

Inside Australian Online Shopping Quarterly Update

July – September 2023 (Q1)

11th October 2023



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Find your winning strategy this silly season

Learn how to stay ahead of the curve and delight your customers this peak season

eCommerce has stabilised in the new financial year, with the number of online purchases up 0.5% year-on-year (YoY). While purchases have held steady, the number of households shopping online continues to grow – a sign that consumers are moving online in strong numbers but are more cautious with what they are buying.

It was a mixed bag for our specialty retailers this quarter. Some, like Online Marketplaces, showed significant YoY growth, while others experienced decline. A similar trend was seen in our states and territories. Western Australia drove the strongest YoY growth for this quarter, while the nation's two biggest online shoppers, NSW and Victoria, declined compared to last year.

From a macro lens, the retail environment is showing some volatility, making it a challenge for businesses to navigate through the year. Although consumer confidence shows 'tempered optimism' this quarter, it remains at low levels.

As sales events continue to grow in popularity, it is essential for businesses to be prepared for the upcoming peak season. In this quarterly report, we share tips and tricks for a smooth peak season and ways to continue to delight your customers.



Online purchases stabilises for the quarter

With shoppers becoming more cautious, the number of online purchases were flat for the quarter, trending in line with 2022

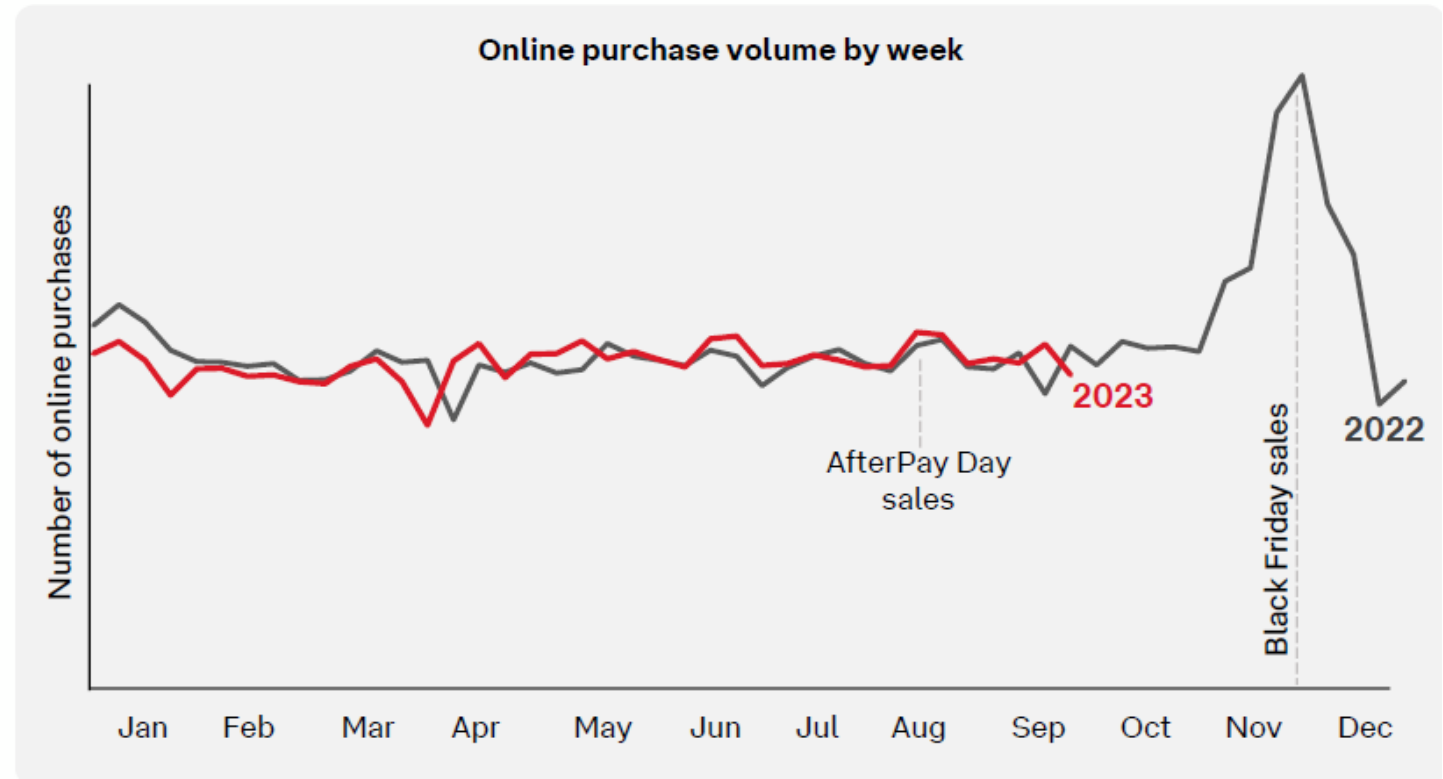
This July-September quarter (Q1 FY24) trended closely to last year, showing only 0.5% year-on-year (YoY) growth in online purchases, as the full force of cost-of-living pressures took effect.

The quarter-on-quarter (QoQ) growth of 1.1% is in line with annual trends, showing some stability throughout the year.

Are you ready for peak?

With next quarter featuring some of the biggest eCommerce sales events, expect significant uplifts in demand. This report has smart, easy tips for a smooth peak season.

+0.5% YoY Compared to Q1 last year	+1.1% QoQ Compared to the previous quarter
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Sustained growth in households shopping online

Although online purchases remained flat for the quarter, there are more Australian households shopping online than ever before

Households shopping online continue to grow despite stability in the overall number of online purchases. There were 4.3% more households that shopped online in the quarter compared to Q1 last year, growing faster than historical population growth.¹

On average, there were 5.7 million households that shopped online every month in Q1.

The numbers indicate that consumers see online as an opportunity to find the best value and are not afraid to shop around for the best price.

5.7m

households on average shopped online each month in Q1

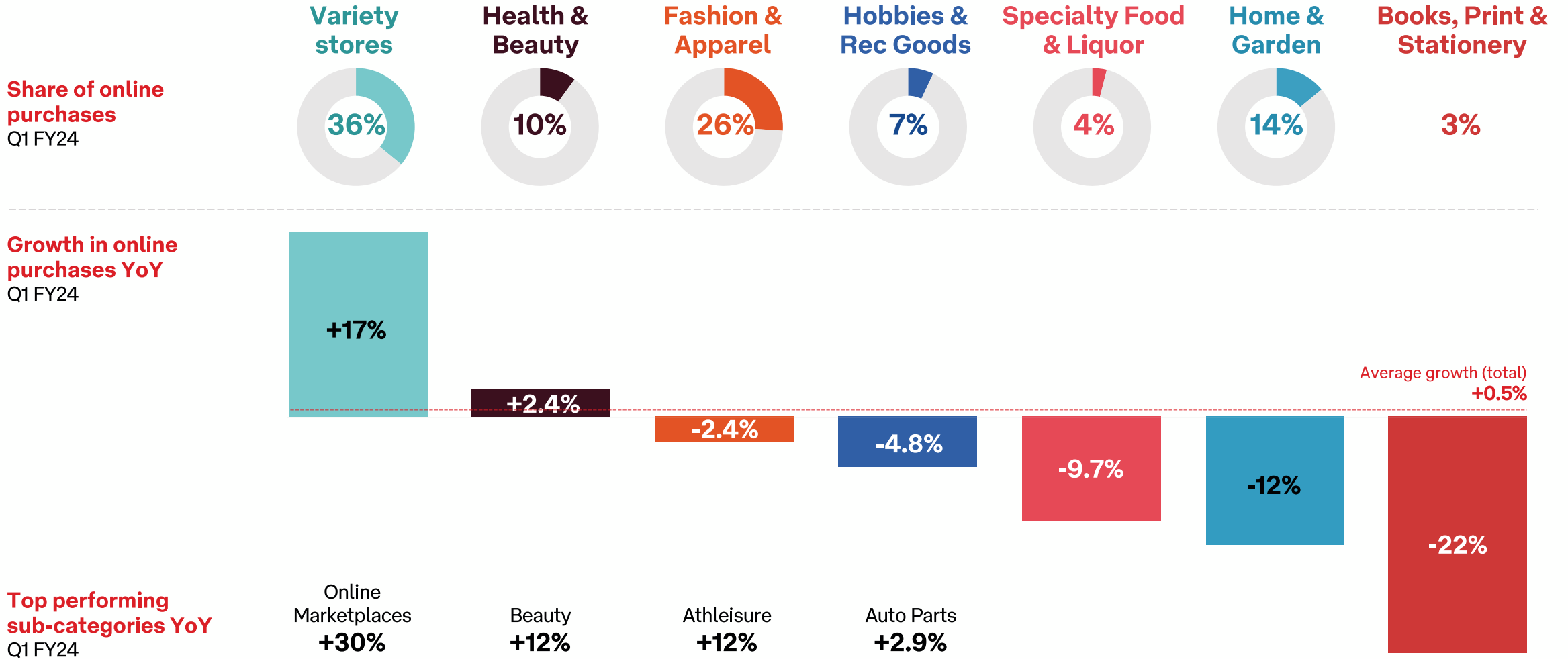
4.3%

more households shopped online in Q1 compared last year



1. ABS National, state and territory population, September 2023 (reference period: March 2023)

Online Marketplaces continue to outperform other specialty retailers



Note: Parcel volumes from third-part logistics providers (3PLs) and the 'Other' category are not included in this assessment, although they are part of the total eCommerce volumes and growth

WA, NT and QLD outgrow other states in this quarter

Western Australia, Northern Territory and Queensland led the nation for growth in number of online purchases during the quarter, growing at 5.7%, 5.6% and 4.5% respectively.

On the other hand, Victoria, New South Wales and ACT registered negative YoY growth during the quarter, falling at 3.5%, 3.1% and 2% respectively.

Each state and territory registered double digit YoY growth in Online Marketplaces. Athleisure, Footwear and Beauty sub-categories performed well across numerous states during the quarter.



Did you know?

About half of all online purchases came from NSW and VIC, but TAS has the highest parcel per household ratio.

WA

State YoY growth Q1

+5.7%

Top sub-categories in Q1
Online Marketplaces (+40%)
Footwear (+15%)
Tools & Garden (+11%)

NT

State YoY growth Q1

+5.6%

Top sub-categories in Q1
Online Marketplaces (+44%)
Athleisure (+17%)
Beauty (+11%)

QLD

State YoY growth Q1

+4.5%

Top sub-categories in Q1
Online Marketplaces (+44%)
Footwear (+10%)
Beauty (+6.1%)

NSW

State YoY growth Q1

-3.1%

Top sub-categories in Q1
Online Marketplaces (+22%)
Beauty (+14%)
Athleisure (+12%)

ACT

State YoY growth Q1

-2.0%

Top sub-categories in Q1
Online Marketplaces (+36%)
Athleisure (+8.2%)
Footwear (+6.2%)

SA

State YoY growth Q1

+3.9%

Top sub-categories in Q1
Online Marketplaces (+48%)
Footwear (+18%)
Beauty (+10%)

TAS

State YoY growth Q1

+4.2%

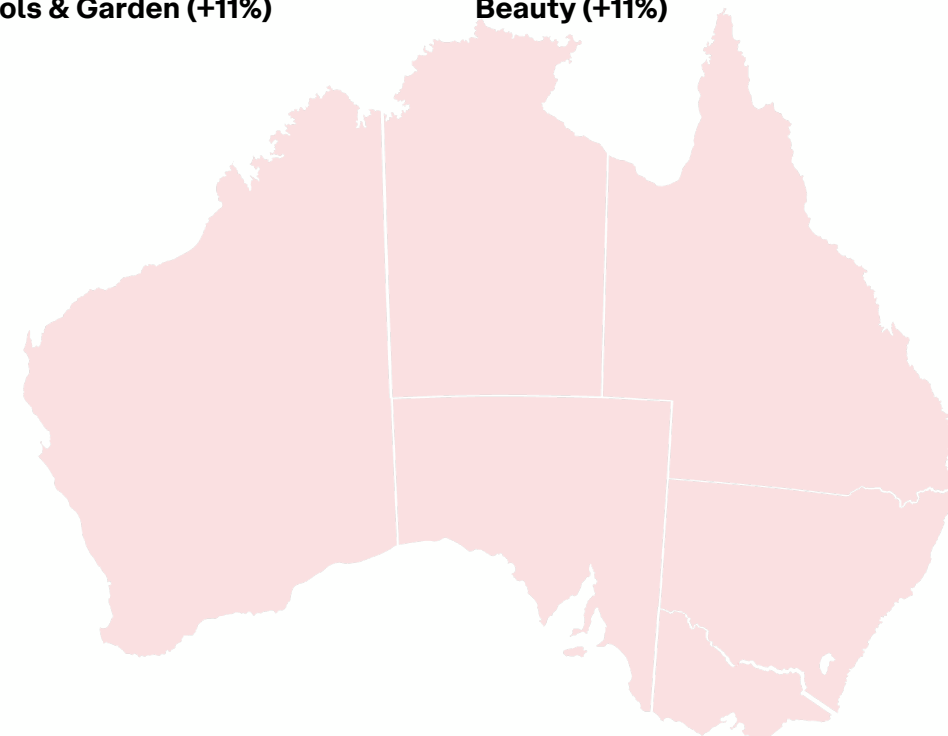
Top sub-categories in Q1
Online Marketplaces (+37%)
Athleisure (+9.3%)
Footwear (+7.0%)

VIC

State YoY growth Q1

-3.5%

Top sub-categories in Q1
Beauty (+16%)
Athleisure (+16%)
Online Marketplaces (+13%)



Major sales events boost online shopping as consumers look for ways to save

There was one major sales event this quarter: AfterPay day sales which ran from 14th to 20th August. During AfterPay Day sales online purchases grew 9.3%¹ on the fortnight before and outperformed last year's sales by 2.4%.²

4.1 million households shopped online during the AfterPay sales – about 180,000 more households compared to the prior fortnight.²



Handy hint

We typically see major sales events like AfterPay Day grow larger every year. As a business, look to capitalise on these events.



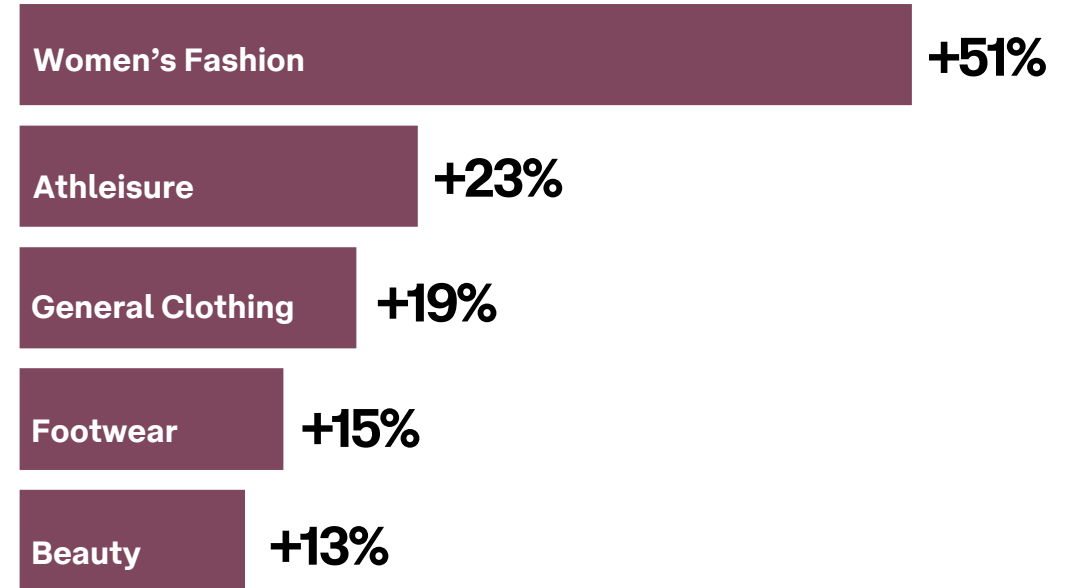
See all upcoming sales events in our eCommerce sales events calendar [here](#)

1. Two fortnight periods are compared: 14th – 27th August 2023 and 31st July – 13th August 2023
2. Two fortnight periods are compared: 14th – 27th August 2023 and 15th – 28th August 2022

AfterPay Day sales

Two-week reference period: 14th August – 27th August 2023

What was most popular?¹



+9.3%

Compared to the fortnight prior to AfterPay¹

+2.4% YoY

Compared to AfterPay Day last year²

Overall retail spend shows volatility when compared to pre-COVID trend

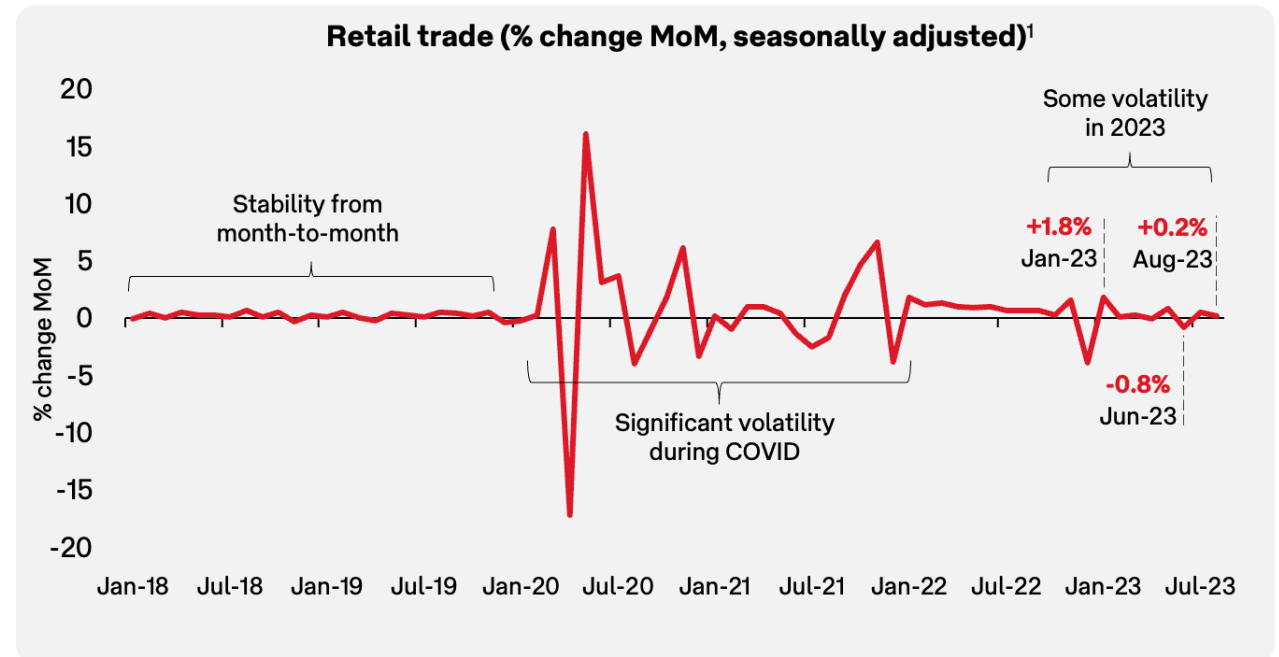
Retail spending has fluctuated month-to-month (MoM), creating challenges for businesses navigating through the year

Unlike pre-COVID, which experienced marginal growth month-on-month (MoM) in retail spend, 2023 is experiencing larger oscillations in retail spend.¹

There were tentative signs in early 2023 that showed recovery, with 1.8% MoM growth in January. This was followed by rises and falls in retail spend over the last few months.¹

How to navigate through volatile trade periods:

- ✓ **Keep an eye on inventory levels** to avoid under or over stocking.
- ✓ **Focus on retaining existing customers** through loyalty programs, as acquiring new customers can be costly in a volatile market.
- ✓ **Reallocate marketing budgets** to the most stable and profitable channels.



1. ABS Retail Trade, seasonally adjusted, August 2023

Consumer confidence remains stubbornly low, but there are signs of ‘tempered optimism’

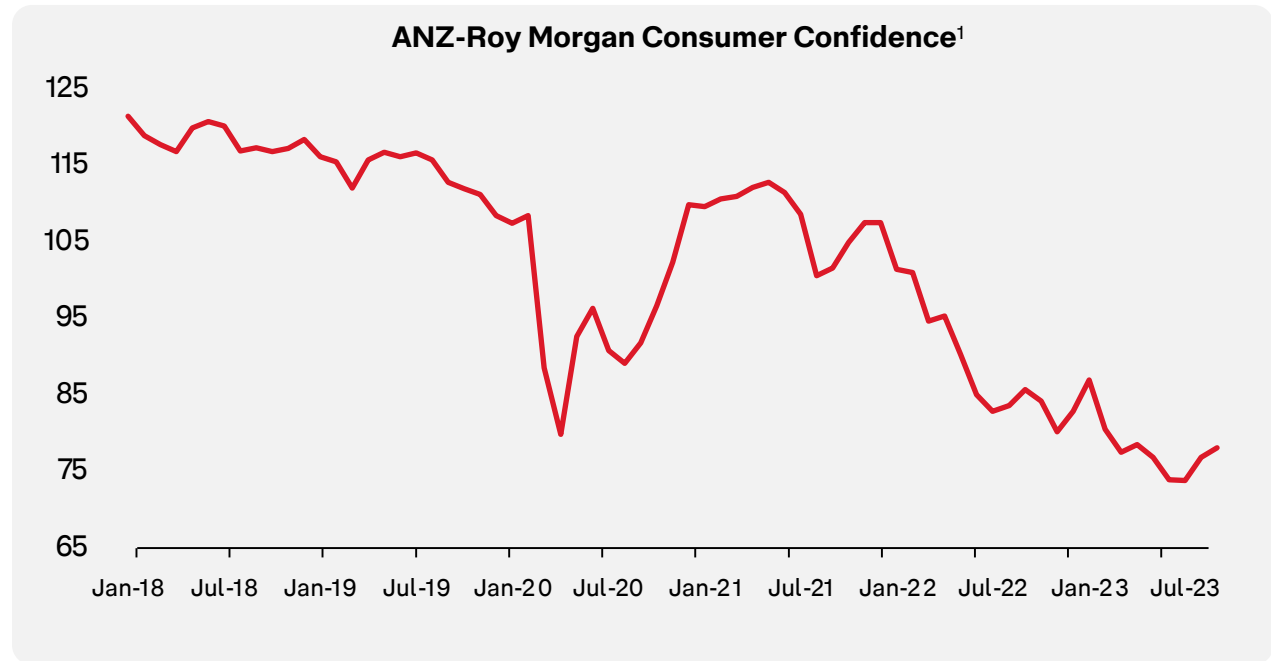
Consumer confidence is taking small steps to recovery, as recent reports indicate some positivity with interest rate holdings

The quarter began unfavourably, with July registering one of the lowest consumer confidence rates since COVID. More recently, however, there have been signs of ‘tempered optimism’, with confidence trending upwards in August and September.¹

Although there are signs of optimism, confidence remains at low levels but there are ways retailers can stay ahead.

How to stay ahead during times of weak confidence:

- ✓ **Drive loyalty and engage with customers** through informative and educational email and social media campaigns.
- ✓ **Offer limited-time discounts or bundled deals** to entice budget-conscious consumers.
- ✓ **Offer alternative value-based products** that consumers are more likely to purchase during economic downturns.
- ✓ **Provide flexible payment plans** such as "buy now, pay later" options to alleviate financial stress.

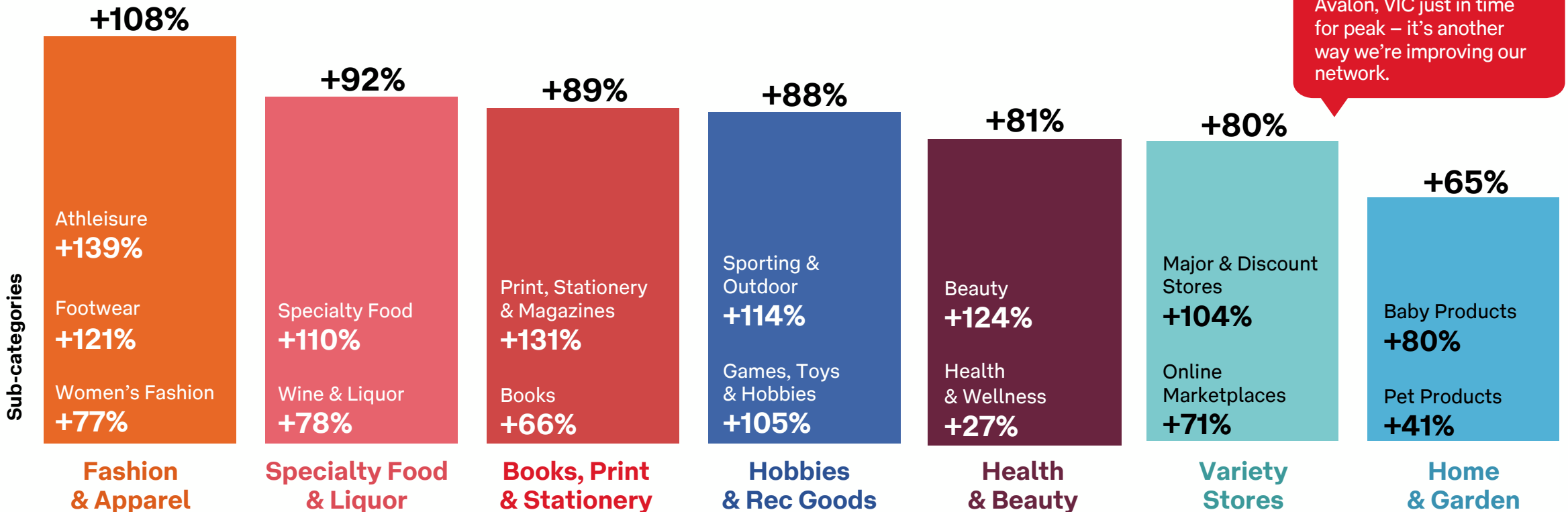


1. ANZ-Roy Morgan Australian Consumer Confidence, September 2023

What volumes your business can expect this peak season

With Black Friday fast approaching, it's important to know what volumes to plan for. Look at online volumes during 2022 peak¹ and non-peak periods² to get an indication of what to expect this year

Uplift during peak¹ compared to non-peak period²



Did you know?

Australia Post is opening a new parcel facility in Avalon, VIC just in time for peak – it's another way we're improving our network.

1. Peak period is defined as the week commencing 28th November 2022.

2. Non-peak period is defined as all weeks in 2022, excluding major sales events and public holidays. These weeks are averaged to calculate a weekly parcel volume.

Top peak season preparation tips with Australia Post

Strategic shopping continues to be a theme in 2023 – and it looks set to be a feature of this year’s peak period, too. Here are 6 tips and tricks to help your business thrive through the silly season

1 Share your marketing plan with us

This includes planning ahead for additional pickups and weekend time slots. If you ship internationally, share your projections with us so we can pre-book extra airline capacity.

2 Keep to the sending weight and size limits

From 1 November 2023, Australia Post will no longer accept parcels over maximum limits. The maximum parcel length is 105cm and weight is 22kg. This is to ensure we can stream parcels smoothly and deliver to your customers sooner.

3 Package like a pro

Correct freight presentation will help ensure your parcels move smoothly through our network. Avoid overstuffing satchels, poorly printed labels and make sure you are sorting orders by speed and size.

4 Consider omnichannel fulfilment

Bricks & Clicks retailers can fulfil from physical stores and a central DC for faster deliveries. Alternatively, a 3PL in each state might help reduce cost and time for interstate deliveries.

5 Tell customers about the AusPost app

Encourage customers to download the [AusPost app](#) or sign up for a [MyPost account](#). The app lets customers safely track deliveries, manage delivery preferences and raise delivery enquiries directly with us, saving you time so you can spend more time with your business.

6 Think sustainable

Sustainability is becoming even more important to consumers. With 3 in 4 consumers now looking for sustainable options when shopping¹, look to adopt sustainable practices in your business.



Here’s our [full guide to a smooth peak season](#)

Help customers shop smart this holiday season

The Australian Signals Directorate's (ASD) Australian Cyber Security Centre (ACSC) is encouraging everyone to be cyber smart when shopping online this peak season

With more people shopping online every year, it's important that customers know how to stay secure online.

The best protective measures against cybercrime are knowing how to secure devices and recognise scams, including fake websites or sellers, according to the ASD.

Customers' cyber security starts with their awareness. They can complete a 2-minute quiz, 'Do you know how to shop securely online?' and use the secure online shopping checklist as a handy reminder.

Customers should also stay vigilant after a purchase. They should keep alert to scam text messages, including those that ask them to click on links. If your customer thinks they are a victim of an online shopping scam, they can get support from ASD's ACSC if things go wrong.

ASD is committed to helping all Australians stay secure when shopping online. All businesses with an online presence can help protect their customers by sharing ASD's cyber security advice and easy-to-follow guidance. Read more about shopping online securely at cyber.gov.au.

5 easy ways customers can avoid potential risks when shopping online:

- ✓ **Turn on automatic updates** to ensure your device is secure
- ✓ **Use multi-factor authentication and secure passphrases** to protect your payment information and accounts
- ✓ **Use trusted sellers** and stick to well known, trusted businesses. Double check to make sure websites are genuine
- ✓ **Use secure payment methods** like PayPal, BPay or your credit card
- ✓ **Be alert to fake delivery scams**

brought to you by:



Did you know?

Approximately 14% of all reported cybercrimes were from online shopping compromises.¹

1. ACSC Annual Cyber Threat Report 2021-22

To access eCommerce industry reports and updates, visit:

auspost.com.au/einsights

If you have any questions or would like to know more, please contact your Australia Post Account Manager.



Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as a team, 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 2022-2023 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. Overall eCommerce growth includes Other and 3PL categories, which are not reported in the category overview.

Shoppers or households are measured as residential or mix use addresses that received an eCommerce parcel.

This information is provided for general information purposes only and is not intended to be specific advice for your business.

