



RETAIL 2022: SQUARED



Agenda

- 1 What's happening in Australian retail?
- 2 What are consumers doing?
- 3 Guest speaker: Mark Teperson

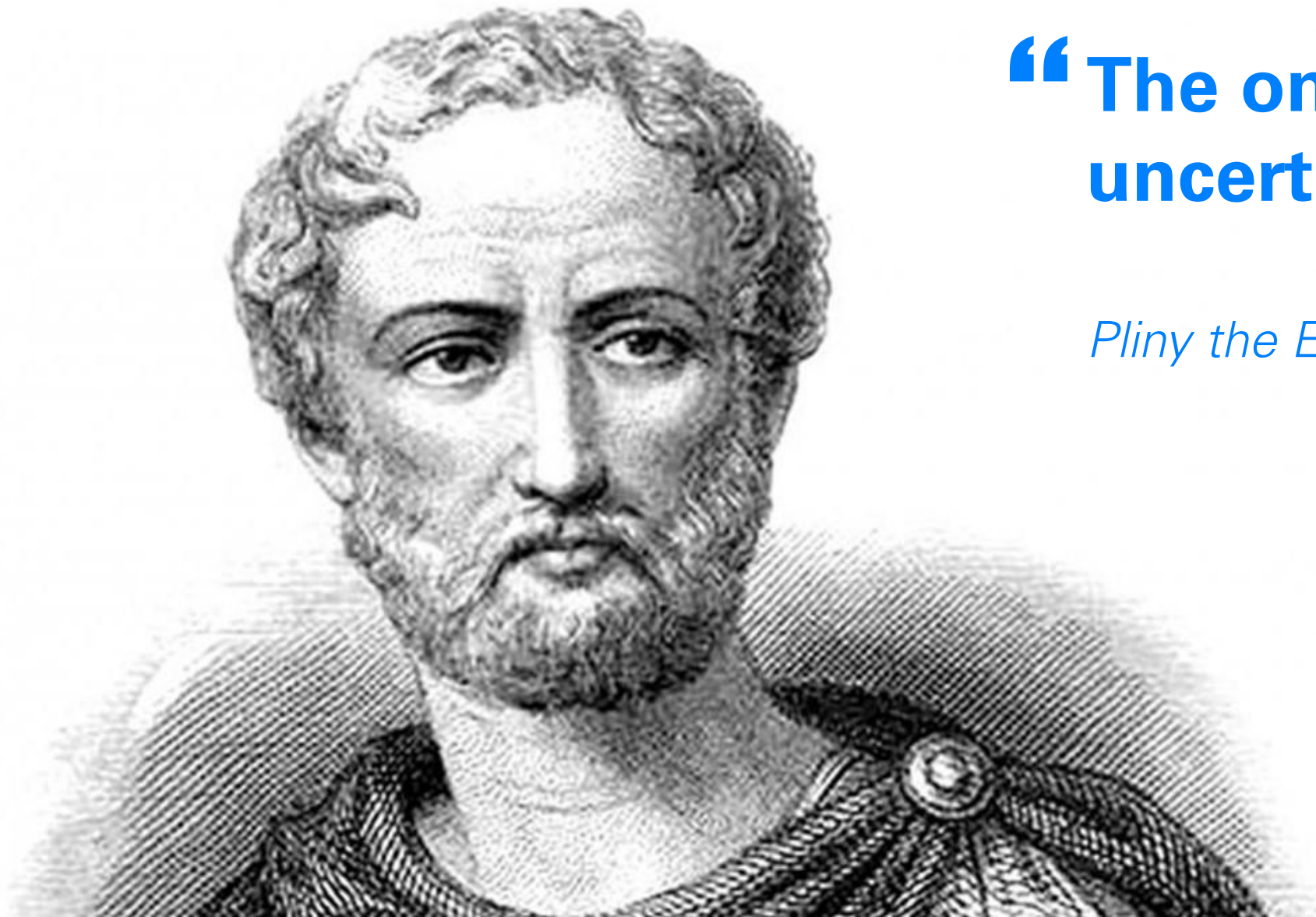
1. What's happening in Australian retail?



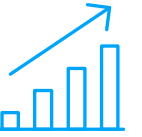
2022: from *unknown* uncertainty to *known* uncertainty

“The only certainty is uncertainty”

Pliny the Elder (~AD24-79)



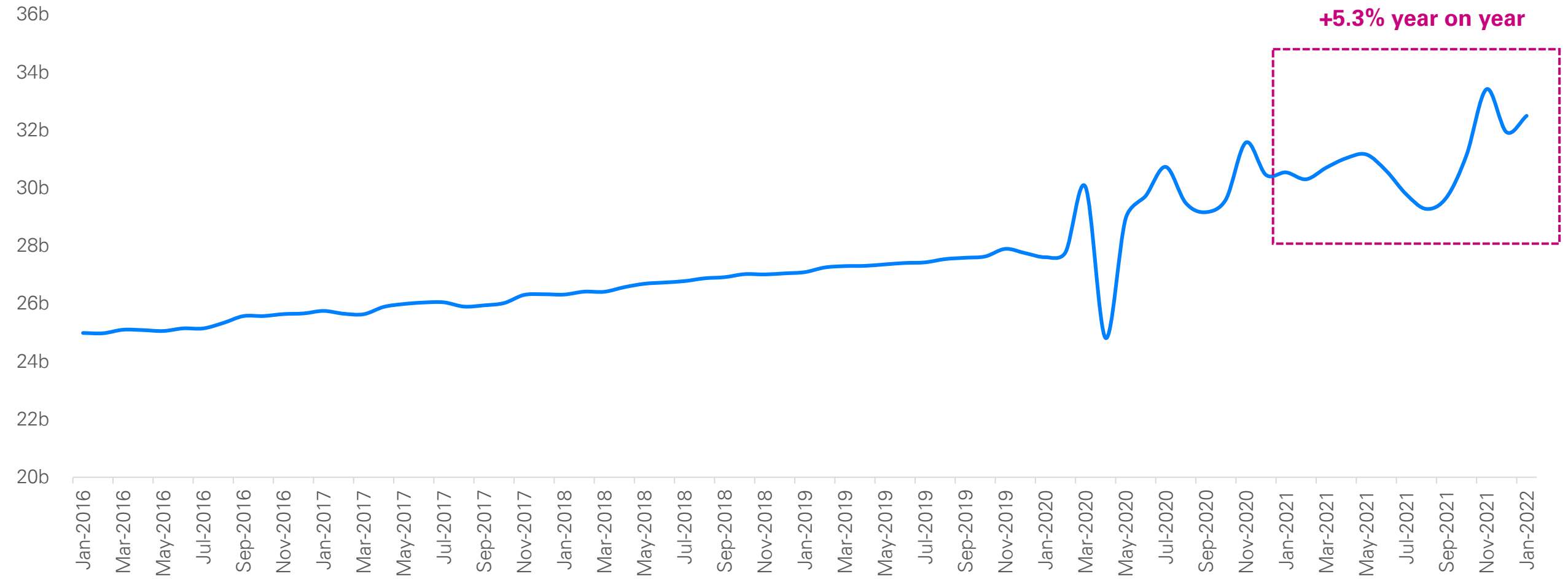
Another year of volatile growth...



Total retail sales

\$b seasonally adjusted

Jan-16 to Jan-22



Source: Australian Bureau of Statistics, Business Conditions and Sentiments February 2022.



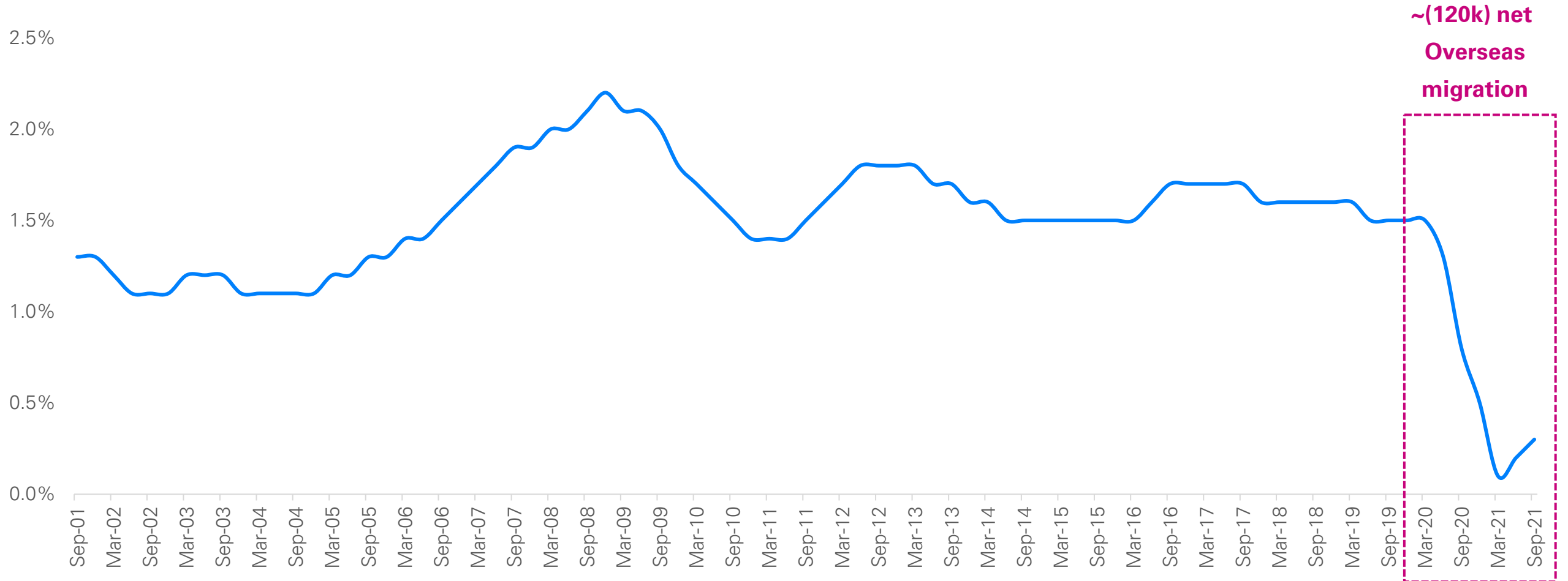
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Despite border closures taking their toll...



Australian annual population change

% change
Sep-01 to Sep-21



Source: Australian Bureau of Statistics, National, state and territory population, September 2021.



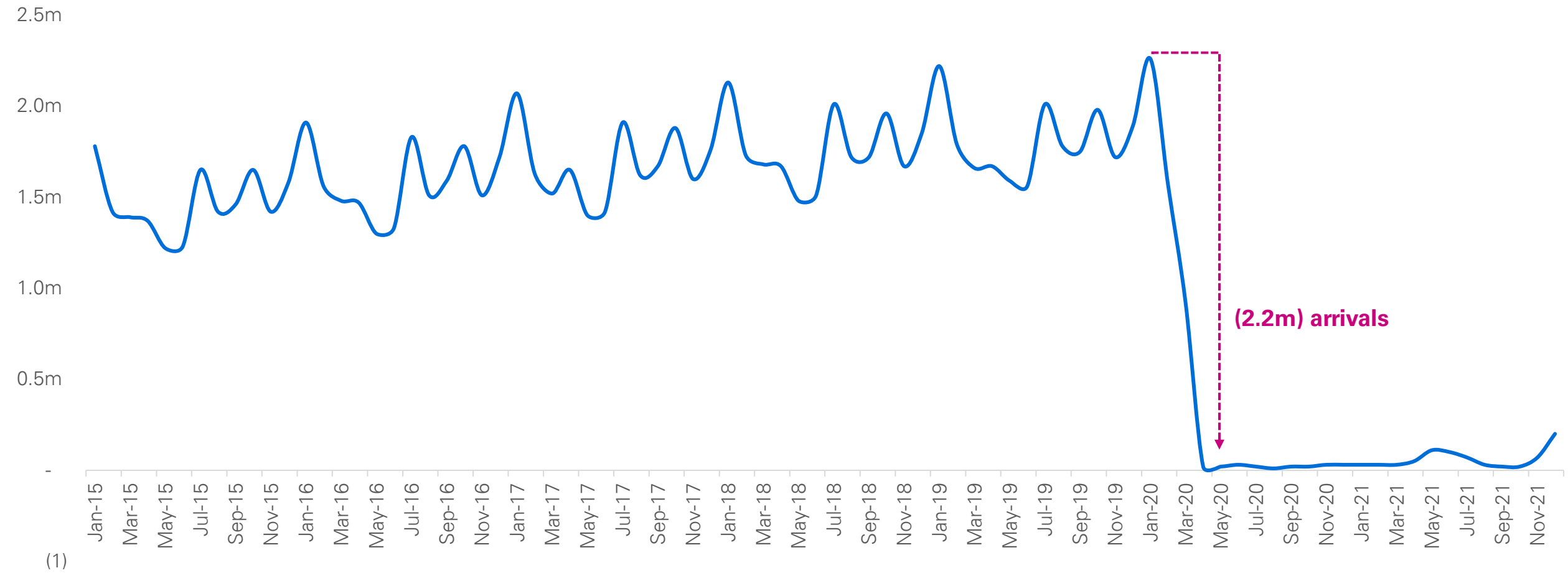
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With ~2 million less people entering the country...



International arrivals into Australia

Total passenger arrivals
Jan-15 to Dec-21



Source: Australian Broadcasting Corporation.



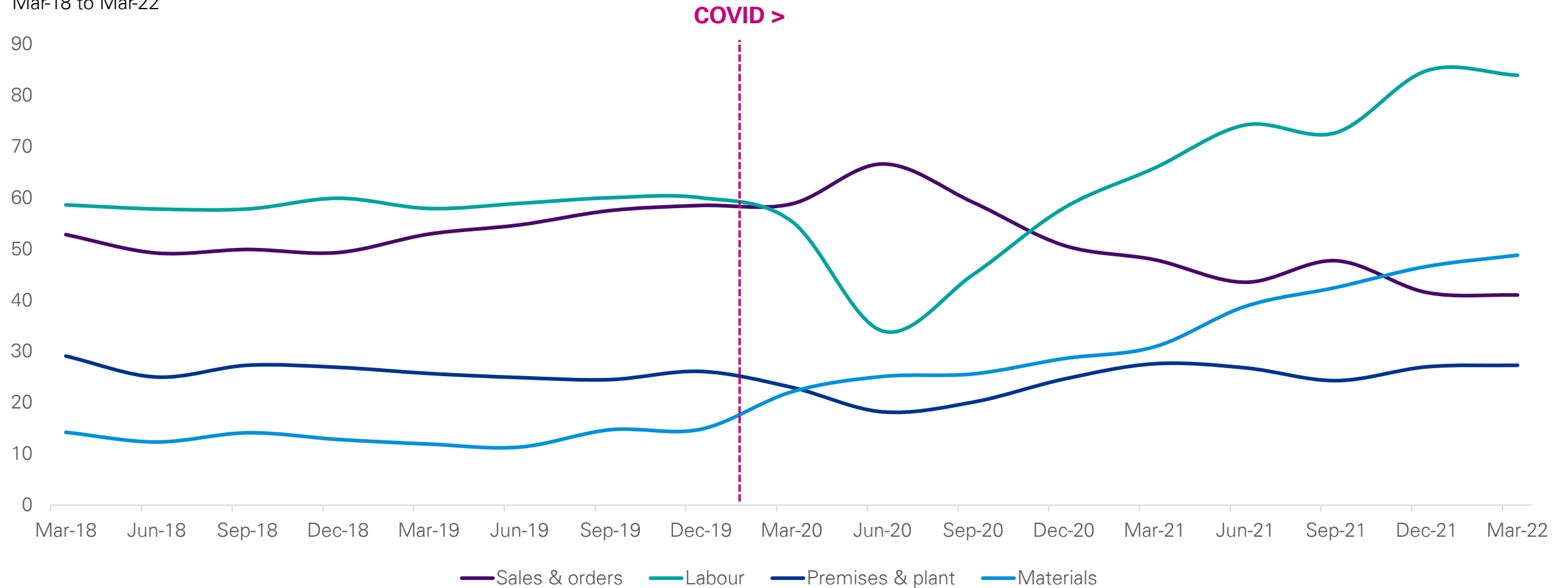
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Contributing to staff shortages...



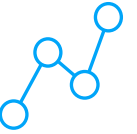
Constraints on firm output

% of firms, excluding SA
Mar-18 to Mar-22



Source: NAB Quarterly Business Surveys, Mar-18 to Mar-22.

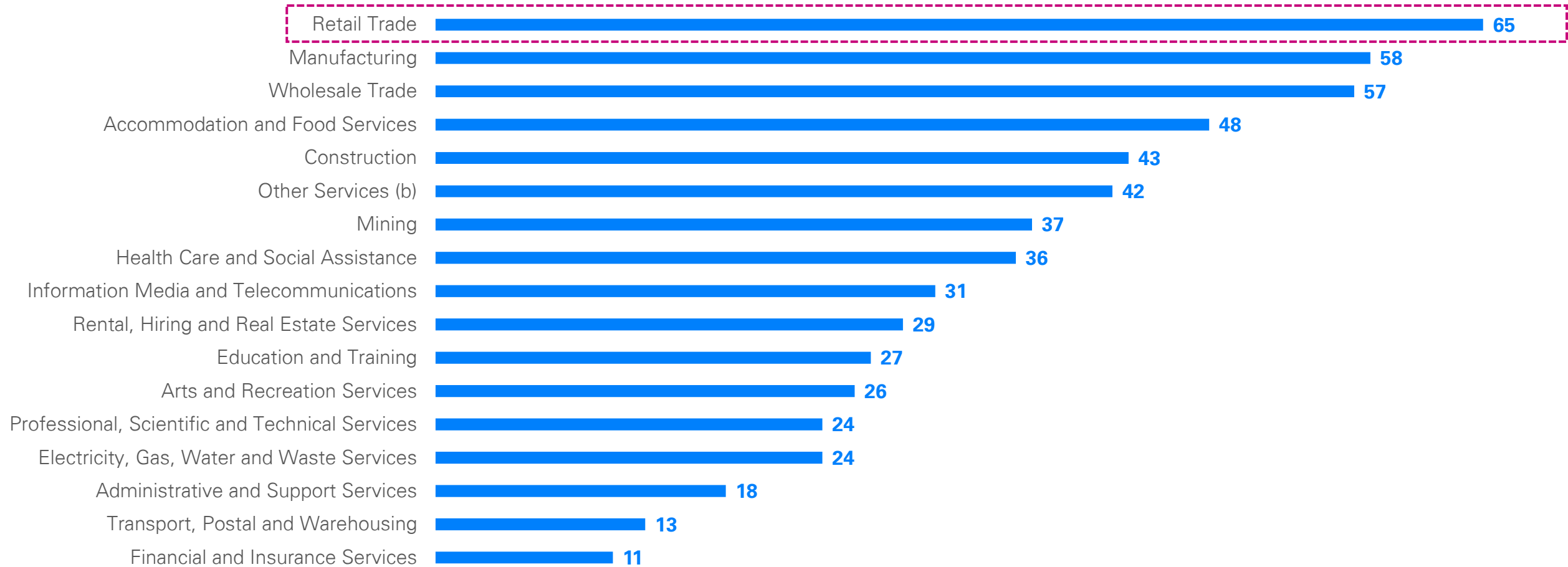
As retail gets hit by ongoing supply chain issues...



Businesses currently experiencing supply chain disruptions, by industry

Proportion of all businesses

February 2022



Notes: (a) Proportions are of all businesses (b) Includes repair and maintenance, personal (e.g. hairdressers) and other services.

Source: Australian Bureau of Statistics, Business Conditions and Sentiments February 2022.

Caused by delays, stock outs and prices...



Factors impacting the supply chain of businesses

Proportions of businesses experiencing supply chain issues

February 2022

88%



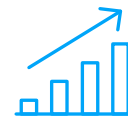
Increased time for products from suppliers

80%



Existing suppliers unable to provide products

75%



Increased prices (e.g. transport costs)

50%



Unable to source other suppliers for products

Source: Australian Bureau of Statistics, Business Conditions and Sentiments February 2022.



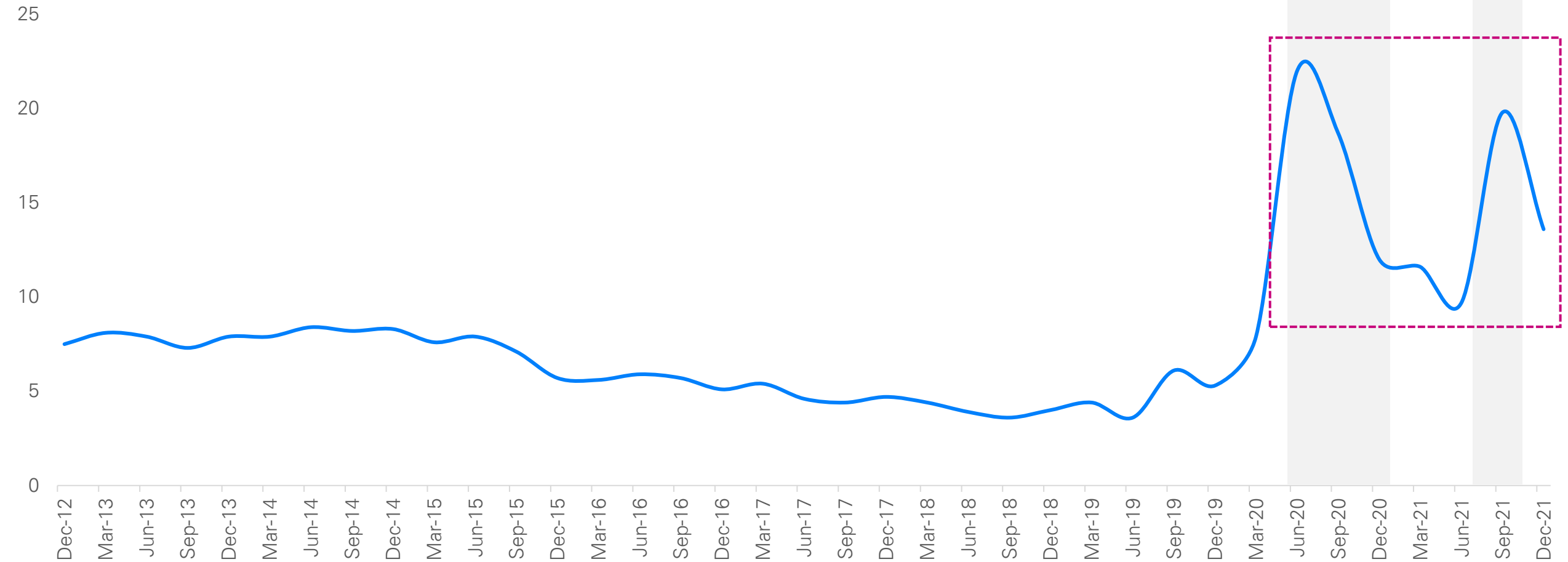
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Household savings remain elevated...



Household savings ratio

%, seasonally adjusted
Dec-12 to Dec-21



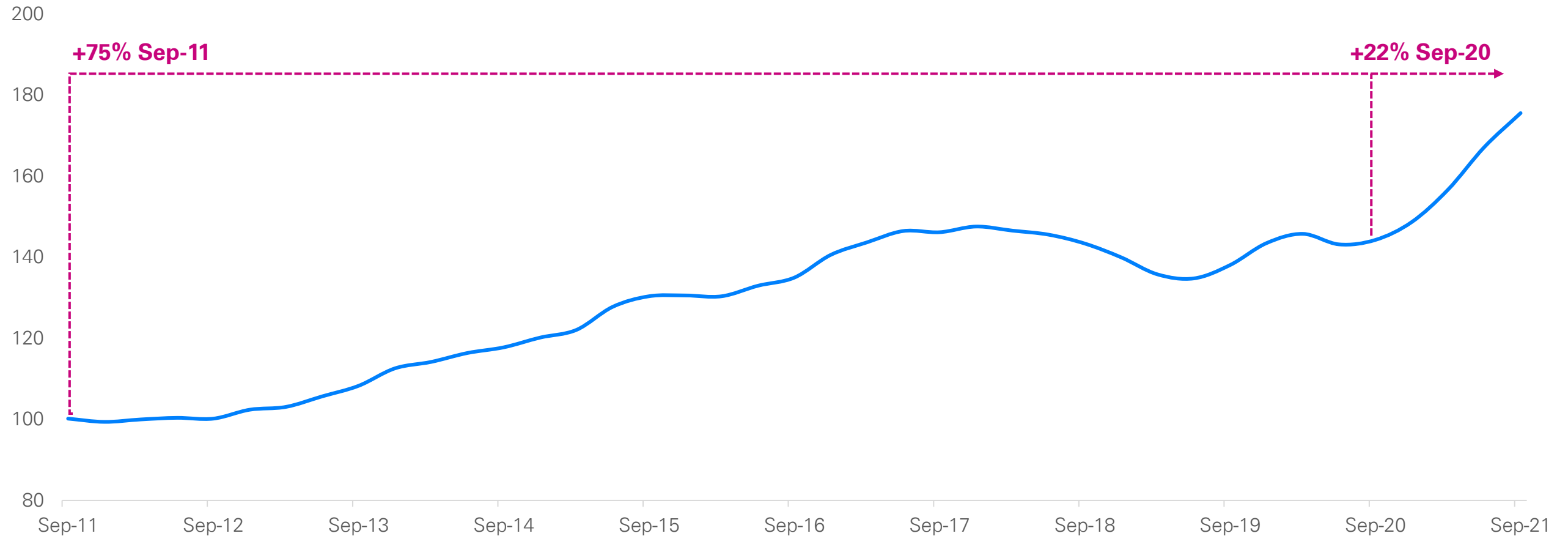
Source: Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product, December 2021.

...and the housing market stronger than ever



Residential Property Prices

Indexes, capital cities, weighted average
Sep-01 to Sep-21



Source: Australian Bureau of Statistics, Residential Property Price Indexes: Eight Capital Cities, December 2021.



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2. What are consumers doing?

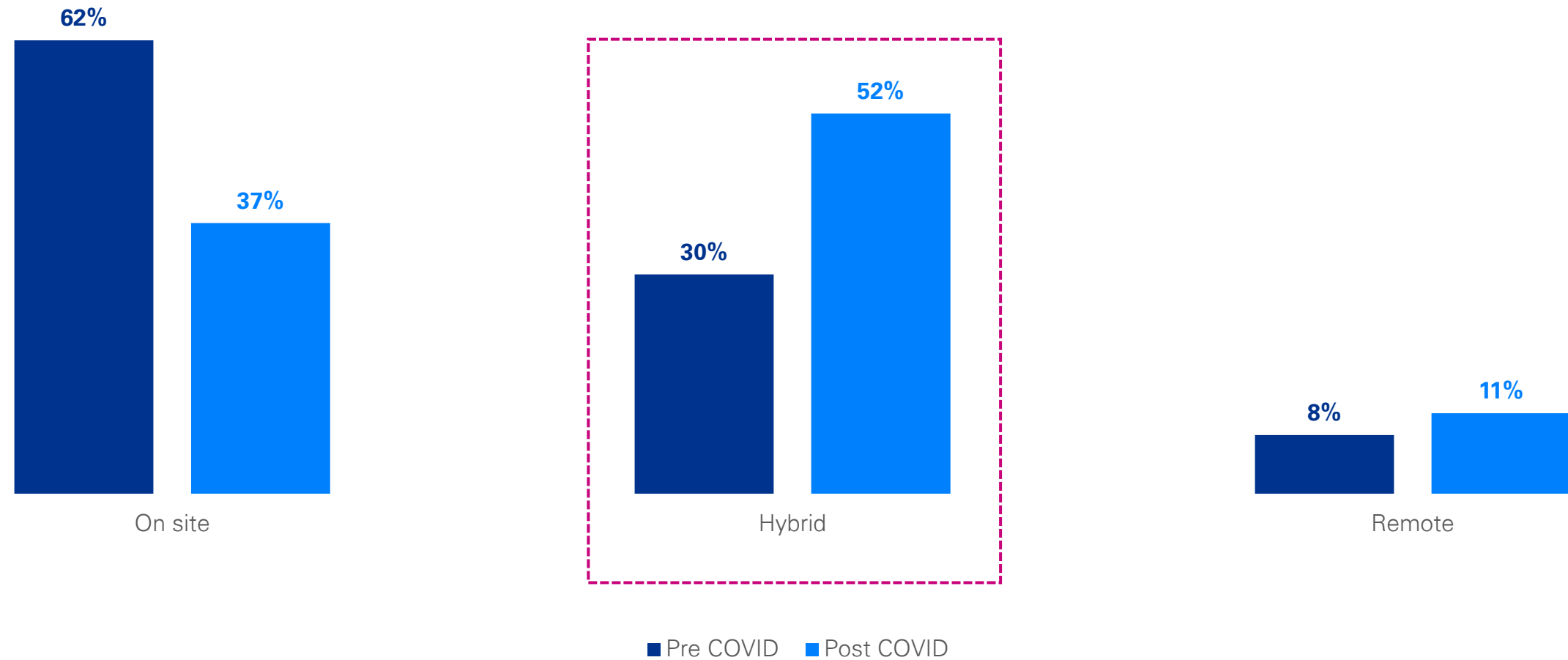


The hybrid model is here to stay...



Preference for flexible working model

% of survey respondents
2021



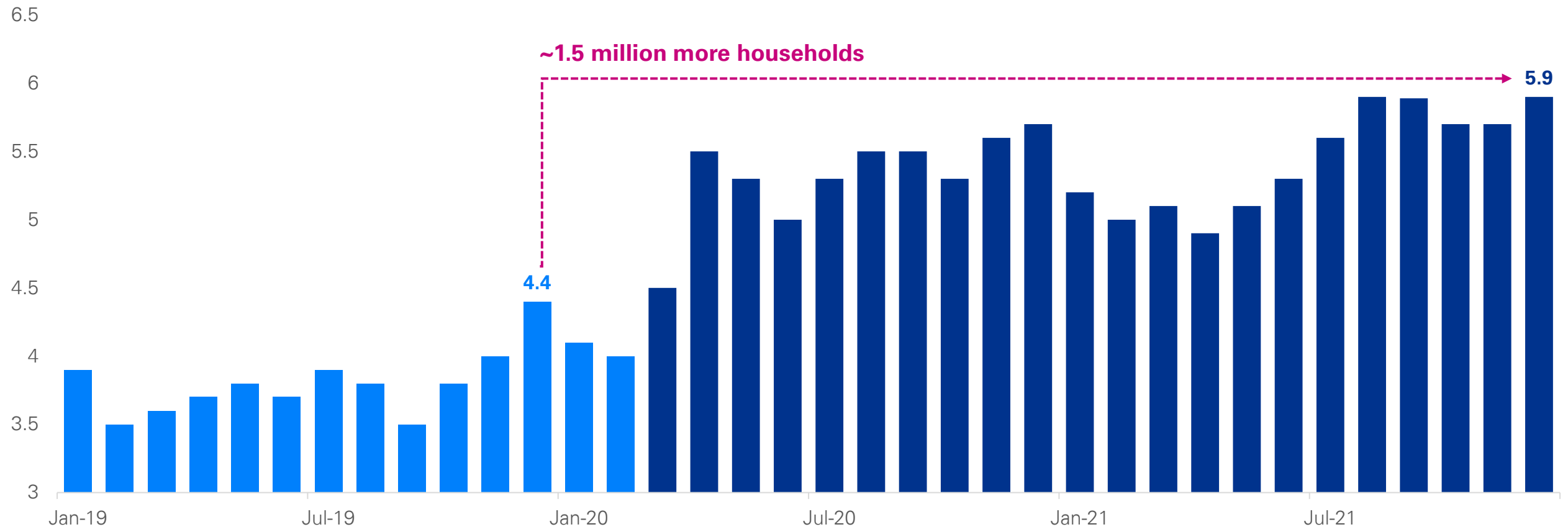
Source: McKinsey, What employees are saying about the future of remote work, 2021.

...as households continue to embrace online



Households shopping online

No. of households
Jan-19 to Dec-21

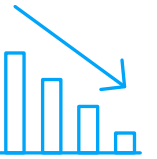


Source: Australia Post, Latest eCommerce trends, December 2021.



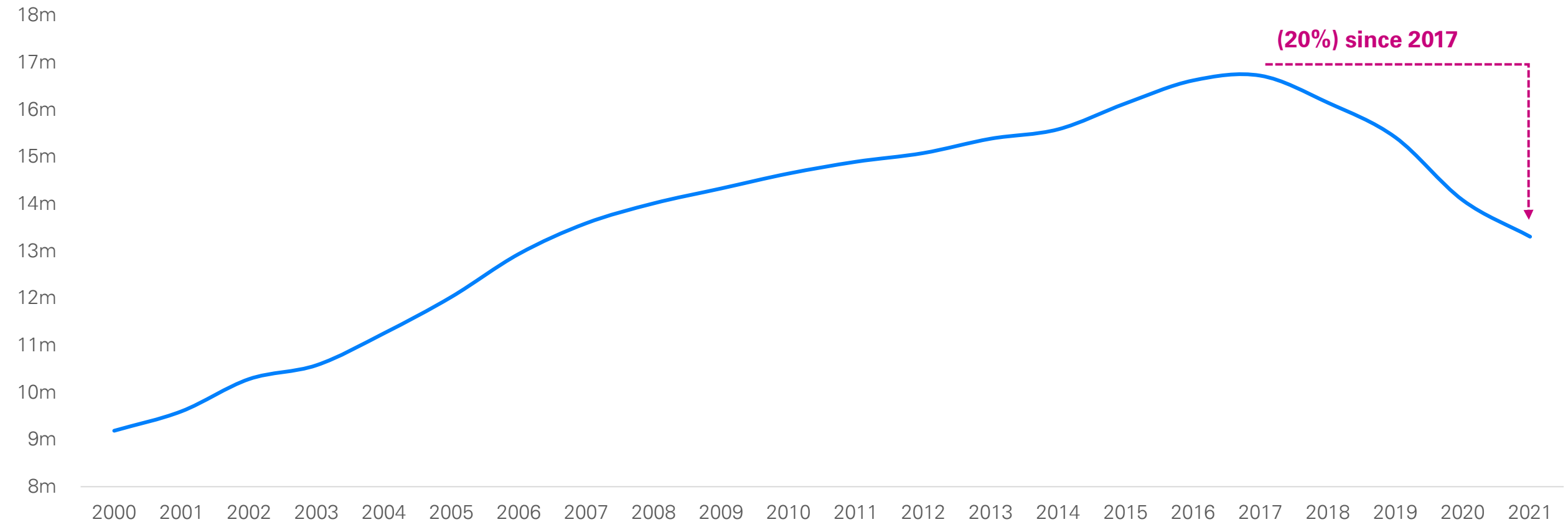
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With credit card use falling...



Australian credit card use

Average number of accounts
2000 to 2021



Source: Finder, March 2022.



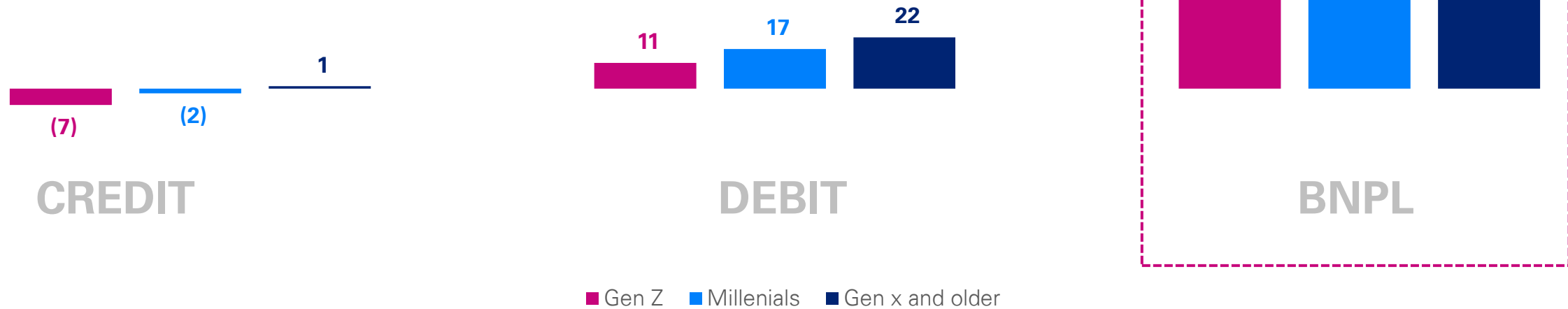
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...instead, using BNPL...

Changes in value of purchases by payment method and generation

% change from Jan-20 to Jun-21

Aug-21



Source: Afterpay, Millennials and Gen Z in Australia: Next Gen Index.

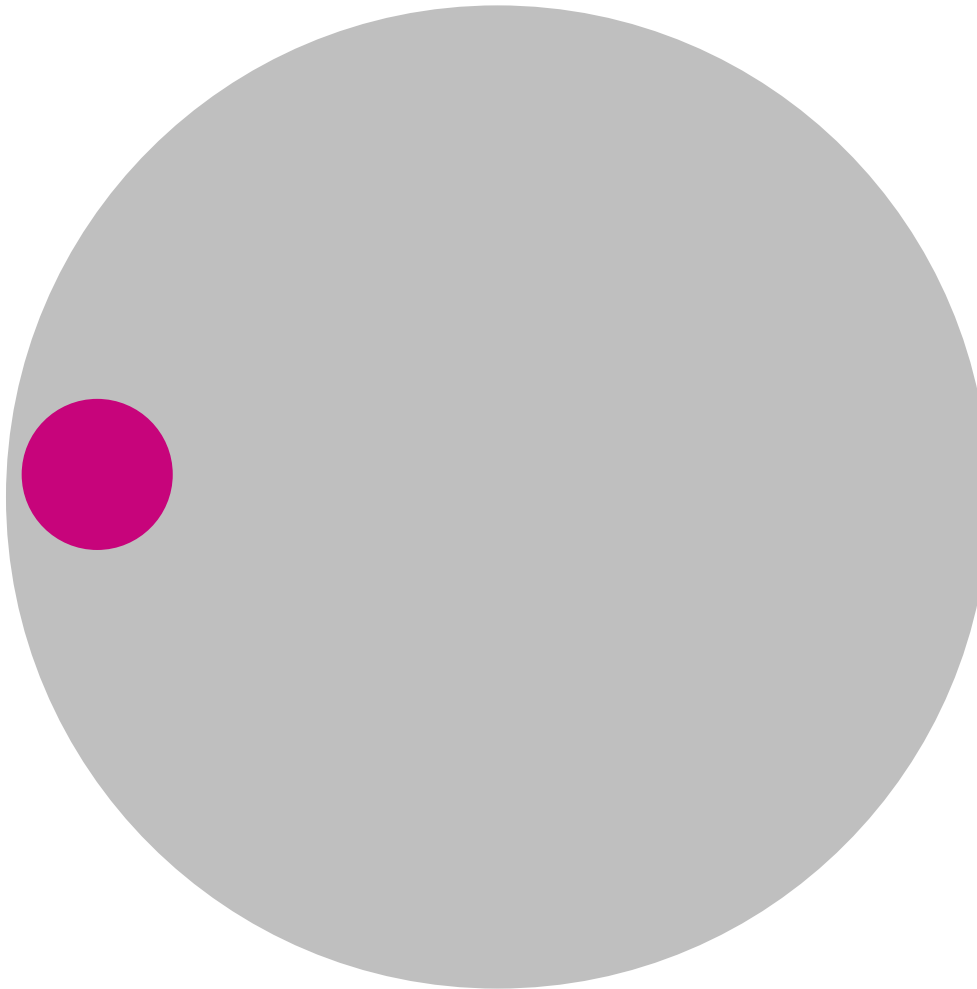
...and the industry has plenty of room to grow

BNPL share of retail spending

% of spending

Jun-21

BNPL
5% of total retail spend

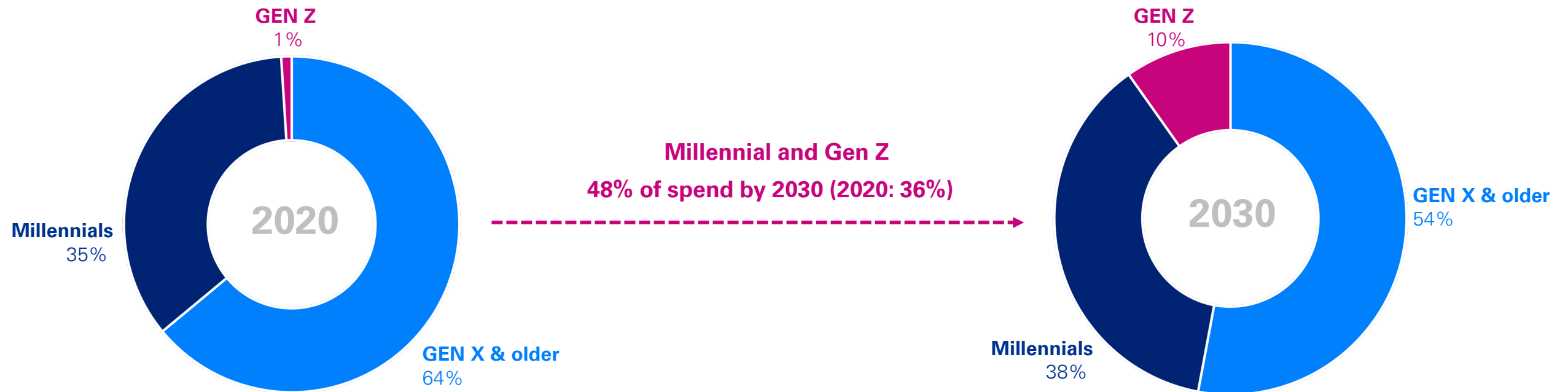


Notes: Excludes Cafes, restaurants and takeaway food service.
Source: Afterpay, Millennials and Gen Z in Australia: Next Gen Index.

Millennials and Gen Z will command greater spend

Retail spending by generation

%
2020 vs 2030F



Source: Afterpay, Millennials and Gen Z in Australia: Next Gen Index.

Guest Speaker: Mark Teperson

afterpay

