MANAWATU REGION QUARTERLY REPORT

For Period Ending October 2018

Central Economic Development Agency

Prepared for

Central Economic Development Agency

Date

November 2018

CONTENTS

OCTOBER 2018 QUARTER

SMALL PRINT

Privacy

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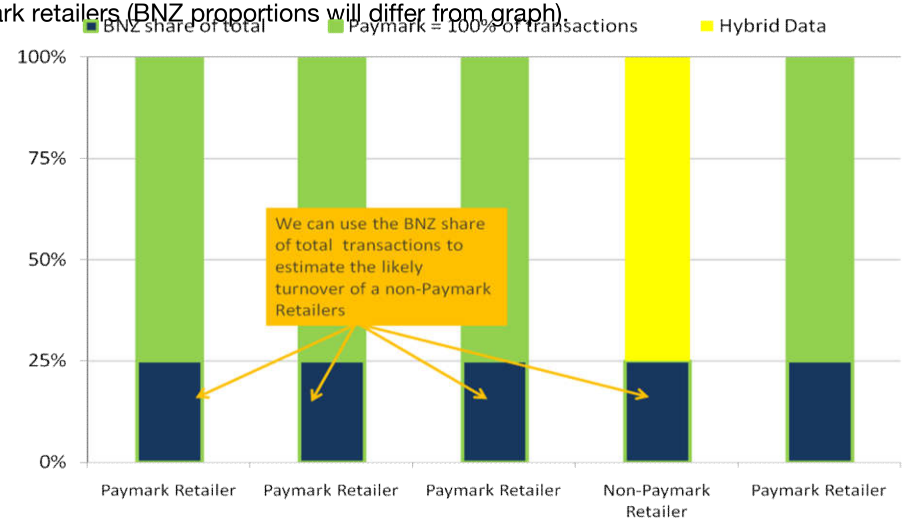
DATA SOURCE

The data included in this report represents the total value of electronic card retail transactions. For a frame of reference, Statistics NZ report just under 70% of total retail is paid with an electronic card (ECT publication and Retail Trade Survey). The rest is comprised of cash, hire-purchase and any other less-frequent method of payment. The data (referred to as Hybrid Data on the graph below) combines our two primary data sets in order to capture the complete quantity of retail spending.

The first of these is the Bank of New Zealand cardholder base. This set is based on the eftpos, debit and credit card transactions made by BNZ cardholders. BNZ has around a 20% share of the cards market, so on average BNZ Marketview accounts for one in five retail transactions. (As at July 1 2015, there were over 650,000 active BNZ cardholders).

The second is the Paymark merchant database. New Zealand has two eftpos networks. The largest of these is run by Paymark, a joint venture owned by ASB, BNZ, (formerly) the National Bank and Westpac. Approximately 75% of New Zealand retailers use the Paymark network. This data set provides a complete view of all eftpos, debit and credit card transactions made at merchants on the Paymark network, both from New Zealanders and international visitors. (As at July 1 2015, there were over 40,000 active merchants on the Paymark network).

For retailers which are not on Paymark network, there is no transactional data available from on the Paymark database. To fill this data gap we weight the BNZ cardholder spending at non-Paymark merchants. The weightings would be based on BNZ's share of the Paymark transactions. The underlying assumption would be that the BNZ cardholders would make up a similar share of spending at Paymark and non-Paymark merchants. The graph below illustrates how our Hybrid Data is used to account for spend at non-Paymark retailers (BNZ proportions will differ from graph).



RETAIL OVERVIEW

FOR PERIOD ENDING OCTOBER 2018 QUARTER

QUARTERLY ACTIVITY

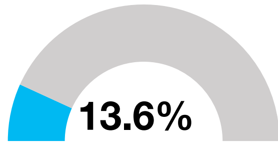
Changes over same time last year

SPENDING	TRANSACTIONS
$339,028,725	8,148,081
▲ 7.3%	▲ 4.6%

Spending in your area grew by 7.3% over the same time last year. Transactions in your area grew by 4.6%. NZ spending grew by 5.7%, and transactions by 4.0%

MARKET SHARE

Your Share vs Key Competitors



vs. last year

▼ -0.1%

Market share is your share of spending in the market (yourself and key competitors).

Your key competitors are based on areas you have chosen, in this case Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato territorial authorities

CARDHOLDER ORIGIN

	CARDHOLDER CONTRIBUTION	VALUE SPENT IN YOUR REGION	CHANGE (VS. SAME QUARTER LAST YEAR)
LOCALS	72.3%	$245.13 mn	9.4% ▲
REST OF HORIZONS	12.3%	$41.72 mn	4.1% ▲
REST OF NZ CARDHOLDERS	14.6%	$49.57 mn	0.3% ▲
INTERNATIONAL CARDHOLDERS	0.8%	$2.61 mn	4.4% ▲

FASTEST GROWING STORETYPES

Based on Spending

	vs. last year
IN YOUR REGION	
Fuel	▲ 26.0%
IN COMPETITOR LOCATIONS	
Fuel	▲ 25.6%

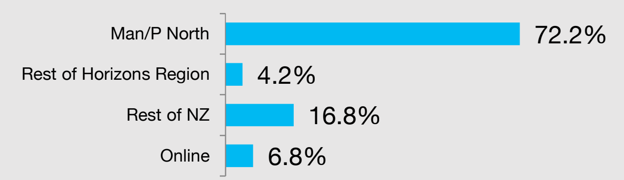
Fuel in your area had the largest growth amongst storetypes, up 26.0%.

Fuel had the largest growth in Key Competitor locations, up 25.6%.

LOYALTY AND OUTFLOW

Destination of Locals' Spending

Manawatu / Palmerston North residents conducted 72.2% of their retail spending in Man/P North and 4.2% in the Rest of Horizons Region. They spent 6.8% online.



marketview
A Verisk Business

WHERE ARE THE RETAIL HOTSPOTS?

How does this affect planning? Is it happening where we want it to happen?

TOP PERFORMING LOCATIONS

Based on percentage change in spending from same period last year

FOR ALL CARDHOLDERS	REST OF MANAWATU	INTERNATIONAL CARDHOLDERS	TERRACE END

** Map insert in Appendix

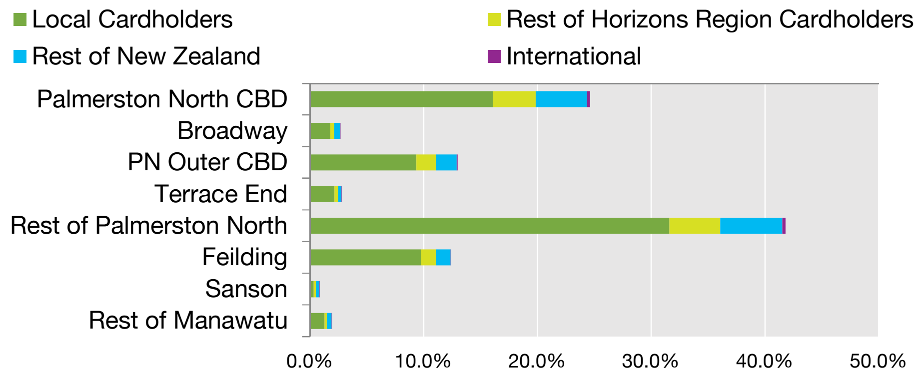
CHANGE IN SPENDING

Change in spending over same period last year

RANK	LOCATION	VALUE OF SPENDING	CHANGE IN SPENDING
1	Rest of Manawatu	$6,480,582	63.2%
2	Sanson	$2,775,114	17.3%
3	PN Outer CBD	$43,995,935	13.3%
4	Feilding	$42,047,137	10.7%
5	Rest of Palmerston North	$141,691,247	5.2%
6	Palmerston North CBD	$83,482,203	4.8%
7	Broadway	$9,135,381	1.7%
8	Terrace End	$9,421,124	-0.9%
	TOTAL	**$339,028,725**	**7.3%**

DISTRIBUTION OF SPENDING

Split by cardholder location



WHO IS SPENDING AT OUR RETAILERS?

Is this changing? How appealing are we to visitors/ tourists?

SPENDING BY CARDHOLDER LOCATION

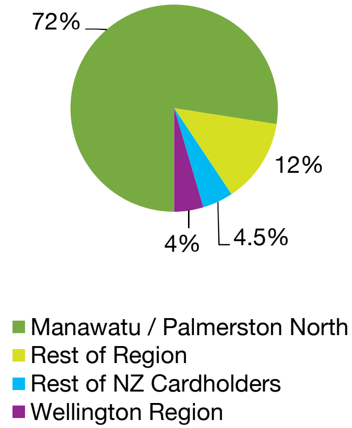
Change in spending over same period last year

CARDHOLDER AREA	VALUE SPENT	CHANGE ON SAME QUARTER LAST YEAR
MANAWATU / PALMERSTON NORTH	$245.13 mn	9.4%
REST OF REGION	$41.72 mn	4.1%
REST OF NZ CARDHOLDERS	$15.22 mn	-1.8%
WELLINGTON REGION	$14.33 mn	-3.0%
AUCKLAND REGION	$11.14 mn	11.7%
WAIKATO REGION	$4.49 mn	6.7%
HAWKE'S BAY REGION	$4.40 mn	-11.6%
INTERNATIONAL	$2.61 mn	4.4%

International cardholder spending within New Zealand is up 8.4% over the same period last year, and transactions are up 15.5%. Regions are chosen based on top spenders in Manawatu/Palmerston North for the quarter.

DISTRIBUTION OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CONSUMER GROUP

Based on spending change from the same period last year

AUCKLAND REGION

WHAT DOES OUR RETAIL CASHFLOW LOOK LIKE?

How much are we leaking to other areas?

OVERVIEW OF INFLOW AND OUTFLOW TO/FROM MANAWATU / PALMERSTON

LOCAL INFLOW

The total amount spent in your region

+ $245.13 mn

VISITOR INFLOW

The total amount of spending by cardholders living outside your region

- $93.89 mn

NET INFLOW TO YOUR AREA

Total inflow minus total outflow

= $339.03 mn

NET GAIN FOR YOUR AREA

Net gain in spending for your region

= -$0.61 mn

THE BREAKDOWN

Non-locals include international cardholders

LOCALS SPENDING LOCALLY

$245.13 mn

LOCALS SPENDING ELSEWHERE

$94.50 mn

This figure includes $71.31mn spent in other areas, and $23.19mn spent online"

ORIGIN OF INFLOW BY CARDHOLDER LOCATION

Breakdown of spending in your council

What's coming into your region

What's spent outside your region

CARDHOLDER LOCATION	YOUR REGION	ELSEWHERE IN NZ
Manawatu / Palmerston North	$245.13 mn	$71.31 mn
Rest of Region	$41.72 mn	$306.82 mn
Rest of NZ Cardholders	$15.22 mn	$5,430.24 mn
Wellington Region	$14.33 mn	$1,622.90 mn
Auckland Region	$11.14 mn	$5,272.19 mn
Waikato Region	$4.49 mn	$1,278.14 mn
Hawke's Bay Region	$4.40 mn	$486.48 mn
International	$2.61 mn	$429.08 mn
TOTAL	$339.03 mn	$14,897.16 mn

HOW ARE OUR RETAILERS PERFORMING?

Are we keeping pace? Are our retailers maximising the available opportunities?

RETAIL CATEGORY CHANGE IN SPENDING AND PERFORMANCE

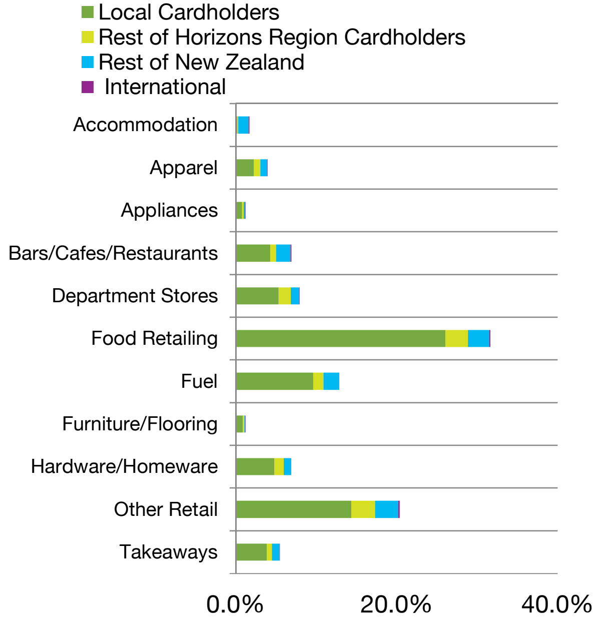
Spending change over same period last year

RETAIL CATEGORY	$$ SPEND	YOUR RESULT	YOU VS. COMPETITOR GROUP: RANK	YOU VS. COMPETITOR GROUP: CHANGE ON LAST
ACCOMMODATION	$5.74 mn	▼ -4.4%	5	-2
APPAREL	$13.43 mn	▼ -3.9%	4	-1
APPLIANCES	$4.00 mn	▲ 0.1%	3	2
BARS/CAFES/RESTAURANTS	$23.42 mn	▲ 5.3%	3	2
DEPARTMENT STORES	$26.80 mn	▲ 5.4%	4	-3
FOOD RETAILING	$107.23 mn	▲ 2.7%	4	0
FUEL	$43.52 mn	▲ 26.0%	3	0
FURNITURE/FLOORING	$4.00 mn	▲ 8.8%	2	1
HARDWARE/HOMEWARE	$23.26 mn	▲ 11.3%	3	1
OTHER RETAIL	$69.04 mn	▲ 8.1%	1	0
TAKEAWAYS	$18.58 mn	▲ 9.4%	5	-4

The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

ORIGIN OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CATEGORIES

Domestic/ International split

For ALL Cardholders	For INTERNATIONAL Cardholders
FUEL	FURNITURE/FLOORING

DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?

Have we got gaps? Where should be target development?

PROPORTION OF LOCAL CARDHOLDER'S SPENDING THAT GOES TO LOCAL MERCHANTS

High percentages presume that local cardholders are happy with local options

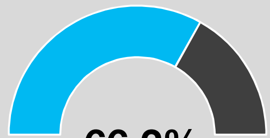
RETAIL CATEGORY	PROPORTION OF SPENDING DONE LOCALLY	
ACCOMMODATION	Manawatu / P North	7.3%
	New Zealand Avg	17.8%
APPAREL	Manawatu / P North	64.4%
	New Zealand Avg	52.2%
APPLIANCES	Manawatu / P North	73.7%
	New Zealand Avg	63.6%
BARS/CAFES/RESTAURA	Manawatu / P North	60.9%
	New Zealand Avg	54.6%
DEPARTMENT STORES	Manawatu / P North	83.1%
	New Zealand Avg	61.8%
FOOD RETAILING	Manawatu / P North	85.8%
	New Zealand Avg	77.7%
FUEL	Manawatu / P North	73.9%
	New Zealand Avg	66.9%
FURNITURE/FLOORING	Manawatu / P North	79.7%
	New Zealand Avg	58.1%
HARDWARE/HOMEWARE	Manawatu / P North	88.2%
	New Zealand Avg	65.9%
OTHER RETAIL	Manawatu / P North	79.5%
	New Zealand Avg	63.9%
TAKEAWAYS	Manawatu / P North	74.9%
	New Zealand Avg	64.0%

0.0% 50.0% 100.0%

OVERALL LOYALTY

77.5%

Local cardholders spent 77.5% at local merchants this quarter (exc Online).



66.2%

New Zealanders spent 66.2% with their local merchants this quarter.

MOST LOYAL CATEGORY

SPENDING

HARDWARE/HOMEWARE

TRANSACTIONS

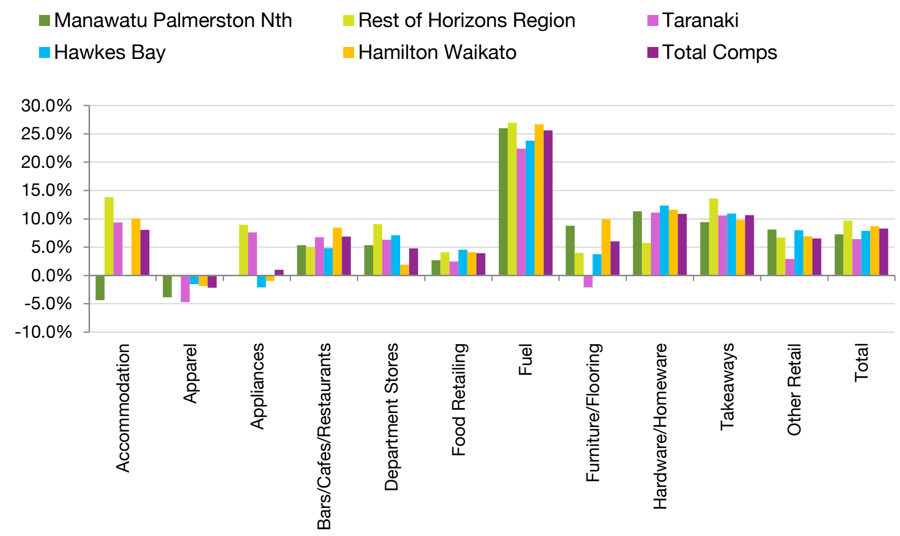
HARDWARE/HOMEWARE

HOW DO WE COMPARE TO COMPETITORS?

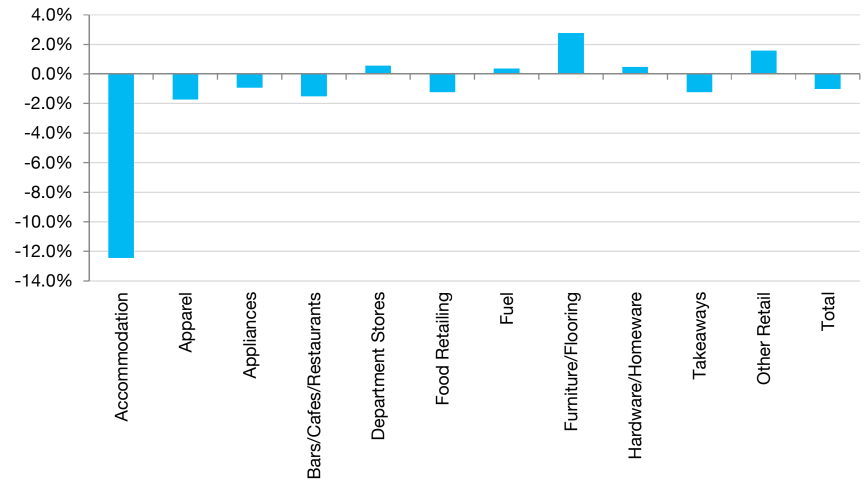
Is your local offering sufficient? How to you compare against competitors?

CHANGE IN SPENDING BY RETAIL CATEGORY

Over Same Period last year



MANAWATU / PALMERSTON NORTH CHANGE COMPARED TO PEER GROUP AVERAGE



BEST COMPARED TO AVERAGE PEER

Based on change in spending this year over same time last year

FURNITURE/FLOORING

WORST COMPARED TO AVERAGE PEER

Based on change in spending this year over same time last year

ACCOMMODATION

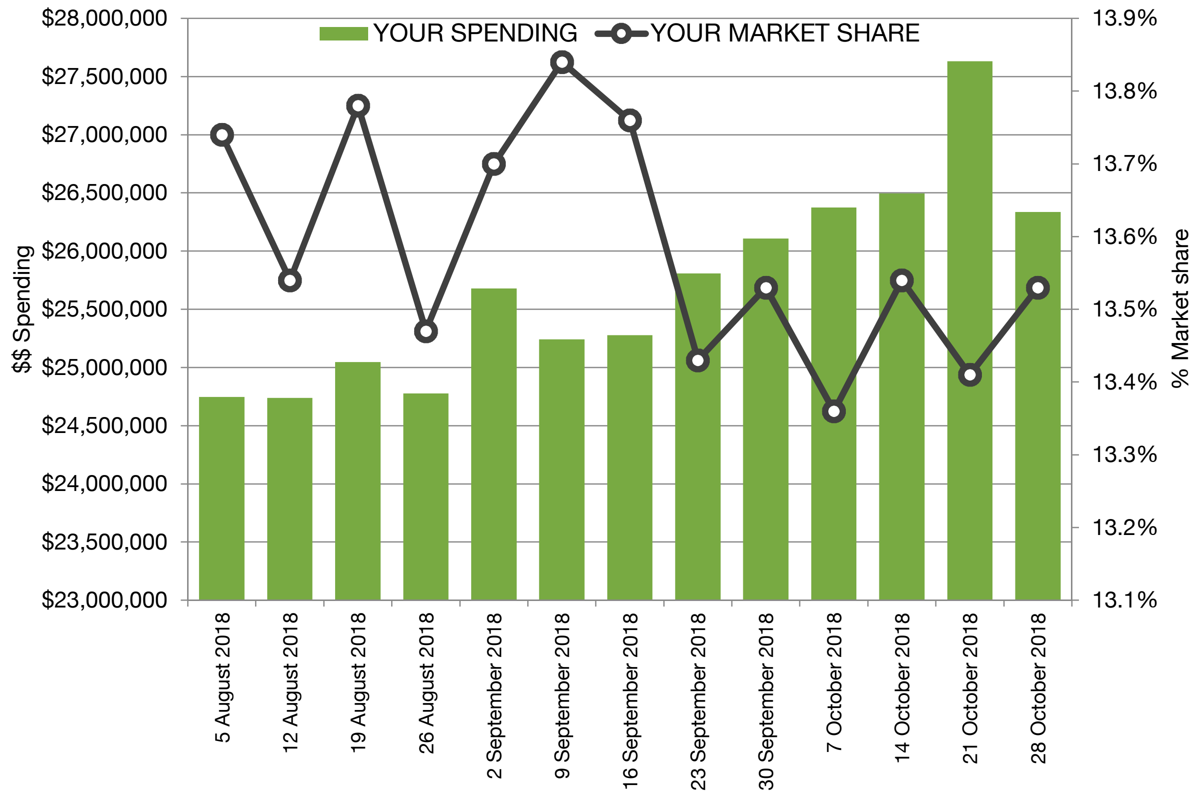
The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

HOW HAS RETAIL ACTIVITY VARIED BY WEEK

How does this affect planning? Has any event stimulated activity?

SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET

By Week Ending:



BEST PERFORMERS

YOUR HIGHEST TOTAL WEEKLY SPEND

Week ending

21 October 2018

YOUR HIGHEST WEEKLY MARKET SHARE

Week ending

9 September 2018

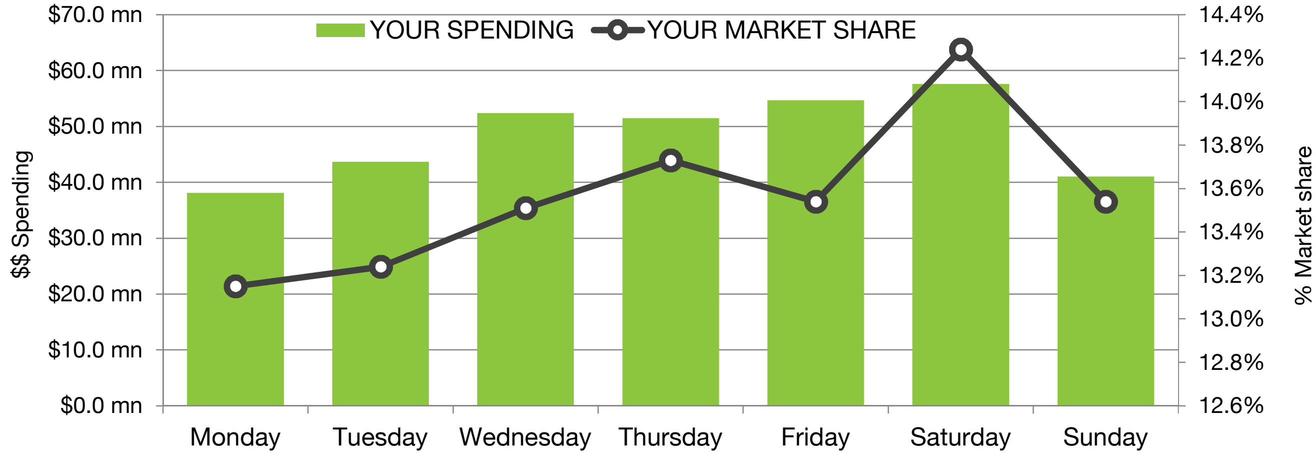
Total market is based on spending at yourself and competitors. The competitor group is made up of retailers in Rest of Horizons Region, Taranaki, Hawkes Bay, Hamilton, and Waikato, and based on similar and/or neighbouring regions.

WHEN ARE OUR RETAILERS BUSIEST?

Are we managing council resources effectively to match these busy periods?

SPENDING DONE IN MANAWATU / PALMERSTON NORTH AND SHARE OF THE MARKET

By Week



DiSTRIBUTION OF SPENDING AT MERCHANTS IN YOUR REGION - BY TIME OF DAY

The darker the box, the higher the proportion of spending

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Avg. for Period
Midnight - 4am	0.2%	0.2%	0.2%	0.3%	0.3%	0.7%	1.3%	**0.4%**
4am - 8am	3.2%	3.6%	3.7%	3.9%	3.3%	1.6%	1.3%	**3.0%**
8am - Midday	26.9%	26.8%	25.5%	25.7%	25.0%	30.4%	27.1%	**26.8%**
Midday - 4pm	37.8%	36.2%	35.5%	35.7%	36.8%	40.0%	43.0%	**37.7%**
4pm - 8pm	27.5%	28.4%	29.7%	29.2%	28.6%	21.8%	23.7%	**27.0%**
8pm - Midnight	4.4%	4.7%	5.4%	5.2%	6.1%	5.5%	3.5%	**5.0%**
Avg. for Day	**11.6%**	**13.2%**	**15.6%**	**15.0%**	**16.2%**	**16.2%**	**12.1%**	**100.0%**

YOUR BEST PERFORMERS

DAY OF THE WEEK WITH MOST SPENDING

Saturday

DAY OF THE WEEK WITH HIGHEST MARKET SHARE

Saturday

TIME PERIOD WITH HIGHEST PROPORTION OF SPENDING

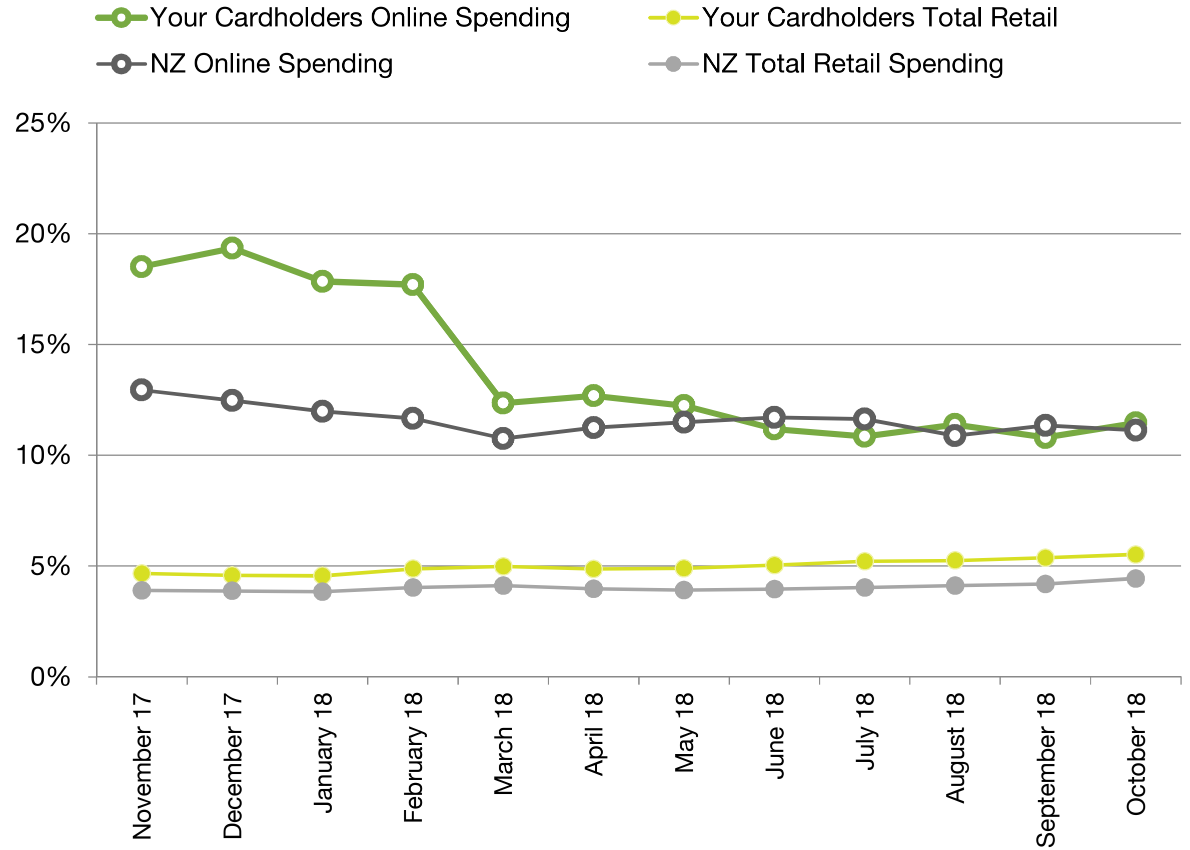
Midday - 4pm

HOW MUCH ARE LOCALS SPENDING ONLINE?

Is your local offering sufficient? What does this mean for property prices?

CHANGE IN ONLINE SPENDING VS TOTAL NZ TRENDS

Rolling 12 months change in spending



GROWTH IN ONLINE SPENDING (this quarter)

Your Locals	NZ Average
▲ 18.2%	▲ 9.3%

SHARE OF TOTAL RETAIL SPENDING

Your Locals	NZ Average
6.8%	11.0%

% SPENT ON OVERSEAS WEBSITES (this quarter)

Your Locals	NZ Average
42.8%	44.7%

FASTEST GROWING ONLINE CATEGORY (for local cardholders)

Fuel

Fuel may be the highest category as consumers pay fuel cards through credit card

APPENDIX

STORETYPE DEFINITIONS- BASED ON ANZSIC CATEGORIES

Accommodation:	Accommodation
Apparel:	Clothing Retail, Foodwear Retail
Appliances:	Domestic Apliances
Bars/Cafes/Restaurants:	Cafes and Restaurants, Pubs Taverns and Bars
Department Stores:	Department Stores
Food Retailing:	Bread and Cake Retailing, Fresh Meat, Fish and Poultry Retailing, Fruit and Vegetable Retailing, Specialised Food Retailing, Supermarket and Grocery Stores
Fuel:	Automotive Fuel Retailing
Furniture/Flooring:	Floor Covering Retailing, Furniture Retailing
Hardware/Homeware:	Domestic Hardware and Houseware Retailing, Building Supplies
Other Retail:	Antique and Used Goods, Automotive Electrical Services, Automotive Repair and Service, Clubs (Hospitality), Fabric and Other Soft Good Retailing, Flower Retailing, Funeral Directors, Crematoria, and Cemeteries, Garden Equipment Retailing, Gardening Services, Hairdressing and Beauty Salons, Household Equipment Repair, Laundries and Drycleaners, Liquor Retailing, Marine Equipment, Newspaper, Books and Stationery, Personal and Household Goods, Personal Services, Pharmaceutical, Cosmetic and Toiletry Retailing, Photographic Equipment, Photographic Film Processing, Photographic Studios, Recorded Music Retailing, Retailing nec, Smash Repairs, Sport and Camping Equipment, Toy and Game Retailing, Travel Agency, Tyre Retailing, Video Hire Outlets, Watch and Jewellery Retailing
Takeaways:	Takeaways

APPENDIX

Map Insert for Palmerston North breakdown. The map is indicitive and the boundaries may vary, due to street/meshblock split. Broadway is inline with council definitions.