

# TONY'S VIEW - Spending Plans Extra

## Input to your Strategy for Adapting to Challenges

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[tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)

[www.tonyalexander.nz](http://www.tonyalexander.nz)

### My Aim

To help Kiwis make better decisions for their businesses, investments, home purchases, and people by writing about the economy in an easy to understand manner.

## Where to search for a bargain

Let's say you're a person who loves to shop for the thrill of the purchase, and you're not really fussed about what you buy. You just love the thought that you might score a bargain. Where would you be hunting to make your kill at the moment?

There are many methods a good bargain hunter would use. Perusing advertisements, following up stories of troubles for particular shops or retail chains, keeping in touch with workers across a range of retail operations. One other way to answer this question is to look at the level of inventories held by different store types to try and spot those who seem to have more than usual stock on hand.

There is only one way of doing that and it involves looking at the Statistics NZ quarterly Retail Trade Survey. The March quarter survey was released last week and you'll probably have seen the headlines regarding total sales volumes falling 0.7% in the quarter. That is not surprising considering the lockdown started just before the end of the quarter.

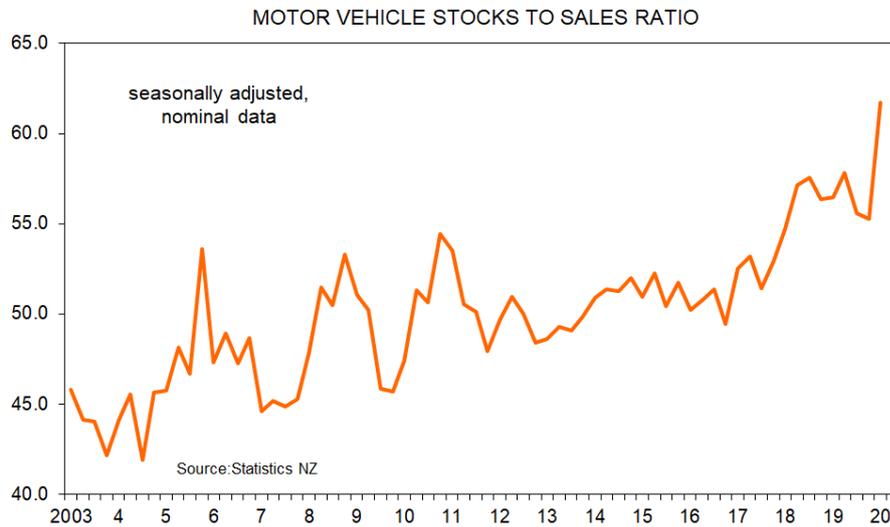
But for our current purposes, what we are interested in is the ratio of a store type's stocks to sales at the end of the quarter. Which sector looks to have excess stocks which they might be looking to get rid of as quickly as possible at Level 2, before the onset of winter sees us hunkering down inside?

In this following table the column we are interested in is the last one showing how the latest stocks to sales ratio compares with average. It is below average for supermarkets at -1.8%. Why? Rushed buying ahead of the March 26 lockdown. (Imagine if they had one for dogs which people stocked up on heavily – overseas at least.) Department store stock were also below average a few weeks ago, so bargains probably won't be found there. Same for hardware and garden stores, electrical and electronics goods stores, and pharmacies (pre-lockdown buying).

	<b>Latest stocks to sales ratio</b>	<b>Ratio a year ago</b>	<b>Ratio c.f. average</b>
Supermarkets & grocers	12.9%	14.4%	-1.8%
Specialised foods	21.8	20.9	2.2
Liquor	51.5	51.9	1.5
Non-store & commission retailing	37.8	40.6	3.5
Department stores	68.7	71.3	-4.3
Furniture, floor coverings etc.	54.7	52.9	2.5
Hardware & garden supplies	48.9	50.5	-1.1
Recreational goods	92.7	89.5	1.2
Clothing & footwear	79.5	72.2	2.1
Electrical & electronic goods	42.0	47.5	-3.8
Pharmaceutical	36.7	39.2	-3.6
Accommodation	5.4	5.0	0.0
Food & beverage services	6.0	6.1	-0.2
Core Industries	31.9	32.9	-1.4
Motor vehicles & parts	61.7	56.5	8.7
Fuel	8.3	8.0	1.7
<b>All</b>	<b>33.4</b>	<b>33.8</b>	<b>-0.1</b>

But you might snare some bargains from furniture and floor covering shops, sports stores, and clothing stores (especially looking to move winter stock as fast as possible and quit left over summer dresses).

The big category with the biggest excess stock however is motor vehicles. The 61.7% of March quarter sales was a record. In fact, this ratio has been creeping up since the end of 2017. If you are looking to find the retailer most willing to cut their selling price and boost their add-ons, you need to go to the car yards. Good luck.



This publication is written by Tony Alexander, independent economist. You can contact me via LinkedIn or email [tony@tonyalexander.nz](mailto:tony@tonyalexander.nz)  
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