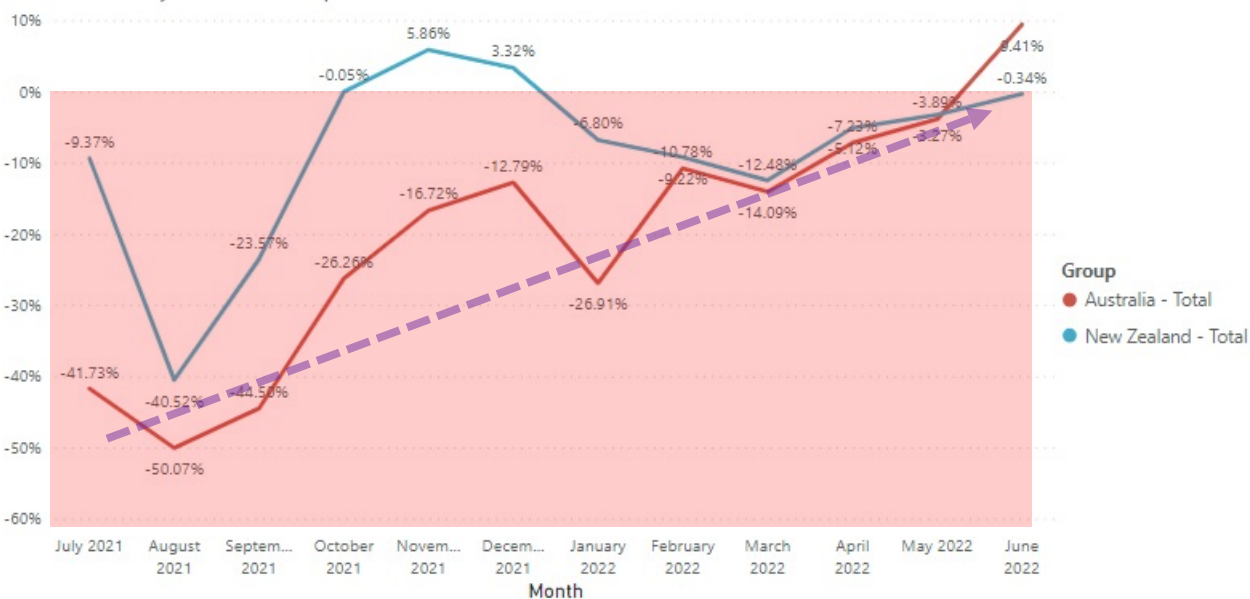
In contrast, NZ only managed 4 months of Sales Conversion growth v prior year

On this path, there may be challenges ahead for retailers.



Inside Traffic

21/22 v 20/21 by Date and Group



Month	Australia - Total	New Zealand - Total	Total
July 2021	-41.73%	-9.37%	-40.36%
August 2021	-50.07%	-40.52%	-49.69%
September 2021	-44.50%	-23.57%	-43.55%
October 2021	-26.26%	-0.05%	-25.19%
November 2021	-16.72%	5.86%	-16.04%
December 2021	-12.79%	3.32%	-12.26%
January 2022	-26.91%	-6.80%	-26.18%
February 2022	-10.78%	-9.22%	-10.72%
March 2022	-14.09%	-12.48%	-14.03%
April 2022	-7.23%	-5.12%	-7.15%
May 2022	-3.89%	-3.27%	-3.87%
June 2022	9.41%	-0.34%	8.96%
Total	-19.83%	-7.60%	-19.36%

There is upside, however.

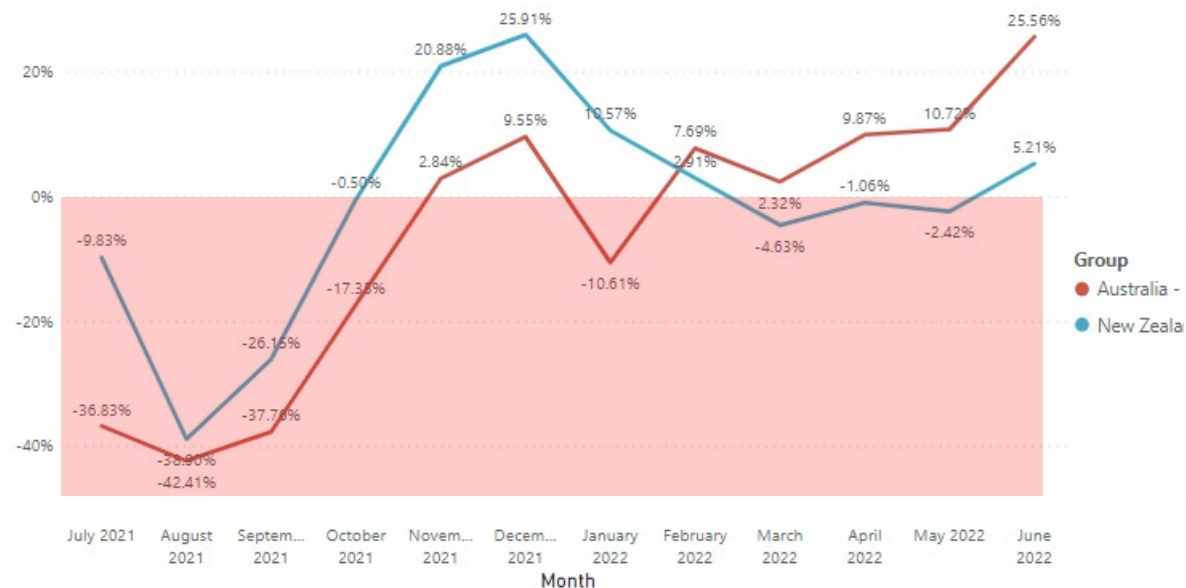
Inside Traffic (a fundamental ingredient for Sales Conversion) is returning to stores.

The trajectory is inverse to Sales Conversion. This is both a concern and an area of opportunity.

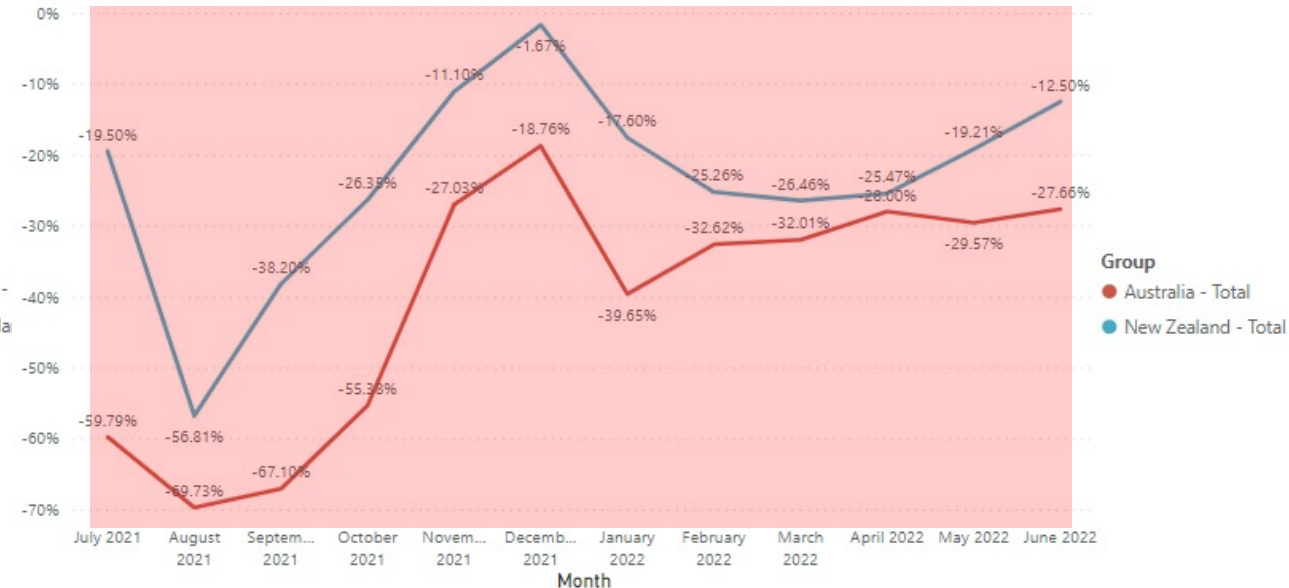


Outside Traffic

21/22 v 20/21 by Date and Group



21/22 v 18/19 by Date and Group



Outside Traffic is now generally positive vs 2021. Certainly since November 21, overall results are strong, and both AU and NZ are trending upwards.

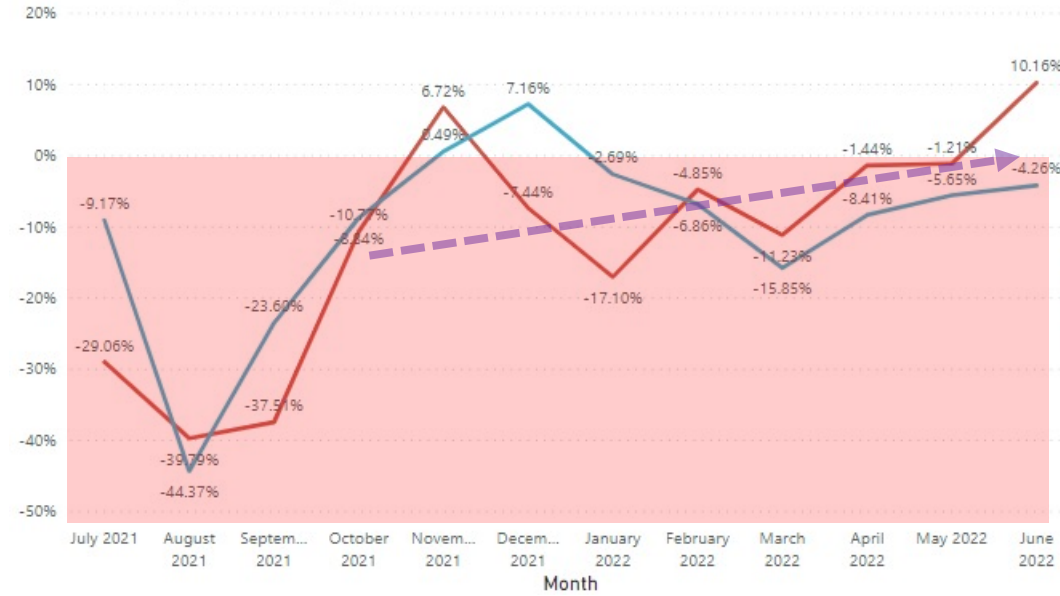
However, Outside Traffic has not returned to pre-pandemic levels. Though the trend is distinctly upwards



Transactions and ATV

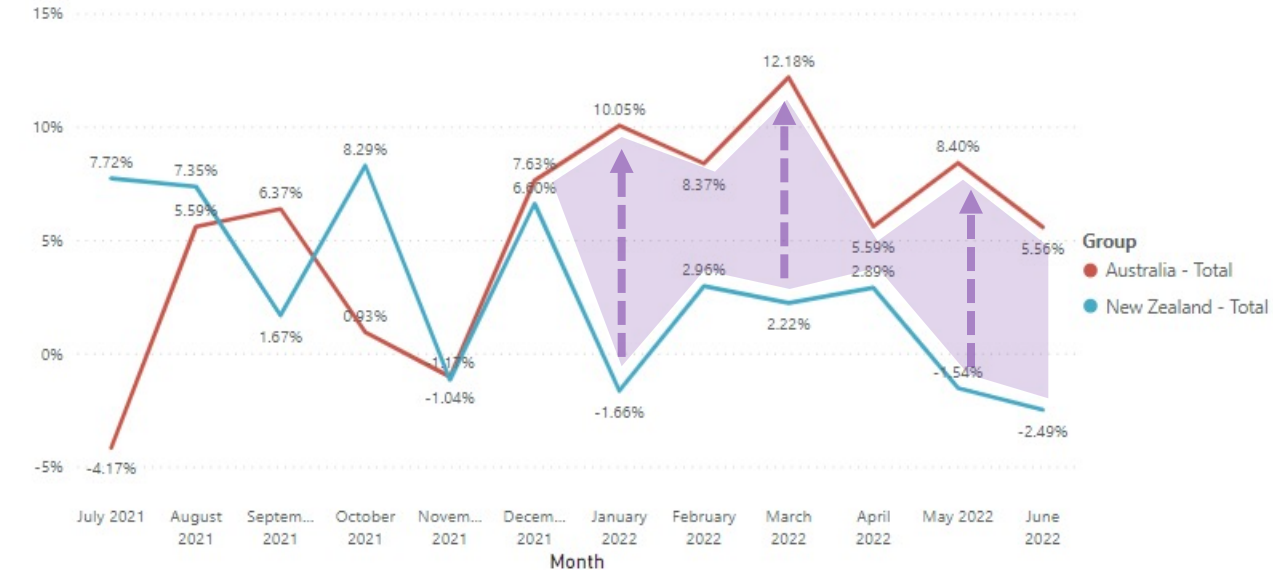
Transactions

21/22 v 20/21 by Date and Group



ATV

21/22 v 20/21 by Date and Group



Transactions are slowly returning – with reduced Inside Traffic, (read in: less viable shoppers) this is a gradual incline.

It is worth noting that the increase in ATV in Australia is markedly above that of NZ, particularly through calendar 2022.



Shopping Precinct Results

Measures	CBD	Homemaker Centres	Metro Centres	Metro Super Centres	Outlet Centres	Regional Centres	Strips
Sales Total	-0.94%	-7.52%	-8.63%	-2.33%	-0.03%	-8.02%	2.45%
Sales Conversion	11.12%	-10.11%	11.68%	14.01%	15.12%	10.50%	2.28%
Inside	-17.99%	-7.89%	-22.21%	-20.30%	-19.02%	-19.18%	-8.08%
Outside	-2.64%	4.01%	-8.04%	-4.17%	-11.60%	-4.34%	7.77%
Transactions	-8.87%	-17.20%	-13.12%	-9.14%	-6.77%	-10.69%	-5.98%
Average Transaction Value	8.71%	11.68%	5.17%	7.50%	7.23%	2.99%	8.97%

Strip locations are the winners of FY22, up 2.5% on prior year. A strong increase in Outside Traffic (7.8% up), and ATV (up 9%) underpinned this result. However Sales Conversion growth in Strips was sluggish – second lowest of all the precincts. We will dive into why this may have occurred in coming pages.

Metro Centres fared worst, down 8.6% in Sales. Despite solid rises in Sales Conversion and ATV, the loss of 22% of Inside Traffic proved difficult to counteract. Again, we will examine some underling causes in coming pages.



Geographic Comparisons

Measures	New Zealand - Total	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Sales Total	-6.07%	-13.16%	-17.95%	-6.67%	-4.58%	-6.92%	-6.97%	11.21%	-6.49%
Sales Conversion	-1.05%	2.86%	18.20%	20.26%	18.20%	2.06%	7.14%	6.75%	6.20%
Inside	-7.60%	-23.52%	-35.76%	-21.03%	-21.88%	-13.44%	-13.73%	-0.43%	-13.85%
Outside	-0.52%	-20.07%	-23.83%	-12.95%	-5.15%	0.43%	19.39%	17.18%	-3.05%
Transactions	-8.57%	-21.33%	-24.07%	-5.03%	-7.67%	-11.66%	-7.57%	6.30%	-8.51%
Average Transaction Value	2.73%	10.38%	8.06%	-1.73%	3.34%	5.37%	0.64%	4.62%	2.21%

Somewhat unsurprisingly, Victorian Sales \$ grew strongest, with the best Inside Traffic result compared to prior year – noting the difficulties Victoria had in FY21 even opening doors.

ATV in NSW and ACT us extremely strong, with Sales Conversion in NSW and Qld topping the states.

The strong ATV and Sales Conversion in NSW did not stop it recording an almost 18% year on year drop in Sales \$ however. The Inside Traffic in NSW is far below the results in other states, and NZ.



Category Performers vs PY

21/22 v 20/21 by Measures and Group

Measures	Clothing - All	Clothing - Women's	Footwear	General Merchandise and Electronics	Health, Beauty and Wellness	Houseware	Other Specialised Food	Stationery	Watch and Jewellery
Sales Total	-5.00%	-3.51%	16.27%	-1.47%	-3.92%	-8.41%	4.02%	-9.69%	-9.93%
Sales Conversion	20.77%	3.75%	1.62%	-3.54%	5.20%	21.40%	-1.71%	23.59%	0.96%
Inside	-24.40%	-13.24%	-0.72%	-11.49%	-10.81%	-23.26%	2.37%	-30.42%	-17.91%
Outside	-7.13%	1.37%	0.77%	1.27%	3.70%	-10.68%	6.89%	-12.23%	-7.07%
Transactions	-8.70%	-9.99%	0.89%	-14.63%	-6.17%	-6.83%	0.62%	-14.01%	-17.12%
Average Transaction Value	4.06%	7.19%	15.25%	15.41%	2.40%	-1.69%	3.38%	5.03%	8.69%

Footwear had a very strong FY22, driven by only nominal declines in Inside Traffic and very solid rises in ATV. Stationery, Clothing and Houseware had the biggest declines in Inside Traffic, as perhaps the shopping group sizes in these stores declined. Sales Conversion increases did not manage to offset this, and Transaction quantities declined on prior year.



Category Performers vs Pre Pandemic levels

21/22 v 18/19 by Measures and Group

Measures	Clothing - All	Clothing - Women's	Footwear	General Merchandise and Electronics	Health, Beauty and Wellness	Houseware	Other Specialised Food	Stationery	Watch and Jewellery
Sales Total	0.33%	0.17%	-25.90%	26.86%	-1.61%	-4.38%	-6.32%	2.03%	-16.35%
Sales Conversion	75.94%	52.14%	63.13%	24.14%	31.88%	67.86%	44.41%	46.86%	20.41%
Inside	-53.25%	-47.01%	-58.75%	-29.09%	-42.35%	-50.68%	-48.63%	-47.77%	-47.62%
Outside	-41.92%	-37.75%	-52.69%	-32.22%	-33.95%	-42.60%	-19.05%	-39.32%	-44.49%
Transactions	-17.75%	-19.39%	-32.70%	-11.97%	-23.97%	-17.21%	-25.82%	-23.30%	-36.93%
Average Transaction Value	21.98%	24.26%	10.11%	44.10%	29.41%	15.48%	26.29%	33.01%	32.64%

Casting a more historical perspective, General Merchandise and Electronics is showing the strongest results, led by lid rises in Sales Conversion and ATV

Footwear is still significantly behind pre-pandemic levels, with almost 60% less Inside Traffic proving (as it would) to be very strong headwinds.

For most categories, Inside Traffic remains circa half of pre-pandemic levels. Despite best efforts with Sales Conversion, Transactions are down from 12% to 37% amongst the various categories.



Current Inside Traffic share by precinct type & day of week

DoW 2022	Outlet	Metro Super	Metro	CBD	Regional	Strips	Home Maker
Monday	12.4%	11.4%	11.8%	12.4%	12.2%	12.8%	12.3%
Tuesday	12.1%	12.1%	12.9%	13.4%	13.5%	14.2%	12.6%
Wednesday	11.8%	11.9%	12.7%	13.4%	13.3%	14.0%	13.0%
Thursday	12.4%	16.9%	17.4%	14.8%	17.2%	15.0%	13.9%
Friday	12.5%	14.7%	14.3%	16.3%	14.7%	15.8%	13.2%
Saturday	20.5%	18.8%	17.8%	17.0%	17.3%	16.5%	19.5%
Sunday	18.4%	14.2%	13.0%	12.7%	11.8%	11.9%	15.5%

Patterns are now very different to pre-pandemic behaviours

By aggregating all data from Jan1st to May 31st 2022, and comparing to the same dates from 2019, the shifts (shown in subsequent pages) are revealed.

Above is the relative share by day of Inside Traffic by precinct type – there may be a value in aligning transactive capacity to these weights.



How has behaviour changed – Jan 1 to May 31st 2022 vs 2019

Outside 2022 v 2019

Hour	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
9	-9.73%	-10.47%	-12.31%	-12.15%	-10.82%	-14.68%		-11.89%
10	-14.97%	-15.96%	-20.36%	-20.98%	-19.67%	-25.16%	-17.67%	-19.57%
11	-20.20%	-21.43%	-24.59%	-25.09%	-24.82%	-29.59%	-25.14%	-24.62%
12	-22.57%	-23.21%	-27.79%	-27.23%	-26.24%	-31.19%	-27.76%	-26.74%
13	-23.36%	-24.81%	-28.32%	-28.89%	-28.77%	-32.37%	-29.58%	-28.20%
14	-22.73%	-26.04%	-27.45%	-29.77%	-27.71%	-32.34%	-29.90%	-28.18%
15	-20.48%	-24.76%	-26.25%	-28.91%	-26.92%	-33.29%	-28.61%	-27.35%
16	-22.94%	-24.80%	-26.53%	-29.93%	-28.10%	-31.66%	-32.48%	-28.02%
17	-18.48%	-17.09%	-21.06%	-28.72%	-25.82%	-39.35%	-47.11%	-25.22%
18				-37.22%	-36.36%	-34.13%	-30.22%	-36.56%
19				-41.88%	-37.75%	-39.23%		-40.83%
20				-41.72%	-36.47%	-31.72%		-40.18%
Total	-20.00%	-21.57%	-24.42%	-29.05%	-25.93%	-30.22%	-28.23%	-25.86%

Inside 2022 v 2019

Hour	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
9	8.17%	10.95%	7.52%	11.51%	13.14%	3.25%		8.81%
10	-3.21%	-0.87%	-6.39%	-5.53%	-4.26%	-11.68%	-6.30%	-5.74%
11	-11.70%	-9.57%	-14.10%	-13.48%	-13.50%	-18.00%	-16.00%	-13.94%
12	-14.31%	-12.09%	-17.21%	-16.07%	-16.08%	-20.95%	-20.30%	-16.93%
13	-18.13%	-16.41%	-24.11%	-21.33%	-21.26%	-23.59%	-23.76%	-21.37%
14	-19.78%	-20.12%	-26.40%	-23.62%	-21.65%	-26.01%	-26.77%	-23.63%
15	-17.25%	-15.66%	-19.17%	-19.42%	-19.04%	-27.04%	-26.47%	-21.12%
16	-18.26%	-16.15%	-19.15%	-19.67%	-19.74%	-28.08%	-34.02%	-22.11%
17	-18.11%	-11.53%	-17.91%	-18.82%	-22.97%	-47.33%	-50.43%	-22.82%
18				-22.76%	-39.83%	-53.83%	-46.00%	-30.31%
19				-28.11%	-42.01%	-48.84%		-33.19%
20				-27.44%	-44.26%	-41.01%		-33.59%
Total	-13.58%	-11.35%	-16.53%	-17.46%	-17.50%	-22.39%	-23.50%	-17.58%

Outside DoW 2022 v 2019

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
2019	11.78%	12.51%	13.59%	17.83%	15.46%	16.62%	12.21%
2022	12.91%	13.44%	13.13%	16.75%	14.77%	16.34%	12.65%
% Change	9.61%	7.41%	-3.36%	-6.09%	-4.48%	-1.63%	3.66%

Inside DoW 2022 v 2019

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
2019	11.33%	11.96%	13.38%	16.67%	15.15%	18.17%	13.33%
2022	12.07%	13.06%	12.84%	16.38%	14.50%	17.89%	13.25%
% Change	6.50%	9.21%	-3.99%	-1.72%	-4.29%	-1.58%	-0.61%

The change in Outside Traffic is not uniform. Evening and Night trades have lost significantly more traffic than other times. Traffic is now earlier in the day, and earlier in the week.

This has implications for transactional capacity at these times.

Sunday, Monday and Tuesday may lend themselves to “spot promotions” and traffic builder store activities



Inside Traffic patterns vary by location type

Strip Locations

Inside 2022 v 2019

Hour	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
9	7.82%	19.50%	-7.13%	6.46%	10.24%	-8.21%		3.15%
10	3.16%	7.86%	-13.98%	-7.26%	-9.59%	-20.31%	-14.41%	-8.91%
11	-3.94%	-1.70%	-16.16%	-12.61%	-13.40%	-28.44%	-16.49%	-14.66%
12	-8.33%	-3.59%	-19.21%	-15.25%	-13.59%	-31.63%	-21.44%	-17.49%
13	-34.48%	-12.75%	-52.01%	-35.37%	-43.72%	-37.47%	-33.92%	-37.73%
14	-32.69%	-25.91%	-58.54%	-35.56%	-37.46%	-40.17%	-36.30%	-40.11%
15	-15.38%	-8.78%	-22.55%	-19.82%	-24.63%	-33.94%	-23.41%	-22.45%
16	-14.55%	-10.02%	-22.24%	-21.70%	-25.58%	-28.88%	-15.84%	-21.05%
17	-23.65%	-7.83%	-30.43%	-18.30%	-31.73%	-45.61%	-56.53%	-26.77%
18				-23.95%	-47.77%	-54.69%	-69.87%	-46.71%
19				-4.31%	-52.59%	-78.62%		-55.46%
20				30.72%	-53.17%	-76.58%		-46.30%
Total	-16.30%	-6.68%	-32.74%	-20.47%	-30.23%	-31.38%	-25.94%	-24.77%

Metro Super Centre Locations

Inside 2022 v 2019

Hour	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
9	-15.90%	-14.38%	-17.03%	-14.26%	-8.59%	-18.91%		-15.14%
10	-17.06%	-17.10%	-22.49%	-21.30%	-18.60%	-23.96%	-17.58%	-19.88%
11	-24.58%	-24.86%	-27.81%	-27.20%	-24.46%	-26.80%	-26.31%	-25.96%
12	-29.09%	-27.34%	-31.03%	-30.01%	-29.07%	-31.07%	-30.35%	-29.66%
13	-29.74%	-31.00%	-38.05%	-35.61%	-33.78%	-33.47%	-32.53%	-33.41%
14	-34.34%	-36.12%	-40.96%	-37.47%	-34.18%	-34.92%	-36.13%	-36.08%
15	-31.69%	-31.76%	-34.01%	-32.73%	-33.15%	-36.68%	-34.76%	-33.67%
16	-31.43%	-33.81%	-35.50%	-35.22%	-34.27%	-37.23%	-36.76%	-34.98%
17	-31.72%	-27.71%	-34.36%	-34.88%	-35.56%	-46.29%	-50.45%	-35.96%
18				-36.05%	-42.84%	-54.15%	-45.73%	-41.40%
19				-36.66%	-46.49%	-53.16%		-42.00%
20				-36.94%	-49.05%	-52.57%		-42.84%
Total	-27.56%	-27.59%	-31.72%	-32.27%	-31.48%	-33.46%	-32.63%	-31.09%

Inside DoW 2022 v 2019

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
2019	11.19%	11.16%	16.43%	14.38%	18.22%	17.56%	11.06%
2022	12.78%	14.15%	13.96%	14.95%	15.79%	16.47%	11.90%
% Change	14.25%	26.80%	-15.02%	4.00%	-13.35%	-6.23%	7.55%

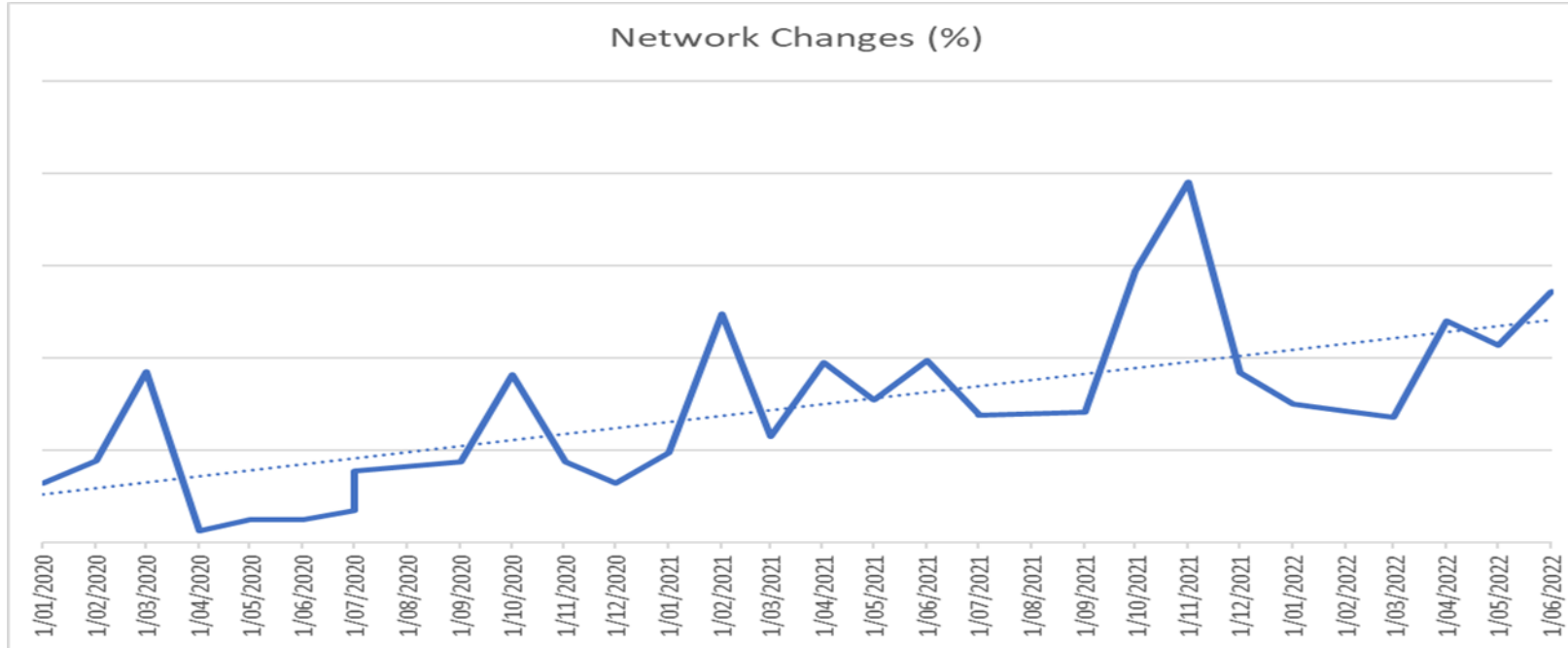
Inside DoW 2022 v 2019

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
2019	10.58%	11.21%	12.60%	17.68%	15.43%	18.78%	13.71%
2022	11.36%	12.06%	11.91%	16.90%	14.67%	18.73%	14.36%
% Change	7.39%	7.58%	-5.49%	-4.38%	-4.95%	-0.29%	4.77%

Evening and Night trade traffic has reduced substantially. Though patterns are not uniform across all location types
Retailers with multiple location types



Network changes are increasing in volume



The rate of change of network shifts - refurb, closures, new stores – is rising dramatically

As of July 15th 2022, Kepler has already processed 15% of the 2021 total for New Site Assessments – we expect the rate of change above to increase further



Conclusions

Sales have declined vs FY21, as declines in Inside Traffic prove insurmountable for growth

Sales Conversion is slowing – the “easy” times for FY21 are now gone. With a reduced traffic pool, slowing SCR is a difficult trend to reverse for retailers seeking LFL growth

ATV rises in Australia are now outpacing NZ. Price rises? Or more bullish consumers expanding baskets?

The pattern of trade has changed. Old models of transactive capacity may now need to be updated or overhauled, and be more reflective of traffic patterns than ever before.

Opportunities remain, but they need to be chased through data, rather than passively received.





Thank You

Stay in touch

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ALL MEASURES BY ZONE



SALES TO BUDGET



FITTING ROOM CONVERSION



OTHER INPUTS



DWELL TIME