

# **PAYPAL mCOMMERCE INDEX TRENDS REPORT**

**16 MAY 2017**

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# INTRODUCTION

Welcome to the PayPal mCommerce Index: Trends Report. This edition explores two critical elements of the digital shopping experience – the relevance and importance of **security** and **shipping** on consumers' attitudes to mobile commerce (mCommerce).

The pace of change in mCommerce continues at high speed and Australia's love affair with smartphones hasn't waned. In fact, as this Trends Report reveals, 64% of Australian smartphone users don't go anywhere without their mobile devices.

That we can now leave home with nothing but our smartphones and hail a ride, pay for coffee, withdraw cash, shop for everything from groceries to golf clubs while managing our mortgages and bill payments, is testament to the evolution of Australian smartphone usage.

The extraordinary volume and variety of mobile transactions means the majority of an Australian's personal and financial information can be found on their mobile, making mobile security essential. However, the PayPal mCommerce Index: Trends Report reveals that as many as 40% of Australians have experienced a mobile security threat, making our relaxed attitude to security deeply concerning.

Providing secure transactions is fundamental for successful mCommerce, but is only one aspect of meeting consumers' service expectations. The speed, cost and quality of shipping is core to the mCommerce shopping experience and international online retailers have set a high bar. Australian consumers have already adapted and raised their expectations, flagging that high shipping costs and slow delivery are major deterrents when shopping online. Australian businesses must constantly evolve to keep up.

Alarming, 54% of Australian retailers surveyed have no intention of offering next-day delivery, despite overwhelming consumer demand with two-thirds of online shoppers stating they'd definitely buy an item with next-day delivery. While this paints a challenging picture for some Australian businesses, it also presents opportunities for those willing to embrace mCommerce, and deliver consumers what they want, when they want it.



**LIBBY ROY**

**Managing Director,  
PayPal Australia**



**SECURITY:  
WHY ARE WE STILL  
TALKING ABOUT IT?**



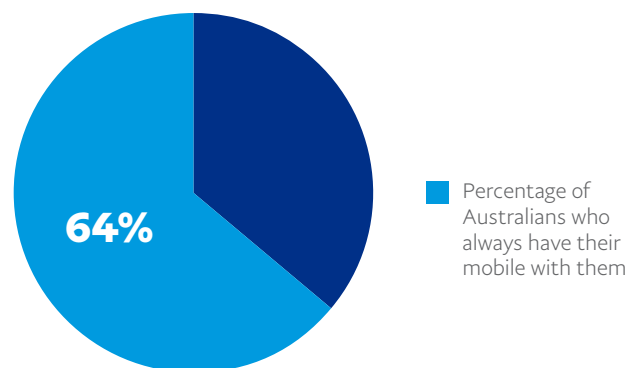
*babe*

# MOBILE SECURITY IN AUSTRALIA: STATE OF PLAY

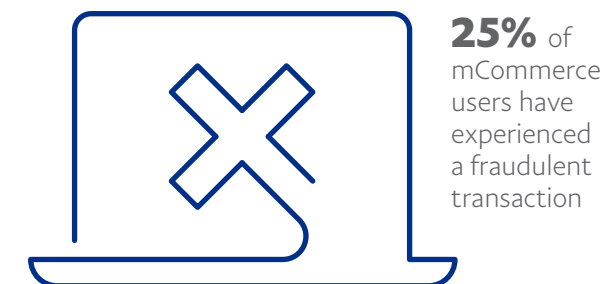
Nearly two-thirds (64%) of Australian smartphone users do not go anywhere without their mobile device.

Half of those surveyed (49%) are concerned about mobile security, and with good reason. Close to a quarter (22%) have experienced a fraudulent transaction, and another quarter (25%) have experienced the loss or theft of a mobile device. Given that 40% of respondents have experienced a mobile security threat, whether that be physical or online, mobile security is critical to the ongoing growth and development of mCommerce.

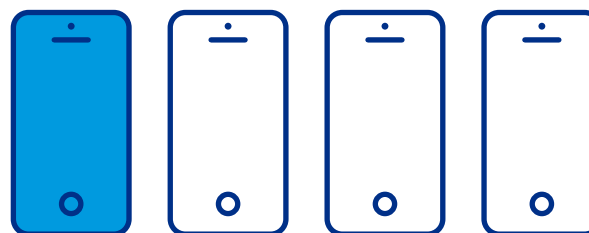
## MOBILE DEPENDENCE



## NUMBER OF FRAUDULENT TRANSACTIONS



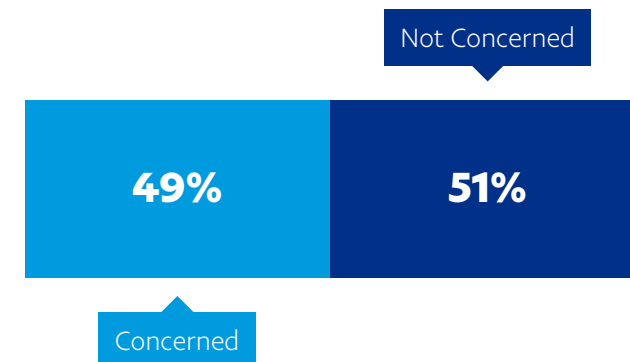
## LOSS OR THEFT OF A MOBILE DEVICE



**1 in 4** Australian smartphone users have experienced the loss or theft of a mobile device

## SMARTPHONE SECURITY

Users concerned about shopping via mobile



# SECURITY: CONCERN V ACTION

Australian consumers may say they are concerned about mobile security, but relatively few are acting on these concerns. While 67% of mCommerce users are sure they could do more to protect their financial details, a third (32%) are not sure what security features are on their mobile devices and another third (34%) are not sure how to protect themselves when shopping on a mobile.

In terms of security measures taken, *one in four (23%) mCommerce users say that they do the minimum to protect their financial details on their mobile device.* Only 37% have enabled all their mobile security features, and *up to 24% have used a pet's name or their birthday as a password.* This demonstrates a clear gap between consumer concern about mobile security and the actions they are taking to protect themselves.

## SECURITY CONCERNS

Attitudinal concerns around mobile security within mCommerce users



## SECURITY ACTIONS

Behavioural actions around mobile security within mCommerce users



# GENERATION DEEP-DIVE: MILLENNIALS

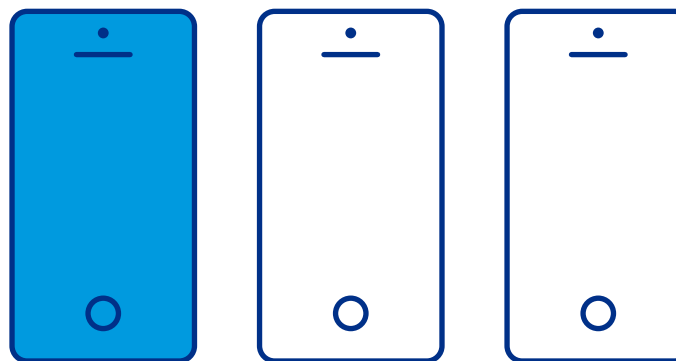
Millennial smartphone users are, unsurprisingly, the most attached to their mobiles (73% won't go anywhere without them compared to 64% of the general population). Despite millennials having the highest rate of lost and stolen devices (33% compared to 23% of 35-49 year-olds and 17% of over-50s), they are also most likely to do only the minimum to protect their financial details (28%).

Of all the generations, millennials are the most relaxed about mobile security with 23% saying they don't think about what happens to their financial details when mobile shopping. They are also the generation most likely to believe that they don't need to secure their mobile devices (6%).

Just as millennial shoppers are the most relaxed about security, they are also the least likely to take personal responsibility when it comes to their own financial details (7 points below average at 43%). Additionally, more than other generations, one in five millennials (19%) believe that financial institutions are most responsible for protecting their financial details when shopping on a mobile.

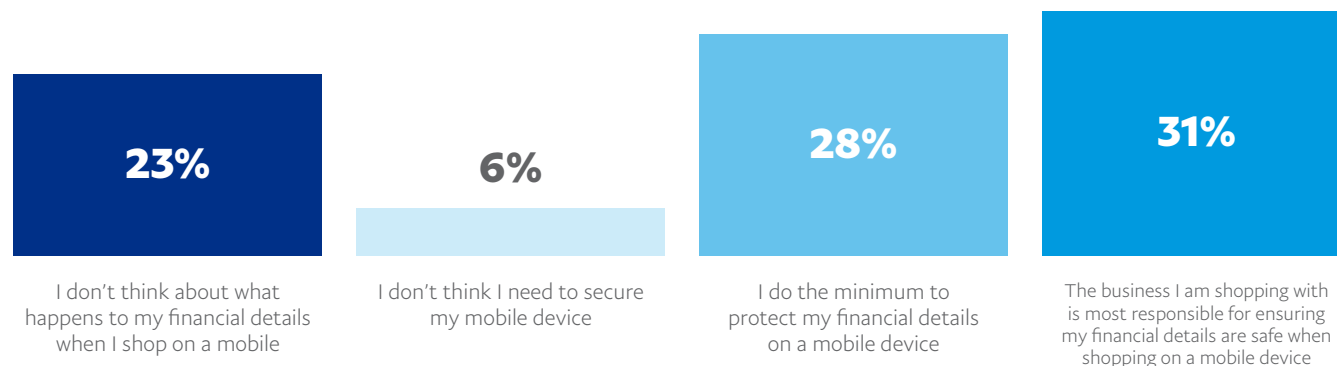
## LOSS OR THEFT OF A MOBILE DEVICE

Within millennial demographic (18-24)



**33%** of millennials have lost or had a mobile device stolen

## MILLENNIAL ATTITUDES TO SECURITY



# MOBILE SECURITY: WHO'S RESPONSIBLE?

When shopping on a mobile device, who is responsible for a consumer's financial details? **Three out of ten people (28%) believe it is the responsibility of the businesses they buy from.** This demonstrates how important it is for Australian businesses to invest in secure payment platforms underlying their mobile checkout experience.

For the under-50s (the group that engages most with mCommerce), the figure is slightly higher with a third (32%) stating that the businesses they buy from are the most responsible for protecting their financial details.

## RESPONSIBILITY FOR FINANCIAL DETAILS BY DEMOGRAPHICS

	Total	GENDER		AGE			INCOME			
		Male	Female	18-34	35-49	50+	Under \$30K	\$30K to \$60k	\$60K to \$100K	Over \$100K
Me, they are my financial details	50	46	55	43	51	60	53	50	46	54
The business I am shopping with, I am trusting my details to them	28	29	27	31	33	19	23	31	27	27
The financial institutions that manage my money are responsible for protecting it	16	19	12	19	11	15	16	15	21	14
The company that makes my mobile device, tech companies should ensure my device protects me	3	3	4	5	2	3	3	2	4	3
The government, mobile security is an issue I am concerned about	2	2	2	2	3	3	5	2	2	1



**SHIPPING:  
IS IT HOLDING  
BACK AUSTRALIAN  
BUSINESS?**



ONE SEED

# CONSUMER ATTITUDES TO SHIPPING: THE STATE OF PLAY

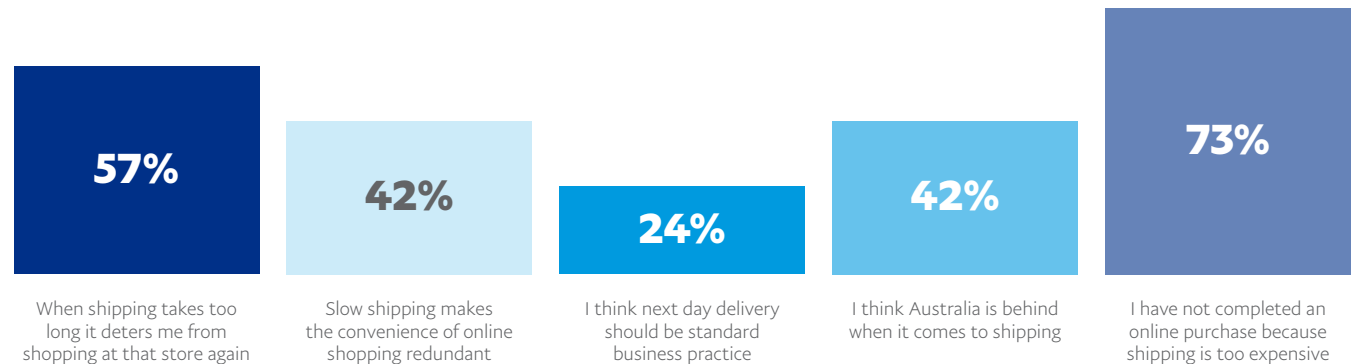
In a highly competitive and increasingly globalised industry, what's most concerning for Australian retailers is that almost half (42%) of respondents believe Australia is behind when it comes to shipping.

Close to three-quarters (73%) of respondents have not completed an online purchase because shipping costs were too expensive, and a further 57% are deterred from shopping at a store again if shipping takes too long.

Slow shipping is a major frustration for Australian consumers, with 42% of respondents stating that it makes the convenience of online shopping redundant – a further 24% believing that next-day delivery should be standard business practice.

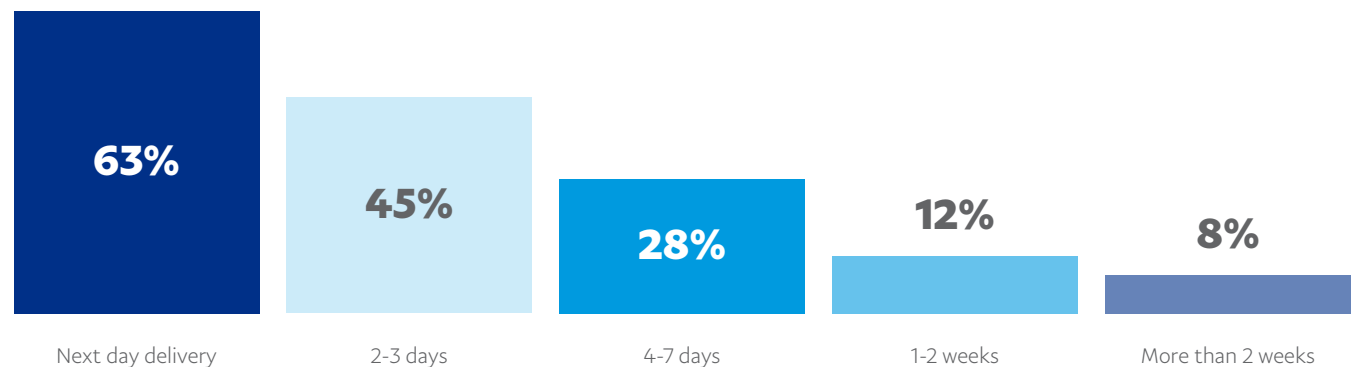
## CONSUMER ATTITUDES

### Smartphones users' attitudes to shipping



## HOW SHIPPING AFFECTS CONVERSION

### Likelihood of 'definite purchase' by shipping time



# NEXT-DAY DELIVERY: A BUSINESS IMPERATIVE

Two-thirds of online shoppers (63%) would definitely buy an item in their online shopping cart with next-day delivery, which drops sharply to 28% for 4-7-day delivery (page 10). Despite this consumer demand, 54% of businesses have no plans or don't intend to offer next-day delivery. Only 33% of Australian businesses currently offer next-day delivery, with a further 13% planning to offer next-day delivery within the next five years.

More than two-fifths of consumer respondents (42%) have not completed an online purchase because shipping times were too long. In contrast, next-day delivery is key to repeat customers with 47% of respondents stating they would return to a merchant that offered next-day delivery.

Additionally, 35% of respondents said they'd shop online more often if shipping times were accurate and a further 32% wish their favourite shopping experience offered next-day delivery.

## CONSUMER ATTITUDES

### Smartphone users' attitude to shipping

I would return to a merchant that offered next-day delivery

47%

If shipping times were accurate I would shop online more often

35%

I wish my favorite shopping experiences had next-day delivery

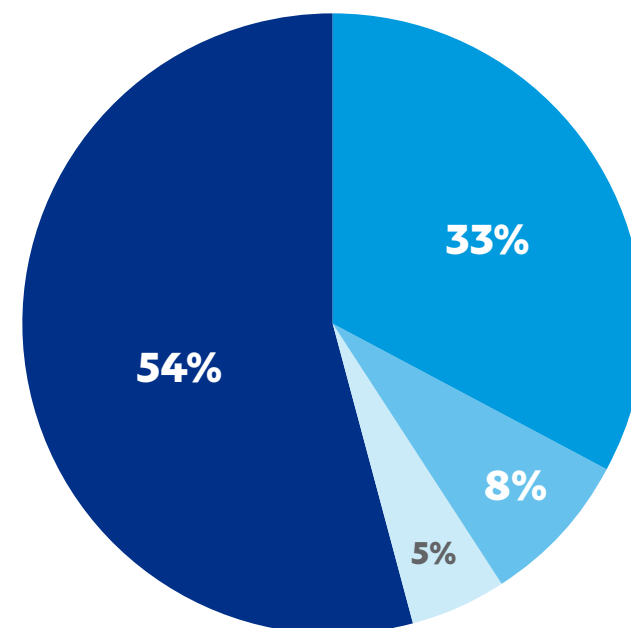
32%

I have not completed an online purchase because shipping times were too long

42%

## BUSINESS READINESS

### Australian business readiness to offer next-day delivery



- My business already offers next-day delivery
- I will offer next-day delivery within the next year
- I will offer next-day delivery within 3-5 years
- I have no plans to or don't intend to offer next-day delivery

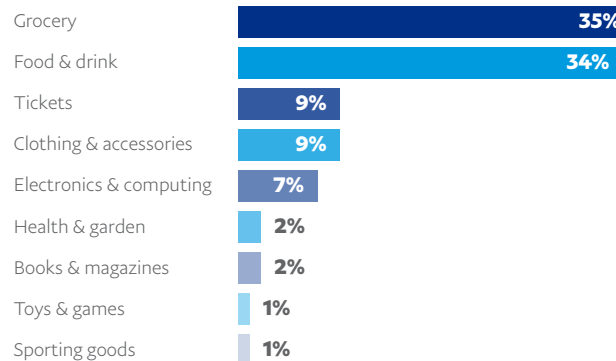
# SHIPPING EXPECTATIONS

Australian consumers know what they want - and they want it fast. Close to a third of those surveyed (32%) have paid more for faster delivery. However, there is a fine line between reasonable and excessive delivery costs, with the majority of Australians (73%) abandoning an online purchase because shipping was too expensive. Furthermore, 57% expect to be offered a free shipping option when they shop online.

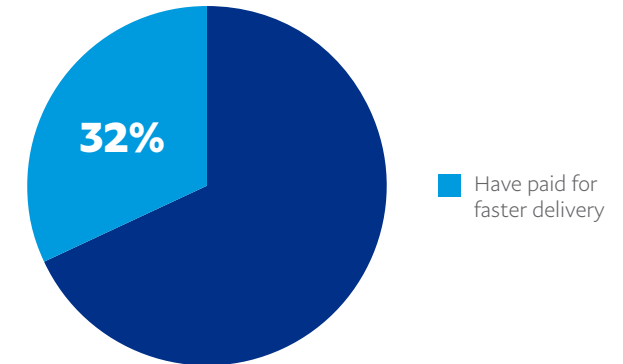
Nearly one-third of respondents unsurprisingly ranked groceries and food & drink as the two most important categories for next-day delivery (35% and 34% respectively). Tickets to music, movies & arts and clothing & accessories tied for third place, both prioritised by 9% of respondents. In comparison, there are some things we're prepared to wait for with sporting goods and toys & games ranked as least important for next-day delivery (1% respectively).

## PRODUCT CATEGORIES

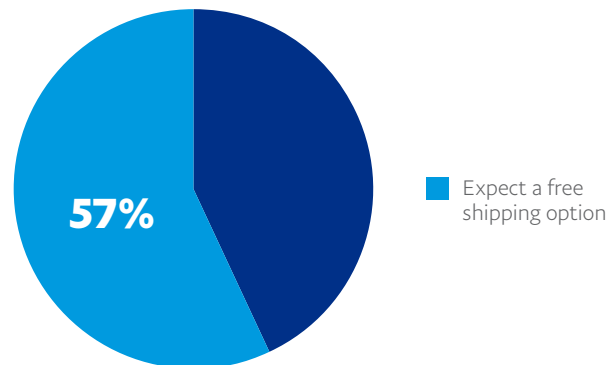
Most important for next-day delivery



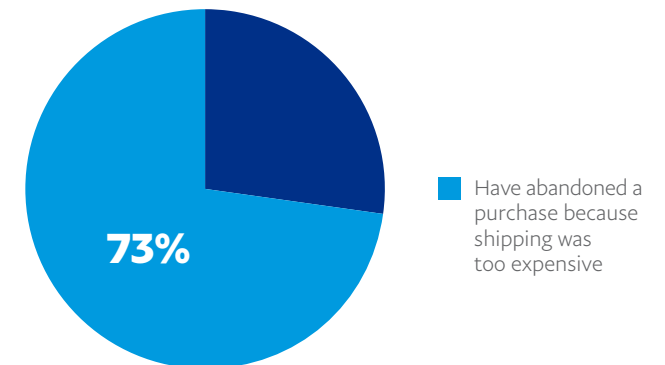
## PAYMENT FOR DELIVERY



## FREE SHIPPING



## CART ABANDONMENT



## RESEARCH OVERVIEW

The PayPal mCommerce Index: Trend Report was commissioned by PayPal Australia Pty Limited ABN 93 111 195 389 AFSL 304962 through Roy Morgan Research Ltd based on the survey responses of 1,005 consumers and 219 businesses. It contains general observations about trends in mobile commerce and does not take into account the objectives, situation or needs of any specific business or individual.

Roy Morgan Research conducted consumer research with Australian smartphone users. n=1,005 online surveys with Australians 18+ who own a smartphone.

In addition, Roy Morgan Research conducted business research consisting of sentiment tracking with B2C retailers and merchants who sold or took orders online. n=219 online surveys with businesses.

Numbers may not add to 100% due to rounding.

## SAMPLE SIZE AND WEIGHTING

Consumer survey n = 1005 (Indicative\* sampling variance of  $\pm 0.09$  for total sample at 95% confidence level)

Response rate of 74% (completes ÷ [completes + incompletes + not started]). Weighted by age x sex x region using latest population estimates of smartphone users from Roy Morgan Single Source. These represent 82% of the Australian population aged 18 years or over.

Business Survey n = 219 (Indicative\* sampling variance of  $\pm 0.62$  for total sample at 95% confidence level)

Response rate of 4.7% (completes ÷ [completes + incompletes + not started])

\*Sampling variance calculations assume a random population sample, which is not strictly true of online sampling approaches; therefore, please consider the quoted confidence intervals as indicative rather than precise.

## PRESS CONTACT

To contact the PayPal Australia media team, please email [paypal@edelman.com](mailto:paypal@edelman.com)

## METHODOLOGY

Online self-completion survey.

This research was carried out in compliance with ISO 20252 Market, Opinion & Social Research standards. Consumer sample sourced from the Roy Morgan Consumer Panel and points-based incentive awarded for completing the survey. Business sample sourced from Roy Morgan Business Panel and points-based incentive awarded for completing the survey.

## TIMING

Field dates: Monday 27th February 2017 until Tuesday 7th March 2017.

## ABOUT PAYPAL

Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (Nasdaq: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal's 203 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when sending payments, paying or getting paid. Available in more than 200 markets around the world, the PayPal platform, including Braintree, Venmo and Xoom, enables consumers and merchants to receive money in more than 100 currencies, withdraw funds in 56 currencies and hold balances in their PayPal accounts in 25 currencies.

For more information on PayPal, visit <https://www.paypal.com/about>  
For PayPal financial information, visit <https://investor.paypal-corp.com>

## BUSINESS CONTACT

To find out how to optimise your mobile or social payments contact PayPal Australia on **1800 729 725** or visit [paypal.com.au/business](https://paypal.com.au/business)