



PayPal 2020 eCommerce Index

Australia | November 2020

PayPal 2020 eCommerce Index Overview



Research Objective

To understand current trends within the Australian eCommerce landscape



Audience

1,022 Australians aged 18+ who own or use a smartphone & 551 business decision makers within Australia



Objectives



Consumers

Explore the impact of COVID-19 on consumer behaviour

Quantify the use of smartphones in online shopping within different cohorts and how it has changed

Identify consumer experiences and attitudes towards mobile online shopping

Understand the role discount shopping has to play in a post COVID-19 world



Businesses

Explore the impact of COVID-19 on Australian businesses

Explore the level of mobile offering / optimisation

Understand the drivers and barriers of a cashless economy

Identify the uptake and growth areas for businesses offering social commerce

Summary

1

COVID-19 Impact on Spending & eCommerce

37% Australian consumers have experienced a decrease in household income (avg. decrease for this cohort is 25%)

Over half of Australians (54%) say they have cut their spending by an average of 11%

15% of Australians¹ (approx. 2.5 million) started shopping online for the first time during COVID-19

Nearly 2-in-5 five (38%) say they will continue a higher level of eCommerce post-COVID-19

Over a third (37%) will make fewer trips to the shops. 26% will make more click & collect purchases post-COVID-19

2

Mobile & Social Commerce

55% consumers use mobile devices for payments, a drop of 18% YoY (73% in 2019) likely due to impacts of COVID-19

\$272/month is the average Australian consumer spend via mobile vs \$270/month in 2019

A quarter of consumers (24%) now purchase via social channels

\$25/month is the average Australian consumer spend via social platforms. A 5-fold increase YoY (\$5/month in 2019)

49% consumers shop via mobile at least weekly
8% consumers shop via social at least weekly

3

Discount Shopping & Coupons

54% consumers constantly look for online sales or discount codes. More than a quarter (28%) expect more sales & discounts post COVID-19

59% consumers have used online discount or promo codes – a figure that jumps to 73% for Gen Y

44% consumers made a purchase in the last 3 months then realized they could have gotten a better deal

27% consumers have lost interest in a purchase after searching multiple sites for the best deal

23% consumers have made an impulse buy and 1-in-7 (14%) bought an unfamiliar brand due to a discount or promo code.

COVID-19

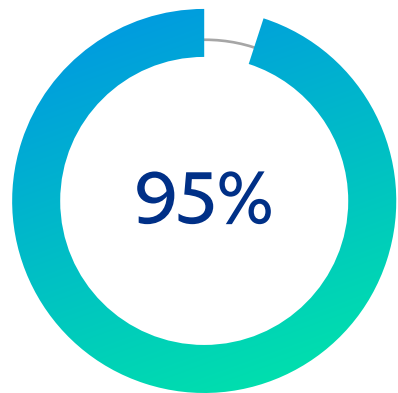
Impact on Consumer Spending & eCommerce Adoption

Consumer Mindset

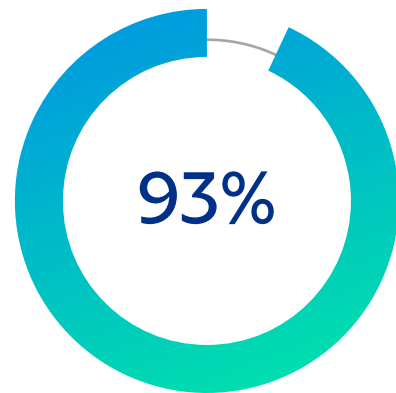
Households across Australia are concerned about the broader impact of the pandemic on the economy, cashflow and jobs

How concerned are consumers about...

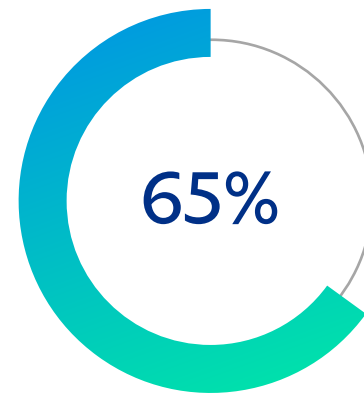
(% Somewhat or Extremely Concerned)



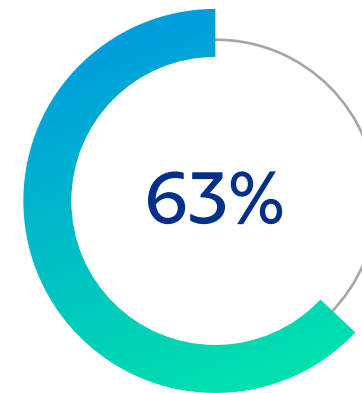
State of the global economy



State of the local economy



Current household cashflow



Future job security

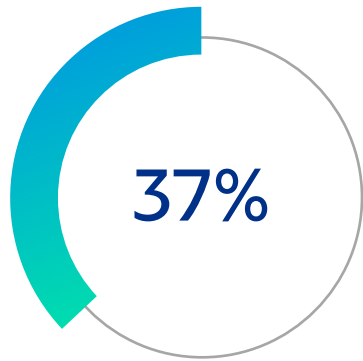
2020 has been an unpredictable and disorienting year for all and a tough year for many.

Two-in-three Australians (65%) are concerned about their current household cashflow and a similar number of Australians of working age (63%) are concerned about their future job security.

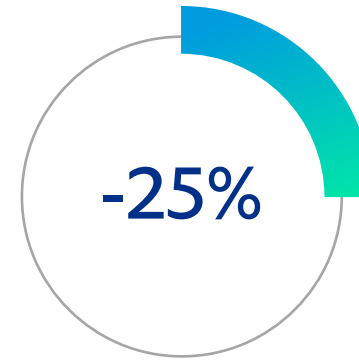
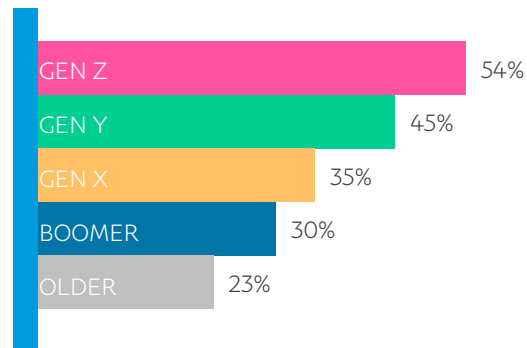
Beyond the personal impacts, Australians are concerned about the impact on the local and global economy. Ninety-three percent (93%) of respondents said they are concerned for the local economy, with more than a third (37%) extremely concerned.

Consumer Income & Spending Changes

The pandemic has had a negative impact on household incomes which has led to reduced spending



Almost 2-in-5 consumers said their **income has decreased** due to COVID-19



Average decrease in income for households that experienced a decline



Average decrease in income across all respondents

The crisis has had a negative impact on household budgets. Almost two-in-five Australians (37%) said their income has decreased due to COVID-19 by an average of 25% for this cohort (average reported household income decrease across all respondents is 7%).

While reduced income is a trigger, there is a cohort of consumers who are choosing to spend less despite no drop in their income.

Over half of Australians (54%) say they've cut their spending during COVID-19 by an average of 11% across all respondents.



Have cut their spending due to COVID-19



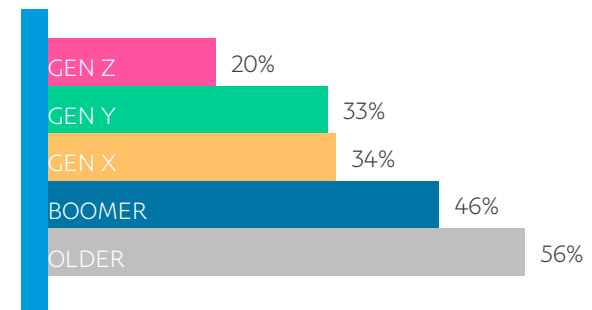
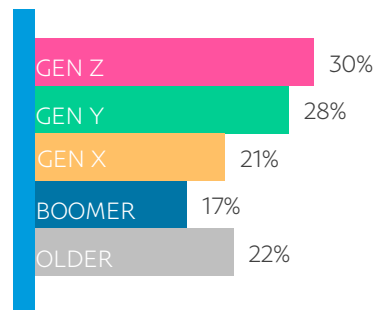
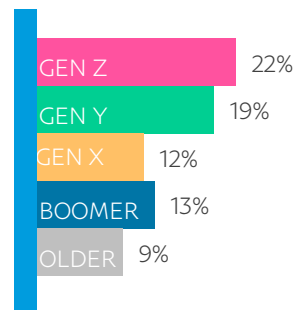
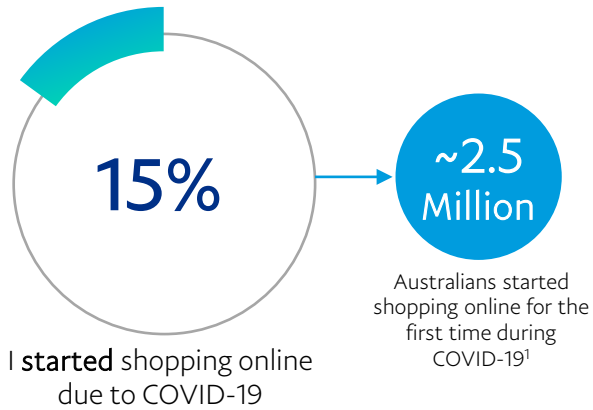
% average drop in consumer spending

Over half of Australians have **cut their spending** during COVID-19, by an **average of 11%**

Consumer Behaviour Changes

COVID-19 drove commerce online and saw a huge number of Australians begin shopping online for the first time

During COVID-19



The impact of COVID-19 on eCommerce in Australia is difficult to overstate. Millions of transactions that would normally have taken place in stores shifted to digital and approximately 2.5 million Australians¹ started shopping online for the first time.

Despite the decline in spending, two-in-five Australians (38%) say they are consciously supporting local businesses to help them recover from the pandemic.

CQ14. And now thinking specifically about your experiences through the COVID-19 crisis, which of the following statements, if any, do you agree with? CQ16. What changes do you think you will make in how you shop post-COVID-19, compared to your shopping habits pre-COVID-19? MORE OF THIS

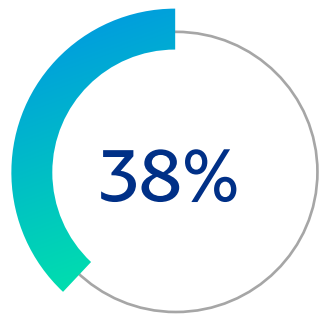
Base: All respondents (1022).

¹PayPal's research was conducted with Australians over 18 years old who own a smartphone. [Deloitte 2019](#) estimates smartphone penetration in Australia at 91% and [Statista 2015-2022](#) estimates smartphone penetration in Australia at 71%. For the purposes of extrapolation, this document has taken a mid-point for smartphone penetration in Australia of 81%.

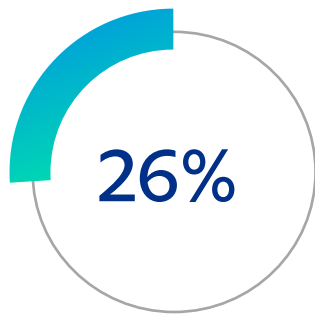
Consumer Behaviour Changes

COVID-19 has accelerated the growth of online shopping and changed consumer behaviours which will likely continue post-COVID-19

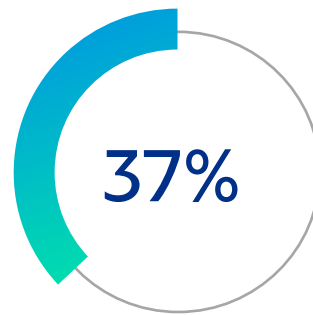
Post COVID-19 Anticipated Change



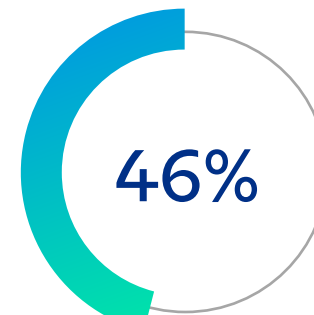
More purchasing online



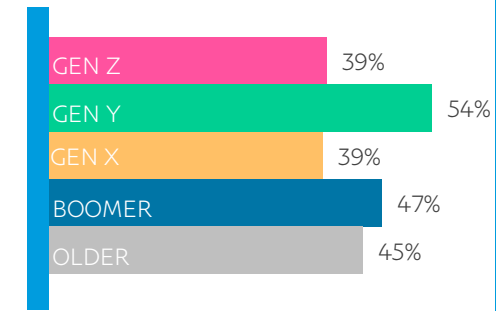
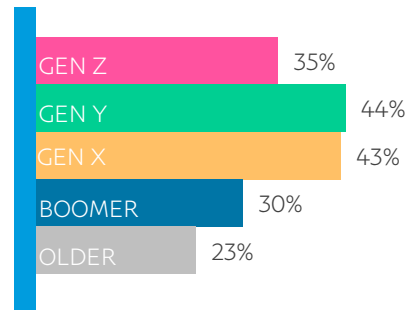
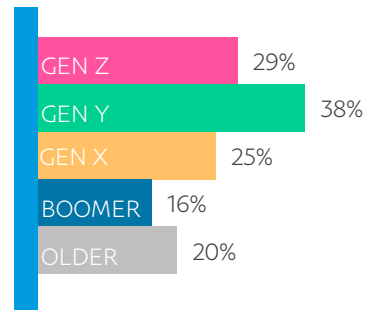
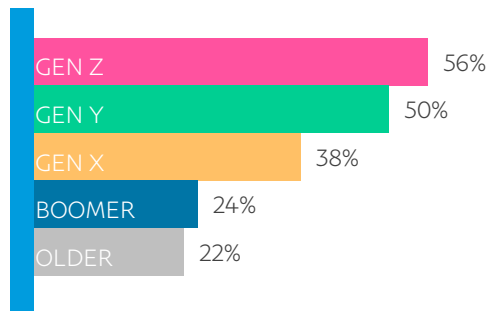
More click and collect purchases



Fewer trips to shops



More purchasing from local businesses



The move to online shopping has been accelerated by the pandemic. Nearly two-in-five (38%) respondents say they will continue a higher level of eCommerce once the crisis is over. This move to eCommerce is being led by the young. Over half of Gen Z (56%) & Gen Y (50%) intend to shop more online post COVID-19 compared to only a quarter of Baby Boomers (24%)

The preference to buy local is also likely to continue beyond the crisis with nearly half (46%) saying they'll purchase more from local businesses, and two-in-five (39%) saying they'll purchase fewer products that need to be shipped from overseas post COVID-19.

More than a third of respondents (37%) said they'll make fewer trips to the shops and more than a quarter (26%) say they'll make more click and collect purchases post COVID-19.

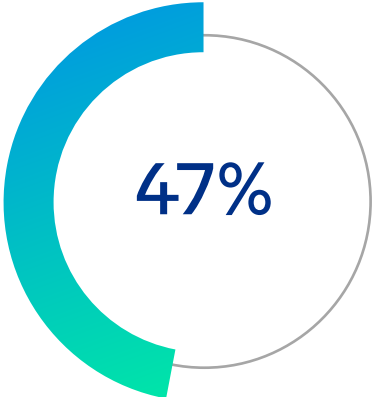


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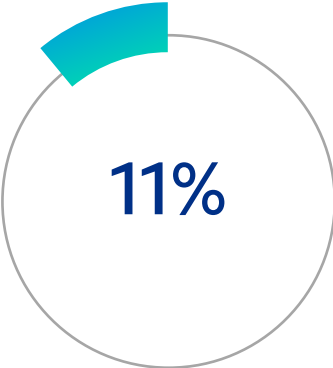
Cashless Economy

The journey away from cash has been accelerated by the pandemic, with almost 3-in-5 consumers believing they will be cashless by the end of the decade

Consumer Attitudes to Cashless

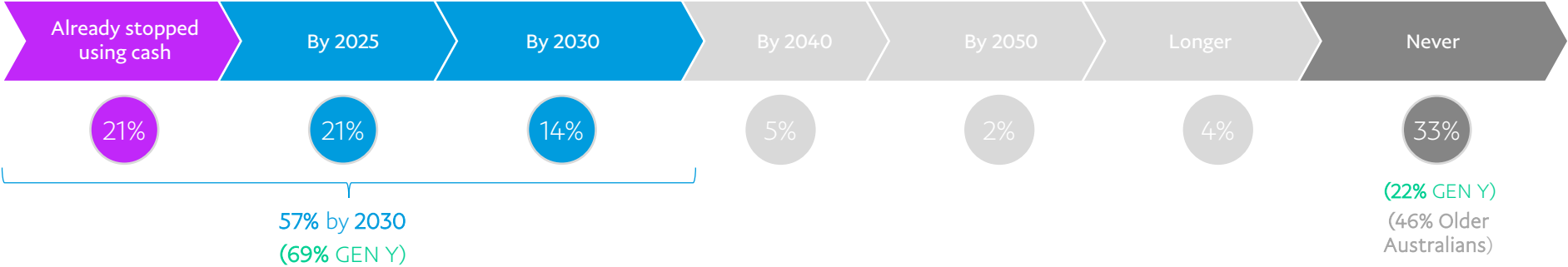


Of consumers believe that post COVID-19 there will be less use of cash for purchases



Of consumers don't know that they'll ever feel totally comfortable handling cash again for hygiene reasons

When do you think cash will be phased out of your personal spending?



Australia has long been heading towards digital payments and away from cash, however COVID-19 has accelerated this trend. More than one-in-five Australian consumers (21%) report they have already stopped using cash.

The majority of consumers (57%) believe cash will be completely phased out of their personal spending by 2030.

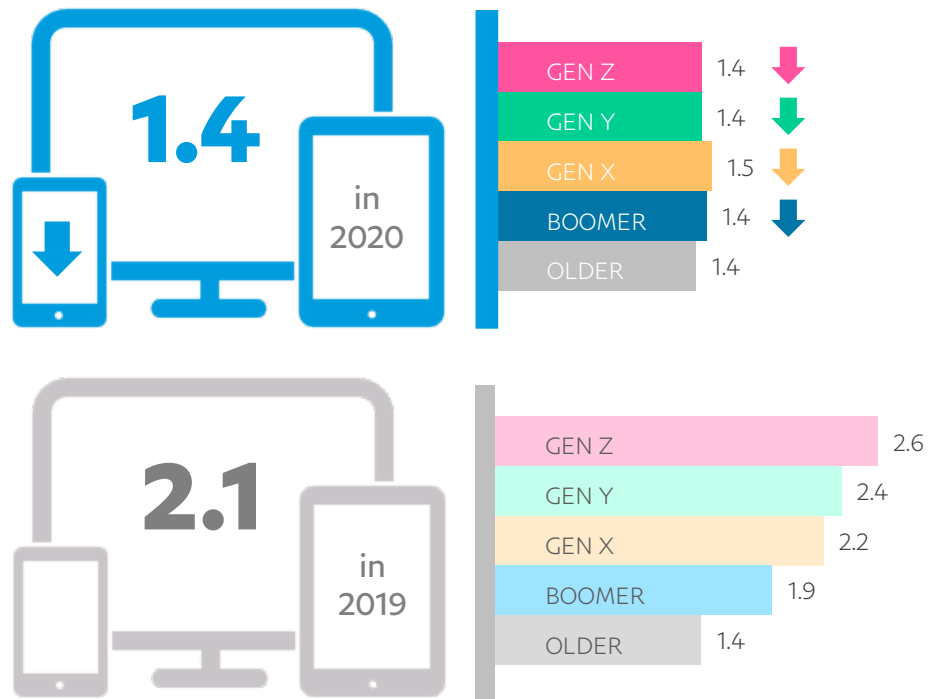
Two-thirds of Australian consumers (67%) think it's inevitable they'll eventually go cashless. This belief is not held uniformly and is primarily being driven by younger consumers.

eCommerce: Mobile Commerce

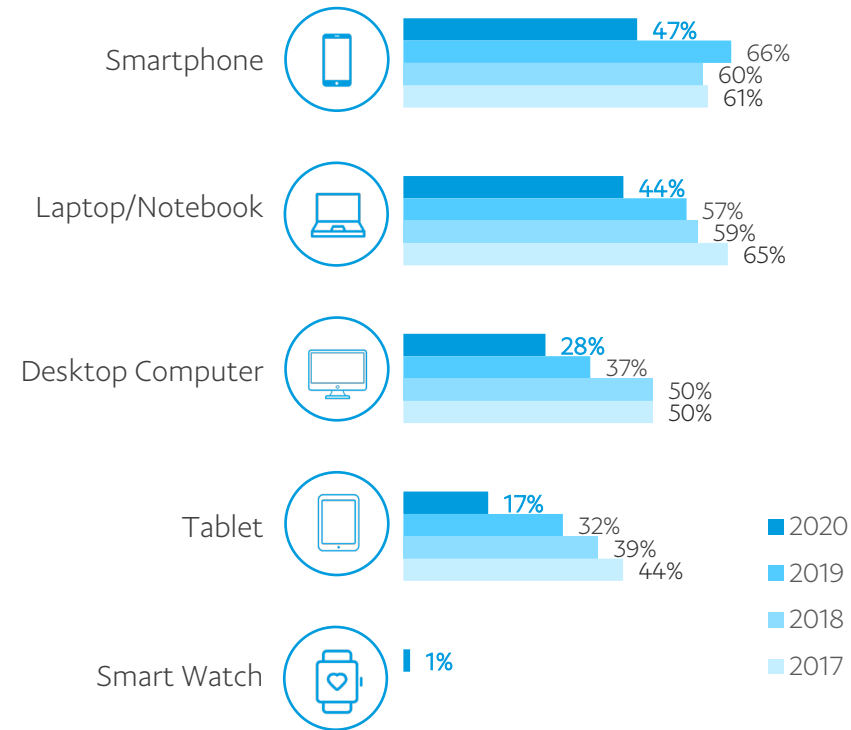
Consumer Online Shopping Device Use

With a huge influx of new online shoppers and many people staying home during COVID-19, the number of devices being used for online shopping has declined

Average number of devices currently used to purchase online



Devices currently used to purchase online vs. 2019



With many more new users shopping online for the first time, and people staying at home during COVID-19, the average number of devices used for online purchases has dropped year-on-year from 2.1 to 1.4 (-33%).

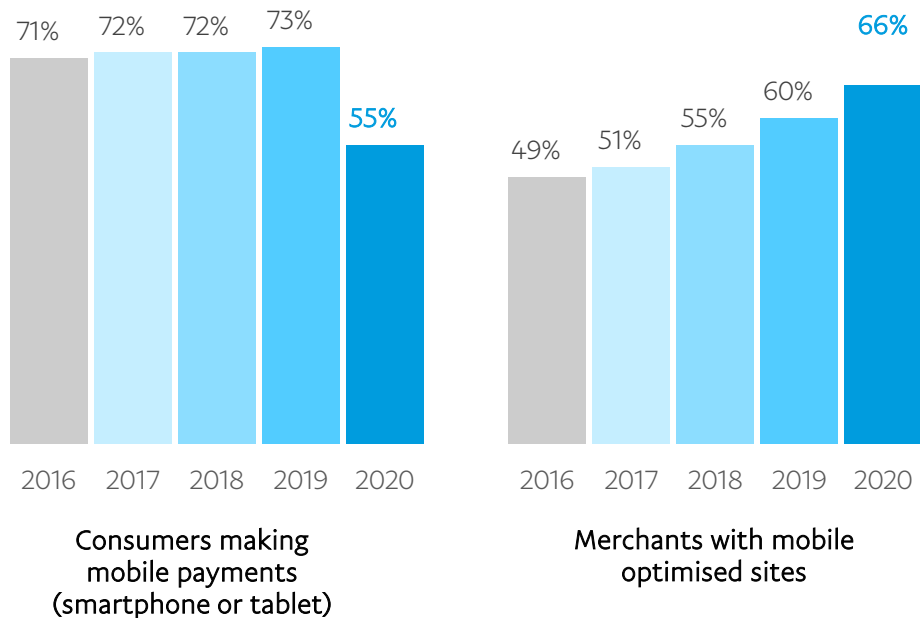
While consumers are still most likely to use their smartphone for online purchases, the steady growth in smartphone use has dropped year-on-year from 66% in 2019 to 47% in 2020.

Gen Z (61%) and Gen Y (72%) are the most likely to use their smartphones over their desktops (Gen Z 13%; Gen Y 16%) or laptops (Gen Z 58%; Gen Y 44%) for online purchasing.

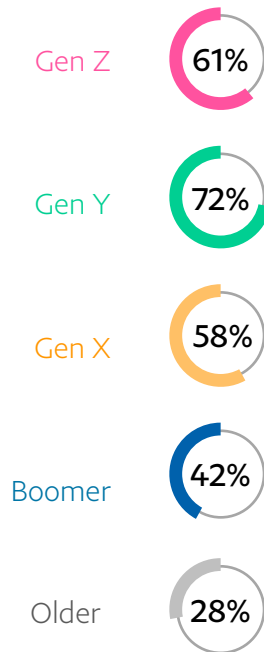
Mobile Commerce Adoption

With many people staying at home, mobile commerce adoption has dropped for the first time in five years

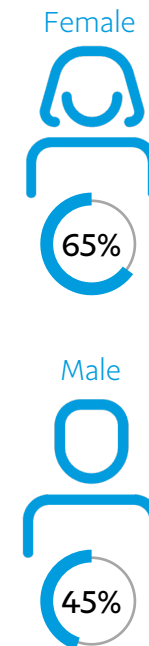
Currently purchase via mobile device



2020 Mobile Commerce Use by Generation



2020 Mobile Commerce Use by Gender



Mobile commerce adoption was steadily increasing until 2020. In 2019 nearly three-quarters of Australians (73%) used their mobile devices to shop or make payments.

This year just over half of Australians (55%) are using their mobile devices for eCommerce – an 18% absolute drop from pre-COVID-19 levels.

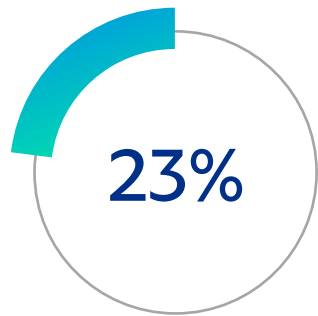
Younger generations are still much more likely to be mobile shoppers. However, even younger people's use of mobile commerce has dropped between 2019 (Gen Z 86%, Gen Y 87%) and 2020 (Gen Z 61%, Gen Y 72%).

Women are also significantly more likely to shop on their mobiles than men.

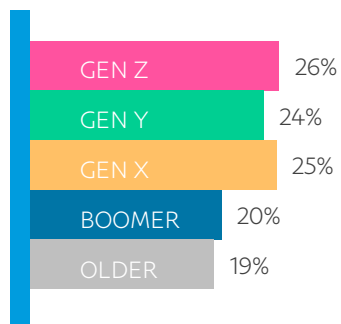
COVID-19 Impact on Online Commerce

COVID-19 has increased consumer mobile spending at home while drastically reducing out-of-home mobile purchases

Change in Consumer Behaviour

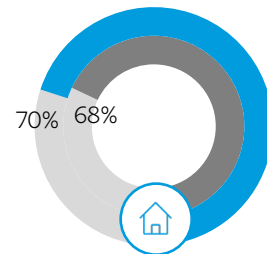


I'm shopping on my laptop / desktop computer (instead of a mobile device) more than normal because I've been at home

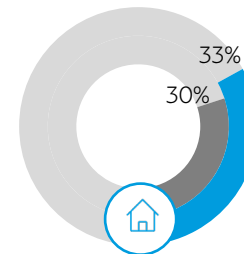


Mobile Purchase Situations

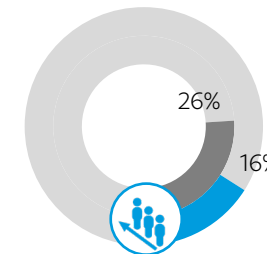
2019 2020



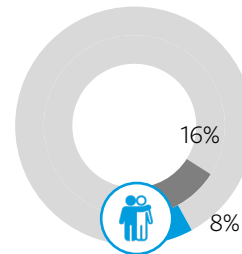
At home relaxing



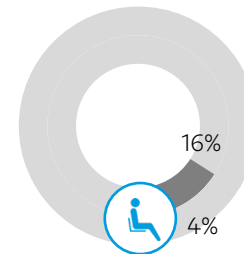
At home keeping busy



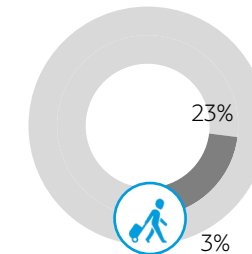
While waiting (e.g. in a line or in a waiting room)



Out and about with friends



Travelling to and from work/college/university



Travelling for leisure

Even pre-COVID-19, shopping on the go was not as important to consumers as shopping on their mobiles while enjoying downtime at home.

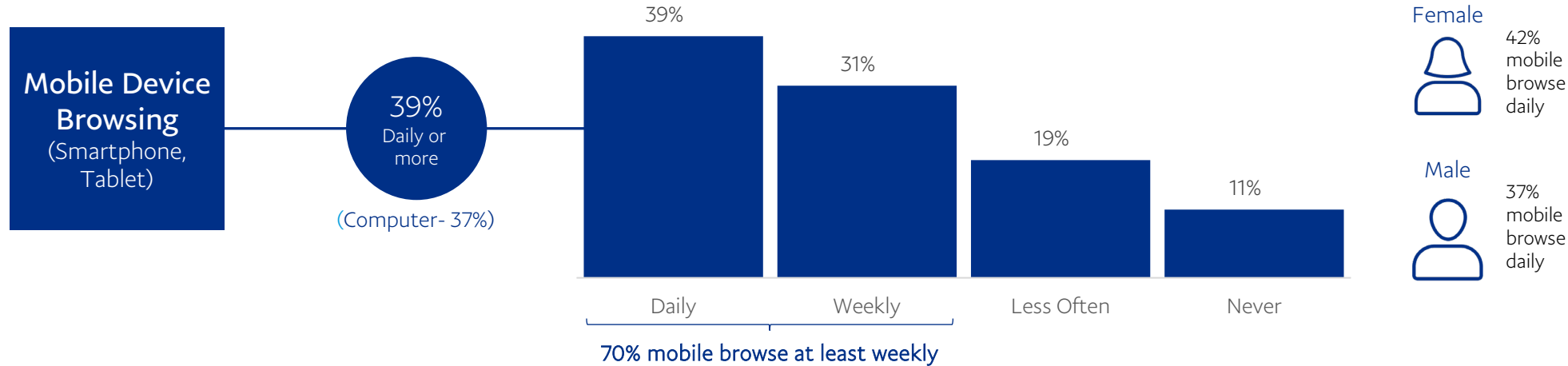
However, shopping on the go has all but ceased in 2020 as consumers hunker down at home to avoid COVID-19 risks.

When asked directly if they are shopping more on laptops and desktops rather than their mobiles, almost a quarter of respondents said yes.

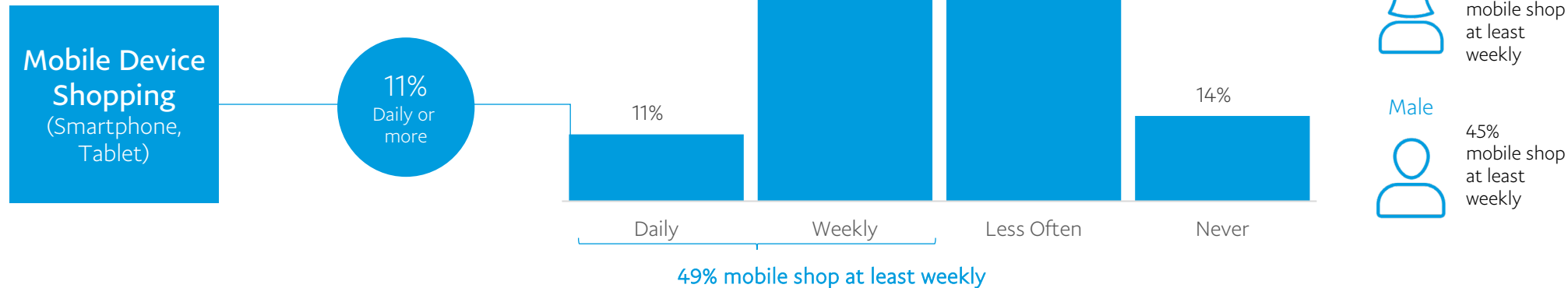
Consumer Browsing

Despite the shift away from mobile devices for purchasing, they still play a key role in everyday retail browsing

Frequency of Mobile Browsing



Frequency of Mobile Shopping



While the difference is slight, more Australians browse on their mobiles at least daily (39%) for products, reviews or to save items in their wish lists than browse daily on a laptop or desktop (37%)

This difference is greatest among younger audiences. 44% of Gen Z and 51% of Gen Y browse their mobiles at least daily compared to their laptop/desktop (33% for both generations).

While mobile browsing is a daily activity for many, only 11% of consumers mobile shop on a daily basis. However, almost half of Australians (49%) shop on their mobiles at least once a week, a figure that jumps to two-thirds for younger shoppers in Gen Y (66%) and Gen Z (65%).

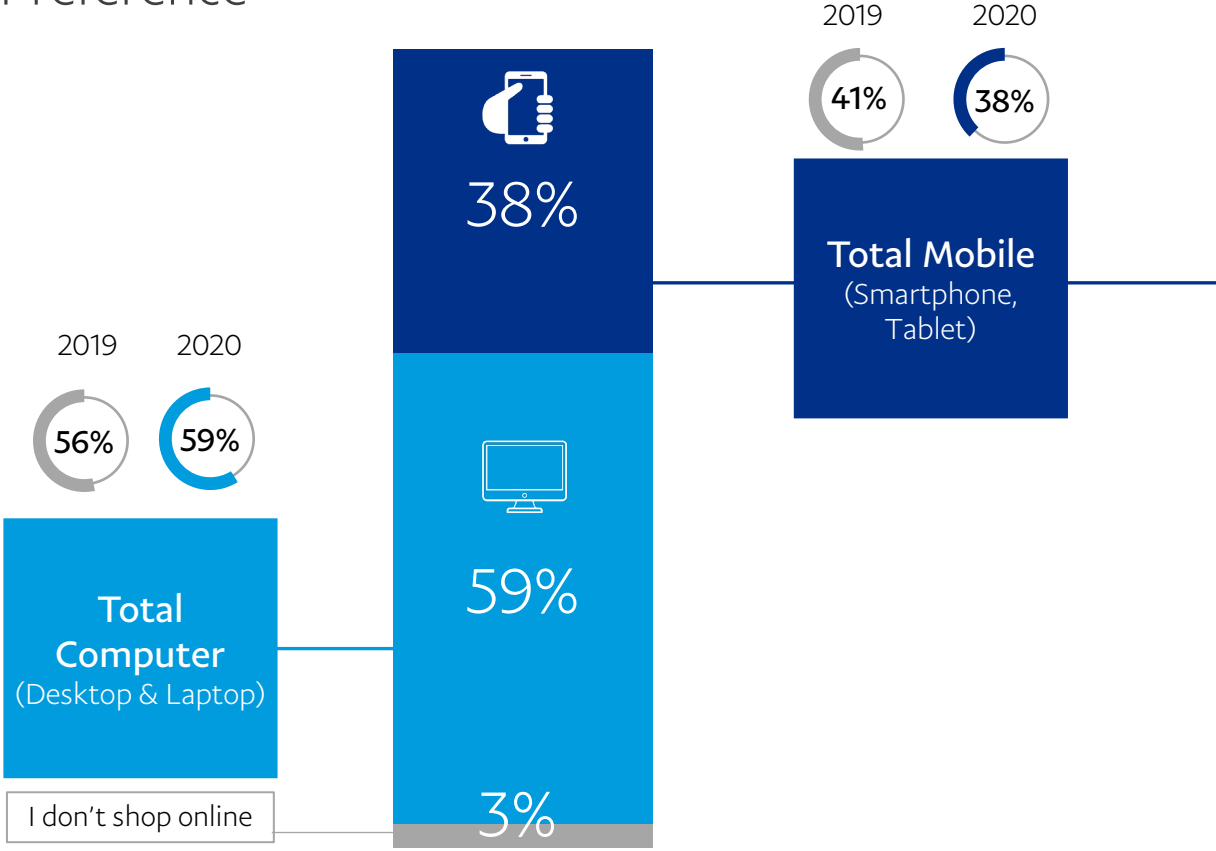


CQ21. Thinking now about browsing (e.g. searching for/comparing products, reading reviews, saving items in your wish list) for products/services/things. How often do you browse using the following devices? CQ19/20 How often do you do each of the following on the following devices – Buy or rent apps or media, Pay a bill/make a payment, Buy products or services online? Base: All respondents (1022).

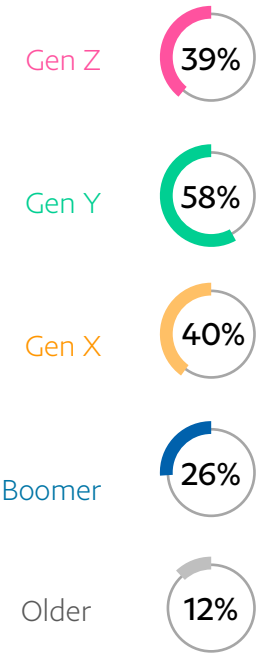
Consumer Device Preference

Large screen devices (laptops, desktops) are preferred by the majority of Australians for online shopping. However, for Gen Y the reverse holds true.

Device Preference



Mobile Preference by Generation



Large-screen devices (Laptops and desktops) remain the preferred online shopping device with 59% of consumers preferring laptop/notebooks (35%) or desktops (24%) for eCommerce.

In a mirror reversal of the norm, the majority of Gen Y (58%) prefer using mobile devices for online transactions rather than their laptop/desktops (41%).

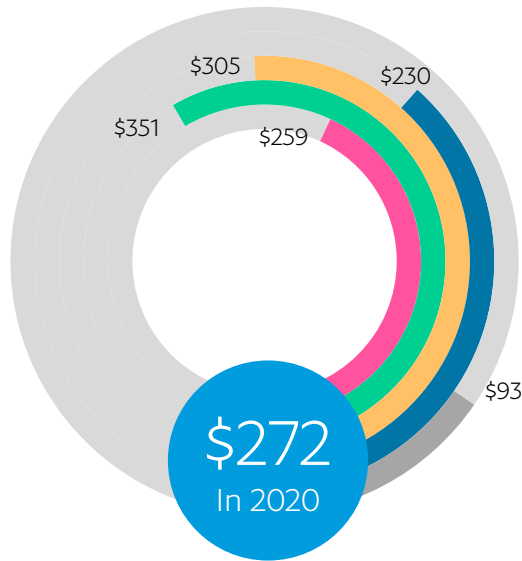
Women (52%) are almost twice as likely to prefer shopping via mobile than men (23%). While almost three quarters of men (74%) prefer to purchase on their desktops/laptops compared to women at 45%.

Mobile Commerce Spend

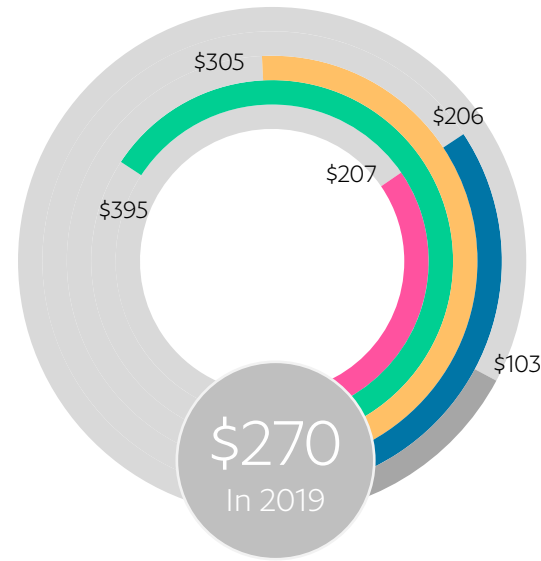
Despite COVID-19 impacting household income, mobile spending remained consistent, with consumers taking spending online during the lockdown

Average Monthly Mobile Commerce Spend

● GEN Z ● GEN Y ● GEN X ● BOOMER ● OLDER



Average amount spent on mCommerce purchases/payments in last month
2020



Average amount spent on mCommerce purchases/payments in last month
2019

While frequency of shopping via mobile dropped slightly year-on-year due to the impact of COVID-19, online spend via mobile device has increased slightly, as many payments have moved online, and eCommerce adoption has increased overall.

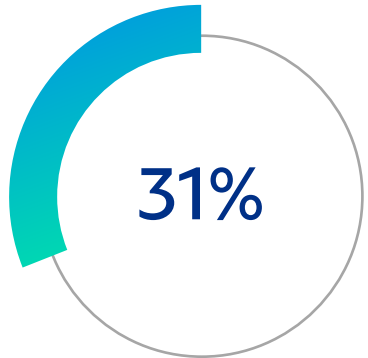
So while a smaller percentage of consumers are shopping via mobile this year (55% vs 73% in 2019), those who are, are spending more via mobile devices.



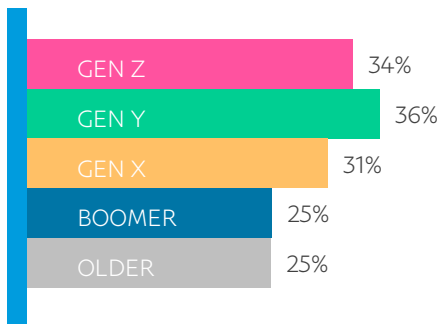
Q25a. In total, how much money have you spent on online purchases or payments via a mobile device (smartphone, tablet or smartwatch) in the last month? Including purchasing apps, in-app purchases, payments for bills or services and other online shopping.
Base: All respondents (1022).

Mobile Commerce Purchase Categories

Reflecting the COVID-19 environment, Food & Drink and Health & Beauty categories both saw YoY uplift, with one-in-three consumers enjoying their 'little luxuries' during the pandemic



"I'm on a budget but still spend on little luxuries / things that make me / my loved ones feel good"



PURCHASE CATEGORY	2019 TOTAL	2020 TOTAL	AGE				
			Gen Z	Gen Y	Gen X	Boomer	Older
Bill Payments	62%	59%	43%	63%	56%	69%	47%
Food & Drink	48%	52%	51%	61%	54%	42%	31%
Clothing & Accessories	53%	51%	61%	60%	46%	43%	25%
Grocery	37%	40%	46%	48%	38%	31%	22%
Health & Beauty	28%	34%	33%	47%	31%	21%	7%
Subscriptions	30%	28%	35%	31%	27%	23%	10%
Homewares	20%	23%	24%	26%	21%	23%	16%
Toys & Games (physical)	20%	22%	16%	28%	28%	9%	2%
Fuel	23%	21%	28%	28%	17%	16%	5%
Electronics & Computing	25%	20%	17%	21%	24%	17%	11%
Tickets	38%	20%	11%	18%	22%	27%	11%
Transport	32%	19%	28%	21%	17%	12%	13%
Books & Magazines	18%	16%	10%	16%	16%	18%	20%
Travel & Tourism	35%	16%	8%	17%	15%	20%	18%
Charity	10%	14%	11%	20%	10%	14%	9%
Digital or Virtual goods	25%	14%	14%	17%	13%	10%	17%
Sporting Goods	13%	10%	13%	11%	10%	10%	7%
Online Gaming (e.g. Xbox, PS4)	15%	10%	16%	12%	13%	2%	0%
Other	2%	3%	1%	1%	5%	4%	0%
Digital currency (e.g. Bitcoin)	3%	1%	3%	0%	1%	0%	0%

Steady in the top spot year-on-year, practical payments lead the list of mobile commerce by category, with Bill Payments the most common mobile payment for Australians (59%).

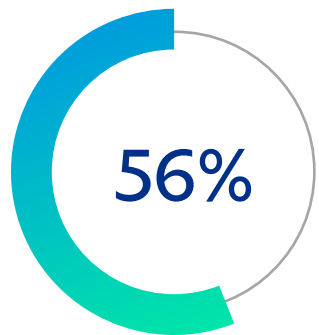
Food & Drink, Grocery and Health & Beauty have all seen uplifts. With Clothing & Accessories also remaining at the top of the stack.



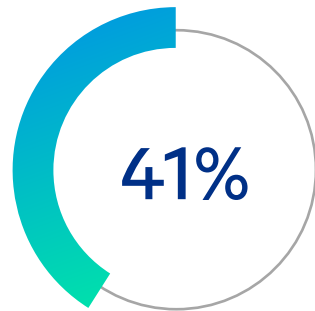
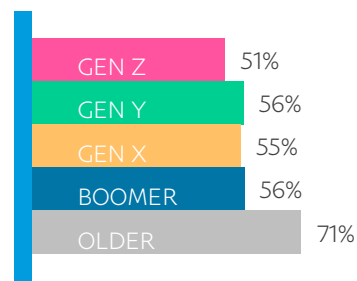
CQ14. And now thinking specifically about your experiences through the COVID-19 crisis, which of the following statements, if any, do you agree with?
 CQ24. Thinking about the payments or purchases that you have made using mobile devices (smartphone, tablet or smartwatch) in the past 6 months, which of these categories have you purchased from? Base: All respondents (1022), Mobile Shoppers (567).

Mobile Commerce Consumer Drivers

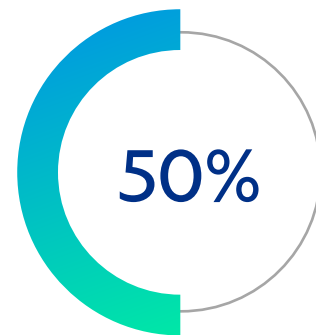
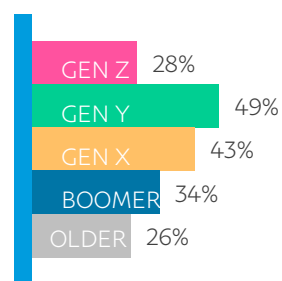
Millennials (Gen Y) largely default to mobile for the time savings and convenience it brings to the shopping experience



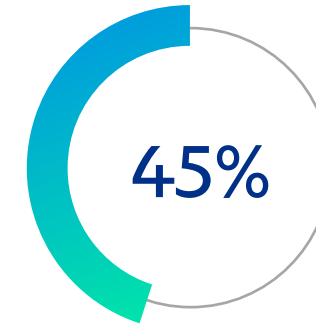
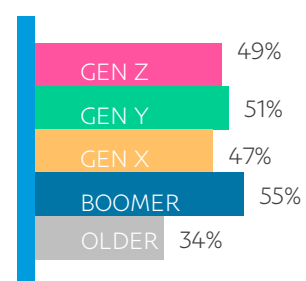
Paying bills using a mobile device saves me time



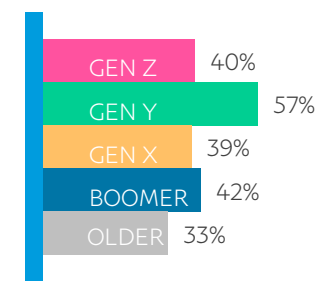
Shopping using a mobile device saves me time



I find it easy to use my mobile device for making payments



I find it easy to use my mobile device for shopping



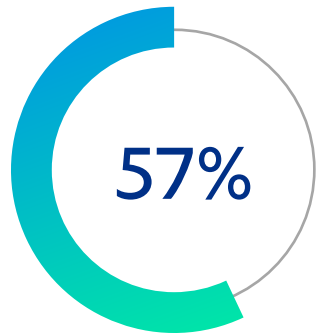
For consumers, the key drivers for mobile commerce are time saving and ease of use – both for bill payments and for shopping.

Interestingly, while fewer older Australians (68+ years) are mobile commerce users (28% of that generation), those that do use their mobiles for transactions enjoy the time saving of bill payments via mobile more than any other demographic – although they don't find mobile payments as easy as other generations.

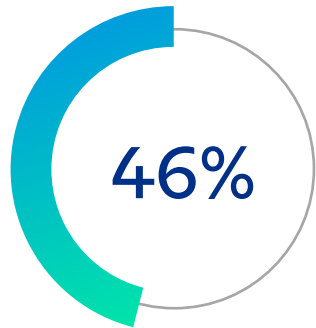
Utility companies with simple and intuitive mobile interfaces could find a loyal cohort of customers among older mobile commerce users based on ease of use.

Mobile Commerce Consumer Barriers

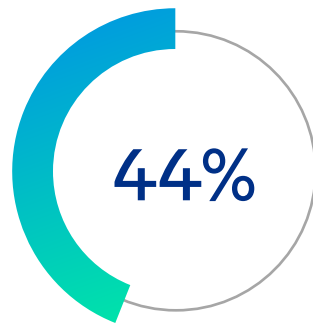
Security and trust issues remain the top barrier for consumers transacting on their mobile devices



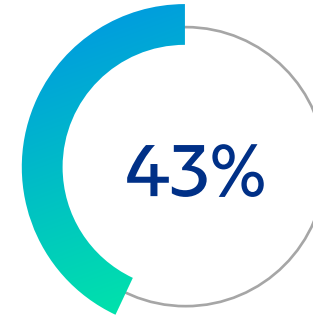
Security or trust issues



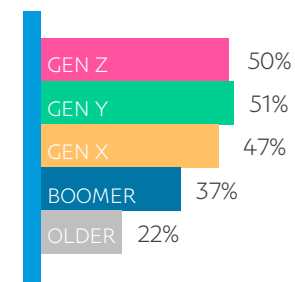
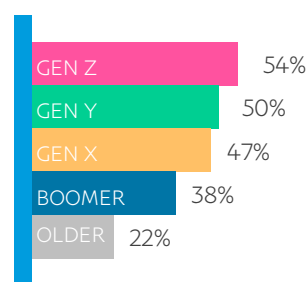
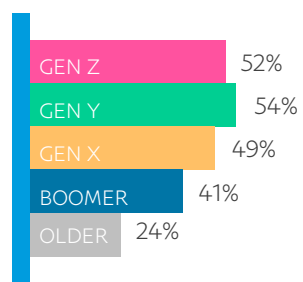
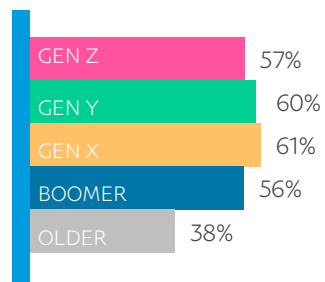
Checkout problems



Payment problems



Apps not loading or crashing

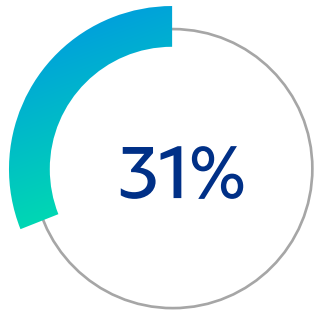


The top barrier to mobile commerce is trust and security issues with 57% of Australian consumers saying security and trust issues make them less likely to purchase with a business on a mobile device.

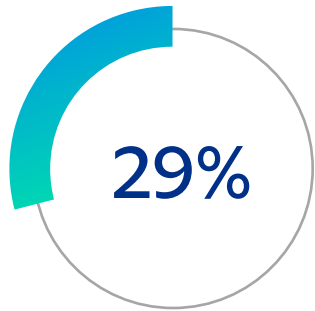
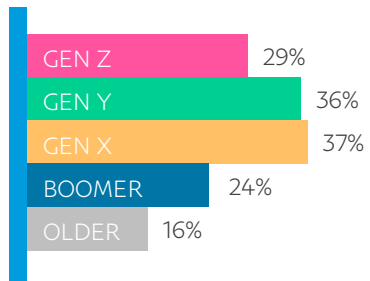
Security and trust issues have been the top-rated barrier to mobile commerce for the past 5 years highlighting the importance of this online fundamental.

Consumer Cart Abandonment

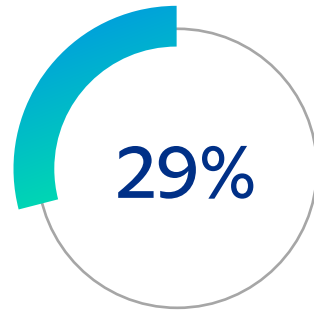
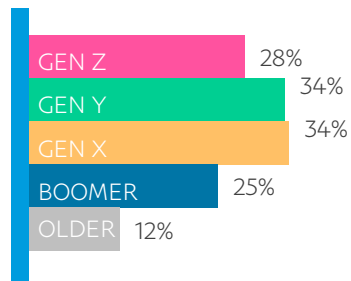
Availability of preferred payment method is key for conversion, followed closely by strong security and ease of transaction



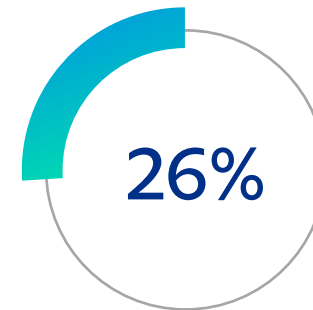
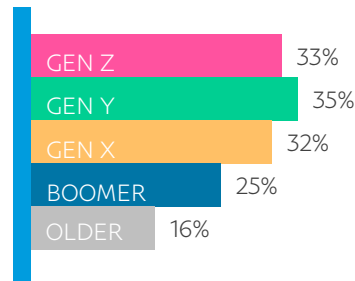
Abandoned an online purchase or payment because my preferred payment method wasn't available



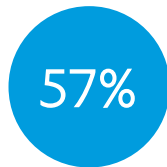
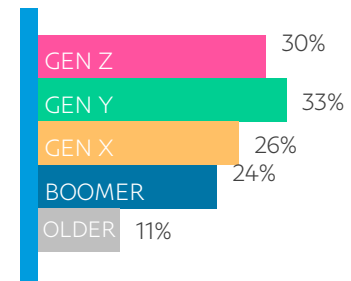
Abandoned a purchase or payment because of concerns about security



Abandoned a purchase or payment on a mobile device because it was too difficult



Abandoned a purchase or payment on a mobile device because it took too long



Total abandonment purchase/payment

Over half of Australians have, at some time abandoned a purchase or payment online



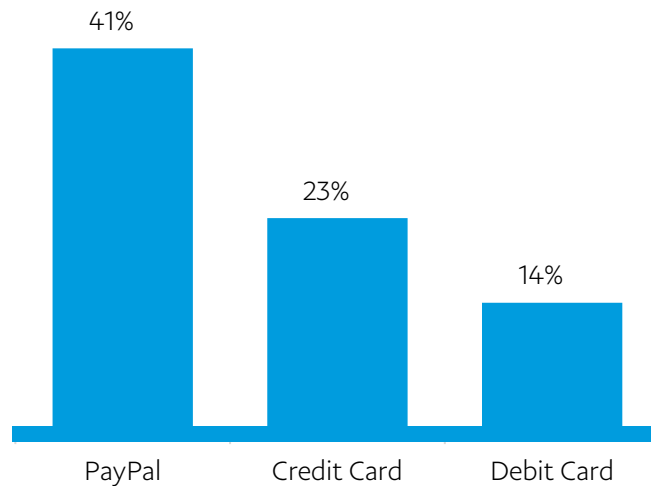
Over half (57%) of Australian consumers have, at some time, abandoned an online purchase or payment once started.

While security concerns and difficulty of payment were equally ranked second as the most common reasons for abandonment, the top reason was because the consumers' preferred payment method wasn't available at checkout.

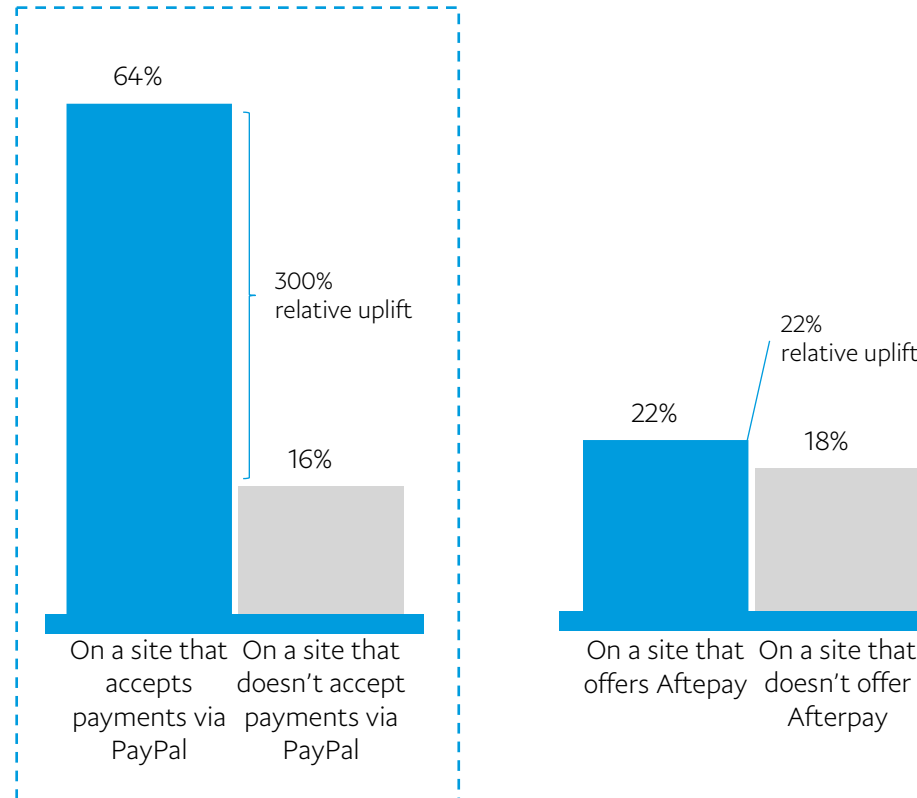
Consumer Online Preferences

Consumer respondents participating in the research cited PayPal as their #1 preferred payment method for online shopping

Preferred Online Payment Methods (Top 3)



Online Shoppers' Likelihood to Purchase



PayPal is the most preferred payment method for Australian online shoppers who participated in the research.

Additionally, the research revealed that 4 times as many Australian consumers are likely to purchase from a site that has PayPal (64%) compared to an identical site that doesn't (16%).

PayPal increases the likelihood to buy across all generations. While Gen Y shoppers are the most likely to buy a product on a site that offers Afterpay (34%), they are twice as likely to buy from a site that offers PayPal (65%).

Almost 6 times as many Baby Boomers and Older Australians are likely to buy if PayPal is offered, highlighting their desire for a secure and trusted payment method.

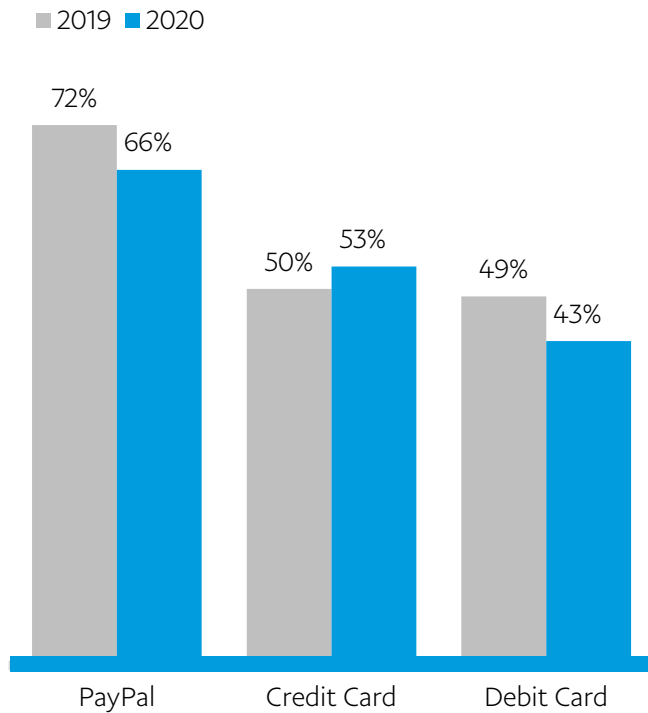


CQ23b. And which of the payment options that you use, if any, would you say is your preferred payment option? Base: Mobile Shoppers (567), CQ22a. If you find a product that you want on two separate sites, both of which are offering it for the same price (including any shipping costs), how likely would you be to buy the product if it is available...? SOMEWHAT / EXTREMELY LIKELY Base: All respondents (1022).

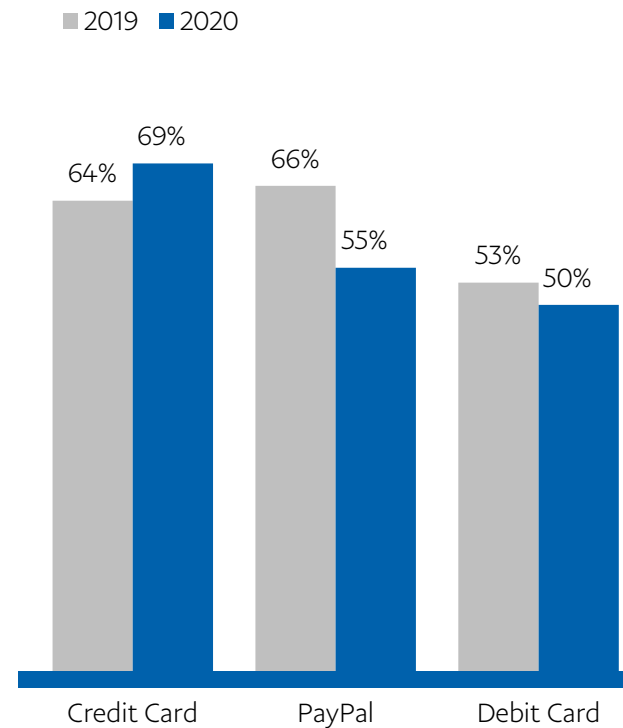
Mobile Payment Methods

PayPal is accepted by more than half of businesses and is the #1 payment method used by the Australian mobile shoppers who participated in the research

Consumer Payment Methods Used (Top 3)



Payment Methods Offered By Businesses (Top 3)



PayPal tops the list as the most-used payment method for Australian mobile shoppers who participated in the research, followed by credit cards then debit cards.

The decline in both consumer use and merchant uptake of PayPal this year is likely explained by the influx of a large cohort of consumers and businesses new to online shopping and online retail during the pandemic.



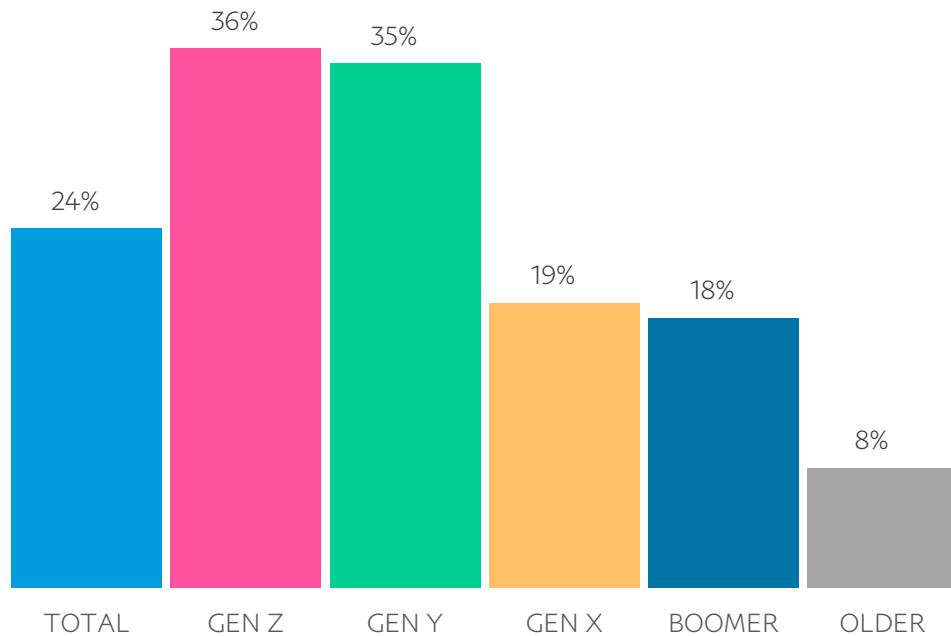
Q23a. Thinking about when you make a purchase online using a mobile device (smartphone, tablet, smart watch), which of the following payment options, if any, do you typically use?
MQ18 - Which of the following online payment options do you offer your customers?
Base: Mobile Shoppers (567). All Online Businesses (448)

eCommerce: Social Commerce

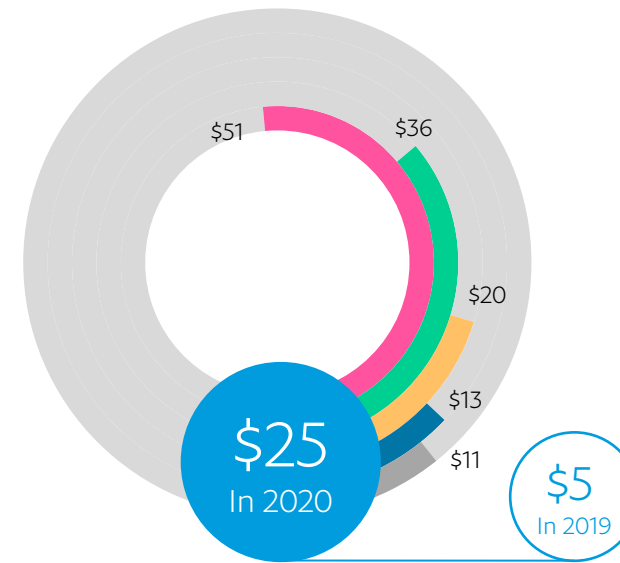
Social Commerce Consumer Adoption

Spend via social platforms has increased 5-fold in the space of a year. More than a third of younger Australians now purchase through social platforms.

Social Commerce Consumer Adoption



Average Monthly Social Commerce Spend



Average amount spent by Australian consumers on Social Commerce purchase in last month

Social media has been a key tool for product discovery for several years but now a quarter of Australians (24%) make purchases through social media.

What's most notable is that average monthly spend via social has increased 5-fold from \$5 p/month in 2019 to \$25 in 2020, despite social commerce adoption remaining relatively steady year-on-year.

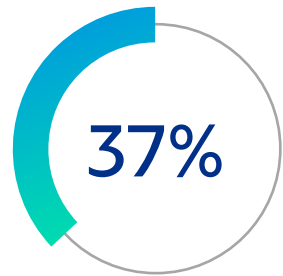
Younger shoppers are more likely to purchase through social media (Gen Z: 36%; Gen Y: 35%) and spend more (Gen Z: \$51; Gen Y: \$36).

Social media is an evolving sales channel. Businesses selling via social may wish to consistently review and optimise their social commerce strategy in line with consumer behaviour changes.

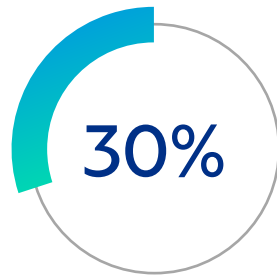
Social Commerce Drivers & Barriers

Despite consumer reservations around the security of social platforms for eCommerce, social channels are a key driver of purchases

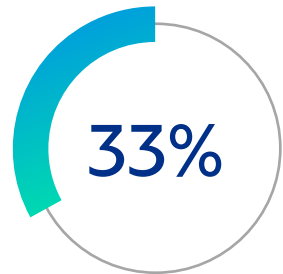
Drivers *(Social Shoppers)*



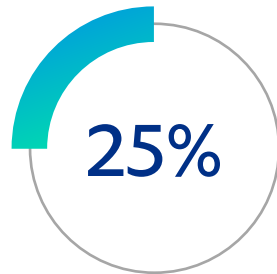
"I've purchased something after seeing it on social media"



"I have seen an item on a social media platform (e.g. Instagram) and then been inspired to purchase it"

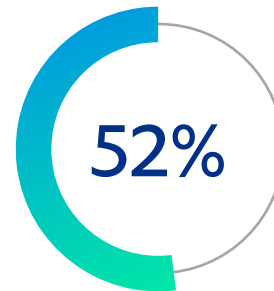


"I discover products on social media that I don't find anywhere else"

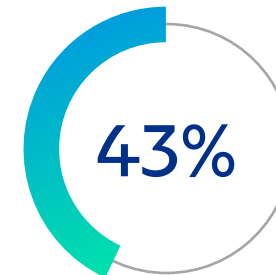


"I see products all the time on social media that I want to buy"

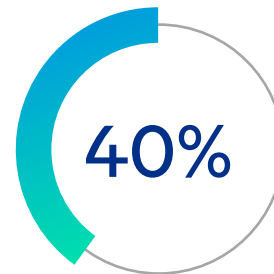
Barriers *(All Consumers)*



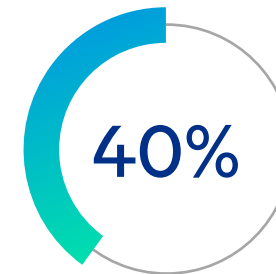
"I don't want my financial information linked to my social media"



"I only use social media to browse"



"I would never share my financial information with a person or business on social media"



"I don't trust the process of buying via social media platforms (e.g. Instagram)"

More than a third of social shoppers (37%) have purchased something after seeing it on social media. A quarter (23%) also said they would consider purchasing something directly from a social media post. This jumps to nearly a third of Gen Y (30%) and a quarter of female shoppers (28%).

This is despite more than half of Australian consumers (52%) saying they don't want their financial information linked to their social media.

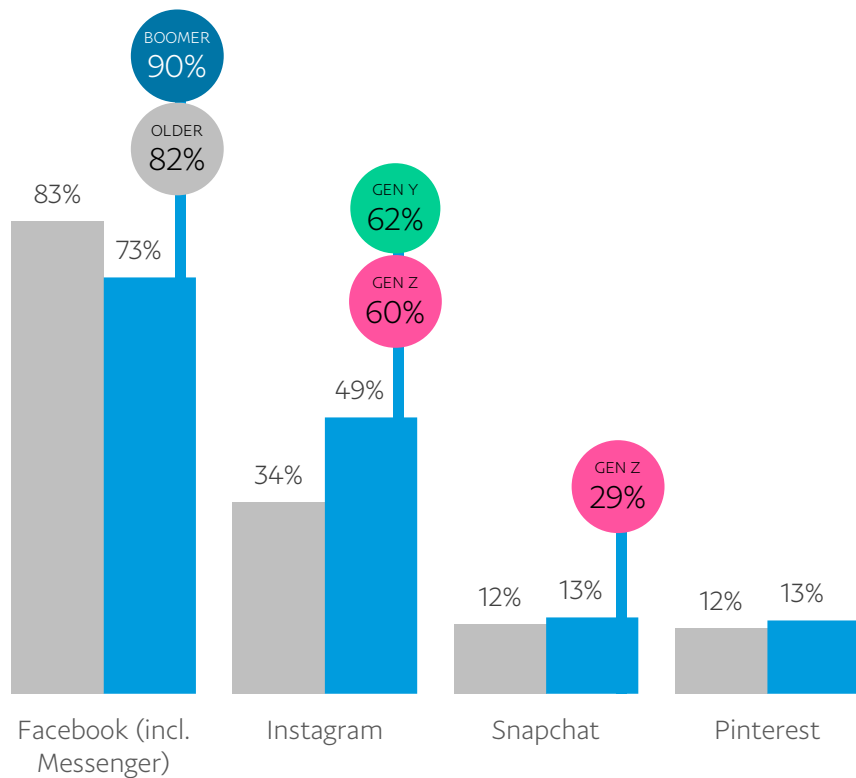
Australians are not yet convinced about the security of social commerce, but this attitude is likely to change, particularly among Gen Z shoppers who are already a lot less concerned about sharing their financial information on social media (22%).

Social Commerce Platform and Category

The use of Instagram for social commerce has significantly increased year-on-year as the platform continues to gear its offering to the core Millennial (Gen Y) market

Social Commerce Platform Usage

■ 2019 ■ 2020



Top 10 Social Commerce Categories

Where?	TOTAL	AGE				
		Gen Z	Gen Y	Gen X	Boomer	Older
Clothing & Accessories	54%	68%	69%	41%	33%	32%
Health & Beauty	47%	51%	65%	39%	22%	14%
Toys & Games	46%	58%	66%	35%	14%	0%
Books & Magazines	42%	47%	56%	40%	16%	17%
Sporting Goods	40%	58%	49%	37%	17%	15%
Tickets	40%	55%	45%	37%	19%	40%
Homewares	39%	54%	50%	30%	16%	33%
Electronics & Computing	39%	52%	50%	33%	18%	15%
Food & Drink	39%	59%	47%	29%	24%	23%
Subscriptions	38%	50%	46%	30%	24%	32%

Facebook tops the list again (73%) for most popular social platform for purchases, followed by Instagram (49%), with Snapchat (13%) and Pinterest trailing behind (13%).

However, Instagram is fast closing on Facebook, with the number of social shoppers via Instagram increasing by 15%, while Facebook social shoppers decreased by 10% this year.

Instagram's rise is driven by younger generations – with three-in-five Gen Z (60%) and Gen Y (62%) social shoppers purchasing through Instagram.

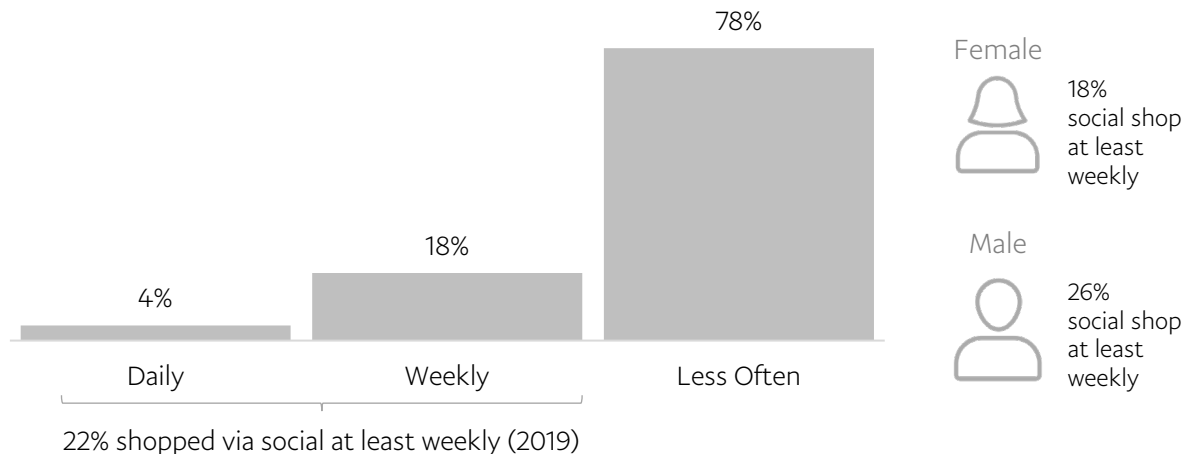
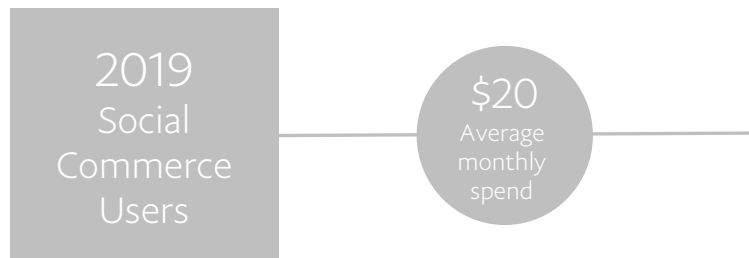
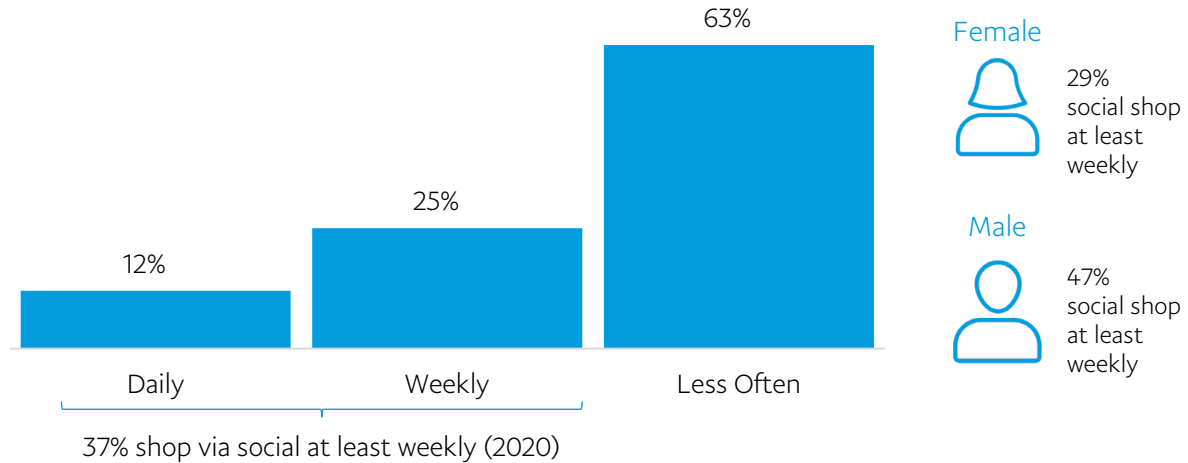
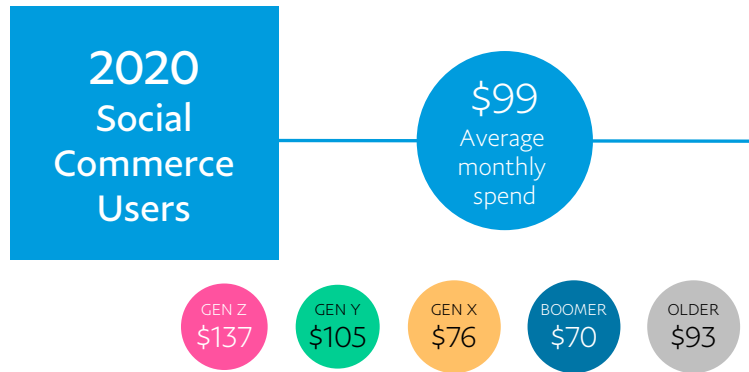
Gen Z (29%) were more than twice as likely to have purchased through Snapchat than the average social shopper.



CQ30. Which of the following social media platforms, if any, have you made a purchase or payment through in the last 6 months? CQ32. Which of the following product categories, if any, have you, or would you buy directly from your social media feeds (e.g. Instagram etc.)? - HAVE BOUGHT
Base: Social Shoppers (248)

Social Commerce Purchasing Frequency

Frequency and value of social purchases have greatly increased year-on-year among social shoppers



Frequency of social purchases has increased significantly year-on-year with daily social shoppers tripling from 4% to 12%. More than a third of social shoppers now make social purchases at least weekly (37%) compared to 21% in 2019. Perhaps counter-intuitively, men shop on social more often than women.

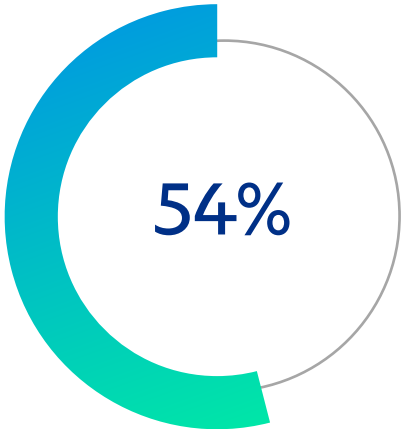
The biggest area of increase is monthly spending via social channels. Australian social shoppers now spend an average of \$99 a month through social - five times more than in 2019 (\$20).

Average monthly social spend varied across generations with Gen Y being the biggest monthly spenders.

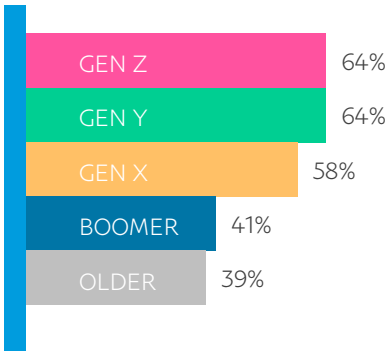
Trend: Online Discounts & Coupons

Consumer Discount Behaviour

Savvy shopping habits are most evident amongst Gen Z and Gen Y, as these groups regularly look at how they can save money by tapping into sales or discounts



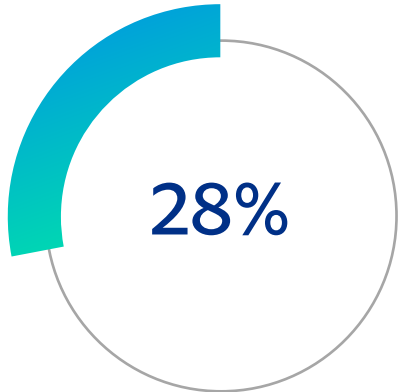
I always look for sales or discount codes



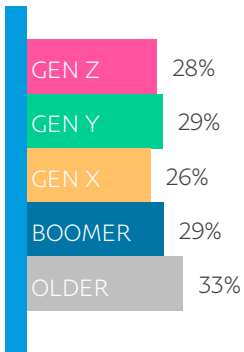
Female



Male



Following COVID-19, there will be more sales and discounts on offer



With the majority of Australians cutting their level of spending during COVID-19*, many are on the hunt for online discounts with over a half (54%) saying they are always looking for online sales or discounts.

Discount code hunting is more common with younger generations (Gen Z & Gen Y both 64%), and also for individuals in households with incomes \$150-\$250K (61%).

As a result of the economic impact of COVID-19, more than a quarter (28%) of Australian consumers believe more sales and discounts will be on offer post-pandemic.

Interestingly, older Australians are the most likely to think there will be more discounts on offer.



CQ11. Thinking about your online shopping behaviour generally, which, if any, of the following best describe you? CQ14. And now thinking specifically about your experiences through the COVID-19 crisis, which of the following statements, if any, do you agree with?
Base: All Respondents (1022)

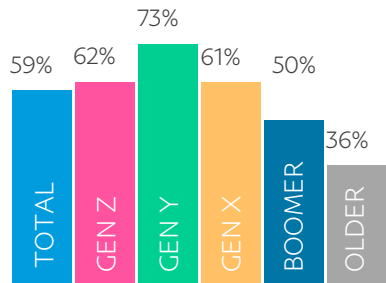
* See first section of Report.

Discount Methods

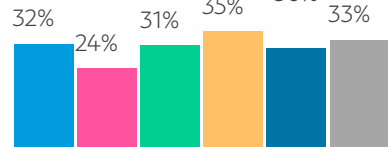
Consumers have a range of approaches for saving their pennies. However, Gen Z and Gen Y are leading the charge when it comes to chasing online discounts

Consumer Use of Discount Methods

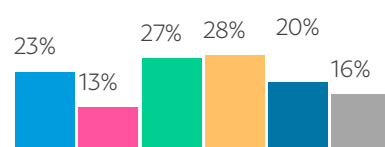
Online discount or promo codes that a retailer provides to you directly



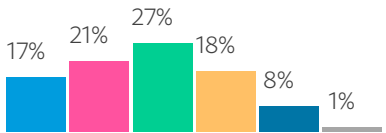
Physical coupons from shopping receipts, coupon books, magazines, or ads



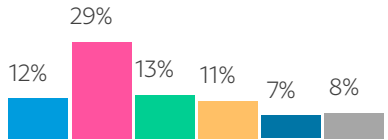
CashRewards



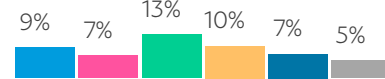
Shopback



Honey

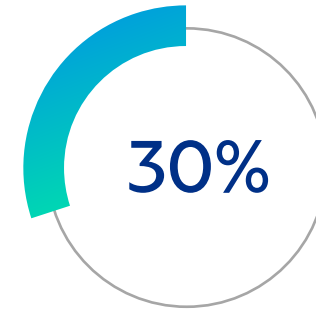


Finder.com.au



● TOTAL ● GEN Z ● GEN Y ● GEN X ● BOOMER ● OLDER

Business Use of Discount Code Services post COVID-19



Of businesses are using/planning to use 3rd party cashback or discount code services to increase business activity

Australians are more likely to use online codes (59%) to obtain discounts or find the cheapest price, compared to physical coupons (32%). Gen Y shoppers (73%) are even more likely to use online discount and promo codes.

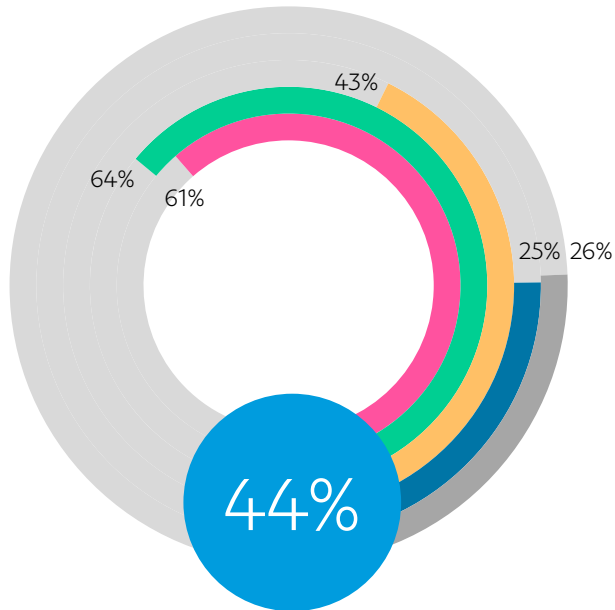
Consumers also use dedicated sites or platforms to save money on online purchases including CashRewards (23%), Shopback (17%), Honey (12%) and Finder.com.au (9%).

Gen Z are more likely to use discount-discovery platform Honey (29%), compared to cash-back platform CashRewards (13%). Meanwhile Gen X (28%) and Boomers (20%) were more likely to use CashRewards, compared to Honey (11% and 7% respectively).

Discount Discovery

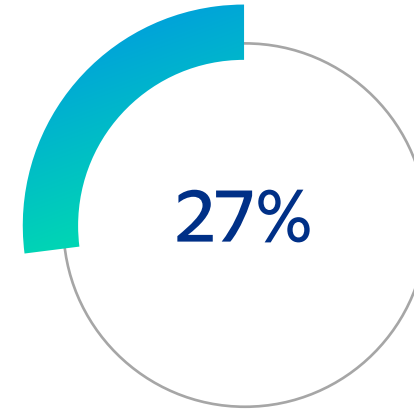
It is important to make discounts easy to discover to achieve maximum conversion. Over a quarter of Australians have abandoned purchases when unable to find a good deal

Consumers who buy then find a better price

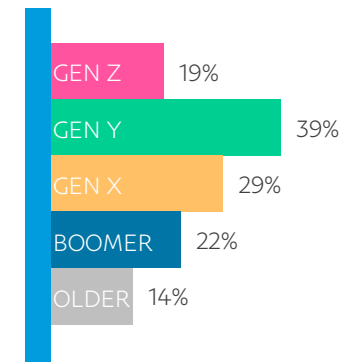


Consumers bought something online in the last 3 months and **then realised they could have got it cheaper**

Consumers estimate they miss out on **\$317** worth of discounts per year



I have searched multiple sites to find the best deal for an item but then lost interest in making the purchase altogether



Despite most Australians being savvy discount-hunters, it is not without its challenges. On average, consumers said they miss out on a total of \$317 worth of discounts over the course of the year.

Nearly half of consumers (44%) said they have bought something online in the last 3 months and then realised they could have got it cheaper. This was higher for Gen Z (61%) and Gen Y (64%).

There is an opportunity to recover abandoned purchase intent by making discount-discovery easier as over a quarter of Australians (27%) say they searched multiple sites to find the best deal for an item but then lost interest in making the purchase altogether. This is even higher for Gen Y (39%).

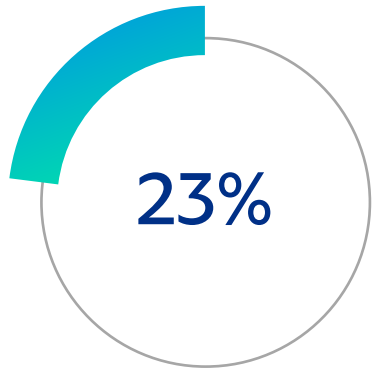


CQ12. Thinking about your online shopping in the last three months, how many times did you buy something, and then realise you could have got it cheaper (e.g. through a different site, using a discount code, etc)? (Number of times) Q12 / Q13. Annual Overspend (Q12 x Q13 x 4 months) CQ11. Thinking about your online shopping behaviour generally, which, if any, of the following best describe you?

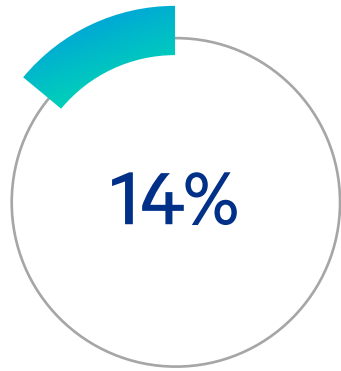
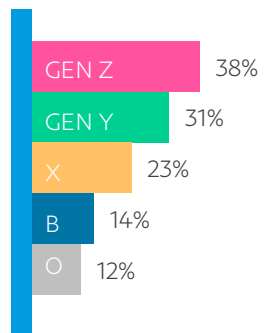
Base: All Respondents (1022), Consumers who overpaid (469)

Discount Methods

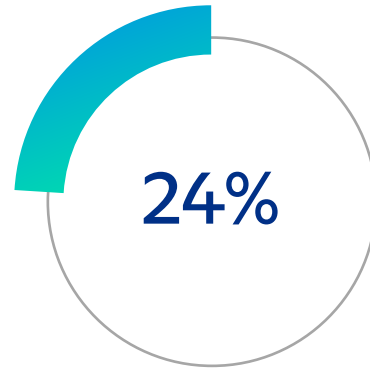
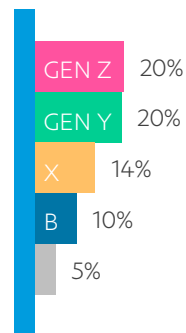
Using discounts successfully can not only boost sales, but also increase customer base over the longer term



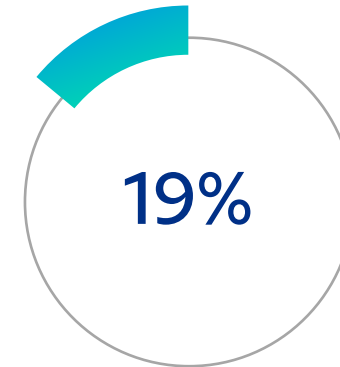
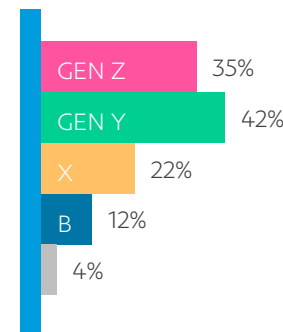
I have made an 'impulse buy' because an item was discounted/had a discount or promo code



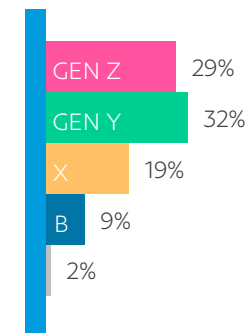
I have bought a brand I wouldn't usually buy because I could get a discount



Made a spontaneous purchase or payment on my mobile device



Added something to my cart but waited for the company to send me an offer/voucher before completing the purchase



● GEN Z ● GEN Y ● GEN X ● BOOMER ● OLDER

Online price promotions can entice customers to make impulse buys, with nearly a quarter of Australians (23%) making a sales-driven impulse purchase. Gen Y (31%), Gen Z (38%) and individuals earning >\$250K (37%) are the biggest impulse spenders in response to discounts or promo codes.

One-in-five consumers (19%) admitted to adding something to their cart but waiting for a voucher before completing the purchase. This behaviour was higher for Gen Z (29%) and Gen Y (32%) shoppers.

Gen Y (20%), Gen Z (20%) and individuals earning >\$250K (26%) are also more likely to buy a brand online that they wouldn't usually buy because it was on sale – indicating that offering discounts can attract new customers.



CQ11. Thinking about your online shopping behaviour generally, which, if any, of the following best describe you? CQ27. Which, if any, of the following have you ever done when making a payment or purchase online?
Base: All Respondents (1022), All Online Businesses (448)

Appendix

Research Approach

Objective

Explore mobile shopping attitudes and behaviour among Australian smartphone users

Consumer Research

Key Elements

- n=1,022 Australians aged 18+ who own or use a smartphone
- Quotas set by age, gender and location
- Sourced and incentivised through an online panel

Objective

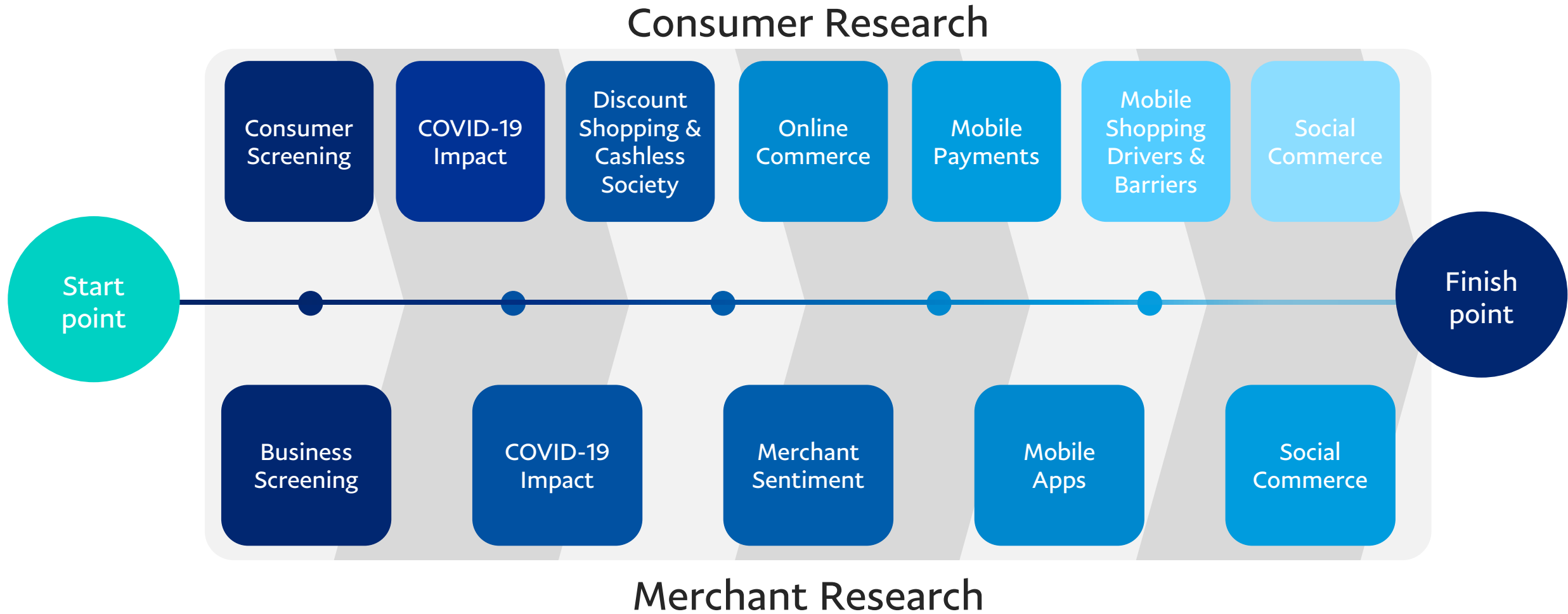
Explore the readiness and current offering for mobile within Australian small and medium merchants

Merchant Research

Key Elements

- n=551 owners / key decision makers within businesses that sell directly to consumers
- Cross section of turnover, industry and location
- Sourced and incentivised through an online panel

Questionnaire Structure



About the research

OVERVIEW: This research report was produced by PayPal Australia Pty Limited, based on a study conducted by ACA Research with n=1,022 consumers and n=551 businesses. It contains general observations about trends in eCommerce, mobile commerce and social commerce and does not take into account the objectives, situation or needs of any specific business or individual.

The consumer research conducted by ACA Research consisted of a 15-minute online survey of n=1,022 Australian smartphone users aged 18 and older, exploring adoption, usage, and sentiment towards eCommerce, mobile and social commerce. In addition, ACA Research conducted a 10-minute online survey of n=551 business decision makers within Australian small and medium B2C retailers and merchants, exploring their attitudes and behaviours around eCommerce, mobile and social commerce. Numbers may not add to 100% due to rounding.

CONSUMER SAMPLING: The consumer research consisted of a sample of n = 1,022 Australian smartphone users aged 18+ (which represents approximately 82% of total Australian population 18+). The sample was weighted by age, gender and location to ensure data was nationally representative. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 3.1%.

BUSINESS SAMPLING: The business research consisted of a sample of n = 551 decision makers within Australian small and medium businesses. All businesses had to sell partially or wholly to consumers. Quotas were set on turnover and location, and the sample was weighted by industry to ensure the data was a reliable cross section of Australian businesses. This sample consists of:

- N=96 businesses that operate online only. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 10%.
- N=352 business sell or take payments both online and offline. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 5.1%.
- N=103 businesses that operate offline. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 9.6%.

METHODOLOGY: Online self-completion survey. The research was carried out in compliance with the AMSRS Guidelines and National Privacy Principles. Sample was sourced through consumer and business research panels, with participants incentivised for completing the survey.

TIMING: The research was in field from Friday 29th May to Monday 8th June 2020.

GENERATIONAL AGES: Generational Ages as at 2020: Gen Z (18-25 years); Gen Y (26-37 years); Gen X (38-52 years); Baby Boomer (53-67 years); Older Australians (68+ years).

About PayPal

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 300 million consumers and merchants in more than 200 markets to join and thrive in the global economy. For more information, visit [paypal.com](https://www.paypal.com) or the PayPal Newsroom.

About PayPal Australia

PayPal has been operating in Australia since 2005 and has more than 8.5 million active customer accounts. PayPal enables Australian businesses to transact online and off-line, from sole proprietors and developers to established large merchants. The PayPal service is provided by PayPal Australia Pty Limited (ABN 93 111 195 389) which holds an Australian Financial Services Licence number 304962. Visit PayPal Australia Newsroom for more information and follow us on Twitter, Instagram.

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