

ONLINE & STATISTICAL OVERVIEW:

Internet Insight

The Australian digital market is very interesting to international merchants for a number of reasons, not least consumers willingness to shop cross border and their access to the internet. There are 21 Million Internet users out of a population of nearly 24 Million, a penetration level of over 80%!

Source: <http://www.internetlivestats.com/internet-users/>

There were 12,691,000 internet subscribers in Australia at the end of December 2014. This is an increase of 2% from the end of December 2013. A year later, 99% of internet connections were broadband.

Source: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8153.0/>

Websites aimed at Australian consumers can have domain names including the country code top level domain (ccTLD) .au. At the time of writing, there are over 3 million .au domain names registered.

The domains available are:



Source: <http://www.domainregistration.com.au/>

There is currently a consultation (2015) underway for website domain names that can sit directly under the ccTLD .au. For example companyname.au rather than under the current companyname.com.au. It is important to note that for any .au domain registered, the registrant should be individuals, organisations or companies registered and/or residing in Australia.

Mobile is playing an increasingly important role with consumers accessing digital services. In 2013 there were over 7.5 million users (**Source:** <http://www.acma.gov.au/theACMA/Library/Corporate-library/Corporate-publications/australia-mobile-digital-economy>) and 62% of Australian mobile owners are internet connected smartphone users. This adoption increased from 52% in 2012, according to The Telstra Smartphone Index (**Source:** <http://www.telstra.com.au/aboutus/download/document/telstra-cross-platform-consumers.pdf>).

In 2014, 55% of mobile web users used a mobile device as their favoured means of going online, often instead of using a laptop/desktop. This uptake represented an increase of 15% over the previous year (**Source:** *InMobi Report*: <http://www.inmobi.com/company/press/inmobi-study-reveals-86-percent-of-australian-mobile-users-to-engage-in-mob/>). What is also becoming clear is that using these devices makes access to the internet more available or 'omni-present'; 53% of Australian smartphone users access the internet more than 5 times a day – with 20% going online 15 times a day or more! (**Source:** *Sensis eBusiness Report, September 2014*: <https://www.sensis.com.au/about/our-reports/sensis-ebusiness-report13>.)

E-Commerce overview

Measuring the value of any marketplace is fraught with difficulty as different sources use different data points. However, whatever the total value of the market, the following insights point to a growing digital market in a vibrant retail industry. Many of the top brands are 'home-grown' whilst international players are continuing to make their mark.

In terms of sizing the opportunity, National Australia Bank's (NAB) latest Online Retail Sales Index shows Australians spent \$14.9 billion online in the year to January 2014, up \$1.9 billion or 11.3% on the previous year. (Source: <http://www.nab.com.au/about-us/media/media-releases-2014/online-retail-sales-increase-past-year>) On average, digital consumers are spending \$2,616 per year (Source: <http://www.businessinsider.com.au/australians-online-shopping-spend-has-grown-again-to-2616-per-person-per-year-2013-12>). With these figures in mind, it is worth noting Australia is in the global top 10 for e-commerce sales, according to the A.T Kearney 2015 Global Retail E-Commerce Index.

COUNTRY	RANK	CHANGE IN RANK VS 2013
United States	1	+2
China	2	-1
United Kingdom	3	+1
Japan	4	-2
Germany	5	+1
France	5	+1
South Korea	6	-2
Russia	7	+5
Belgium	8	+15
Australia	9	-1
Canada	10	-1

Source: <http://www.insideretail.com.au/blog/2015/04/08/australia-remains-top-10-e-commerce-market/>

Retail in Australia in 2015 is expected to be worth \$238.59 Billion with e-Retail worth 3.1% of the total (Source: <http://www.emarketer.com/Article/Australian-Retail-Ecommerce-Sales-Top-10-Billion-2015/1011823>). Excluding travel and event tickets, e-Retail will be worth nearly \$11 Billion in 2015. The variance between these figures and those presented by the NBA previously, can be explained by the difference in which type of transactions are included, as well as currency fluctuations.

Interestingly, the following table shows a trend of online taking an increasing percentage of total retail sales through to 2018. In common with other maturing markets such as the UK, the rate of E-Retail growth starts to reduce but is still a respectable 9.0% in 2018.

Total Retail and Retail Ecommerce* Sales in Australia, 2013-2018						
billions, % change and % of total retail sales						
	2013	2014	2015	2016	2017	2018
Total retail sales	\$222.09	\$231.41	\$238.59	\$245.75	\$253.12	\$260.46
—% change	3.0%	4.2%	3.1%	3.0%	3.0%	2.9%
Retail ecommerce* sales	\$8.01	\$9.40	\$10.76	\$12.05	\$13.32	\$14.52
—% change	11.6%	17.3%	14.4%	12.0%	10.6%	9.0%
—% of total retail sales	3.6%	4.1%	4.5%	4.9%	5.3%	5.6%

Note: converted at exchange rate of US\$1=AUD1.04; excludes travel and event tickets; *includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment
Source: eMarketer, Dec 2014

(Source: <http://www.emarketer.com/Article/Australian-Retail-Ecommerce-Sales-Top-10-Billion-2015/1011823>)

There are significant numbers of internet enabled consumers in Australia; the second highest in Asia-Pacific. It is expected that 79.4% of internet users will make a purchase via a digital channel in 2015 which is only behind Japan at 82%. Overall however, with the relatively small size of the total 'digital' population at 12.1 million, Australia has the smallest e-Retail consumer base in Asia-Pac (Source: <http://www.emarketer.com/Article/Australian-Retail-Ecommerce-Sales-Top-10-Billion-2015/1011823>)

Digital destinations

6 of the top 10 retail websites in Australia during 2014 were international brands. There can be some discussion as to what the term 'retail' means in the context of these websites, particularly when some of the volume is made up of consumer-to-consumer sales.

Top 10 Retail Sites in Australia, Ranked by Total Visits, Week ending Oct 18, 2014

millions and % share of visits

	Total visits	% share of visits
1. eBay Australia	23.1	12.9%
2. Gumtree AU Splashpage	13.3	7.4%
3. eBay	13.2	7.4%
4. Amazon	11.6	6.5%
5. OzBargain	1.9	1.1%
6. JB Hi-Fi Australia	1.8	1.0%
7. Bunnings Warehouse	1.6	0.9%
8. Apple	1.4	0.8%
9. AliExpress by Alibaba.com	1.4	0.8%
10. Target Australia	1.3	0.7%

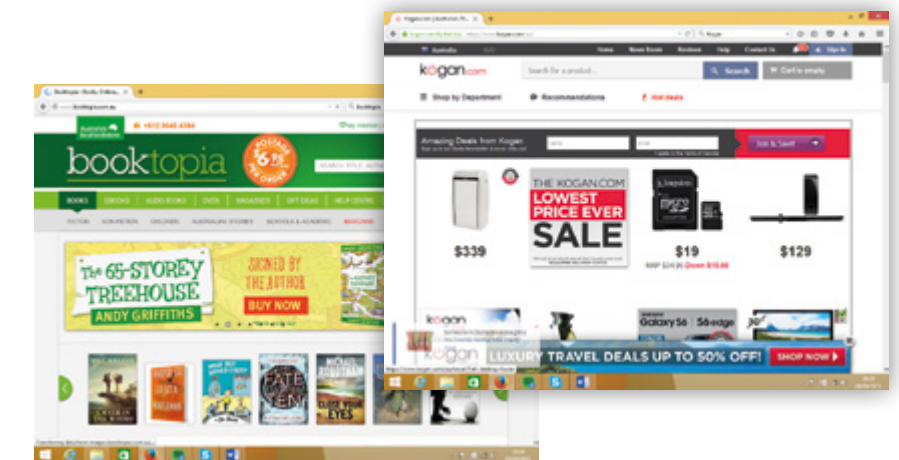
Source: Experian Marketing Services, Oct 21, 2014
181053 www.eMarketer.com

(Source: <http://www.emarketer.com/Article/Australian-Retail-Ecommerce-Sales-Top-10-Billion-2015/1011823>)

Leading online retailers 2015:

Looking at the domestic picture, SmartCompany reported in March 2015 that the following brands were leading the online retail pack in Australia:

1. Temple & Webster
2. Kogan
3. The Iconic
4. Catch of the Day
5. Booktopia
6. JB Hi-Fi
7. Red Balloon
8. Dan Murphey's
9. Lorna Jane
10. Shoes of Prey



(Source: <http://www.smartcompany.com.au/marketing/796-online-sales/46163-australia-s-top-20-online-retailers-for-2015.html#>)



Across the board there are signs of solid growth in department and variety stores (33% of sales), homewares and appliances (17%), and groceries and liquor (15%), according to estimates by NAB.

Cross-border

With digital comes the ability for customers to globally for products and services. This is particularly true where domestic availability is limited or the proposition isn't competitive. PayPal recently published a report on cross border trade. Called "Modern Spice Routes" the report looked at several key global economies and analysed the consumer behaviours in those territories. According to this report, Australia had 6.3 million online cross-border shoppers, spending AUD 6.5 billion in 2013. This is expected to grow to 8.4 million online cross-border shoppers spending an estimated AUD 16.6 billion a year by 2018. By any measure, this represents a good sized market for any aspiring merchant to target.

The report also highlighted key global markets that Australian consumers are already trading with: US (69%), UK (47%), China (31%), Hong Kong (29%) and Canada (9%). (Source: https://www.paypal-media.com/assets/pdf/fact_sheet/PayPal_ModernSpiceRoutes_Report_Final.pdf)

Mobile & Tablet Usage

Smartphone penetration has doubled since 2010, reaching 72 percent of total mobile users and of these, 71% percent access the internet on their smartphones on a daily basis, up from 56 percent in 2014¹. In common with other developed economies, device ownership is also on the increase with 53% of Australians owning 3 electronic devices; a smartphone, tablet and computer. This is an increase on the 28% of the previous year². 56% of Australians own a tablet device up, 12% over the past 12 months and resulting in a major requirement for website owners being able to serve their offering in a device responsive manner³. As would be expected, 18 to 45 year olds are most likely to have tablets although older age groups are catching up, even if they don't have smartphones². Smartphones, have reached household penetration levels of 287% in 2014⁴. This level of availability means that Australians are expected to increase their spending on mobile devices by 43 per cent in 2014 to \$8.8 billion, according to research released by PayPal and Ipsos.

Foot Notes:

¹www.telecompaper.com/news/smartphone-penetration-grows-to-72-in-australia--973504

²landing.deloitte.com.au/rs/deloitteaus/images/Deloitte_Media_Consumer_Survey_2014.pdf

³www.sensis.com.au/about/our-reports/sensis-ebusiness-report13

⁴www.cmo.com.au/article/568469/australians-buying-more-their-phones-new-report-finds/

