

## MEDIA RELEASE FROM REDEFINE PROPERTIES

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### ***Redefine sees some bright spots for festive season retail***

Antoinette Coetzee, Retail Analyst at Redefine Properties is feeling somewhat upbeat about this year's festive season, despite worries that the struggling economy will force consumers to tighten their belts during the upcoming holiday period.



"While concerns around the health of the consumer continue to grow, I don't believe we have a one-size-fits-all answer to consumer positioning this year. We do however suspect there will be less spending support from unsecured credit this year," says Coetzee.

She adds that higher petrol and transport costs as well as increases in administered prices in a year when real wage growth has slowed, will certainly put pressure on the pockets of some consumers.

"But that said, we still see potential for a number of consumer segments in specific areas to outperform," says Coetzee.

While concerns about the economy are unlikely to dissipate, the festive season is still a critical time for retailers. "December 2012 accounted for 12% of South African retail sales in that year. Suitable planning for stock levels and merchandise drop times can make a significant difference to the overall profitability of a business, especially if the January markdown is limited," she says.

On whether this festive season will outperform the last, Coetzee says: "Given the growth we have seen so far this year, we would expect some real growth through Christmas. But again, we anticipate material differences in performance both within and across categories."

For Coetzee, gift cards will trump other gift choices this year. "There's a growing trend to move to gift cards as it's easier to manage the budgeting side of gift giving, and some savvy customers realise the sales start very soon after Christmas."

Commenting on which sectors will likely benefit more from the festive trade, Coetzee feels that, based on last year's figures, apparel, cosmetics and electronics will be on the top of the shopping list this year.

Online shopping will not pose too much of a threat to shopping centres this year, according to Coetzee.

"We think it's unlikely to have a bigger impact this Christmas than it has had throughout the year. Certainly for some categories - books, music, and electronics - the offering and convenience of online can be more attractive than shopping with the crowds," notes Coetzee. "One must keep in mind though the many exchanges post-Christmas and concerns around the ability to return or exchange Christmas gifts bought online may also influence customers to stay at the mall."

The benefits of the festive trade do, however, come with their own set of challenges.

“One of the larger challenges is managing increased shopper numbers while still offering customers a great shopping experience,” Coetzee says.

“Ultimately the success of the festive trade will come down to merchandise, store displays and value propositions, but there will be opportunities in being the first store to catch the early Christmas spend,” says Coetzee. “Longer trading hours and incentives are also opportunities for retailers to capture a greater share of the wallet.”

Redefine Properties is a JSE-listed South African Real Estate Investment Trust (SA REIT) with a R41 billion portfolio of diversified property assets. Its retail portfolio comprises 90 properties with a gross lettable area of over 1 million m<sup>2</sup> and a value of R9.6 billion.

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