QUARTERLY REPORT

For Period Ending March 2017

Nelson City Council

CONTENTS

March 2017 Quarter

MARKETVIEW
Precision Market Intelligence

PREPARED FOR:

Nelson City Council
te kaunihera o whakatū

SMALL PRINT

Privacy

No personal or household data is shown or can be derived, thereby maintaining the privacy of end customers.

Disclaimer

While every effort has been made in the production of this report, Paymark, the BNZ and Marketview Limited are not responsible for the results of any actions taken on the basis of the information in this report. Paymark, BNZ, and Marketview expressly disclaim any liability to any person for anything done or omitted to be done by any such person in reliance on the contents of this report and any losses suffered by any person whether direct or indirect, including loss of profits.

DATA SOURCE

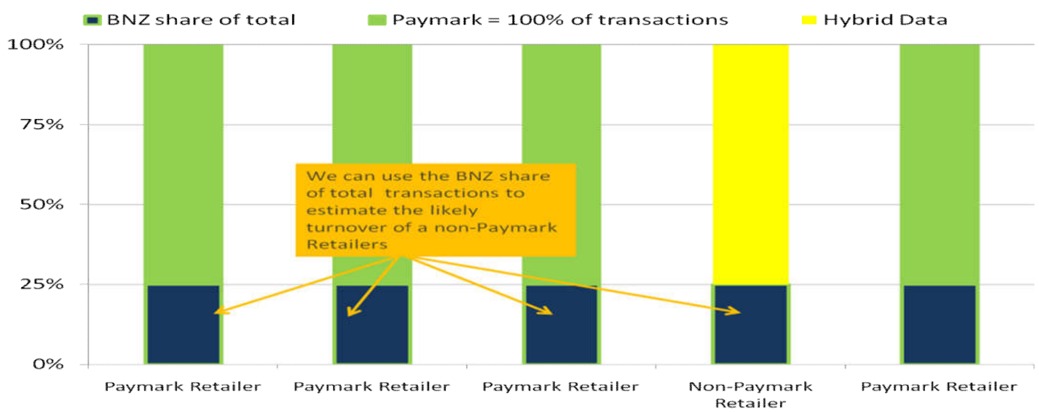
The data included in this report represents the total value of electronic card retail transactions. For a frame of reference, Statistics NZ report just under 70% of total retail is paid with an electronic card (ECT publication and Retail Trade Survey). The rest is comprised of cash, hire-purchase and any other less-frequent method of payment.

The data (referred to as Hybrid Data on the graph below) combines our two primary data sets in order to capture the complete quantity of retail spending.

The first of these is the Bank of New Zealand cardholder base. This set is based on the eftpos, debit and credit card transactions made by BNZ cardholders. BNZ has around a 20% share of the cards market, so on average BNZ Marketview accounts for one in five retail transactions. (As at July 1 2015, there were over 650,000 active BNZ cardholders).

The second is the Paymark merchant database. New Zealand has two eftpos networks. The largest of these is run by Paymark, a joint venture owned by ASB, BNZ, (formerly) the National Bank and Westpac. Approximately 75% of New Zealand retailers use the Paymark network. This data set provides a complete view of all eftpos, debit and credit card transactions made at merchants on the Paymark network, both from New Zealanders and international visitors. (As at July 1 2015, there were over 40,000 active merchants on the Paymark network).

For retailers which are not on Paymark network, there is no transactional data available from on the Paymark database. To fill this data gap we weight the BNZ cardholder spending at non-Paymark merchants. The weightings would be based on BNZ's share of the Paymark transactions. The underlying assumption would be that the BNZ cardholders would make up a similar share of spending at Paymark and non-Paymark merchants. The graph below illustrates how our Hybrid Data is used to account for spend at non-Paymark retailers (BNZ proportions will differ from graph).



RETAIL OVERVIEW

For Period Ending March 2017 Quarter

QUARTERLY ACTIVITY

Changes over same time last year

SPENDING	TRANSACTIONS
$172,853,980	3,664,774
▲ 1.5%	▲ 3.4%

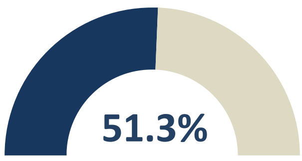
Spending in your area grew by 1.5% over the same time last year. Transactions in your area grew by 3.4%. NZ spending grew by 5.3%, and transactions by 5.1%

CARDHOLDER ORIGIN

	CARDHOLDER CONTRIBUTION	VALUE SPENT IN YOUR COUNCIL	CHANGE (VS. SAME QUARTER LAST YEAR)
LOCALS	51.0%	$88.07 mn	▲ 1.4%
TASMAN	20.4%	$35.28 mn	▼ -1.5%
REST OF NZ CARDHOLDERS	22.2%	$38.34 mn	▲ 1.7%
INTERNATIONAL CARDHOLDERS	6.5%	$11.16 mn	▲ 12.3%

MARKET SHARE

Your Share vs Key Competitors



vs. last year

▼ -2.1%

Market share is your share of spending in the market (yourself and key competitors).

Your key competitors are based on areas you have chosen, in this case Tasman territorial authorities

FASTEST GROWING STORETYPES

IN YOUR AREA

Food and Beverage Services

vs. last year ▲ 9.8%

Food and Beverage Services in your area had the largest growth amongst storetypes, up 9.8%.

IN COMPETITOR LOCATIONS

Other

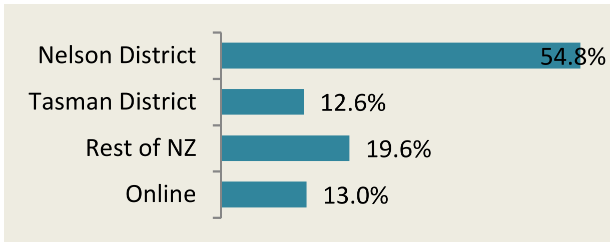
vs. last year ▲ 26.0%

Other had the largest growth in Key Competitor locations, up 26.0%.

LOYALTY AND OUTFLOW

Destination of Locals' Spending

Nelson residents conducted 54.8% of their retail spending in Nelson District and 12.6% in the Tasman District. They spent 13.0% online.



WHERE ARE THE RETAIL HOTSPOTS?

How does this affect planning? Is it happening where we want it to happen?

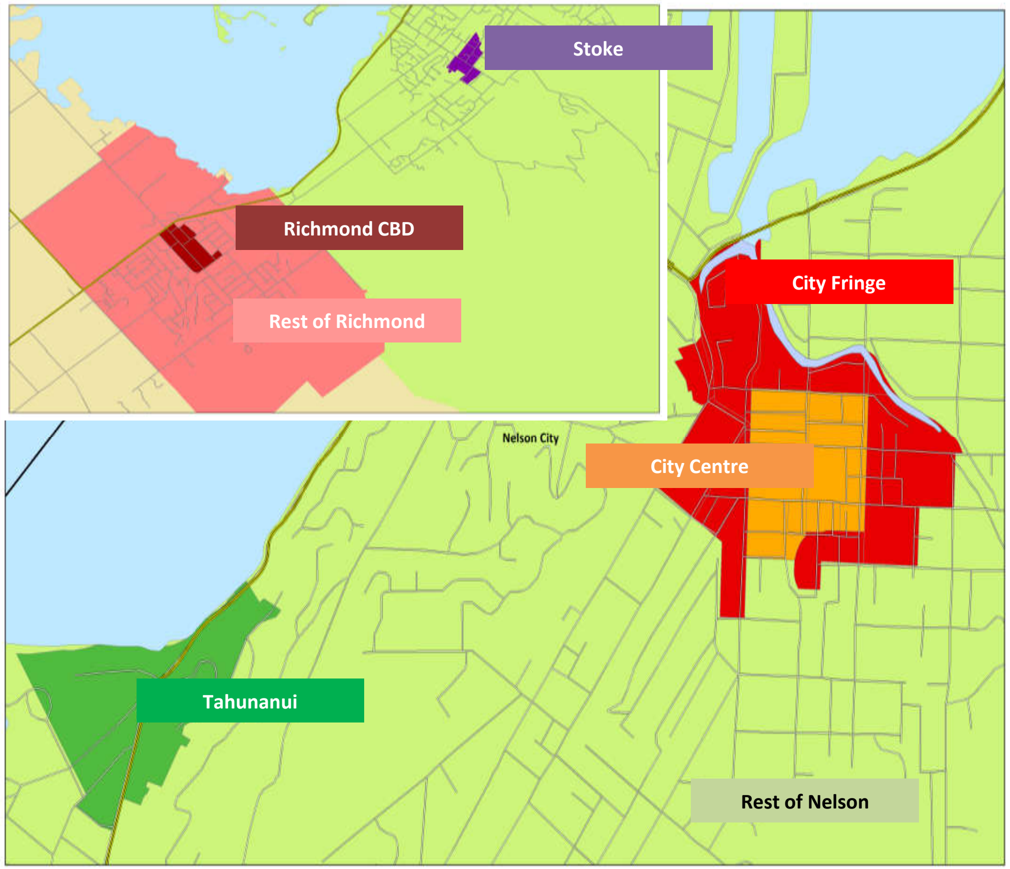
MARKETVIEW
Precision Market Intelligence

TOP PERFORMING LOCATIONS

Based on percentage change in spending from same period last year

FOR ALL CARDHOLDERS **RICHMOND CBD**

INTERNATIONAL CARDHOLDERS **STOKE**



CHANGE IN SPENDING

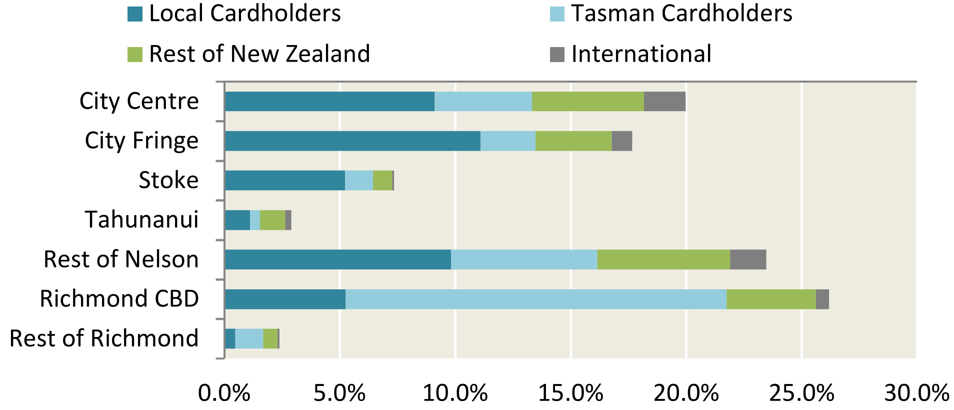
Change in spending over same period last year

RANK	LOCATION	VALUE OF SPENDING	CHANGE IN SPENDING
1	Rest of Nelson	$56,823,804	1.0%
2	City Centre	$48,356,922	3.3%
3	City Fringe	$42,803,785	0.3%
4	Stoke	$17,817,240	0.2%
5	Tahunanui	$7,052,230	4.4%
6	Richmond CBD	$63,441,413	7.3%
7	Rest of Richmond	$5,807,336	-2.5%
	**** TOTAL**	**$172,853,980**	**1.5%**

*** Total includes Nelson City only*

DISTRIBUTION OF SPENDING

Split by cardholder location



WHO IS SPENDING AT OUR RETAILERS?

Is this changing? How appealing are we to visitors/ tourists?

MARKETVIEW
Precision Market Intelligence

SPENDING BY CARDHOLDER LOCATION

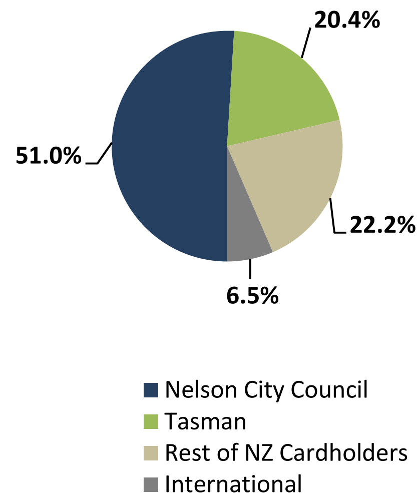
Change in spending over same period last year

CARDHOLDER AREA	VALUE SPENT	CHANGE ON SAME QUARTER LAST YEAR
NELSON	$88.07 mn	▲ 1.4%
TASMAN	$35.28 mn	▼ -1.5%
CHRISTCHURCH	$6.90 mn	▼ -2.2%
WELLINGTON	$2.95 mn	▲ 2.1%
MARLBOROUGH	$4.12 mn	▼ -4.1%
REST OF NZ CARDHOLDERS	$24.38 mn	▲ 3.8%
INTERNATIONAL	$11.16 mn	▲ 12.3%

International cardholder spending within New Zealand was up 5.7% over the same period last year, and transaction volumes were up 20.0%

DISTRIBUTION OF CARDHOLDERS

Including international cardholders



FASTEST GROWING CONSUMER GROUP

Based on spending change from the same period last year

▲ INTERNATIONAL

OVERVIEW OF INFLOW AND OUTFLOW TO/FROM NELSON

TOTAL INFLOW
The total amount spent in your council area from Non-Locals

\+ **$84.78 mn**

TOTAL OUTFLOW
The total amount local cardholders spent outside your local area

\- **$72.64 mn**

This figure includes $51.73mn spent in other areas, and $20.91mn spent online"

NET INFLOW TO YOUR AREA
Total inflow minus total outflow

= **$12.14 mn**

THE BREAKDOWN

Non-locals include international cardholders

LOCALS SPENDING LOCALLY
$88.07 mn

NON-LOCALS SPENDING IN YOUR AREA
$84.78 mn

ORIGIN OF INFLOW BY CARDHOLDER LOCATION

Breakdown of spending in your council

What's coming into your council

What's spent outside your council

CARDHOLDER LOCATION	YOUR COUNCIL	ELSEWHERE IN NZ
Nelson	$88.07 mn	$51.73 mn
Tasman	$35.28 mn	$130.30 mn
Christchurch	$6.90 mn	$1,086.82 mn
Wellington	$2.95 mn	$622.59 mn
Marlborough	$4.12 mn	$118.92 mn
Rest of NZ Cardholders	$24.38 mn	$10,800.71 mn
International	$11.16 mn	$684.45 mn
TOTAL	$172.85 mn	$13,495.52 mn

HOW ARE OUR RETAILERS COMPARING TO OTHER AREAS?

Are we keeping pace? Are our retailers maximising the available opportunities?

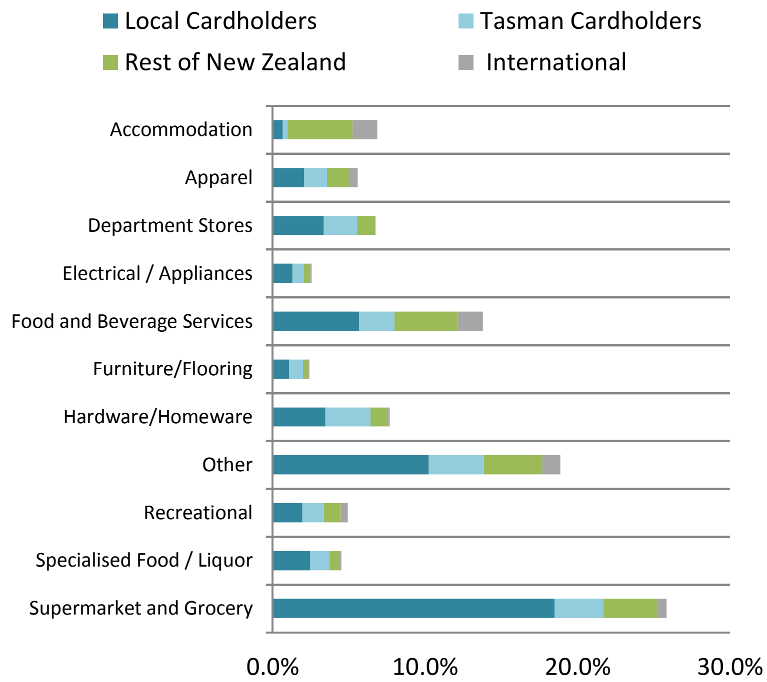
MARKETVIEW
Precision Market Intelligence

RETAIL CATEGORY CHANGE IN SPENDING AND PERFORMANCE

Spending change over same period last year

RETAIL CATEGORY	NELSON SPEND $$ SPEND	NELSON SPEND *CHANGE*	TASMAN SPEND $$ SPEND	TASMAN SPEND *CHANGE*
ACCOMMODATION	$11.88 mn	3.6%	$11.43 mn	3.3%
APPAREL	$9.68 mn	-0.5%	$4.30 mn	-1.2%
DEPARTMENT STORES	$11.72 mn	-1.6%	$8.83 mn	-0.7%
ELECTRICAL / APPLIANCES	$4.47 mn	-10.2%	$2.21 mn	3.2%
FOOD AND BEVERAGE SERVICES	$23.88 mn	9.8%	$19.75 mn	12.8%
FURNITURE/FLOORING	$4.19 mn	3.7%	$0.49 mn	-22.9%
HARDWARE/HOMEWARE	$13.29 mn	-1.5%	$4.00 mn	22.1%
OTHER	$32.66 mn	-2.0%	$37.89 mn	26.0%
RECREATIONAL	$8.56 mn	4.8%	$4.95 mn	6.2%
SPECIALISED FOOD / LIQUOR	$7.84 mn	3.1%	$10.68 mn	8.3%
SUPERMARKET AND GROCERY	$44.69 mn	2.0%	$59.80 mn	5.5%

ORIGIN OF CARDHOLDERS



FASTEST GROWING CATEGORIES

For ALL Cardholders	For INTERNATIONAL Cardholders
FOOD AND BEVERAGE SERVICES	SPECIALISED FOOD / LIQUOR

DOES OUR LOCAL RETAIL MEET THE NEEDS OF CUSTOMERS?

Have we got gaps? Where should be target development?

MARKETVIEW
Precision Market Intelligence

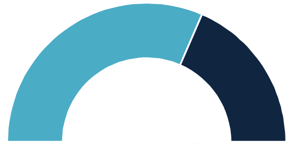
PROPORTION OF LOCAL CARDHOLDER'S SPENDING THAT GOES TO LOCAL MERCHANTS

High percentages presume that local cardholders are happy with local options

RETAIL CATEGORY	PROPORTION OF SPENDING DONE LOCALLY	
ACCOMMODATION	Nelson	18.8%
	New Zealand Avg	14.8%
APPAREL	Nelson	53.2%
	New Zealand Avg	51.9%
DEPARTMENT STORES	Nelson	63.5%
	New Zealand Avg	63.9%
ELECTRICAL / APPLIANCES	Nelson	69.7%
	New Zealand Avg	62.1%
FOOD AND BEVERAGE SERVICES	Nelson	54.4%
	New Zealand Avg	54.6%
FURNITURE/FLOORING	Nelson	74.6%
	New Zealand Avg	57.1%
HARDWARE/HOMEWARE	Nelson	76.5%
	New Zealand Avg	64.8%
OTHER	Nelson	61.9%
	New Zealand Avg	62.6%
RECREATIONAL	Nelson	59.5%
	New Zealand Avg	54.1%
SPECIALISED FOOD / LIQUOR	Nelson	56.3%
	New Zealand Avg	66.6%
SUPERMARKET AND GROCERY	Nelson	72.9%
	New Zealand Avg	75.8%

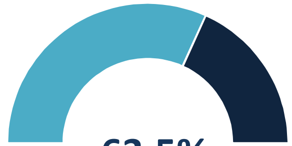
0.0% 50.0% 100.0%

OVERALL LOYALTY



63.0%

Local cardholders spent 63.0% at local merchants this quarter.



63.5%

New Zealanders spent 63.5% with their local merchants this quarter.

MOST LOYAL CATEGORY

SPENDING

HARDWARE/HOMEWARE

TRANSACTIONS

HARDWARE/HOMEWARE

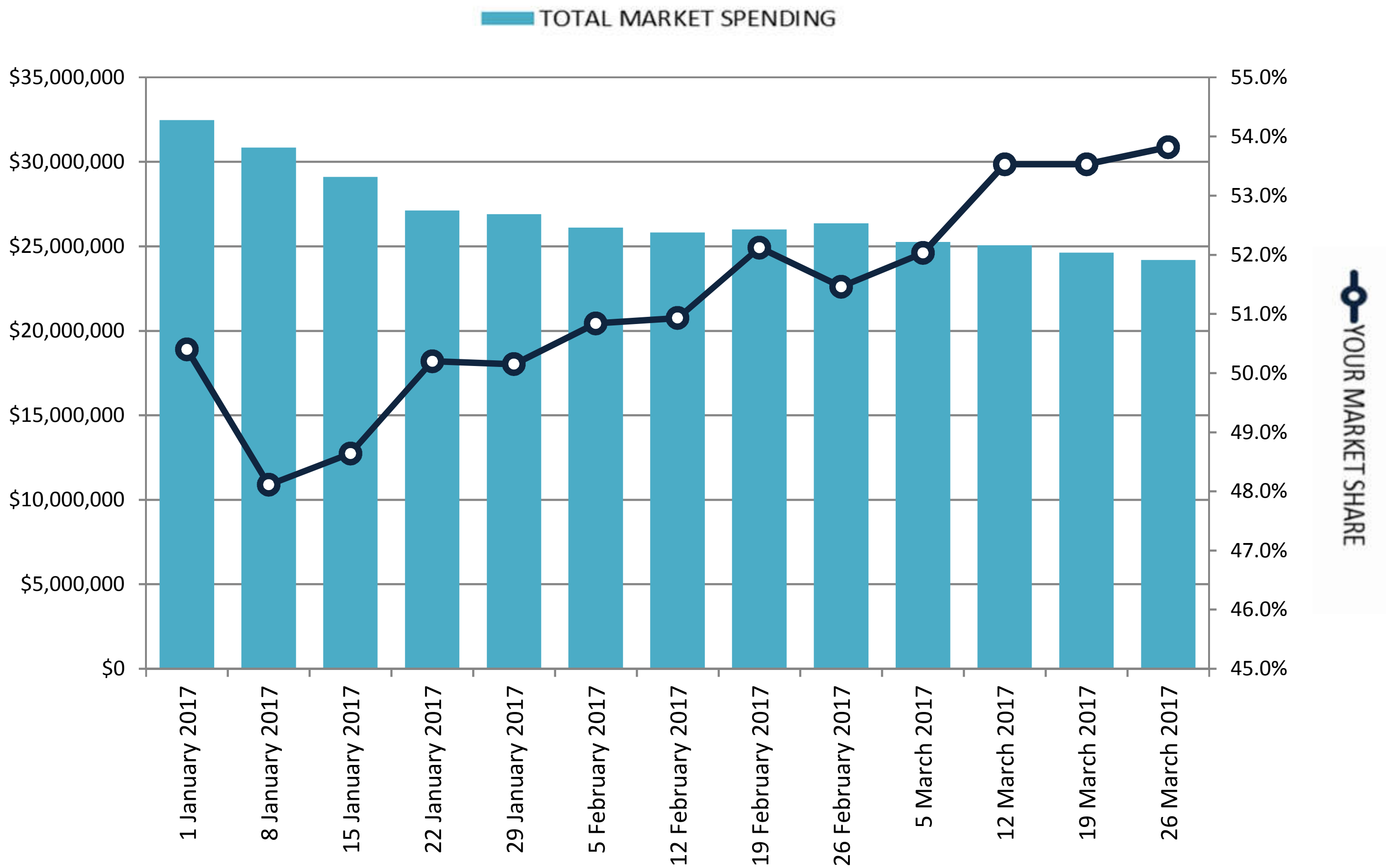
HOW HAS RETAIL ACTIVITY VARIED BY WEEK?

How does this affect planning? Has any event stimulated activity?

MARKETVIEW
Precision Market Intelligence

TOTAL MARKET SPENDING AND PROPORTION DONE IN YOUR COUNCIL

By Week



BEST PERFORMERS

YOUR HIGHEST TOTAL WEEKLY SPEND

Week of

1 January 2017

YOUR HIGHEST WEEKLY MARKET SHARE

Week of

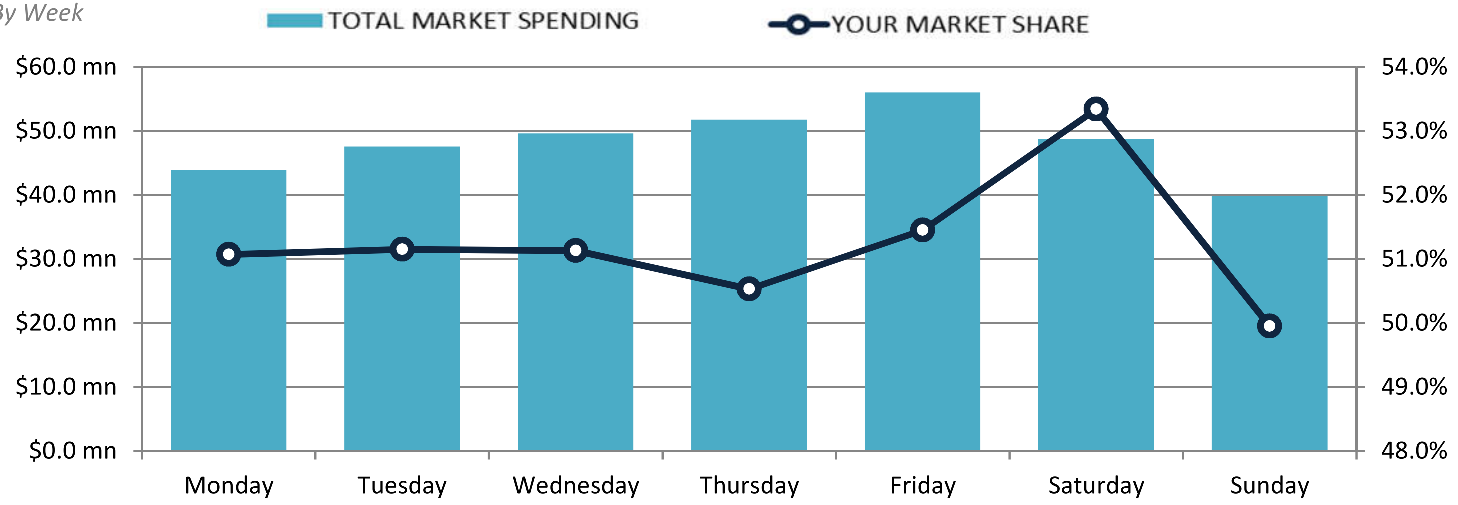
26 March 2017

WHEN ARE OUR RETAILERS BUSIEST?

Are we managing council resources effectively to match these busy periods?

TOTAL MARKET SPENDING AND PROPORTION DONE IN YOUR COUNCIL

By Week



YOUR BEST PERFORMERS

DAY OF THE WEEK WITH MOST SPENDING

Friday

DAY OF THE WEEK WITH HIGHEST MARKET SHARE

Saturday

TIME PERIOD WITH HIGHEST PROPORTION OF SPENDING

Midday - 4pm

DiSTRIBUTION OF SPENDING AT MERCHANTS IN YOUR COUNCIL AREA - BY TIME OF DAY

The darker the box, the higher the proportion of spending

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Avg. for Period
Midnight - 4am	0.2%	0.2%	0.2%	0.3%	0.3%	0.7%	2.5%	**0.6%**
4am - 8am	1.5%	1.7%	1.9%	2.0%	1.7%	0.8%	0.7%	**1.5%**
8am - Midday	25.5%	24.7%	24.4%	24.3%	23.6%	28.3%	23.2%	**24.9%**
Midday - 4pm	40.9%	40.2%	39.4%	39.1%	38.9%	42.8%	44.4%	**40.7%**
4pm - 8pm	25.3%	26.3%	26.7%	27.1%	27.1%	19.3%	22.6%	**25.0%**
8pm - Midnight	6.7%	6.8%	7.4%	7.3%	8.4%	8.1%	6.6%	**7.4%**
Avg. for Day	**13.0%**	**14.1%**	**14.7%**	**15.1%**	**16.6%**	**15.0%**	**11.5%**	**100.0%**

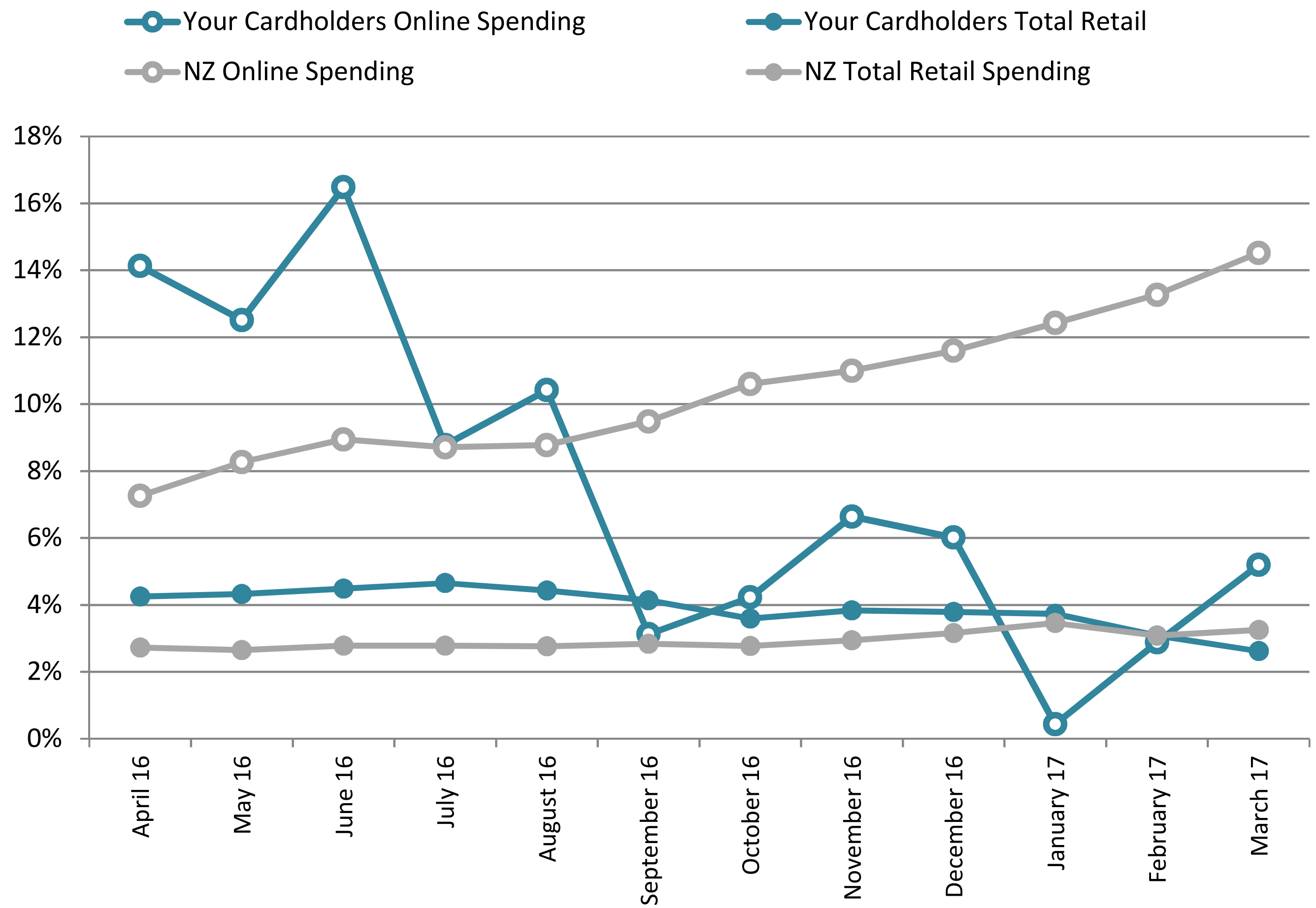
HOW MUCH ARE LOCALS SPENDING ON THE INTERNET?

Are your local offering sufficient? What does this mean for property prices?

MARKETVIEW
Precision Market Intelligence

CHANGE IN ONLINE SPENDING VS TOTAL NZ TRENDS

Rolling 12 months change in spending



THE BREAKDOWN

GROWTH IN ONLINE SPENDING (this quarter)

Your Locals	Total NZ
▲ 4.4%	▲ 18.6%

SHARE OF TOTAL RETAIL SPENDING

Your Locals	Total NZ
13.0%	11.1%

% SPENT ON OVERSEAS WEBSITES (this quarter)

Your Locals	Total NZ
42.6%	46.1%

FASTEST GROWING ONLINE CATEGORY (for local cardholders)

Apparel