

# Inside Australian Online Shopping

2020 eCommerce Industry Report



## About this report

**This is the fifth edition of the Inside Australian Online Shopping eCommerce Industry Report. We've taken an in-depth look at the impact Covid-19 has had on eCommerce in Australia while also looking back on how the landscape evolved during 2019.**

The report has been prepared using parcels data recorded by the Australia Post Group, unless otherwise stated.

This edition examines the trends of frequent cross border online shoppers across 41 countries. It also includes information on four key international markets: the United States, New Zealand, the United Kingdom and China.



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## Foreword

### Welcome to the 2020 Australia Post eCommerce Industry report

The global pandemic has brought change on a scale that we have never seen before, altering the trajectory of the eCommerce industry.

Last year we forecast 12% of consumer spending would be conducted online by 2021, yet with the seismic shift brought about by COVID-19, we saw online hit 12% of total retail for the month of March\*.

Social distancing, self-isolation and the closure of bricks and mortar stores has meant online has become not just the preferred way to shop but arguably the only way to shop, prompting unprecedented online growth as retailers and shoppers alike adapt to a new normal.



So far in 2020, we have seen more people shopping online than ever before – up 31% in April to 5.2 million, when compared to the average in 2019 – and unsurprisingly, online purchases are growing at a rapid rate across the country.

While the national average in 2019 was 17.2%, for the year to 30 April 2020, it has already shifted significantly, with online purchases up 41% YOY. Major cities continue to dominate online sales, but some regional areas did see strong growth in 2019 and this growth has continued into 2020.

Hardships felt by businesses due to environmental disasters were brought into sharp focus over summer and invigorated the trend towards social responsibility. There was significant uplift in volumes as a direct response to social media campaigns such as #BuyFromTheBush and #BuyRegional – which encouraged people to buy from regional businesses affected by drought. This showed that Australians are becoming increasingly conscious of the social impacts of their purchases, as well as seeking to support local and regional communities where possible.

This is a trend that will no doubt evolve further this year as regional communities continue on the road of recovery from the devastating bushfires over summer, while – much like everyone else – also now feeling the economic impact of the pandemic.

We know that many Australians see Australia Post as the most present service provider in communities, even ahead of schools, cafes, pubs and grocery stores. It is part of the reason why Australia Post is committed to its role in regional communities, and continues to be one of the most trusted service providers in regional and rural Australia.

Looking internationally, 2019 was another year of solid growth, but it is this section of the industry that will face fierce headwinds in 2020. The pandemic's disruption of global supply chains, the grounding of commercial freighters, and the congestion in trade lanes will continue to put unprecedented pressure on retailers. We have already seen significant drops in volumes, and we will be watching carefully to see how this evolves in the months ahead.

Previous editions of this report have exclusively looked back on how the online shopping landscape evolved over the year that's been, and while 2019 was a landmark year for online shopping in Australia, the pandemic has changed the game, bringing years' worth of change in just a matter of weeks.

While it is still valuable to look back at the trends of 2019, it is more important than ever that retailers use those insights in conjunction with what is happening now. We trust this report helps businesses with their understanding of the changing landscape, and in turn their strategic planning, as they prepare for the challenges and indeed the opportunities that lay ahead.

## Executive summary

**2020 has been a year like no other for eCommerce. The latest statistics show that growth was up over 80% year on year (YOY) in the 8 weeks since the COVID-19 pandemic was declared by the WHO, making it clear that the industry has not only kicked up a gear, it has gone into overdrive.**

Though it's still too early to say how the industry will look post-pandemic, it's clear this crisis has set a new baseline. We had predicted that by 2025 online shopping would account for 16–18% of total retail spend, but the recent growth we've seen suggests the pandemic has brought this forward. We're anticipating that by the end of 2020, online spend will hold a 15% share of the total retail market\*.



**Ben Franzi**  
General Manager,  
Parcel and  
Express Services  
Australia Post



Black Friday/Cyber Monday 2019 was a record breaker with YOY growth of 31.6%. As shoppers become more accustomed to this event, so to do retailers and in 2019 this shopping festival spanned more of the industry than previous years. The growth of this event was unprecedented until recently when it was overtaken by Easter 2020.

April 2020 was a historic month as online shopping fully ramped up again. More than 200,000 new shoppers entered the market and purchased something online for the first time, and over a third of new shoppers made multiple purchases. Seasoned shoppers also increased their purchase frequency with over half of them buying online more than twice in April 2020. This speaks to a high level of engagement in the market and the cementing of a new trend in buying online. Consequently, online purchases were up 6.8% for the 30 days in April 2020, when compared to the 30 days to 18 December 2019 which encompassed Black Friday and the Christmas rush. In fact, the four days from Easter Tuesday 2020 topped the four days from Cyber Monday 2019 by 2% making this the busiest period in online shopping history.

With social distancing likely here to stay for some time, delivery choices will continue to be a defining part of the online shopping experience. While home deliveries made up the largest portion of deliveries in April 2020, we also saw strong growth in alternate delivery options, up 30% YOY, and we expect this growth to continue. Even as government restrictions ease, the risks associated with close contact may still be top of mind for shoppers. Contactless delivery will be key and services like 24/7 Parcel Lockers give consumers more choice and flexibility.

Though we've seen early signs of normalisation throughout May 2020, all categories are still up significantly when compared to 2019, suggesting this new normal may be here to stay. As we progress through the rest of 2020, we'll likely see the industry shift even further away from its previous state as retailers look to adopt a greater reliance on local manufacturing, re-imagine supply chains, and perhaps renew their focus on sustainability and social responsibility.

It's been fascinating to watch the retail industry adapt and evolve in response to the changes this year has brought, and we'll be watching eagerly to see what happens next.



## eCommerce overview

# 06

In April 2020 online purchases grew **6.8%**, when compared to the 30 days to 18 Dec 2019

## eCommerce in overdrive

2020 has brought changes to the way we live, work and shop like we've never experienced before. The rapid and unexpected way the COVID-19 pandemic has transformed our day-to-day lives has fundamentally changed the retail industry.

Social distancing means we're spending more time at home, trading the traditional office for our home office, the classroom for the kitchen table and physical shops for online. In recent months, foot traffic through bricks and mortar stores has substantially reduced, and both retailers and shoppers have had to make a major shift to selling and purchasing through online channels. Shoppers who wouldn't usually buy online e.g. older demographics, are quickly learning to use this medium; as are retailers who have not previously held a strong online presence.

# 5.2m

## households shopped online in April 2020



For March 2020, total retail spend (excluding cafes, restaurants and takeaway) was up 15.5% YOY and 13.7% on February 2020, with this growth largely driven by bulk purchases in food retail.<sup>1</sup> Over March, online also saw strong growth, accounting for 12.3% of total retail spend, compared to 11.3% in 2019.<sup>2</sup>

April is traditionally a quiet month for eCommerce, as people cut back on spending after Christmas. However, April 2020 set a new record, with online purchases 6.8% higher than the previous largest recorded period – the 30 days to 18 December 2019 which encompassed Black Friday and the pre-Christmas rush. To demonstrate the scale of this growth, the four days from Easter Tuesday 2020 was 2% higher when compared to the four days from Cyber Monday in 2019.

This influx of purchasing in April 2020 brought the number of households shopping online for the month to a massive 5.2 million, an increase of 31% when compared to the average in 2019. Consequently, online goods spend grew by 95% YOY in the same month.<sup>3</sup>

This industry-wide shift has been as dramatic as it has been swift and will no doubt alter future buying behaviour. While the current acceleration we're seeing may begin to steady, many of the changes we've seen are likely here to stay through the rest of 2020 and beyond.

## Evolving buyer behaviour

**On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic.<sup>4</sup> The following week saw online purchases up 28% YOY, before continuing to climb and hitting a peak of 135% YOY in the week after Easter. To put this into perspective, an average of 1.6 million households bought something online each week in 2019; in April 2020 this increased to 2.5 million households per week.**

The initial focus for shoppers was on essential items, as uncertainty led to ‘panic buying’ of groceries, pharmaceuticals, hygiene items, alcohol, and of course, toilet paper.<sup>5</sup> As government messaging on restrictions became clearer, understanding grew of what could and couldn’t be obtained easily, leading to a more measured consumer approach towards buying essentials.

As Australians settled in at home, online purchases transitioned to entertainment, self-improvement, DIY, comfortable and casual clothing (e.g. loungewear and athleisure), and gifts to connect with loved ones.

Fashion demand softened in the early stages of the pandemic, when purchasing priorities geared towards needs rather than wants, initially dipping to negative 5% YOY. This soon rebounded as people acclimatised to home life, recovering to single digit growth rates before reaching highs of 100% YOY, as more active and leisure wear was purchased.

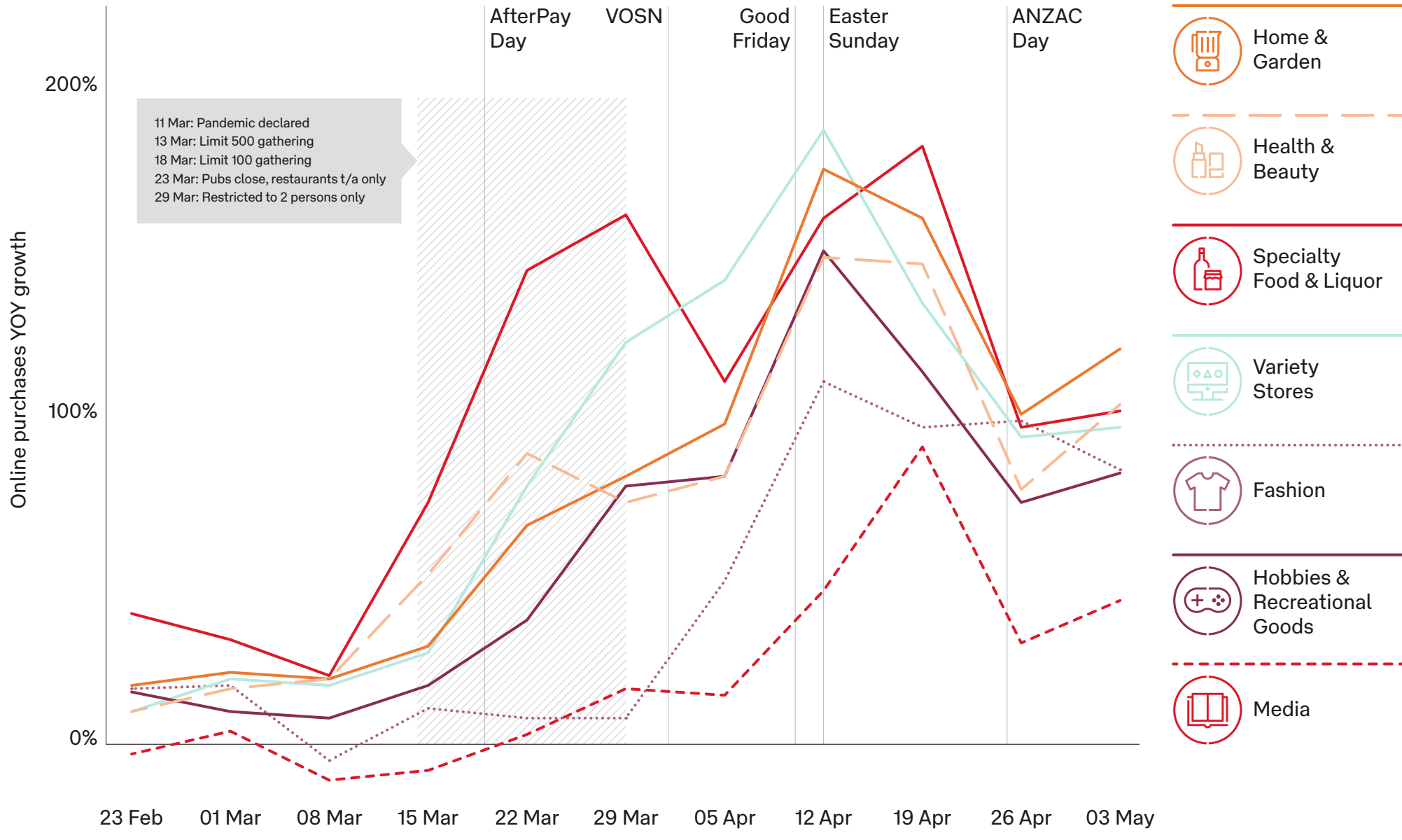
Media, which includes books and stationery, has also had its share of highs and lows. The industry saw a contraction early in the year, likely due to uncertainty around the commencement of university courses and a reduction in international students. The category picked up in mid-March as consumer demand switched from academia to fiction/non-fiction, with reading for pleasure and books on hobbies and projects becoming more popular.<sup>6</sup>

Wine and liquor has been a hot favourite for Australians during the pandemic, with online purchases peaking during March and April, and reaching highs of over 160% YOY. Department store purchases also grew by 400% YOY during the Easter week, with the sheer range of goods proving a popular drawcard for Aussies at home.





# Buyer behaviour



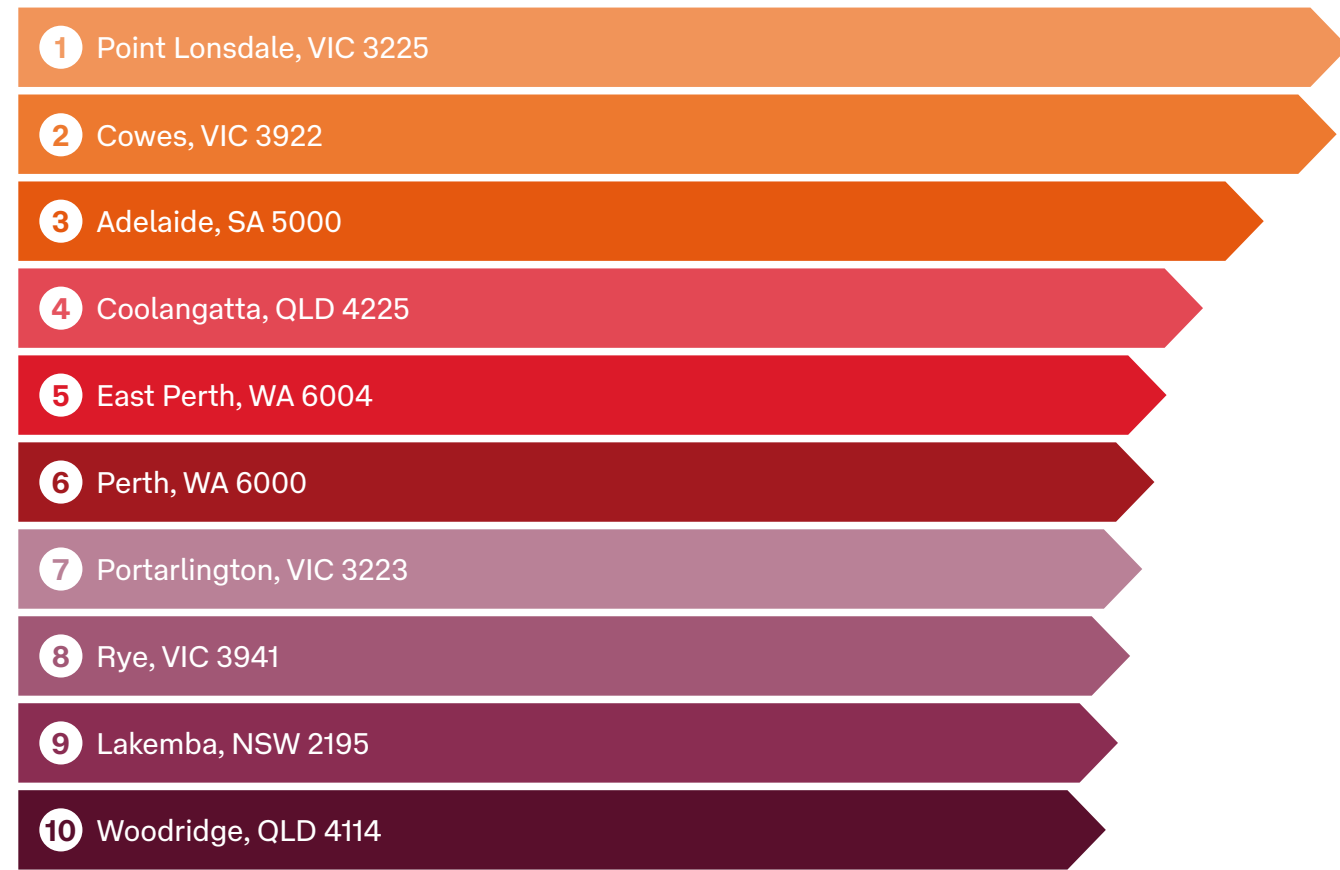
## New shoppers

April 2020 welcomed more than 200,000 new shoppers to the online space. Of these, over a third (35.5%) made an online purchase more than once, and 16.7% shopped three or more times.

Seasoned shoppers also increased their online shopping frequency in April, with 52.6% purchasing online three or more times over the month. This indicates that shoppers are staying engaged, and online shopping habits are starting to take hold.

For new shoppers, there are two distinct sets of locations where residents have begun buying online. The first is metro areas, such as Perth, East Perth, and Adelaide, where the usual ease of popping out to a store to pick up an item has been limited. The second is inner regional areas, such as Point Lonsdale and Cowes, where residents have a median age at least 13 years higher than the national average of 38.<sup>7</sup> These residents, who previously may not have been accustomed to making online purchases are now experiencing the need to alter their shopping habits.

## Top 10 locations by percentage of new online shoppers



**200k+** new households shopped online in April 2020

## Delivery choices

**As a result of self-isolation measures, the majority of people are receiving their online purchases at home. In April 2020, 91% of all deliveries went to homes. This was a 9% increase in share compared to the whole of 2019. 10% of deliveries in 2019 were delivered to workplaces. In April 2020, that proportion was only 4%.**

**30.3% growth YOY in alternative delivery options in April 2020**

Alternate delivery options made up the remaining percentage, proving popular with a YOY increase of 30.3%. Shoppers have become more particular than ever about how their parcels are delivered, with people making choices to suit their lifestyle and way of working.

The biggest yearly increase was during the Easter period, with the two weeks on either side of the holiday experiencing growth of over 55% YOY in alternative delivery options, as people stayed at home and shopped online.

While we will see workers gradually make a return to the office, social distancing measures may mean that flexible working remains prevalent, making choice, convenience and flexibility in delivery even more important.

Parcel lockers remain a popular choice however, CBD usage of the lockers was down 25% in the week commencing 3 May 2020, when compared to the week commencing 8 March 2020. Usage of parcel lockers outside of CBD locations increased 25% to cover the shortfall during the same period.

Click and Collect also continues to grow, as it alleviates the cost versus expediency dilemma for sellers and buyers. The number of Click and Collect shoppers grew by 7% between July 2019 and March 2020 when compared to the 2019 financial year.<sup>8</sup>



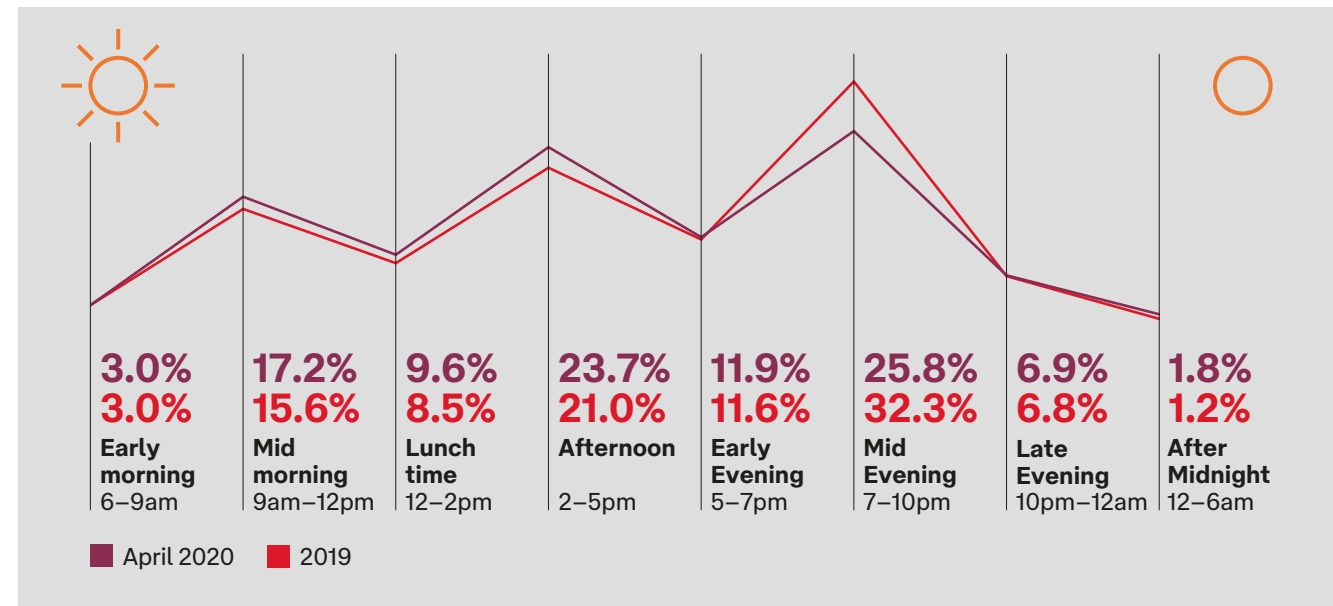
## Shopping habits

When and how purchases are made has shifted in response to 2020 events. Previously, purchasing tended to occur more often during the evening (32% between 7–10pm in 2019). Australia Post’s market research indicates this was spread more consistently throughout the day during April 2020.<sup>8</sup>

As we spend less time commuting, and being out and about, smartphone purchases have dropped. In April 2020, the share was 25%, a decline of three percentage points compared to the whole of 2019. Laptop purchases have risen to 36% in April 2020. In 2019, that proportion was 33%.<sup>8</sup>

Interestingly, the share of credit card usage for online purchases has risen from 23.9% in 2019 to 26% in April 2020.<sup>8</sup>

### When online purchases are made



### How online purchases are made

#### Smartphone



**25.7%**

April 2020

**28.7%**

2019

#### Desktop computer



**27.9%**

April 2020

**27.0%**

2019

#### Laptop computer



**36.4%**

April 2020

**33.3%**

2019

#### Tablet computer/device



**10.1%**

April 2020

**11.0%**

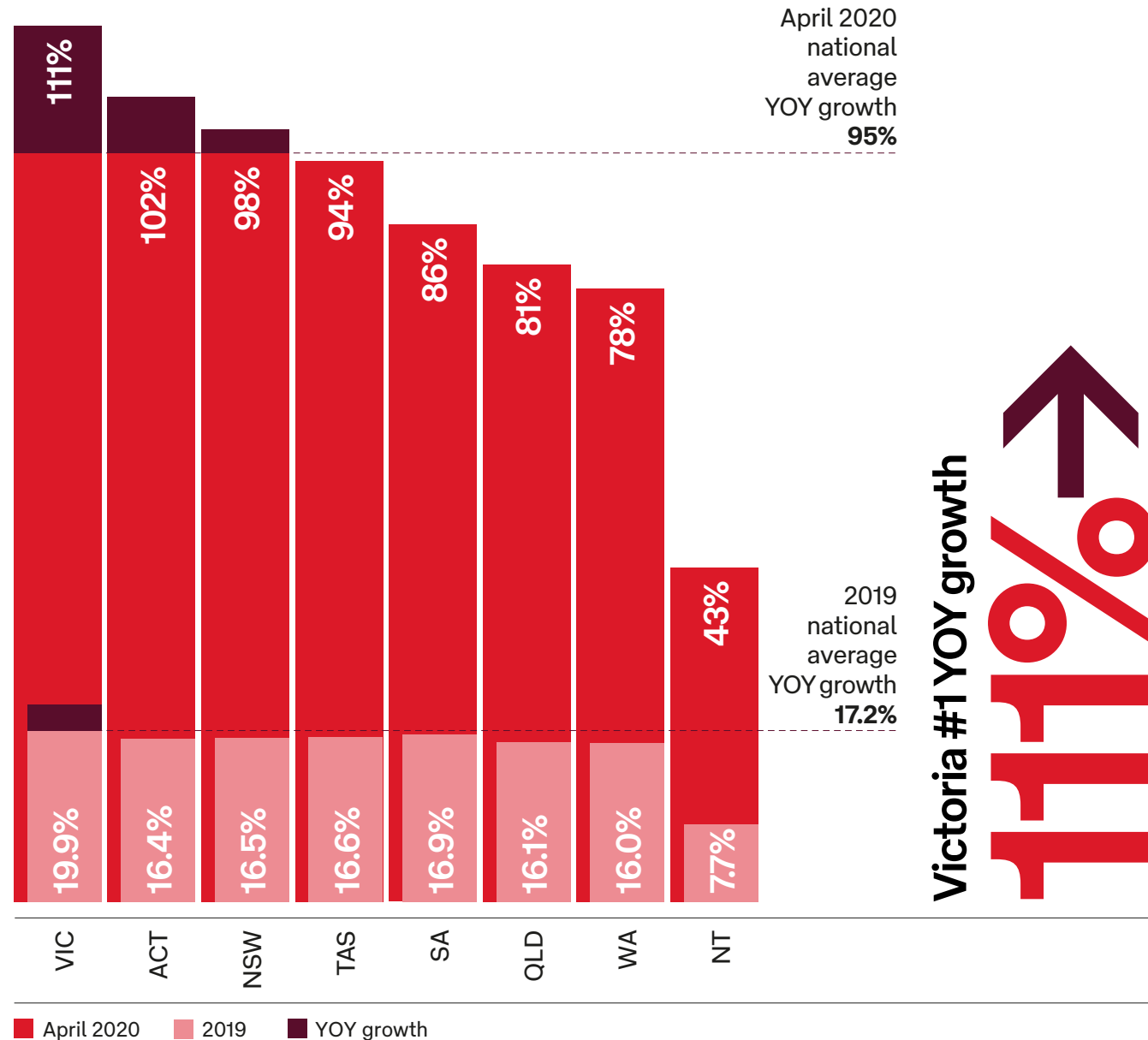
2019

## States and Territories

In Australia's States and Territories eCommerce growth in April 2020 left the growth figures from 2019 well and truly in its wake. Victoria grew 111% YOY in April, compared to 19.9% in 2019 and the Australian Capital Territory and New South Wales grew by an astonishing 102% and 98% YOY respectively, compared to 16.4% and 16.5% in 2019.

In 2019 Victoria was also the clear winner, with growth of 19.9% YOY. It was also the only State or Territory to see growth above the national average of 17.2% YOY. Predictably, it was also the fastest growing state by population, growing at 2% YOY, compared to the national population growth of 1.5% (as of September 2019).<sup>9</sup>

### Online shopping growth



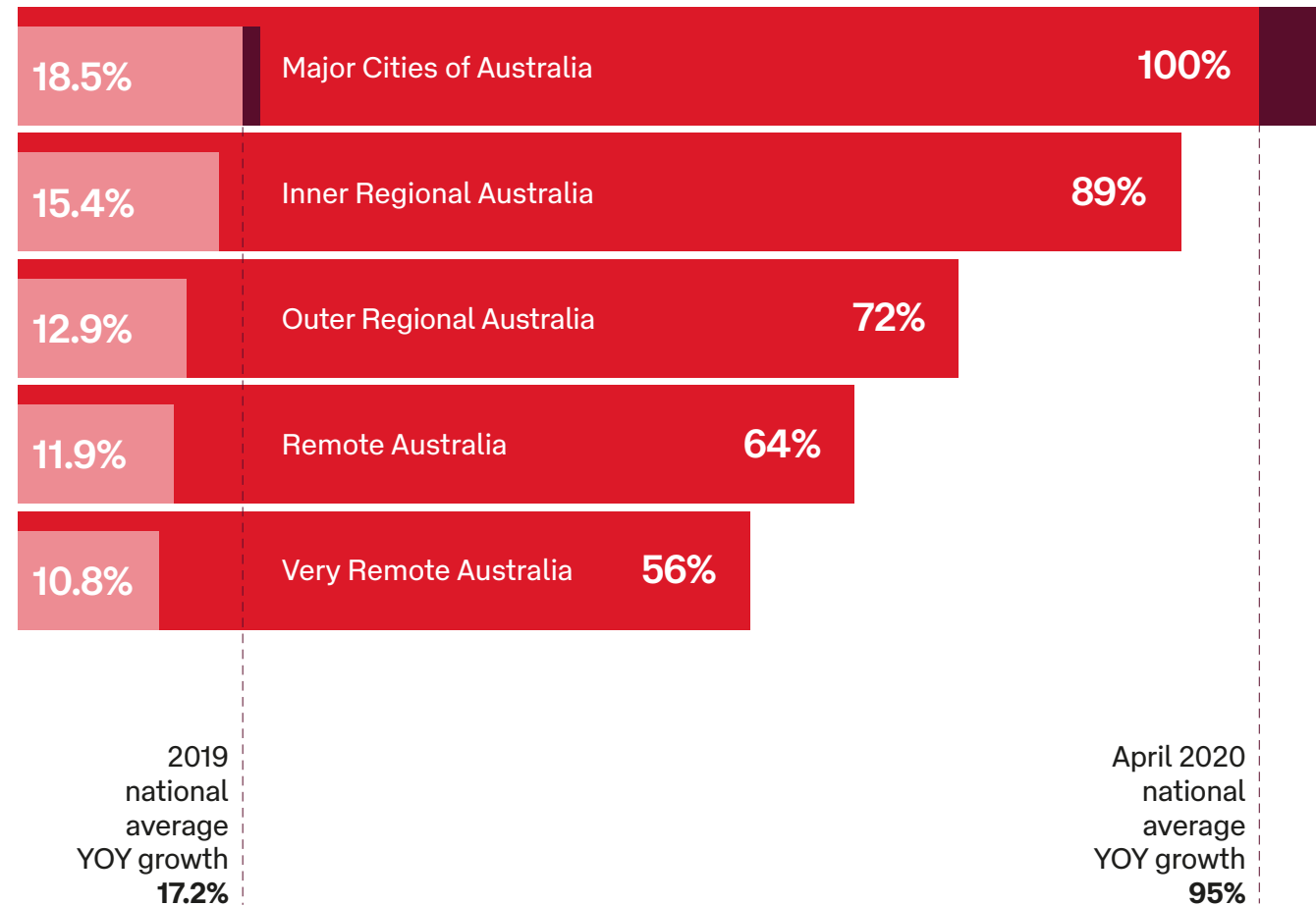
## Major Cities and Regional Australia

Similar trends can be seen when looking at different locations around the country. Very remote Australia registered more than **56% growth** YOY in April 2020, compared to **10.8%** in 2019.

Though regional areas saw strong growth, major cities dominated overall with Melbourne, Sydney and Canberra all recording above average growth.

Shoppers from major cities also increased their share of online purchases over the past year. In April 2020, the proportion of online purchases made in major cities had increased by 1.4 percentage points, up on 2019. This resulted in 90% of all eCommerce purchases being made by shoppers who live in major cities and inner regional areas in April 2020.

### Major Cities and Regional Australia



■ April 2020 ■ 2019 ■ YOY growth



2019 in review

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## A look back at 2019

Total retail sales in Australia (excluding cafes, restaurants and takeaway food) recorded modest growth of 2.7% in 2019, reaching a dollar value of \$282.8 billion.<sup>1</sup> Over the year Australians spent \$32 billion online, an increase of 17.5% YOY and amounting to 11.3% of the total retail spend.<sup>2</sup>

If we compare this to all retail sales (including cafes, restaurants and takeaway food), the online retail sales component drops to 9.7%.<sup>2</sup> The number of online purchases is growing at close to the same rate as online spend, suggesting people are becoming more cost-focused.

Total retail spend

**\$282.8B**  
up 2.7%

Online goods spend

**\$32B**  
up 17.5%



**11.3%**

online share of total retail spend

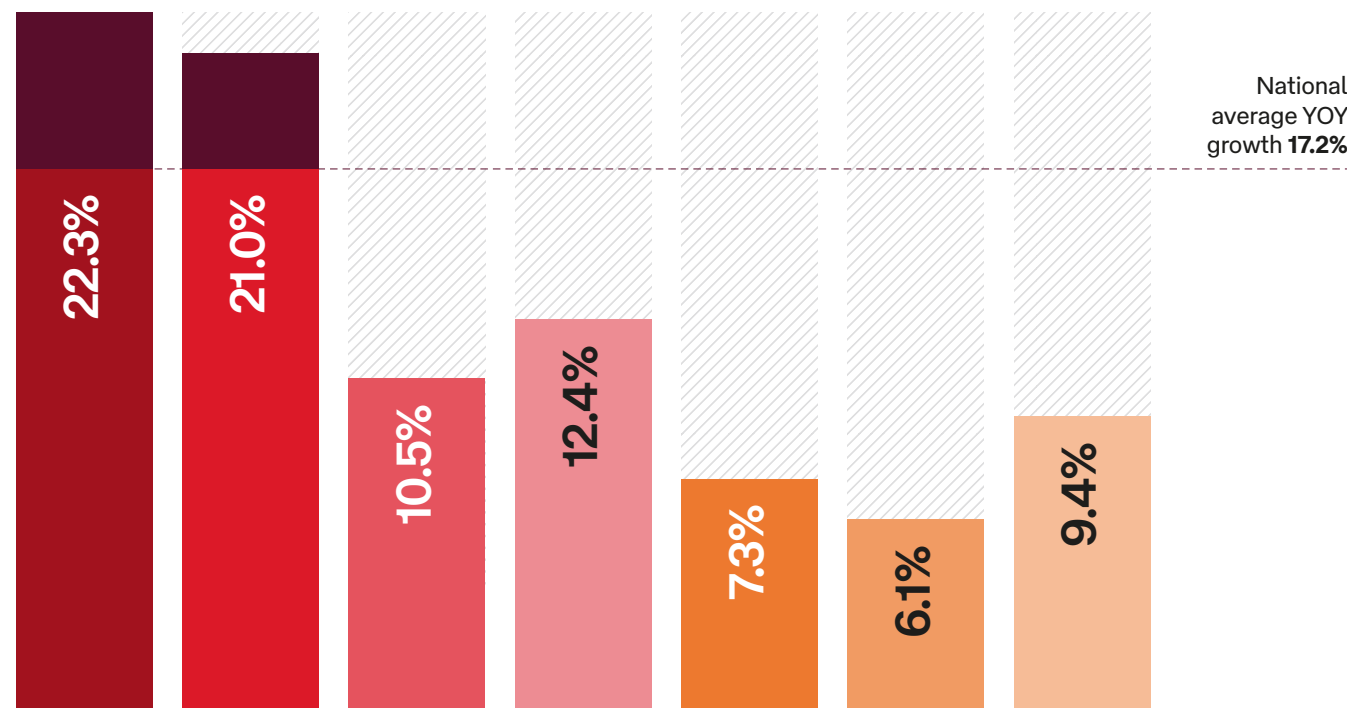


## What were Australians buying online in 2019?

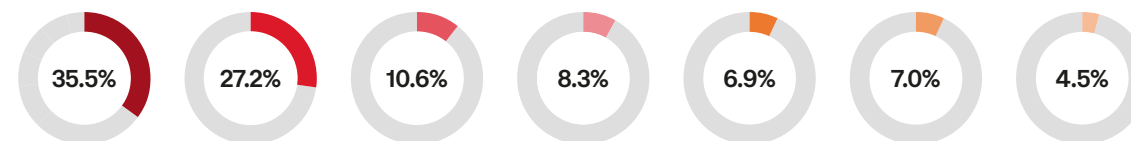
Variety Stores, with an ever-expanding range of goods, remained the most popular online shopping channel. So popular in fact, that specialty goods such as home and garden products were more likely to be purchased from a variety store than from a specialty retailer. Other products such as toys and games were heading in the same direction.

Fashion and apparel remained the most popular items purchased online, while other categories such as Specialty Food & Liquor continued to grow in market share as consumer confidence increased.

### Year on year growth by specialty retailers



Share of online purchases



## Variety Stores

Variety Stores was the fastest growing channel for purchases in 2019 and grew 22.3% YOY, with marketplaces accounting for almost two-thirds (61%) of these purchases. Major & Discount Stores were the big surprise of the year, growing 45.2% YOY.

## Fashion & Apparel

Fashion and apparel remained the most popular items purchased online in 2019, and accounted for over a third of goods bought from variety stores and fashion specialty retailers. Growth was in double digits for the eighth year in a row, up 21% YOY. The popularity of athleisure also continued to climb, with online purchases growing over 75% YOY.

## Home & Garden

Home & Garden was the second most popular category, accounting for one in five items purchased online. More than half of these purchases were bought from Variety Stores, but specialty retailers still performed well, growing 10.5% YOY. The biggest uplift was in homewares and appliances, which accounted for over half of all online purchases from these retailers, growing 13.6% YOY.



## Health & Beauty

Health & Beauty grew steadily at 12.4% YOY. In fact, over a quarter of Australian households made an online purchase from a Health & Beauty retailer in 2019. This was driven by strong growth in the beauty sector which grew 18.8% YOY.

## Hobbies & Recreational Goods

Hobbies & Recreational Goods retailers cover a wide variety of products, such as automotive parts, sporting goods and toys and games. The category had a mixed year, with growth sitting at a modest 6.1% YOY. Outdoor goods were the clear winner for the category in 2019, up 17.5% YOY. The biggest turnaround was musical instruments and accessories, which grew 13.3% YOY after a challenging year in 2018.

## Media

Media purchases grew 7.3% YOY, a slight deceleration compared to the previous year. Two thirds of purchased items for this category were books, which grew at 6.5% YOY. The remainder of purchases from Media retailers were from printing services and stationery suppliers, and included items such as customised printing and goods for the home office.

## Specialty Food & Liquor

Specialty food and liquor purchases continued to grow steadily at 9.4% YOY. Just under two thirds of purchases from this category were wine and liquor. The biggest growth was seen in specialty food products which grew 16.5% YOY, increasing their category share to over 30% of purchases.

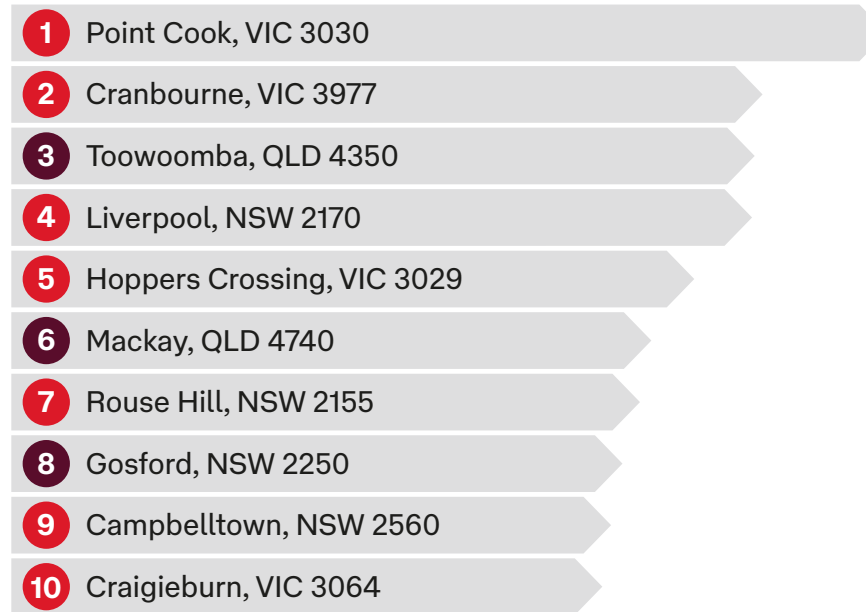
## Who's buying?

Point Cook retained the top spot for the fifth year running, with the burgeoning suburb still the number one location in Australia for online shoppers. Cranbourne moved up the ranks from fifth place and is now coming in a close second.

Rouse Hill (north-west of Sydney), and Craigieburn (north of Melbourne), were first-time entrants into the top 10. Both suburbs are located in large population growth areas.<sup>10</sup> They recorded the highest growth in the number of purchases, with over 80% of households in these two areas buying online in 2019. Households in Rouse Hill were particularly frequent online shoppers, buying 1.3 times more than the national average.

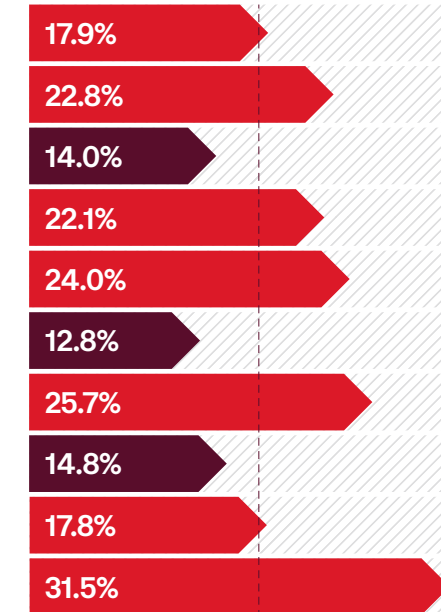
All suburbs in the top 10 recorded strong YOY growth above 12%, with seven of these scoring above the national average of 17.2%.

### Top 10 online buying locations by volume

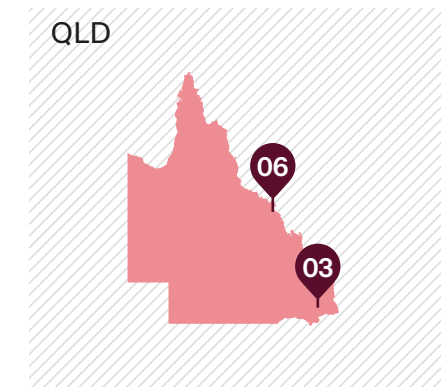
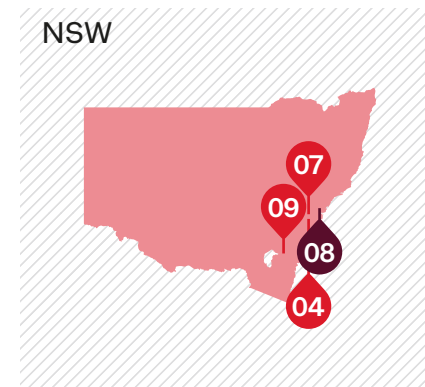
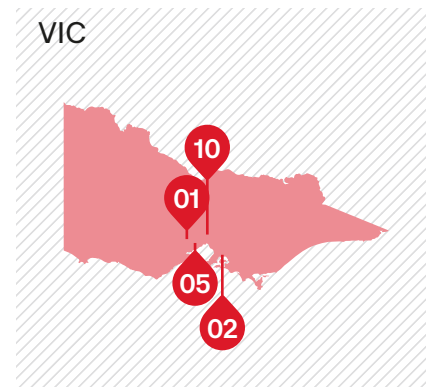


■ Above national average growth  
 ■ Below national average growth

### YOY growth



National average  
 YOY growth **17.2%**





## 2019 Industry overview Fashion & Apparel

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## Overview

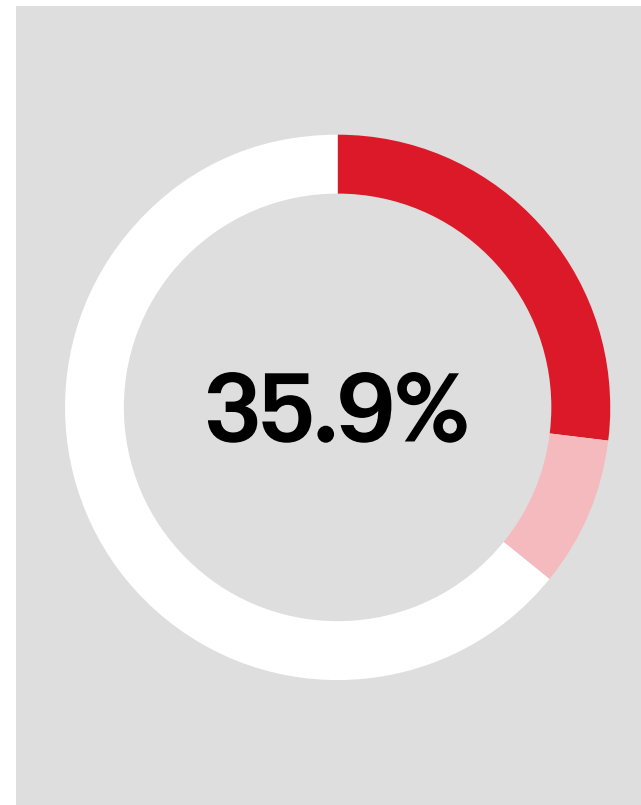
**Fashion & Apparel retained its status as a strong growth industry, growing 21% YOY in 2019, above the national average of 17.2%.**

Once again, fashion and apparel items represented over a third (35.9%) of online purchases. 27.2% of purchases were made from fashion-specific retailers and 8.7% were attributed to fashion and apparel purchases from a Variety Store channel. Similar to 2018, Fashion & Apparel accounted for almost half (48.2%) of all Buy Now Pay Later purchases in 2019.<sup>8</sup>

Despite the strong growth, purchases have slightly slowed when compared to previous years, which suggests that this industry may be starting to normalise.

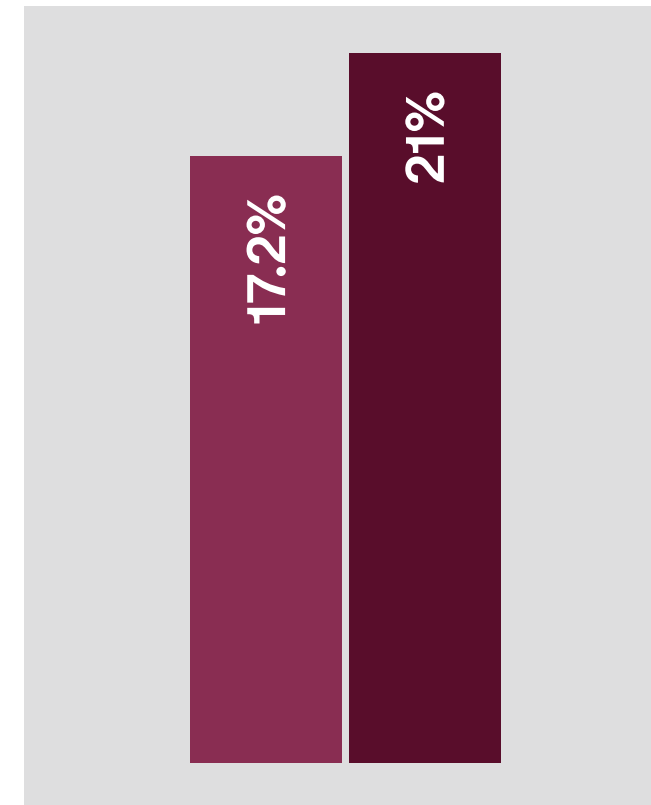
**More than 44% of households in Australia purchased from an online fashion retailer in 2019**

### Share of online purchases



■ Fashion & Apparel 27.2%  
■ Variety Stores 8.7%

### YOY growth



■ National growth 17.2%  
■ Fashion & Apparel growth 21%

## Digging deeper

In 2018, athleisure retailers (previously referred to as activewear) were the fastest growing fashion retailers, and this trend has continued, achieving over 75% YOY growth in 2019. This is a result of home-grown brands and international chains going from strength to strength in the Australian market.

Footwear also had a strong 2019, with online purchases growing 32% YOY, well above the average Fashion & Apparel growth rate of 21%.

The more established women's and men's fashion brands saw more measured growth in 2019, both below the average, with growth of 18% and 16.9% YOY respectively. Unisex fashion growth also slowed to 16.7% YOY.

In terms of industry share, unisex fashion had the highest percentage of fashion online purchases, at 49.7% of total share. Women's fashion followed, accounting for 28.4% of purchases.

### Highest growth Athleisure



**>75%**  
(YOY growth)

### Biggest contributor Unisex Fashion



**49.7%**  
(Share)

### Strong performer Footwear



**32%**  
(YOY growth)

## Website performance

### Fashion shoppers are highly engaged when browsing online.

They spend an average of 7m 26s on websites that sell clothing and footwear in 2019. This is 1m 20s more than beauty and cosmetics – and well ahead of the 4m 46s that shoppers spend browsing for homewares and appliances.

Fashion websites also had the lowest bounce rate at 35.5%, suggesting visitors explore beyond the landing page. Once browsing, shoppers visit an average of 10 pages, compared to just under seven pages for beauty and cosmetics.

Browsing habits were driven more heavily by mobile web (60% share) in 2019, a significant increase of 6.1 percentage points from the year prior.<sup>11</sup>



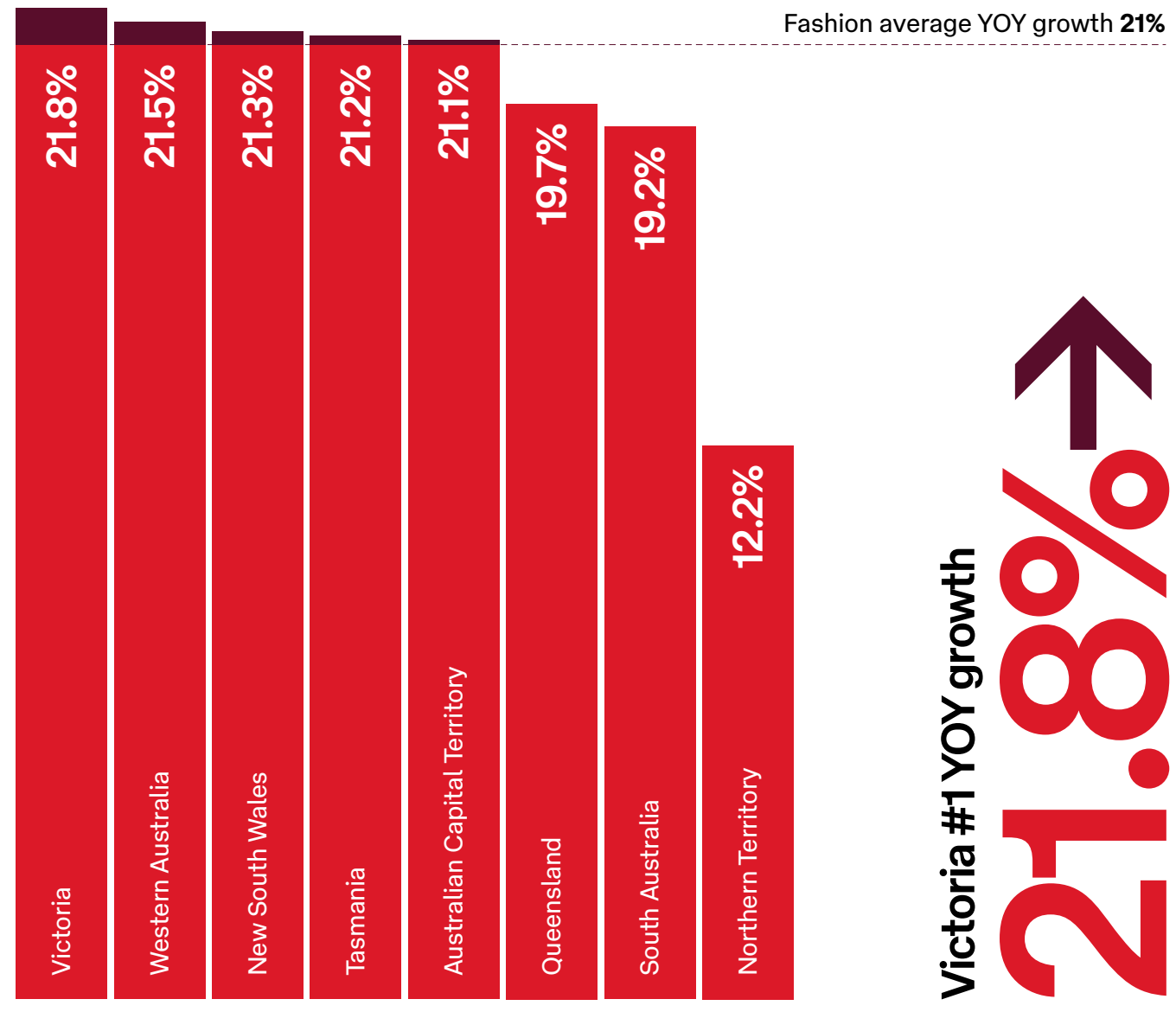
## State and Territory growth

Victoria took the lead, growing at 21.8%, with Western Australia coming a close second with 21.5% growth YOY.

While Western Australia showed noticeable growth, it represented only a small share of fashion and apparel online purchases. In fact, almost 80% of online purchases were shared between New South Wales at 36.2%, Victoria at 26.7%, and Queensland, at 17%.

Online shoppers from Victoria and New South Wales demonstrated their fondness for athleisure, representing almost two thirds of the total volume at 35.5% and 27.4% respectively.

### State and Territory growth – Fashion & Apparel

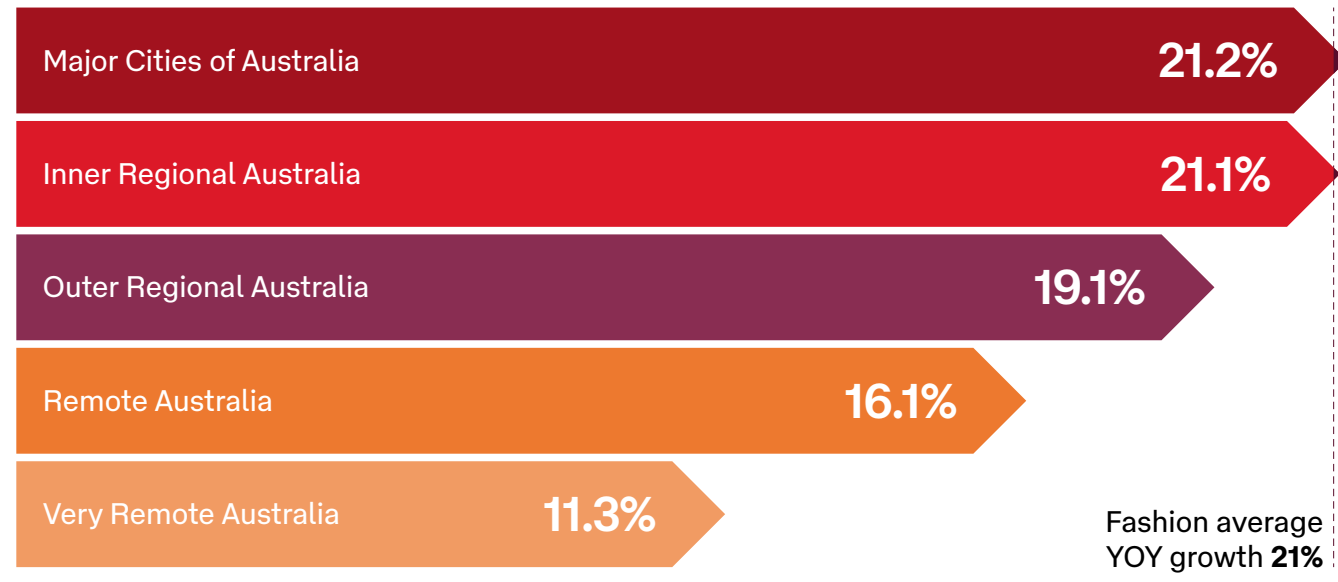




## Major Cities and Regional growth

Major cities unsurprisingly made up the majority of all fashion and apparel online purchases, at 74.7%. The growth rate was just above the national average, and in line with inner regional areas.

### Major Cities and Regional growth – Fashion & Apparel



## Who's buying?

The top 10 locations for Fashion & Apparel all recorded above average growth of 21% YOY, with the exception of two postcodes, Point Cook and Toowoomba.

While still in the top five, these locations experienced a slowdown in growth, with both falling below the national average for this industry. This may indicate the high growth we've come to expect from these areas is starting to normalise.

Camden (located west of Campbelltown in New South Wales) is a new entrant to the top 10. Although it has the lowest population in the top 10, shoppers purchased online more frequently on a per household basis and over 56% of the households received a fashion related item in 2019 (on par with Rouse Hill).

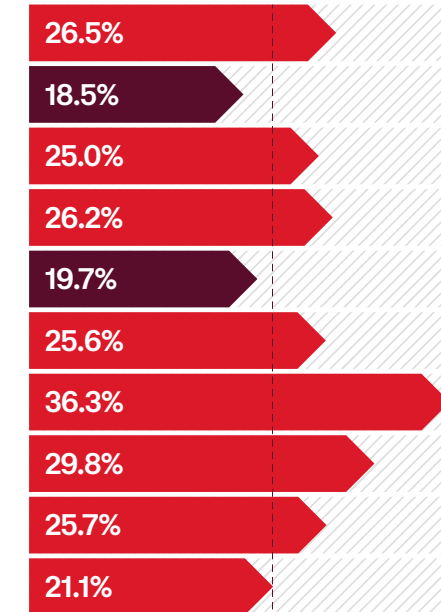
Sitting in 12th place in 2018, Craigieburn in Victoria has leapt into seventh position. It was the fastest growing suburb for fashion and apparel online purchases in the top 10. Population growth here is strong, at double the rate of Victoria.<sup>10</sup>

### Top 10 online buying locations by volume

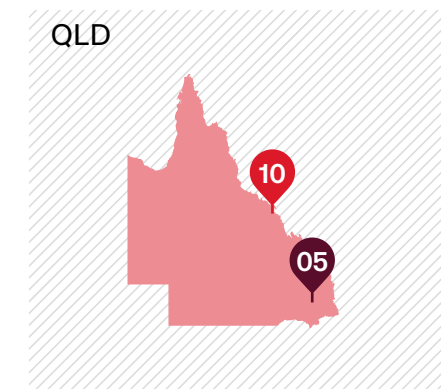
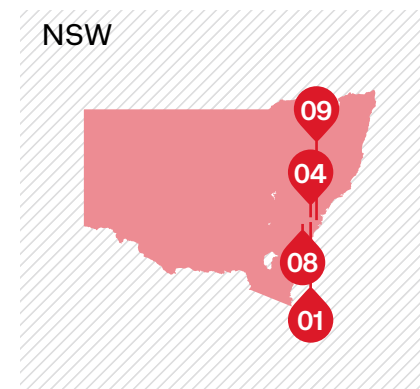
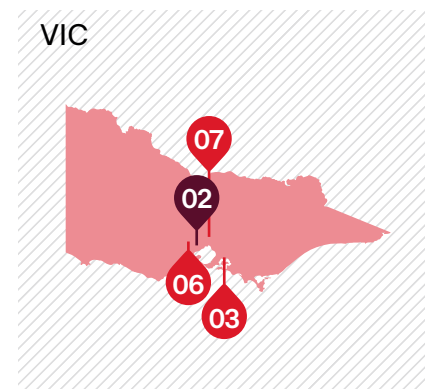


■ Above average growth  
■ Below average growth

### YOY growth



Fashion average  
YOY growth **21%**



## Key trends

### December 2019 officially became the largest month for fashion and apparel online purchases, overtaking November which held the top spot in 2017 and 2018.

This is largely due to the popularity of sales events which had a huge impact on purchasing throughout 2019, driving volume spikes in March, April, May, October, November and December.

The biggest of these events was Black Friday & Cyber Monday. This event saw an impressive 34.4% growth in online purchases YOY, and left the shopping events which fell either side of it in its wake. Sales during Boxing Day events slowed to 11%, compared to the 35.5% YOY in 2018. Click Frenzy was still the third largest week for Fashion & Apparel in 2019, but growth slowed to 6.2% YOY for the sale period, almost one-third that of 2018.

A new event in March 2019, AfterYay Day, is one to watch as it boosted the month's performance and contributed to strong growth of 33.6% YOY.

Speed of delivery is a priority for Fashion & Apparel shoppers, with 36.6% of all items delivered the next business day. The third week of December saw the highest rate of next business day delivery, where over half of purchases were express delivered in time for Christmas. This was driven by women's fashion items, with almost two-thirds of purchases delivered the next business day.



December was the largest month by volume

# #1

(for Fashion & Apparel)



AfterYay in March was the fastest growing out-of-season event

# 33.6%

(YOY growth)



Fashion & Apparel deliveries that were next business day

# 36.6%

(Share)



## 2019 Industry overview Variety Stores

# 28



## Overview

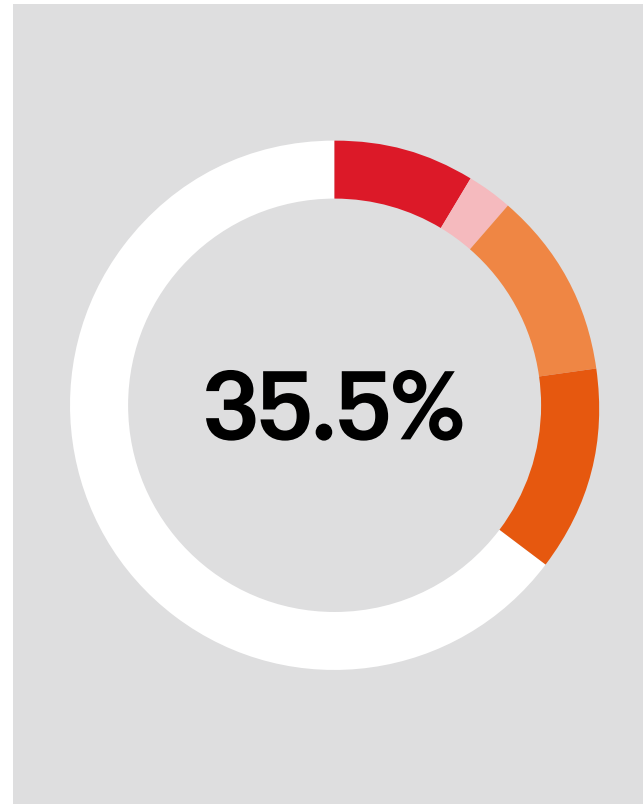
Variety Stores were the biggest winners in 2019. Over 57% of Australian households purchased from this channel, accounting for 35.5% of total eCommerce purchases for the year.

There was significant growth in the number of variety store online purchases, up 22.3% YOY.

This is an acceleration from 2018, and likely a result of the success of marketplaces and the online offerings of Major & Discount Stores.

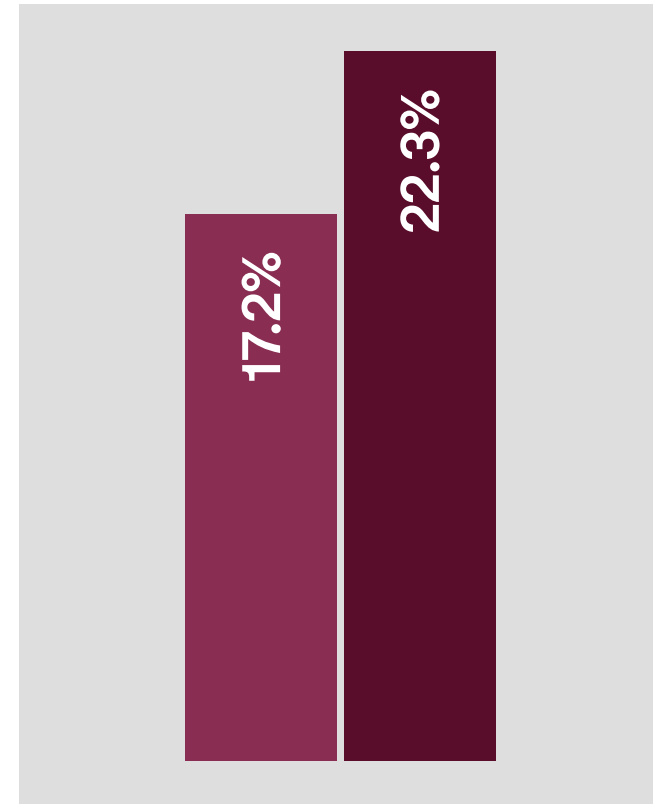
Home and garden, and fashion items represented more than half (56%) of total variety store purchases.

### Share of online purchases



- Fashion & Apparel **8.7%**
- Health & Beauty **2.9%**
- Home & Garden **11.3%**
- Other **12.6%**

### YOY growth



- National growth **17.2%**
- Variety Store growth **22.3%**

## Digging deeper

**Marketplaces were the dominant channel in 2019, accounting for 61.3% of variety store purchases, with strong growth of 23.9% YOY.**

This is impressive considering a slow first half of the year. We also saw rapid growth in Major & Discount Stores, with a growth rate of 45.2% YOY, making this the second fastest growing sub-category behind Athleisure. The growth in Marketplaces and Major & Discount Stores came at the expense of online discount store purchases.

A trend to note is baby product online purchases slowed significantly to only 12.7% YOY after strong growth in 2018.

**Strongest channel**  
**Marketplaces**



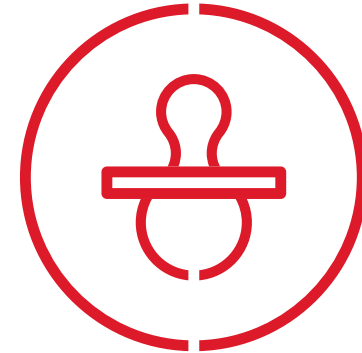
**61.3%**  
(Share)

**Highest growth channel**  
**Major & Discount Stores**



**45.2%**  
(YOY growth)

**Surprising trend**  
**Baby Products**



**12.7%**  
YOY growth (compared to 34.3% in 2018)

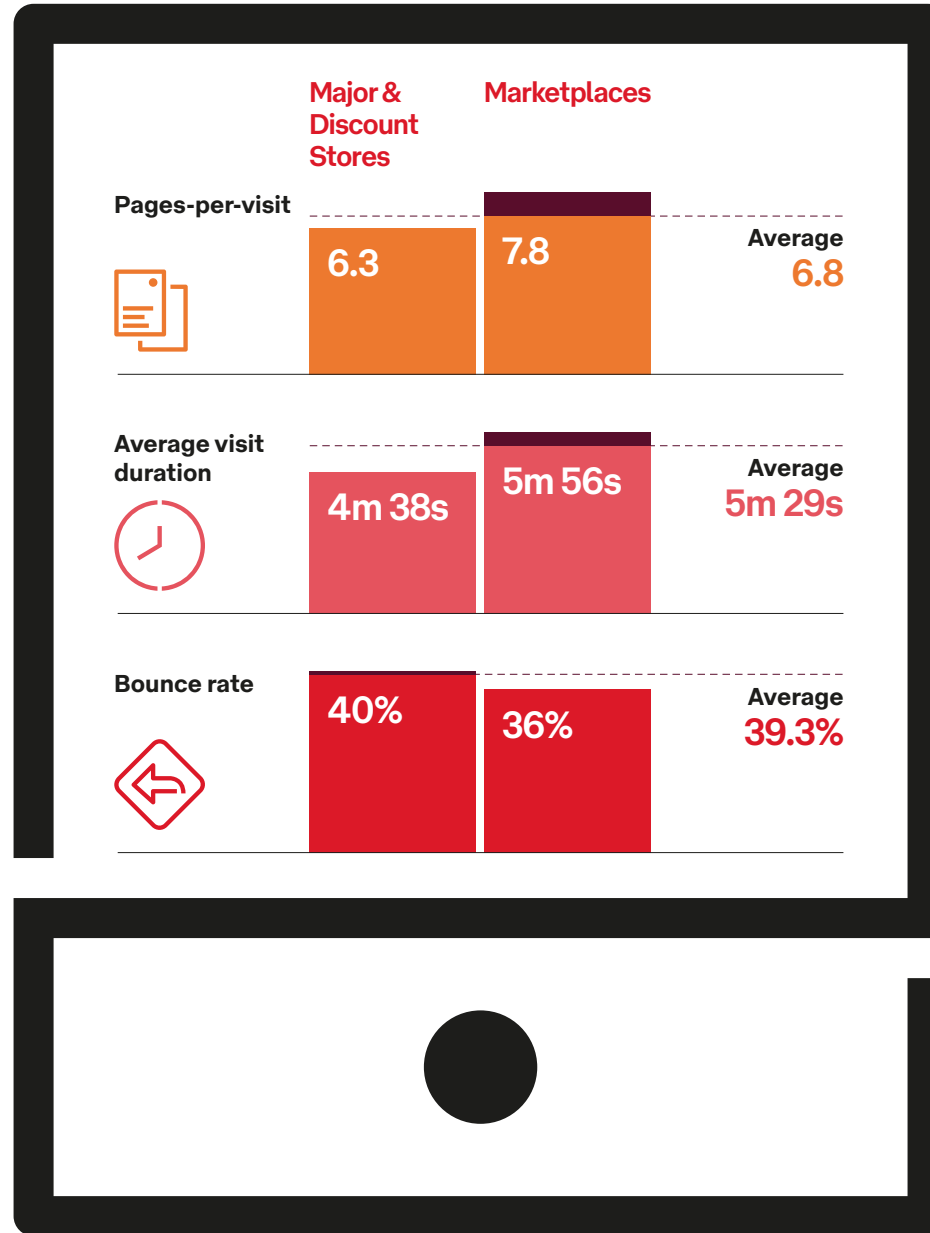
## Website performance

The average site visit duration and number of pages viewed per visit was below average for Major & Discount stores in 2019. While the bounce rate where visits did not go beyond the landing page, was slightly above average.

For marketplaces, the average site visit duration was in line with the average and the number of pages viewed per visit was above average. Marketplaces also saw a below average bounce rate.

When it comes to the device used when browsing, 54% of Marketplace shoppers use their desktop (2.9% lower than in 2018) and 69.7% of Major & Discount Store shoppers use their mobile phone (2.7% higher than in 2018).

The lower percentage of shoppers browsing marketplace websites on their mobile can be attributed to marketplace apps, which have a high number of downloads and daily active users (browsing via apps is not recorded as mobile browsing).<sup>11</sup>



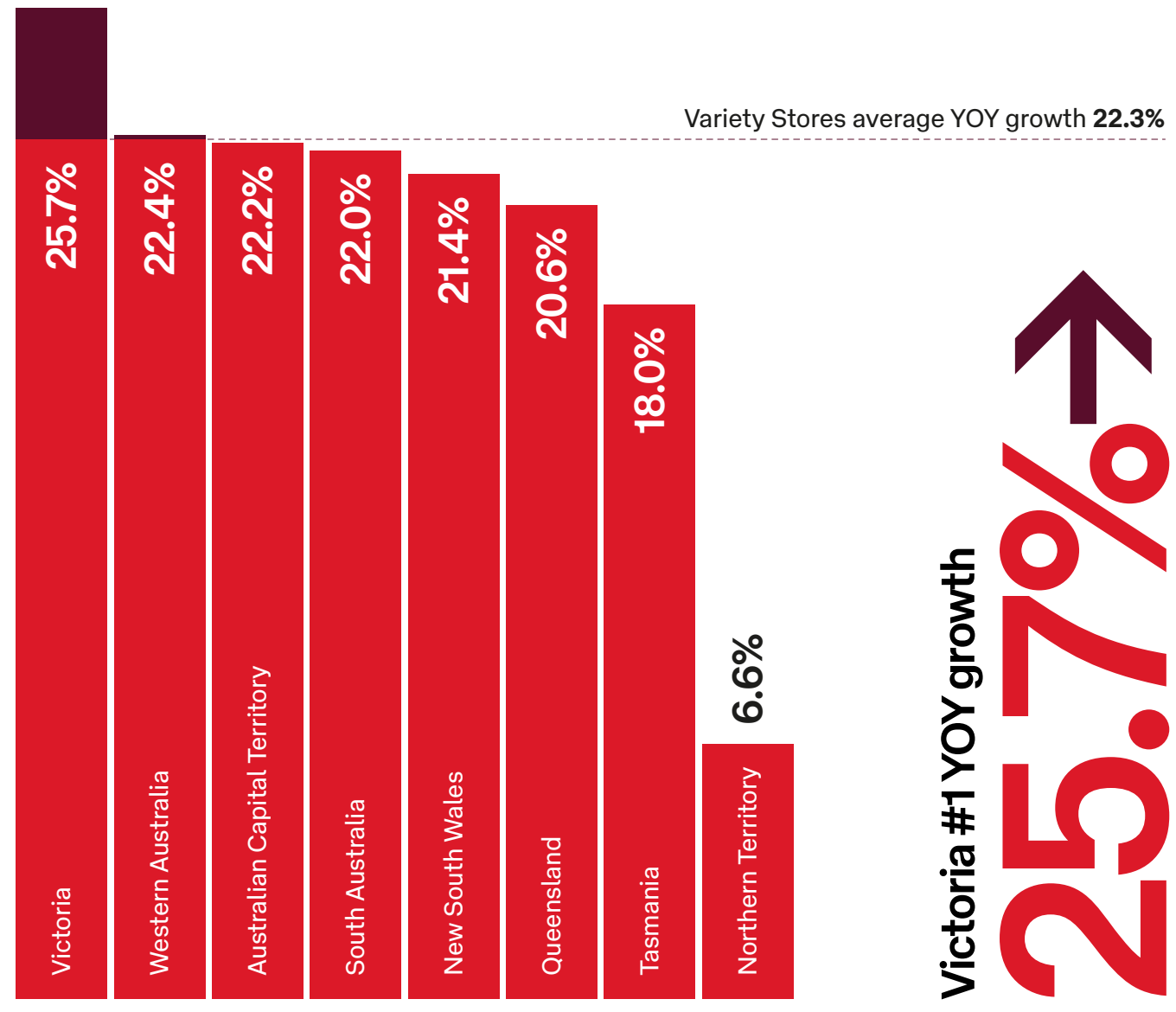
## State and Territory growth

Every state experienced double-digit growth in 2019, with the notable exception of the Northern Territory, which reported a comparatively low 6.6% YOY.

New South Wales and Victoria accounted for nearly 60% of total Variety Store volume, with both states also reporting strong growth of 21.4% and 25.7% YOY respectively.

Tasmania and Queensland reported below average growth, despite being the two fastest growing states in 2018.

### State and Territory growth – Variety Stores

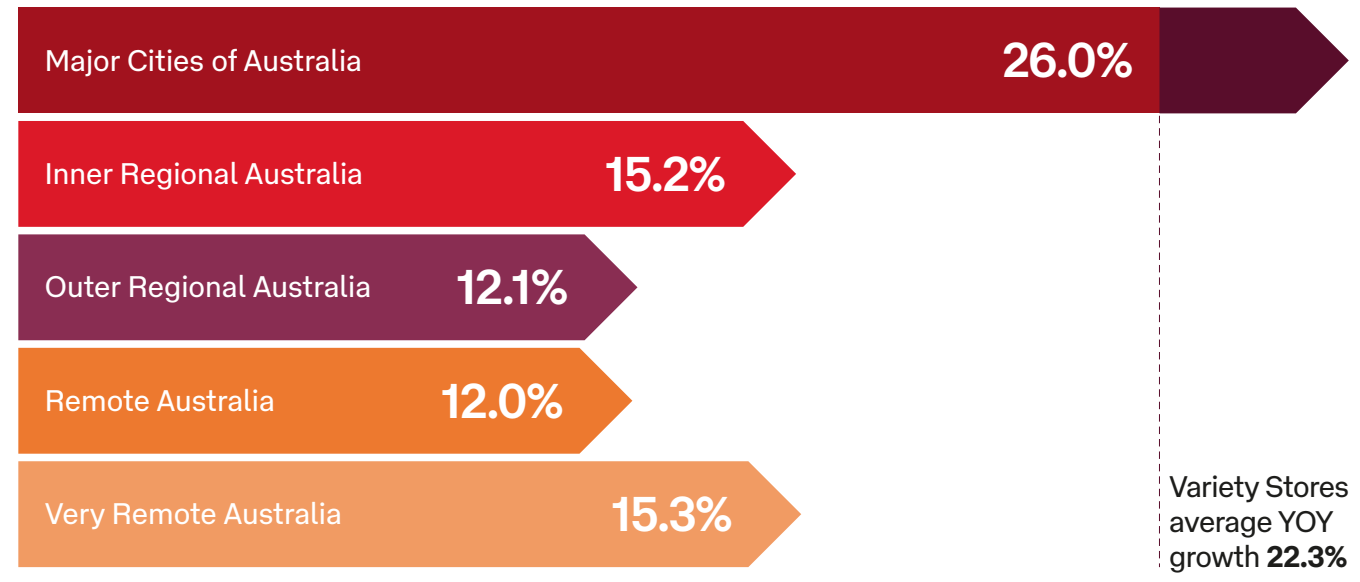




## Major Cities and Regional growth

Regional areas saw double-digit growth for variety store purchases, however, all were below the category average of 22.3% YOY. Major cities were the only region that had both above average growth, at 26% YOY, and an increase in market share (up to 70.5%).

### Major Cities and Regional growth – Variety Stores



## Who's buying?

The top 10 locations all recorded growth of above 14%, with seven postcodes growing faster than the category average of 22.3% YOY. This is not surprising as Variety Stores is the fastest growing channel, attracting bargain shoppers looking for more choice.

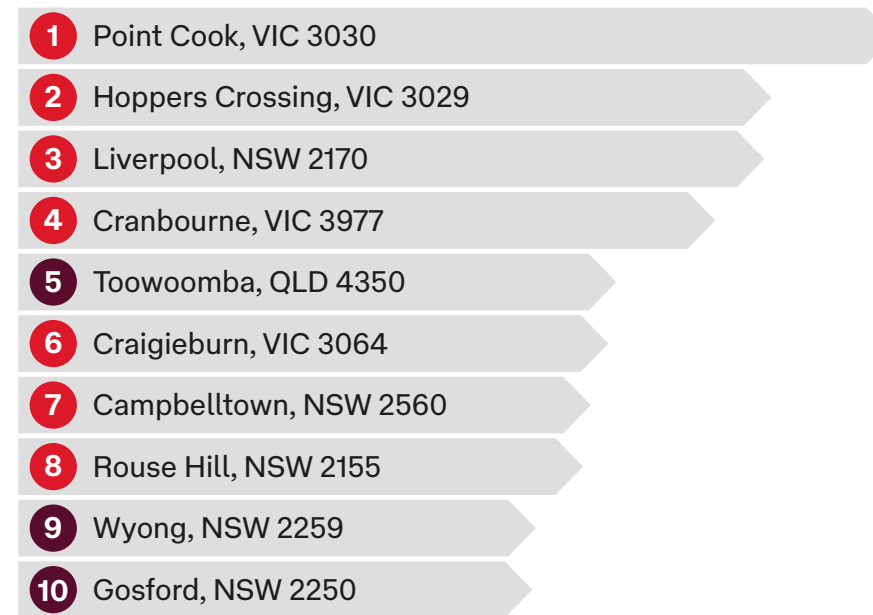
Point Cook retained the number one position for variety store online purchases, with more than 67% of households shopping online in 2019. The postcode is home to young families with children (56.4%).<sup>7</sup>

Neighbouring suburb, Hoppers Crossing, secured second position, and shares similar attributes to Point Cook.

As growth corridors such as Cranbourne and Hoppers Crossing continue to grow rapidly,<sup>10</sup> Toowoomba continues to slip down the rankings, now sitting in fifth place.

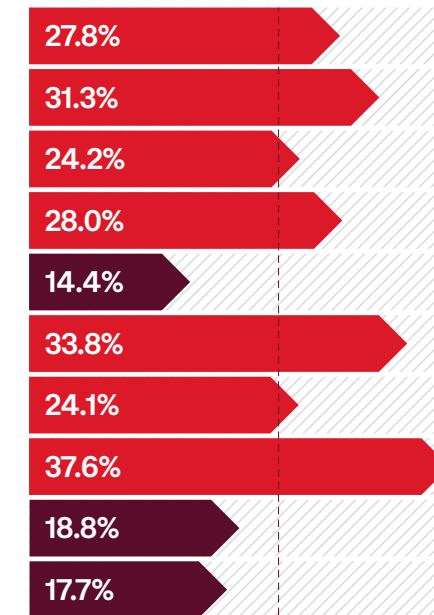
While the Victorian postcodes in the top 10 averaged over 65% of households purchasing online from a Variety Store, only half of the households in Toowoomba purchased from the same channels.

### Top 10 online buying locations by volume

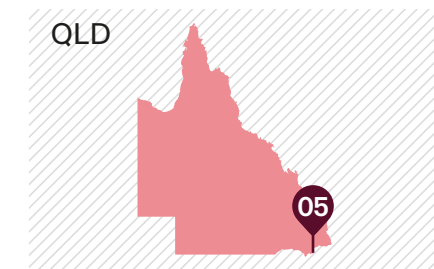
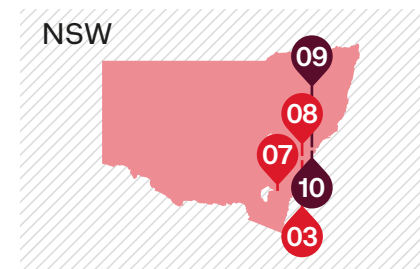
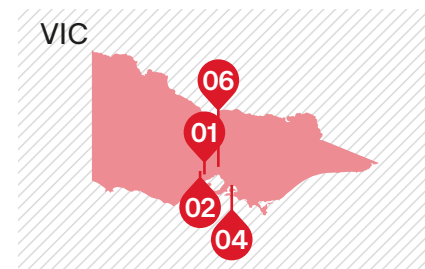


■ Above average growth  
■ Below average growth

### YOY growth



Variety Stores average  
YOY growth **22.3%**



Our new entrant to the top 10 is Rouse Hill, at eighth place. While Rouse Hill has the lowest population in the top 10, it had the

highest purchasing frequency per household and had the highest growth of the top 10 postcodes, at 37.6% YOY.

## Key trends

### Setting the trend with an annual peak in the first week of December

Similar to 2018, Variety Store volume in 2019 was largely driven by the end of year sales events. Weekly volume started to increase in November, and peaked in the first week of December due to the Black Friday & Cyber Monday event, which grew 41% YOY.

The link between major sales events and Christmas shopping is evident when it comes to variety store online purchases. In 2018, Black Friday started on 23 November, yet we didn't see peak volumes until the second week of December. However, in 2019, Black Friday began on 29 November and arguably kick-started Christmas spending, with volumes peaking in the first week of December.

Boxing Day sales slowed as a result of strong pre-Christmas shopping with growth decelerating to 20.7% YOY, almost half that of 2018.

Other events that saw success in 2019 were Amazon Prime Day (July), AfterYay Day (August) and Vogue Online Shopping Night (October). Incidentally, these events all extended in duration in 2019, which fuelled the strong growth of 31.3% YOY, 17.6% YOY, and 22.3% YOY respectively.

Only 5.1% of variety store online purchases were sent via express delivery in 2019. The noticeable increase was during the third week of December, where over 15% of purchases utilised a next business day service.



**Black Friday & Cyber Monday Week was the biggest sales event by volume**

**#1**

(for Variety Stores)



**Amazon Prime Day was the fastest growing new event**

**31.3%**

(YOY growth)



**Deliveries that arrived via standard shipping**

**94.9%**

(Share)



## 2019 Industry overview Health & Beauty

# 36



## Overview

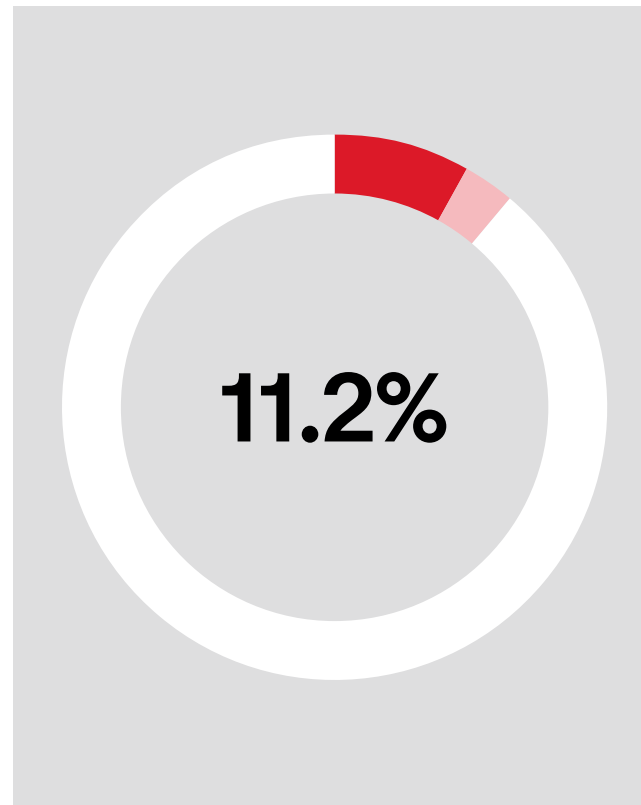
Health & Beauty recorded modest growth of 12.4% YOY, half the rate of 2018. Despite the deceleration, this was the fifth consecutive year of double-digit growth for the industry.

The total share of online purchases remained consistent, with health and beauty purchases accounting for 11.2% of goods bought online. This includes purchases from variety stores which accounted for 2.9%.

Even with the limited growth, over a quarter of all Australian households purchased a health and beauty item online in 2019.

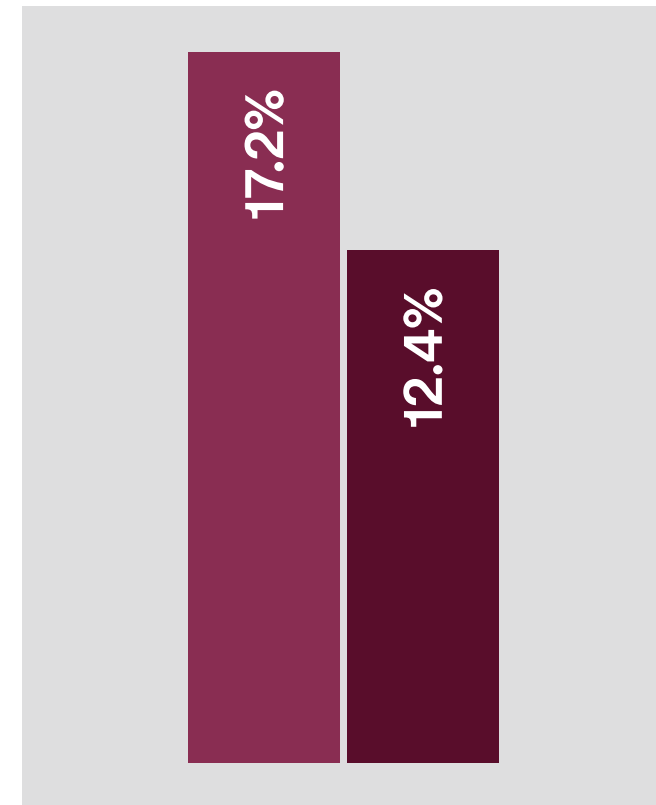
Buy Now Pay Later (BNPL) has continued to change how consumers purchase these items, with 13.6% of all BNPL purchases health and beauty related. This is driven by beauty purchases, which accounted for 71% of the industry's BNPL transactions.<sup>8</sup>

### Share of online purchases



■ Health & Beauty **8.3%**  
■ Variety Stores **2.9%**

### YOY growth



■ National growth **17.2%**  
■ Health & Beauty growth **12.4%**

## Digging deeper

Despite the lower than average growth for Health & Beauty in 2019, beauty online purchases continued to demonstrate strong growth, up 18.8% YOY and accounting for over 53% share of this industry.

Shoppers also increased their purchasing frequency of beauty products, demonstrating an increased confidence in buying these items online. In contrast, health product purchases grew just 5.9% YOY – noticeably different to 2018 where growth was over 20% YOY.

### Fastest growth Beauty



**18.8%**  
(YOY growth)

### Biggest share Beauty



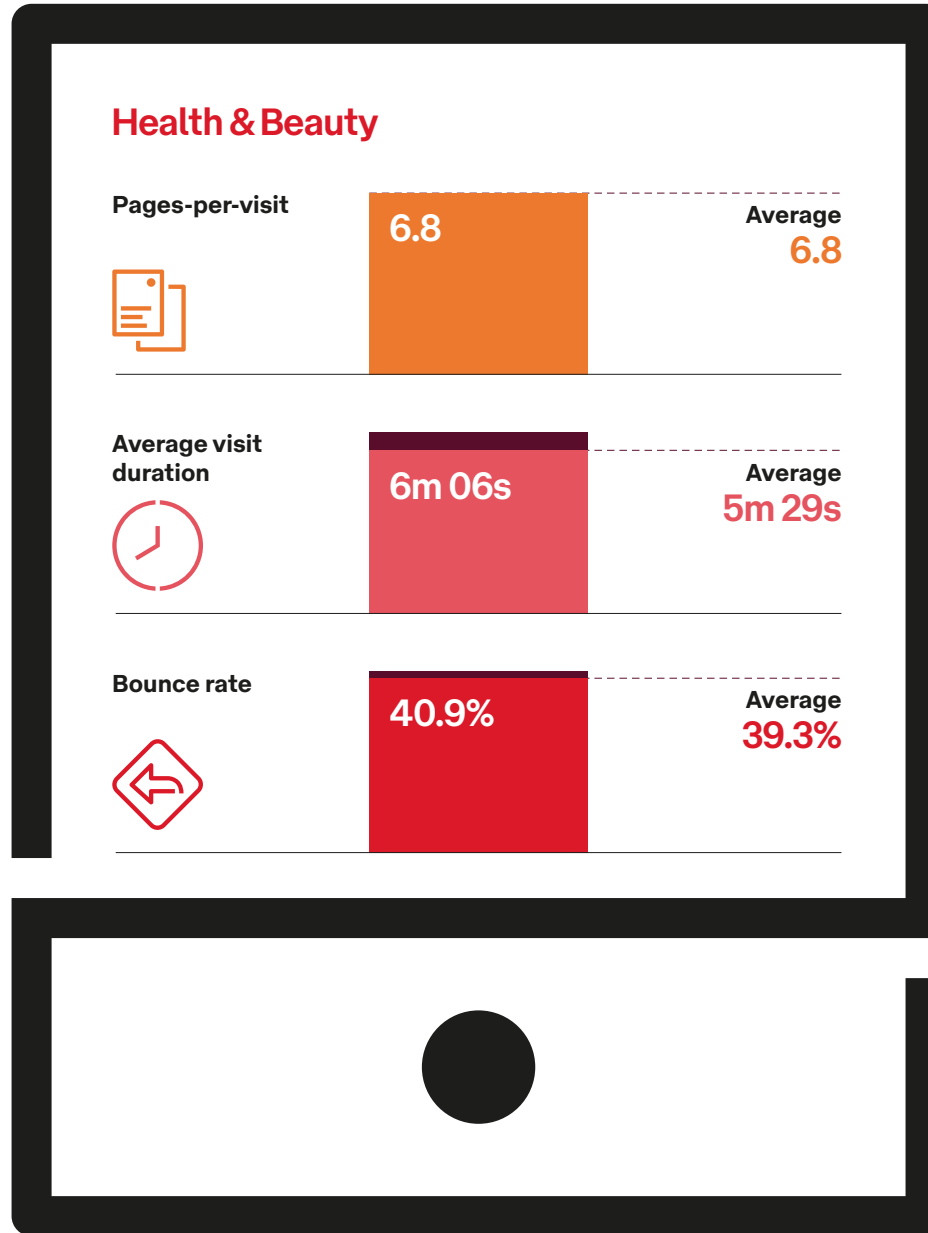
**53%**  
(Share)

## Website performance

Beauty shoppers are among the most engaged online, spending an average of 6m 6s on beauty websites in 2019. This is just 1m 20s less than Fashion shoppers but well ahead of the time spent browsing on Major & Discount Store sites (4m 38s).

Shoppers visited an average of 6.8 pages, which is modest compared to all other eCommerce industries.

Health & Beauty shoppers predominantly browsed on mobile web (62.4% share) in 2019, up 8.3 percentage points compared to the previous year.<sup>11</sup>



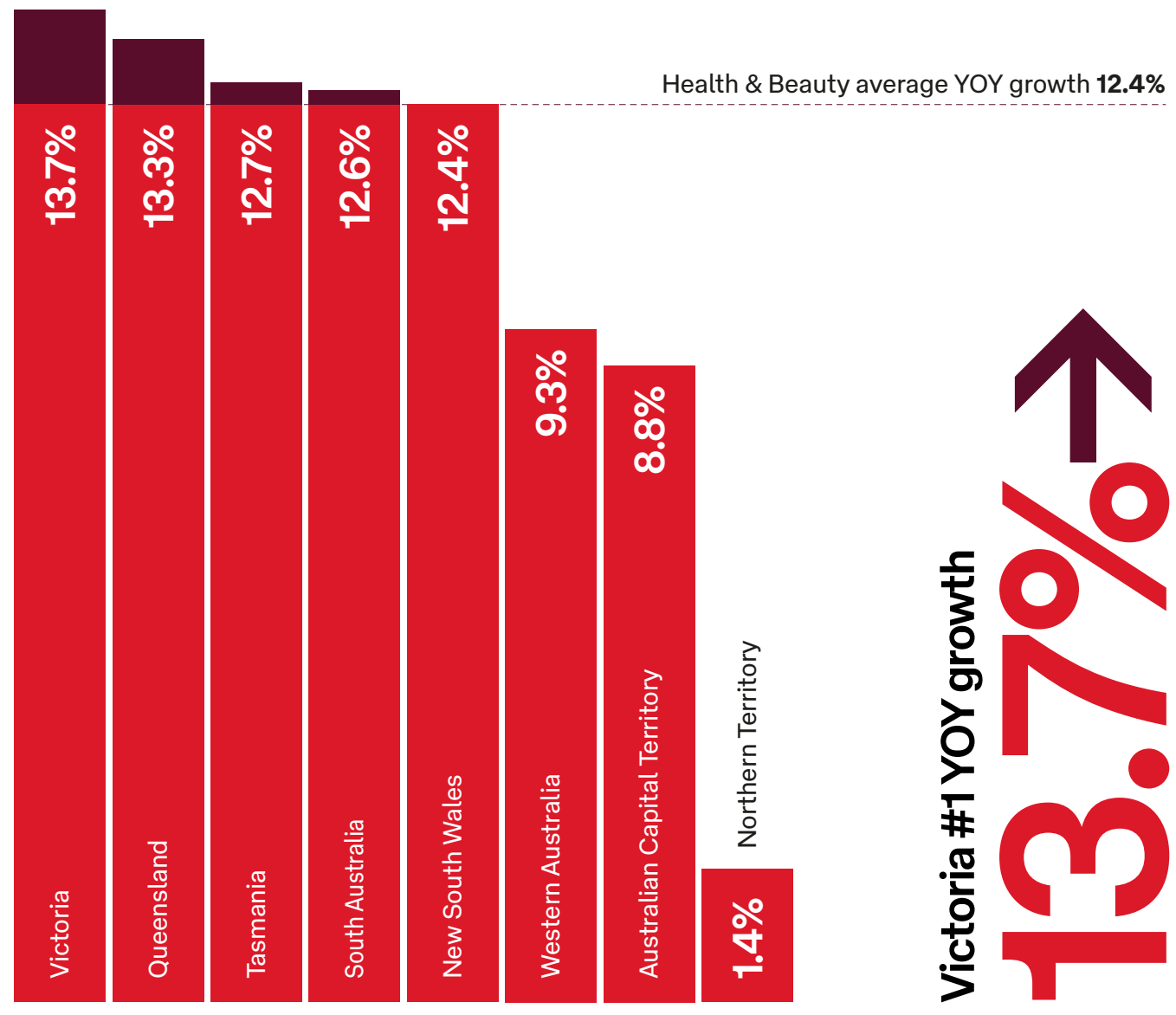
## State and Territory growth

Health & Beauty saw more normalised growth across all States and Territories after booming in 2018, indicating a maturation of the online industry.

Victoria and Queensland achieved the highest growth, at 13.7% and 13.3% YOY respectively, with Victoria accounting for a quarter of all health and beauty online purchases. New South Wales held the highest volume share at 32.7% and grew on par with the industry average.

Looking solely at beauty purchases, all states except Western Australia and the Northern Territory grew above the Health & Beauty average of 12.4% YOY.

State and Territory growth – Health & Beauty

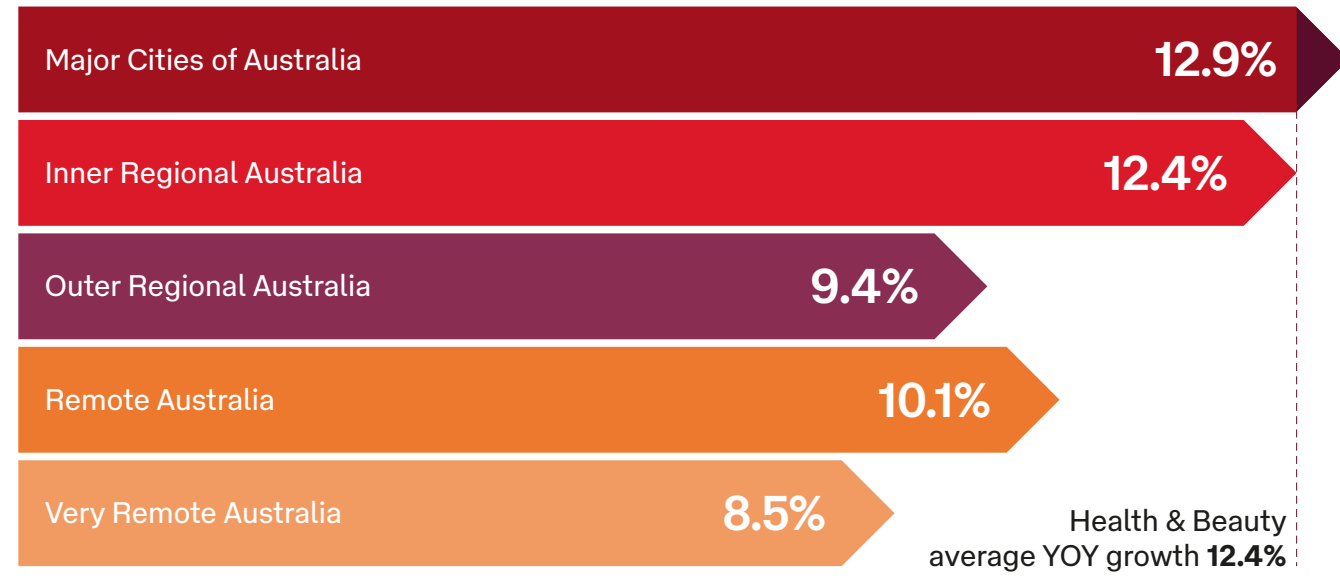




## Major Cities and Regional growth

Major cities accounted for the most online purchases at over 70%, and grew 12.9% YOY, in line with the national trend. Inner regional was consistent with the average growth of 12.4%.

### Major Cities and Regional growth – Health & Beauty



## Who's buying?

Health & Beauty experienced mixed growth rates, with six of the top 10 locations recording above average growth. Toowoomba experienced the fastest growth at 19.9% YOY, despite purchase frequency slowing.

Liverpool rebounded in 2019, growing 16.4% YOY and jumping quickly up the ranks to fourth position. With only a quarter of households in Liverpool buying a health and beauty item online, the increase in purchase frequency was the driving force behind this strong growth.

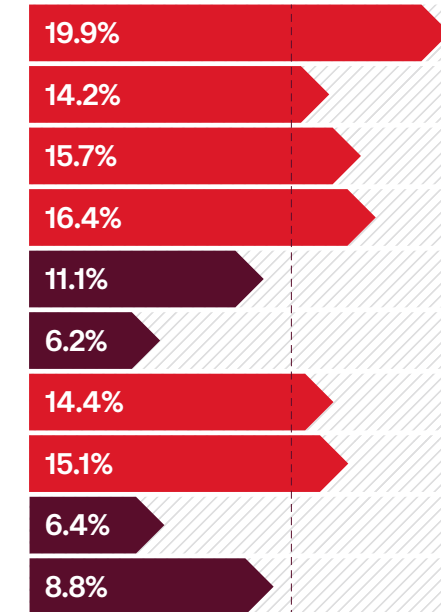
Upper Coomera in Queensland, which first debuted in the top 10 in 2018, dropped to fifth place in 2019. It has continued to grow steadily just below the industry average of 12.4% YOY. Purchase frequency per household has risen and recorded the highest penetration with over 40% of households shopping online in this industry. The suburb also has the lowest median age in the top 10, nine years below the national average, and above average income.<sup>7</sup>

### Top 10 online buying locations by volume

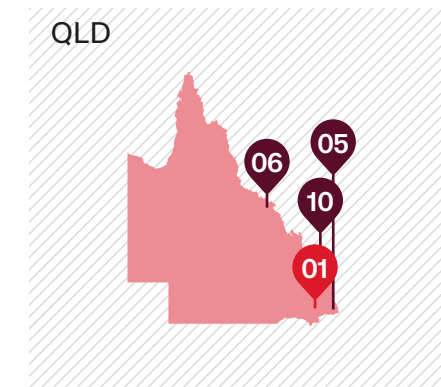
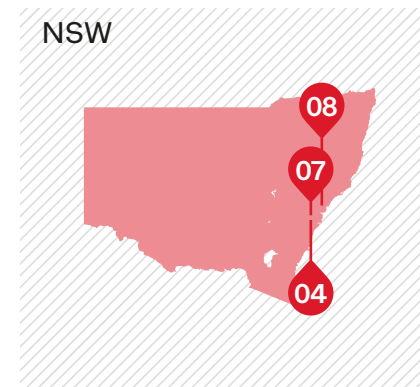
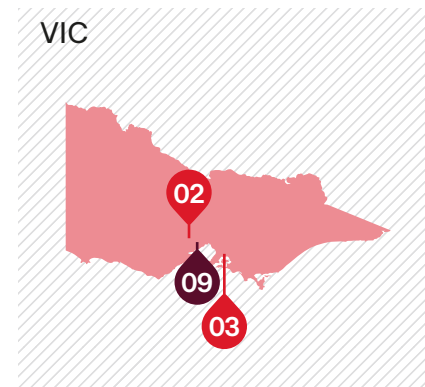


■ Above average growth  
■ Below average growth

### YOY growth



Health & Beauty average  
YOY growth **12.4%**



## Key trends

### Australians have a love affair with sales events and speedy deliveries. Purchases concentrated around key dates and 20% were delivered the next business day.

In the first half of 2019, Valentine's Day, AfterYay Day in March, and the April edition of Vogue Online Shopping Night, fuelled online health and beauty sales. Growth was above 27% YOY across each of these events.

The week of Cyber Monday was the biggest week for health and beauty online purchases. For beauty purchases, AfterYay in August recorded the fastest growth, up 41.9% YOY.

When we analysed the volume dispersion in November and December 2019, health and beauty online purchases were under-represented compared to the total eCommerce purchases (19.3% against 22%). This indicates there was a skew towards purchases from other sectors during these months.

Speed of delivery is important for this industry, as one in five health and beauty products were delivered the next business day. This is more prevalent for beauty items, with over a quarter of all purchases shipped the next business day.

Beauty share rose to over 33% in February 2019, with a surge occurring in the week leading up to Valentine's Day. The third week of December recorded the highest peak, with over 40% of all beauty products dispatched the next business day in the lead-up to Christmas.



Cyber Monday week was the biggest week by volume

# #1

(for Health & Beauty)



AfterYay in August was the fastest growing event for beauty sales

# 41.9%

(YOY growth)



February was a popular month for next business day services

# 33.7%

(share of beauty products in the week before Valentine's Day)



## 2019 Industry overview Home & Garden

# 44



## Overview

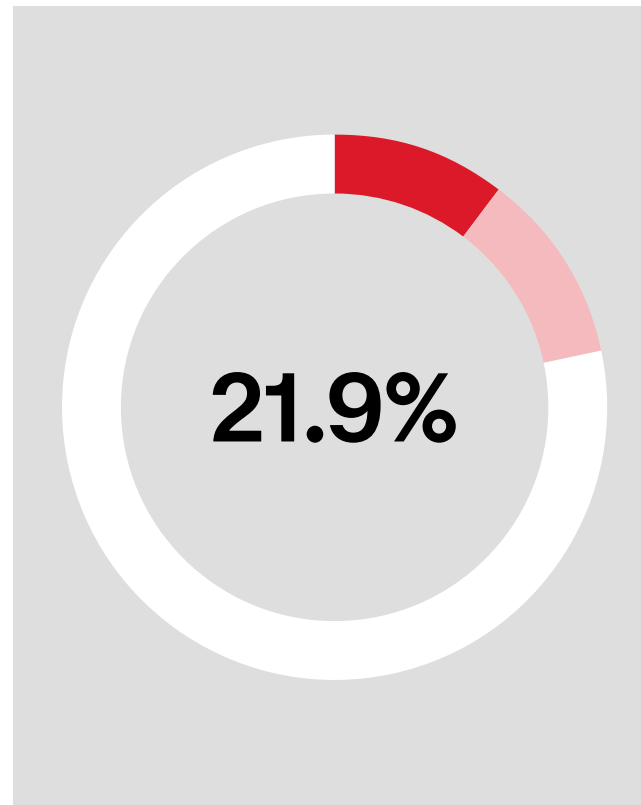
**Online purchases from Home & Garden retailers grew steadily, up 10.5% YOY, but fell below the national average.**

Over 39% of Australian households received at least one item from a Home & Garden specialty retailer in 2019.

In terms of total share, Home & Garden equated to 21.9%, with 11.3% bought from the Variety Store channel. In fact, a third of all items bought from Variety Stores was a home and garden item, demonstrating the wide range of channels shoppers continue to use when purchasing online.

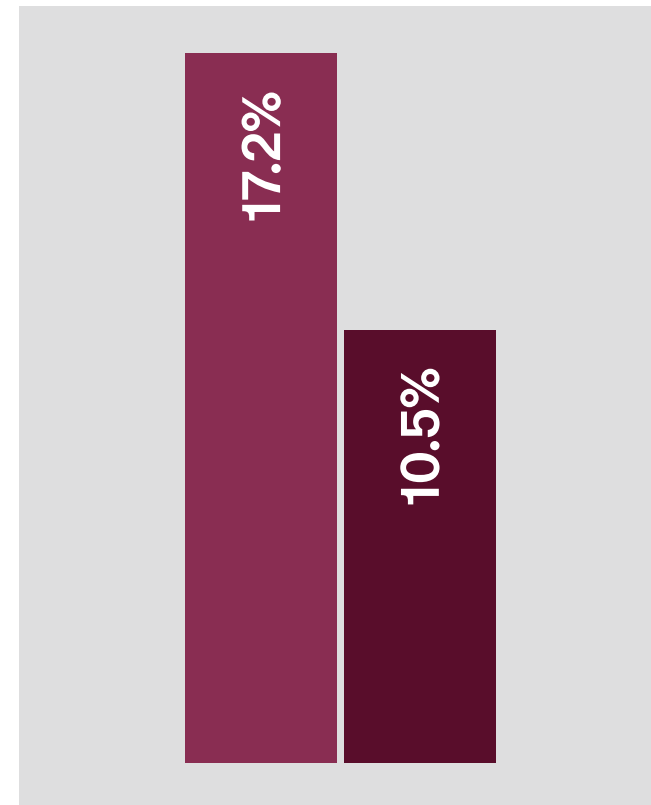
Payment preferences are continuing to shift, with 18.1% of Buy Now Pay Later purchases attributed to home and garden items. Homewares accounted for almost half of these payments, while consumer electronics accounted for 31%, five percentage points lower than 2018.<sup>8</sup>

### Share of online purchases



■ Home & Garden **10.6%**  
■ Variety Stores **11.3%**

### YOY growth



■ National growth **17.2%**  
■ Home & Garden growth **10.5%**

## Digging deeper

**Homewares & Appliances represented more than half of Home & Garden volume, at 55% of all online purchases and growing 13.6% YOY.**

This was above the industry average of 10.5% YOY. Consumer electronics had the next largest share at 29.3%, but grew at a slower rate of 5.9% YOY.

After emerging as an up-and-coming industry in 2018, retailers of pet products continued to show strong growth in 2019, firmly establishing this industry as one with a strong online presence. Pet product purchases grew 12.6% YOY and their share in Home & Garden increased to 11.5%.

### Biggest contributor Homewares & Appliances



**55%**  
(Share)

### Strong performer Pet Products



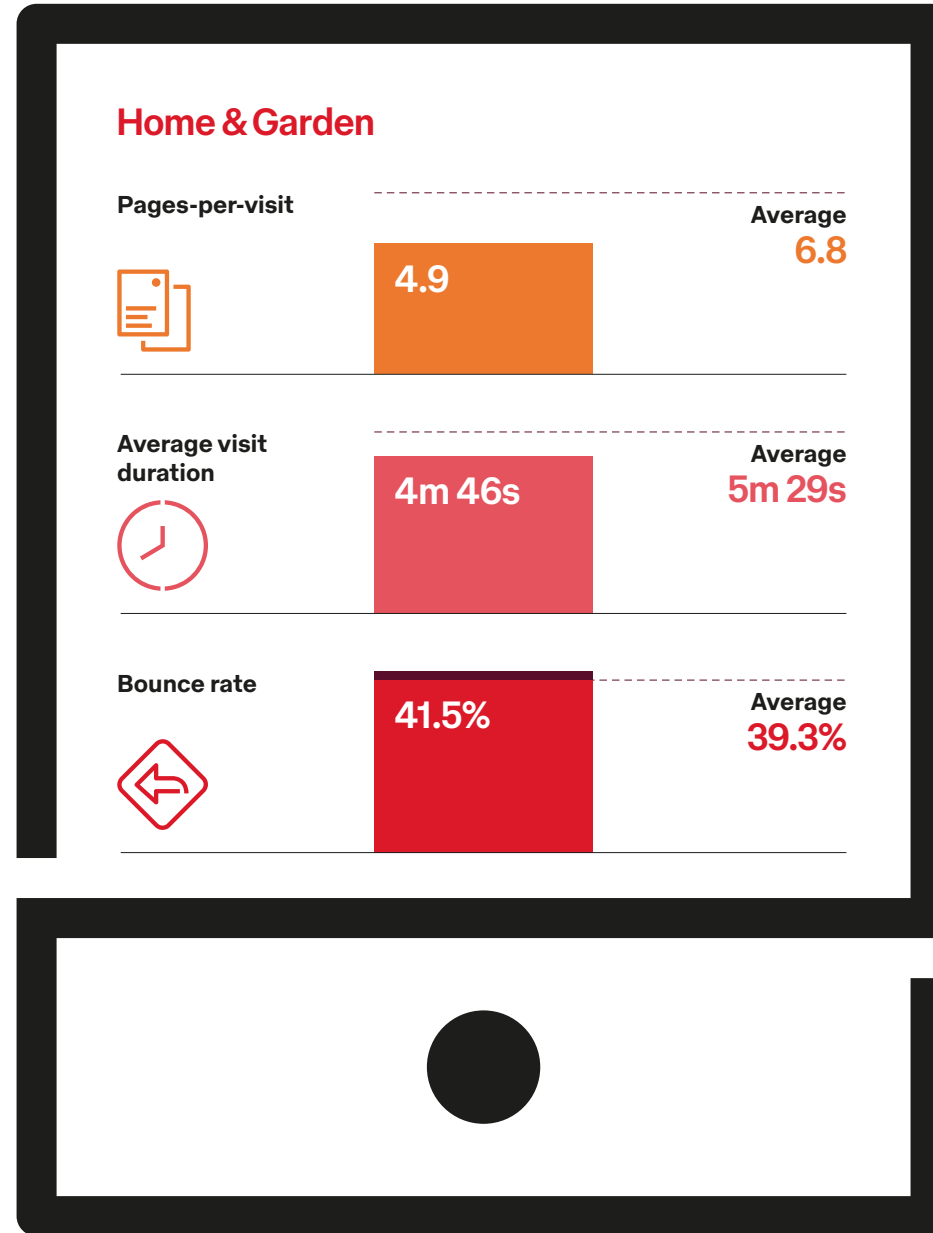
**12.6%**  
(YOY growth)

## Website performance

When shoppers visited Home & Garden specific websites in 2019, the average visit duration and number of pages viewed was low when compared to other eCommerce industries.

These visits also had a high bounce rate of 41.5% where shoppers did not go beyond the landing page. This is above the 39.3% average, potentially indicating low engagement. By comparison, Variety Store websites saw lower bounce rates and more time spent on site.

Web traffic for this category was driven more heavily by mobile web (61.1% share), up 3.8 percentage points from the previous year.<sup>11</sup>



## State and Territory growth

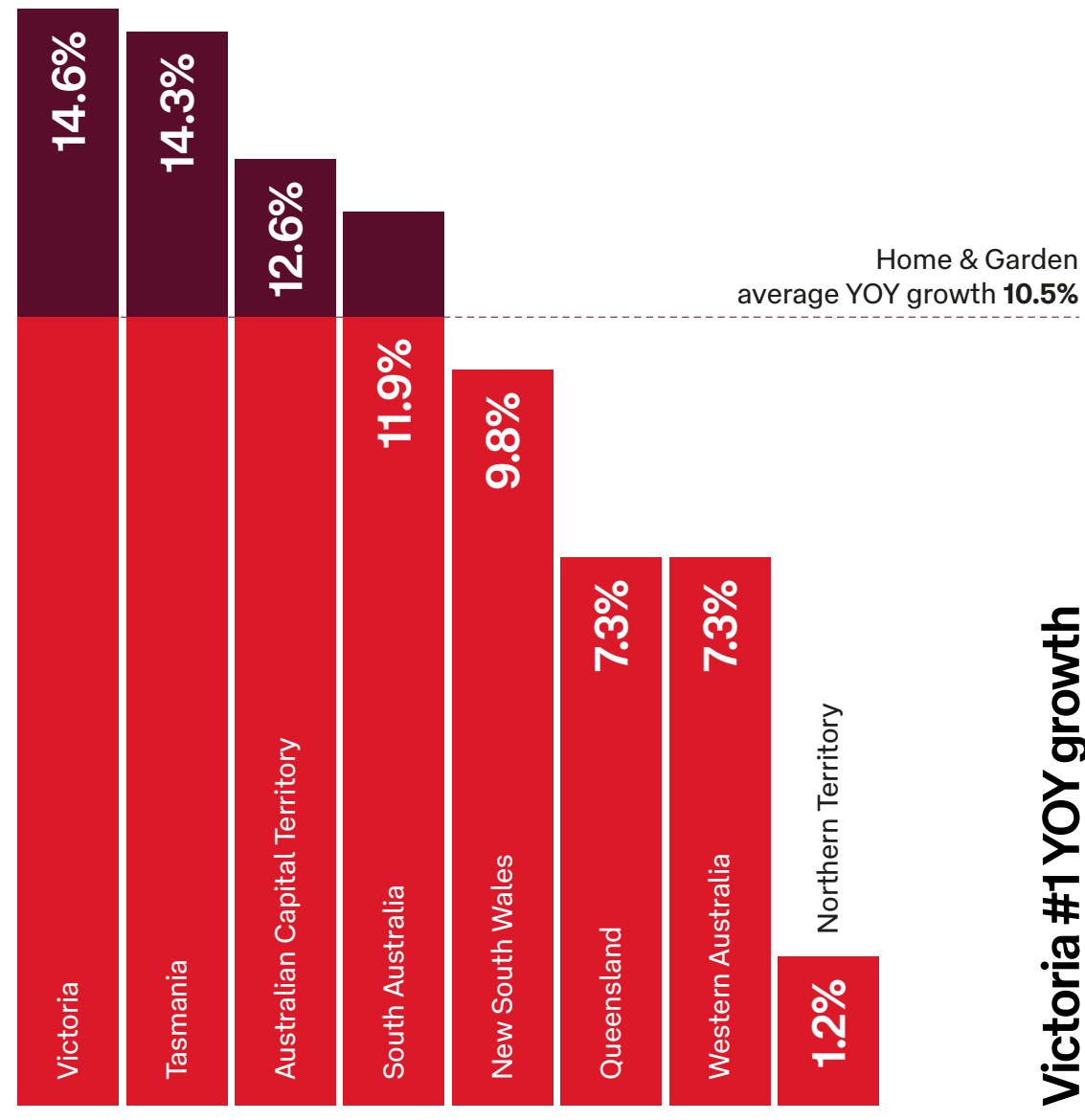
Victoria was again the fastest growing state for home and garden online purchases in 2019, up 14.6% YOY.

Tasmania followed closely behind, growing 14.3% YOY. The Australian Capital Territory also grew at an above average rate of 12.6% YOY.

Despite below average growth in New South Wales and Queensland, these two states combined with Victoria, accounted for almost 80% of all home and garden online purchases in Australia.

Tasmania and Victoria were the two fastest growing states for homewares and appliances online purchases, with YOY growth rates of 19.9% and 18.2% respectively. Pet products grew fastest in the Australian Capital Territory and Tasmania, with 18.7% and 17.6% YOY growth, well above the category's average growth (10.5% YOY).

State and Territory growth – Home & Garden



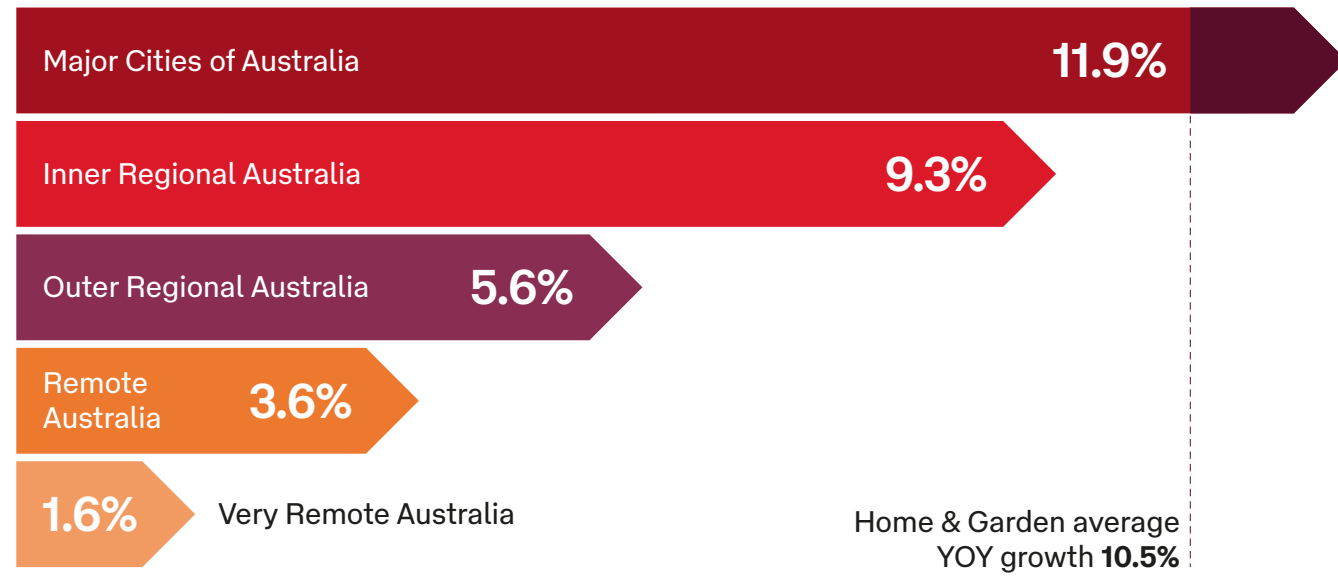
Victoria #1 YOY growth  
**14.6%** →



## Major Cities and Regional growth

20.7% of home and garden purchases were from inner regional areas, driving 9.3% YOY growth. Major cities accounted for more than two thirds of online purchases and was growing the fastest at 11.9% YOY.

### Major Cities and Regional growth – Home & Garden



## Who's buying?

In 2019, six of the top 10 postcodes recorded above average growth in online shopping for home and garden items.

Our top postcode Point Cook slowed to 0.6% YOY. However, there was still a high percentage of households purchasing, albeit less frequently.

The fastest growing location was Cranbourne in Victoria, which jumped three rankings to third place. The 17.1% growth YOY for this category is likely attributable to new housing.

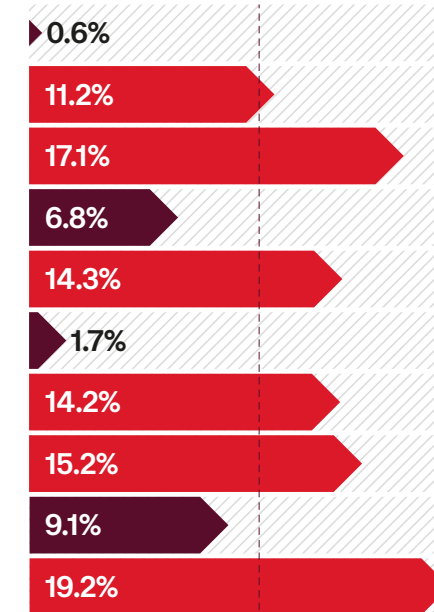
Ballarat, in regional Victoria, recorded the highest growth of the top 10 locations, and grew 19.2% YOY. With over 41% of households purchasing home and garden items online in 2019, it's no surprise Ballarat has jumped into the top 10. The suburb also has a high concentration of young couples with children<sup>7</sup> who are over represented when it comes to purchases for this category.

### Top 10 online buying locations by volume

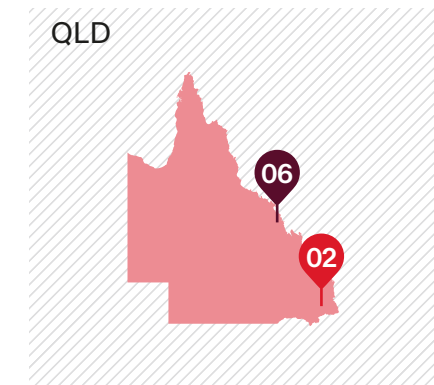
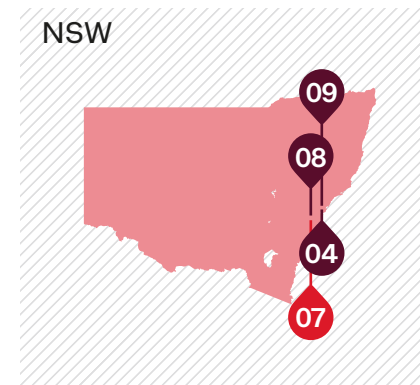
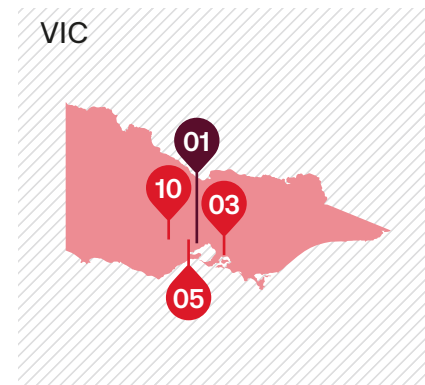


■ Above average growth  
■ Below average growth

### YOY growth



Home & Garden average  
YOY growth **10.5%**



## Key trends

### Home and garden products had a strong 2019, with most sales events experiencing accelerated growth compared to the previous year.

There was unexpected growth during events not normally associated with home and garden products, such as Valentine's Day, which grew steadily at 16.6% YOY.

Pet products were particularly popular during the lead up to Valentine's Day and grew 29% YOY. May Mayhem also saw a spike with 13.7% YOY growth, and Click Frenzy saw 13.4% growth YOY.

Despite being a fashion-focused sales event, Vogue Online Shopping Night in April saw the second strongest growth at 19.7% YOY. The main drivers for this were online purchases of consumer electronics, homewares and appliances.

Black Friday & Cyber Monday went from strength to strength, up 37.4% YOY in 2019. To break it down further, the big winners were consumer electronics, homewares and appliances.

Home and garden online purchases during the Boxing Day Sales also increased in 2019, growing faster than all other categories except for Variety Stores.

Approximately 20% of consumer electronics items were shipped the next business day, compared to a low 3.8% of home and garden online purchases.

Express delivery of pet products also grew, peaking at 13.3% of the total online purchases in December 2019.



Black Friday & Cyber Monday had the biggest growth

**37.4%**  
(YOY growth)



Pet Products (in the lead up to Valentine's Day) were the fastest growing

**29%**  
(YOY growth)



Next business day delivery was popular for Consumer Electronics

**20%**  
(Share)



2019 Industry overview  
Hobbies &  
Recreational  
Goods

52



## Overview

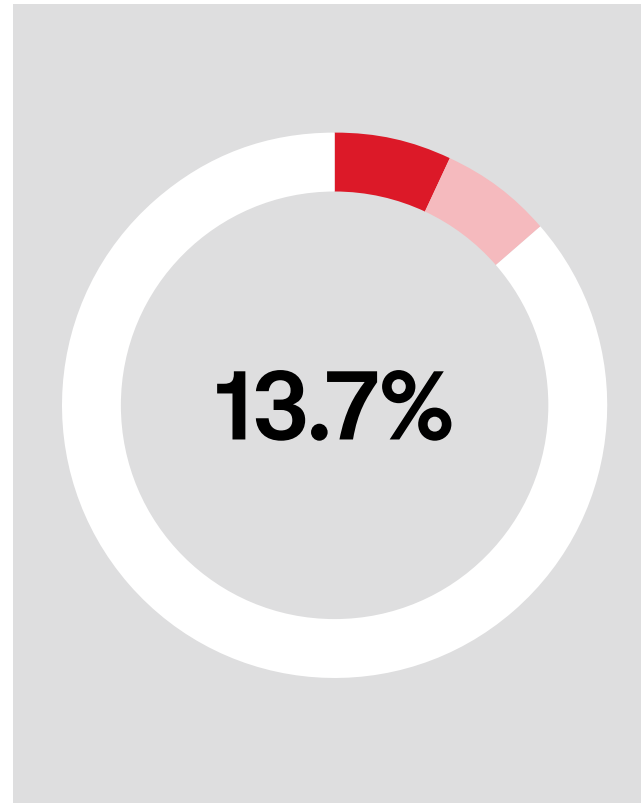
**Hobbies & Recreational Goods experienced modest growth in 2019, landing at 6.1% YOY.**

Despite the deceleration in growth, the industry share increased marginally to 7% of all purchases. When combined with purchases from the Variety Store channel, the share is boosted to 13.7% of total online purchases.

Even with limited growth, 28.9% of Australian households bought at least one of these items online last year.

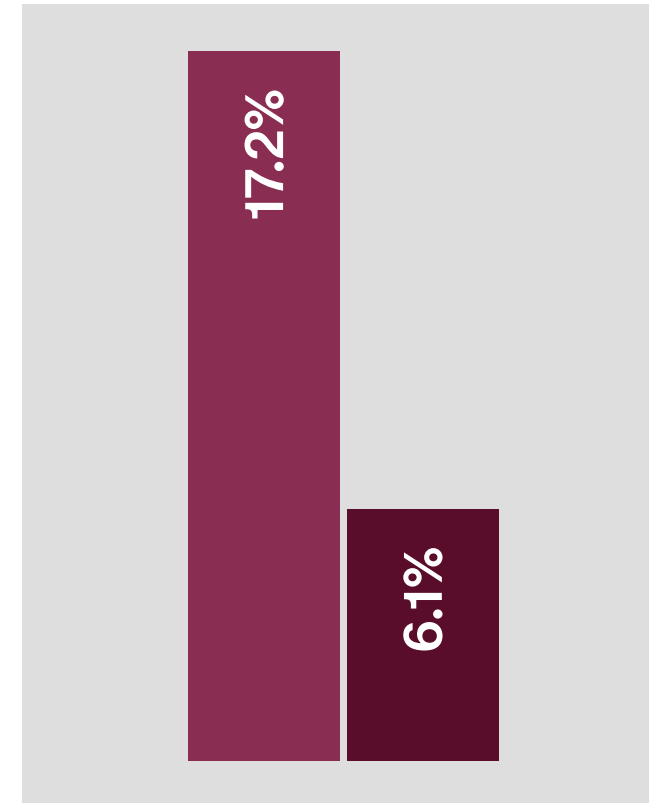
Over 12% of Buy Now Pay Later purchases were related to Hobbies & Recreational Goods, over half of which were for games and toys. Sporting equipment and automotive parts made up the rest of these purchases.<sup>8</sup>

### Share of online purchases



■ Hobbies & Recreational Goods **7%**  
■ Variety Stores **6.7%**

### YOY growth



■ National growth **17.2%**  
■ Hobbies & Recreational Goods growth **6.1%**

## Digging deeper

**Automotive parts and sporting equipment collectively contributed to over half of hobbies and recreational goods purchases.**

While Sporting Equipment contributed the lion's share of the volume (26.6%), growth slowed to 3.1% YOY in 2019.

The strongest performer was Outdoor Goods, which grew by 17.5% YOY. Musical Instruments & Accessories came in second at 13.3% YOY after a decline in 2018.

On the other hand, growth in Games & Toys fell 1.9% YOY, following strong growth in 2018 (15.5%). The sector continues to struggle for specialty retailers in this space.

**Biggest contributor**  
**Sporting Equipment**



**26.6%**  
(Share)

**Strongest performer**  
**Outdoor Goods**



**17.5%**  
(YOY growth)

**Largest rebound**  
**Musical Instruments & Accessories**



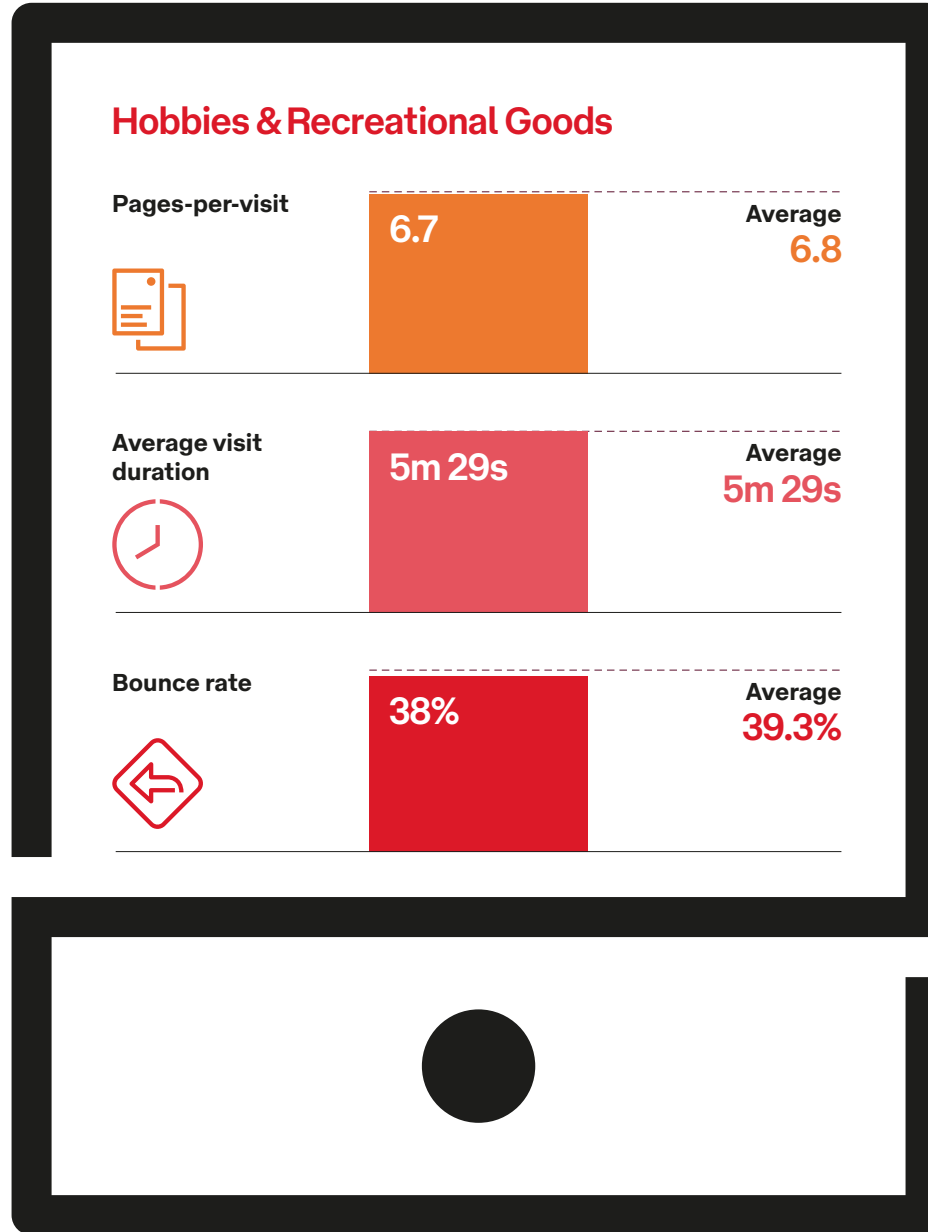
**13.3%**  
(YOY growth)

## Website performance

In 2019, the average visit time and page visits from Hobbies & Recreational Goods shoppers was comparable to the other eCommerce industries.

The bounce rate was better than average, suggesting a medium level of shopper engagement.

Mobile web (61.1% share) drove the majority of browsing in 2019, up 3.5 percentage points from the previous year.<sup>11</sup>



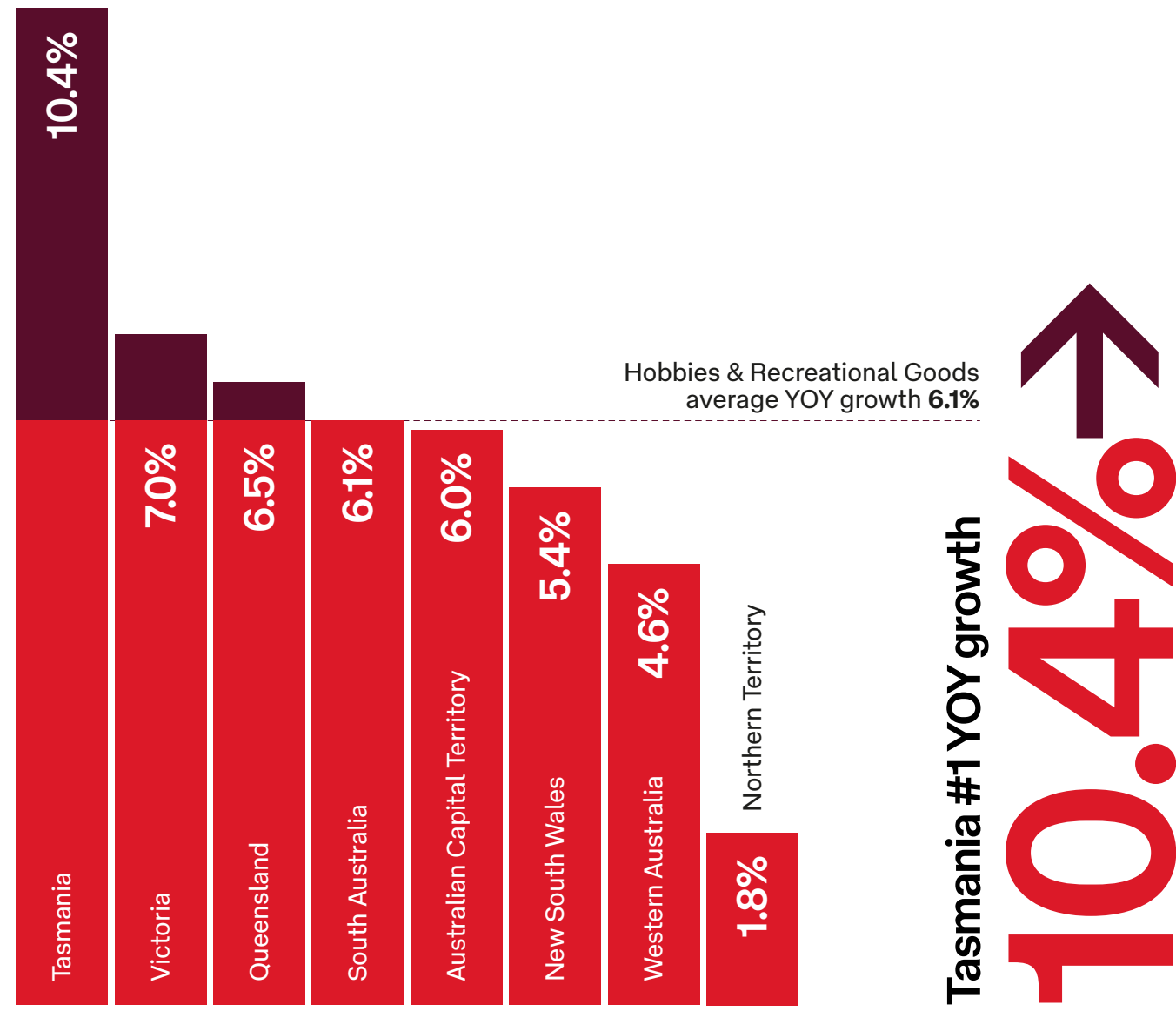
## State and Territory growth

Tasmanians continue to demonstrate their love of Hobbies & Recreational Goods, growing 10.4% YOY, 4.3 percentage points above the industry average.

New South Wales, while accounting for 31.5% of total online purchases, grew below the national average, sitting at 5.4% YOY. However outdoor goods remained popular in New South Wales, where they accounted for 29.5% of total volume.

The big mover was Western Australia, where purchases of outdoor goods grew fast at 22.6% YOY.

State and Territory growth – Hobbies & Recreational Goods

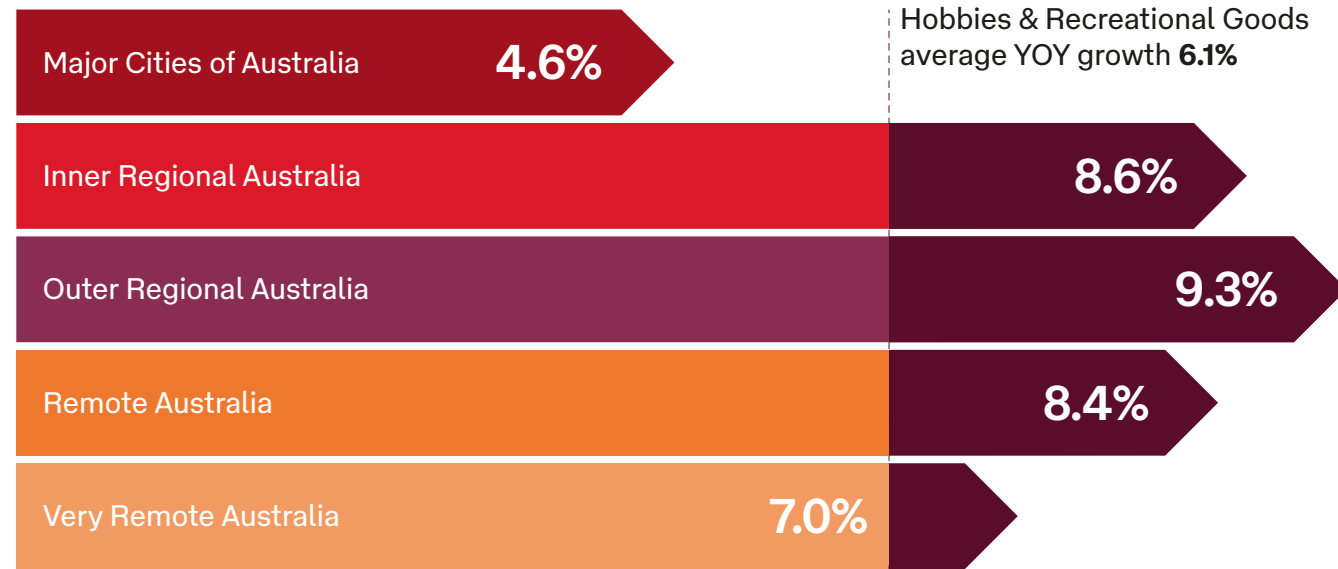




## Major Cities and Regional growth

Regional online purchases accounted for over a third of all Hobbies & Recreational Goods volume, repeating the same trend from 2018. Growth in these areas was almost double (8.8% YOY) that of major cities. Nevertheless, major cities still accounted for much of the volume, with over 62% share.

### Major Cities and Regional growth – Hobbies & Recreational Goods



## Who's buying?

Queenslanders are keen online shoppers when it comes to hobbies and recreational goods. Half of the top 10 locations are in Queensland, with Toowoomba retaining its top position despite reporting below average growth.

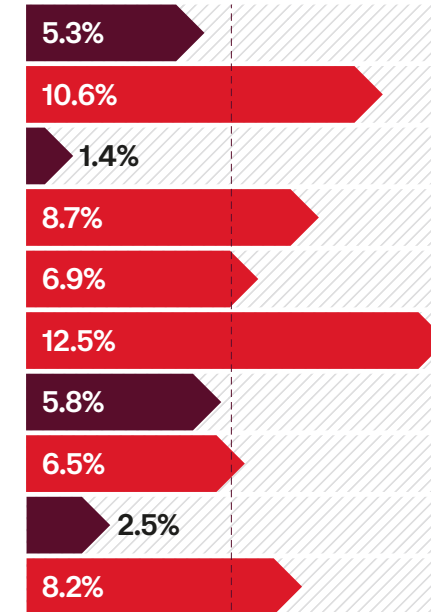
Gladstone held sixth position and had the highest growth, purchase frequency and household penetration. It's even more impressive when we consider the population is just half that of Toowoomba.<sup>7</sup>

Hervey Bay has made its debut into the top 10 in 2019. Located in the Fraser Coast region of Queensland, the suburb bucked the trend, with strong growth (8.2%) and above average purchasing frequency despite having the lowest household income in the top 10.<sup>7</sup> Considering its proximity to Fraser Island, it's no wonder growth was so strong in this category as outdoor goods continue to expand online.

### Top 10 online buying locations by volume

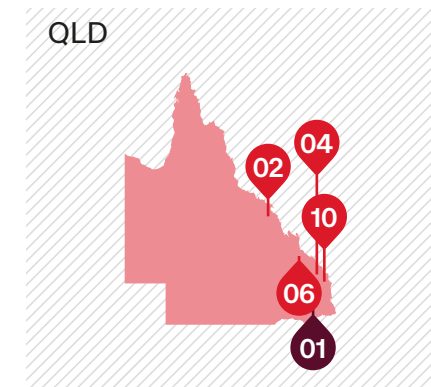
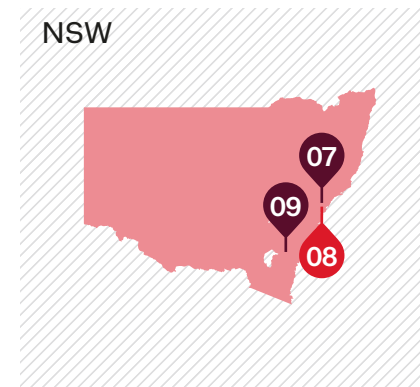
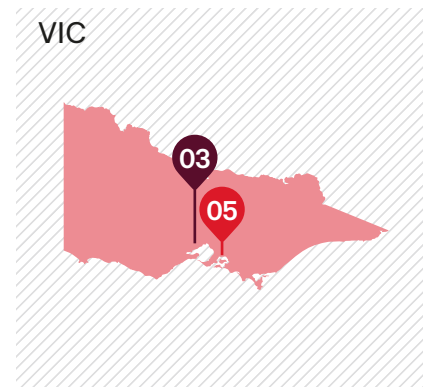


### YOY growth



■ Above average growth  
■ Below average growth

Hobbies & Recreational Goods  
average YOY growth **6.1%**



## Key trends

### Shoppers of Hobbies & Recreational Goods unsurprisingly follow seasonal buying patterns.

This can be seen in January and July 2019, where the number of purchases are over-represented compared to the total eCommerce purchases during the same months (17.6% versus 16.4%).

The biggest sales event outside a peak period for Hobbies & Recreational Goods occurred during Amazon Prime Day, which recorded a solid 10.9% YOY growth. Click Frenzy and Black Friday & Cyber Monday also drove strong growth of 13.6% and 26.8% YOY respectively. A big winner of the Black Friday & Cyber Monday event was Outdoor Goods, which grew 38% YOY.

On the other hand, Boxing Day sales slowed drastically, growing just 3% YOY compared to 2018. Despite the modest Boxing Day results, December 2019 saw the sharpest growth of the year, off the back of a strong start to the Christmas shopping period.

As a result of this, express delivery was particularly popular in December 2019, with 16.9% of online purchases shipped the next business day.

The biggest users of next business day delivery during that month were purchasers of sporting equipment and auto parts.



Black Friday & Cyber Monday (Outdoor Goods) had the highest growth

**38%**  
(YOY growth)



Amazon Prime Day was the fastest growing new sales event

**10.9%**  
(YOY growth)



Next business day delivery was popular in December

**16.9%**  
(of deliveries)



# 2019 Industry overview Specialty Food & Liquor

# 60

2020 eCommerce Industry Report



## Overview

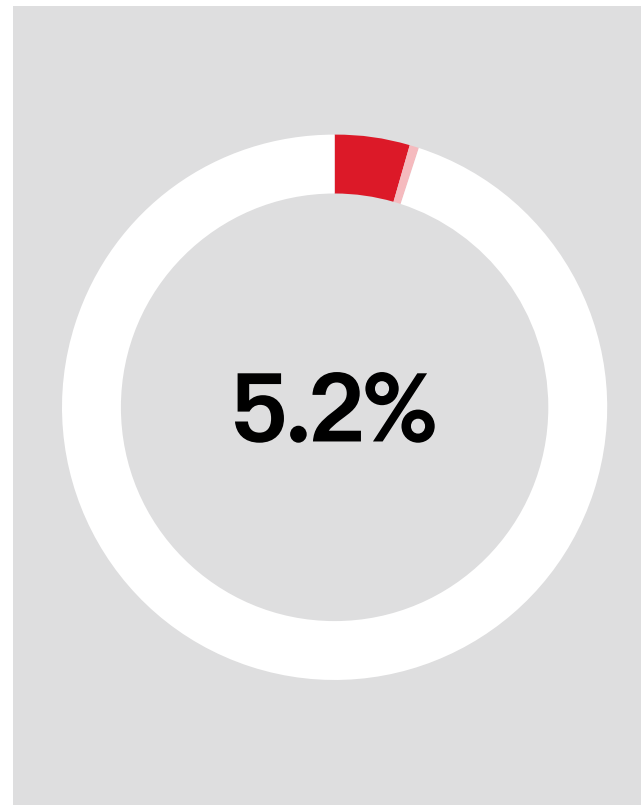
**As consumers become more confident with buying alcohol and food online, the number of sellers making the transition to eCommerce has increased steadily.**

Specialty Food & Liquor can be divided into two distinct offerings. Food products include coffee, tea, specialty ingredients and non-perishable food items. Liquor stores include craft beer retailers, wineries and vineyards and increasingly, small batch distillers around Australia.

Growth of specialty food and liquor items slowed in 2019 to 9.4% YOY after double-digit growth the year before. The industry represented 5.2% of total eCommerce purchases, with 0.7% coming from Variety Stores. This is a substantial increase on 2018 when the category's share of all eCommerce purchases was just 3.5%.

14.5% of Australian households purchased at least one specialty food and liquor item online in 2019.

### Share of online purchases



- Specialty Food & Liquor **4.5%**
- Variety Stores **0.7%**

### YOY growth



- National growth **17.2%**
- Specialty Food & Liquor growth **9.4%**

## Digging deeper

In 2019, nearly two thirds of the online purchases from the Specialty Food & Liquor category can be attributed to liquor. Growth in liquor was lower than the industry average, coming in at 6.6% YOY.

Households that were purchasing liquor online are doing so frequently, on par with shoppers buying from Major & Discount stores. This means once shoppers are comfortable buying liquor online, they are doing so on a regular basis.

Specialty Food outperformed the industry average of 9.4%, growing strongly at 16.5% YOY. This represented 30.9% of the total volume.

### Biggest contributor Wine & Liquor



**65.5%**  
(Share)

### Strongest performer Specialty Food



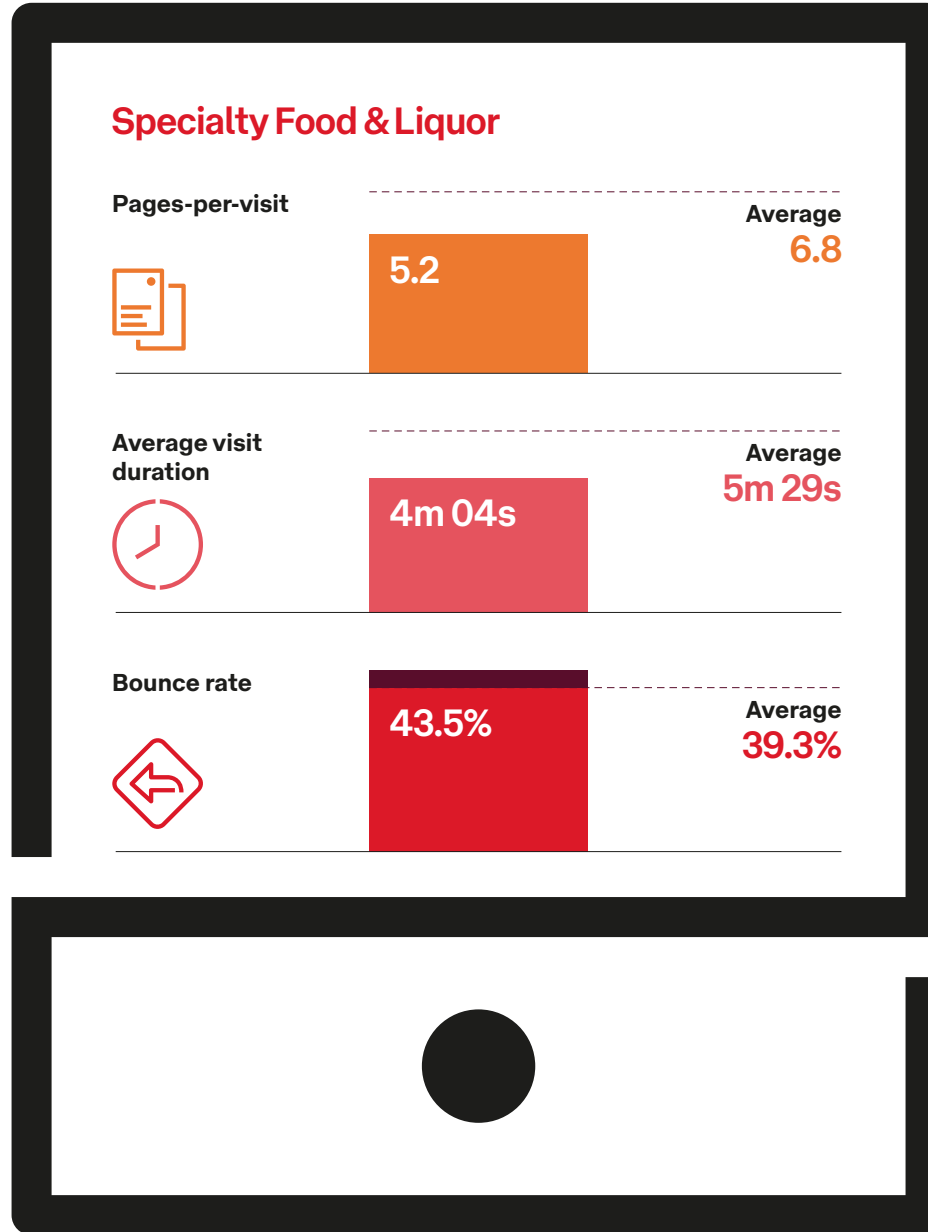
**16.5%**  
(YOY growth)

## Website performance

The average visit time and number of page visits by shoppers on Specialty Food & Liquor websites in 2019, was below average compared to the other eCommerce industries.

Coupled with the highest bounce rate (visits that did not go beyond the landing page) of 43.5% (compared to Fashion at 35.5%), this may suggest low shopper engagement.

Specialty Food & Liquor shoppers predominantly browsed on mobile web (64.2% share) in 2019, up 3.9 percentage points from the previous year.<sup>11</sup>



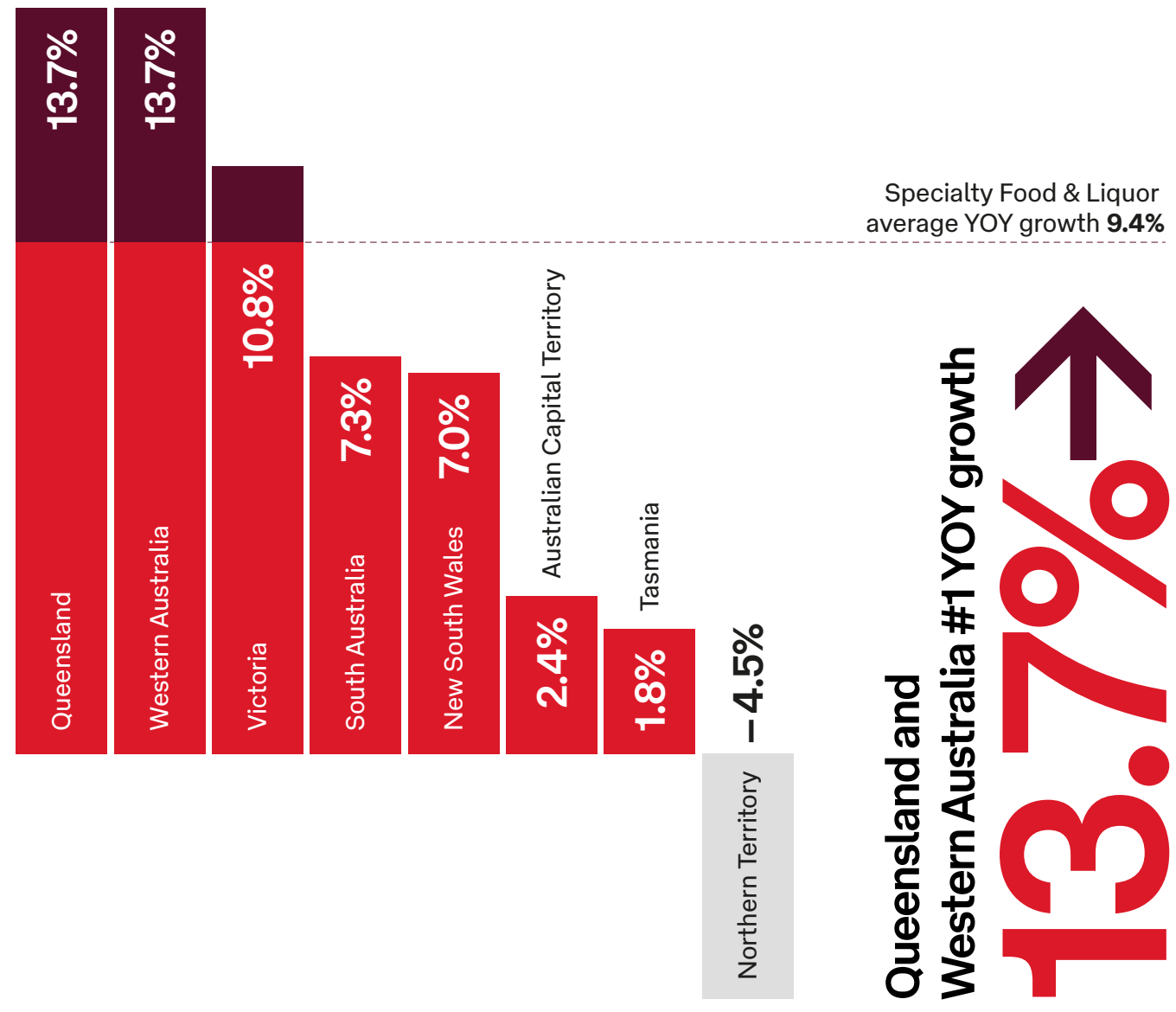
## State and Territory growth

New South Wales contributed almost a third of all specialty food and liquor online purchases in 2019. Despite this, growth was up only 7% YOY, below the category average of 9.4%. In contrast, Queensland, Western Australia, and Victoria all experienced double-digit growth.

Victoria and New South Wales accounted for more than half of liquor and wine online purchases, 24.3% and 32.6% respectively. In Western Australia, this category continued to gain popularity with growth of 15.1% YOY.

Victoria grew above average for specialty food items, with growth of 19.5% YOY. Combined with New South Wales, these two states were the top purchasers and made up more than half of the specialty food purchases in 2019.

State and Territory growth – Specialty Food & Liquor



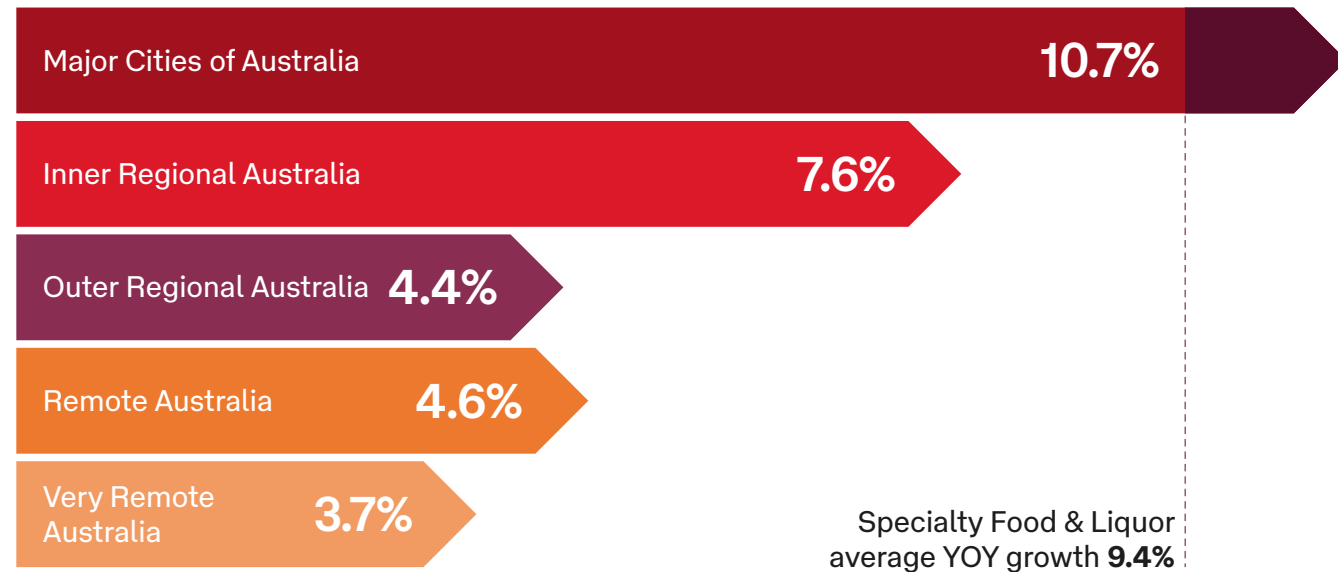


## Major Cities and Regional growth

Major cities were the primary purchasers, with 70.5% of specialty food and liquor items bought online from these areas.

When this is broken down further, there is a shift towards regional locations for specialty foods – accounting for over a third of all online purchases. Liquor went in the opposite direction and showed a stronger trend towards the major cities.

### Major Cities and Regional growth – Specialty Food & Liquor



## Who's buying?

In the top 10 postcodes, half of the locations have above average household income.<sup>7</sup>

When analysing high income locations more generally, online purchases for specialty food and liquor were over represented.

Overall, the majority of postcodes recorded growth rates of above 5%. There were four stand out postcodes with above average growth, all over 10%.

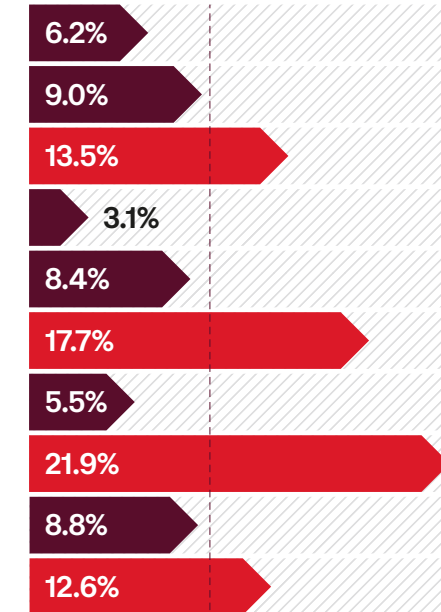
The top location of Mosman in Sydney, experienced below average growth. This was off set as it had the highest online purchase frequency per household, suggesting an increase in household consumption.

New South Wales and Queensland dominated the top 10 in 2019, with only two entrants from other states. Ballarat in Victoria snuck into 10th place with strong growth, 2.5 percentage points above the category average. Ballarat also had high household purchase frequency, despite a low number of households buying online.

### Top 10 online buying locations by volume

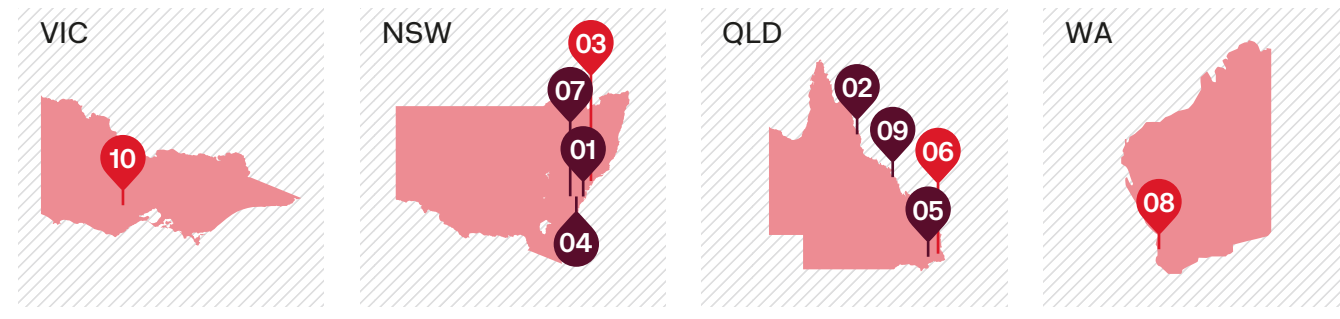


### YOY growth



■ Above average growth  
■ Below average growth

Specialty Food & Liquor average YOY growth **9.4%**



## Key trends

### Australians prefer to buy food and liquor online for the Christmas period, with Specialty Food & Liquor volumes spiking in November and December.

The lead up to Mother's Day saw 19.8% growth YOY, with the Black Friday & Cyber Monday sales even stronger at 21.6% YOY. Online liquor purchases were over represented in high income locations when compared to online shopping generally.

Specialty Food & Liquor express delivery adoption came in third place for all industries at 14.7%, behind Fashion & Apparel and Health & Beauty. Over 40% of Specialty Food volume was shipped the next business day in 2019. In contrast, less than 1% of liquor purchases were ordered with an express delivery option.



First two weeks of December was the peak period

**2 weeks**  
(December)



Black Friday & Cyber Monday had strong growth

**21.6%**  
(YOY growth)



Specialty food items delivered next business day

**>40%**  
(Share)



## Cross Border

# 68



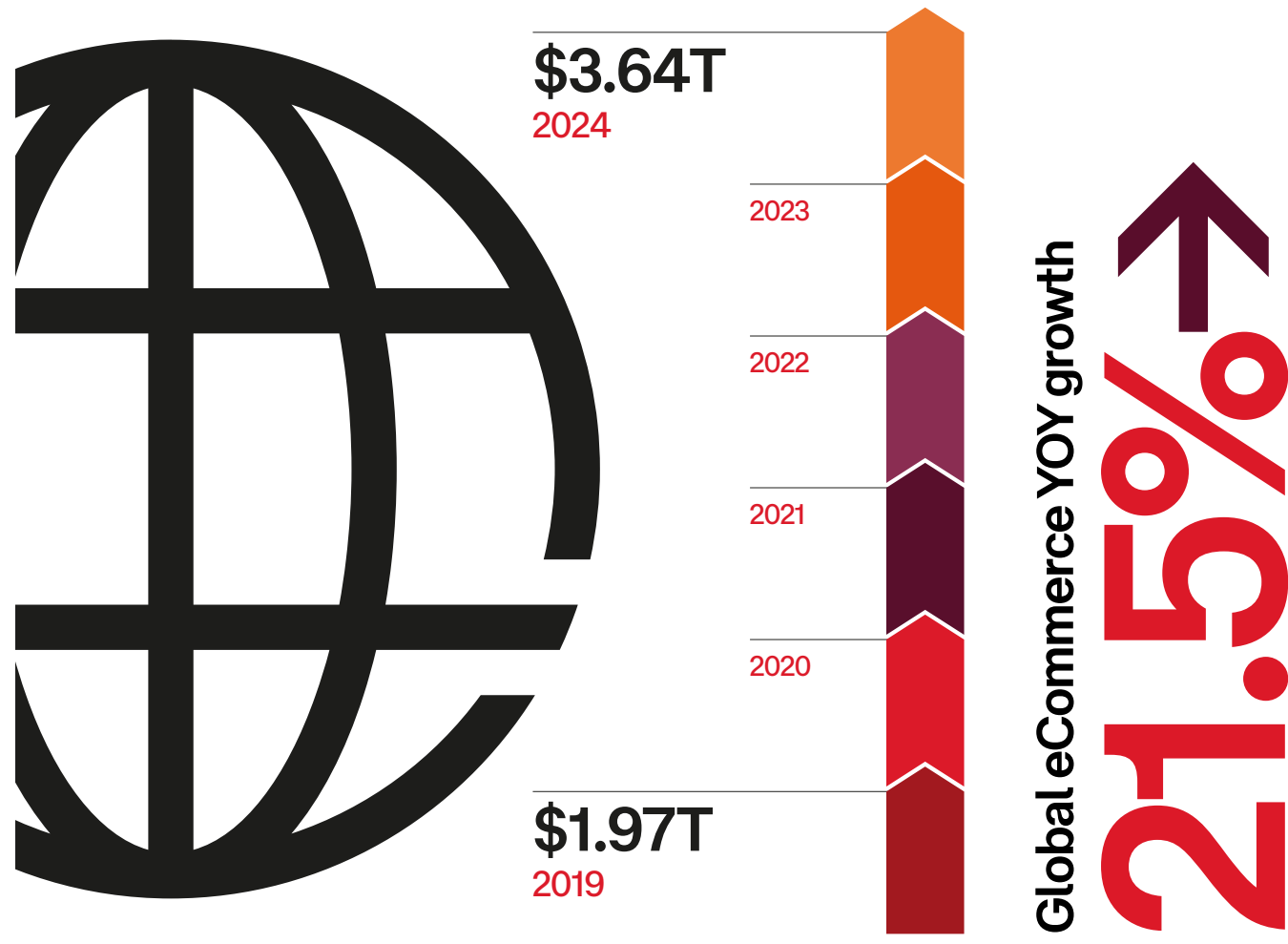
## The value of global eCommerce

2019 was a year of strong growth for international eCommerce. The industry however is facing significant headwinds in 2020, as the COVID-19 pandemic disrupts supply chains and congests key trade lanes between nations. Despite these obvious challenges, 2020 is also a year of great opportunity for Australian retailers.

In 2019, over a third (36%) of international shoppers purchased from brands that weren't available in their home country.<sup>12</sup> This presents an exciting chance for Australian retailers to not only produce unique and sought-after offerings for shoppers in foreign markets, but to also capture a greater share of the local market at a time where shoppers are having to buy more of their wares from domestic sellers.

Now is the opportune time for retailers to look back at the trends, and more importantly understand the key barriers that shoppers faced in 2019. These insights will help with strategic planning so that when international restrictions ease, businesses are in the best position possible.

Global online goods market USD in trillions<sup>13</sup>



This section takes an in-depth look into the experiences and preferences of frequent cross border shoppers. These findings are part of a global survey conducted by the International Post Corporation (IPC),

which studied 35,737 shoppers across 41 countries.<sup>12</sup> We also narrow in on the key statistics and consumer trends from four international markets: the United States, New Zealand, the United Kingdom, and China.

## Key concerns for international shoppers

Three main concerns for global online shoppers have emerged from the IPC research. These are: sustainable packaging and delivery, returns policies and processes, and additional costs (shipping, taxes, and duties).



### 1. Sustainable packaging and delivery

Consumers are aware and conscious of their social and environmental impact and are choosing to purchase from companies that align with their personal values.

In Australia, only 56% of all packaging waste is recycled. For plastic, this figure is less than a third.<sup>14</sup> Most of the remaining materials end up in landfill, resulting in huge costs for our economy and environment.

**47%** want recyclable packaging

**28%** prefer carbon-neutral delivery

**28%** are willing to wait longer for delivery to reduce environmental impact

## Key concerns for online shoppers continued

### 2. Returns policies and processes

A whopping 86% of cross border shoppers said being able to return items easily was “rather or very important”.<sup>12</sup> While the level of returns remained almost unchanged over the four years of the IPC survey, returns represent an increasing number of items, as the overall purchasing volume increases.

Incidentally, cross border return rates were highest in the Asian markets, the United States, Germany and the United Kingdom.

**6%** of parcels are returned

**49%** want a simple and reliable returns process

**Returns represent an increasing number of items, as the overall purchasing volume increases**

### 3. Additional costs

The main reason for shopping online is the perception that prices are lower. This is challenged when additional costs (such as shipping, taxes and duties) are applied to cross border purchases at checkout.

A recent survey by Baymard in the US<sup>15</sup> looked at the reasons for checkout abandonment and found that 53% of shoppers did so due to the extra costs being too high.

The countries with the highest proportion of shoppers paying customs fees for their cross border purchases were Iceland (75%), India (55%) and China (52%).<sup>12</sup>

Providing information on prohibitions and restrictions and using tools such as *HS Tariff*

*Look-up* (to help get items through customs more efficiently) and *Landed Cost Calculator* (to help protect customers from unexpected costs) can help provide clarity at checkout and help give international shoppers more confidence when buying from you.

**14%** of buyers paid customs duties

**66%** want clear information about delivery charges

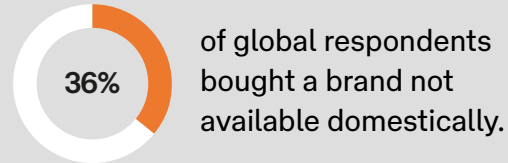
**66%** want delivery to their home followed by **21%** to a Post Office



## International purchases

Percentage of respondents from each country surveyed.<sup>12</sup>

### Availability of brands



Indonesia	65%
India	51%
Japan	48%

More than a third of purchases were brands not available domestically, highlighting the opportunity for retailers to promote themselves in foreign markets.

### Weight of purchases



The share of parcels weighing more than 2kg was highest in:

Luxembourg	19%
Cyprus	19%
India	18%

### Value of purchases Items valued below AUD\$41

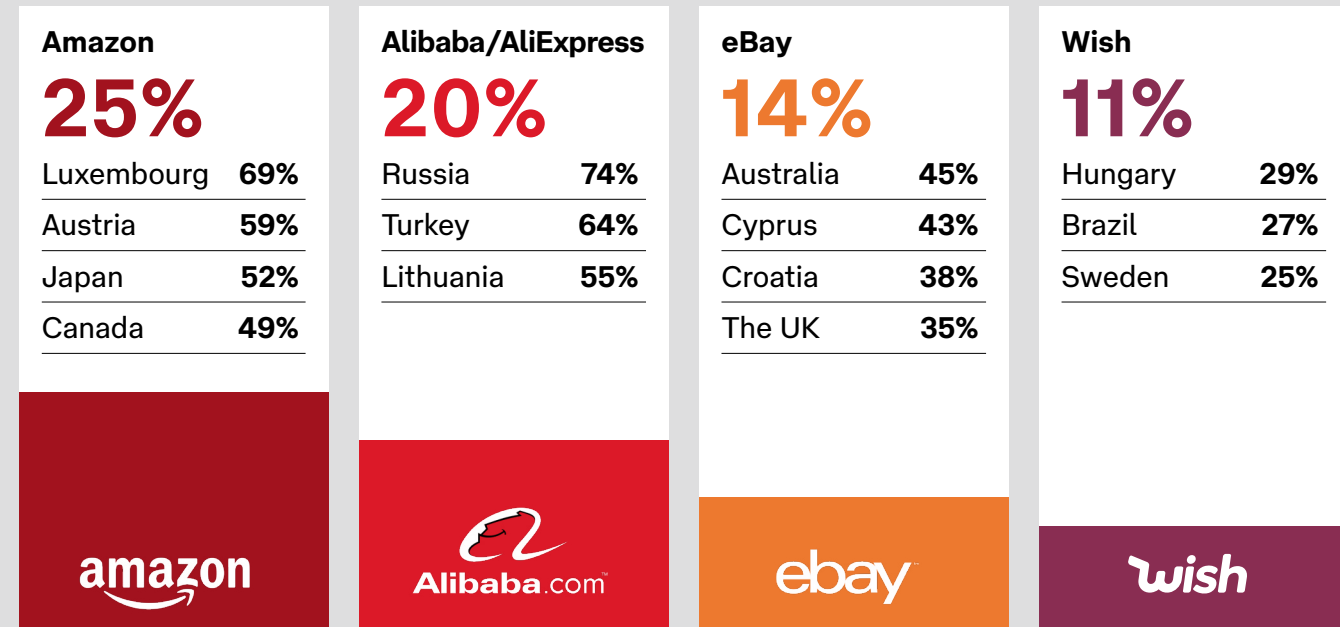
**44%**

of purchases are valued below AUD\$41

China	69%
Lithuania	66%
Croatia	65%
Latvia	64%
UK	31%
US	23%
Germany	20%

### Marketplaces

Commonly used marketplaces for recent cross border purchases, expressed by percentage of respondents from the respective countries.<sup>12</sup>





## Overseas shoppers buying from Australia

While growth in global eCommerce extends across several categories, it's the Fashion & Beauty categories that are winning the race when it comes to international shoppers buying from Australia.

### Most popular Australian exports<sup>12</sup>



**37%**

Clothing & Footwear



**30%**

Health & Beauty

### Australia's top export lanes<sup>12</sup>

New Zealand

**39%**



Relatively high considering a population of under 5 million people.

India

**18%**



Expected to constitute 5% of the total global cosmetics market and become one of the top five global markets (by revenue) by 2025.<sup>16</sup>

China

**15%**



With a growing middle class and appetite for Australian products, the average revenue per user in the ecommerce market in China is expected to reach AUD\$1,915 by 2024.<sup>17</sup>

### Across all categories



**16%**

of items purchased from Australia are returned – considerably higher than the global average of 6%.<sup>12</sup>



**32%**

of shoppers who purchased Australian goods paid customs duty – again considerably higher than the global average of 14%.<sup>12</sup>



**63%**

of international shoppers buying from Australia received free shipping – which is on par with the global average, however 14% was due to high item value.<sup>12</sup>



**30%**

of items purchased from Australia were valued at AUD\$105 and over – higher than the average of 22%.<sup>12</sup>

# Entering the US market

## Overview



Population **326 million**



**USD\$411bn**  
eCommerce market<sup>18</sup>



**14%** of all retail is eCommerce<sup>18</sup>



**2%** of eCommerce  
is cross border<sup>18</sup>

## Top reasons for domestic consumers buying outside of the US<sup>12</sup>



Lower prices **47%**



Product availability **33%**



Cheap cross border  
delivery **16%**

## Most recent purchase<sup>12</sup>

### Products purchased

**33%** clothing and footwear  
**17%** electronics or jewellery

### Customs

**15%** paid customs – usually  
paid up-front

### Value of purchase

**49%** cost less than \$25

### Preferred marketplaces

**44%** from Amazon  
**17%** eBay  
**12%** Wish

### Returns

**12%** returned an item – much  
higher than the global average



## Consumer preferences<sup>12</sup>



### Sustainable packaging

**2%**

have paid extra for this

**40%**

are willing to pay extra

**35%**

strongly agree that they  
“Would like packaging of my  
parcels to be recyclable”



### Sustainable delivery

**1%**

have paid extra for this

**36%**

are willing to pay extra

**21%**

strongly favour both  
carbon-neutral delivery  
and consolidated delivery



### Direct mail received

**77%**

received direct mail from  
e-retailer in past year

### Direct mail response

**29%**

visited e-retailer’s website

**32%**

made an online purchase

# Entering the NZ market

## Overview



Population **4.88 million**



**USD\$2bn** eCommerce market<sup>18</sup>



**6%** of all retail is eCommerce<sup>18</sup>



**74%** of eCommerce is cross border<sup>18</sup>

## Top reasons for domestic consumers buying outside of NZ<sup>12</sup>



Lower prices **58%**



The product/brand not being available domestically **44%**



Cheap delivery costs from abroad **23%**

## Most recent purchase<sup>12</sup>

### Products purchased

**30%** clothing and footwear  
**15%** consumer electronics

### Customs

**6%** paid customs

### Value of purchase

**60%** cost less than NZ\$37

### Preferred marketplaces

**23%** AliExpress  
**11%** Amazon  
**11%** Wish  
**11%** eBay

### Returns

**4%** returned an item



**58%**

said lower prices were a top reason for buying outside NZ

## Consumer preferences<sup>12</sup>



### Sustainable packaging

**1%**

have paid extra for this

**37%**

are willing to pay extra

**41%**

strongly agree that they "Would like packaging of my parcels to be recyclable"



### Sustainable delivery

**0%**

have paid extra for this

**35%**

are willing to pay extra

**21%**

strongly favour carbon-neutral delivery



### Direct mail received

**50%**

received direct mail from e-retailer in past year

### Direct mail response

**28%**


visited e-retailer's website


**23%**


made an online purchase


# Entering the UK market

## Overview


 Population **67 million**


 **USD\$80.3bn**  
eCommerce market<sup>18</sup>


 **17%** of all retail is eCommerce<sup>18</sup>


 **5%** of eCommerce  
is cross border<sup>18</sup>

## Top reasons for domestic consumers buying outside of the UK<sup>12</sup>

 Lower prices **47%**

 Product availability **38%**

 Cheap delivery costs **17%**

 Trust in the country  
of purchase **12%**

## Most recent purchase<sup>12</sup>

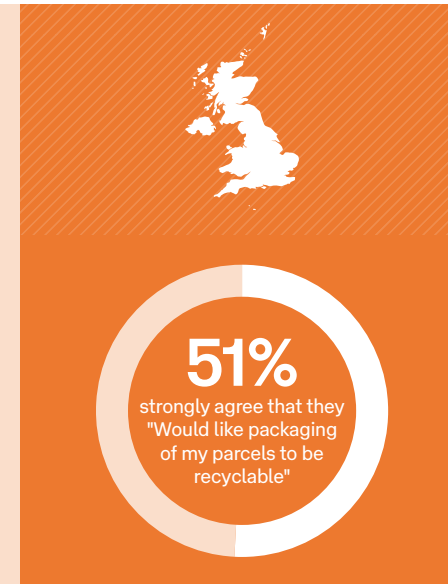
**Products purchased**  
**26%** clothing and footwear  
**16%** electronics or beauty

**Preferred marketplaces**  
**36%** Amazon  
**35%** eBay

**Customs**  
**15%** paid customs  
**67%** aware pre-purchase

**Returns**  
**7%** returned the item

**Value of purchase**  
**54%** cost less than £20



## Consumer preferences<sup>12</sup>

  
**Sustainable packaging**

**0%**  
have paid extra for this

**38%**  
are willing to pay extra

**51%**  
strongly agree that they  
"Would like packaging of my  
parcels to be recyclable"

  
**Sustainable delivery**

**0%**  
have paid extra for this

**39%**  
are willing to pay extra

**27%**  
strongly favour  
carbon-neutral delivery

  
**Direct mail received**

**62%**  
received direct mail from  
e-retailer in past year

**Direct mail response**

**24%**  
visited e-retailer's website

**21%**  
made an online purchase

# Entering the China market

## Overview



Population **1.39 billion**



**USD\$545bn**  
eCommerce market<sup>18</sup>



**24%** of all retail is eCommerce<sup>18</sup>



**10%** of eCommerce is cross border<sup>18</sup>

## Top reasons for domestic consumers buying outside of China<sup>12</sup>



Trust in the country of purchase **46%**



Product/brand not available domestically **43%**



Price lower in foreign country **42%**

## Most recent purchase<sup>12</sup>

### Products purchased

**49%** Health and beauty  
**35%** clothing and footwear

### Customs

**52%** paid customs

### Value of purchase

**23%** valued up to USD\$26.4  
**18%** both USD\$54–80 and USD\$81–108

### Preferred marketplaces

**41%** Amazon  
**25%** JD.com  
**24%** Alibaba

### Returns

**11%** returned the item



## Consumer preferences<sup>12</sup>



### Sustainable packaging

**1%**

have paid extra for this

**69%**

are willing to pay extra

**39%**

strongly agree that they “Would like packaging of my parcels to be recyclable”



### Sustainable delivery

**4%**

have paid extra for this

**69%**

are willing to pay extra

**26%**

strongly agree “willing to receive parcel later to reduce environmental impact”



### Direct mail received

**65%**

received direct mail from e-retailer in past year

### Direct mail response

**57%**

visited e-retailer’s website

**59%**

made an online purchase

## Methodology

**The main sections of this report are based on the analysis of 2018, 2019 and 2020 parcels data recorded by the Australia Post Group, unless otherwise stated. Commentary in this report relating to online shopping is based on an extrapolation of this data.**

New shoppers are defined as residential households that did not receive an eCommerce parcel between April 2019 and March 2020 but have since purchased in April 2020.

The data and insights are reported at postcode, state and territory, major city, inner regional, outer regional, remote and very remote Australia levels. For ease of reference, postcodes are substituted with suburb or locality names where appropriate. In instances where more than one suburb share a postcode, one location name is referenced.

The tables in the ‘Who’s buying?’ sections are based on modelled figures representing the top buying locations by transaction volume. The analysis excludes central business district (CBD) locations and postcodes with low household counts.

Household penetration and year on year growth numbers are based on actual or extrapolated transaction volumes.

Specialty retailers are segmented into product categories: Fashion & Apparel, Variety Stores, Health & Beauty, Home & Garden, Hobbies & Recreational Goods, Media, and Specialty Food & Liquor.

The report also draws on: modelled estimates from Australia Post consumer surveys, statistics from the Australian Bureau of Statistics (ABS), online retail environment data from Quantum, website performance analysis from SimilarWeb and publicly available information.

References to sales events and weeks are based on the dates below compared to the equivalent periods in 2018 unless otherwise stated:

- Valentine’s Day week, 7–14 February 2019
- AfterYay (March), 13–21 March 2019
- April Vogue Online Shopping Night (VOSN), 3–11 April 2019
- Click Frenzy May Mayhem, 21–29 May 2019
- End of Financial Year Sale (EOFYS), 1–30 June 2019
- Amazon Prime Day, 15–19 July 2019
- AfterYay (August), 14–22 August 2019

- October Vogue Online Shopping Night (VOSN), 22–31 October 2019
- Click Frenzy week, 12–20 November 2019
- Black Friday and Cyber Monday week, 29 November 2019 – 6 December 2019
- Cyber Monday week, 1 December 2019 – 7 December 2019 compared to 25 November 2018 – 1 December 2018
- Boxing Day Sales, 24 December 2019 to 7 January 2020

The ‘cross border’ section is based on the findings of a global survey conducted by the International Post Corporation (IPC). The survey covered 41 countries and territories: Australia, Austria, Belgium, Brazil, Canada, China, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Latvia, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, the Philippines, Portugal, Russia, Saudi Arabia, Singapore, Slovenia, South Korea, Spain, Sweden, Switzerland, Thailand, the United Kingdom, the United States and Vietnam. The survey is a study of 35,737 frequent cross border online shoppers. It also draws on market figures from Euromonitor International and other referenced sources.

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## Contacts

Australia Post provides a range of data solution services. If you have any questions or would like to know more, please contact your Australia Post Account Manager or email [einsights@auspost.com.au](mailto:einsights@auspost.com.au)

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