



Inside Australian Online Shopping eCommerce update

July 2022

July eCommerce declined compared to 2021.

July purchases have normalised after accelerated eCommerce growth in the last two years. Purchases declined by 15.2% year-on-year (YOY) against the lockdown driven online shopping in the ACT, NSW and VIC last year.

The number of online purchases is 51% higher than July 2019 and in the 12 months to July 2022 we've seen growth of 9.7%.

Looking ahead to the next 6 months

We expect eCommerce growth to be subdued over the next quarter when compared to 2021. Household participation remains strong, with the monthly average staying above 5 million. Purchase frequency will be reserved, as macroeconomic conditions continue to influence consumer sentiment.

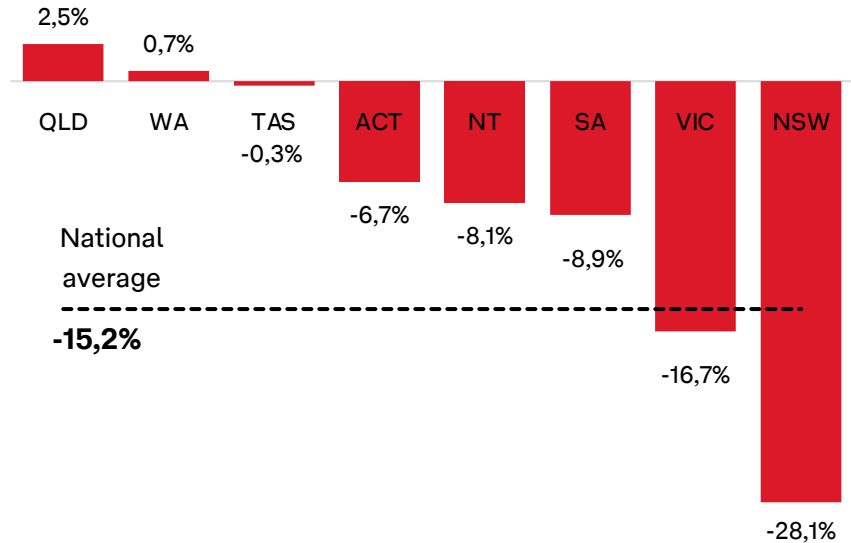
July 2022

-15.2% YOY

5.1 MIL

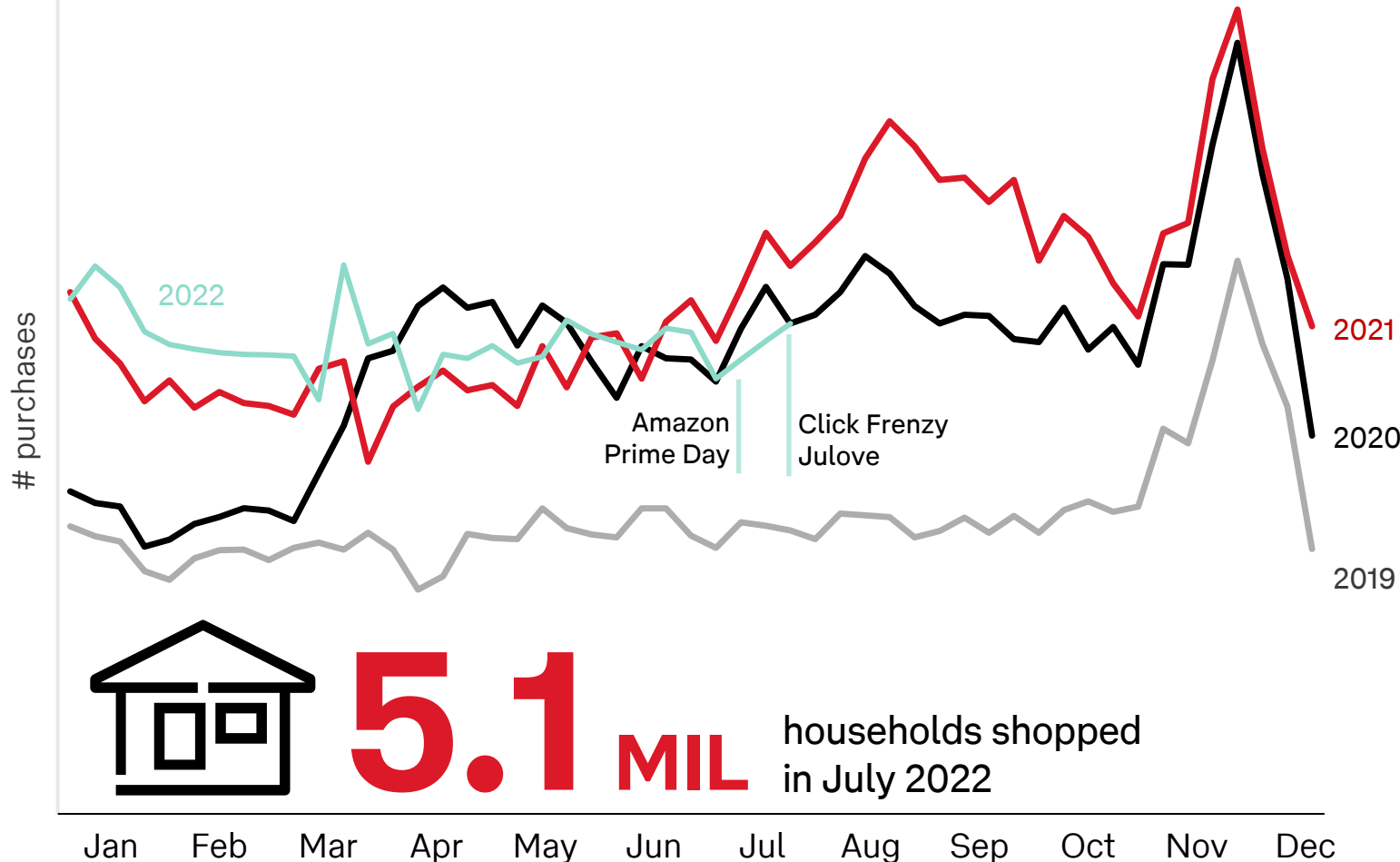
Households
purchased online

eCommerce purchases, YOY growth



Online sale events continue to attract shoppers.

Online purchase volume by week



The second week of July saw a 4.5% Week-on-Week (WOW) uplift coinciding with Amazon Prime Day.

We also saw a surge in online activity in the last week of July, with overall growth up 3.4% WOW coinciding with the Click Frenzy Julove event.

Women's Fashion, Athleisure and Beauty & Cosmetics were the most popular items purchased during that week, driving purchases up by over 11% WOW.

The next major sales event will be Afterpay Day from 18-21 August.

Download your full [eCommerce sales calendar here](#).

63% of consumers expect businesses to have a loyalty program.

In a recent customer loyalty survey,¹

- 63% of customers expect brands to have a loyalty program
- 66% believe that loyalty programs provided more value for money
- 44% felt more loyal to brands that offer a program.

Subscription and Cashback programs are leading this trend, with 1 in 2 surveyed members saying they're using these programs more since the start of the pandemic.²

While only a quarter of businesses that sell physical goods online indicated they have a loyalty program, the majority (80%) of these businesses say customers spend more with them if they're part of their loyalty program.¹

With price still an important consideration for customers, a loyalty program can be the tipping point between customer retention and a lost sale.

¹Source: Australia Post Loyalty Programs Omnibus Survey, June 2022

²Source: Parcel Receiver Survey, QOR April 2022

44%

of consumers feel more loyal to brands that have a loyalty program.¹

“If there are benefits to being a member of a loyalty program, then I'll usually try to make a point to shop at that retailer where possible to earn points/rewards” – Respondent verbatim.

1-in-4

businesses that sell online offer a loyalty program.¹

4-in-5

businesses say customers spend more with them if they're part of their loyalty program.

WAG strengthens customer loyalty with an improved program.



WAG is an eCommerce retailer that sells healthy dog treats with zero additives. Their mission is to treat every dog to good health, with a commitment to natural and sustainable approaches. The Good Dog Club, launched in 2020, is WAG's points-based loyalty program, rewarding customers with points called 'Good Bills' which they accumulate to reach discounts and rewards.

After seeing a 73% increase in revenue YOY in 2021, WAG decided to revamp their loyalty program by introducing a tiered model. Customers move between the four tiers based on their yearly spend - the higher the spend, the bigger the reward.

Sam Tinoco, WAG's Senior E-Commerce Specialist, said "WAG's loyalty program is a high driver of customer retention. Since the new model was introduced, 1 in every 8 of our customers has redeemed points in exchange for discounts. This is a great way to stay top of mind for repeated purchasers."

WAG has also noticed a link between the success of the loyalty program and growth in subscriptions. "Customers opting into the convenience of subscriptions have more than doubled since the new loyalty program. On top of that, subscriptions have a really high retention rate of over 90%."



"Our subscription model has a 90% retention rate - these are our most loyal customers"

- Sam Tinoco, Senior E-Commerce Specialist at WAG

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Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as employees, and recognises their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

This update has been prepared using 2020, 2021 and 2022 deliveries data recorded by the Australia Post Group, unless otherwise stated. Commentary in this update relating to online shopping is based on an extrapolation of this data. Year on year growth numbers are based on actual or extrapolated transaction volumes. Shoppers or households are measured as residential or mix use addresses that received an eCommerce parcel.

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