



AUSTRALIA



GLOBAL RESEARCH REPORT

Australia: Market Guide to Cross-Border Best Practices

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Overview of this Report

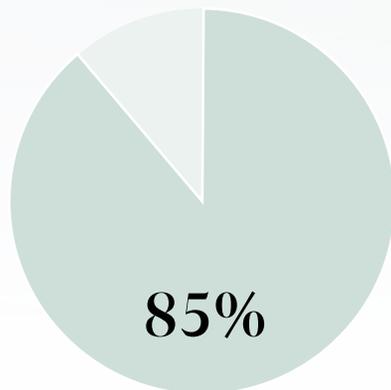
The state of e-commerce is rapidly evolving and it has become increasingly challenging for retailers to keep pace with all the changes in cross-border shopping behaviors and expectations. To that end, Flow commissioned a multi-market research report to uncover patterns in online shopping behaviors for both cross-border and non-cross-border shoppers across the top 8 markets: Australia, Canada, China, France, Germany, Japan, UK and US.

This report examines shopping expectations and behaviors of online consumers in Australia. The data gathered examines a number of factors across the customer journey, uncovering insights for online retailers looking to create better localized experiences for Australian shoppers. Additionally, our analysis helps guide brands to discover further opportunities in the Australian market by analyzing trends that have emerged as a result of the pandemic. This data is also compared to the information compiled in our pre-pandemic survey, conducted in 2019.

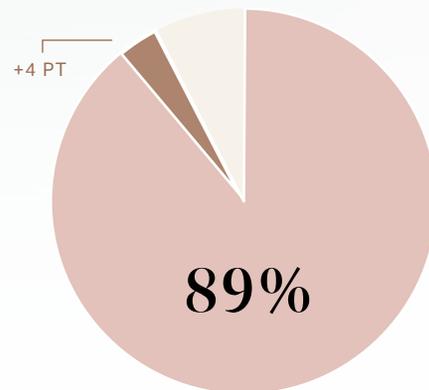
The information here provides an overview of some of the primary data points gathered in our research study. To learn more about consumer preferences in the Australian market and to access more information from the study, please contact us today at hello@flow.io.

Cross-Border Shopping Habits

Cross-border shopping remains very popular among Australian shoppers. In fact, the overwhelming majority of Australian shoppers (89%) responded saying that they have made a purchase from a retailer outside their home country. This was a directional increase from the results in the 2019 survey (+4pt). Compared to the other markets included in our survey, Australia ranked number 1 in terms of cross-border shopping.



2019



2021

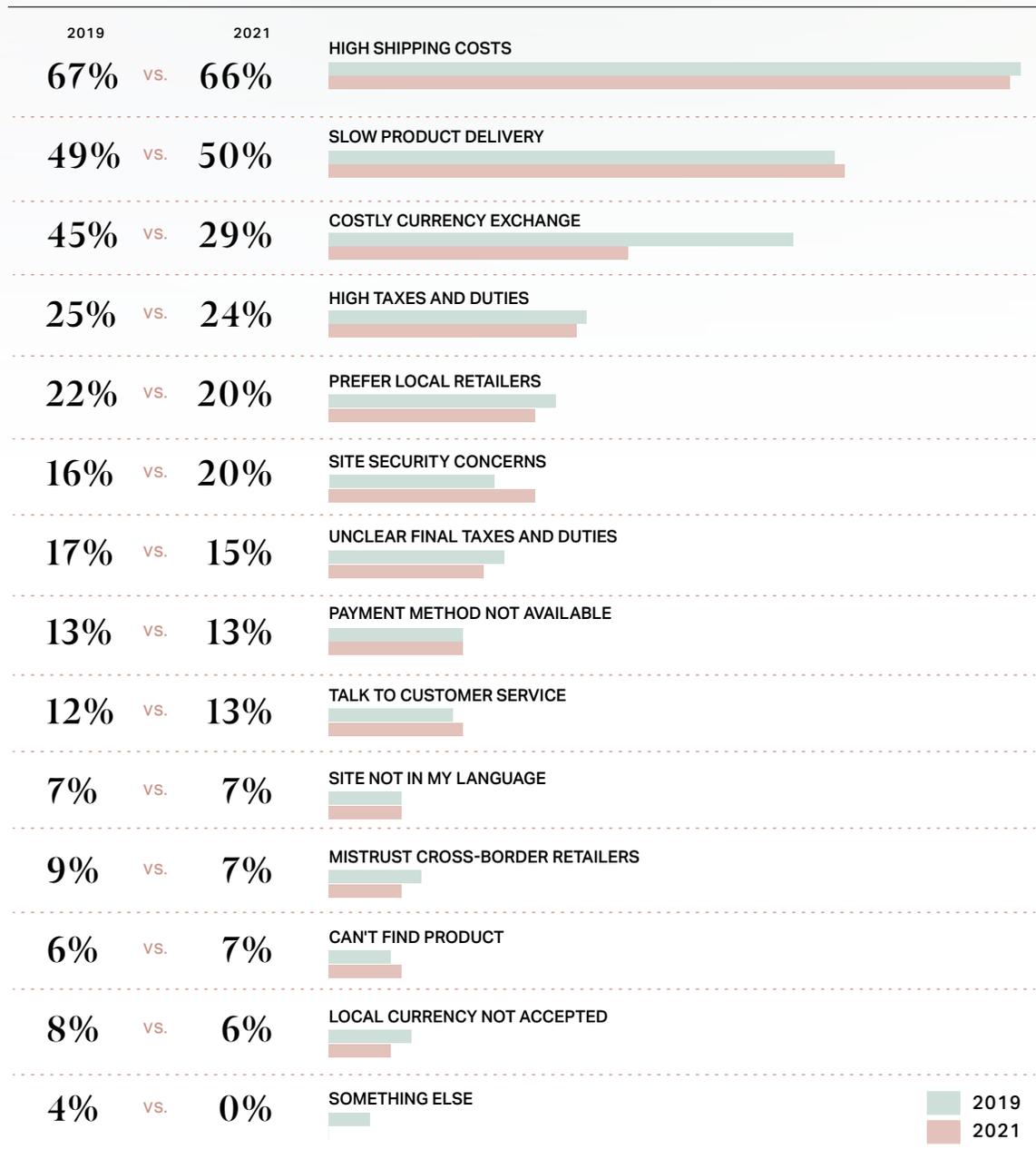
Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

89%

of Australian shoppers have made a cross-border purchase, up from 85% in 2019

Barriers to Cross-Border Shopping

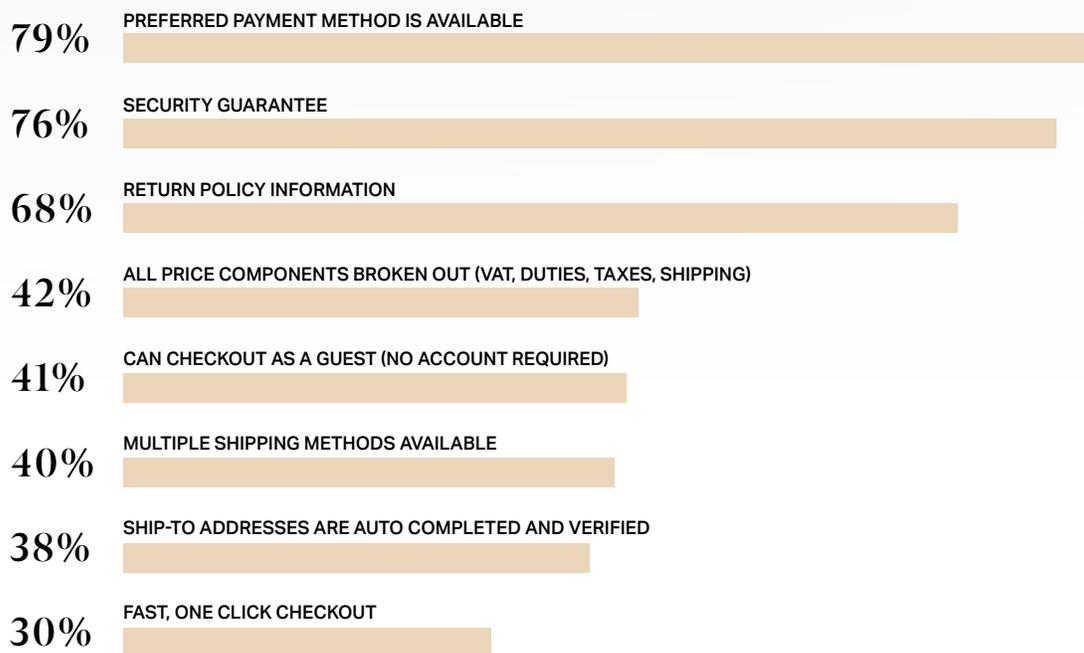
For Australian shoppers, high shipping costs, slow product delivery, and costly currency exchange remained barriers to cross-border shopping, similar to 2019. Interestingly, concerns regarding exchange rates showed a sharp drop compared to 2019 (45% to 29%) though still a top barrier to cross-border shopping.



Source: FLOW E-Commerce Survey, 2019 (N=329), 2021 (N=204), Australian Apparel Shoppers A18-54 who shop cross-border

Factors Influencing Online Shopping

The survey asked Australian shoppers to rate the importance of various factors when purchasing online, from return policy to shipping methods and one-click checkout. Overall, availability of preferred payment methods, site security, and return policy information ranked in the top 3 as “very important” factors when making a purchase online (79%, 76% and 68% respectively). Additionally, 2-in-5 Australian shoppers indicated the importance of all price components to be broken out (e.g., VAT, duties, taxes, shipping).



Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54, % shows “Very Important”

Shopping Cart Abandonment Patterns

When prompted about shopping cart abandonment, 88% of Australian shoppers mentioned they did so at a similar rate compared to 2019 (86%). Primary reasons for abandoning shopping carts ranged from not being ready to buy (58%) to high shipping costs (45%), lack of free shipping (38%), expensive prices (27%), and slow delivery (21%).

In terms of trends, fewer Australian shoppers mentioned shipping costs communicated too late during checkout and not wanting to register compared with 2019 (-15pt and -11pt). Concerns regarding high shipping costs also showed a decline (-9pt) from 2019, however still remain a significant barrier to purchasing online.

45%

of shoppers abandoned shopping carts due to high shipping costs

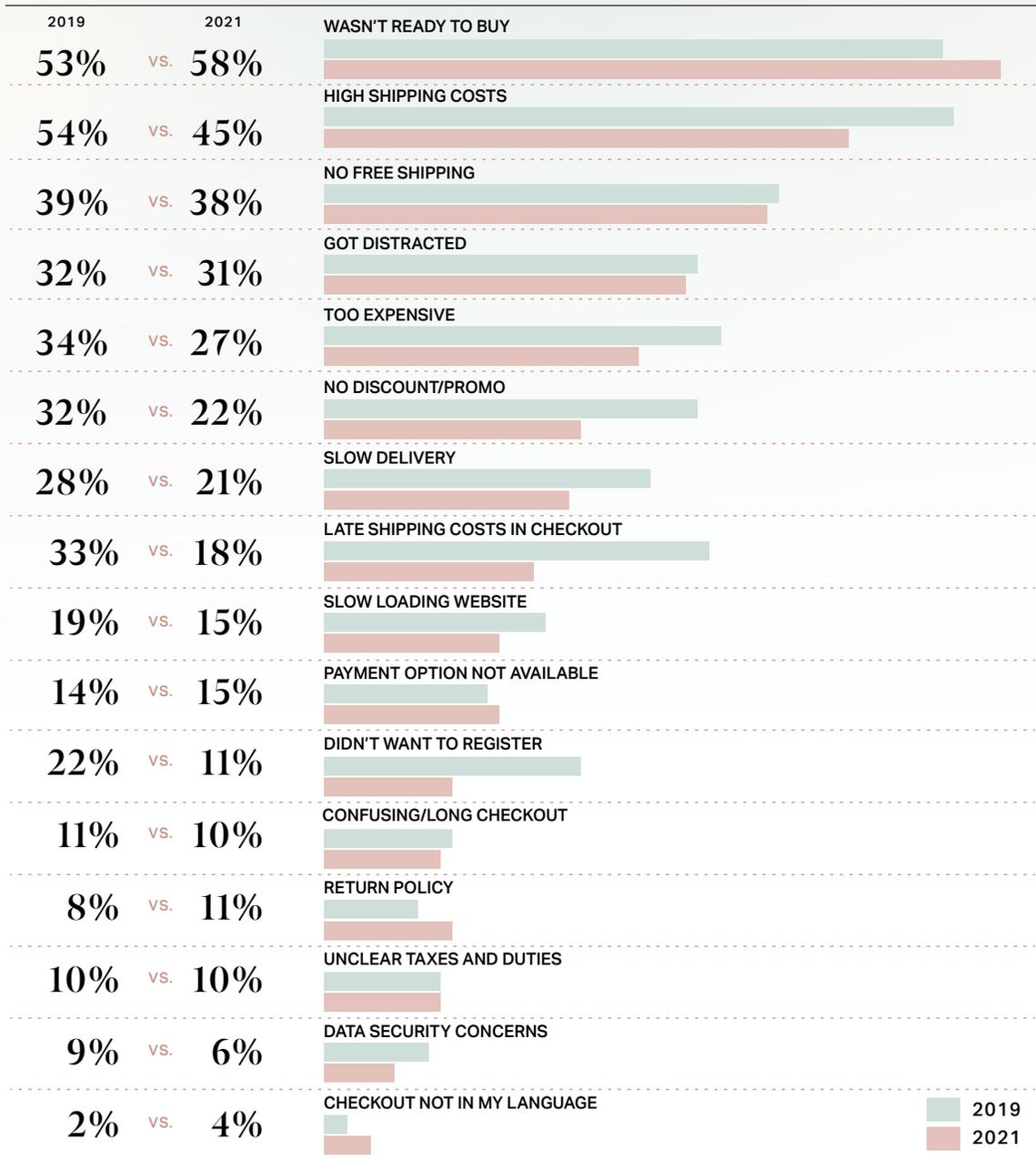


38%

of consumers cited lack of free shipping as a leading factor for cart abandonment

21%

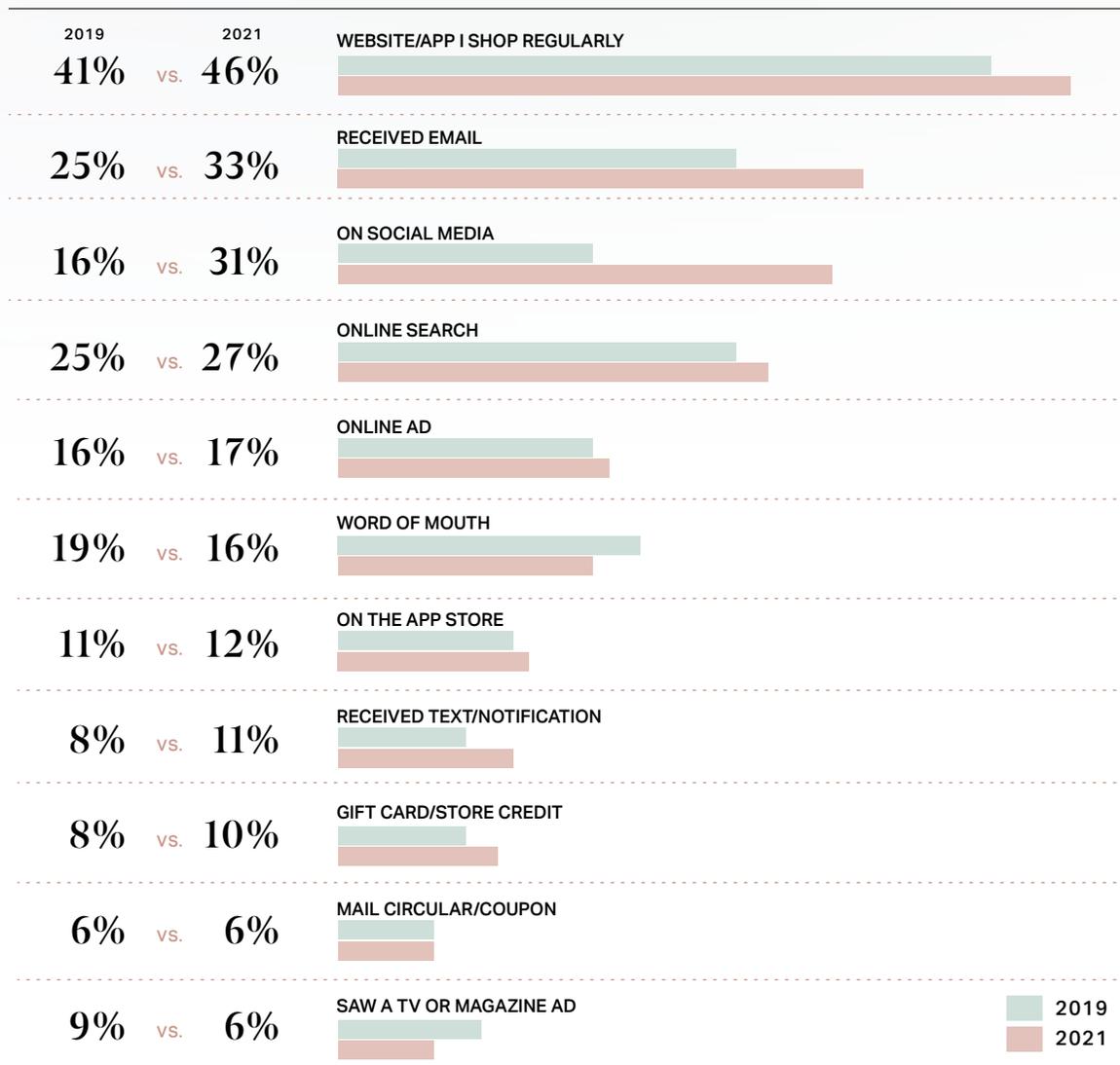
of buyers noted that slow delivery is a primary factor leading to cart abandonment



Source: FLOW E-Commerce Survey, 10/2019 (N=332), 5/2021 (N=201), Australian Apparel Shoppers A18-54 who abandoned their shopping cart

Marketing Channels

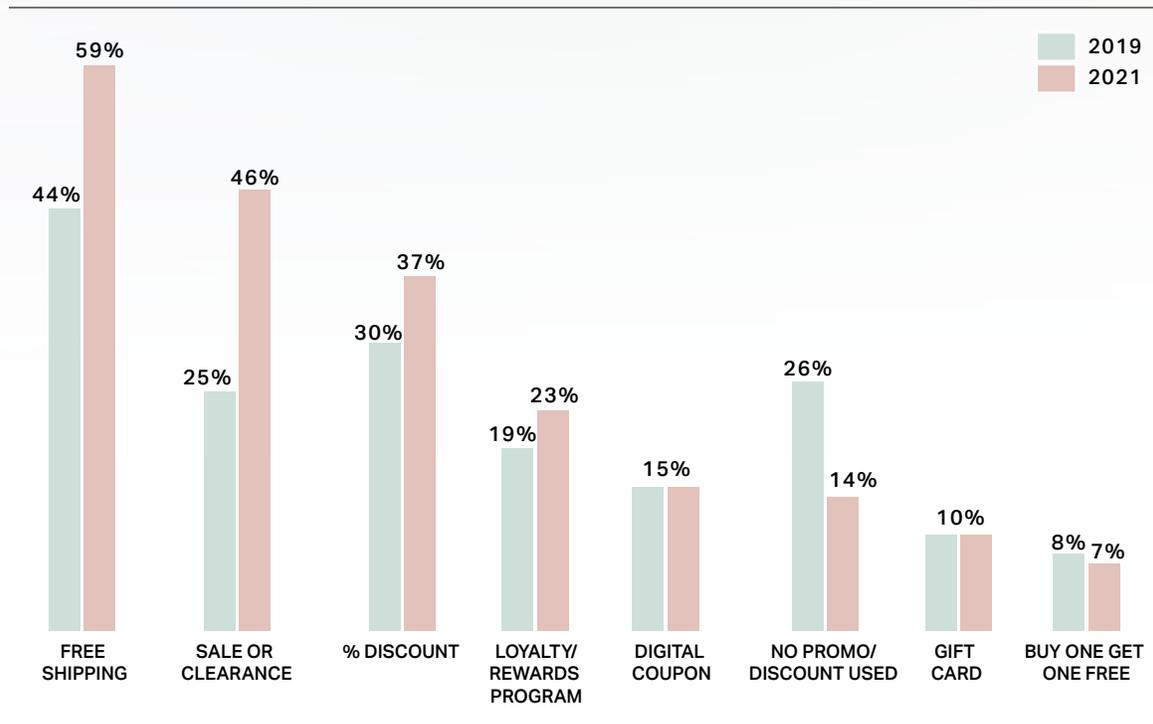
Email, Social Media and Search ranked as the top 3 channels driving e-commerce visits among Australian shoppers in 2021, with Social Media showing +15pt increase vs 2019, which correlates to the increased usage of social media during the pandemic and post pandemic. In terms of demographic skews, Social Media showed significant lifts across Women (+23pt) and A18-34 (+19pt) compared to 2019.



Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

Onsite Promotions

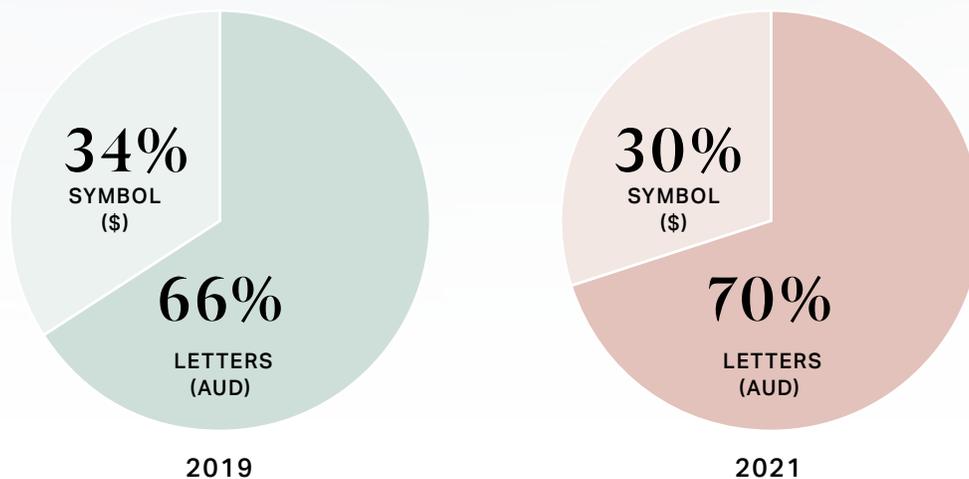
Looking at onsite promotions, free shipping, sales or clearance, and percent discount were popular among Australian shoppers (59%, 46% and 37% respectively). One-in-four Australian shoppers also reported taking advantage of Loyalty and Rewards, similar to 2019. On the flip side, only 14% of Australian shoppers reported not using any discount/promo while shopping online, a sharp decline of 12pt versus 2019.



Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

Local Currency Display and Price Rounding

We asked Australian shoppers about checkout preferences, including currency display. The overwhelming majority of Australian shoppers (70%) said they preferred their currency written out as letters (AUD) versus as symbol (\$). This preference was consistent with 2019 results (+4pt).



Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

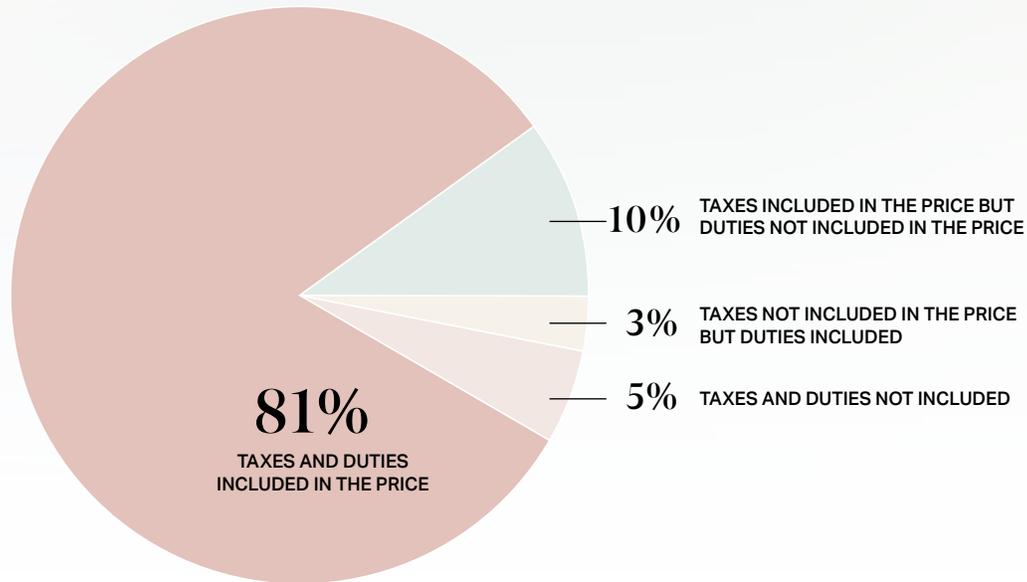
In terms of price rounding, the majority of Australian shoppers expressed certain preferences. Specifically, 21% preferred to see prices ending in 0.00 and 20% preferred to see whole numbers without any decimal. Over 2-in-5 also said they had no preference with respect to currency display (42%).



Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54

Duties and Taxes Display

Finally, in terms of taxes and duties, the overwhelming majority of Australian shoppers favored having both included in the final price (81%). This is consistent with the findings from 2019.

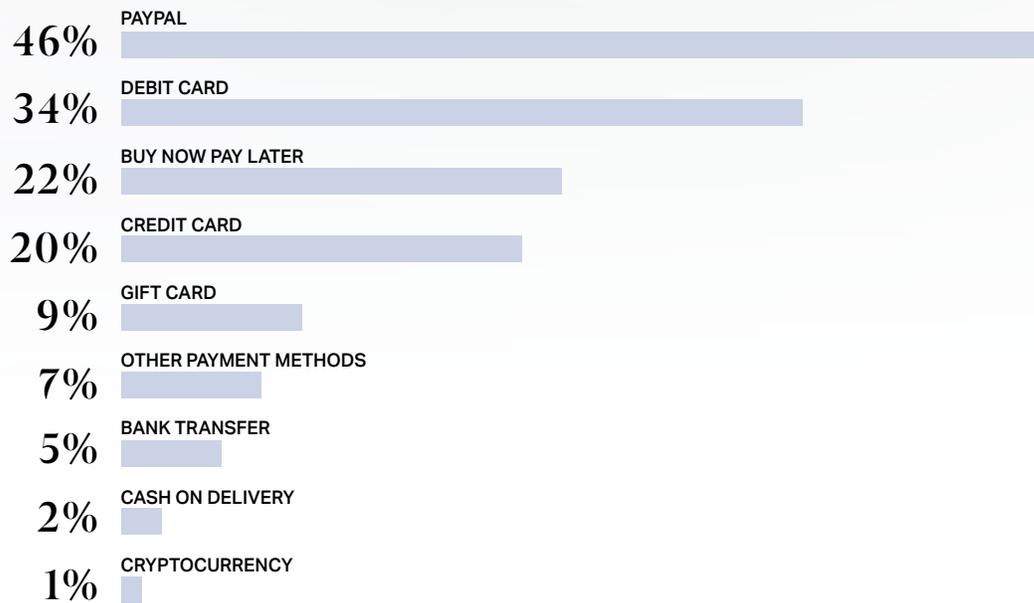


Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54

While it is important to note that Australian customers prefer to see taxes and duties included in the price, online retailers must also consider testing the different configurations that can be displayed to optimize the shopping experience at different points throughout the customer journey. For example, it might be better for the Australian shopper to see the price inclusive of all fees on the product page, but in the shopping cart or at checkout these customers might actually prefer to see these fees individually listed out. Through A/B testing, online retailers can discover how well shoppers respond to different displays of duties and taxes and adjust accordingly to boost conversion rates.

Preferred Payment Methods

Overall, the ranking of top 3 payment methods among Australian shoppers was similar to 2019 results. Almost half said they used PayPal (46%) with another one-third mentioning debit cards (34%). Roughly 1-in-5 shoppers said they preferred Buy Now Pay Later and credit cards. Fewer than 10% stated using gift cards, bank transfer, cash on delivery and Cryptocurrencies.

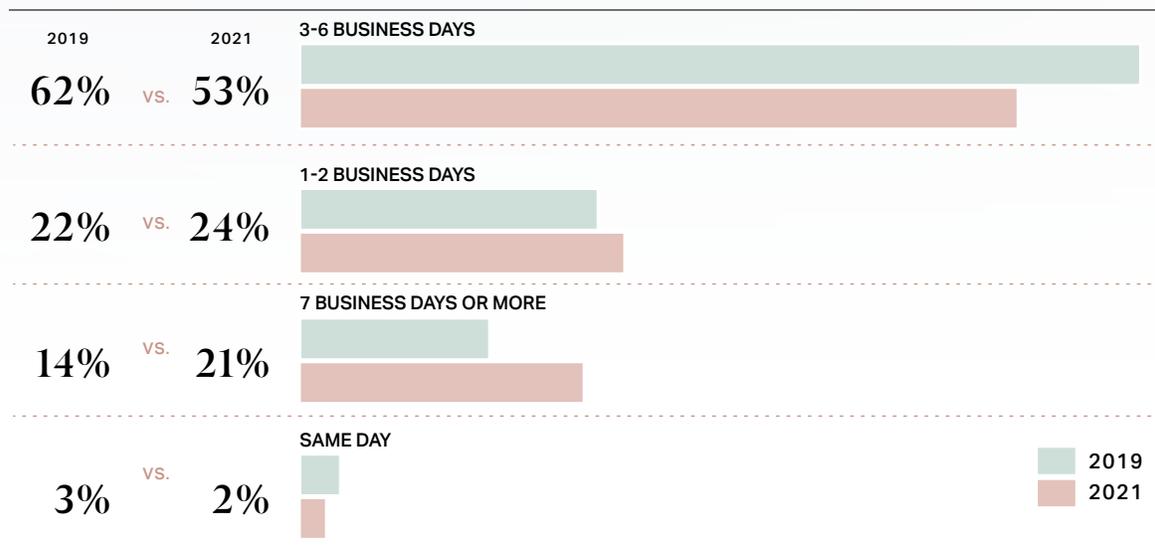


Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54

Preference for payment methods differed significantly across gender, by age and household income. Debit cards and Buy Now Pay Later were favored by women more than men, and shoppers ages 18-34.

Shipping Expectations

When asked about shipping windows for free shipping, over half of Australian shoppers (53%) said they expected their items to arrive within 3-6 business days of purchase. However, this expectation showed a significant decline since 2019 (-9pt). While the expectation for 1-2 business day shipping remained the same, the expectations for 7 business days or more increased by 7pt. This could suggest a slightly greater tolerance for longer free shipping delivery windows due to the disruptions in logistics networks that occurred during the pandemic.



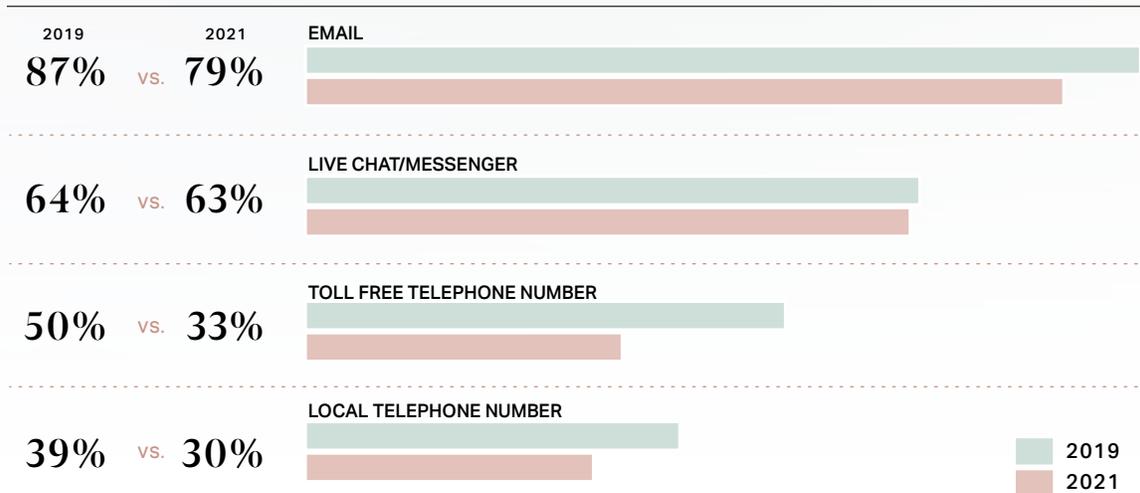
Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

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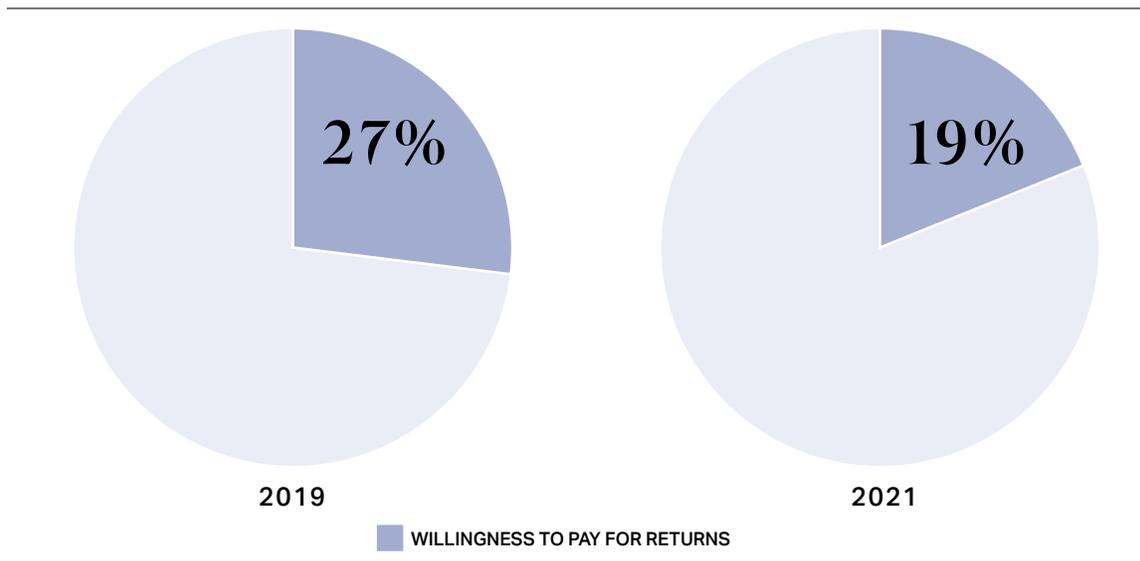
Customer Service Expectations

In terms of customer service, email and live chat still prevail as the most preferred methods of customer service among Australian shoppers (79% and 63%). One-third of Australian shoppers still expect to see the option to contact customer service via toll free or local telephone number. It is worth noting that expectations regarding toll free and local telephone have declined significantly versus 2019 (-17pt and -9pt).



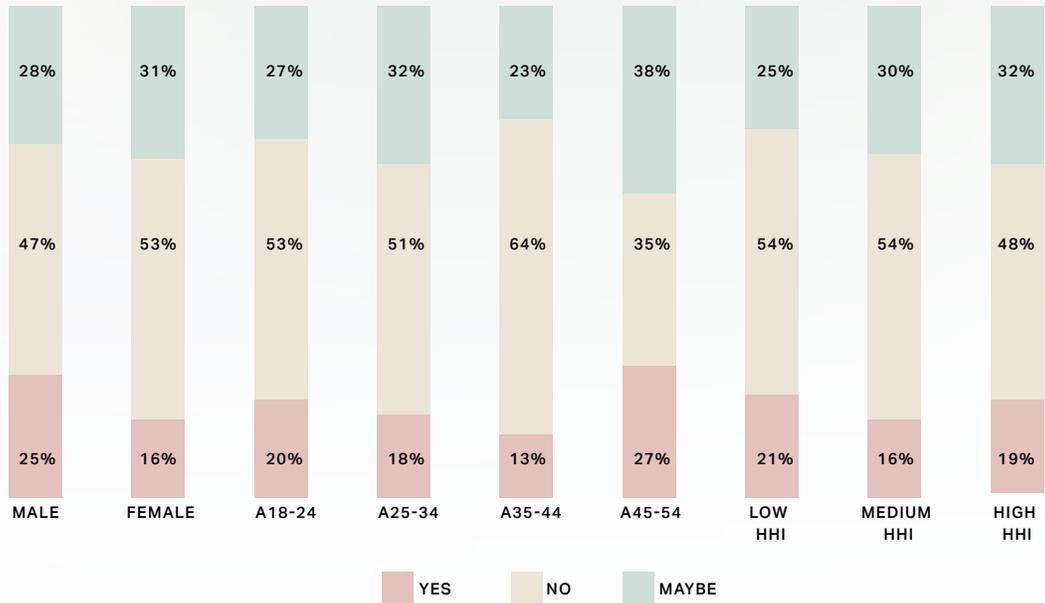
Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

Similar to trends seen in 2019, one-in-five Australian shoppers said they were willing to pay for returns (19%). This is significantly lower than the results seen in 2019 (-8pt).



Source: FLOW E-Commerce Survey, 10/2019 (N=385), 5/2021 (N=229), Australian Apparel Shoppers A18-54

Looking across demographics, shoppers ages 45-54 and men were more likely than other segments to say they would be willing to pay for returns (27% and 25% respectively).



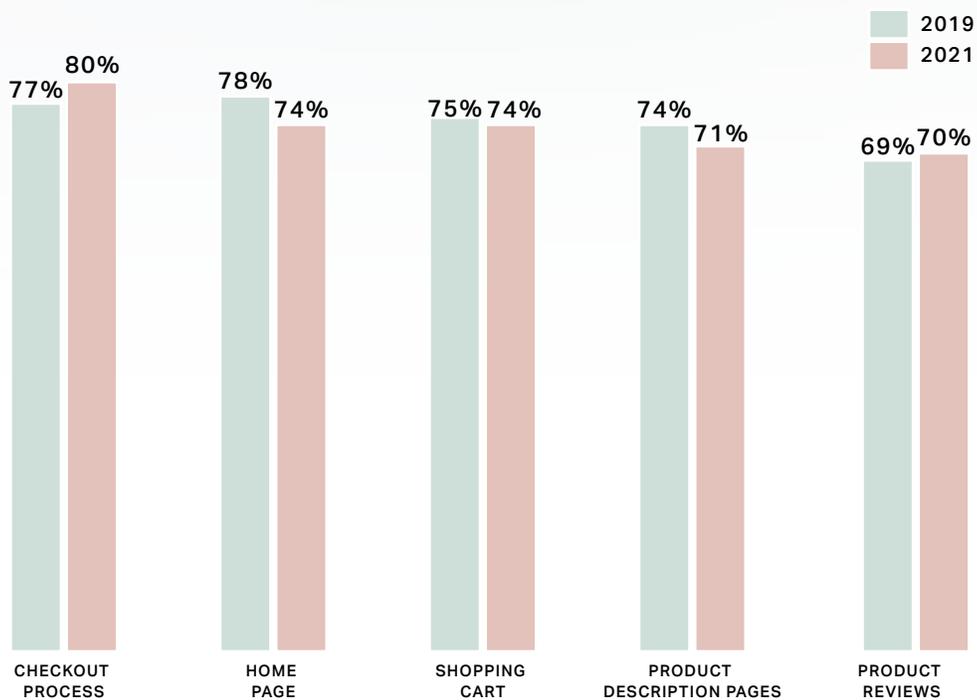
Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54



Localized Language

Australian shoppers also showed a high preference for localized language in all aspects of a retailer's website. In fact, over 3 out of 4 Australian shoppers (77%) mentioned they would be unlikely to buy from a retailer website that is not in English.

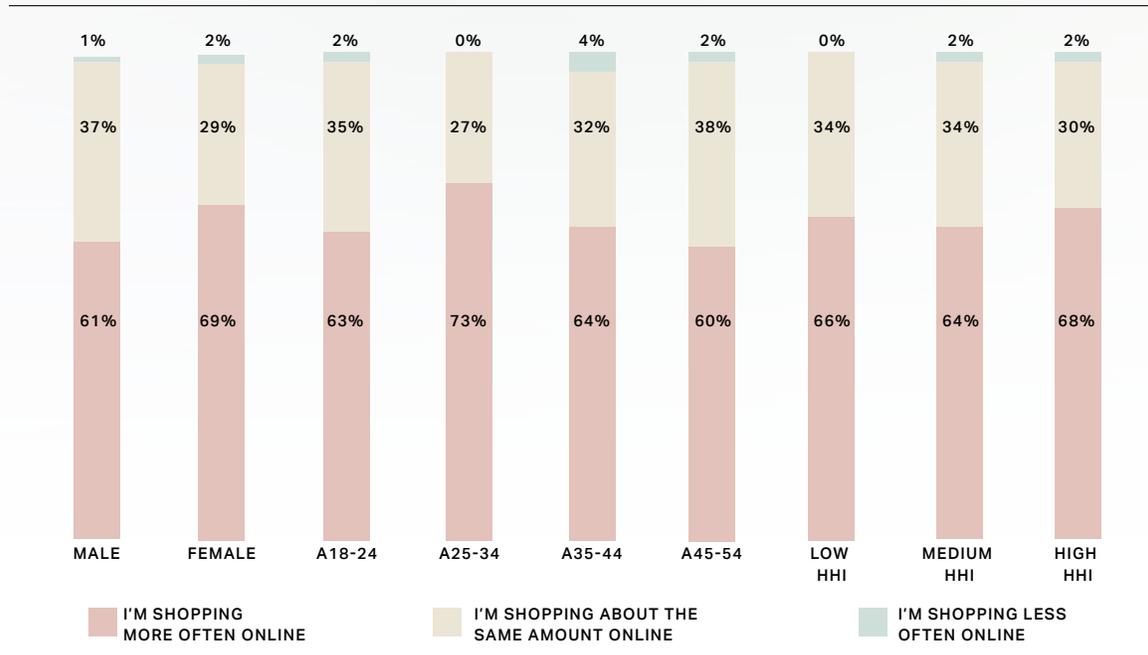
When prompted about specific areas of the website, Australian shoppers want to see all aspects of the website localized, especially checkout, homepage and shopping cart. These findings were consistent with the results in our 2019 survey.



Source: FLOW E-Commerce Survey, 2019 (N=385), 2021 (N=229), Australian Apparel Shoppers A18-54

Pandemic Impact and Future State

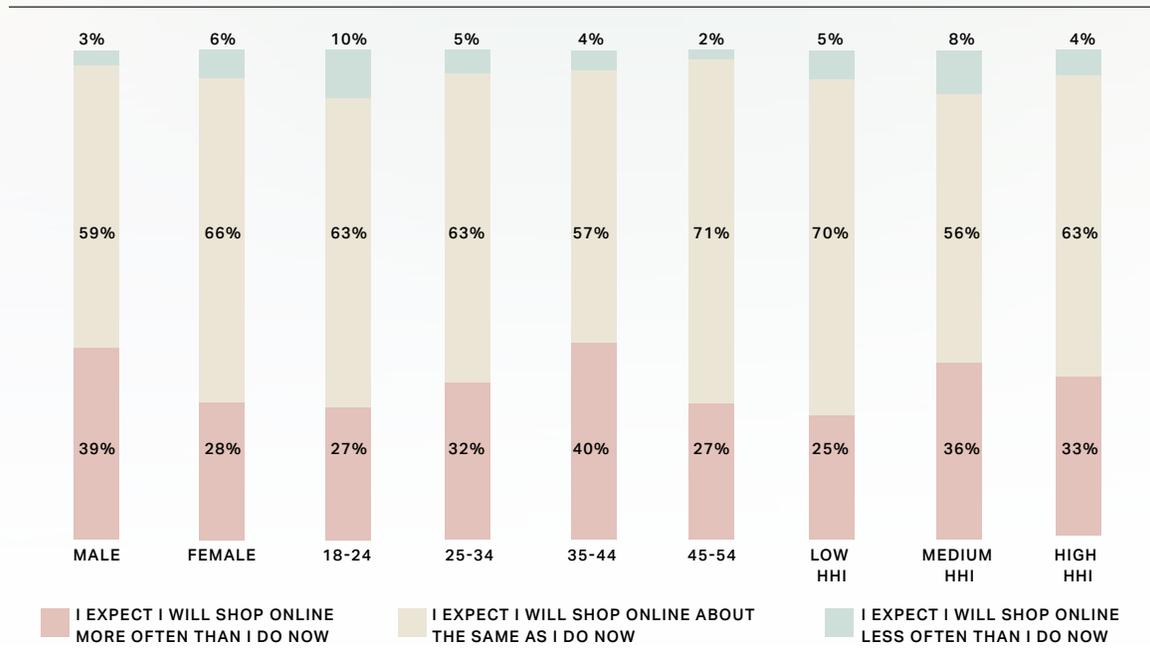
Lastly, we asked respondents how the pandemic impacted their shopping behavior online. Overall, two-thirds of Australian shoppers (66%) said they were shopping online more often as a result of the pandemic. This was consistent across all the demographics surveyed.



Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54

66% of Australian Shoppers said they were shopping online more often.

Looking ahead, we asked Australian shoppers how much they expected to shop online over the next year and most agreed they expected to shop about the same as they did now (61%). There were no statistically significant differences across demographic groups.



Source: FLOW E-Commerce Survey, 2021 (N=229), Australian Apparel Shoppers A18-54



What's Next?

The results of this study reveal important implications for cross-border retailers.

The Australian market has distinct shopper profiles and concerns that need to be addressed in a customized fashion through website localization.

This level of customization includes:

- **Understanding cross-border barriers, factors influencing online shopping and cart abandonment factors.**
- **Exploring marketing channels that drive the most traffic and preferred promotions.**
- **Tailoring the variables across the customer journey to match shoppers' expectations (duties and tax display, preferred local payments, shipping and customer service expectations, etc.).**

Flow empowers businesses to market, sell and ship to online consumers globally, enabling consumers anywhere to have easy local shopping experiences. For more information, visit www.flow.io.

Research Methodology

The international study included 28 questions related to consumer attitudes and behaviors toward e-commerce. Each market had a total of 385 respondents, which were defined as adults ages 18-54 who shopped for a variety of products online in the past year.* The sample was then filtered by apparel shoppers to be trended versus 2019 resulting in 229 respondents for Australia. All data was analyzed and reported at 95% confidence level. Survey questions covered 5 major areas:

- **Cross-border shopping behaviors (e.g., categories, barriers, expectations, etc.)**
- **General shopping behaviors (e.g., promotions used, retailer selection, etc.)**
- **Customer service and shipping (e.g., delivery windows, free shipping, etc.)**
- **Retail website user experience and checkout preferences (e.g., currency, payment, etc.)**
- **Pandemic impact (e.g., frequency of shopping, shipping window, etc.)**

**Product categories purchased include: apparel, shoes, jewelry, beauty, consumer electronics, sporting-outdoor equipment, toys-hobbies, home decoration and furnishings*



FLOW

SIMPLY GO GLOBAL

Flow's technology is the powerful solution preferred by growing brands to accelerate and optimize their global expansion and drive cross-border sales in over 200 countries worldwide. Merchants across the globe, such as MZ Wallace, Charles & Colvard, and Outerknown, trust Flow to drive increased cross-border revenue by localizing shopping experiences and optimizing conversions. Founded in 2015, Flow is based in Hoboken, NJ with a globally distributed workforce and additional offices in Dublin.

To learn more about how to boost conversions on your cross-border e-commerce website, contact us today at hello@flow.io and speak with a Flow expert.

For more information, visit www.flow.io.

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