Retail RADAR

Retail NZ

A quarterly Retail NZ report // to 30 September 2025

Cautious optimism as retailers prepare for the Christmas quarter

With the peak Christmas season on the horizon, retailers are feeling a similar level of optimism as they did at the same time last year, with 66% saying they are confident or very confident about the future. In Q3 (July-September) 2024, it was 65%. After a difficult few months, with 62% of retailers not meeting sales targets in the last quarter, this level of confidence likely reflects a more conservative approach to forecasting, suggesting that many retailers are adapting rather than despairing. However, they are taking a careful approach to staffing for the busy sales season, with 64% saying they are not planning to hire additional staff this year.

The broader picture remains mixed. GDP growth has come in weaker than expected, and households continue to feel the pinch from rising food prices and a cool labour market. Much of the recent increase in retail volumes appears to be driven by heavy discounting, rather than stronger underlying demand. Lower interest rates is 'welcome news' for those re-fixing their mortgage - potentially freeing up disposable income (on average $350-$400 per month from mortgage rates 12 months ago) - but it remains to be seen whether that translates into higher spending in the coming months. The latest Stats NZ card transaction data shows encouraging signs in hospitality spending, up 1.5% from last month and continuing its upward climb over the past few months. This suggests that Kiwis are beginning to loosen their wallets, and hopefully this will extend to retail spending.

The impact of the proposed surcharge ban

Across the board, members continue to link sales performance directly to cost-of-living pressures. This quarter, more retailers are telling us that they're worried about the proposed ban on surcharging - an issue that has many retailers re-evaluating how they will price and process payments. Most respondents do not support a ban on card surcharges, preferring customers to have the choice in how they pay. Many are considering either modest price increases or changes to payment options should the ban go ahead. Click below to read the Retail NZ submission to government outlining retailers' concerns.

Read submission

47%

Plan to offer no change to listed prices (absorb the cost)

46%

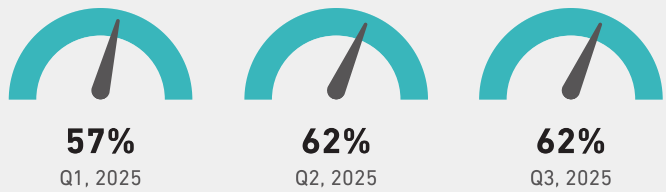
Will increase retail prices across all payment types

"We are very concerned about the surcharge ban and the extra cost of doing business."

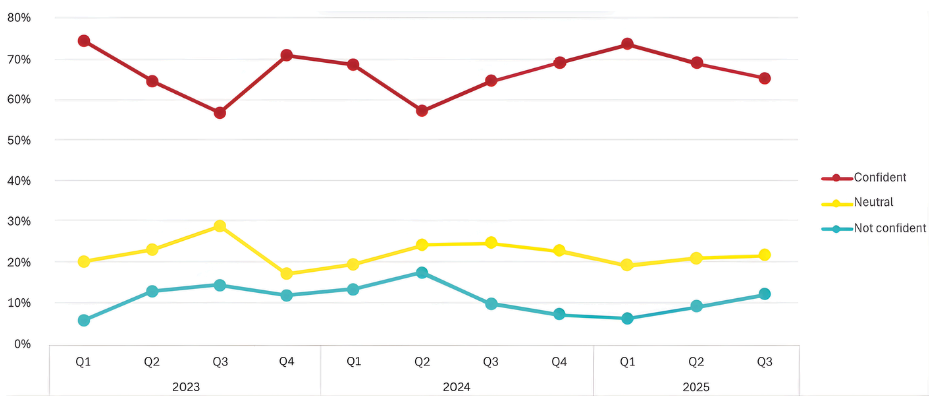
What retailers are telling us

Retailers' feedback paints a picture of resilience amid challenge. While many retailers describe trading conditions as tough, 66% of respondents still report feeling confident about the future - even though 62% didn't meet their targets in the past three months. This matches the Q2 (April-June) member feedback where 62% reported not meeting sales targets, but is disappointingly higher than the Q1 (Jan-March) result of 57% not meeting their targets.

Retailers who have not met targets in Q1 - Q3 in 2025

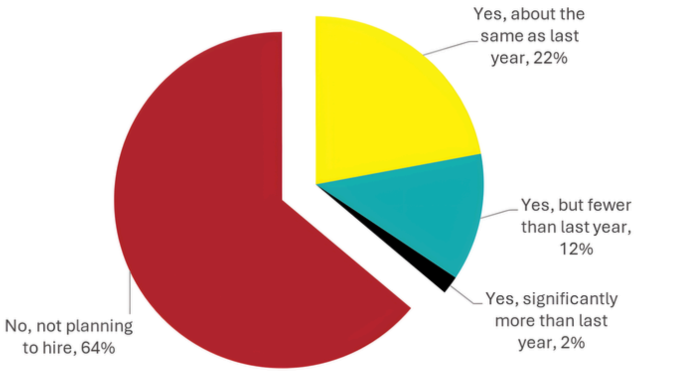


Levels of confidence among retailers



Preparing for Christmas: Caution with a touch of creativity

With the festive season fast approaching, retailers are adopting a range of strategies. Some are cautiously holding a little extra stock, while others are ordering less than last year or keeping to similar levels. Almost 64% of respondents say they are not planning to hire additional staff this year given tight margins. 22% plan to take on a similar number of staff to Christmas 2024, while only 2% say they are taking on significantly more staff for the holiday season. This will impact the wider economy, with fewer holiday jobs available for students.



Our members were asked if they plan to hire additional staff for the 2025 Christmas trading period. 64% are not planning to take on extra help.

> ***"We're not ordering Christmas stock as we've had to get rid of our storage unit to save costs."***

> ***"I'd love to hire more staff, but I just can't afford it... it's meant to be a happy time, but the worry about whether the bills can be paid is challenging."***

Among the tougher stories, there are still sparks of optimism. One retailer told us:

> ***"We've implemented a range of new products, refurbished our store and installed media screens. This seems to be the reason why we're seeing an uptick in sales."***

This simple case shows that strategic investment - a small refresh, new products, or a more engaging in-store experience - can make a tangible difference, even in a slow market.

Methodological notes:
**This Retail Radar report presents the results of a survey of Retail NZ members.*

Got questions? Email us at research@retail.kiwi

In summary: The retail balancing act

Retailers across the motu are walking a fine line between caution and confidence. The economy remains uncertain, but there are early signs that consumers are finding their feet again - particularly in hospitality and discretionary categories. In challenging times, the most successful retailers appear to be those who:

- Adapt quickly to cost and demand shifts rather than waiting for stability.
- Invest selectively in what customers notice - from fresh product lines to small visual upgrades.
- Communicate value clearly, emphasising service, experience, and community connection.

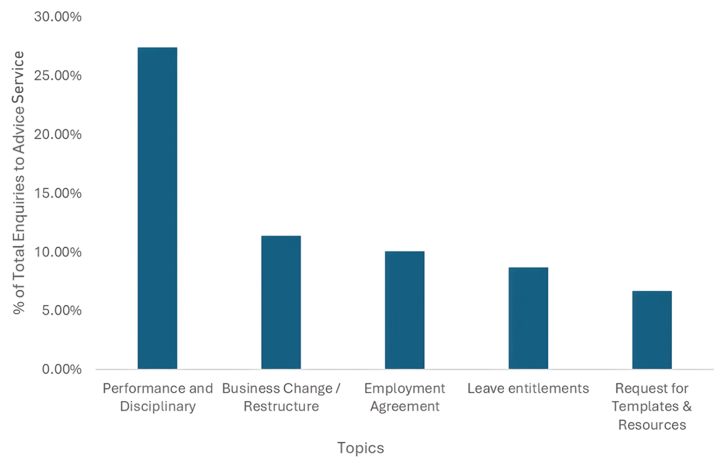
As one retailer put it, "Optimism doesn't just happen - you have to build it".

Advice Service: Your first call when you need advice you can trust

This quarter, the Retail NZ Advice Service received calls on a wide range of topics. Over a quarter of the enquiries were relating to performance and disciplinary issues. Our Advisor says "Address performance or behaviour issues early - don't let warning signs slide. Problems left unchecked often escalate, making them harder to resolve. Combine early intervention with regular feedback so employees know if they're on track. This proactive approach prevents bigger issues and supports a positive workplace culture".

The Advice Service frequently supports businesses by outlining the steps involved in a Performance Improvement Plan and advising on how to conduct investigations and disciplinary processes in a compliant and effective manner. Learn more about how our Advice Service can help you.

Visit Advice page



The top five enquiries received by the Advice Service this quarter.