

Stocking up for Christmas

The retail market has generally performed well over the course of 2016 and retailers remain confident this will continue into the Christmas trading period. There is a bit of swagger amongst many Australian retailers at the moment, and our respondents will be looking to carry this confidence into next year.

Seasonal sales and merry margins

The war for the wallet this Christmas looks set to continue with discounting anticipated to start earlier than ever. Despite this, retailers will be banking on the targeted discounting not to heavily impact the bottom line with margins expected to hold up.



Some **76%** of respondents are expecting higher sales compared to last Christmas, with nearly a third anticipating sales growth in excess of **5%** compared to Christmas 2015.



The majority of retailers are expecting at a minimum to maintain their margins over Christmas, with **4 out of 10** survey respondents anticipating no change to their margins this Christmas compared to 2015.



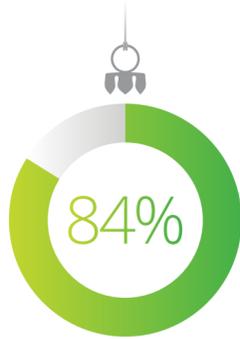
33% of respondents telling us they expect to start discounting in early December (**27%** in 2015).

Christmas.com/growth

Customers shop brand, not channel, and bricks-and-mortar retailers are more than ever integrating their digital business - from the manufacturer to the supply chain to the storefront.



Over **60%** of respondents expect their online sales to grow more than **10%** this Christmas, albeit off a small base.



84% of our survey respondents consider getting their digital strategy right very important/critical to their business.



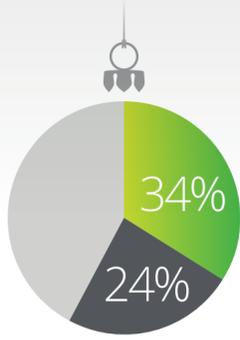
Almost **75%** of retailers have indicated informing consumers of treatment of data is important to them.

New products and customer service a clear focus

Heading into 2017, retailers appear positive about prospects with new stores, new products and online offerings to drive sales growth. But as always consumer demand remains front of mind for retailers.



Despite **24%** of respondents identifying cost pressures as the greatest risk to their business, only **7%** cite efficiency and cost control as their key strategic priority.



We asked retailers what was their most important focus area to increase sales this Christmas. There were two clear stand-outs: new products (**34%**) and customer service (**24%**).



Nearly **half** of all respondents are most concerned about whether consumer demand will hold up in 2017.

New products and customer service a clear focus

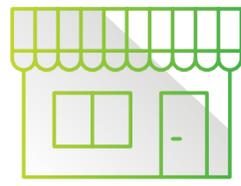
Confidence is high as Australian retailers look to shift their focus towards increasing store footprints and new products for 2017.



Two-thirds expect the economy to remain steady, with confidence in the economy driven by low interest rates and a strong property market.



64% of respondents expecting their earnings to increase by **5%** or more in 2017, the levels of optimism are at their highest since we started this survey 5 years ago.



71% expect to increase their store footprint in FY17 – the highest we've seen in five years. Likewise **42%** of respondents cited new stores as the most significant driver of sales growth in the next 12 months – again, a record high for this survey.

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