

eCommerce update

Online sales continue to
change the way we shop

February 2020



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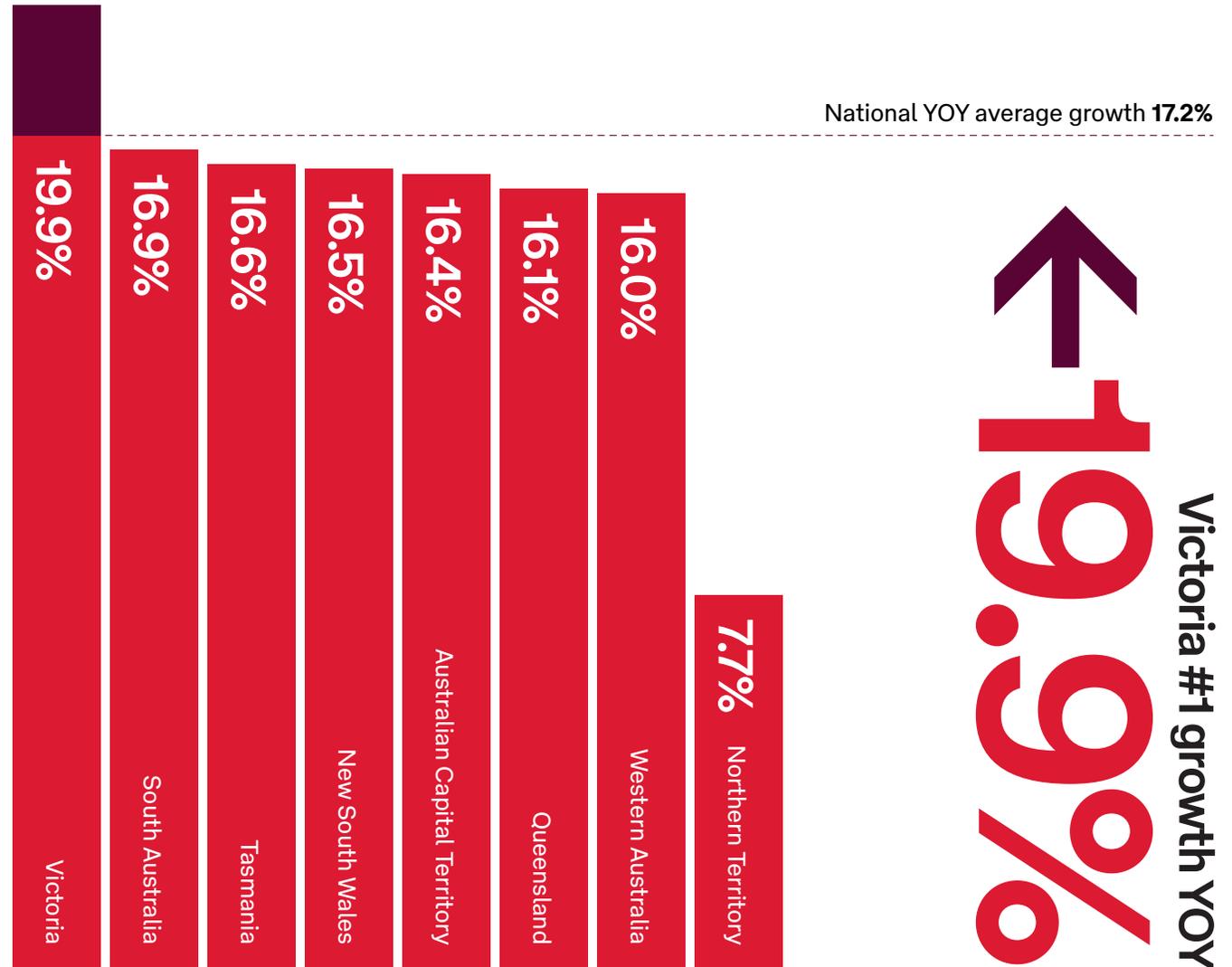
2019 in review

Australian eCommerce sales events continue to boom, with consumers snapping up bargains throughout the year, culminating in an unprecedented pre-Christmas spend.

The shopping landscape continues to change, with shoppers directing their spend towards the recently adopted international sales events. Black Friday and Cyber Monday saw enormous growth in 2019, with offers extending well beyond the specified 'sales' dates and consumers starting their Christmas spending sooner.

2019 maintained steady growth in the number of purchases, with a solid 17.2% year on year (YOY) increase. The eCommerce market started strong, but growth began to slow towards June 2019. A similar trend was observed in the second half of 2019, before dipping further in anticipation of Black Friday and Christmas.

The highest performing period occurred towards the end of 2019, with the top performing weeks clustered in the four weeks leading up to Christmas – which included Black Friday and Cyber Monday.



Victoria outperformed the rest of Australia with 19.9% growth YOY and South Australia was second with 16.9% growth.

Despite achieving 16.5% growth YOY, New South Wales contributed the most purchases, receiving a third (33.4%) of all deliveries in 2019.

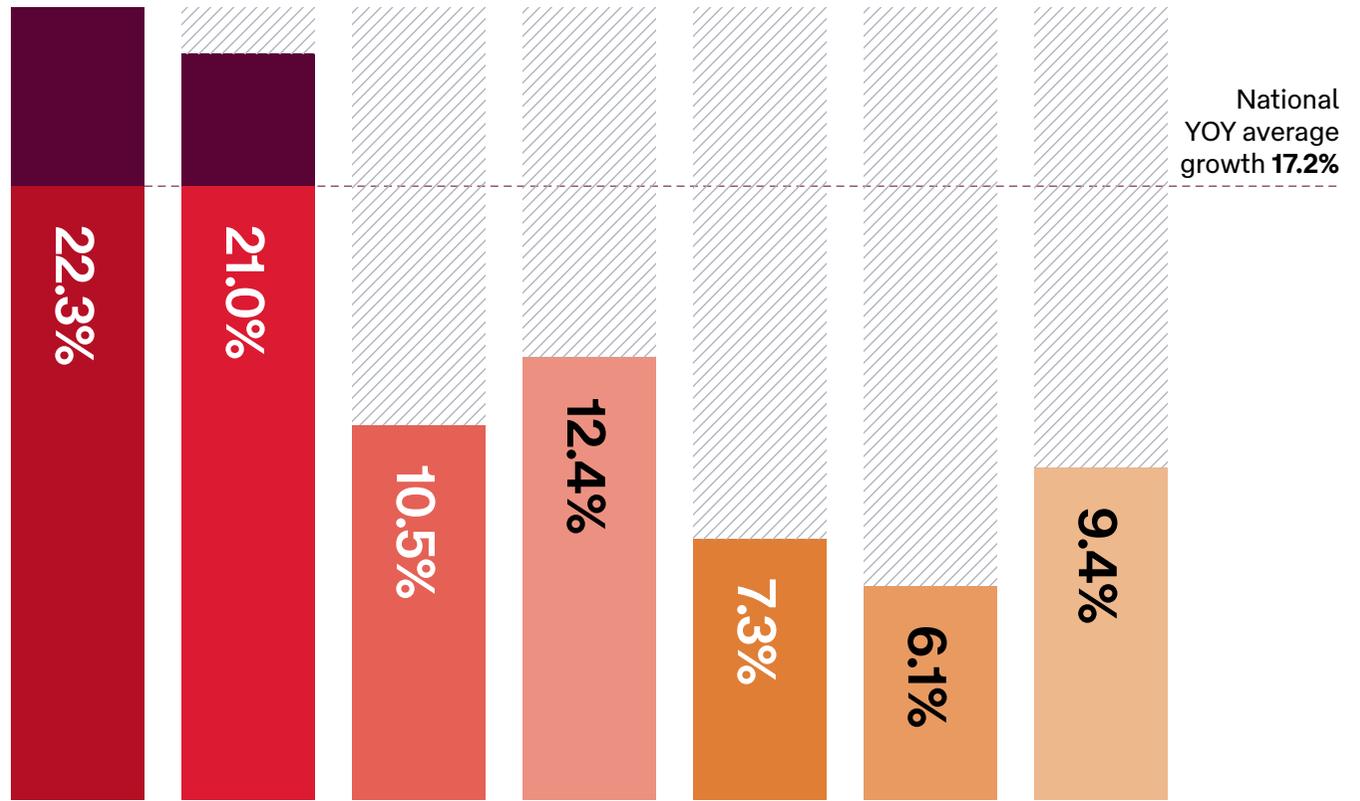
Year on year growth by specialty retailer

Variety Stores and Fashion & Apparel saw above average growth in 2019 at 22.3% and 20.9% respectively.

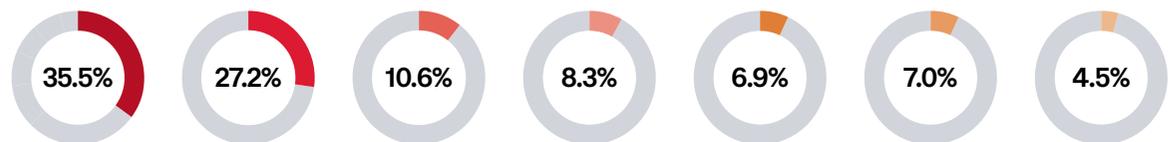
- Marketplaces remained the dominant channel, growing at 23.9% YOY and accounting for over 60% of Variety Store purchases in 2019. The best performing channel by growth was Major and Discount Stores, which grew 45.2% YOY.
- Athleisure continued to grow rapidly as new players entered the market and drove growth to over 75% YOY.

Interestingly, categories that had below average growth included sub-categories that performed above average. For example, Outdoor Goods – part of Hobbies & Recreational Goods – saw growth of 17.5% YOY. The Beauty sub-category grew by 18.8% YOY, slightly less than in 2018, suggesting the industry may be normalising after three years of high growth.

Year on year growth by specialty retailers



Share of purchases



Key trends

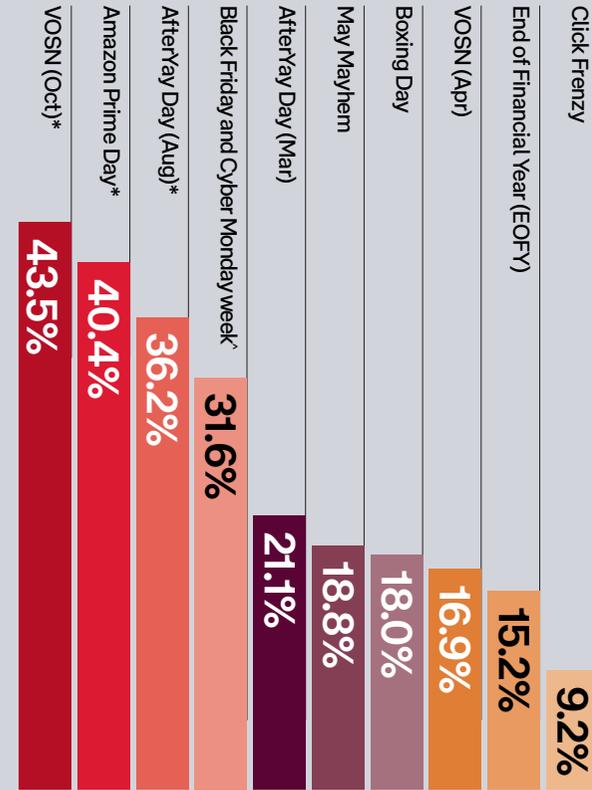
Sales events

Black Friday and Cyber Monday week was the largest online shopping period for the second year running, growing 31.6% YOY in 2019. It's worth noting, the change in timing of the event may have contributed to the increase.

Vogue Online Shopping Night (VOSN) in October, Amazon Prime Day in July and AfterYay Day in August ran for extended periods in 2019, (in fact, double the length of those in 2018) and saw stronger growth compared to previous years.

Click Frenzy and May Mayhem slowed slightly but still placed in the top 12 shopping weeks for 2019, suggesting they still have a strong presence in the eCommerce calendar.

Black Friday and Cyber Monday week grew 31.6% YOY in 2019.



* Sale period was double the length of 2018.

[^] These events occurred later in 2019 compared to 2018 which may have contributed to their growth.

Key trends

Speed matters

Next business day deliveries continued to grow above average in 2019, up 21.1% YOY.

Variety Stores and Health & Beauty were the biggest adopters of next business day delivery in 2019, growing at 56.9% YOY.

While Fashion & Apparel purchases accounted for over 59.8% of all next business day deliveries in 2019, growth softened to 11.5% YOY.

Fashion & Apparel purchases accounted for over 59.8% of all next business day deliveries in 2019

Variety Stores and Health & Beauty next day deliveries grew 56.9% YOY



Alternative delivery options

Home deliveries dominated with an 83.5% share but other delivery options such as Post Offices and Parcel Lockers rose in popularity with the number of deliveries growing by 33.2% YOY.

Parcel lockers made up the majority of this volume, growing by 30.6% YOY.

The largest users of alternative delivery options were Fashion & Apparel and Variety Store shoppers.

Black Friday and Cyber Monday week

Black Friday and Cyber Monday week eclipsed 2018's volumes, with 31.6% growth YOY. It was substantially (78.6%) bigger than the first week of November 2019, demonstrating the impact of this event.

Black Friday occurred later in the 2019 calendar year, merging with the traditional peak sales week – having a prolonged effect on the lead up to Christmas.

Christmas shopping

Coinciding with the start of December, Black Friday and Cyber Monday sales dictated Christmas shopping and caused a concentration of purchasing for this period.

The first two weeks of December 2019 had the highest volume for the calendar year.

The next largest period was the fortnight prior to Christmas, which grew 18.4% YOY – slightly smaller growth than the previous year.



Boxing Day

Black Friday and Cyber Monday week is starting to have an impact on Boxing Day.

The 2019 growth slowed to 18% (from 27.9% in 2018), with a marginal shift in volume to the weeks before Christmas.

How retailers responded

The majority of retailers embraced Black Friday and Cyber Monday week, with prominent marketing both in store and online. Various marketing strategies were employed, with some retailers advertising sales in the lead up to the event while others continued marketing activity beyond the standard sales period.

What to look out for in 2020

Major events such as Black Friday and Cyber Monday week have the ability to shift buyer behaviour.

The first half of the calendar year is typically quieter than the lead up to Christmas, with fewer cross-industry sales events.



Major events January – June 2020

Vogue Online Shopping night and May Mayhem occur earlier in the year and are targeted towards Beauty and Fashion & Apparel. Other categories however, won't see industry-wide events until the EOFY sales.

Lead up to Christmas

This year, Black Friday falls on the 27th of November, just before the first week of December. This timing, coupled with the huge YOY growth of this sales period, means we can expect growth to once again surpass anything we've seen before.

Planning ahead for 2020

With the growth we expect to see this year, planning ahead will help you prepare for not only the lift in volumes but also the ever-increasing expectations of customers.



Evaluate what went well last year and what could've gone better.



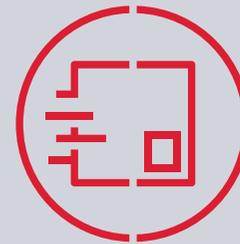
Prepare plans and forecasts to share with partners and suppliers.



Keep an eye on changing market conditions and adapt as needed.



Look at your choice of delivery options.



Make speed a point of difference.



Lock in the required technology.

Insights to help take your business further

The 2020 Inside Australian Online Shopping report will be released soon. The report will explore the changing eCommerce landscape in Australia.

Contact your Australia Post Account Manager for data-led insights to help grow your business, or email us at einsights@auspost.com.au

To access past reports, go to auspost.com.au/einsights



About this report

This report has been prepared using 2018 and 2019 deliveries 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. Year on year growth numbers are based on actual or extrapolated transaction volumes.

References to Black Friday and Cyber Monday week are based on data recorded on Black Friday through to the following Friday compared to the equivalent period the year prior.

References to Boxing Day is based on data recorded from 24/12/19 to 7/1/20 compared to the equivalent period in 2018.

References to EOFY is based on data recorded for the month of June compared to the equivalent period in 2018.

References to other sales events are based on data recorded on the event days plus five working days after.

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

