

Online economy continues to bloom

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Online shopping in Australia is enjoying a strong second wave of growth as more consumers build internet browsing, purchasing and financial transactions into their everyday lives.

A study of online retail in Australia from 2007-13, part of the World Internet Project (WIP) reveals a consistent pattern of large increases in the number of online purchases made by Australian consumers, reaching an average expenditure of \$2616 a year.

"After an apparent plateau between 2009 and 2011, our latest survey confirms that online shopping by Australian consumers grew strongly again between 2011 and 2013," says Dr Scott Ewing of the ARC Centre of Excellence for Creative Industries and Innovation and Swinburne University of Technology.

The mean value of monthly online purchases by Australians grew by 5.8% to \$218 from 2011-13, while the actual number of internet purchases grew by 46.2%. Men are still the internet shopping kings, buying \$229 in online goods a month, compared to women's purchases of \$204.

"The good news for Australian businesses is that local retailers are maintaining their share of this growth, as Australian consumers maintain their strong preference for shopping with domestically-based websites," Dr Ewing says.

"Three out of ten Australians now shop online every week, or more

often, compared with two in ten New Zealanders and one in ten Swiss.

"There has also been a continued major upsurge in the number of Aussies using the internet for financial transactions. For example people making travel bookings online grew from 49% in 2007 to 73% in 2013, those paying bills grew from 43% to 72% and those purchasing event tickets from 36% to 65%."

The latest survey also reveals renewed growth in Australians buying digital content – movies, books, music, games etc – online rather than in-store.

The WIP is conducted in 30 countries round the world to compare internet use and behaviour. In Australia it consists of an annual survey of 1000 people aged 18 or older and has been running since 2007.

"In 2007 we found 73% of Australians were using the internet. This grew to 81% in 2009, to 87% in 2011 and in 2013 it reached 91%. So internet shopping in this country is growing for two reasons – first because more people are using the internet, and second because more internet users are purchasing online. It is important to bear these two factors in mind when considering the growth in online activity."

To gauge how the internet has affected businesses, in 2007 around 40 per cent of Australians never looked for product information online – but by 2013, this had dropped to 16 per cent: "Basically, five Australians in every six are now seeking information about intended purchases online before they buy, and this underlines the importance of having an internet sales presence."

At the same time more than a quarter of the population is buying something online at least once a week, he adds. And 69% look up items online before buying at the store. Buying online is still strongly driven by

price, consumers say – but they continue to find it hard to assess product quality online.

The proportion of internet users who shop online in Australia is very similar to comparable countries. Australia, New Zealand, Sweden and the UK have almost identical rates of online shopping at 85%, 86%, 85% and 87% respectively. This compares with 76% of Americans and 68% of Swiss.

Travel is an area where the internet plays a big role with 74 per cent of Australians making an online booking at least once a month, while 79% now pay their bills online. However one area of online activity that continues to languish is buying stocks and shares – only 8 per cent of people use the internet regularly.

While 87% of Aussies use the internet to compare prices, fewer than 13% use it to sell things regularly. Also 79% expressed a strong preference for buying goods from an Australian website.

And resistance to buying digital content online is decreasing, with consumers indicating they are more prepared to buy music or newspapers online: a slim majority are now prepared to download music but 61 per cent are still opposed to online newspapers.

More information: Please find the full report at:
www.cci.edu.au/sites/default/files/retailreport2014.pdf

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