

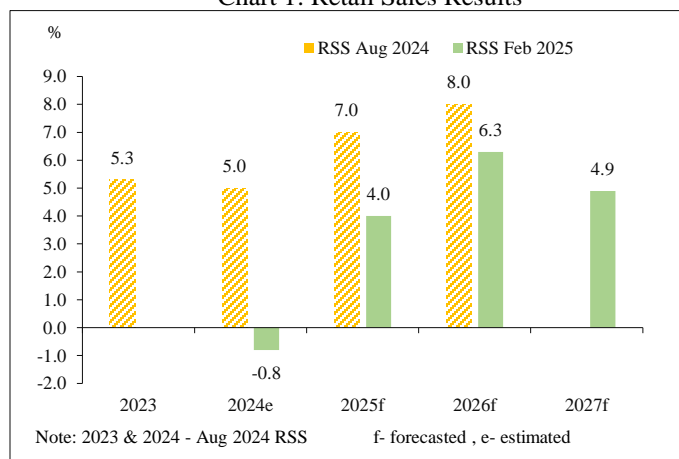
## Retail Sales Survey (RSS) February 2025

### 1.0 Introduction

Retail sales represent an essential macroeconomic measure of consumer demand for finished goods (including both durable and non-durable commodities) and serve as a pulse-check for the performance of an economy at a particular period. Due to its importance in gauging the economy's wellbeing, the Reserve Bank of Fiji (RBF) undertakes a combined BES and RSS survey<sup>1</sup> bi-annually (February & August) to capture current and future expectations of annual values of sales (not volume) by sectors within the retail industry. This report aims to provide an analysis of the most recent RSS conducted in February 2025.

### 2.0 Survey Outcomes

Chart 1: Retail Sales Results



Sources: RBF RSS August 2024 & February 2025

#### a) Retail Sales in 2025

**Retail sales are now anticipated to expand by 4.0 percent in 2025, lower than the 7.0 percent estimates** from the August 2024 survey (Chart 1), with broad-based contributions from most retail sales sectors (Chart 2), particularly the food & drinks (+2.70 percentage points (pp)); fuel (+0.49 pp); household goods & appliances (+0.36pp); building materials & hardware (+0.31pp); motor cars & other transport equipment (+0.23pp); footwear and others (+0.22pp) sectors. However,

clothing & textile (-0.02pp) and electronics (-0.54pp) categories are contributing to the lower growth for 2025.

Chart 2: Contribution to Retail Sales Growth 2025



Source: RBF RSS February 2025

Correspondingly, retail sentiments and outlook are also impacted by factors such as inflation, the pace of economic expansion, labour market conditions, borrowing costs, and taxation policies<sup>2</sup> as these in turn influence consumers' purchasing power and hence their spending levels. Price pressures stabilised with the annual headline inflation rate in February 2025 falling to 1.4 percent (from 5.4% in August 2024), largely driven by slower price increases for alcoholic beverages, tobacco & narcotics, food & non-alcoholic beverages and miscellaneous goods & services. Although tight labour market conditions have eased, it is still impacted by the outward migration of workers since 2022, which may be suppressing the volume of retail sales. This may off set with higher incomes (wages & salaries), remittances and government spending.

The slower projected growth of 4.0 percent for 2025 (from 7.0% projected in August 2023) is in line with the revision in Fiji's growth outlook for this year, which is anticipated to be marginally lower at 3.2 percent (revised downwards from 3.4% forecasted earlier).<sup>3</sup> Economic growth continues to be driven primarily by the services sector, supported by the industrial and primary sectors.

<sup>1</sup> Business Expectations Survey and Retail Sales Survey.

<sup>2</sup> Tax policies introduced in the national budget (changes in VAT rate policy of 15.0% charged on goods and services except for those items that fall under exempted and zero-rated VAT from 1 August 2023),

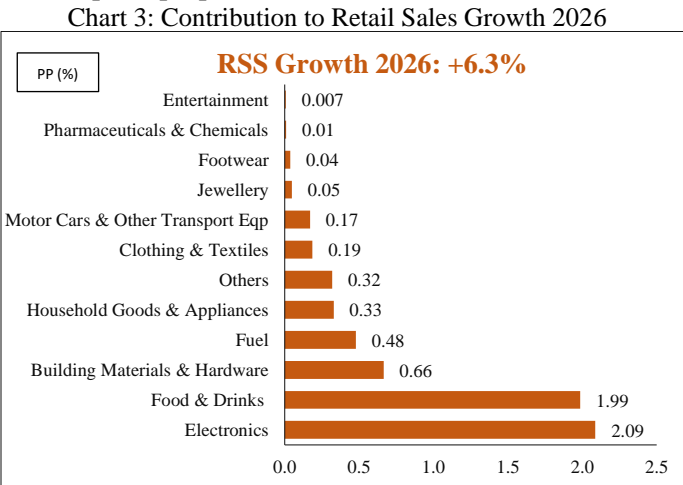
and recent tariffs implemented by the United States (US) President Trump in February 2025.

<sup>3</sup> June 2025 Macroeconomic Committee forecast figures.

Nonetheless, the projected expansion with rising demand, remittances and wages & salaries in the services sectors such as finance & insurance, public administration, wholesale & retail and information & communication sectors is expected to stimulate consumer spending. The RSS survey results for 2025 is also in line with the BES, which suggests positive sentiments for investment and general business conditions in the medium term.

b) Retail Sales in 2026

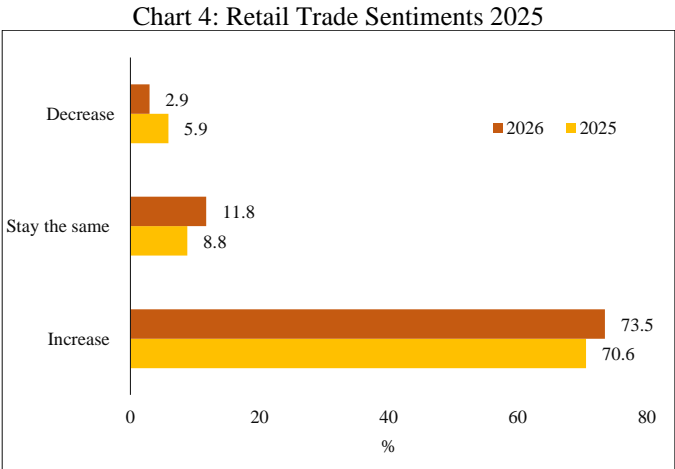
**Retail sales are expected to grow by 6.3 percent in 2026**, slower than 8.0 percent anticipated in the previous survey. By sector, the electronics (+2.09pp); food & drinks (+1.99pp); building material & hardware (+0.66pp); fuel (+0.48pp); and household goods & appliances (+0.33pp) categories underpinned the projected sales increase in 2026 (Chart 3). The confidence in retail sales over the year is driven by anticipated visitor arrivals growth (3.0% in 2026), inward remittances, higher wages & salaries and government spending which will support the ability to access credit for consumption purposes.



Source: RBF RSS February 2025

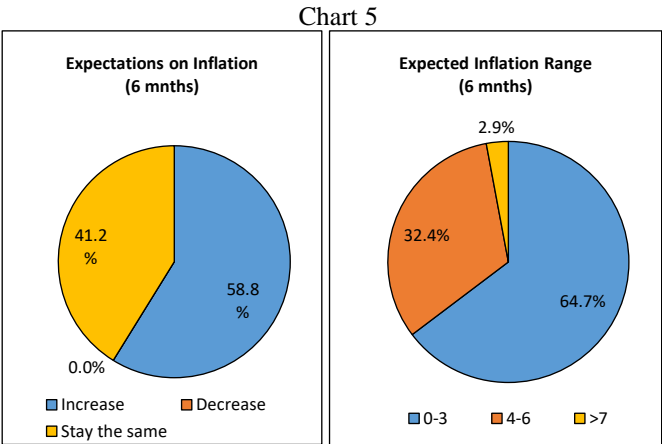
3.0 General Sentiments for Retail Trade

In 2025, more respondents (70.6%) feel that retail sales will “increase” this year, compared to the previous survey (48.5%). Notwithstanding uncertain global developments, retailers continue to be optimistic about the future of retail sales, with 73.5 percent of respondents anticipating retail sales to also increase next year (Chart 4).



Source: RBF RSS February 2025

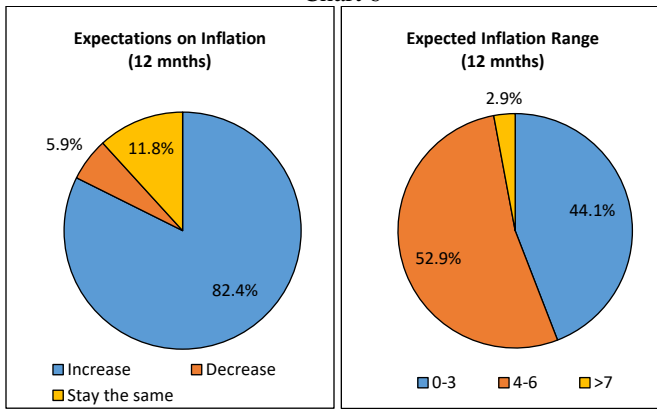
In terms of **prices**, the inflation outlook suggests that majority of retailers (58.8%), broadly across all categories, predict a build-up of inflationary pressures in the short term, specifically between the 0.0-3.0 percent range, according to 64.7 percent of respondents. This was followed by 32.4 percent of retailers expecting inflation to range 4.0-6.0 percent in the short term (Chart 5). All retailers in the sectors expect high inflation for 6 months.



Source: RBF RSS February 2025

In the medium term (Chart 6), 82.4 percent of retailers had expected inflation to increase, similar to sentiments in the last round of survey (81.8%). A majority (52.9%) expect inflation to be in the range of 4.0-6.0 percent, while 44.1 percent expected it to be in the lower range of 0-3 percent.

Chart 6



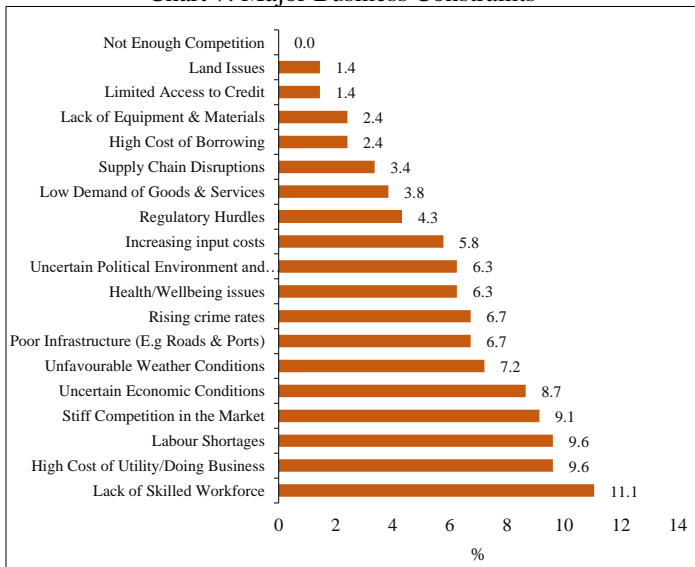
Source: RBF RSS February 2025

Inflation expectations for the next 12 months that were in the 4.0-6.0 percent range, were mainly by respondents in the food & drinks, jewellery, motor cars and other transport equipment, footwear, pharmaceutical and building materials & hardware sectors.

#### 4.0 Major Constraints hindering Retailers

Sentiments in the retail industry continue to be generally optimistic, marred by ongoing challenges (Chart 7). Most retailers cited lack of skilled workforce as their greatest impediment, followed by high utility cost/ doing business, labour shortages, stiff competition in the market, uncertain economic conditions, unfavourable weather conditions, poor infrastructure, rising crime rates, health & wellbeing issues and uncertain political environment & government policies.

Chart 7: Major Business Constraints



Source: RBF RSS February 2025

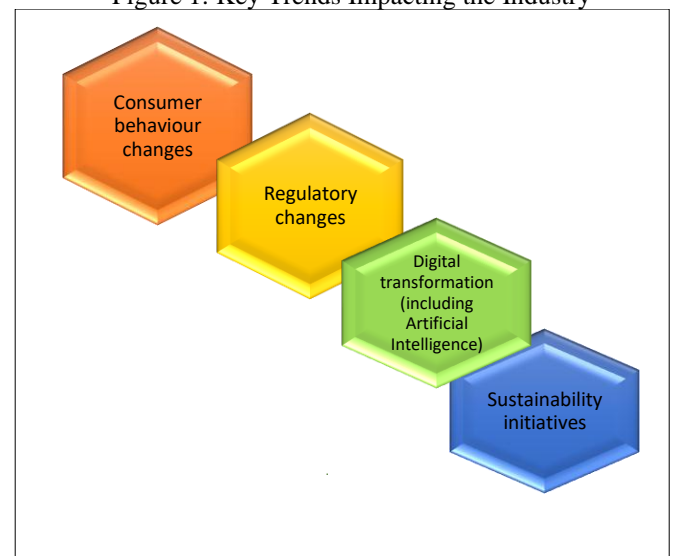
Majority of respondents (64.7%) have indicated that labour issues (e.g, loss of labour due to migration) have not improved since the August 2024 survey and they still

anticipate losing more workers (61.8%) due to migration abroad in the next 12 months. In order to retain staff, 91.2 percent (compared to 87.9% in the last survey) of the retailers had raised wages or offered incentives to their employees, resulting in less staff turnover relative to the last Survey.

#### 5.0 Key Trends Impacting the Industry

Firms were requested to provide the industry's key trends impacting their industry (Figure 1). The most popular trends selected were consumer behaviour changes (76.5%) and regulatory changes (44.1%) followed by digital transformation (including artificial intelligence) (32.4%) and sustainability initiatives (23.5%) impacting the retailing sector.

Figure 1: Key Trends Impacting the Industry



Source: RBF RSS February 2025

Moreover, businesses were requested to outline their top strategic priorities impacting their business growth in the medium term (Chart 8). The survey revealed most retailers prioritised revenue growth (91.2%), cost management/reduction and operational efficiency (79.4%), followed by market expansion (64.7%) and risk management (52.9%) which may likely boost business growth.

Chart 8: Top Strategic Priorities for next 12 months



Source: RBF RSS February 2025

## 6.0 Summary

Retailers' sentiments have improved since the August 2024 survey, although the expectations have slowed from 7.0 percent to 4.0 percent in retail sales growth for 2025. The estimated growth for 2025 aligns with the revised growth outlook for the year, driven by improvements in several key indicators, including increased consumption spending, investment activity supported by higher incomes and remittances, tourism-driven demand, and higher government expenditure. Additionally, a majority of retailers expect the inflation rate to increase and at a range of 4.0-6.0 percent in the medium term. Retailers continue to portray resilience, reflected in their perception of retail sales growth in 2026 at 6.3 percent, driven by expected tourism-related growth.

Furthermore, addressing the major obstacles faced by retailers such as lack of skilled workers, high utility cost/doing business, labour shortages, stiff competition in the market and uncertain economic conditions, will likely boost retailers' optimism. Surveyed businesses perceive consumer behaviour changes and regulatory changes as key trends impacting their industry, and indicated that, growing revenue and managing/reducing cost and operational efficiency, and expanding the market, as their top strategic priorities in the medium term.

## 7.0 Response Rate

A total of 33 companies responded, yielding a weighted average response rate of 64.4 percent compared to 76.1 percent achieved in the August 2024 survey.