



2021 State of Ecommerce ANZ

The Essential Retail Benchmarks,
Growth Levers and the Power
of Customer-First UX



INTRODUCTION

BACKGROUND

The last 12 months have tested retailers like never before. Whether it was managing logistics and fulfilment or a complete strategy overhaul, the pandemic (and the resulting ecommerce boom) has showed just how vital it is to have the right data available so decisions can be made swiftly.

This is the second report in the series, which means we are able to look back and see how the landscape has changed, as well as look forward to forecast what's next.

Leveraging the most up-to-date and comprehensive data on the Australian online shopper and the Top 100 Australian retailers, this report provides actionable findings and recommendations. Three key themes are explored: The Essential Retail Benchmarks, Growth Levers and The Power of customer-first UX. Within each of these broad topics, specific insights have been explored in detail.

The topics addressed in this report highlight the tricky balance between giving consumers what they want and managing broader business needs. Navigating the plethora of choices is never easy but basing strategic decisions on factual data and analysis is what gives retailers a competitive advantage.

TOPICS ADDRESSED IN THIS REPORT

With Australian consumers shopping online more than ever before, understanding exactly what they want and how they want to get it is essential. The number of payment options offered by retailers is on the rise, showing that elements like Buy Now, Pay Later have become a value-add and marketing tool, not just a functional requirement.

Delivery and returns have been a bugbear for retailers since the dawn of ecommerce. But one unforeseen impact of the pandemic is that consumers are becoming more patient with delivery timeframes. So, is super-fast fulfilment something retailers really need to invest in and is it something that Australian shoppers would pay a premium for? With slim margins and delivery always a massive competitive advantage, should retailers focus on free delivery or fast delivery?

Cart abandonment is another area that retailers always need to be focusing on, and we see exactly why shoppers are getting frustrated at checkout as well as what's needed to claw back these missed sales opportunities.

Methodology

On 6 January 2021, Power Retail conducted an online survey consisting of 3513 Australian online shoppers. The respondents were selected from Power Retail's exclusive panel and all had purchased a brand new item online within the last six months. Methodology for 2020 data is contained in the previous report and was collected in the same manner.

From basic customer service expectations to Click and Collect, shoppers are telling us exactly what they want. There has been steady growth in certain areas, but in other areas we're seeing things flipped entirely. Text messages have now overtaken email as the preferred delivery update, but of course retailers need to understand their specific shopper demographic and target market to know what's right for them. The same is true of single sign-in where age plays a role.

Customer values are just one of the ways that retailers can understand the current landscape. The scope for better utilising retailer and product reviews and other trust markers is enormous.

As always, leading edge technology is another huge opportunity, but personalisation and single login needs to be managed against the security concerns shoppers have about data sharing.

THE ESSENTIAL RETAIL BENCHMARKS

In the first iteration of this report released in 2020, the focus was on growth accelerators such as technology and BNPL. Flash forward a year and it goes without saying that a global pandemic has been one of the greatest stimulants of the online space in our time.

Yet the truth is that without the already existing framework, scaling to the level we have seen over the last 12 months would have been impossible. Security, payment options, marketplaces and logistics...without these reaching maturity as they have, growth would not have been possible.

We described the landscape as rapidly transforming in our last report and we've seen this in action in real time. Technology is advancing because it has to keep pace. Retailers and service providers have no choice but to remain nimble, and it's a reciprocal relationship. Delivery, for example, was flagged (amongst other elements) as a massive growth accelerant. A pandemic may have increased online spend, but without adequate delivery infrastructure, retailers would not have been able to keep up. Scalability, readiness and agility are highlighted here as essential retail benchmarks, whatever the context.

INSIGHTS

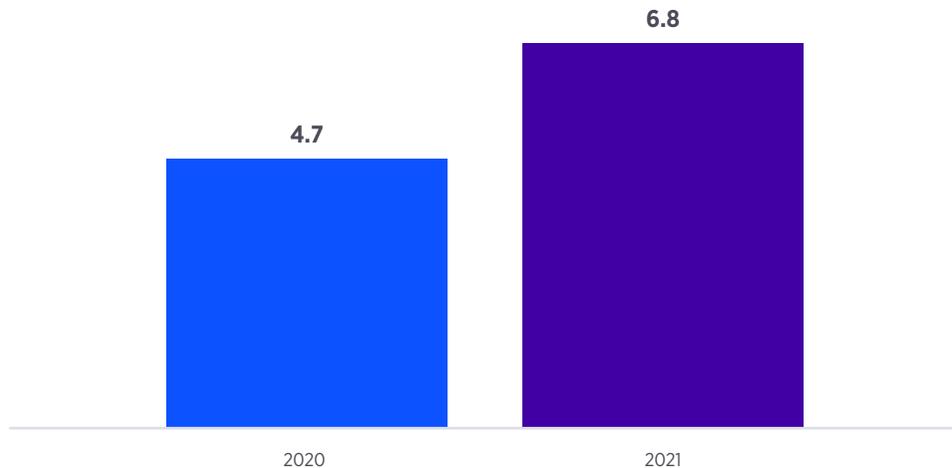
- ▲ The appetite for different payments options is increasing rather than decreasing. Retailers are offering over six payment options on average.
- ▲ PayPal is still the most popular payment option.
- ▲ Online shoppers respond positively to having BNPL options.
- ▲ Debit Card purchases are more popular for younger shoppers while Credit Card purchases are more popular for older shoppers.
- ▲ BNPL usage is still in a transitional stage and its appeal (across segments and categories) should be monitored.
- ▲ Free delivery is a priority for online shoppers and should be offered where possible.
- ▲ The optimal delivery time is between one and five days.
- ▲ Offering fast delivery times can influence where consumers shop; however, they are becoming more patient and less likely to switch retailers because of shipping delays (31 percent).
- ▲ On average, delivery fees have increased slightly, impacted by less retailers offering free shipping.
- ▲ Retailers need to ensure their offerings cater for shopper preference and need.
- ▲ Excessive delivery fees will drive consumers away. This needs to be taken into account when assessing viability of passing on delivery costs to consumers.
- ▲ The majority (59 percent) would pay for same day or next day delivery.

Payment Options

INSIGHT:

PAYMENT OPTIONS OFFERED ARE ON THE RISE

Average number of online shopping payment methods provided



The appetite for different payments options has noticeably increased. Online retailers offered an average of two more payment options at check out in 2021 than they did in 2020, jumping from 4.7 to 6.8.

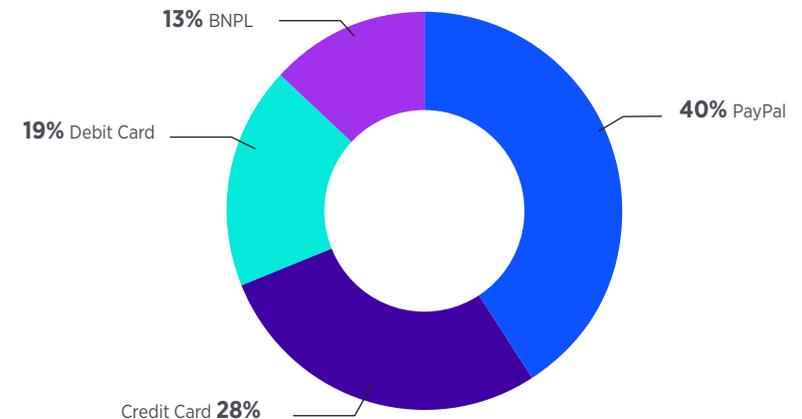
These would typically include credit card offerings, PayPal, the growing list of BNPL providers as well as Apple Pay and Google Pay, EFT and gift card options.

At some stage, we will reach saturation point in terms of payment options however, we are clearly not there yet.

INSIGHT:

PAYPAL IS THE DOMINANT ONLINE SHOPPING PAYMENT METHOD

Most frequently used online shopping payment methods as of January 2021



Despite the enormous growth of BNPL offerings, PayPal is still the dominant online shopping payment method.

Collectively, BNPL as of 2021, still accounts for 13 percent of all online transactions.

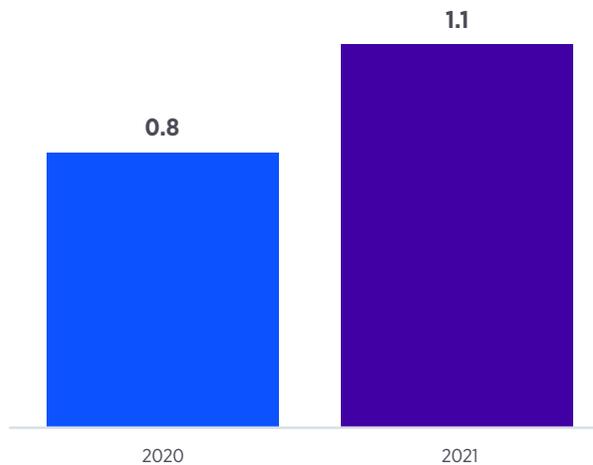
What's interesting is that while the volume of ecommerce growth has been enormous in the last year, how people are paying has remained largely static.

Payment Options

INSIGHT:

TOP RETAILERS OFFER MULTIPLE BNPL OPTIONS

Average number of BNPL online shopping payment options provided



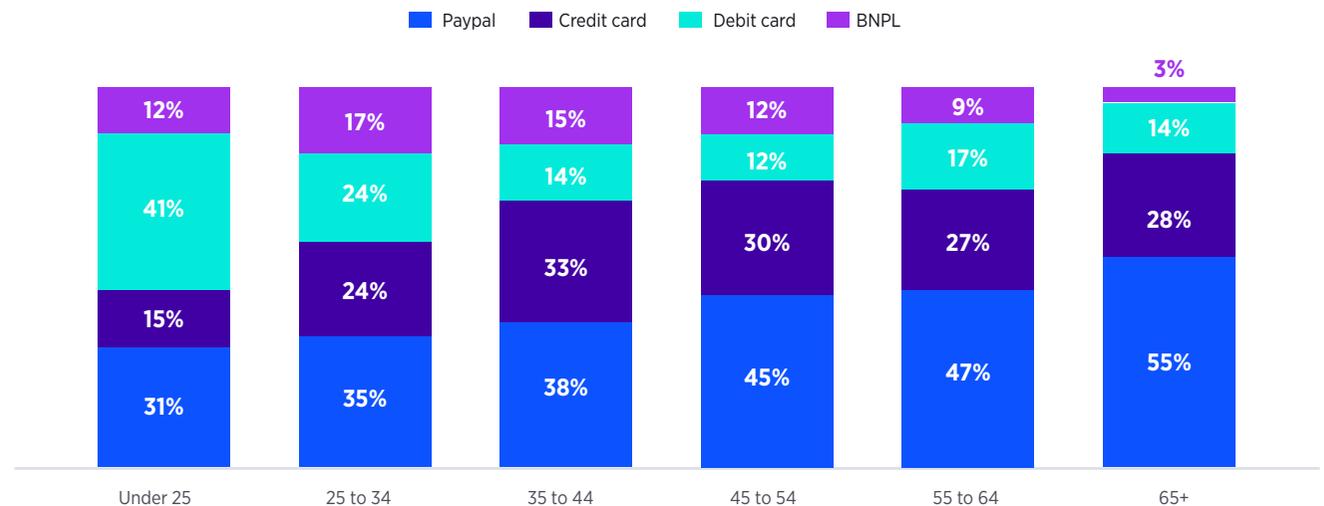
We've seen that for the last two years, 13 to 14 percent of all online transactions now involve BNPL.

Online retailers have responded to this need, providing their customers with an average of 1.1 BNPL options, increasing from 0.8 options in 2020.

INSIGHT:

THERE IS A CORRELATION BETWEEN AGE AND PREFERRED PAYMENT METHODS

Most frequently used online shopping payment methods as of January 2021



Retailers need to be aware of their demographic when offering payment options. We've seen relatively consistent patterns of spend using BNPL, Debit, Credit and PayPal for two years running.

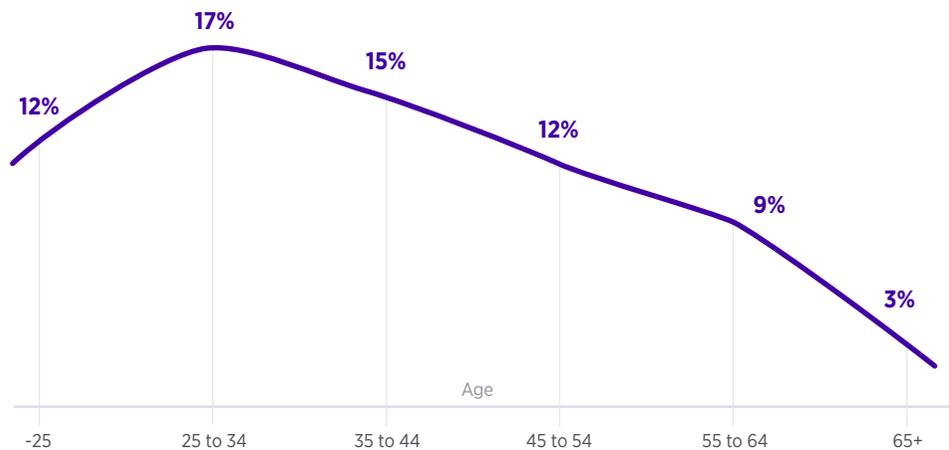
Those aged 25 to 34 are more reliant on BNPL as a payment method, which means that retailers need to ensure this is part of their strategy moving forward. As a fairly new payment method (compared to the alternatives of PayPal, Credit and Debit), that it has been able to penetrate this younger market signals its potential for growth long-term as it matures in line with its demographic.

Payment Options

INSIGHT:

BNPL HAS LESS APPEAL FOR OLDER SHOPPERS

Proportion of online shopping transactions using BNPL 2021



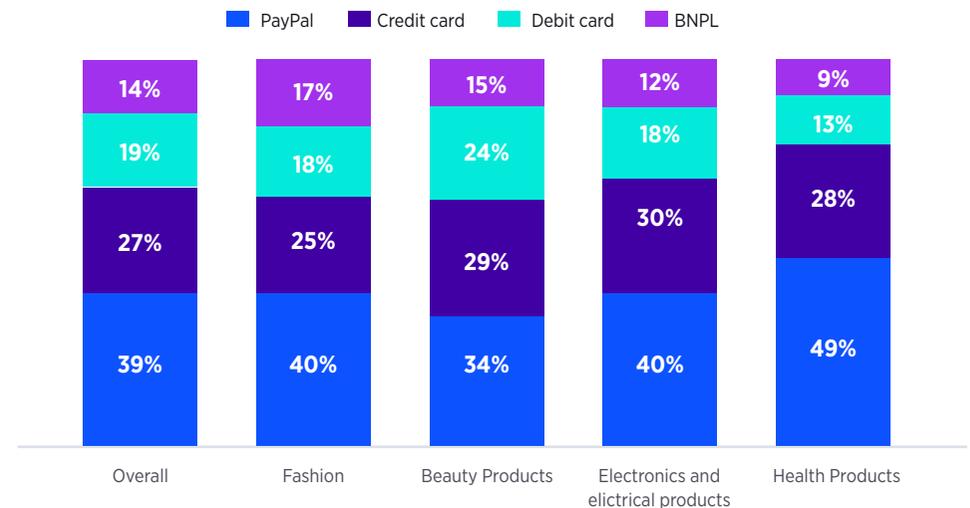
BNPL usage in over-65s has halved year-on-year. As the payment method enters the mainstream and becomes more commonplace, the expectation would be that uptake would increase. Yet we've seen the opposite is true.

For other age brackets, we've seen pretty consistent BNPL usage year-on-year, peaking at the 25 to 34 demographic at an online spend proportion of 17 percent and dropping steadily with each further age bracket.

INSIGHT:

BNPL SHOULD BE PUSHED FOR IMPULSE PURCHASE CATEGORIES

Most frequently used online shopping payment methods as of January 2021



Perhaps surprisingly, BNPL is overrepresented in impulse or discretionary fashion spending at 17 percent.

Previously, it was believed that larger and more planned purchases would be more suitable for BNPL whereas the data shows BNPL holds a strong appeal for discretionary spending.

Given the current climate it will be interesting to see what impact consumer confidence has on credit and BNPL options moving forward.

Payment Options

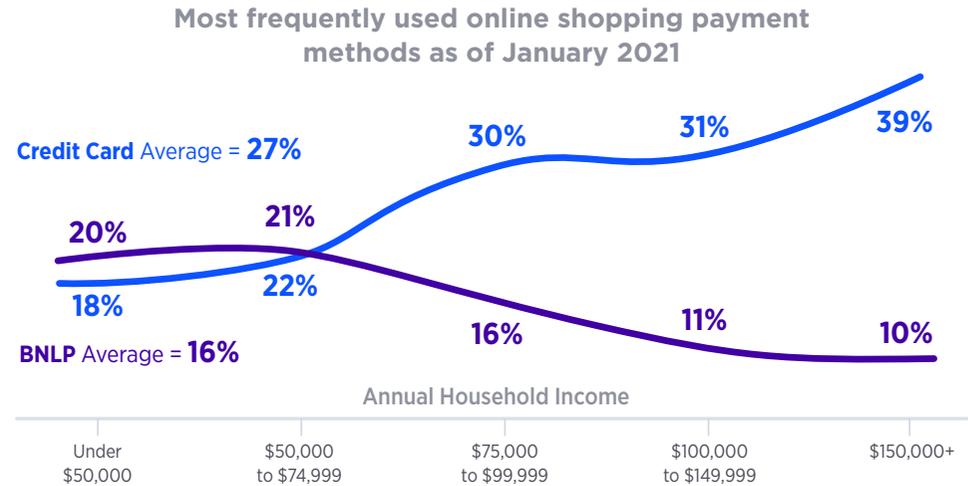
INSIGHT:

AFFLUENT SHOPPERS PREFER CREDIT CARD

Unsurprisingly, annual household income impacts payment methods.

Higher income households are twice as likely to use credit cards and half as likely to use BNPL. Obviously there is a relationship here to category and products purchased for low income households compared to high income households.

Another factor is the points offered on credit card which would be a drawcard for large purchases for high income households and impact purchase behaviour.



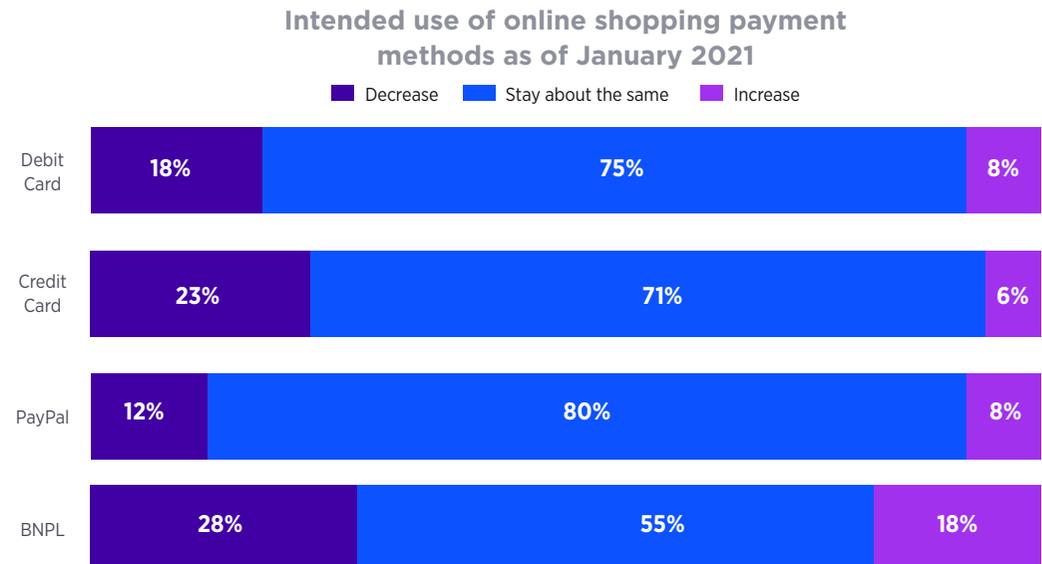
INSIGHT:

THREE TIMES MORE CONSUMERS PLAN TO INCREASE BNPL SPEND THAN CREDIT CARD SPEND

In the last report, we flagged that credit card usage would drop at the expense of other payment methods. The latest findings support this prediction. Only six percent of shoppers plan to increase credit card spend (down from 10 percent year-on-year), while three times that number (18 percent) plan to increase BNPL spend.

As flagged last year, BNPL is polarising, with a high proportion of shoppers (28 percent) planning to decrease their usage.

While the high number of shoppers who plan for their debit, credit and PayPal purchases to stay the same speaks to how comfortable consumers are using these methods, it does also reflect an environment ripe for disruption.

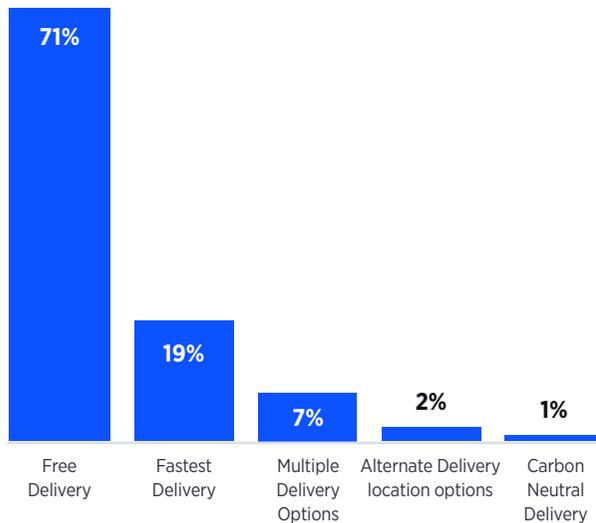


Delivery Timing

INSIGHT:

FREE DELIVERY IS THE PRIORITY FOR ONLINE SHOPPERS

What is your top priority when ordering online?



Free delivery is far more important to consumers than fast delivery.

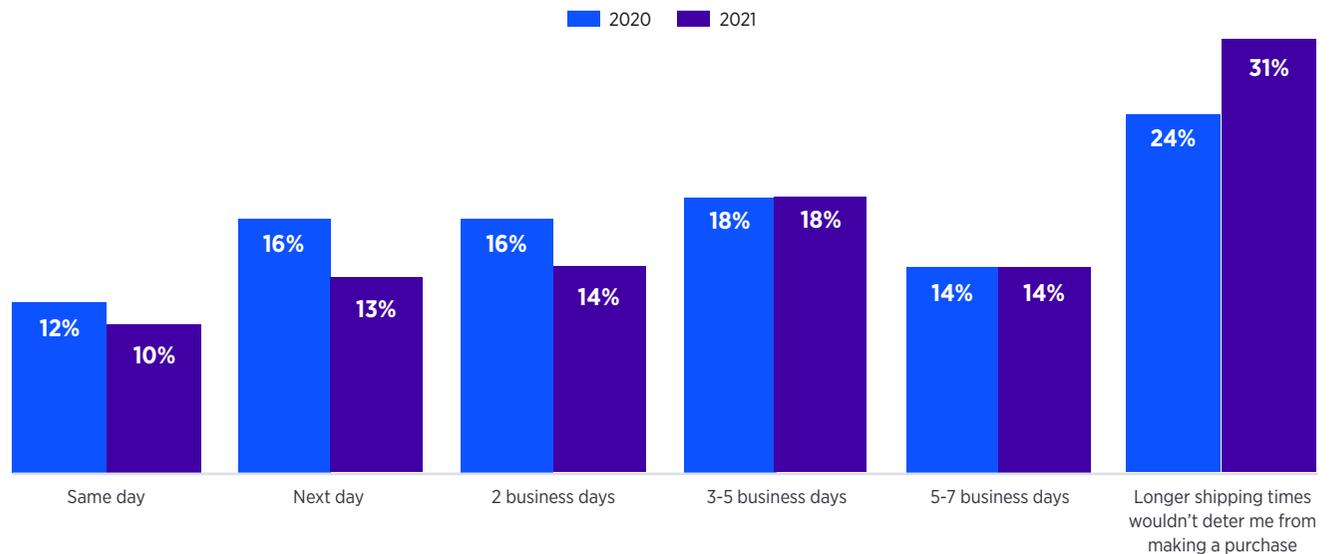
A vast majority (71 percent) state that free delivery is a priority when ordering online, whereas only 19 percent prioritise speedy deliveries.

Carbon neutrality is not important to shoppers at all, at just one percent.

INSIGHT:

FAST DELIVERY TIMES ARE LESS LIKELY TO INFLUENCE ONLINE SHOPPERS TO SWITCH RETAILERS

Will switch online retailer for a specific delivery timing



When given the choice between free shipping or fast shipping, consumers choose free shipping.

In 2020, 62 percent of shoppers would have switched online retailers for delivery in five days or less. Now, only 55 percent could be enticed by this speed of delivery.

This seven percent change has directly impacted the percentage of people who state

that longer shipping times would not deter them from making purchases (from 24 percent to 31 percent).

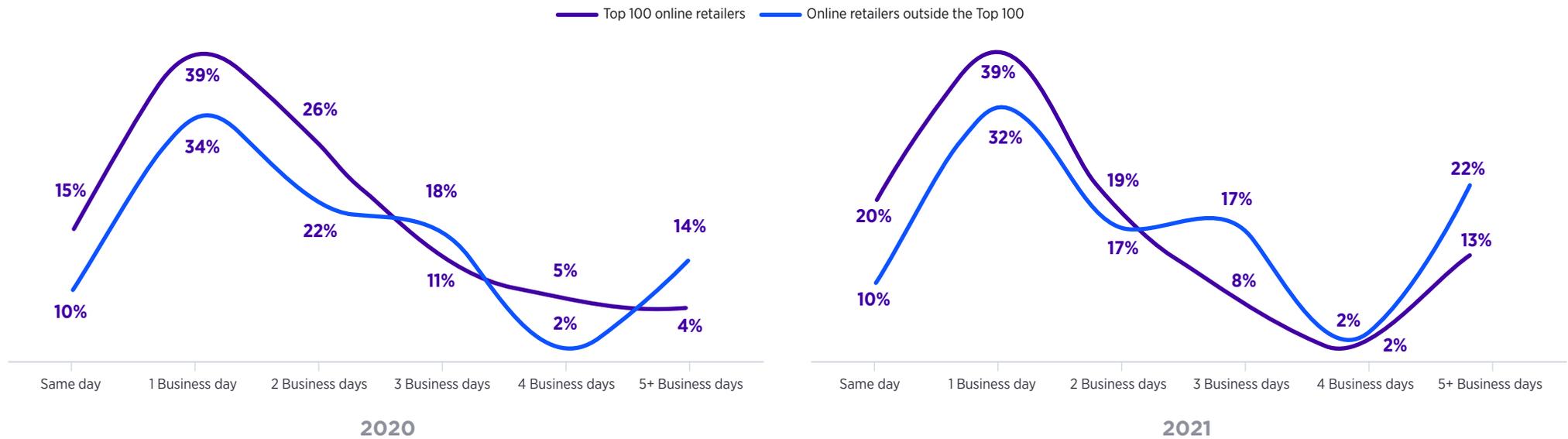
While fast shipping will always be a growth accelerant, what we're seeing now is a consumer base that understands the complexity of delivery unavoidable delays. They have become more patient and brand-loyal.

Delivery Timing

INSIGHT:

OPTIMAL DELIVERY TIME IS BETWEEN ONE AND FIVE BUSINESS DAYS

Minimum delivery time offered to online shopper



Year-on-year, we've seen that the majority of retailers offer next-day delivery. Yet double the number (20 percent) of top retailers offer same day delivery compared to those outside the ranked Top 100 retailers (10 percent).

We can clearly see the impact of the pandemic on delivery times with a significant increase in the number of retailers offering delivery at five

+ business days. Last year, just four percent of the Top 100 offered a delivery timeframe of five + business days, while in 2021 this has risen to 13 percent - more than a 3x increase.

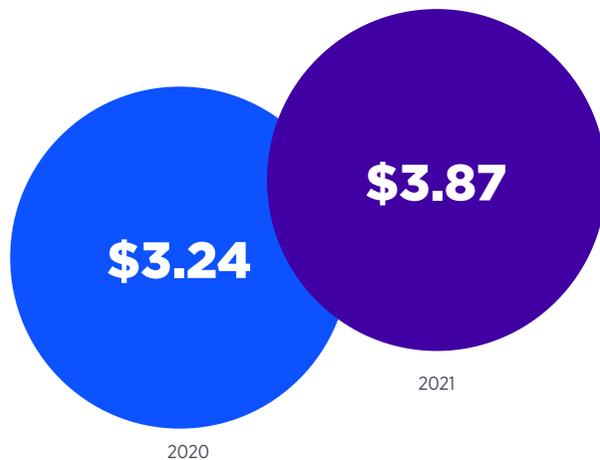
While speedy delivery times clearly hold strong consumer appeal, the last 12-months have shown that speed of delivery is not always within the retailers' control.

Delivery Fees

INSIGHT:

FREE DELIVERY SHOULD BE EVALUATED

Average minimum delivery fee



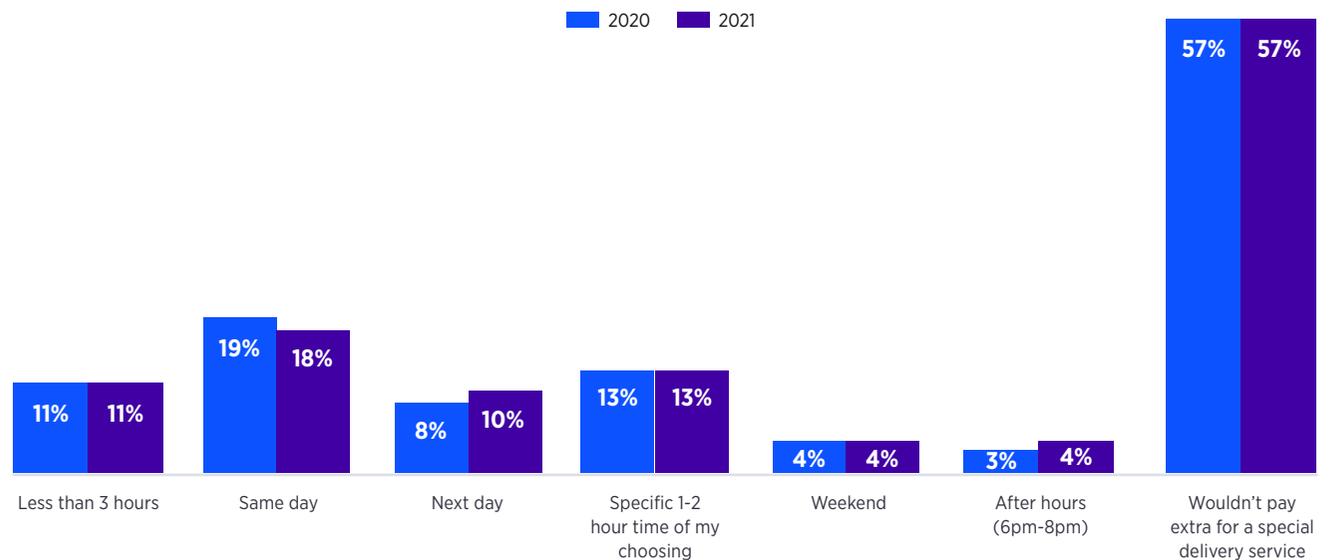
What we've seen in the last 12 months is that the average delivery fee has increased. The rise in average delivery fee is because significantly less retailers are offering free delivery in 2021.

While the demand for free delivery is there, whether it is feasible for retailers is proving difficult.

INSIGHT:

MAJORITY WON'T PAY FOR A SPECIAL DELIVERY SERVICE

Online shopping delivery option worth \$20



Retailers need to take note of what elements of logistics yield a competitive advantage. Investing in infrastructure that supports consumers expectations can be balanced by passing on costs to the consumers.

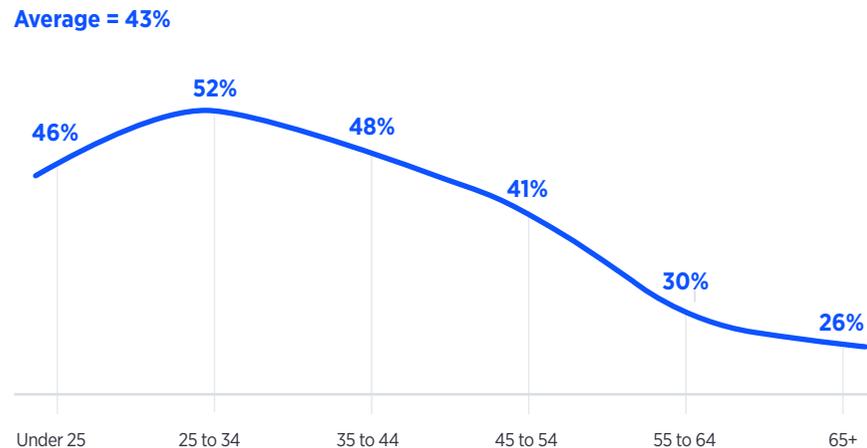
Interestingly, despite the challenges of 2020, there has been no change year-on-year in the majority (57 percent) who would not pay for a special service such as same-day or next-day delivery.

Delivery Fees

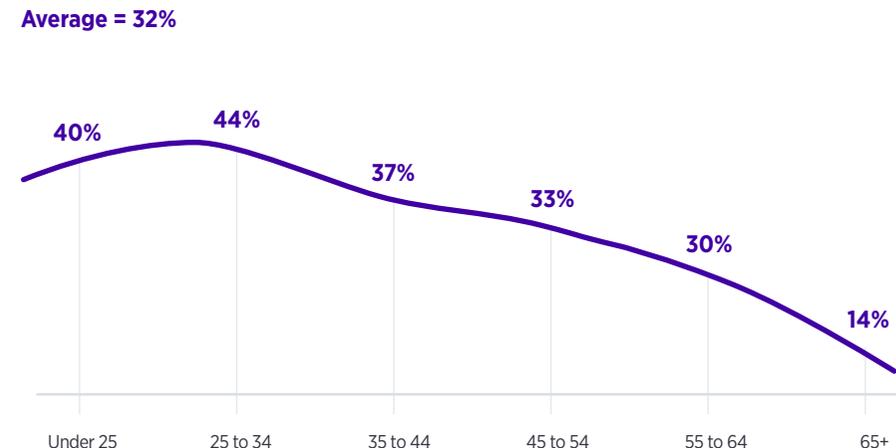
INSIGHT:

**MILLENNIALS MORE LIKELY TO PAY FOR DELIVERY.
OVERALL, CONSUMERS LESS LIKELY TO PAY**

Would pay \$20 for any online shopping delivery option - 2020



Would pay \$20 for any online shopping delivery option - 2021



The age of your target market should always be a key consideration in terms of a logistics strategy, with those aged 25-34 most likely to pay \$20 for an online delivery two years in a row.

What's interesting is that willingness to pay a high delivery fee has dropped across the board year-on-year. Even for millennials, this has

come down from 52 percent to 44 percent. A steep increase is noted for each category, almost halving for 65+ from 26 percent to 14 percent.

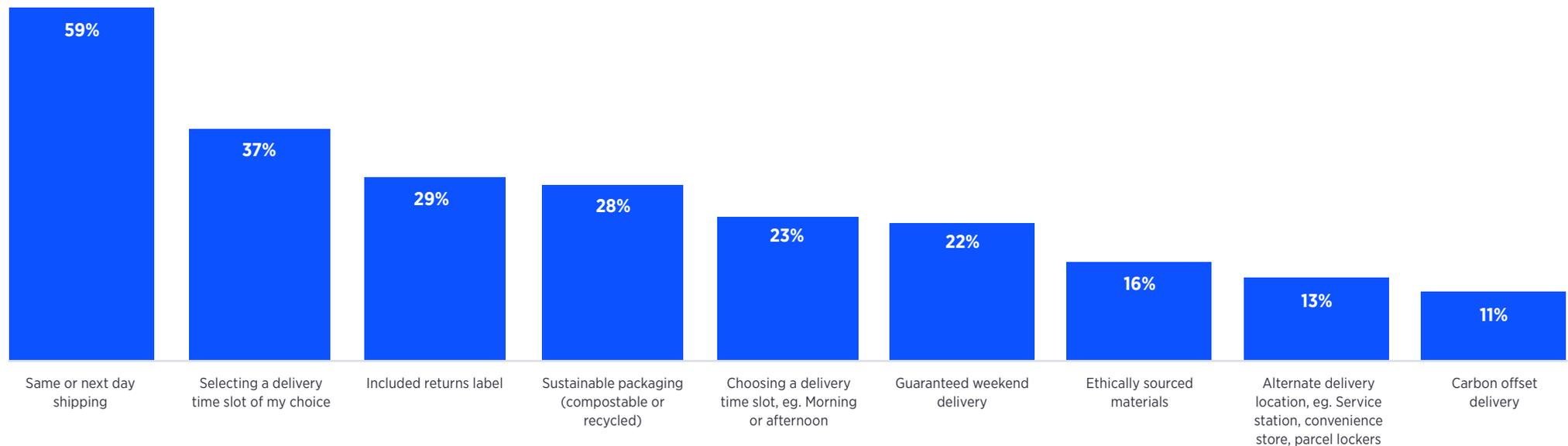
This reveals that competition is high and consumers are willing to pursue other options when excessive delivery fees are at play.

Delivery Fees

INSIGHT:

FAST DELIVERY IS WORTH PAYING FOR

Which of the following would you be willing to pay more for? (Select at least 2)



For those who would pay for shipping, the majority would choose same or next day shipping. While 59 percent consider speedy delivery something worth paying for, 37 percent would pay for convenient delivery by selecting a specific delivery time slot.

Shoppers are not willing to pay for carbon offset delivery or ethically

sourced materials (perhaps believing this is the responsibility of the retailer) however 28 percent would be willing to pay for sustainable packaging.

Speed and convenience, as always is the biggest driver when it comes to payment for delivery options.

GROWTH LEVERS

While online retailers have experienced many challenges in the last year, managing consumer expectations is something that is less of a hurdle than before. Many of the issues faced by retailers are not difficult to overcome. Product reviews, multiple delivery options and a seamless checkout experience are some of the elements needing focus.

Consumers may be more tolerant of shipping fees for special services or delivery delays, but a frustrating check out process is a certain way to encourage cart abandonment.

The speed of change may be an enormous challenge for retailers who need to remain nimble, but heeding the signs when it comes to uptake of offerings such as Click and Collect, means retailers have adequate time to plan and ensure successful strategies are implemented for long-term gain.

INSIGHTS

- ▲ Regular cart abandonment is growing. Retailers need to address the elements leading to this behaviour shift.
- ▲ Frustration at check out has caused 79 percent of consumers to abandon their carts.
- ▲ High shipping costs has caused 63 percent of consumers to abandon their carts.
- ▲ Home delivery is still the most popular delivery location, however Click and Collect demand is growing.
- ▲ Brands and retailers who are not offering product reviews are losing sales.
- ▲ Product and retailer reviews need to be actively managed. Having recent reviews and mixed reviews is more of a driver of sales than just positive reviews or a high number of reviews.

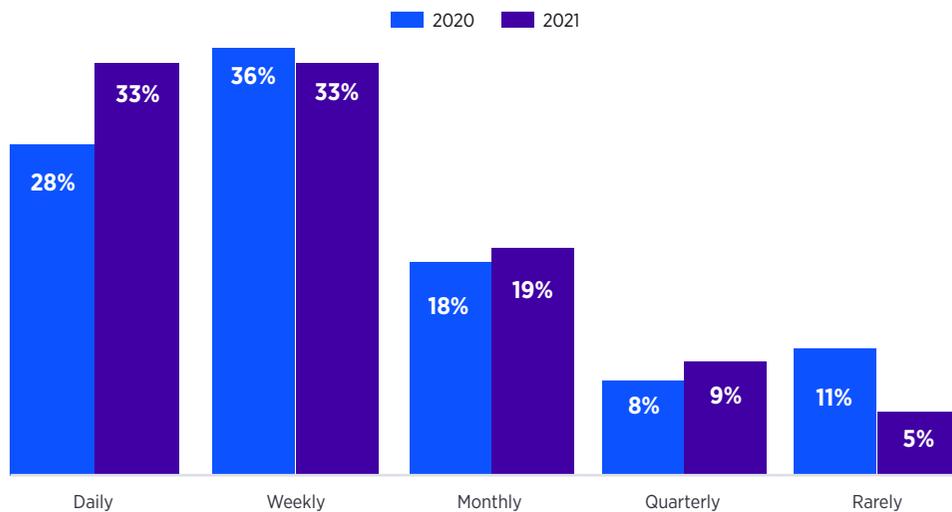


Cart Abandonment

INSIGHT:

ADDRESSING SIGNIFICANT LEVELS OF CART ABANDONMENT IS ESSENTIAL

Frequency of online shopping cart abandonment



Those who rarely abandon carts has dropped in half from 11 percent to 5 percent, while those who abandon carts daily has increased from 28 percent to 33 percent.

With a boom in shopping volumes, it's expected that with more people purchasing online, abandonment will increase in equal measure.

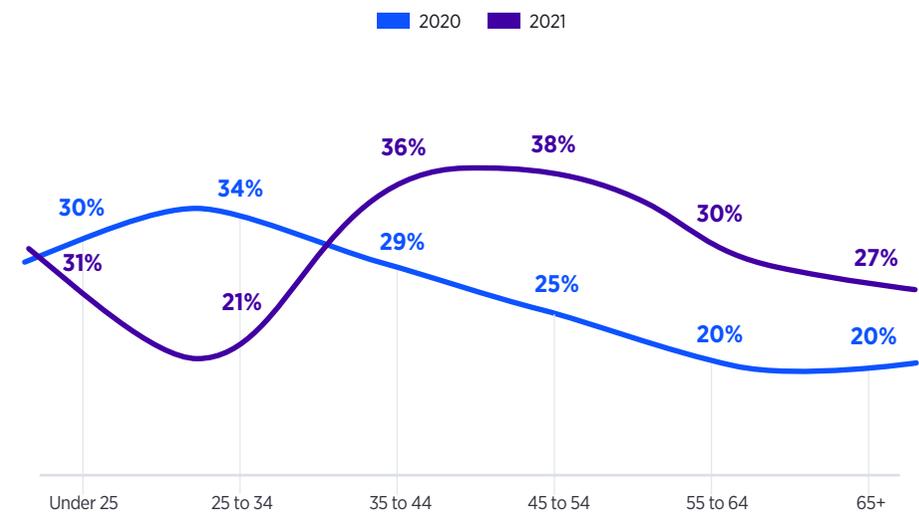
While overall cart abandonment has not increased significantly (and is to be expected to some degree with the increase in shopping online), it does reflect that this has become part of consumer behaviour.

More now than ever before, retailers need a strategy to address this.

INSIGHT:

CART ABANDONMENT MINIMISATION IS PARTICULARLY IMPORTANT WITH GEN X

Abandon an online shopping cart daily



Daily online shopping cart abandonment is prevalent right across the market, yet it's clear that younger shoppers are heading online to purchase with more intent.

Those aged 25 to 34 were the most likely to abandon carts daily last year and are now the least likely to abandon their cart daily.

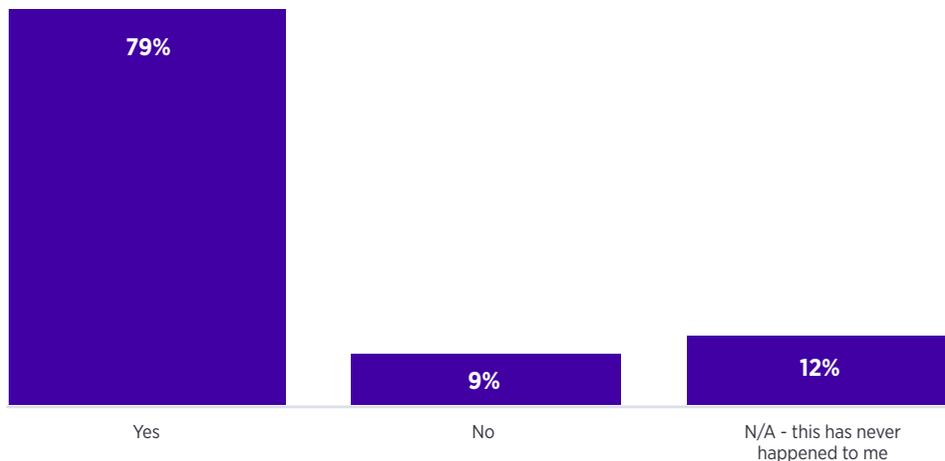
This means that retailers need to shift their focus to the 35 to 54 demographic who are now the most likely to add to cart without following through with payment.

Cart Abandonment

INSIGHT:

FRUSTRATION AT CHECK-OUT IS A DRIVING FACTOR OF CART ABANDONMENT

Have you ever backed out of completing an online purchase because the check-out process was too frustrating?



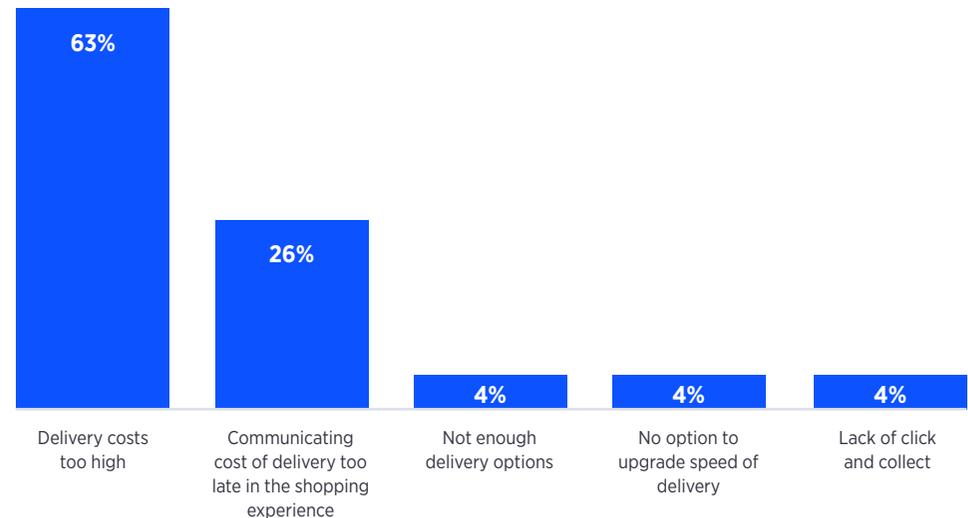
It goes without saying that consumers want a seamless check-out process. A massive 79 percent have abandoned their cart because proceeding through check-out became frustrating. This could mean too many pages, long load times, preferred payment methods not offered, too many details requested or unexpected charges.

Know your target market, understand what they would consider frustrating and minimise those hurdles at check-out.

INSIGHT:

HIGH DELIVERY COSTS DIRECTLY RELATED TO LOST SALES

When considering delivery, what is the major reason for abandoning cart?



High delivery costs is the biggest delivery-related factor for cart abandonment. For 63 percent of online shoppers, the major reason for failing to proceed through checkout is because delivery costs are too high.

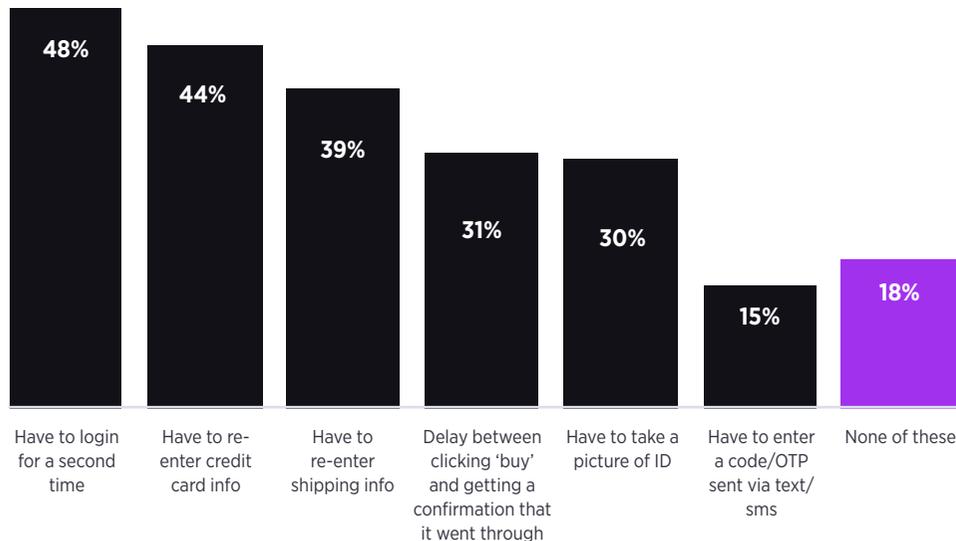
The consistent theme is that it is cost rather than speed of delivery that is important to shoppers.

Cart Abandonment

INSIGHT:

WHEN PROCESSES AREN'T SEAMLESS, CONSUMERS WILL ABANDON CART

Which of the below annoyances/inconveniences have ever caused you to back out of an online purchase?



In terms of frustrations, re-entering information such as login details (48 percent), credit card details (44 percent) and shipping information (39 percent) is what will deter consumers from processing through check-out.

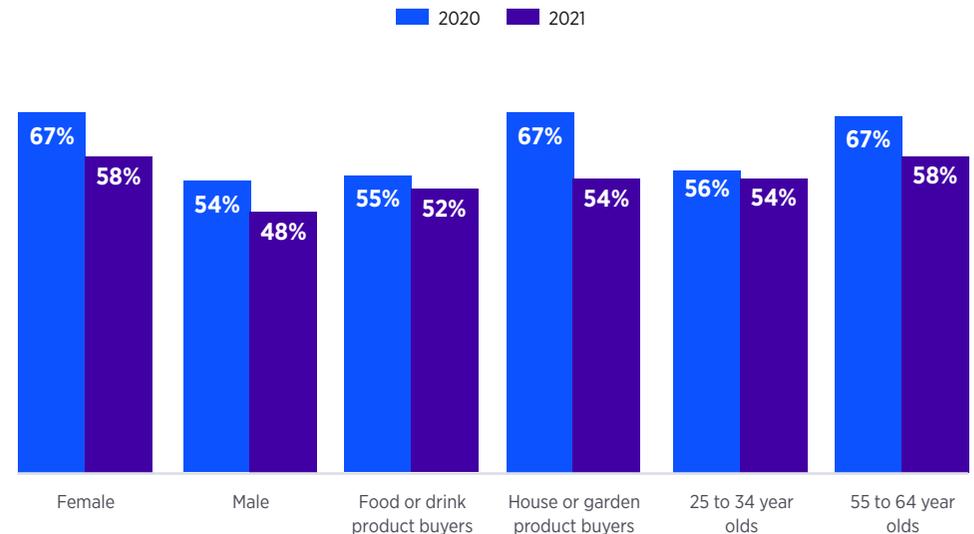
Retailers need to simplify the check-out process and ensure shoppers have no need to feel frustrated or believe that their time is being wasted.

Free Returns

INSIGHT:

OFFERING FREE RETURNS NEEDS TO BE EXPLORED

Would switch online retailer for free returns



Year-on-year free returns has become less important to consumers rather than more important. This may also be a reflection of how comfortable consumers are now in the online space and their confidence with making correct purchases the first time.

Free returns are more important to females compared to males (58 percent versus 48 percent), and more important to an older demographic compared to younger demographic (58 percent versus 54 percent).

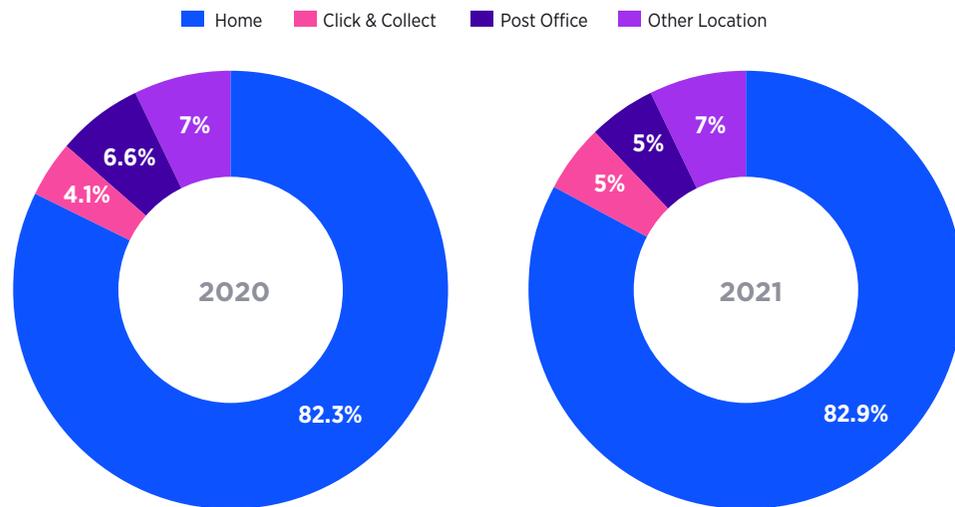
Essentially, while free returns should be explored, it's not a requirements to build into your business model.

Click and Collect

INSIGHT:

HOME DELIVERY SHOULD BE THE FIRST OPTION OFFERED TO ONLINE SHOPPERS

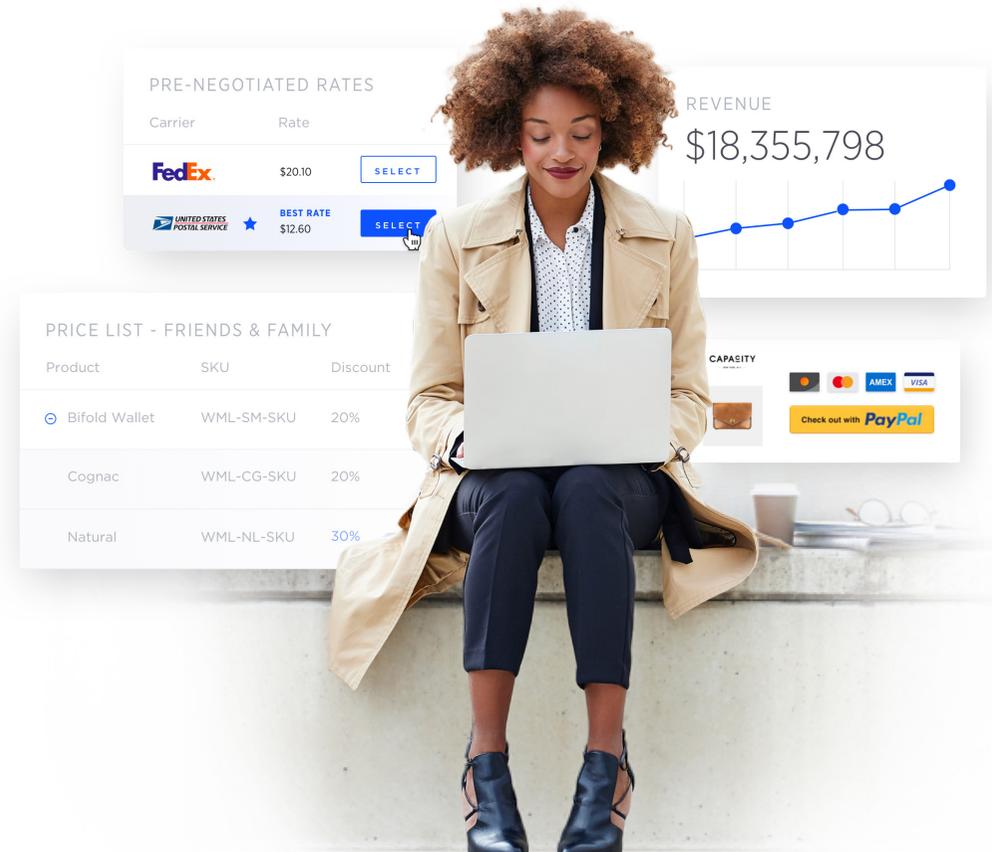
Delivery location of online shopping transactions



Home delivery remains largely unchanged and is still by far the most popular delivery location (at 82.9 percent) which is unsurprising in the current climate.

What's important for retailers to note is that Click and Collect has increased to five percent (from 4.1 percent).

Post office collections are used less, dropping from 6.6 percent to five percent. People feel more comfortable with the fast and contactless options available rather than lining up in a post office.

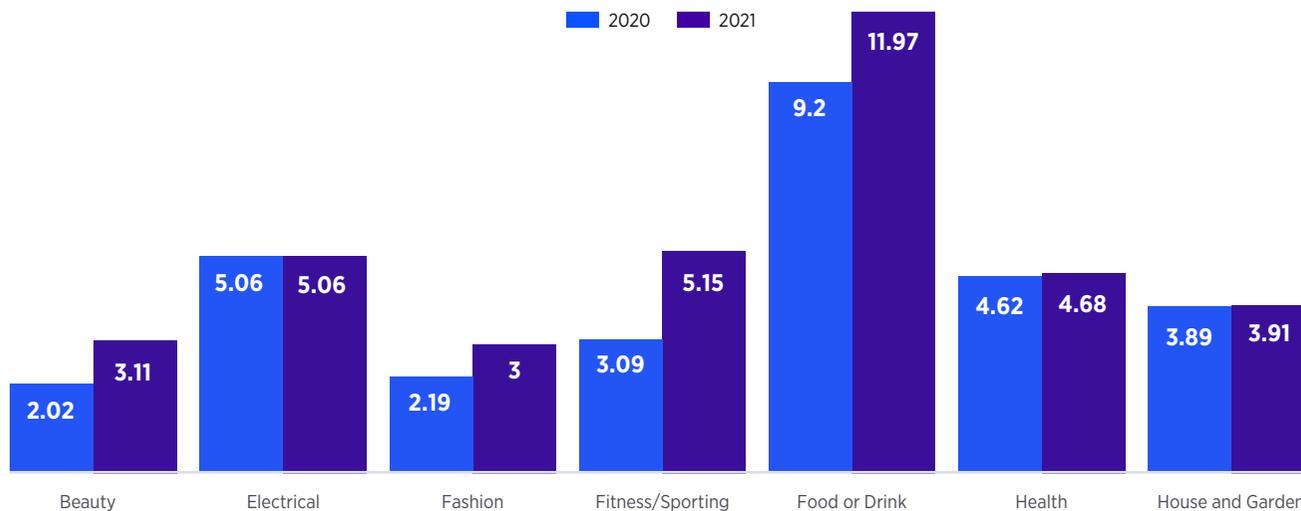


Click and Collect

INSIGHT:

CLICK and COLLECT HAS GROWN IN CERTAIN CATEGORIES

Proportion of purchases with Click and Collect



As a proportion of total sales, Click and Collect grew by 54% for the Beauty category, and Fashion similarly experienced 37% growth. With Fashion as the most popular e-commerce category overall, this seemingly slight increase in proportion of Click and Collect purchases actually accounts for quite substantial growth in terms of number of Click and Collect purchases made.

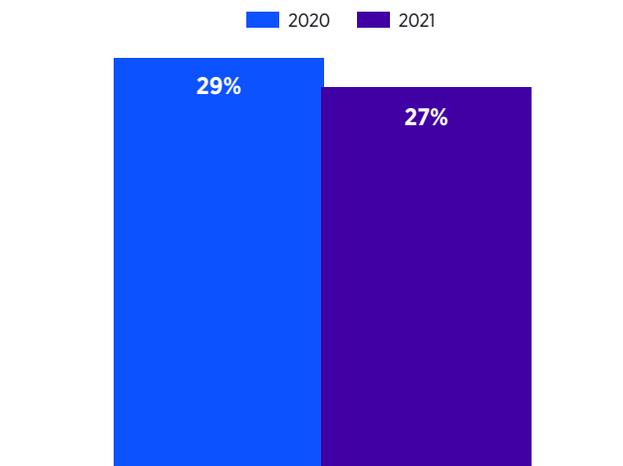
Fitness experienced 67% growth, jumping from ~3% to ~5% of total number of purchases now using Click and Collect. Click and Collect now accounts for nearly 12% of all Food and Drink purchases online, up more than 30% from 9.2% in 2020.

Health concerns and general restrictions may have driven demand for Click and Collect, but we know shopper behaviour is cemented by repetition. Those who may have never or rarely used Click and Collect may now be converted, and for those not new to it, its appeal has been reinforced.

INSIGHT:

CLICK and COLLECT IS HERE TO STAY AND PRESENTS A MASSIVE OPPORTUNITY

Offer click & collect



With roughly the same proportion of retailers offering Click and Collect year-on-year, there is enormous scope to increase offering and tap into growing consumer demand.

To remain competitive in the current landscape, pureplay retailers are advised to consider Click and Collect style options such as collection lockers and drop boxes.

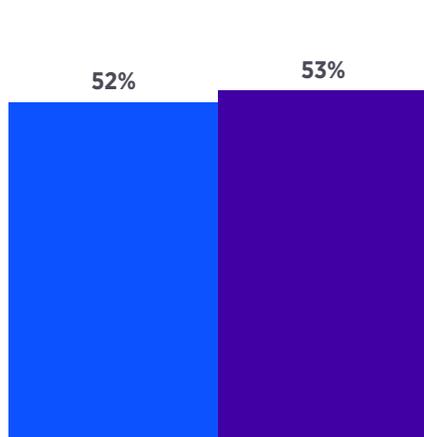
Product Reviews

INSIGHT:

PROVIDING PRODUCT REVIEWS IS STANDARD FOR ONLINE RETAILERS

Offer product reviews

2020 2021



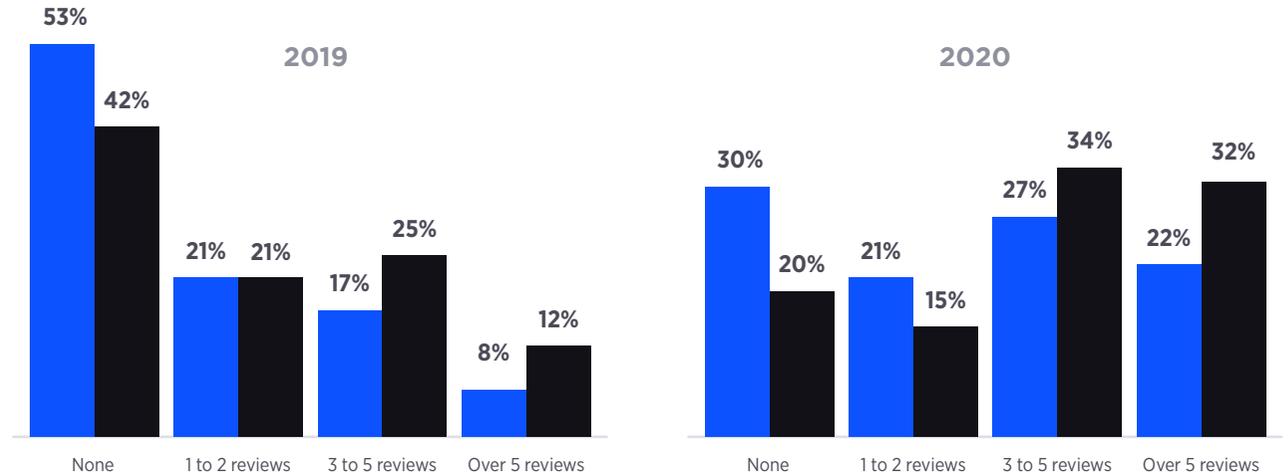
Provision of product reviews has been previously flagged as vital to success. While there has been a slight increase in brands offering product reviews, this is strategy that is still being underutilised and could be higher still. It is recommended that brands and retailers stay on top of this and continue to offer shoppers anything that will help educate, encourage and increase the chances of conversion.

INSIGHT:

SHOPPER DEMAND FOR PRODUCT REVIEWS IS GROWING

Number of reviews read prior to online purchase

Retailer Product



As proof of the importance of product reviews, shoppers are using them more now than ever before. The previous report demonstrated that the majority of shoppers didn't read any reviews prior to purchase. This year, it's the minority that don't do their research via reviews.

In fact, those who read over five reviews has grown exponentially, from eight percent of

retailer reviews and 12 percent of product to a whopping 22 percent of retailer reviews and 32 percent of product reviews.

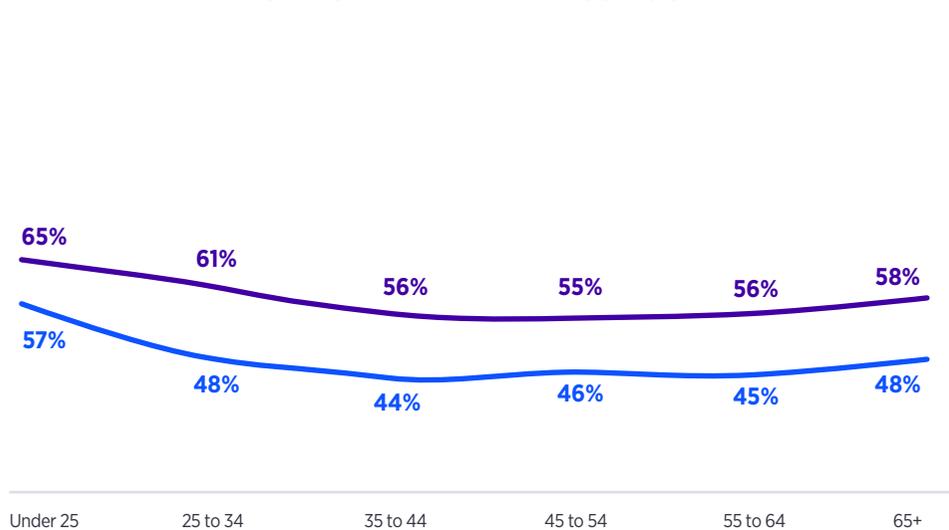
Consumers want to be fully educated prior to purchase and are happy to do their research. Brands and retailers need to offer this service or risk losing sales.

Product Reviews

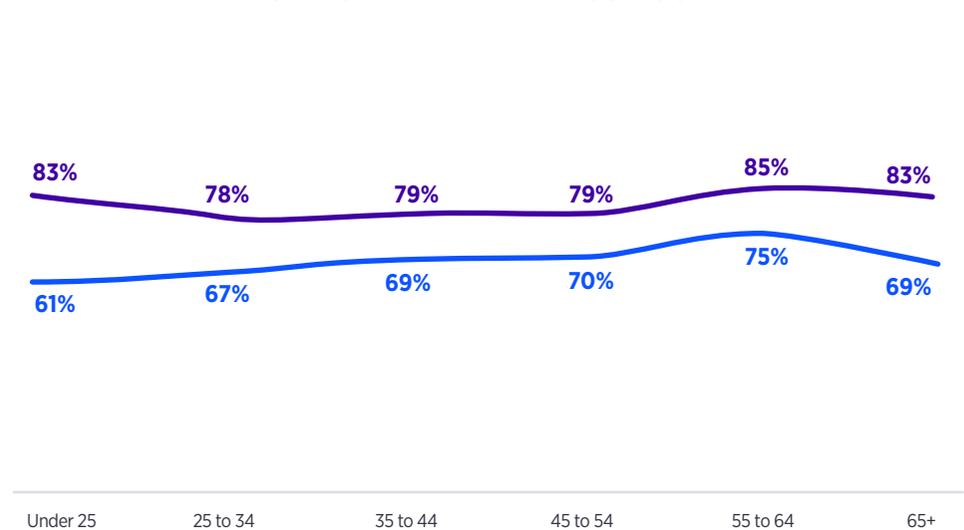
INSIGHT:

RETAILER REVIEWS ALSO NEED TO BE ACTIVELY MANAGED

Reviewed aspect prior to online shopping purchase 2020



Reviewed aspect prior to online shopping purchase 2021



While retailer reviews are less important than product reviews across all age ranges, the fact that the vast majority of all ages cite both as something they look at prior to purchase means neither can be ignored.

There is a larger gap for those under 25 when it comes to product versus retailer reviews (83 percent and 64 percent respectively) yet these are both extremely high figures. For remaining age brackets, the gap is even smaller.

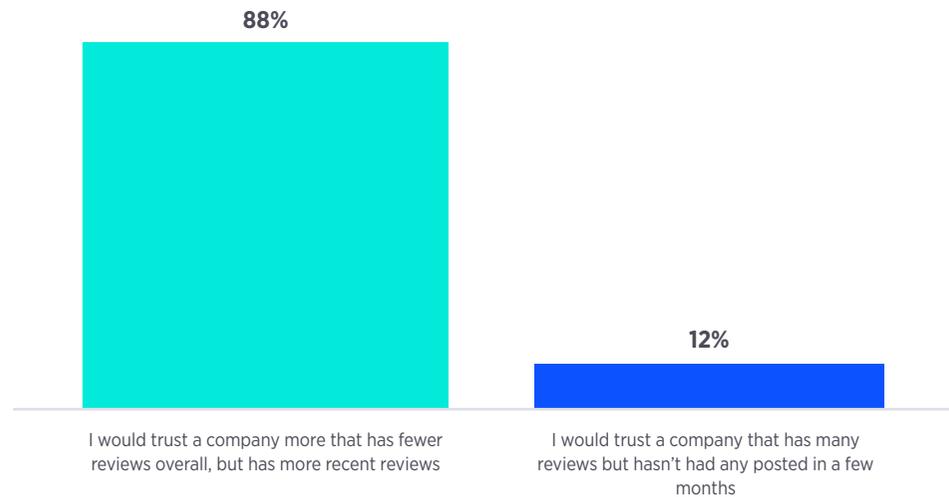
Year-on-year, both categories of reviews have experienced growth. It may be that brands and retailers have other trust-markers available for consumers, whereas practical elements of products are important to scope via review. Regardless, the fact remains that the demand is there, especially for digital natives whose shopping habits will only increase. This is something that retailers need to offer.

Product Reviews

INSIGHT:

QUALITY OVER QUANTITY IS VITAL FOR REVIEWS

Choose the statement with which you most relate (company reviews)



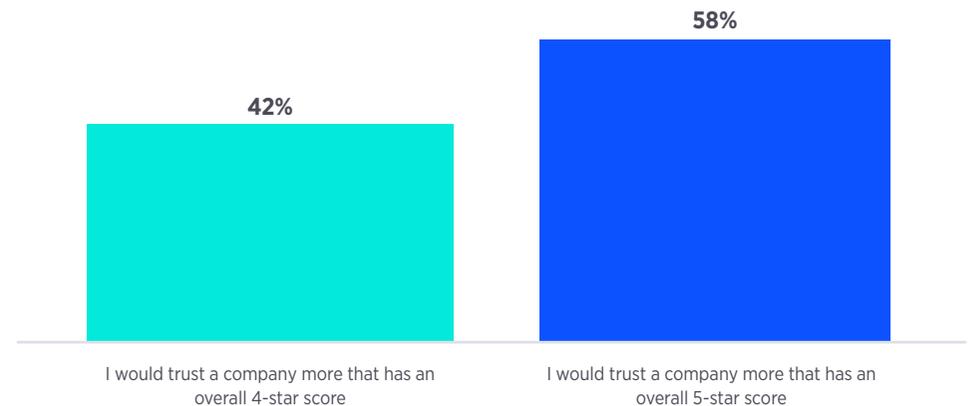
Shoppers are clear that recent reviews create more trust with a brand than a company which has many older reviews.

Website maintenance is key for consumers and timing has a strong relationship to overall brand confidence.

INSIGHT:

STAR RATINGS HAVE A STRONG INFLUENCE

Choose the statement with which you most relate (company score)



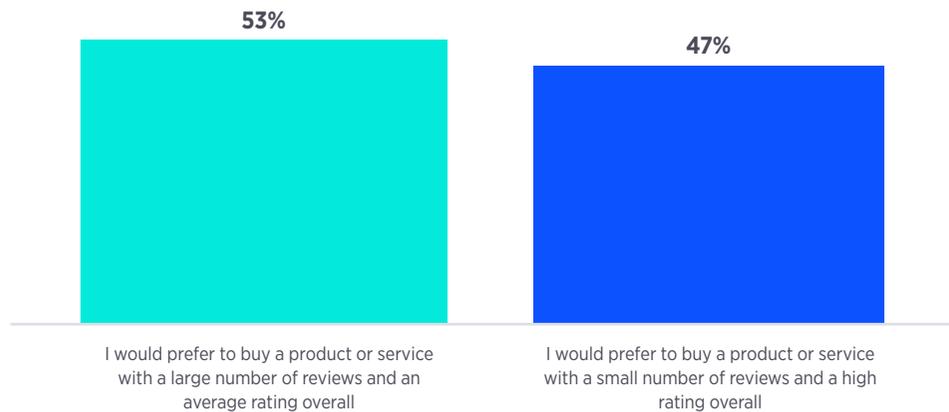
Objectively, a 4-star rating or a 5-star rating would both seem to be aspirational. Yet a vast majority (58 percent) would trust a 5-star score whereas only 42 percent would trust a 4-star score. This shows that the difference in perception between both ratings is (perhaps disproportionately) high and it is worth it for brands and retailers to invest in the infrastructure to increase their star rating.

Product Reviews

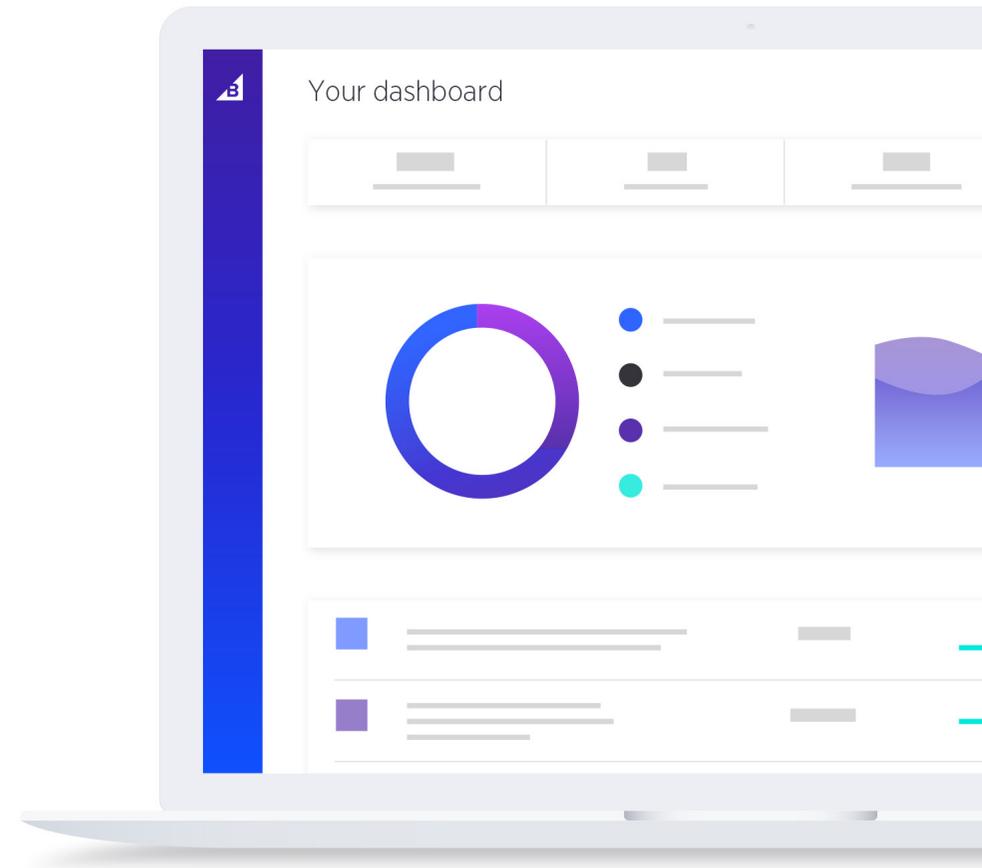
INSIGHT:

RETAILERS NEED TO INCREASE THE NUMBER OF REVIEWS TO CREATE CONSUMER CONFIDENCE

Choose the statement with which you most relate (product reviews)



Consumers are savvy. They would prefer a large number of reviews (which would indicate a higher proportion of objective opinions) that yielded an overall lower rating compared to a small number of reviews (indicating a less thorough survey sample) with a higher rating overall. That is why brands and retailers need to invest in ways to encourage reviews, whether it's via direct email, social media strategies or other tactics.

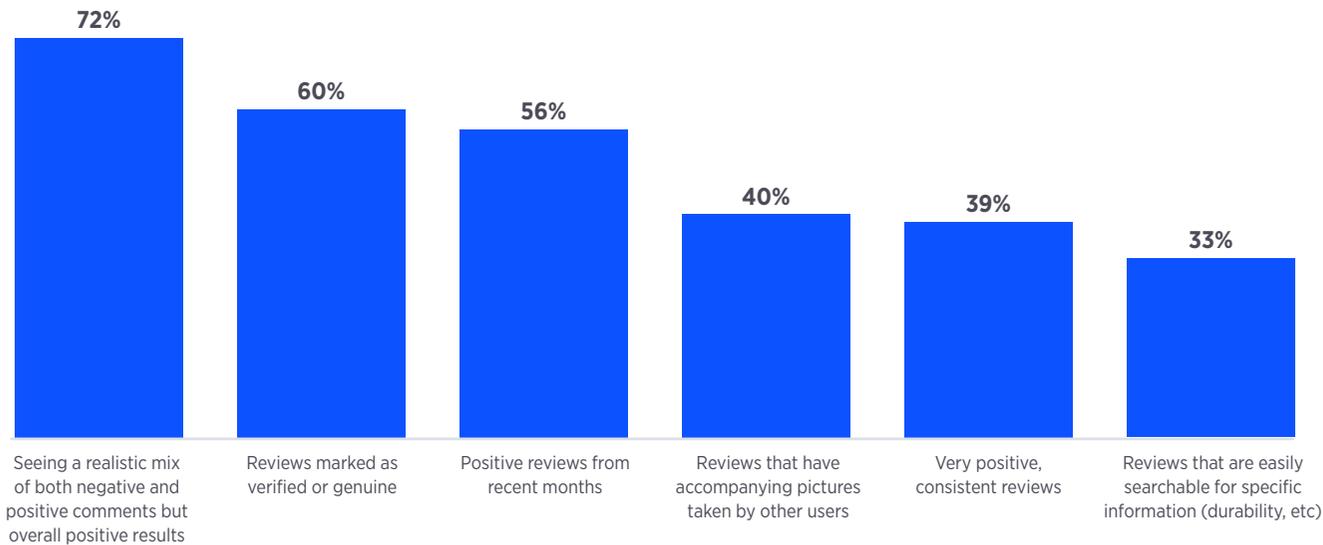


Product Reviews

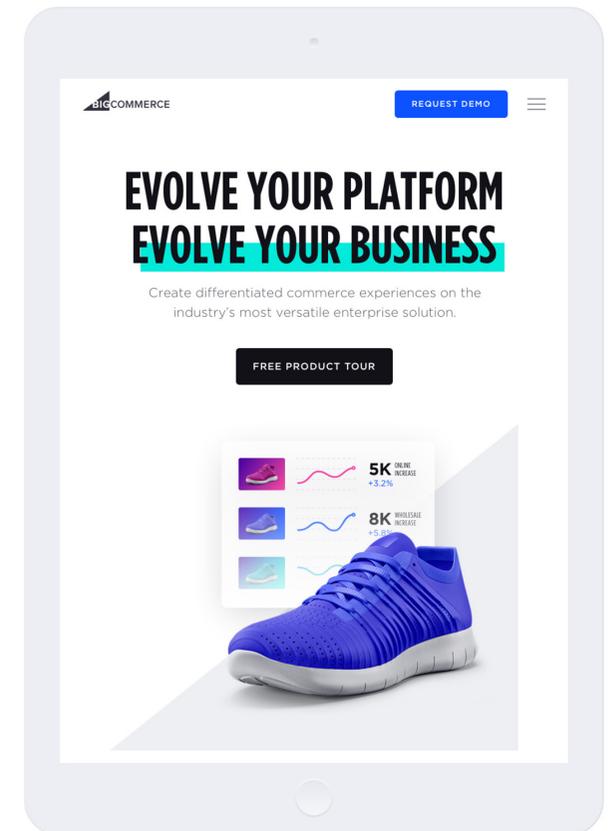
INSIGHT:

AUTHENTICITY AND TRUST IS KEY FOR ONLINE REVIEWS

When looking at consumer reviews, which are most likely to make you buy the product? (Select the top 3).



Consistently positive reviews are actually less important for consumers (39 percent) than seeing a mix of both negative and positive reviews with an overall positive result (72 percent). This is why genuine reviews are more likely to convince a shopper to purchase a product. As well as a realistic mix of positive and negative reviews, consumers want reviews to be verified (60 percent) and recent (56 percent). In this way, trust is the number one factor when it comes to reviews and their impact on increasing conversion.



THE POWER OF CUSTOMER-FIRST UX

While there is pressure on retailers to invest in the latest technology and advance with the times, the research shows that efficient and personalised customer service is still what drives shopper loyalty. Chatbots and virtual reality may seem on the surface to offer solutions, but what customers actually want is personalised responses to their queries and the ability to resolve issues promptly.

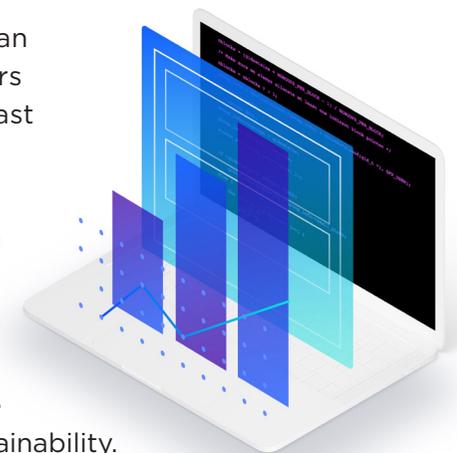
This is why it is vital for retailers to do a deep dive into their specific target market before investing in new tech or changing brand direction.

Brand reputation and reliability is far more important to consumers, for example, than sustainability. Email is still the most effective form of marketing. Glamorous and edgy? No. Vital? Yes.

We know there are lots of exciting advancements on the horizon, but this means nothing without getting the basics right.

INSIGHTS

- ▲ Retailers are heading online with intent to purchase and are less likely to jump to another retailer. Yet page loading speed is still an element that requires investment and slow loading times could drive shoppers to the competition.
- ▲ Live chat offerings by retailers has increased.
- ▲ Text messages have overtaken email as the preferred method of delivery updates.
- ▲ Managing issues or concerns in a prompt way is essential. A massive 99 percent of online shoppers would become repeat purchasers if a retailer could respond and resolve a problem with speed.
- ▲ Virtual reality is dropping in popularity rather than becoming part of consumer expectation. Retailers would be better to focus on the basics such as fast page load times, live chat to resolve queries or personalised customer service.
- ▲ Data is still a concern for consumers and sharing personal data is a deterrent for 85 percent of shoppers when it comes to account sign-ups. Concern around data usage increases with age.
- ▲ Brand reputation (such as reliability and positive reviews) is more important for shoppers than sustainability.
- ▲ Email is the most effective marketing strategy.

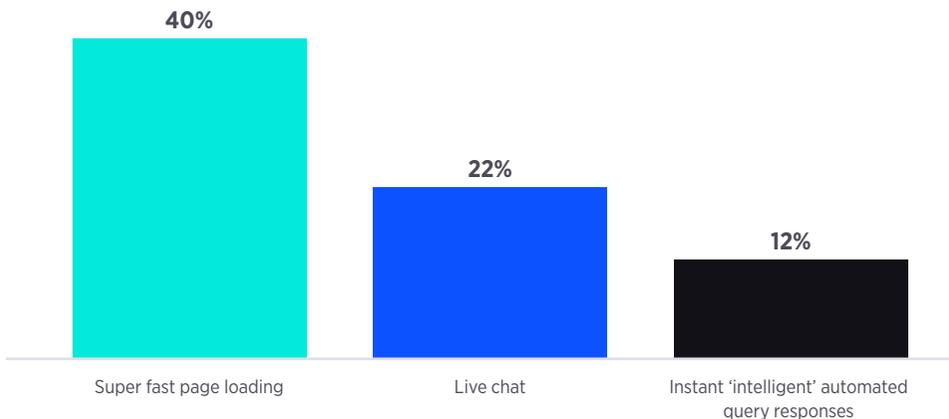


Customer Support Features

INSIGHT:

RESOURCES ARE MORE EFFECTIVE WHEN ALLOCATED TO PAGE LOADING SPEED THAN LIVE CHAT

Would switch between online retailers as of January 2021



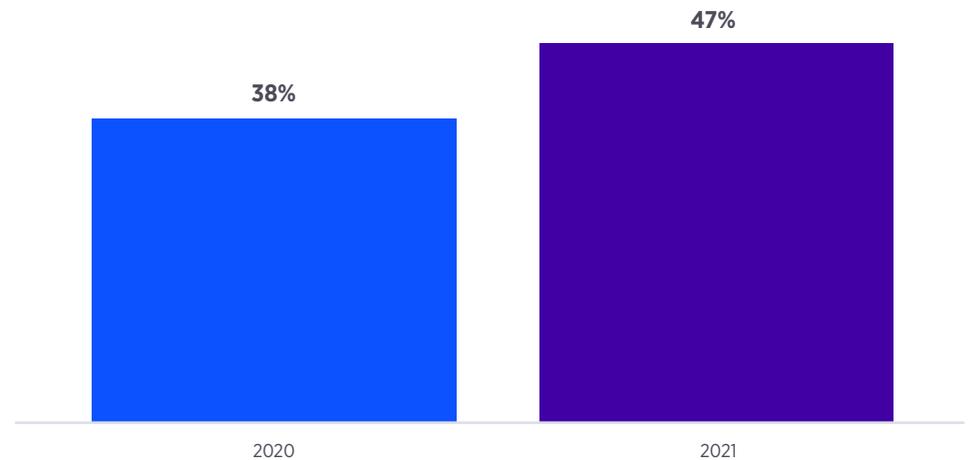
Consumers are heading online with specific purchase intent and are less likely to jump to a competitor.

Page load time is still the most enticing element to jump retailers at 39 percent with live chat coming in second.

INSIGHT:

LEADING RETAILERS OFFER LIVE CHAT

Have live chat



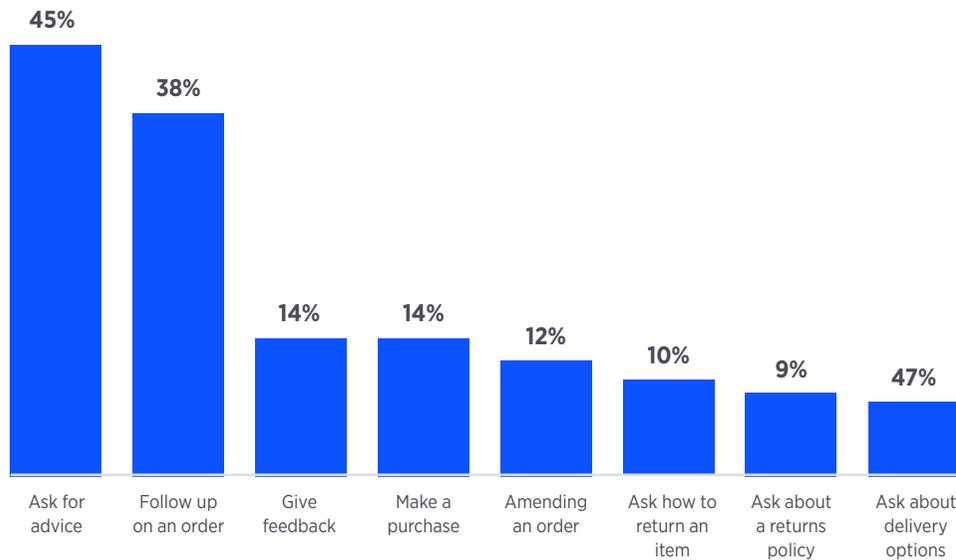
More online retailers now offer live chat. In the current environment, being able to offer up-to-date and personalised responses to queries is vital and definitely an area of retail growth.

Customer Support Features

INSIGHT:

LIVE CHAT IS USED FOR PERSONALISED SERVICE

Have you recently used live chat to:



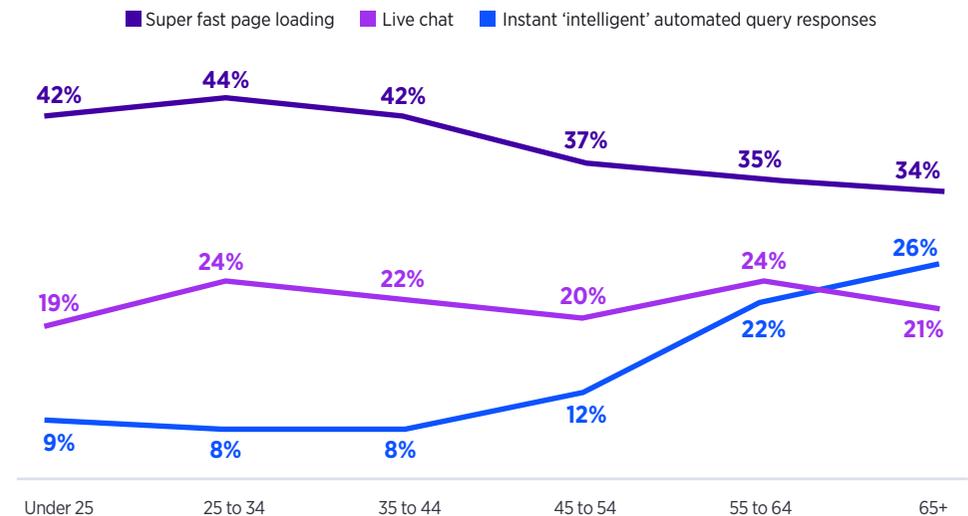
We know that FAQs and automated messaging can only go so far. Eighty-three percent of respondents have recently used live chat to ask for advice or follow up on an order.

For more general elements that can be replicated using a form (such as feedback) or finding out Terms and Conditions, live chat is less necessary.

INSIGHT:

AUTOMATED QUERY RESPONSES ARE REALLY ONLY A COMPETITIVE ADVANTAGE AMONG OLDER SHOPPERS

Would switch between online retailers as of January 2021



The age of the online shopper has a major impact on the influence of different site features. The most notable of these relates to the provision of automated query responses. Overall, it is only considered a valuable feature by eight percent of shoppers aged 25 to 34, yet rises to 26 percent for shoppers over 65.

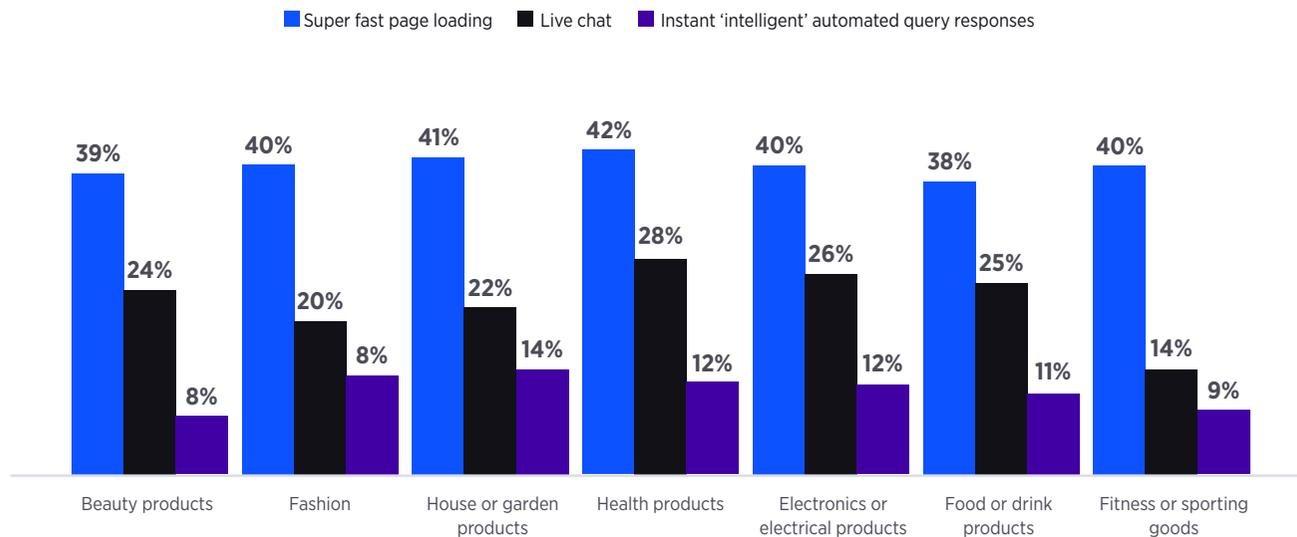
Loading speed however is notably important to 44 percent of those aged 25 to 34 and 'drops' to 34 percent for those aged over 65, making it the highest factor across all age categories.

Customer Support Features

INSIGHT:

CATEGORY SHOULD BE TAKEN INTO CONSIDERATION WHEN ALLOCATING RESOURCES TO DIFFERENT CUSTOMER SUPPORT OPTIONS

Would switch online retailers



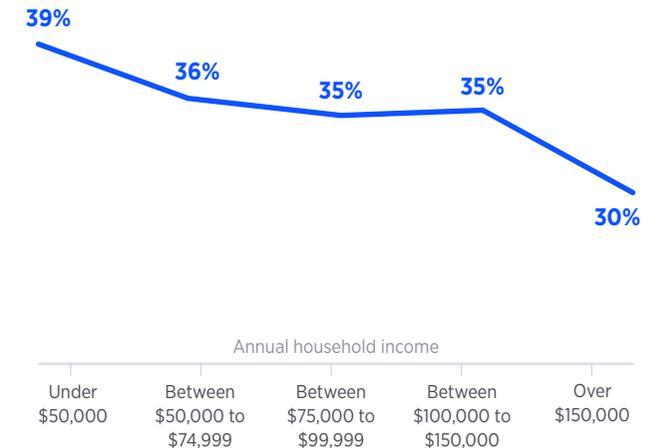
As with age demographics, category is also vital when considering the importance of site features. Fast loading pages are important for all categories, sitting around the 40 percent mark (ranging from 38 to 42 percent).

Live chat however, is more important for health products (28 percent) and less important for sporting goods (14 percent). This reflects that for products which could be tailored or personalised for individuals (such as in the health industry), a personalised or tailored customer support is required.

INSIGHT:

FAST PAGE LOADING IS IMPORTANT

Would switch online retailers for super fast page loading as of January 2021



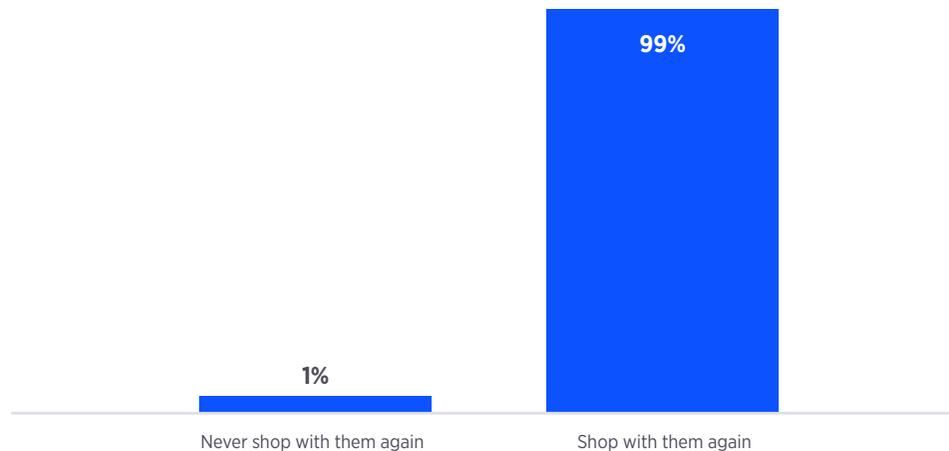
Fast load time peaks at 39 percent for those in the under \$50,000, dropping to 30 percent at the highest income bracket. Overall, fast load time is important. With speeds becoming faster, consumer expectations are rising in equal measure. While shoppers have been more patient and understanding in 2020, it will be interesting to see whether this lasts in the long term.

Customer Support Features

INSIGHT:

SPEED OF RESPONSE IS VITAL AND CAN TURN A NEGATIVE SHOPPING EXPERIENCE INTO A REPEAT PURCHASE

If a retailer was quick to respond and resolve an issue or return would you likely:



Mistakes happen. Issues arise. What's important is how fast retailers are able to respond and resolve the issue. A massive 99 percent of respondents said they would shop with an online retailer again if their matter was handled promptly. Retailers need to invest in customer service infrastructure that can handle complaints in a timely manner. Customer retention is key and speed of resolution has a major role to play.

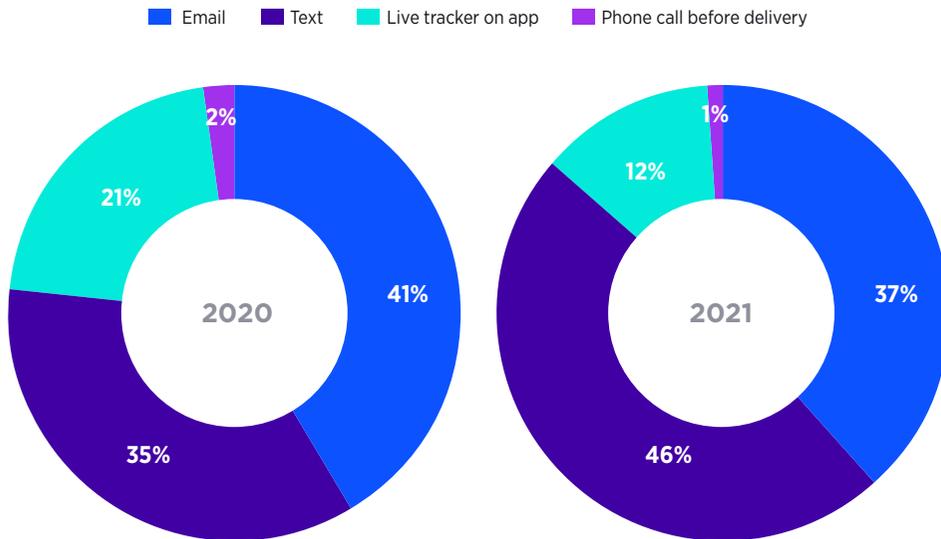


Delivery Updates

INSIGHT:

SMS IS THE PREFERRED METHOD OF DELIVERY TRACKING

Online shopping delivery update preferences

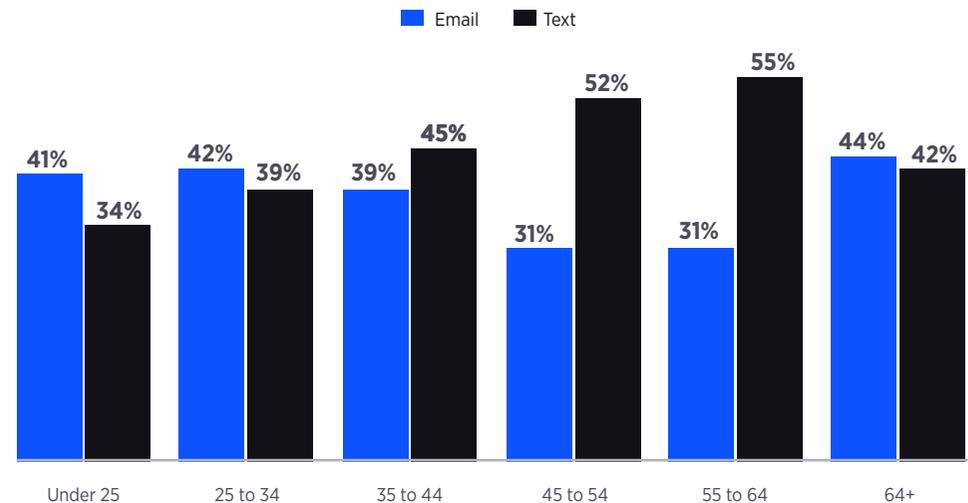


Text messages have overtaken email as the preferred method of delivery updates, though together these make up a huge 83 percent. Live tracking apps has dropped from 21 percent to just 12 percent. With text message taking up 46 percent of the preferred method, consumer preference is clear and retailers need to keep this in mind.

INSIGHT:

OFFERING BOTH TEXT AND EMAIL DELIVERY UPDATE OPTIONS WILL ADDRESS THE MAJORITY OF TARGET MARKETS

Preferred method of receiving online shopping delivery updates



While both email and SMS delivery updates are popular, we can see that SMS (about 53 percent) is far more popular for those aged 45 to 64 than email (31 percent).

The inverse is true for those aged under 25 who prefer email (41 percent) to text (34 percent).

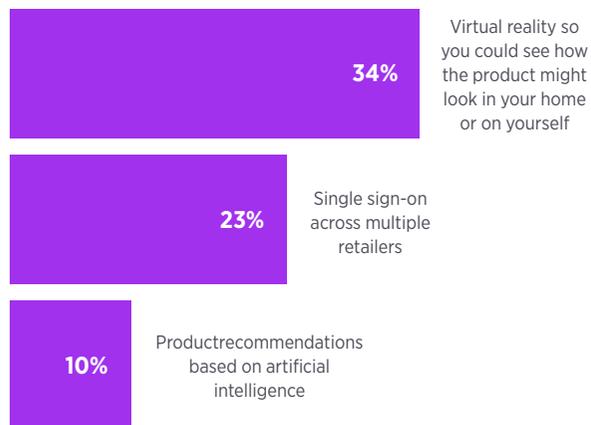
For other demographics, the gap between preferences is smaller.

Automated Personalisation Options

INSIGHT:

VIRTUAL REALITY IS STILL AN ADVANTAGE

Would switch online retailer as of January 2021



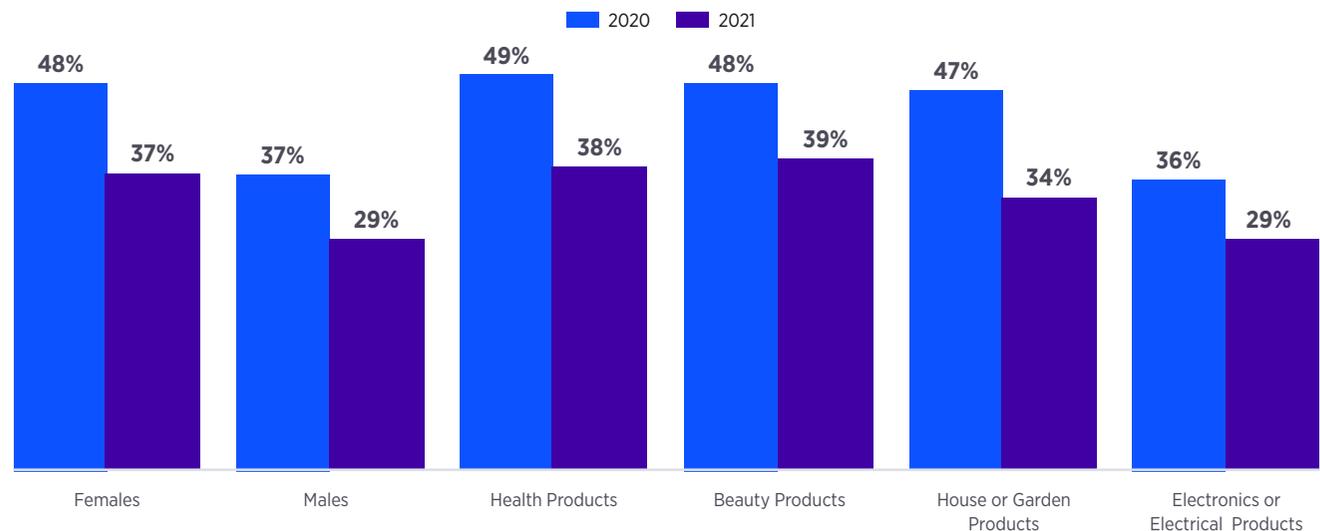
While virtual fitting rooms and apps that can show you how a product would look if purchased have dropped in appeal, offering VR is still the number one reason a shopper would switch to another retailer.

Single sign is across multiple retailers is still a strong with appeal for 23 percent. AI recommendations have dropped to just 10 percent.

INSIGHT:

CATEGORY SHOULD BE TAKEN INTO ACCOUNT WHEN CONSIDERING OFFERING VIRTUAL REALITY

Would switch online retailer for a virtual reality function



While broad based, the appeal of virtual reality does differ depending on gender and category. Unsurprisingly, there is less of a need for VR functions when it comes to electronics and more of a need for aesthetic categories such as home and garden. While VR is significant, its appeal has declined year-on-year.

Automated Personalisation Options

INSIGHT:

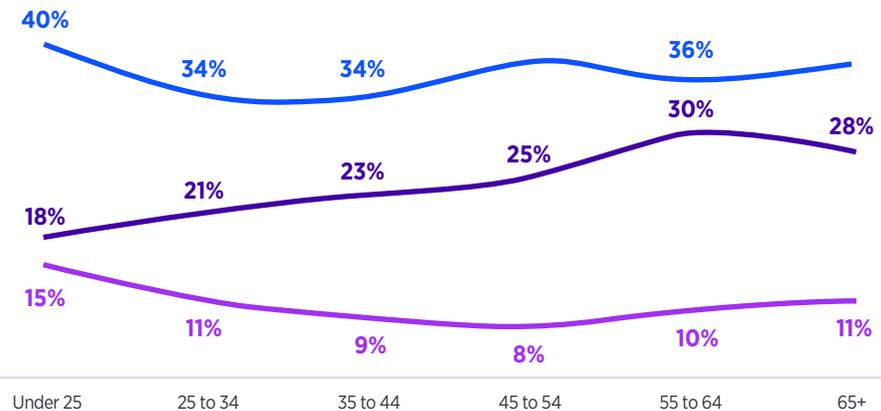
SINGLE SIGN-ON INCREASE IN DESIRABILITY WITH AGE.

Single sign-on across multiple retailers is desirable among all age groups but increasingly so with older demographics, peaking at those aged 55 to 64.

AI-driven product recommendations decline in desirability with age.

- Virtual reality so you could see how the product might look in your home or on yourself
- Single sign-on across multiple retailers
- Product recommendations based on artificial intelligence

Would switch online retailer as of January 2021



Consumer Values

INSIGHT:

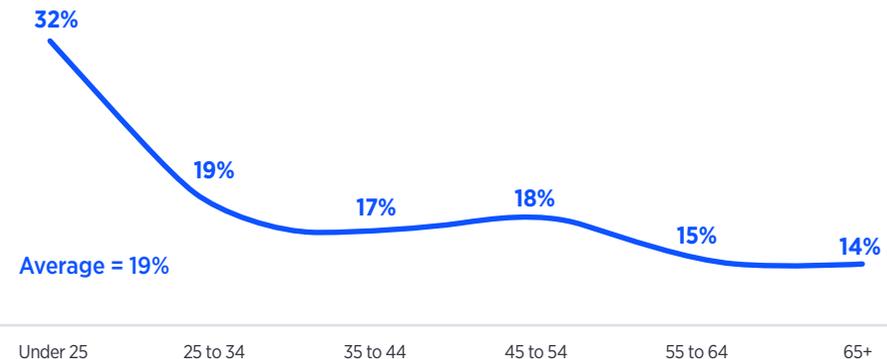
CHARITY SUPPORT ONLY IMPORTANT FOR YOUNGER SHOPPERS

Almost a third of those aged under 25 would switch online retailers based on their support of a charity. For those aged 25+, the appeal of charity support drops dramatically.

Given the financial pressures of this year (faced predominantly by those in age brackets above 25), it's clear that the majority of shoppers are heading online for reasons that aren't related to charity.

This is why it's vital to know your target market, and while it's always important to do your bit, for the majority of shoppers it will not lead to sales.

Would switch online retailers for their support of charities as of January 2021

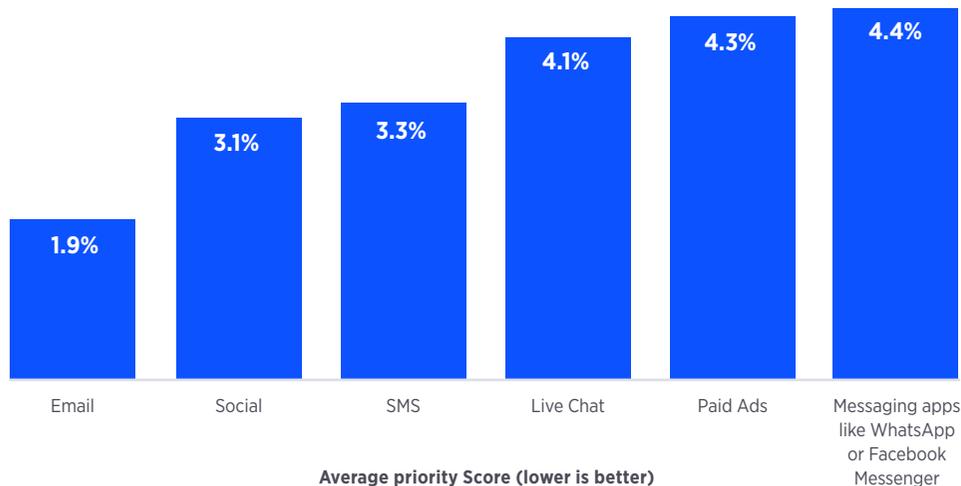


Consumer Values

INSIGHT:

EMAIL IS THE MOST EFFECTIVE MARKETING STRATEGY

In order of priority (lower is better), which marketing channels help you make a purchasing decision



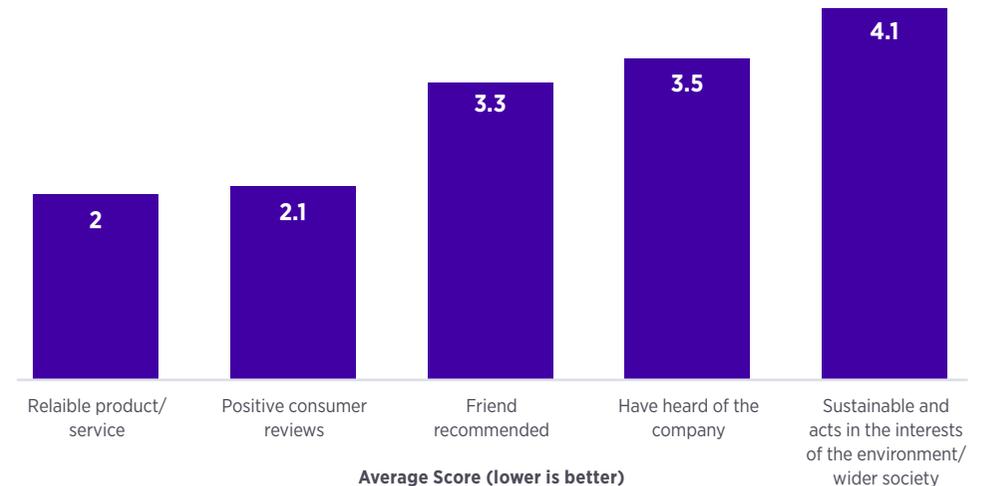
We've seen marketing evolve in recent years, from targeted social posts to WhatsApp messaging, but email is still the biggest driver of purchase behaviour.

This means that retailers need to invest heavily in a strong EDM strategy. Frequency of emails doesn't necessarily lead to higher sales, it's about understanding your target market and knowing which elements increase your click rate.

INSIGHT:

RELIABILITY IS KEY

Please rank the most important factors influencing your decision to buy a product online



Reliability is the number one factor influencing a consumer's decision to buy a product online. This is closely followed by positive consumer reviews (which are obviously very tied up to promoting the concept of reliability).

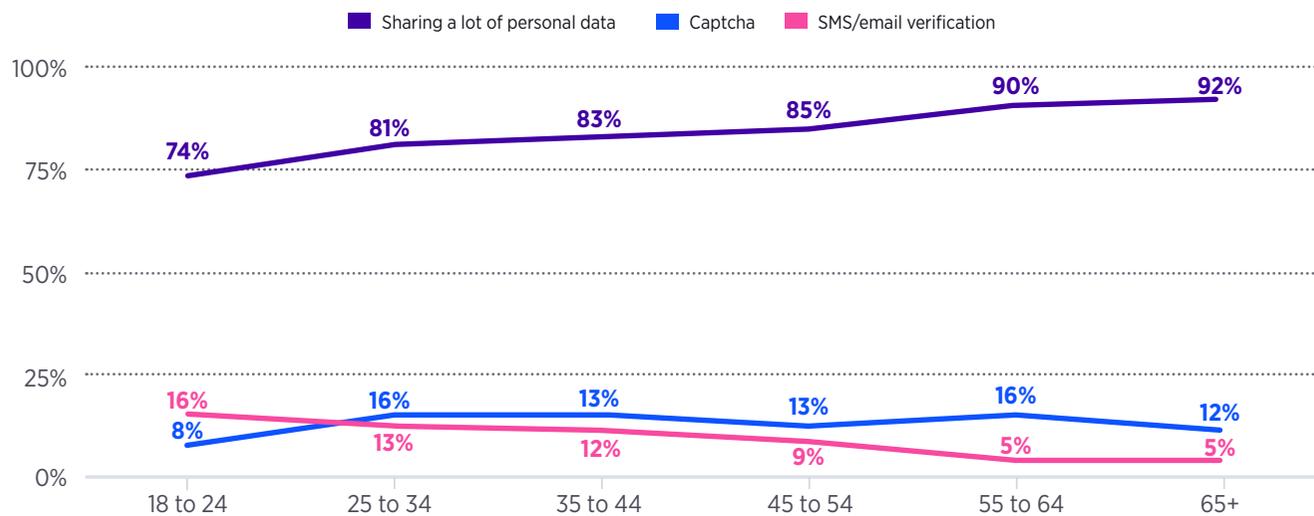
While there is a lot of buzz around sustainability, this is the least influential factor when it comes to purchase behaviour. This means that being environmentally friendly should be for ethical reasons alone and not as a means for conversion.

Consumer Concerns

INSIGHT:

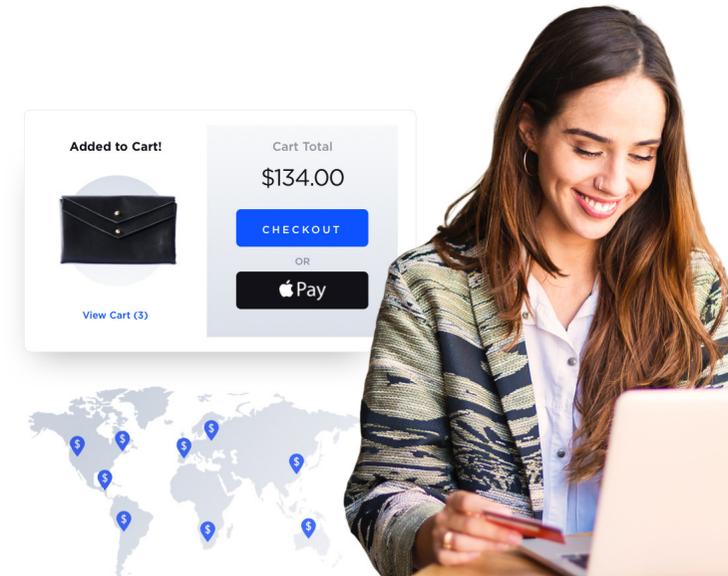
DATA IS STILL A CONCERN FOR THE MAJORITY OF CONSUMERS

What deters you from opening an online account/signing up with a company?



While sharing personal data is a deterrent for all shoppers, anxiety about data increases with age. Seventy-four percent of those aged 18 to 24 would be deterred from sign-up, rising to 92 percent for those aged 65+. Retailers need to be able to offer guest check-out or sign ups that limit personal data sharing to ease the concerns of consumers.

Transparency is also key and communicating clearly about exactly how data is going to be used and stored is vital so that shoppers are not deterred from proceeding through the sign-up process.



THANK YOU

bigcommerce.com.au