

BNZ MarketView

**Heart of the City**  
**June Quarter 2011 Report**

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## Heart of the City June 2011 Quarterly Results Summary

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### Key Points

- Spending with HEART OF THE CITY retailers during the June 2011 quarter was up 0.8% on the same quarter last year while competitor spending was up 1.1%. The result for the region was varied with competitors up overall on the back of positive spending growth in Botany (2.7%) and Mt Wellington (5.6%). Multiple competitors recorded declining spending for the quarter.
- HOTC's market share of spending in the June 2011 quarter was 25.7%, which was steady on the June 2010 result. HOTC's market share of transactions in the quarter was 30.3%, up 0.2 share points on a year ago.
- Market share of spending dropped slightly from the March 2011 quarter (down 0.9 share points), although share of transactions rose 0.6 share points.
- May was the most productive month for HOTC with market share increasing to 26.3% on the back of a 1.1% increase in spending for the month (compared to the same month last year). Spending at competitors in May decreased, indicating HOTC was a preferred destination.
- While spending increased in June at HOTC compared to the same month last year, spending at competitors increased at a faster rate, which resulted in a decline in market share.
- Unseasonably warm weather through the early part of winter and discounting among retailers likely helped push prices down at HOTC in the quarter. This is evidenced by the 0.8% spending increase compared with a 2.6% increase in the number of transactions made.

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- Looking at the transaction volumes for HEART OF THE CITY, these generally had changed significantly since June 2010. Four of the eight categories we monitor recorded positive increases, compared to three out of eight which declined.
- HEART OF THE CITY saw increased transactions in:
  - Food retailing (up 6.6%),
  - Department Stores (up 6.5%)
  - Apparel (up 9.5%)
  - Bars, Cafes and Restaurants (up 2.8%)
- Neutral change in:
  - Durables (Furniture, Flooring and Appliances) (+0.6%)
- Decline in:
  - Recreational Goods (down 2.3%)
  - Personal Services (down 3.7%)
  - Other Storetypes (down by 6.2)
- While transactions in the Recreational Goods and Personal Services categories decreased, spending in these categories at HOTC increased.
- Compared to competitors, HOTC experienced larger increases in the number of transactions in the Food, Department Store, Apparel and Bars and Cafes categories. However, HOTC also experienced bigger decreases in the level of transactions in the Recreational, Personal Goods and Other categories.

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### Origin of Customer

- Spending from cardholders living in the core catchment of Auckland City (pre Super City) at HEART OF THE CITY retailers was down by 1.2%. Their value of spending at competitors was down by only 0.5%, suggesting HEART OF THE CITY retailers were more likely to be affected.
- HEART OF THE CITY also lost out from Manukau City where spending by cardholders was down 1.3% at HOTC but up 3.4% at competitors.
- HEART OF THE CITY performed well from cardholders living in Waitakere with these residents spending at HOTC increasing 2.7% while declining 3.6% at competitors.
- The rise in fuel prices over the last few months has undoubtedly had an effect on people's willingness to travel to shop. We would generally attribute the decline in spending from Manukau to this.
- Outside of the Super City region we have seen a 0.1% decrease in spending in HEART OF THE CITY. Their spending with competitors however was up by 1.6%.

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### IN SUMMARY

- Overall this would seem to be a very positive result. While the value of spending increased only slightly, this was in no way unique to HEART OF THE CITY. Spending at many competitors was down for the quarter and overall competitors were up due to the performances of the suburban Botany and Mt Wellington competitors.
- Consumers are being offered, and in fact are expecting, healthy discounts on most discretionary purchases.
- Transaction volumes are still a better performance indicator and we are seeing an increase in transactions within the HEART OF THE CITY. Only the Recreational, Personal Services and Other categories recorded fewer transactions than the corresponding quarter last year. This is evidence of the market recovering and starting to grow.

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## KEY CHARTS

### PERCENTAGE CHANGE IN SPENDING IN HEART OF THE CITY MARKETPLACE - June Quarter 2011 vs. June Quarter 2010

#### KEY PLAYERS

HEART OF THE CITY up 0.8%

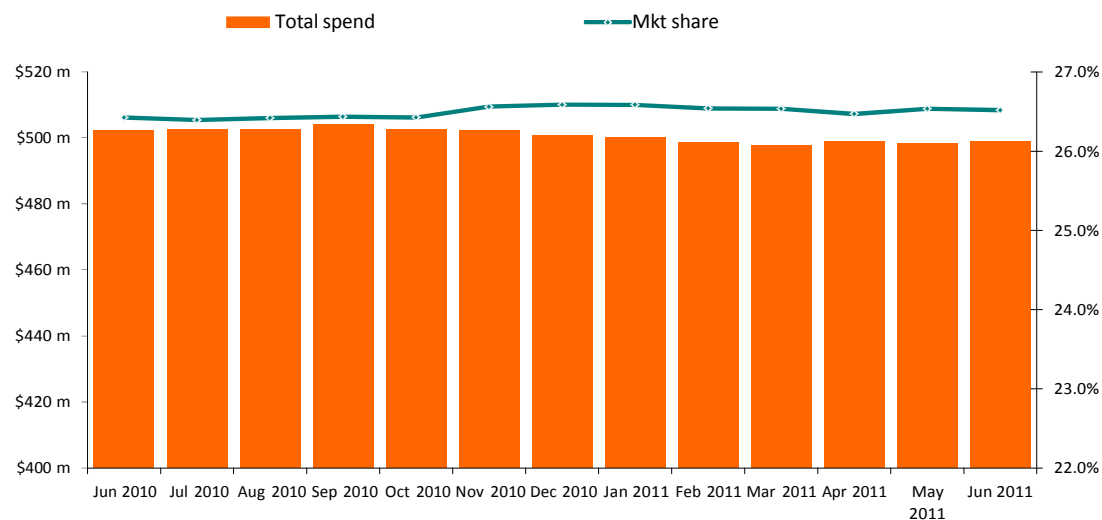
Competitors up 1.1%

**Total – up 1.0%**

BNZ MarketView Nationally – down 0.6%

NB: National figures exclude fuel and supermarket spending, as these are not included in Heart of the City.

#### Moving Annual Total Spending in HEART OF THE CITY Marketplace and HEART OF THE CITY's Market share



#### **COMMENTS**

- The moving annual total figures show that while overall spending decreased throughout late 2010 and the beginning of 2011, it rebounded slightly in the June 2011 quarter.
- Unseasonably warm weather and discounting among retailers likely helped push prices down as evidenced by the 0.8% increase in spending but a 2.6% increase in transactions.
- Spending grew slightly less in the Auckland CBD than at competitors which resulted in a small loss of market share in the June quarter.

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