2022

2021

The Retail Landscape – March 2022

ShopperPANEL

EDITION 7

ShopperPANEL provides in depth analysis of shopper behaviours and predictive insights into the future of the shoppers needs & wants in a post COVID-19 market

CLEMENGER FIELD MARKETING
OUTSTANDING PEOPLE, OUTSTANDING PERFORMANCE

creative activation

CONTENTS

The Retail Landscape – March 2022

Are Australians Simply Returning to their ‘Normal’ way of Living?

About this Report

Welcome to our 7th edition of the ShopperPANEL Retail Report. In this edition we look at the current retail landscape, with an emphasis on Australians returning to a more ‘normal’ shopping environment

This report combines survey data from over 350 respondents, asking them about their retail experiences as Australia starts to move back towards a pre-covid environment.

Although there are some good signs in relation to Covid cases falling, there are still major issues in relation to stock availability, as supply chain issues continued to place pressure on retailers.

Australians are looking to get back to ‘normal’, but the Covid pandemic will continue to have lasting effects on the retail environment, that will likely continue well into 2022 and beyond.

Will Business Confidence Continue to Grow Boosted by Optimism that the COVID-19 Outbreak will be Short-Lived?

4.2% Unemployment Rates

Seasonally adjusted estimates for January 2022:

- Unemployment rate remained at 4.2%.
- Participation rate increased to 66.2%.
- Employment increased to 13,255,000.
- Underemployment rate increased to 6.7%.
- *(ABS 2022)*[1]

Business Confidence

The NAB business confidence index in Australia bounced back to 3 in January 2022 from December's 17-month low of -12, boosted by optimism that the COVID-19 outbreak would be short-lived. Sentiment rose across all industries, with wholesale, transport, and recreation & personal services seeing large upturns. *(TradingEconomics.com)*[2]

Retail Sales Down 4.4%

Retail sales in Australia fell by 4.4% month-on-month in December 2021, unrevised from a flash figure and after a 7.3% jump a month earlier. This was the first decrease in retail trade since August and the steepest pace since April 2020, dragged down by mounting fears over the rapid spread of the omicron strain that kept consumers from spending on goods and services.

(TradingEconomics.com)[3]

Online Growth of 8.9%

Currently the online market size in Australia is $47.9bn, with the market size expected to grow by 8.9% in 2022. The average growth in this space over the past 5 years (between 2017 and 2022) has been 19.6%

(Auspost.com.au)[4]

Executive Summary

Since the formal declaration of COVID-19 as a pandemic in March 2020, consumers, businesses, and entire industries have grown accustomed to 'disruption' as simply part of doing business. Australia has been no exception to this rule, and retail as a sector has grappled with a particularly challenging operating environment.

Australian retailers have needed to swiftly respond to evolving consumer behaviour and preferences, disrupted and unpredictable supply chains, shifting operating models, organisational gaps and talent shortages, and inflationary cost challenges, just to name a few. They have also had to adapt to the fact that Australian consumers have developed new post-covid behaviours. They have adapted to the challenges laid out before them, and embraced new ways of shopping, both online and in-store.

These changes can easily be quantified, including online sales now making up more than 15% of total sales, a figure that has been accelerated by up to 3 years by the COVID-19 pandemic. It's not just the online space where consumer behaviours have changed, with the impact of lockdowns, restrictions and general safety concerns forcing many shoppers to make fewer trips to stores and to simply increase their basket size.

In the last two years customers expectations have also increased, with many customers now expecting retailers to understand their individual needs and expectations. On a relative basis, Australia has lagged other mature markets (i.e. US, UK) on eCommerce adoption and expectations of seamless omnichannel propositions. However, COVID has served to heighten consumer expectations of an integrated online and offline experience, supported by frictionless fulfillment, through click and collect and/or home delivery. Retailers in Australia will need to quickly adopt change to meet these newly developed expectations and understand the complimentary nature of the online versus in-store experiences.

Key Themes. In-store and Online.

In Store – Returning to Normal Habits

74% of respondents stated they have returned to normal shopping habits since the start of the COVID-19 pandemic back in March 2020, however 51% did state they had either reduced their visits to major shopping Centre's or are more aware of social distancing.

In-Store – Staying Away from Major Centre's

68% of all respondents have stated that the pandemic has ultimately changed where they shop. 22% have suggested that they stay away from major shopping Centre's, while 37% now only shop within their local area.

In-Store – Specific Trips Made

Close to 50% of all respondents stated that their main reason for visiting a retailer in the last 3 months was to make a specific purchase. A further 26% went to a shopping Centre to complete specific research and/or purchase across multiple retailers.

In Store – Stabilised Spending

28% of respondents are walking into a retail store and end up spending more than first expected (although 8% below figures reported in August). Overall, 60% kept within their original budget, suggesting that consumers are still wary of stretching themselves financially.

In Store – Stock Issues Top of Mind

When encountering an obstacle in their path to purchase, close to 2 in 3 respondents linked it directly with product availability. This was confirmed with 62% also stating that they had a negative experience with out-of-stock products.

Online Shopping – Changes

In the last 6 months 41% of respondents had stated that they had commenced shopping online (for the first time) linked directly with their regular grocery shop.

Online Shopping – Non-Essential Shopping

62% of shoppers are now spending at least 25% of their non-essential purchases in the online environment. Only 11% stated that they are not looking at completing any essential shopping online in 2022..

SECTION ONE

PURCHASING IN-STORE

Opportunities continue to be evident with unplanned purchases

In a study released by Invespcro in the United States, the average shopper will make an average of 3 unplanned purchases in 4 out of every 10 store visits they make.

Overall 8 out of 10 impulse buys are made in a bricks-and-mortar store, with buyers 13% less likely to make impulse buys on a planned shopping trip. They are 23% more likely to impulse buy on an unplanned shopping trip.

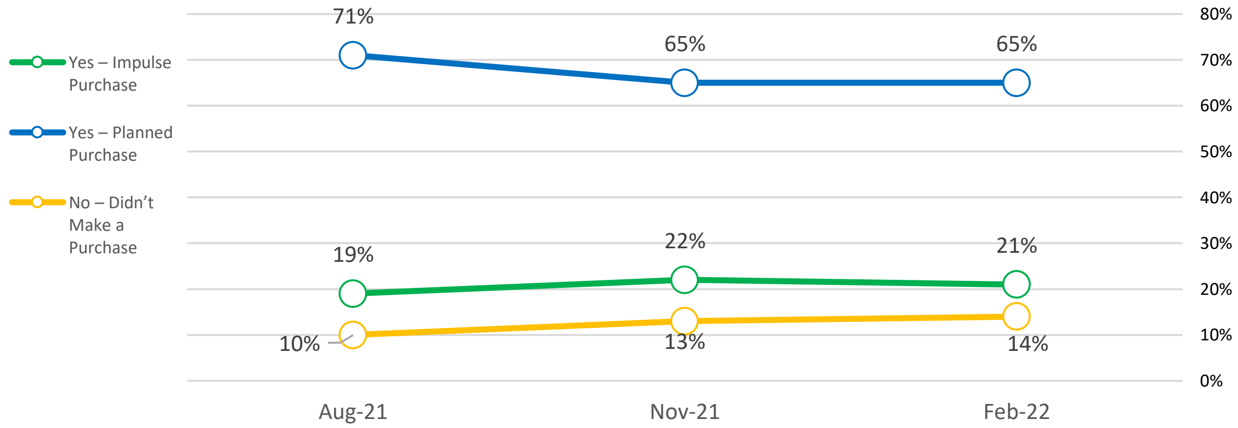
52% of millennials were more likely to make impulse purchases than any other generation.

1 in 5 respondents stated that they made an impulse purchase in their last visit to a retail store. This increases to 2 in 5 for categories such as toys and fashion, so profiling of the customer remains critical to continuously upsell throughout the interaction.

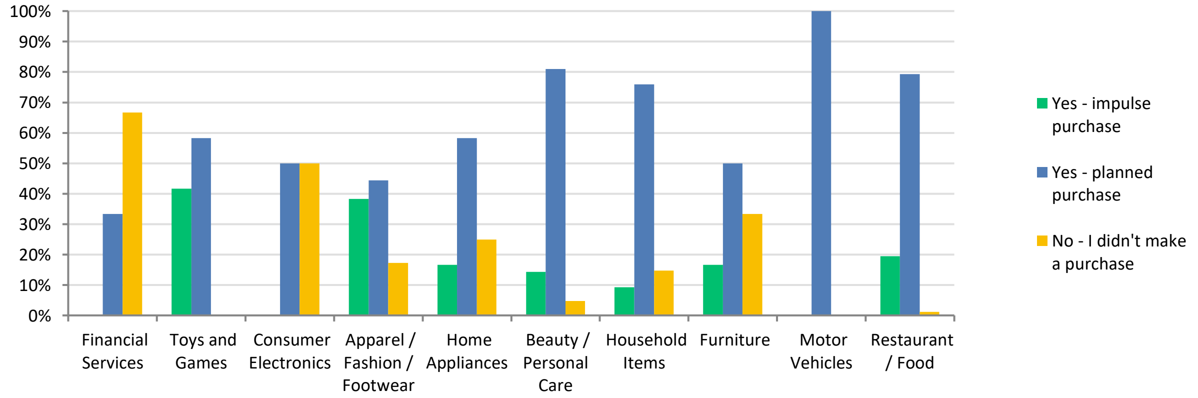
Question: When you visited a retail store last, did you end up making a purchase, and if yes, what type of purchase was it?

Note: Across Australia 84% of respondents had visited a retail store within the last 7 days

Purchase Type in Store - **TREND**



Purchase by Category – **Current Period**



Interest Rate Hikes, Property Price Corrections – Consumer Confidence?

The Consumer Sentiment Index in Australia declined 1.3% MoM to 100.8 points in February 2022, weighed down by concerns over the rising cost of living and prospects of higher interest rates.

A special Roy Morgan web survey taken in late November shows only 37% of Australians think 2022 will be ‘better’ than 2021, down a large 22% points from when the same question was asked a year ago in late 2020.

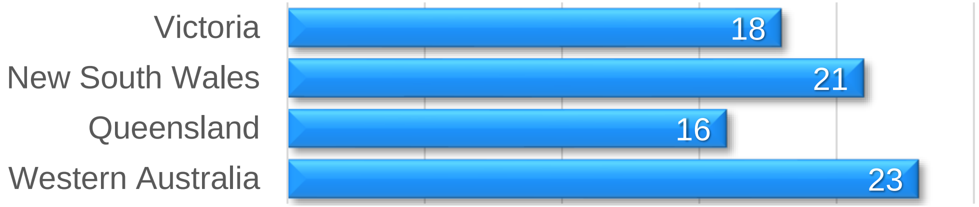
Even with these downturns, many people are content about their own financial circumstances, according to ANZ head of Australian economics David Plank.

Lockdowns and remote work arrangements throughout the pandemic reduced general transport expenses for consumers, boosting discretionary income. How long will this last in 2022?

Question: Did you end up spending more than you thought you would when you first entered the store?

Age of Respondent	Yes – Spent More Than Expected	No – Spent Around What I Expected	No – Spent Less Than Expected	No – I Didn’t Make a Purchase
18-24	34%	52%	7%	7%
25-34	35%	47%	6%	12%
35-44	28%	58%	4%	10%
45-54	16%	56%	5%	23%
55+	21%	53%	11%	15%
TOTAL	**28%**	**53%**	**7%**	**12%**
November Report Comparative	(29%)	(54%)	(5%)	(12%)

Greater consistency across Australia, with Victoria’s net position falling from +31 to +18 since the last survey back in November.
The ‘net position’ for the major states (spent more minus spent less) was as follows:



Global supply chain problems are not expected to change in the short term

Shoes, women's fashion and stationery are just some of the goods Australian shoppers face difficulty finding on shelves as an international shipping crisis sparked by the Covid-19 pandemic shows little sign of abating.

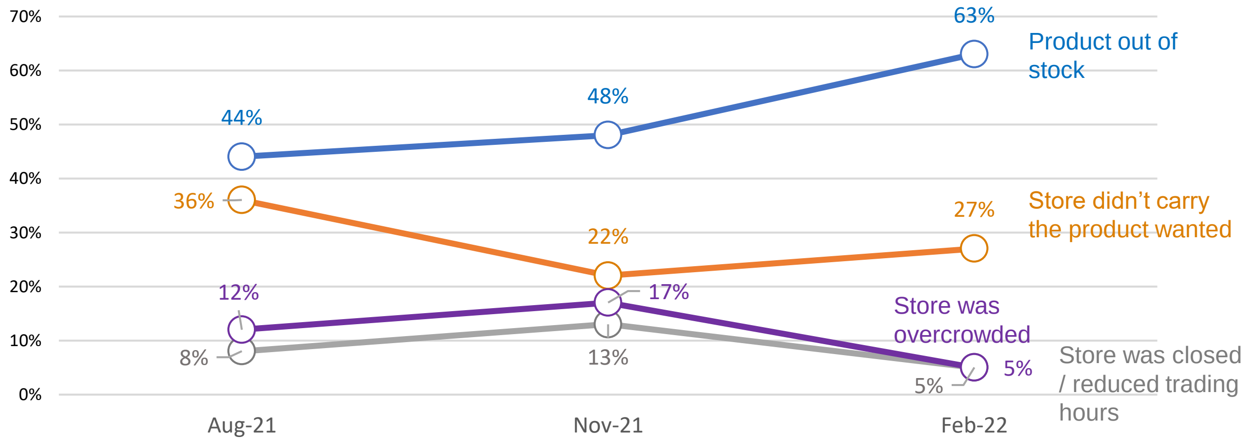
While Covid cases are dropping, Australian retailers have warned supply chain issues are expected to continue for up to 18 months.

The continued high price of shipping, together with ongoing uncertainty about when goods ordered from overseas will arrive, has forced Australian importers to order further ahead. That is putting pressure on their businesses at a time when many are already reeling from the direct impact of lockdowns over the past year as well as January's "shadow lockdown", caused by people staying home in a bid to avoid the highly contagious Omicron strain.

Supply chain issues are set to continue into 2022 – so businesses need to be resilient and adaptable to these complex challenges.

Question: Did you experience any obstacles in your path to purchase? (n=105)

Obstacles – **Path to Purchase (TREND)**



Challenges Continue into 2022

On-shelf availability – Service levels will continue to be challenged, driven by logistics delays and workforce shortages. In 2022, the Omicron outbreak has already resulted in up to 50% of labour shortages for some of Australia's largest logistics businesses. This created a significant spike in out-of-stocks for retailers across Australia.
Working capital – Inventory and working capital may continue to fluctuate given unexpected demand shifts and supply constraints along the value chain. During COVID-19, inventory fluctuated by more than 10% for many players in the value chain, which has had ripple effects upon retailers.

In-Store Product Availability Key Link to Final Purchase

With continued concerns around shopping delays and product availability, shoppers are more than ever making purchase decisions based on a stores ability to have what they need on shelf in a timely manner.

The younger generation are also more likely to place importance on promotional activities and general discounts, making it even more important for team members within store to also be able to add in the value proposition attached to each product.

The next generation of shoppers are more accustomed in completing their own research (including word of mouth and social media), so knowledgeable staff within the in-store environment become even more critical in the selling process.

Question: What would make you return to a store or consider that store again when looking to make a purchase??

Age of Respondent	Price Promotion/ Discount	Product Availability	Product Range	Expertise / Knowledge of Products	One to One Staff Engagement	Product Performance	Brand Loyalty
18-24	56%	**39%**	39%	**17%**	12%	14%	20%
25-34	62%	**53%**	47%	**16%**	18%	15%	11%
35-44	66%	**64%**	62%	**26%**	21%	25%	19%
45-54	49%	**62%**	58%	**31%**	16%	15%	22%
55+	37%	**50%**	52%	**30%**	28%	14%	5%
TOTAL	**55%**	**53%**	**52%**	**23%**	**18%**	**16%**	**15%**

Showing their discount-driven discipline, almost two thirds of Gen Z (61%) and more than half of millennials (55%) say they have waited until an item went on sale before making the plunge to buy it online. The younger generations are also the most likely to have bought an item at full price, returned it and purchased it at a lower price when it went on sale (one-in-six millennials (17%) and 14% of Gen Z vs 10% national average). *newsroom.au.paypal-corp.com*[5]

Staff Shortages Not Helping Reduce the Number of Frustrated Shoppers

Although many Australian consumers are becoming more understanding of challenges faced by retailers with stock shortages, it remains a critical play in overall in-store experiences.

This is now being coupled with staff shortages, leading to more dissatisfied customers.

Overall, both structural and cyclical supply chain disruptions will endure across the value chain, impacting on-shelf availability, working capital and complexity, forcing retailers to diversify their supply base to meet increased consumer needs. Essentially retailers need a way of selling in alternatives, ensuring that consumers are not locked into purchasing one specific product/brand with no alternative.

Stock issues are not going away in 2022. Retailers will be forced to find various ways of selling in alternate products.

Question: In the last 3 months have you found any POSITIVE/NEGATIVE experiences within retail stores?

Note: 16% of all customers didn't have any positive experiences. Multiple selections are also applicable (down 3% from our last report in November).

Negative		Positive		
11%	General Support by Staff	34%	+23	(down 2%)*
62%	Product Availability	21%	-41	(down 22%)
9%	Product Presentation	27%	+18	(down 3%)
14%	Time Invested by Staff to Provide Solution(s)	21%	+7	(down 8%)
7%	General Store Layout	32%	+25	(up 6%)
19%	Staff Morale	17%	-2	(down 5%)
29%	Staff Availability	13%	-16	(down 6%)

* November Report Comparative

State Analysis

Question: In the last 3 months have you found any POSITIVE/NEGATIVE experiences within retail stores? ** Net score calculated as % of positive driver's minus % of negative drivers*

State of Respondent	General Support by Staff	Stock Availability	Product Presentation	Time Invested by Staff to provide Solutions	General Store Layout	Staff Morale	Staff Availability
	Net Score	Net Score	Net	Net	Net	Net	Net
QLD	+22	-33	+30	+14	+23	-10	-19
NSW/ACT	+23	-42	+16	+10	+31	+5	-11
VIC/TAS	+30	-35	+18	+5	+28	+4	-23
SA	+11	-43	-7	+11	+25	+7	-21
WA/NT	+16	-57	+26	-5	+21	-8	-8
TOTAL	**+23**	**-42**	**+19**	**+7**	**+25**	**-2**	**-17**
November Report Comparative	**+25**	**-19**	**+21**	**+15**	**+19**	**+3**	**-10**

Notable State Movements from November 2021

- **Stock Availability**
  - QLD -31 to -33
  - VIC/TAS -29 to -35
  - WA -4 to -57
- **Staff Morale**
  - NSW -2 to +5
  - VIC/TAS +3 to +4
  - QLD +4 to -10
- **Staff Availability**
  - QLD -5 to -19
  - VIC/TAS -8 to -23
  - NSW/ACT -3 to -7

01
02
03

SECTION TWO

ONLINE SHOPPING.

Question: Over the last 6 months have you commenced shopping online (i.e., for the first time) for your regular grocery shop?

Age of Respondent	Yes – Woolworths	Yes – Coles	Yes – Aldi	Yes – Other Independent	No – I already shop online for groceries	No - I don't shop online for any of my grocery purchases
18-24	23%	15%	0%	2%	5%	55%
25-34	30%	11%	1%	5%	15%	38%
35-44	30%	18%	0%	0%	18%	34%
45-54	26%	10%	0%	0%	22%	41%
55+	8%	13%	3%	0%	13%	65%
TOTAL	**24%**	**14%**	**1%**	**2%**	**13%**	**47%**

Question: How has the ongoing COVID-19 pandemic effected the way you have completed your grocery shop?

Age of Respondent	Reduced visits to grocery store	No change	Reduced time spent within store	Prefer now to only purchase online	More store visits but reduced purchases
18-24	48%	30%	10%	8%	3%
25-34	39%	17%	23%	13%	7%
35-44	48%	30%	11%	7%	4%
45-54	43%	28%	16%	9%	5%
55+	30%	20%	35%	0%	15%
TOTAL	**42%**	**26%**	**18%**	**8%**	**6%**

Shoppers Continue to Adapt to a New Way of Shopping

Shopping habits have changed remarkably quickly – in fact it's unprecedented – as terms like 'QR code check-ins' and 'social distancing' emerged over the course of 24 months. There has been a rapid and growing shift to online shopping with initiatives such as 'Pick Up', and 'direct-to-boot' becoming our 'new normal'.

Recent research in Cartology's Customer Playbook in partnership with The Lab suggests that three quarters of Australians have changed the way they grocery shop due to the pandemic and 30 per cent of Australians are now omnichannel.

Those changes to behavior are not unique to Australia as globally, more than one in three people now prefer to shop online for their groceries.

Global trends suggest that, although we will always shop for groceries, the shopper journey has transformed and omnichannel is at the height of that change

Question: If you have in anyway changed your grocery habits, what was your main reasoning behind this change?

State of Respondent	Reduced Visits to Store	Social Distancing	Convenience	Contactless Delivery	Other*
QLD	32%	30%	26%	7%	5%
NSW/ACT	32%	32%	17%	11%	8%
VIC/TAS	29%	24%	37%	10%	0%
SA	10%	45%	25%	5%	25%
WA/NT	44%	18%	26%	5%	7%
TOTAL	**31%**	**29%**	**27%**	**7%**	**5%**

* Feedback from friends, delays in receiving shopping)

Question: How has the ongoing COVID-19 pandemic effected the way you will shop for groceries in the future?

State of Respondent	I will continue to reduce the number of store visits I make	I will only shop when the store is likely to be less busy	I will limit my grocery shopping to my local supermarkets only	I will look at shopping online over the next 6 months	I will continue to only shop online
QLD	41%	19%	26%	17%	17%
NSW/ACT	43%	25%	18%	9%	14%
VIC/TAS	46%	25%	28%	15%	7%
SA	34%	34%	14%	10%	3%
WA/NT	44%	28%	25%	20%	6%
TOTAL	**43%**	**25%**	**23%**	**15%**	**11%**

A Shift to Online Grocery Shopping Fast Tracked by COVID-19

Additional research by Cartology and The Lab underlines the lasting impact of the pandemic on shopping habits

- Three quarters of Australians have changed the way they grocery shop due to Covid – and the change in customer behavior is here to stay.
- The shift has resulted in a new type of grocery buyer: 30 per cent of Australians are now omnichannel.
- While Woolworths' Group ecommerce sales soared 53 per cent in the first quarter of F22, 89 per cent of Woolworths sales are still being made in-store.

Shoppers still like to shop in-store, but they have been forced to experience both the online and in-store journey (omnichannel) to purchase based on necessity.

Online Growth Impacted by Shoppers 'Less than Perfect' Experiences

Question: Based on your recent experiences shopping online, how would you rate your overall confidence in the end-to-end process?

Age of Respondent	Highly Satisfied	Satisfied	Neutral	Unsatisfied	Highly Unsatisfied
18-24	21%	55%	15%	9%	0%
25-34	29%	49%	16%	5%	0%
35-44	10%	57%	24%	7%	2%
45-54	21%	47%	21%	9%	3%
55+	38%	38%	19%	6%	0%
TOTAL	**23%**	**49%**	**19%**	**8%**	**1%**

Not all consumers are flocking to the online space, and grocery shopping is no exception. Although it seems inevitable that online sales will represent a higher percentage of total sales, consumers are not always convinced that they are receiving the same experiences by shopping online.

This is good news for the likes of Coles and Woolworths, as they are also likely to respond with a generational evolution in supermarket shopping.

Retail expert and QUT professor Gary Mortimer stated in 2021 that "The modern supermarket we saw evolve over the '80s, which was 4000 square meters and 15 aisles, will reverse back to almost a greengrocer." "Part of the space will become a mini fulfilment Centre facilitating online delivery of dry groceries, and the other half [will] remain fresh produce, dairy and deli," Professor Mortimer said.

Supermarkets will need to make change at an in-store level, changing the way consumers interact with the physical store compared to the online environment

Question: If there is a return to some sort of 'normality' in 2022, would you reconsider the changes you have made to your grocery shopping (specifically over the last 6 months)?

Age of Respondent	Yes - I would consider it (nothing specifically)	Yes - Time spent within store	Yes - Frequency of shops made in-store	Yes - travel made to supermarkets (i.e., outside of local area)	No - I'm happy to continue to shop the way I have been over the past 6 months	N/A - the COVID-19 pandemic hasn't affected the way I shop for groceries
18-24	30%	7%	17%	7%	25%	23%
25-34	27%	17%	18%	9%	39%	16%
35-44	21%	18%	18%	13%	34%	20%
45-54	24%	7%	9%	10%	36%	22%
55+	28%	20%	15%	10%	30%	20%
TOTAL	**25%**	**13%**	**17%**	**9%**	**33%**	**21%**

Shoppers Can Return to 'Normal' Shopping Habits Moving Forward

Although the COVID-19 pandemic has had a long-term effect for many Australians when it comes to shopping for groceries, there are up to 1 in 2 who would consider reverting back to previous habits post pandemic. This includes re-considering in-store visit frequency and time spent in store.

Figures around Australia have shown, especially post lockdowns, that Australians are quick to forget the pandemic in general. This has been shown in foot traffic data in across large shopping Centre's, and a return to restaurants, cinemas and big outdoor public events.

Supermarkets have the opportunity to make change in the in-store environment, encouraging shoppers who are not convinced that they will return to their 'normal' shopping habits.

69% of Shoppers Believe that they can make Better Choices in Store.

Question: In your view what are the main benefits of shopping in-store v's online for grocery items?

Age of Respondent	Choice of product (especially within fresh produce)	Visibility of stock availability	Quality of final goods	No wait times for delivery	Control spending	Interaction with team members (i.e., requiring assistance)	None - I don't believe there are any benefits
18-24	57%	58%	35%	37%	8%	10%	10%
25-34	77%	59%	35%	40%	24%	10%	6%
35-44	66%	68%	36%	38%	25%	18%	9%
45-54	74%	71%	50%	38%	17%	12%	7%
55+	68%	65%	33%	33%	10%	5%	3%
TOTAL	**69%**	**63%**	**38%**	**36%**	**18%**	**13%**	**7%**

Grocery shopping still relies heavily on the ability for the consumer to view the product firsthand prior to purchase. A large percentage of respondents pointed to the fact that having the ability to view a product can assist them in making the correct decision, and hence they still see the importance of in-store shopping.

Consumers will only ever embrace the online environment in its entirety if they have confidence that the quality of product will never vary from selecting an individual product within store. If the product quality remains the same, then shoppers will continue to grow their online grocery spend.

Product quality remains the clear differentiator between the online and in-store grocery shopping experience. This gap will naturally close, so Supermarkets will need to define the new 'value' for in-store shoppers moving forward.

SECTION THREE

THE PANDEMIC AND IT’S LASTING EFFECTS

Retailers will be Forced to Re-Assess their Long-Term Plans

For nearly two years, predictions about the future of retail have seemed dire, and retail headlines for 2022 don't look much better: empty store shelves, over one million retail jobs unfilled, and surging inflation. But these headwinds have also yielded some positive results—retailers have been forced to reexamine their legacy systems and strategies that have shaped the industry for years.

For 2022, retailers should continue down the remediation path they began at the onset of the pandemic to realise long-term and lasting benefits. In fact, the next 12 months offer opportunities to restructure outmoded supply chains, rightsize inventory management, review pricing, recalibrate promotional cadences, and reinvent the physical store for the digital age. This will likely require entirely new ways of thinking and long-term commitments from retailers, but these efforts could forever shift the way retailers conduct business. *Deloitte.com*[6]

Question: Overall do you feel like you have returned to your 'pre-Covid' (pre-March 2020) shopping habits?

State of Respondent	Yes - I shop in exactly the same way	Yes - However I have reduced the number of visits to major shopping Centre's	Yes - However I am more aware of social distancing	No - I have changed the way I approach shopping at major retailers	No - I have changed to now shop more online
QLD	23%	27%	20%	**35%**	11%
NSW/ACT	23%	21%	23%	**38%**	13%
VIC/TAS	23%	21%	25%	**27%**	14%
SA	26%	30%	33%	**30%**	19%
WA/NT	24%	32%	32%	**22%**	17%
TOTAL	**23%**	**26%**	**25%**	**31%**	**15%**
November Report Comparative	**(20%)**	**(23%)**	**(27%)**	**(27%)**	**(20%)**

Shopping Centre's Need to Find a New Way to Entice Customers back

Physical stores are poised to make a big comeback in 2022, with many big brands already saying post-pandemic pent-up demand is bringing customers flooding back to stores for new shopping experiences.

‘Experiences’ is the key word, says BDO’s national retail leader Salim Biskri. “Experiential retail should enable consumers to test out products in ways that deepen the customer experience and build confidence in the brand. In some cases, experience is evolving into ‘retailtainment’. “Vans stores in the United States allow customers to watch a movie, enjoy live music, skate on an indoor ramp and, of course, buy their favorite Vans’ products.”

All retail centres must provide reasons to visit other than shopping, but especially neighborhood retail. Biskri expects a stronger focus on design quality to emerge. “As we place greater importance on civic and public spaces, standard shopping Centre design must evolve.”

Question: With the continuing effect of COVID-19 felt around Australia, have you ultimately changed where you shop or how you shop within the retail environment? (multiple ‘yes’ options available)

State of Respondent	Yes - I now complete most of my shopping within my local area	Yes - I now stay away from large shopping centres	Yes - I now utilise click and collect on a more regular basis	Yes - I now prefer to rely on delivery services instead of shopping in-store	No - COVID-19 has not affected the locations I shop at
QLD	31%	20%	21%	13%	35%
NSW/ACT	41%	23%	31%	21%	26%
VIC/TAS	43%	20%	20%	14%	29%
SA	33%	37%	15%	11%	33%
WA/NT	37%	20%	20%	12%	34%
TOTAL	**37%**	**22%**	**22%**	**15%**	**32%**

Shoppers are Planning Ahead of Time – Driven by Less Dwell Time in Store

Close to 1 in 2 respondents stated that their main reason for visiting a main shopping Centre was to visit a specific retailer and make a pre-determined purchase. So where does this place the retailers, as shoppers spend less time in major shopping Centre's?

Australian Retailers Association chief executive Paul Zahra said the wave of fear over omicron had caused shoppers to temporarily change their behavior, with less discretionary spending in bricks-and-mortar stores, and the traditional "entertainment" aspect of a January trip to a shopping Centre in the holidays largely absent.

Overall, the COVID-19 pandemic needs to end to clearly show the long-term effects of foot traffic and dwell times within major shopping Centre's. It's not all doom and gloom, but constant evolution by retailers remain critical to ensure a 'new look' to shopping.

Retailers need to impress consumers even more within store, ensuring a seamless experience to ensure repeat customers.

Question: If you have visited a main Shopping Centre in the last 3 months, what has been your main reason for visiting?

State of Respondent	Specific visit to a retailer to make a purchase	Visit to multiple retailers (purchase and/or research)	Restaurant/ Café visit only (dine in)	Browsing of shops only	Specific visit to a retailer to complete product research	Social only	N/A - I haven't visited a main Shopping Centre in the last 3 months
QLD	39%	17%	18%	7%	11%	4%	2%
NSW/ACT	47%	15%	7%	13%	10%	2%	6%
VIC/TAS	43%	20%	4%	11%	7%	4%	7%
SA	59%	19%	11%	0%	4%	0%	7%
WA/NT	51%	21%	8%	8%	8%	0%	5%
TOTAL	**48%**	**18%**	**10%**	**9%**	**8%**	**2%**	**5%**

Shoppers Make 25% of their Non-Essential Purchases Online

In the latest report from Australia Post (January 2022), 1.7% more households shopped online in December 2021 compared to the same time in 2020. Across the period 18 November to 17 December, 2.6 million households made four or more purchases online, with the major growth categories coming within pet products, tools and garden and footwear.

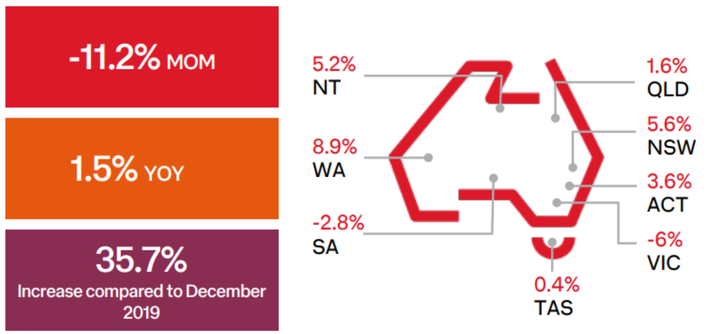
Current expectations are that online sales will account for 22.5% of total sales by 2025 (statista.com), up from an expected figure of 17.1% by the end of 2022. Some experts also believe that online sales will eventually account for 90% of all sales by 2050, but by this time retailers will have the ability to change the way they structure their bricks-and-mortar set up and structure.

COVID-19 has certainly fast-tracked growth in the Online space, although consumers are still looking for more of an omnichannel experience.

Question: In 2022 what percentage of non-essential shopping (i.e., non grocery etc.) are you likely to purchase online?

Age of Respondent	Approximately 75%+	Somewhere between 50% and 75%	Somewhere between 25% and 50%	Somewhere between 1% and 25%	N/A - I'm not looking at completing any non-essential shopping online
18-24	18%	27%	18%	31%	7%
25-34	21%	23%	25%	24%	7%
35-44	8%	37%	31%	15%	10%
45-54	7%	20%	33%	30%	9%
55+	6%	11%	25%	39%	19%
TOTAL	**13%**	**23%**	**26%**	**27%**	**11%**

eCommerce purchases, YOY growth
December 2021



Source: Auspost.com.au

Not all Australians are in a Rush to Spend More on Travel

Although it is clear that millennials are excited by the prospect of increased travel both within Australia and overseas, not everybody is rushing to spend more of their hard-earned cash on travel.

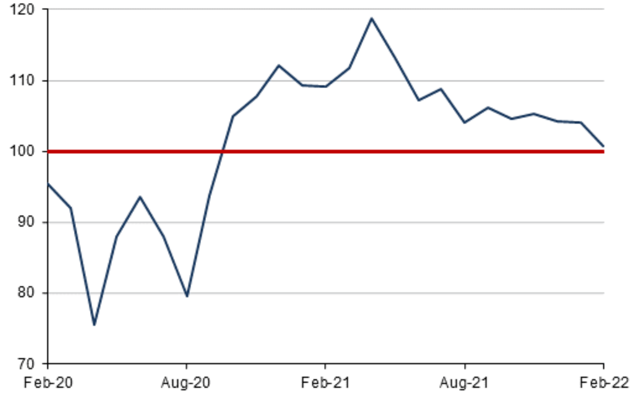
In 2020 and 2021 Australians were forced to spend their savings on home improvements, work from home office set ups and motor vehicles as the pandemic led to Australia wide lockdowns and travel exclusions. In 2022 Australians are now looking forward to a more 'normal' year, but continuous spending may not be on the cards – specifically as consumer confidence falls due to revised economic forecasts.

Consumer confidence has reached new highs in 2021, but 2022 could see revised forecasts, weighed down by concerns over the rising cost of living

Question: In 2022 how likely are you to spend more of your savings on interstate/overseas holidays?

Age of Respondent	Very Likely	Likely	Somewhat Likely	Neither Likely or Unlikely	Somewhat Unlikely	Unlikely	Very Unlikely
18-24	26%	14%	21%	7%	2%	11%	19%
25-34	20%	20%	13%	11%	7%	9%	20%
35-44	13%	13%	15%	17%	8%	8%	25%
45-54	5%	25%	9%	18%	7%	11%	24%
55+	12%	15%	30%	12%	6%	0%	24%
TOTAL	**15%**	**18%**	**17%**	**13%**	**6%**	**9%**	**21%**

Australia Consumer Confidence Chart



Source: Westpac-Melbourne Institute Survey of Consumer Sentiment

It's Not All Doom and Gloom for the Remainder of 2022

In quarter one of 2022, the prediction is that hours worked will drop 3-4% because of absenteeism and also supply issues. Damage, though, is expected to be temporary as consumers and businesses "snap back" when the Omicron wave recedes.

CBA's head of Australian economics, Gareth Aird, said the bank has for now left alone its forecasts for the second half of 2022.

"For the calendar year as a whole – that is, 2022 v 2021 – [the revision] lowers GDP growth from 5.1% to 4.8% – not a lot in the scheme of things given how big the margin of error is around forecasting at the moment," Aird said. "Some of the loss of production and spend will be permanent – but it's not a huge amount."

So, although 2 in 3 respondents stated that they didn't believe that they now have more disposable income that this time last year, there remains great optimism as to what the remainder of 2022 will deliver. Australian again has shown great resilience, even after 2 years of living with a worldwide pandemic.

Question: Compared to 12 months ago, do you believe that you now have more disposable income?

	YES	NO	Prefer Not to Say
OVERALL *(n=533)*	**28%** (37%)	**62%** (53%)	**10%** (10%)

Question: If 'Yes', what are you spending more on? (n=102)

State of Respondent	General Grocery	Takeaway Food	Fashion	Cafes/Bars/ Restaurants	Local Holidays	Household Appliances	Consumer Electronics
QLD	13%	23%	15%	21%	17%	13%	13%
NSW/ACT	13%	28%	15%	21%	21%	8%	8%
VIC/TAS	20%	27%	20%	24%	20%	5%	5%
SA	25%	17%	33%	25%	8%	17%	0%
WA/NT	40%	20%	13%	27%	13%	13%	13%
TOTAL	**19%**	**24%**	**17%**	**22%**	**19%**	**10%**	**8%**

Are you setup for a successful 2022?

If you need help accelerating your sales and customer experience, please contact us!

The purpose of ShopperPANEL is to provide a detailed shopper lens on the current COVID-19 situation and the impact it has within retail, on the end customers experience and the economic challenges that may impact Australian retails share of wallet.

For our next report we will take a deeper dive into sectors, categories and channels with the view of uncovering insights that help retailers and brands pre-empt and react to the changing marketplace.

Gerard Feehan
Group Managing Director
0419 369 974
gerard.feehan@cglrs.com.au

Ernest Fitzgerald
General Manager
0400 983 825
ernest.fitzgerald@cglrs.com.au

The Retail Landscape – March 2022

Survey Methodology

Creative Activation surveyed 369 consumers aged 18 and over in Australia to better understand the impact that COVD-19 has had on their overall shopping experiences.

The survey was fielded across the following demographics:

- Gender:
  - 67% Female, 33% Male
- Age:
  - 18-24 (19%), 25-34 (26%), 35-44 (17%), 45-54 (19%) and 55+ (19%)
- State:
  - ACT/NSW (24%), QLD (26%), VIC/TAS (22%), SA (9%) and WA/NT (19%)
- Location – Metro Areas (73%), Regional Areas (27%)
- Marital Status:
  - Married (47%), Single (33%), De-facto (20%)
- Households with children under the age of 16 (44%)
- Working status:
  - Full Time (30%), Part Time (48%), Unemployed (17%), Retired (5%)

References

1. Australian Bureau of Statistics: January 2022
2. Trading Economics, February 2022
   https://tradingeconomics.com/australia/indicators
3. Trading Economics, February 2022
4. Australia Post – *https://auspost.com.au/content/dam/auspost_corp/media/documents/inside-australia-online-shopping-update-jan-22.pdf*
5. newsroom.au.paypal-corp.com - *https://newsroom.au.paypal-corp.com/Younger_gen_the_savviest_shoppers#:~:text=Showing%20their%20discount%2Ddriven%20discipline,plunge%20to%20buy%20it%20online*.
6. Deloitte.com - *https://www2.deloitte.com/au/en/pages/consumer-business/articles/2022-retail-industry-outlook.html*