



# NATIONAL RETAIL SURVEY

## Sentiment Report

MARCH 2024



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### EXECUTIVE SUMMARY

This report provides an in-depth analysis of the current state of the retail sector in Australia based on data collected from a comprehensive survey conducted by the National Retail Association. The survey aimed to gauge retailer sentiment, outlook, and challenges for the year 2024, following a challenging sales period during Black Friday and Christmas.

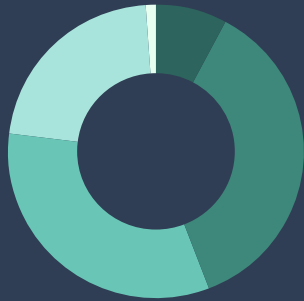
The National Retail Association calls upon Federal and State Governments to assist small and medium-sized enterprises (SMEs) with operational costs, promote sustainable practices, and enhance confidence in the retail sector. Specific recommendations include energy relief, insurance support, transportation cost control, and wage inflation management.

This report underscores the critical challenges facing Australia's retail sector in 2024 and highlights the urgent need for government intervention to support sustainability, reduce operational costs, and foster confidence in the industry's future growth and resilience.

The National Retail Association is a not-for-profit organisation dedicated to supporting, informing, protecting, and representing the interests of retailers and quick-service restaurants across Australia. It aims to unite retailers and stakeholders for the industry's success now and in the future.

### KEY FINDINGS

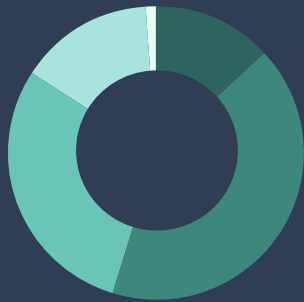
- **Sales Expectations:** A significant portion (**44%**) of retailers anticipate worse or significantly worse sales in 2024 compared to the previous year.
- **Profit Projections:** Over half (**55%**) of retailers predict lower profits for the current year.
- **Operational Costs:** The majority (**77%**) of retailers foresee increased operational costs in 2024, with energy, wage, and insurance expenses cited as major concerns.
- **Sustainability Spending:** Only a small fraction (**23%**) of businesses plan to increase spending on sustainability initiatives, potentially impacting national efforts to reduce carbon emissions.
- **Transportation Challenges:** Nearly half (**49%**) of retailers face high or extreme cost pressures related to transportation and logistics.
- **Defensive Measures:** Retailers are implementing defensive strategies such as cutting orders, reducing advertising spending, and focusing on customer loyalty, experience, and cybersecurity.
- **Regional Disparities:** Regional and rural areas are disproportionately affected, with lower ecommerce adoption rates and higher transportation costs.



**SALES FORECAST**

- Significantly Better
- Better
- About The Same
- Worse
- Significantly Worse

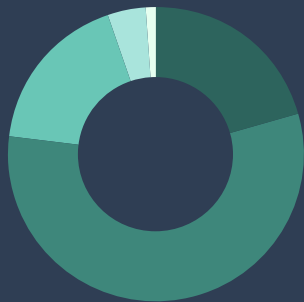
**44% of retailers expect that sales will be worse or significantly worse in 2024 in comparison to 2023.**



**PROFITABILITY FORECAST**

- Significantly Better
- Better
- About The Same
- Worse
- Significantly Worse

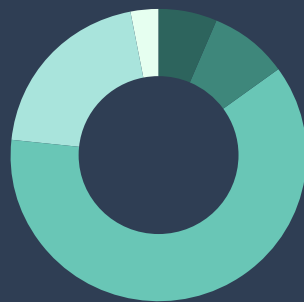
**55% of retailers will make less profit this year.**



**COSTS FORECAST**

- Significantly Better
- Better
- About The Same
- Worse
- Significantly Worse

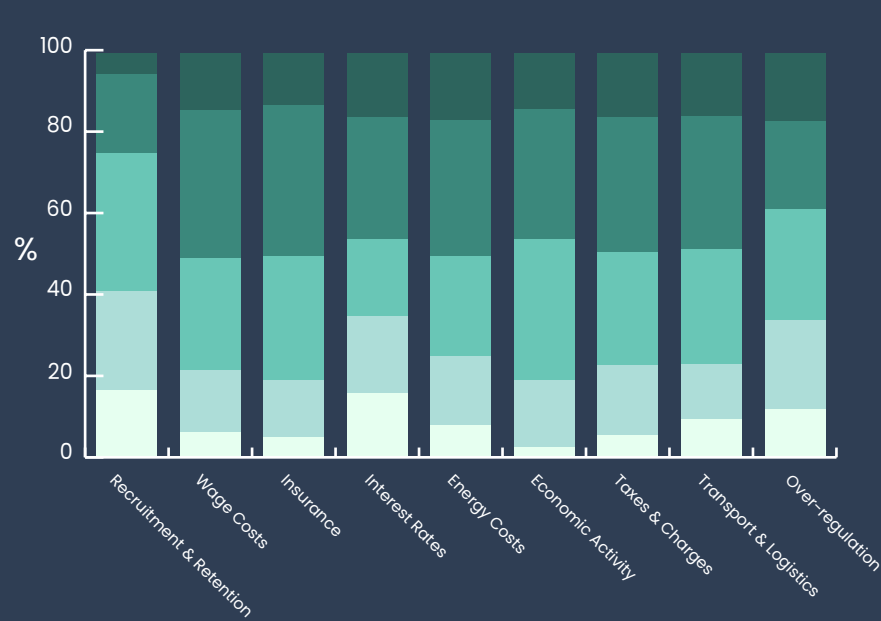
**Operational costs for 77% of all retailers will be worse or significantly worse in 2024 with energy costs, wage costs and insurance being major constraints on business.**



**SUSTAINABILITY SPENDING**

- Significantly Increase
- Increase
- Maintain
- Decrease
- Significantly Decrease

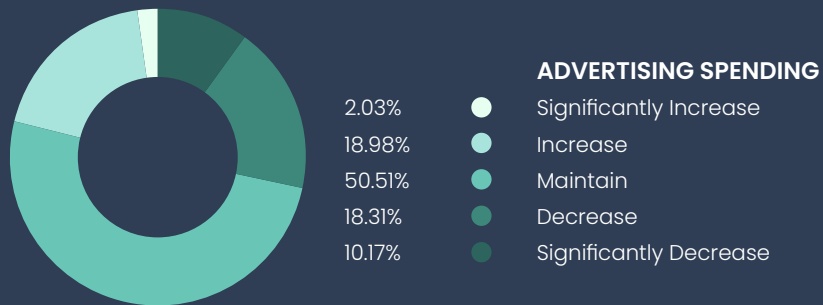
**Concerningly, only 23% of business will increase spending on sustainability in 2024, putting pressure on the nations drive and desire to reduce carbon emissions by 2030.**



### OPERATIONAL CONSTRAINTS

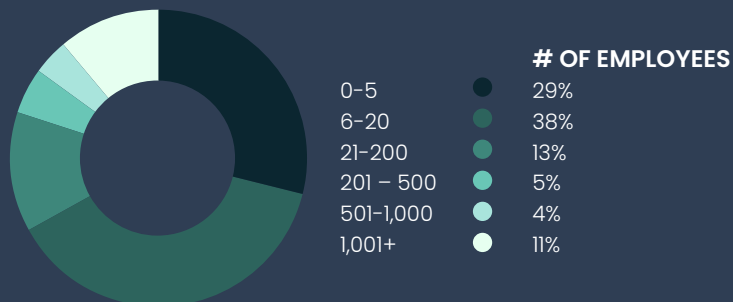
- Extreme Constraint
- High Constraint
- Moderate Constraint
- Low Constraint
- Not A Constraint

**Transportation & logistical costs are also concerning with 49% having high or extreme cost pressures.**



### ADVERTISING SPENDING

**Retailers are going on the defence – cutting orders, reducing spend on customer acquisition and retention with 29% of retailers cutting advertising. This will have a knock on effect for manufacturers and suppliers throughout our economy**



**Of the 350 business surveyed - 2/3 were SMEs, with 43% in regional areas. Regional and rural areas are adversely affected with lower adoption rates of ecommerce (5% vs 18% for metro areas) and higher costs for transportation and limited staffing options.**