

FY22 Retail Review

Results, Review and Changes

July 2022



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SHOPPERS



OUTSIDE
OPPORTUNITY



SHOPFRONT
CONVERSION



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CONVERSION



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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.



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Highlights



Sales \$ are now facing significant challenges for year-on-year, like for like growth.

The rate of growth vs prior years has slowed – likely due to increased external shocks, reduced governmental support and other elements changing economic conditions overall.

Traffic is returning both to retail precincts and to stores – but we are still below pre-pandemic levels.

Sales Conversion growth on prior year is trending down, and it is likely to see this KPI drop below prior year levels in coming months.

Average Transaction Value changes (perhaps from price rise impacts?) are impacting Sales Conversion.



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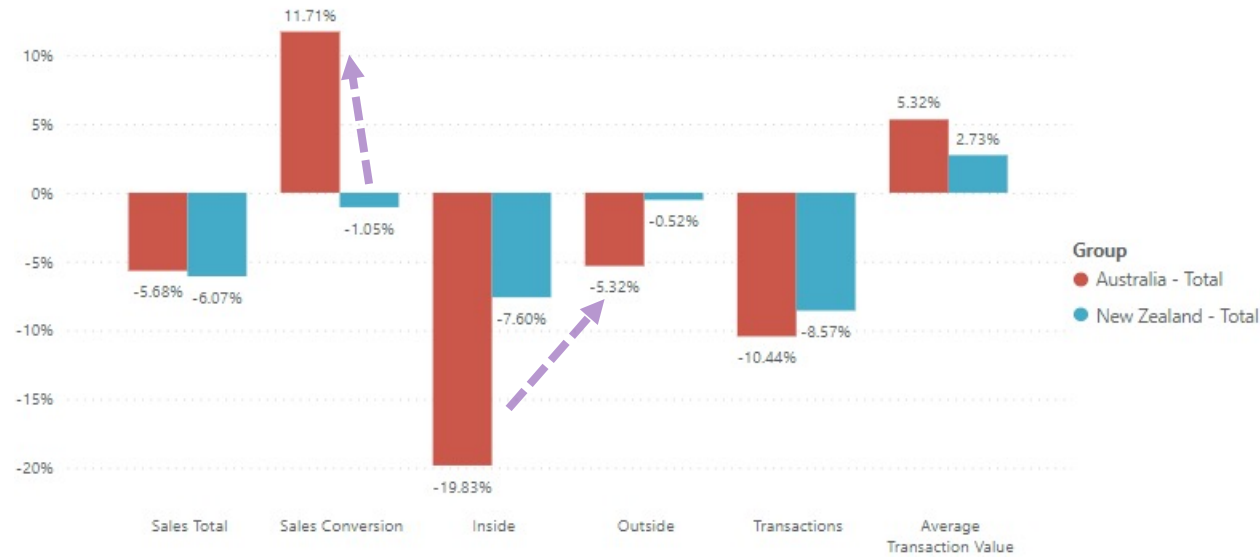


DWELL TIME



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.



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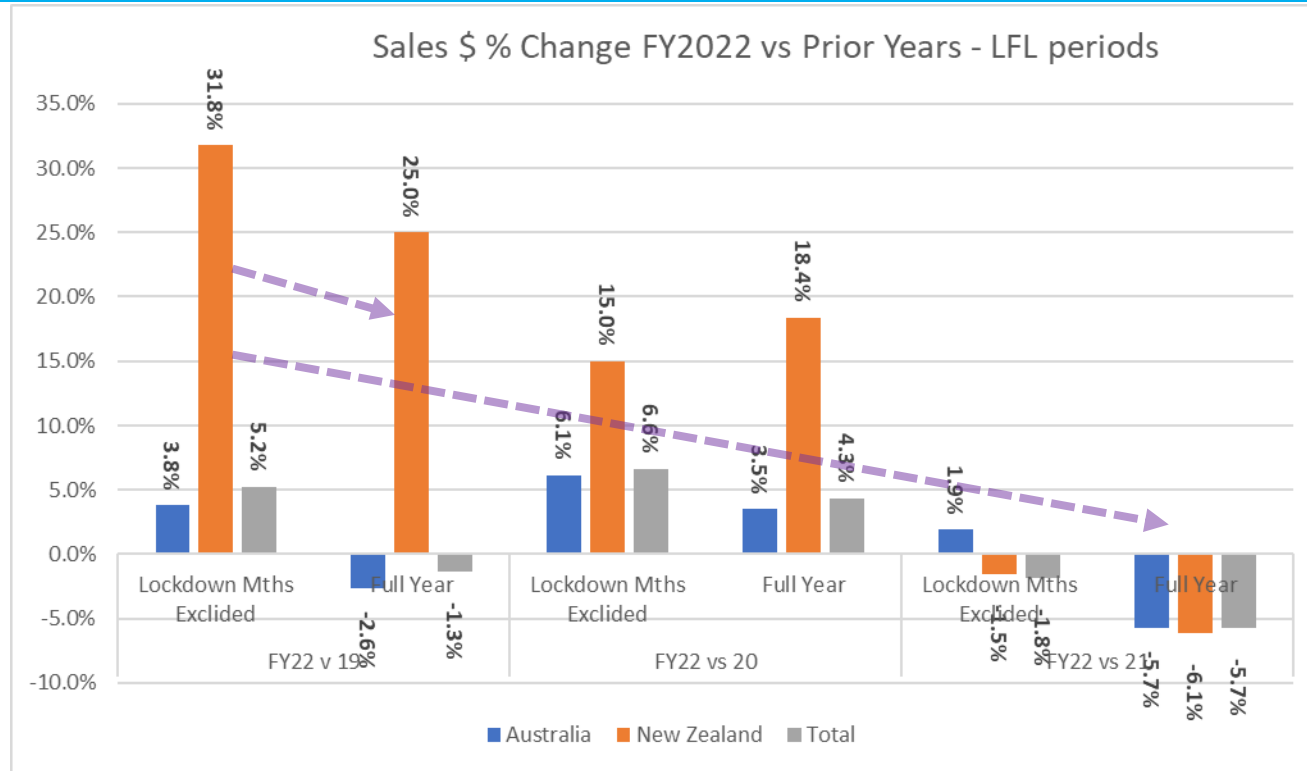
OTHER INPUTS



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



Lockdown Months Excluded columns represent the periods in FY22 when lockdowns took effect. These periods are eliminated from FY22 and also the prior comparison year

Full Year columns represent the 12 months from both FY22 and the comparison year

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

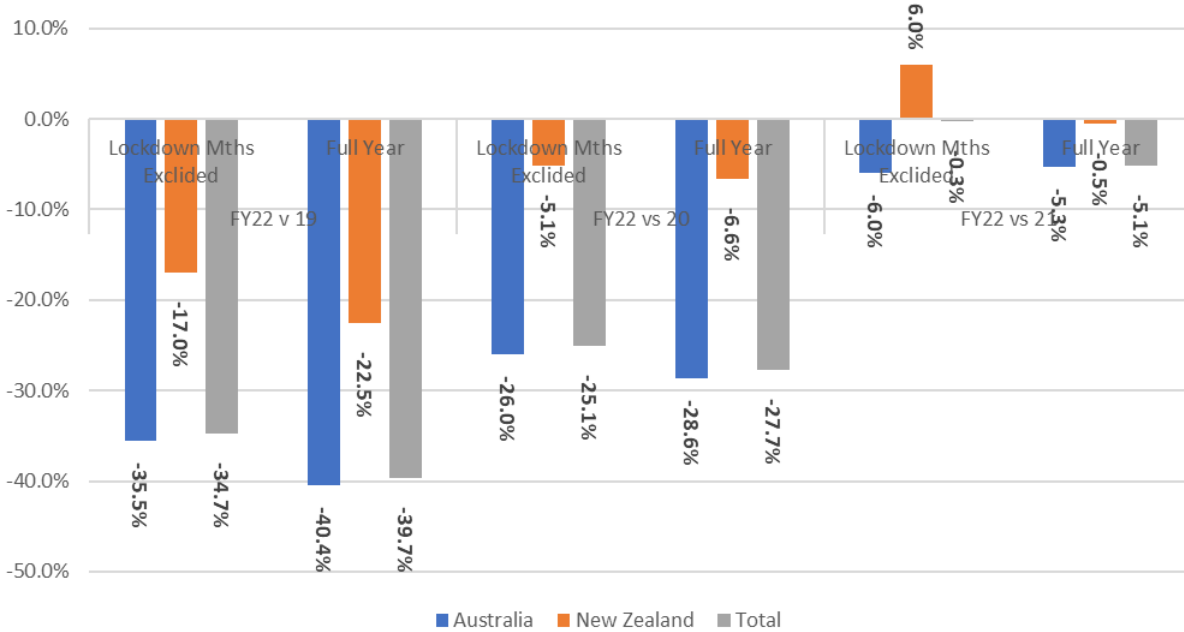
The different number of lockdowns in FY22 vs FY21 had the opposite effect in AUS vs NZ with Aus slower when the full year is taken into account. NZ showed stronger sales as their lockdown impacts were significantly lower.

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

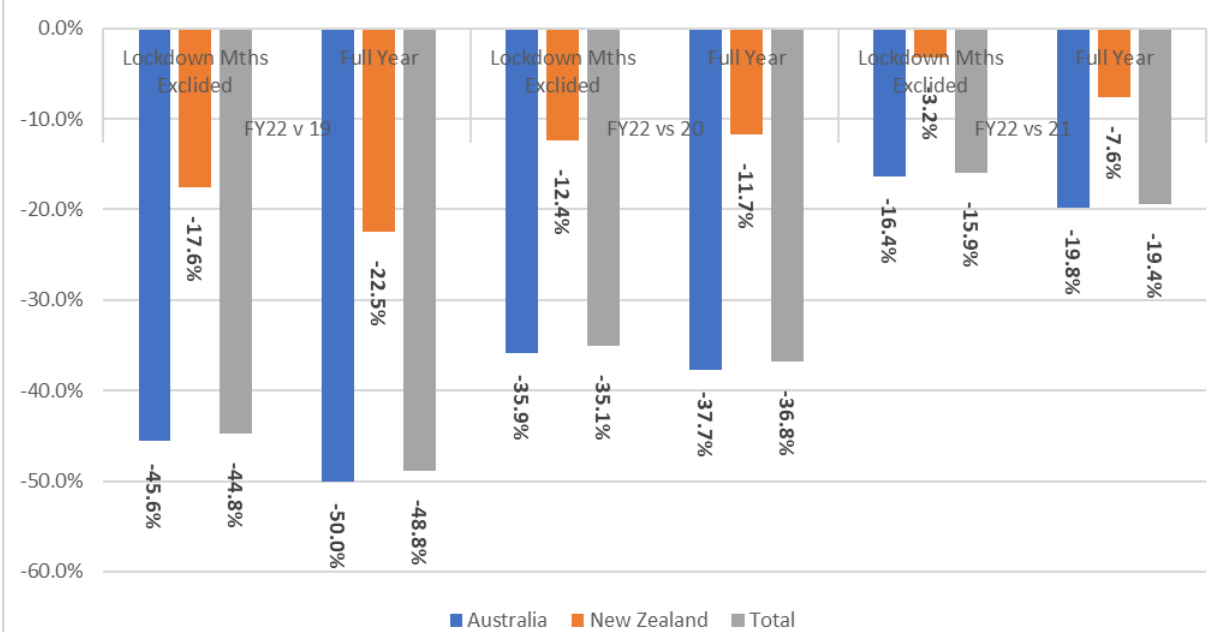


Traffic remains lower than prior years but gradually returning

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

Lockdown Months Excluded
columns represent the periods in FY22 when lockdowns took effect. These periods are eliminated from FY22 and also the prior comparison year

Full Year columns represent the 12 months from both FY22 and the comparison year



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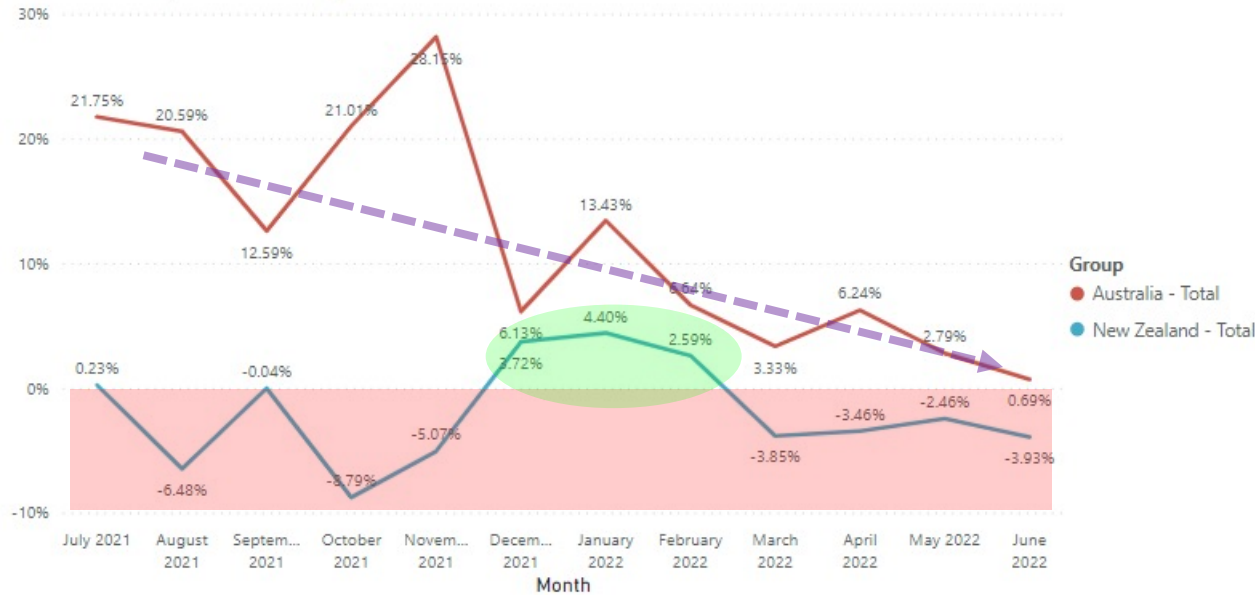


DWELL TIME



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.



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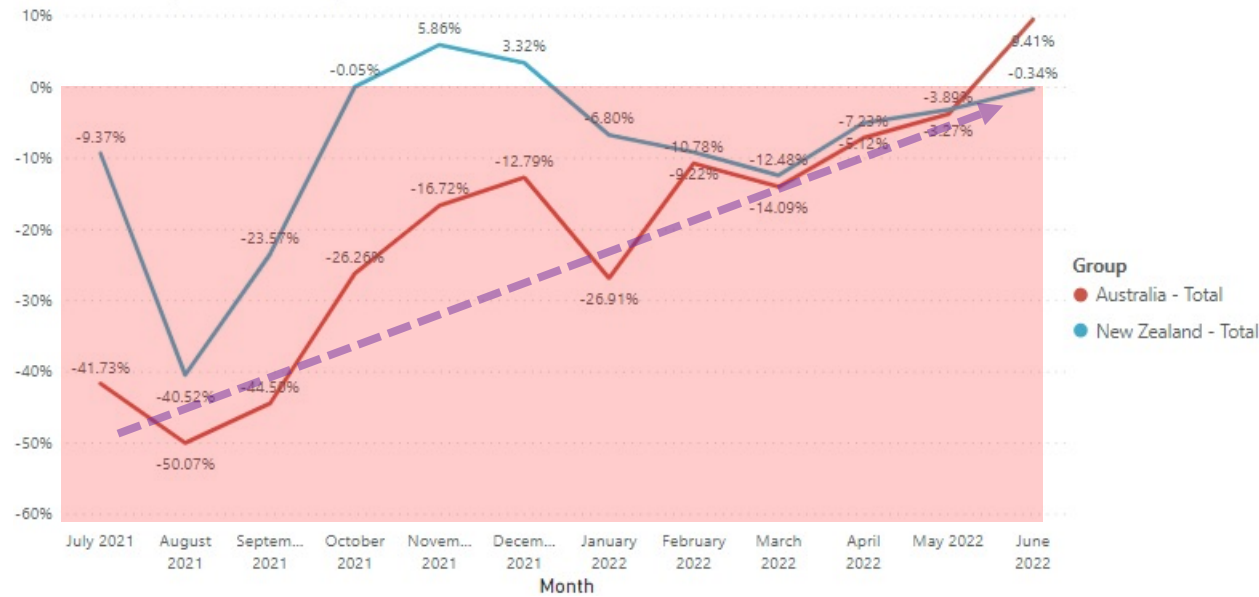


DWELL TIME



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.



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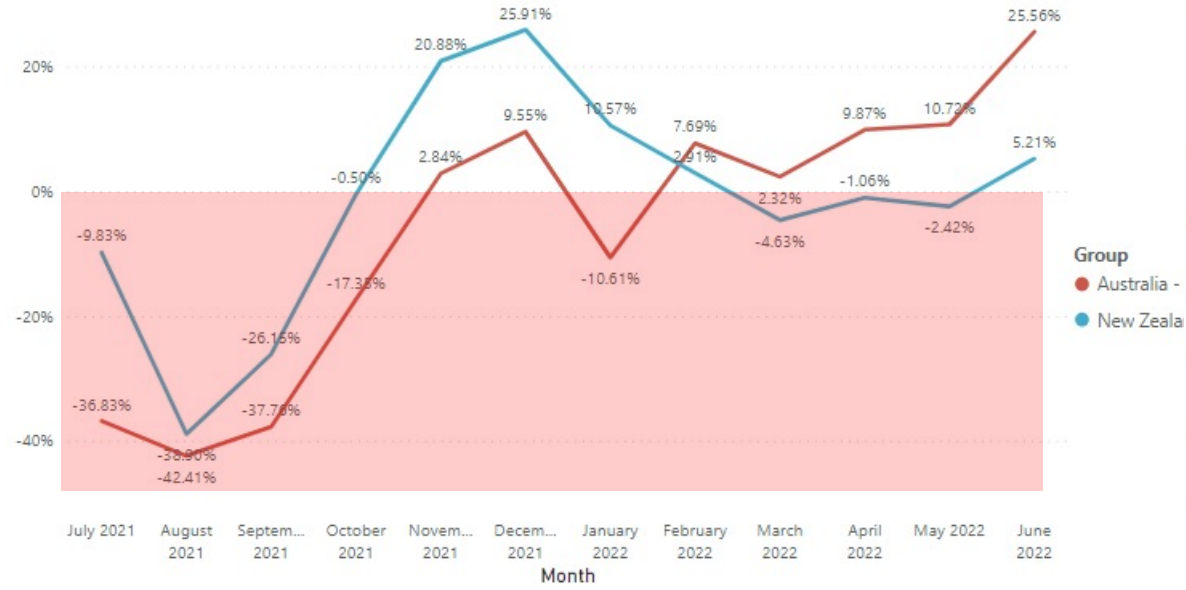


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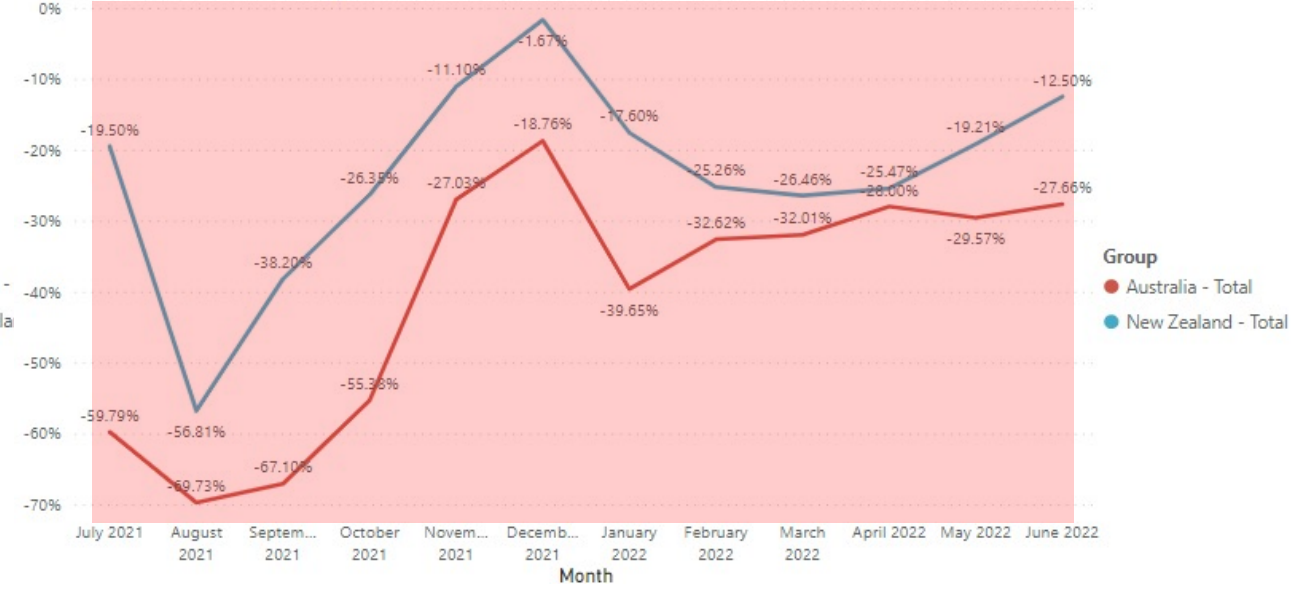


Outside Traffic

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



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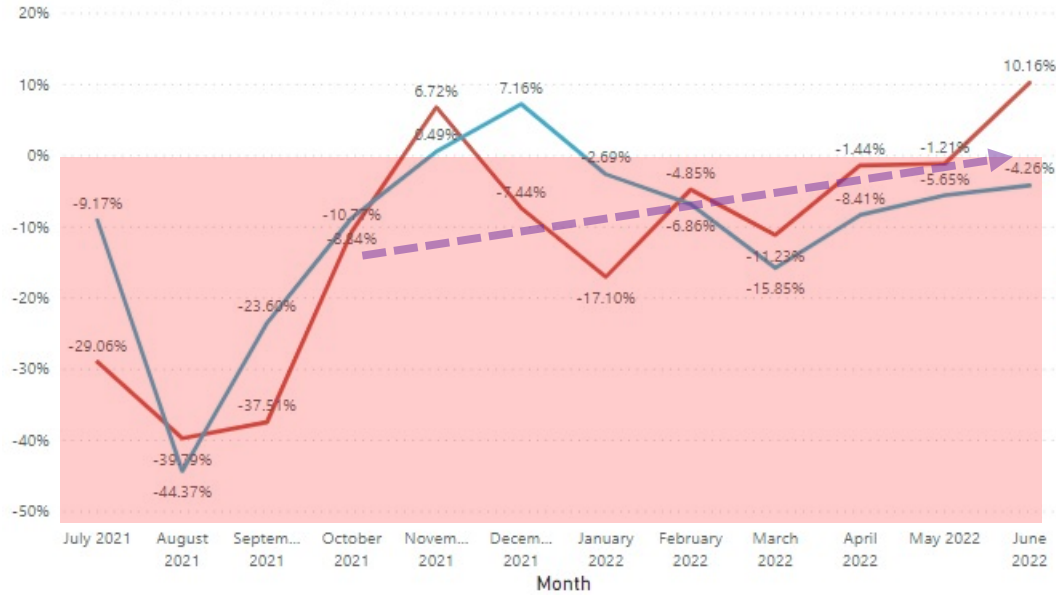
DWELL TIME



Transactions and ATV

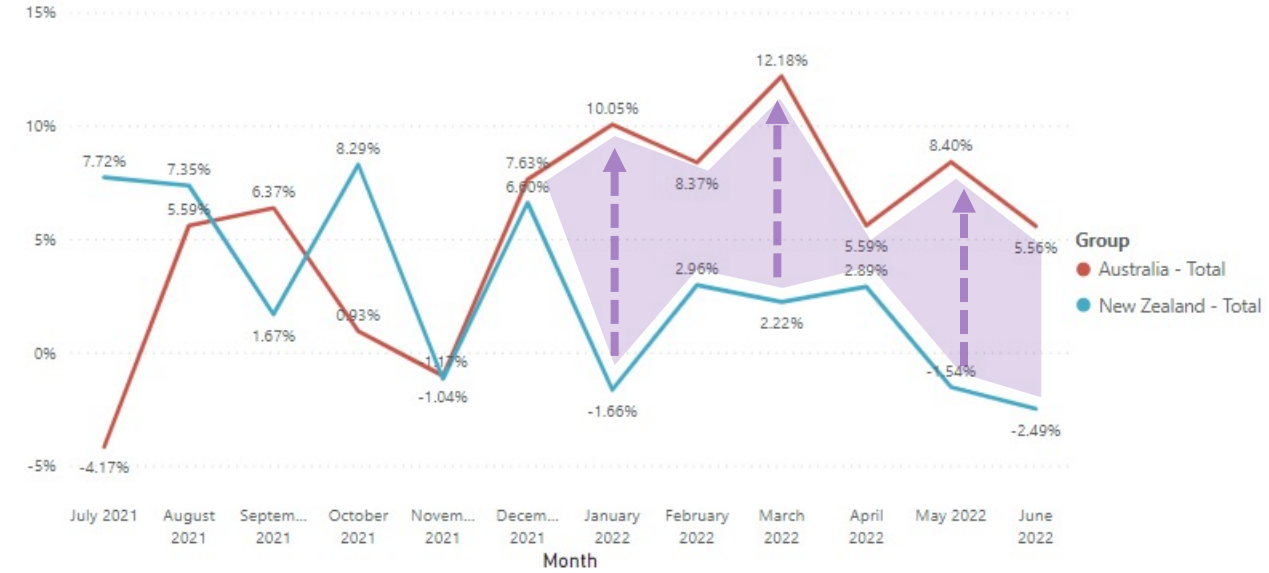
Transactions

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.



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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



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 like-for-like (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.



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Thank You

Stay in touch

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