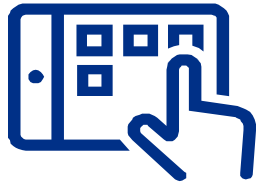




PayPal mCommerce Index 2019

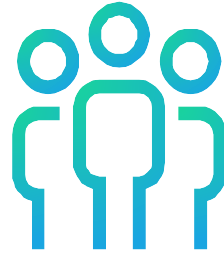
Australia | October 2019

PayPal 2019 mCommerce Index Overview



This index is designed to equip businesses grappling with the rapidly evolving world of mobile commerce with insights into current behaviours, attitudes and trends.

It is based on an in-depth global survey, and PayPal's previous mCommerce research, and demonstrates that mobile optimisation is not simply a choice, it's a business imperative.



Between July and August 2019, PayPal in partnership with Ipsos conducted a survey among approximately 2,000 Australian consumers and 300 businesses to examine how people shop online. Parallel surveys were conducted in 10 other markets, with approximately 22,000 consumers and 4,600 business respondents.



The two separate surveys (consumer and business) are designed to gain insight into three main areas:

- Payment behaviours and acceptance
- Drivers and barriers to mobile and social commerce
- Understand readiness of consumers and business respondents towards mobile commerce

mCommerce Index At-A-Glance - Australia

Definitions Consumers – Adults aged 18+ who are smartphone owners/users

Businesses – Key decision makers from businesses that sell to or take payments online from consumers

For all other definitions, please refer to the appendix in this document

Mobile Commerce

73% of consumers use mobile devices for purchases or payments online

60% of businesses say they are 'mobile optimised'

55% of mobile shoppers pay/purchase via mobile at least weekly

Businesses report 33% of online sales are taken via mobile devices

Social Commerce

27% of consumers have purchased via social media in the past 6 months

18% of businesses sell via social media

Social-selling businesses report 38% of sales are taken via social channels

21% of social shoppers pay via social channels at least weekly

Conscious Consumer

55% of consumers are 'Conscious Consumers'

10% of consumers have stopped buying aka 'boycotted' a brand because of their values

75% businesses agree with the need to adapt to demand for more ethical products and services

19% of consumers agree companies should be banned from destroying unsold clothing

Mobile Commerce in Australia

Mobile Commerce Adoption

Mobile payments are now intuitive for Australians, especially younger shoppers. Across all age groups, almost three quarters (73%) of adult smartphone owners currently use mobile devices to make payments. A figure that rises for younger shoppers with more than 4-in-5 Gen Z (86%) and Gen Y (87%) using mobile devices for purchases.

Australian businesses that sell to or take payments online from consumers report that a third of online sales (33%) were taken via mobile devices and while there is a still gap between consumer adoption of mobile commerce (73%) and businesses optimised to take mobile payments (60%), more than 1-in-5 businesses (22%) have mobile optimisation as a priority in the next 12 months.

CONSUMER ONLINE MOBILE PAYMENTS: CURRENT DEVICE USE

| | TOTAL Australia | GENDER | | GENERATION | | | | |
|--------------|-----------------|--------|-----|---------------|---------------|---------------|----------------|-------------|
| | | M | F | Gen Z (18-24) | Gen Y (25-36) | Gen X (37-51) | Boomer (52-66) | Older (67+) |
| Smartphone | 66% | 63% | 69% | 83% | 84% | 75% | 44% | 27% |
| Tablet | 32% | 30% | 34% | 29% | 30% | 34% | 35% | 25% |
| Total Mobile | 73% | 69% | 77% | 86% | 87% | 79% | 59% | 41% |

CQ1. Thinking about when you make a purchase or payment online, which, if any, of the following devices do you currently use?
Base: All respondents (2000), Male (967), Female (1033), Gen Z (266), Gen Y (481), Gen X (554), Boomer (372), Older (327)

73% of Australian consumers currently use mobile devices to purchase

CQ1. Thinking about when you make a purchase or payment online, which, if any, of the following devices do you currently use? Base: All respondents (2000)

60% of Australian businesses are optimised to take mobile payments

MQ1. Which, if any, of the following statements apply to your business?
Base: All business respondents (300)

22% of Australian businesses have mobile optimisation as a priority in the next 12 months

MQ5. Which, if any, of the following are priorities for your business /organisation over the next 12 months? Base: All business respondents (300)

33% of online sales volume is via mobile device in Australia

MQ4. Approximately what percentage of your online sales are made via a mobile device (smartphone tablet or other mobile device)? Base: All business respondents (300)

Device Use & Preference

Online shopping is ubiquitous in Australia with 97% of consumers shopping online.

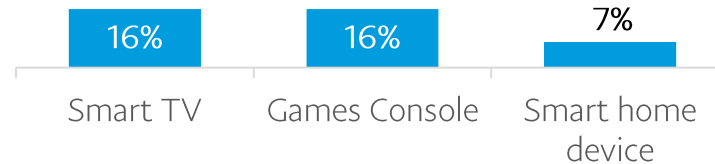
Mobile devices (smartphone & tablet) are the preferred online shopping device for 41% of consumers followed by laptop/notebooks at 32% and desktops at 23%.

Younger shoppers have even higher preference for mobile commerce with 54% of consumers 18-34 years preferring to shop via mobile device.

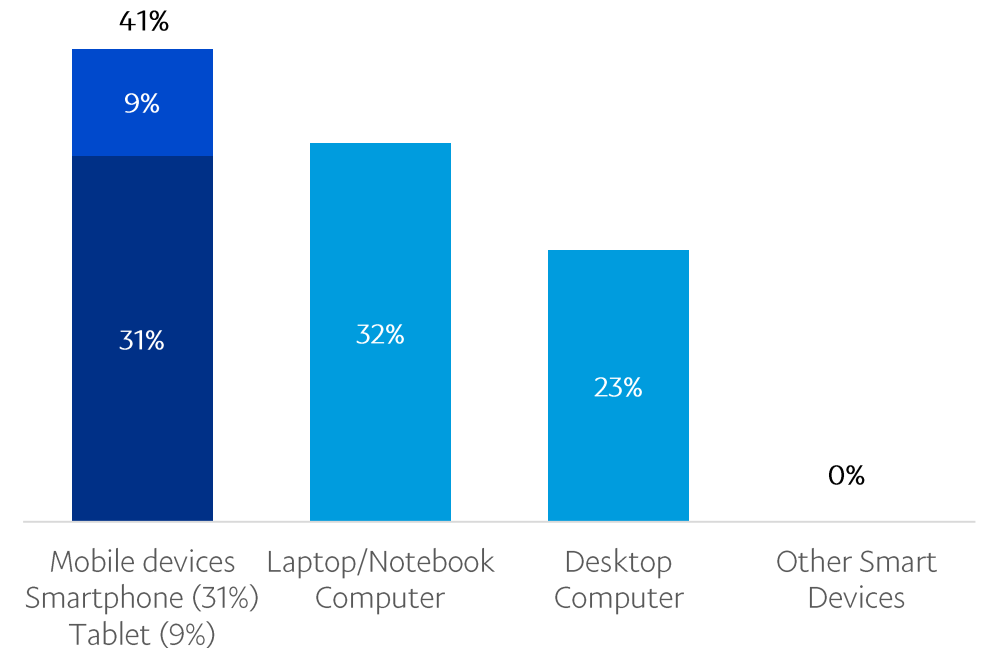
While consumer technologies capable of payments such as Smart TVs, Game Consoles and Smart home devices such as Alexa and Google home have relatively high ownership levels (58%, 41%, 21% respectively), they have lower levels of use for online payments (16%, 16%, 7% respectively) and are not preferred devices for online payment.



EMERGING ONLINE SHOPPING DEVICE: 'HAVE EVER' PAID



ONLINE COMMERCE DEVICE PREFERENCE



Consumer Mobile Commerce Spend & Frequency

Gen Z smartphone owners are the most frequent mobile shoppers

More than one in two Australian consumers (55%) use their mobile devices to make purchases or payments at least once a week, with 73% making a mobile purchase or payment at least monthly.

Younger shoppers are the most frequent mobile shoppers. 32% of Gen Z make a mobile payment at least daily with 73% of Gen Z making mobile payments at least weekly and 93% at least monthly.

With such high frequency of mobile shopping and an average monthly spending at \$235, it appears that Australians, particularly young Australians have become habituated to mobile shopping.

MOBILE COMMERCE: FREQUENCY

| | TOTAL AUSTRALIA | GENDER | | GENERATION | | | | |
|--------------------------------|-----------------|--------|-----|---------------|---------------|---------------|----------------|-------------|
| | | M | F | Gen Z (18-24) | Gen Y (25-36) | Gen X (37-51) | Boomer (52-66) | Older (67+) |
| Several times a day | 7% | 7% | 6% | 15% | 9% | 7% | 4% | 1% |
| Daily | 11% | 10% | 12% | 17% | 16% | 11% | 6% | 3% |
| Several times a week | 19% | 18% | 20% | 21% | 26% | 23% | 12% | 9% |
| Weekly | 18% | 17% | 19% | 20% | 22% | 21% | 15% | 11% |
| Every 2 weeks / Fortnightly | 10% | 9% | 10% | 10% | 10% | 9% | 10% | 7% |
| Monthly | 8% | 7% | 9% | 10% | 7% | 7% | 9% | 8% |
| 2-3 times in the last 6 months | 5% | 5% | 5% | 3% | 2% | 4% | 9% | 8% |
| Once in the last 6 months | 3% | 3% | 2% | 1% | 0% | 3% | 5% | 5% |
| Less often | 5% | 5% | 5% | 1% | 4% | 5% | 6% | 9% |
| Never | 15% | 18% | 12% | 2% | 4% | 10% | 24% | 40% |

CQ2a. How often do you do each of the following, if at all, on a smartphone?

CQ2b. How often do you do each of the following, if at all, on a tablet?

Base: All tablet or smartphone owners (2000), Male (967), Female (1033), Gen Z (266), Gen Y (481), Gen X (554), Boomer (372), Older (327)

\$235
Australian consumers' average monthly spend via mobile device

CQ7. 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?
Base: All respondents (2000)

55%
of Australians purchase/pay online at least weekly via mobile

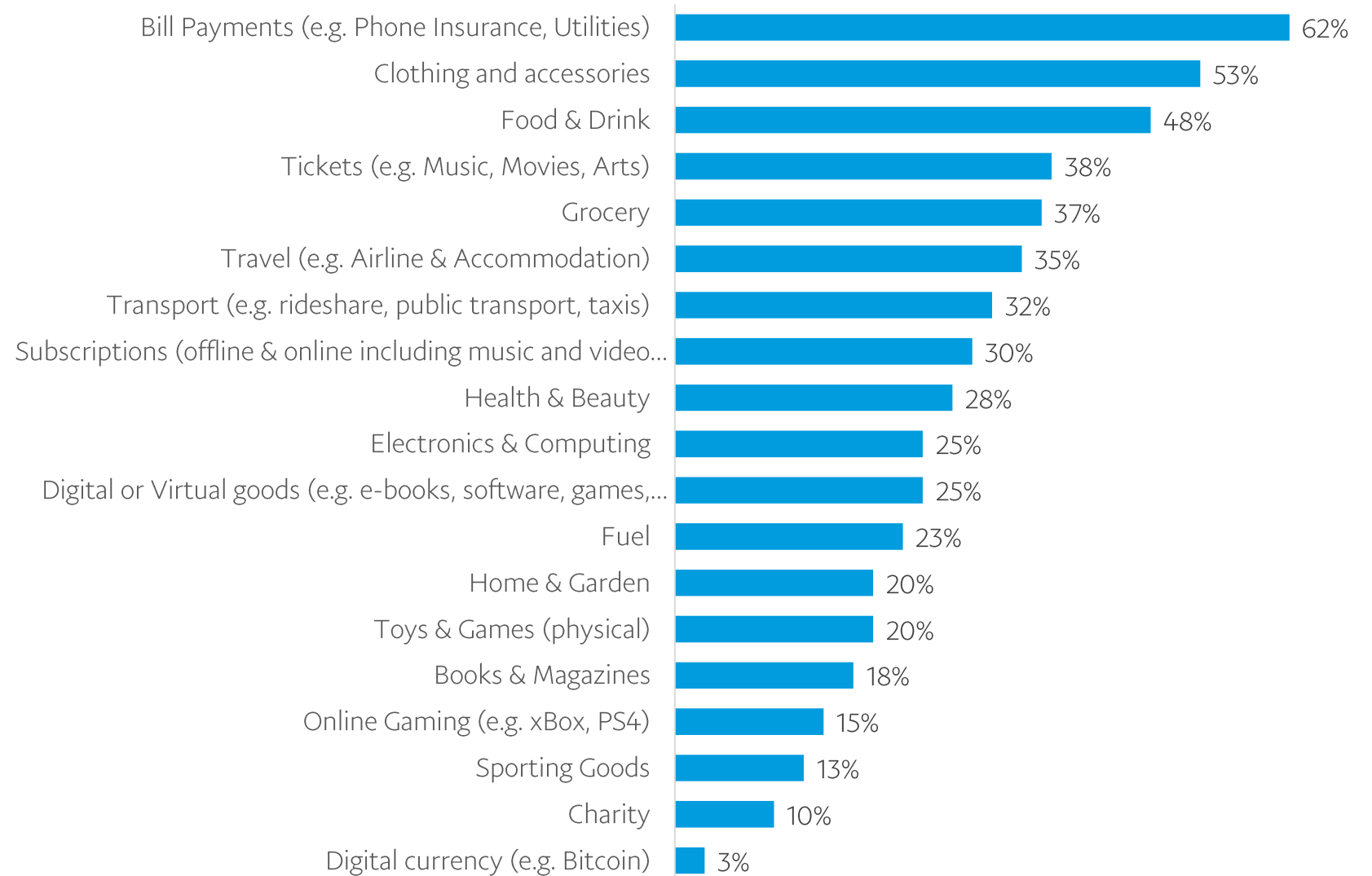
CQ2a. How often do you do each of the following, if at all, on a smartphone?
Base: All respondents (2000)
CQ2b. How often do you do each of the following, if at all, on a tablet?
Base: All tablet owners (1247)

Consumer Mobile Commerce by Category

Bill payments are the most common payment category among mobile shoppers

Practical payments top the list of mobile commerce by category, with bill payments the most common mobile payment for Australians (62%).

Clothing and accessories come in second at 53%. Food & drink, event tickets, and groceries round out the top five categories for mobile purchases and payments



Business Priorities & Concerns

Top priorities: privacy & security. Top concerns: falling consumer spending & the local economy

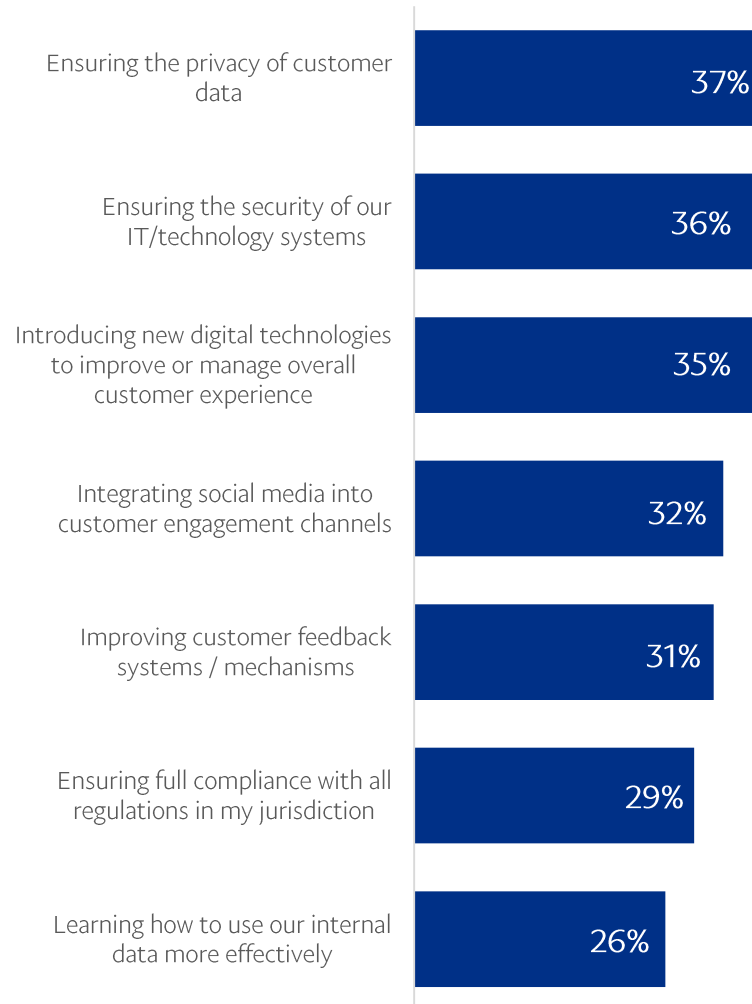
Businesses face an increasingly delicate balance between protecting customer privacy and using data to deliver innovative customer experiences.

This balance is reflected in the top priorities for Australian businesses over the next 12 months: Ensuring customer data privacy (37%), ensuring digital security (36%) and introducing new digital technologies to improve or manage customer experience (36%).

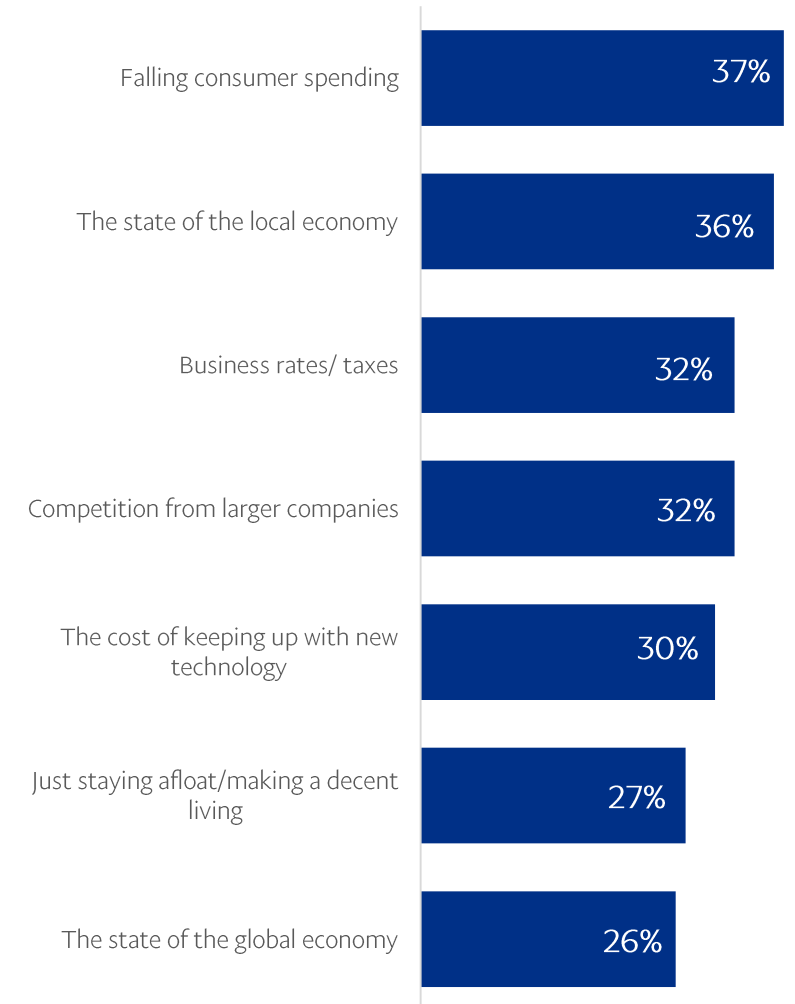
Falling consumer spending (37%) tops the list of concerns for Australian businesses, followed by the state of the local economy (36%). Business rates and taxes are also a big concern (32%).

Competition from larger companies is also seen as a concern for one third (32%) of Australian business respondents, while 27% of businesses are concerned with just staying afloat.

BUSINESS PRIORITIES (TOP 7)



BUSINESS CONCERNS (TOP 7)



The Mobile Shopping Experience - Australia

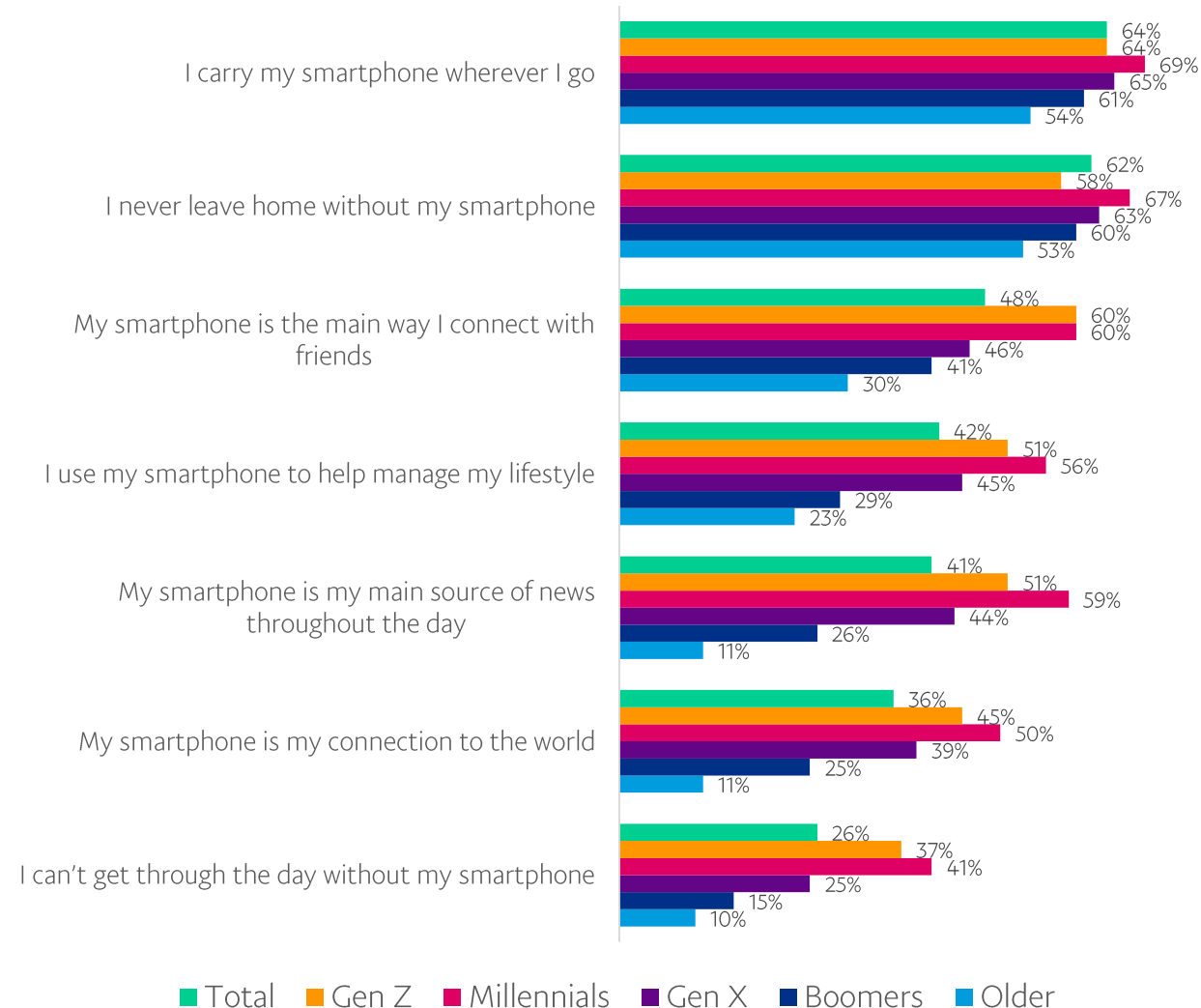
Consumer Smartphone Attitudes & Behaviours

There is strong agreement across all generations of Australian consumers that they carry our smartphones wherever they go (64%), however generational differences emerge in how Australians use their mobiles to connect with friends, manage their lifestyles and access news.

Sixty percent of Gen Z and Millennials say their smartphone is the main way they connect with their friends and more than half of both these groups use their smartphones to manage their lifestyles and as their main source of news throughout the day.

More than half of Australian consumers browse on their mobile devices at least daily with that figure jumping to 65% for Millennials.

CONSUMER SMARTPHONE ATTITUDES AND BEHAVIOURS (TOP 7)



51% of Australian mobile shoppers browse products/services at least daily on their mobile devices

65% of Australian Millennial mobile shoppers browse for products/services at least daily on their mobile devices

■ Total ■ Gen Z ■ Millennials ■ Gen X ■ Boomers ■ Older

Mobile Shopping Situations

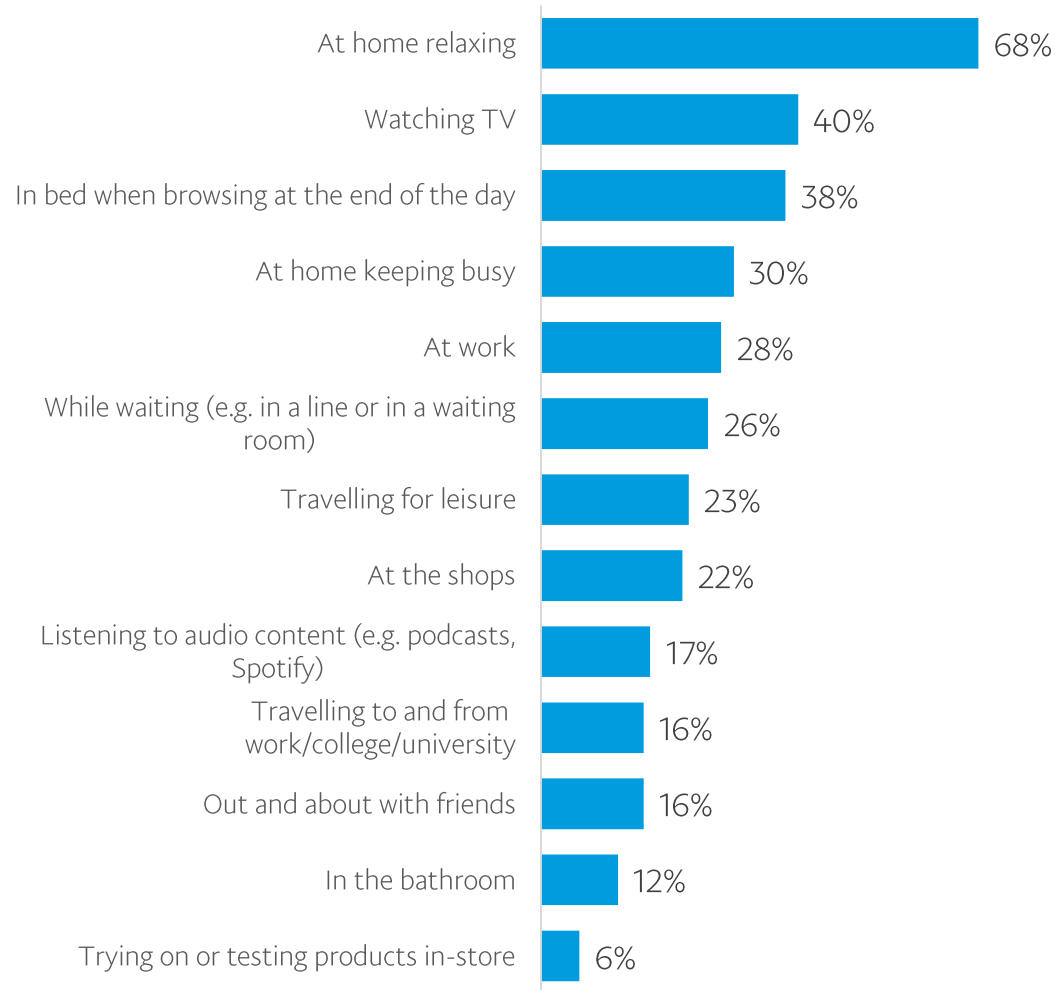
Mobile shopping is most usually done at home while relaxing

Results show that shopping on the go isn't nearly as important to us as shopping on our mobile devices while we're enjoying downtime at home.

Two-in-three Australian mobile shoppers (68%) say "at home relaxing" is the way they usually shop on their mobile devices. Two-in-five (40%) mobile shop while watching TV, and almost as many (38%) say they like to purchase or make mobile payments while browsing in bed.

One-in-eight (12%) of Australian mobile shoppers even say they usually make mobile payments while in the bathroom.

Almost a third of consumers (32%) have made a spontaneous or 'impulse' purchase while shopping on their mobiles, with Millennial shoppers (48%) the most likely demographic to spontaneously splurge.



CQ8. In which situations do you usually use your mobile device (smartphone, tablet, smartwatch) for purchasing or making online payments? Base: All mobile shoppers (1458)

38% of mobile shoppers shop in bed when browsing at the end of the day

26% of Millennial mobile shoppers do so while physically at the shops

19% of Millennial mobile shoppers do so when out with their friends

32% of consumers have made spontaneous purchases on their mobiles, a figure that rises to 48% for Millennials

CQ8. In which situations do you usually use your mobile device (smartphone, tablet, smartwatch) for purchasing or making online payments? Base: All mobile shoppers (1458)

CQ9. Which, if any, of the following have you ever done when making a payment or purchase on a mobile device (smartphone or tablet)? Base: All respondents (2000)

Mobile Commerce Consumer Drivers & Barriers

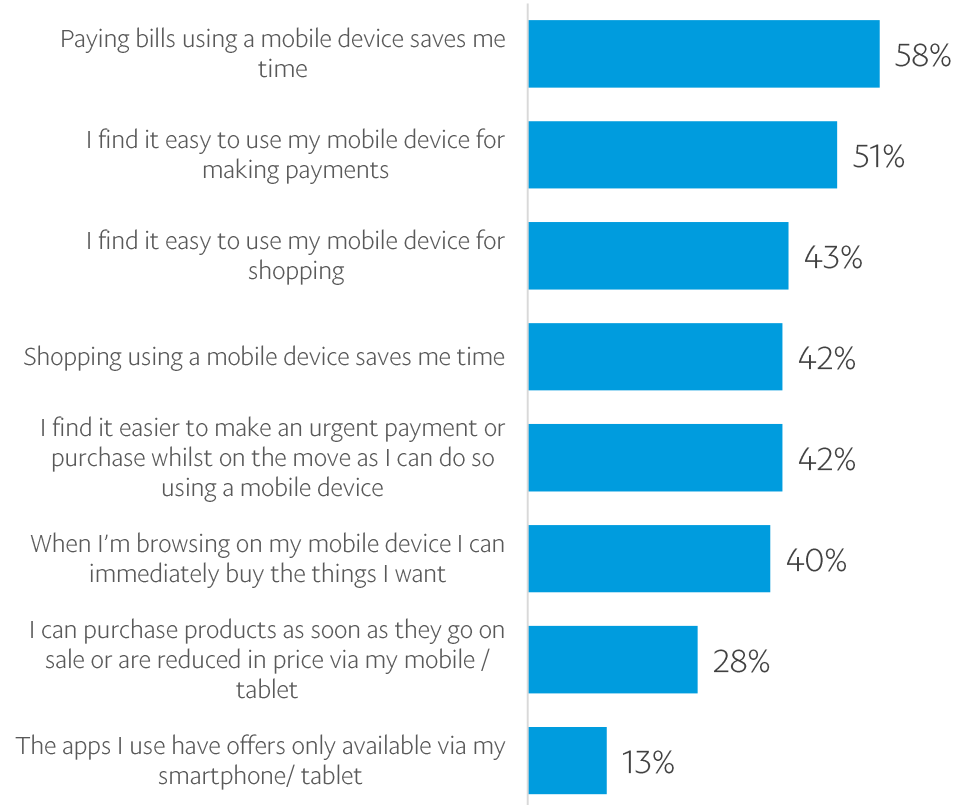
Convenience is the main driver of mobile commerce while almost two-thirds of consumers have security and trust concerns

For consumers, the biggest drivers for mobile commerce are simplicity and saving time.

We also see the converse is true – if a mobile shopper has checkout problems, slow page loads, too many forms to deal with or a crashing app, they're less likely to interact with a business on mobile.

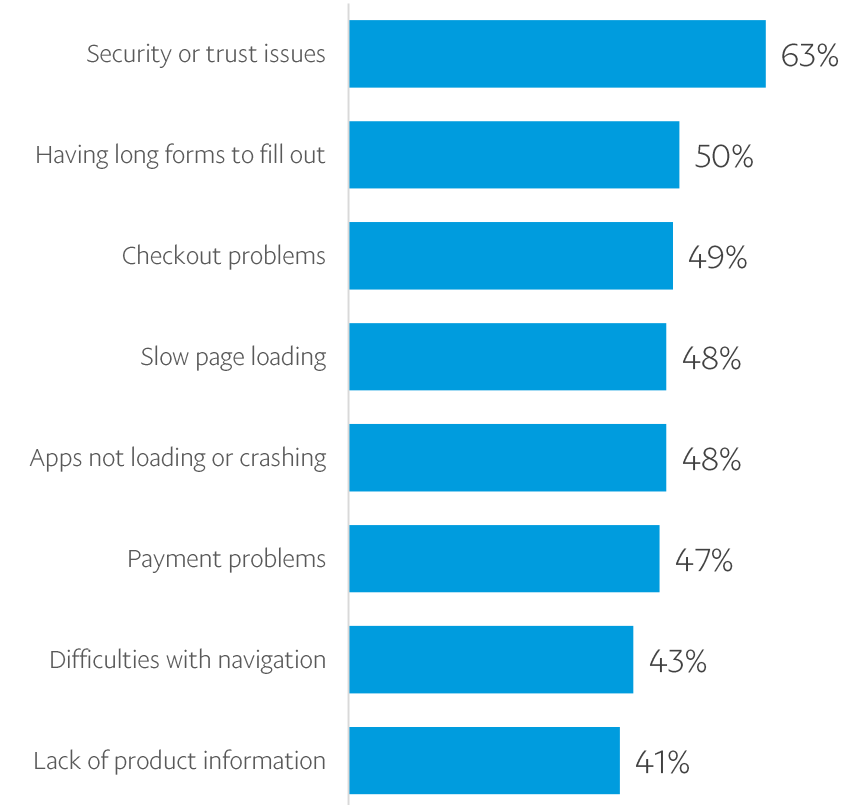
The top barrier to mobile commerce is trust and security issues with 63% of Australian consumers saying security and trust issues make them less likely to deal with a business on a mobile device.

CONSUMER DRIVERS (TOP 8)



CQ11. And, thinking specifically about making a payment or purchase on a mobile device, which of the following statements, if any, apply to you personally?
Base : All mobile shoppers (1458)

CONSUMER BARRIERS (TOP 8)



CQ10. Which, if any, of the following would make you less likely to interact with a business on a mobile device?
Base : All respondents (2000)

Mobile Commerce Consumer Abandonment

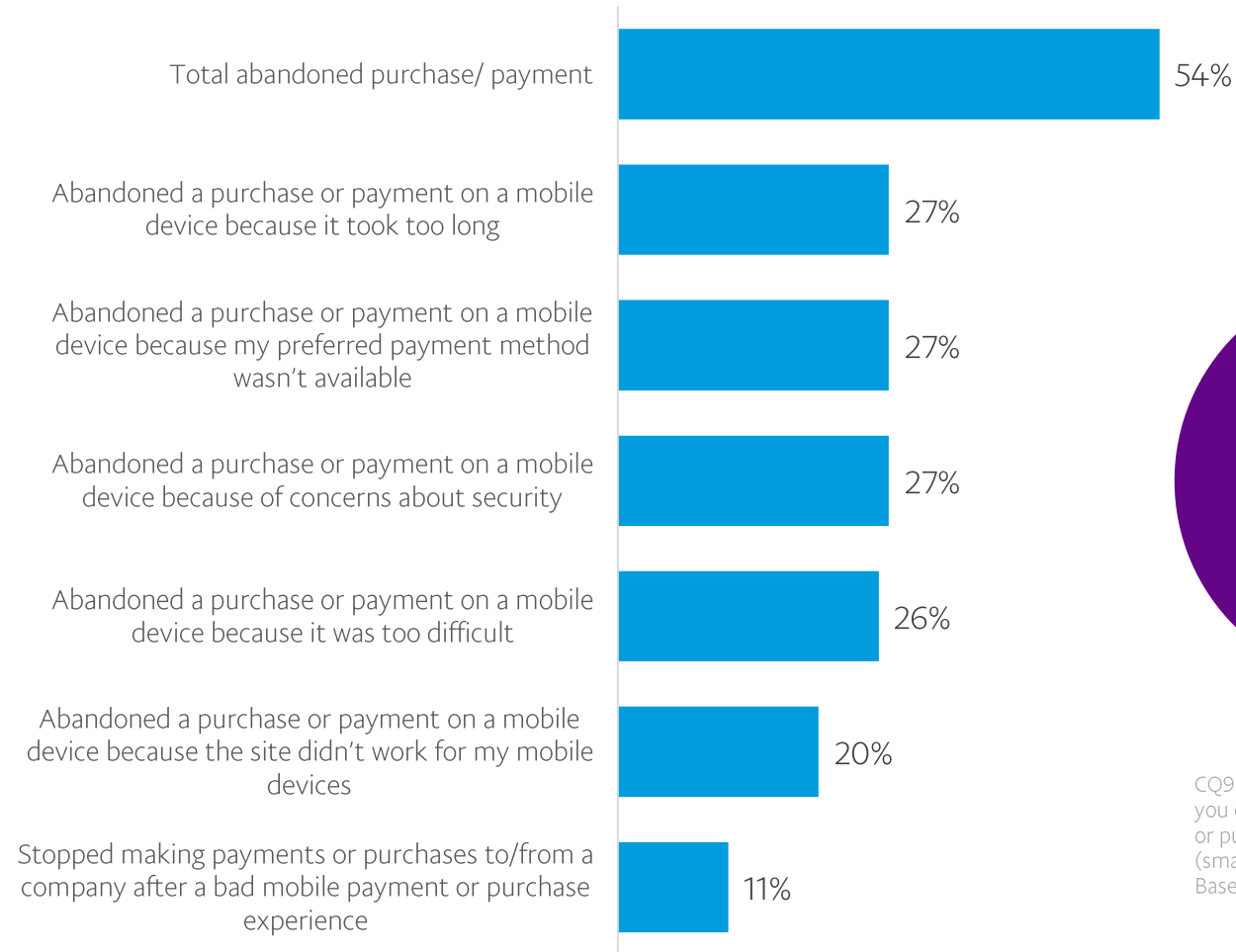
Over half have abandoned a purchase on a mobile device

Over half (54%) of Australian consumers have, at some time, abandoned a purchase on a mobile device.

27% have abandoned because a payment was taking too long, and the same number (27%) said it was because their preferred payment option wasn't available. Another 27% said it was due to concerns over site security.

18% of consumers admit that they have left items in a digital shopping cart to wait for the online business to offer them a discount offer to complete the purchase, and that number jumps to 30% for consumers under the age of 35.

REASONS FOR ABANDONING MOBILE PURCHASES



18% of Australians have left items in their cart and waited for an offer, a figure that rises to 30% for younger shoppers (18-35 yrs)

CQ9. Which, if any, of the following have you ever done when making a payment or purchase on a mobile device (smartphone or tablet)?
Base : All mobile shoppers (2000)

Mobile Commerce Business Barriers

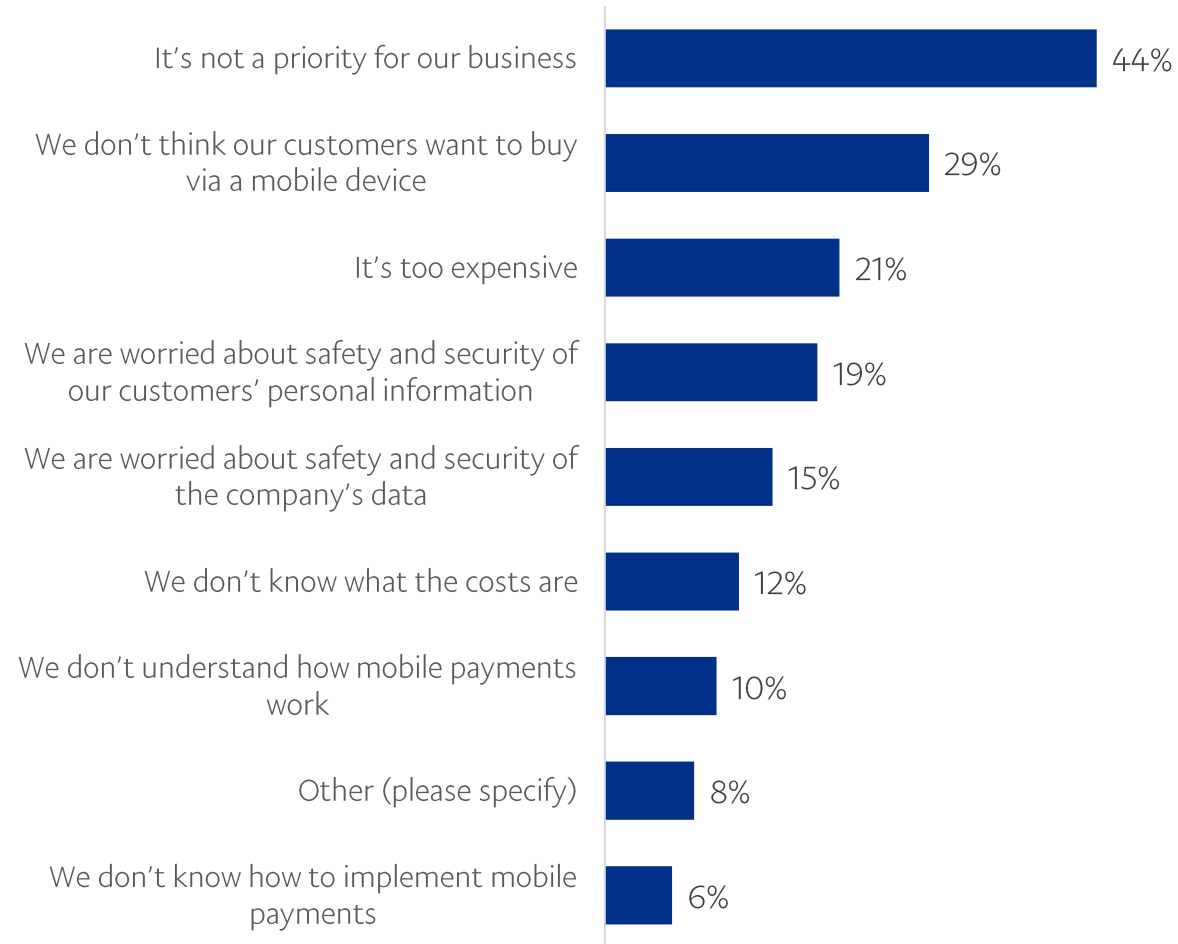
Only a small portion of businesses (16%) had not optimised for mobile and had no plans to optimise for mobile in the future.

44% of these businesses with no plan to optimise say it's simply not a priority, while 29% say they just don't think their customers want to buy on mobile.

Other businesses see the safety and security of both customer and business data as a major concern with mobile selling.

However, some businesses seem to lack the information they need, with 12% stating they don't know what the costs are and 10% stating they don't understand how mobile payments work.

BUSINESS BARRIERS TO MOBILE OPTIMISATION

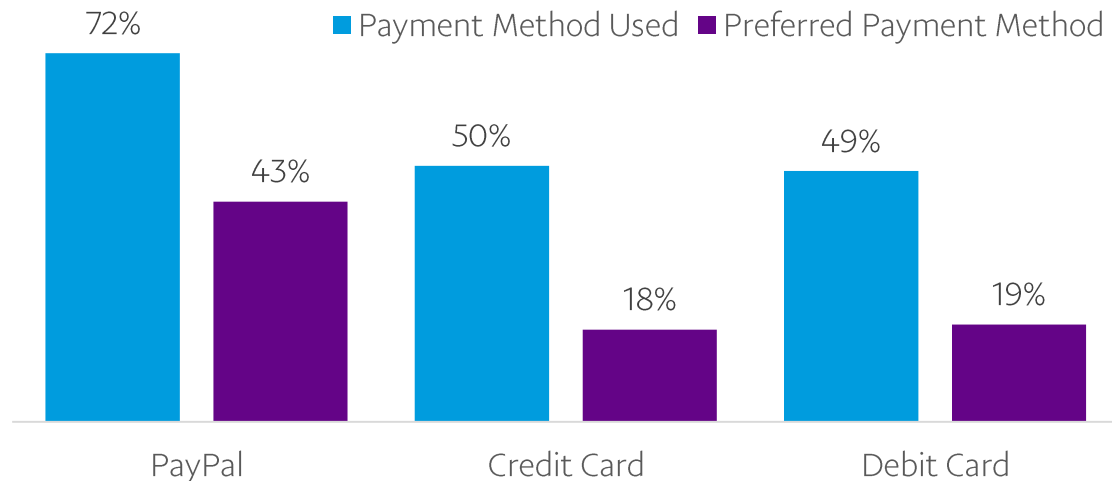


Mobile Payment Methods

PayPal is accepted by two thirds of businesses and is the #1 preferred payment method for mobile shoppers

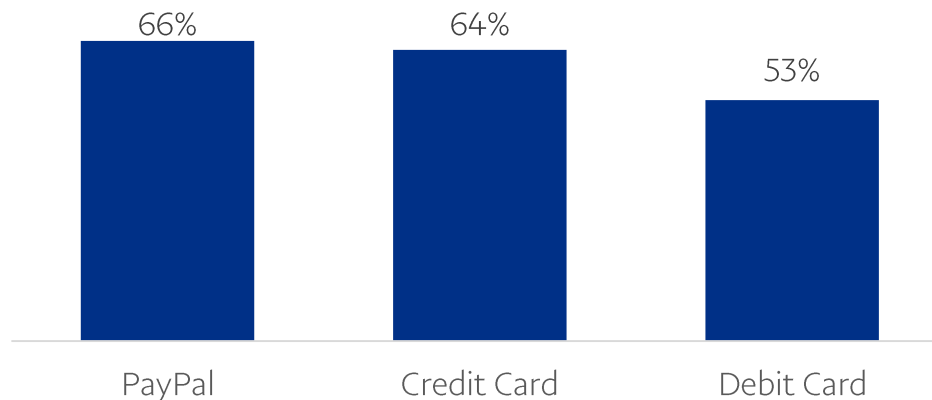
PayPal tops the list for both the most preferred payment method and the most used payment method for Australian mobile shoppers, followed by credit cards and debit cards.

CONSUMER MOBILE PAYMENT METHODS (TOP 3)



CQ4. Thinking about when you make a purchase or payment online using a mobile device, which of the following payment options, if any, do you typically use? Base : All mobile shoppers (1458) CQ5. And which of the payment options that you use, if any, would you say is your preferred payment option? Base : All mobile shoppers (1458)

PAYMENT METHODS OFFERED BY BUSINESSES (TOP 3)



MQ3. From the following list of online payment options, please select the options you provide to your customers? Base : All business respondents (300)

Mobile Apps in Australia

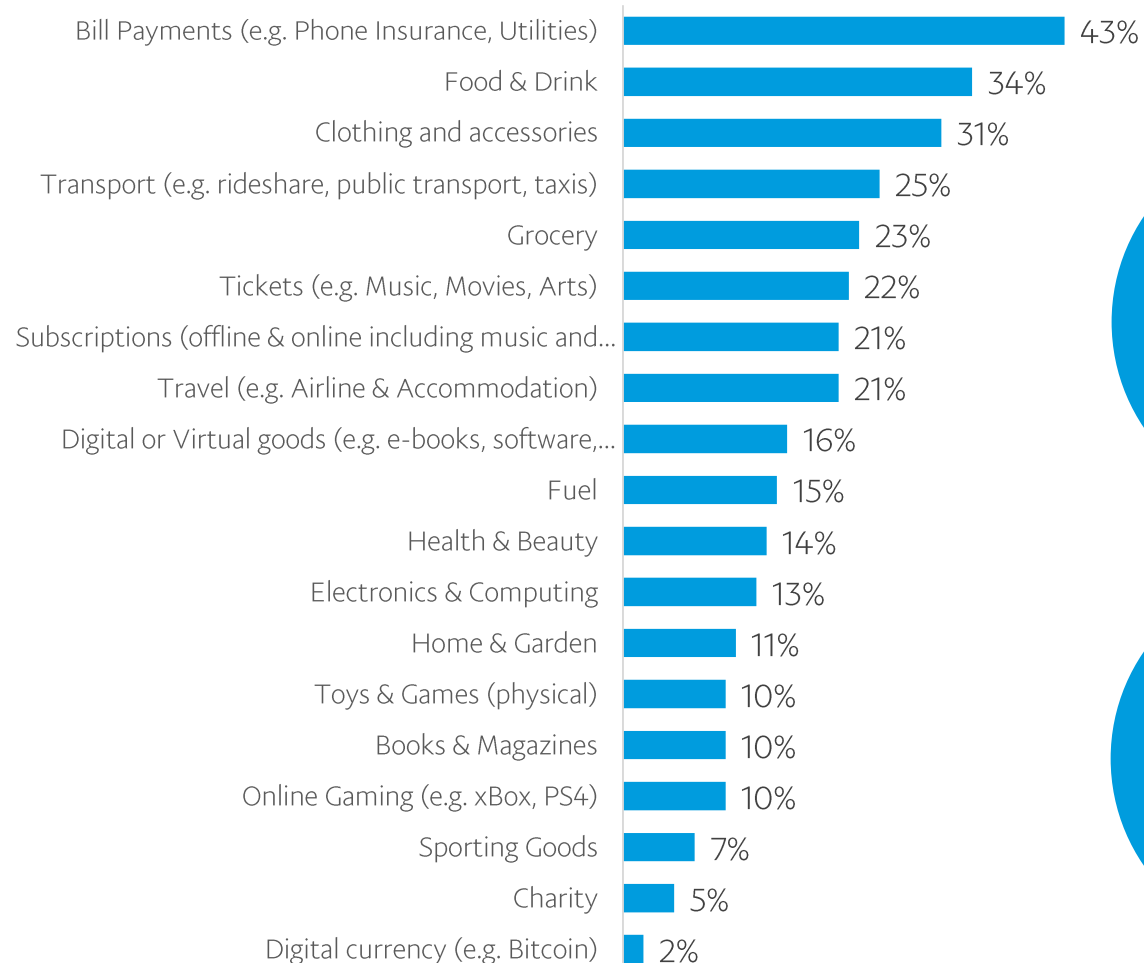
Apps: Consumer Use & Spend

Payments using apps is dominated by practical payments

Apps are a significant channel for mobile transactions, with 2-in-5 mobile shoppers (39%) paying via apps at least weekly. However this is 16% lower than the 55% of mobile shoppers who pay via mobile on a weekly basis more broadly.

Similar to the category list for purchases across all mobile channels combined, Bill Payments tops the list for purchases via app. However, Food & Drink, Transport and Fuel are all positioned higher in category ranking for app purchases.

CONSUMER APP PURCHASING BY CATEGORY



98%
Australian
Mobile shoppers
have paid via
apps

39% Australian
Mobile
Shoppers pay
via apps weekly

CQ15. Thinking about the payments or purchases that you have made using mobile apps in the past 6 months, which of these categories have you purchased from / paid for using a mobile app? Base: All mobile shoppers (1458)

CQ14. How often, if at all, do you make purchases or payments using mobile apps? Base: All mobile shoppers (1458)

Apps: Business Adoption, Barriers and Sales

While only 1-in-6 (16%) of Australian businesses has an app, 50% of businesses with no mobile app say they are either currently developing an app or intend to develop an app.

Australian businesses that have a mobile app said an average of 36% of their sales were made by via in-app purchases in the last 6 months.

For businesses with no plans to develop an app, 42% believe their products and services would sell no better through an app and 32% felt an app would not give their customers a better experience.

For others, resources, whether money, time or people power, are just not available to develop and maintain an app.

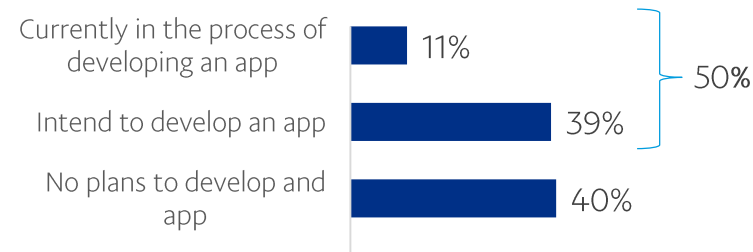


MQ1. Which, if any, of the following statements apply to your business?
Base: All business respondents (300)



MQ9. Approximately what percentage of your sales volume in the last 6 months has been made via in-app purchases?
Base: All business respondents with mobile app (48) CAUTION LOW BASE

BUSINESS PLANS FOR APP DEVELOPMENT



MQ8a. Which of the following best describes your approach to developing an app that will allow for payments?
Base: All business respondents without mobile app (252)

BUSINESS BARRIERS TO APP DEVELOPMENT



MQ8b. Why have you not developed an app so far / will you not develop an app?
Base: All business respondents without mobile app and no plans to develop one (101)

Social Commerce in Australia

Social Commerce: Consumer Adoption, Frequency & Spend

Social media platforms have increased the capacity for businesses to not just talk to customers but to also generate sales and it's the younger demographics who have embraced this new channel the most.

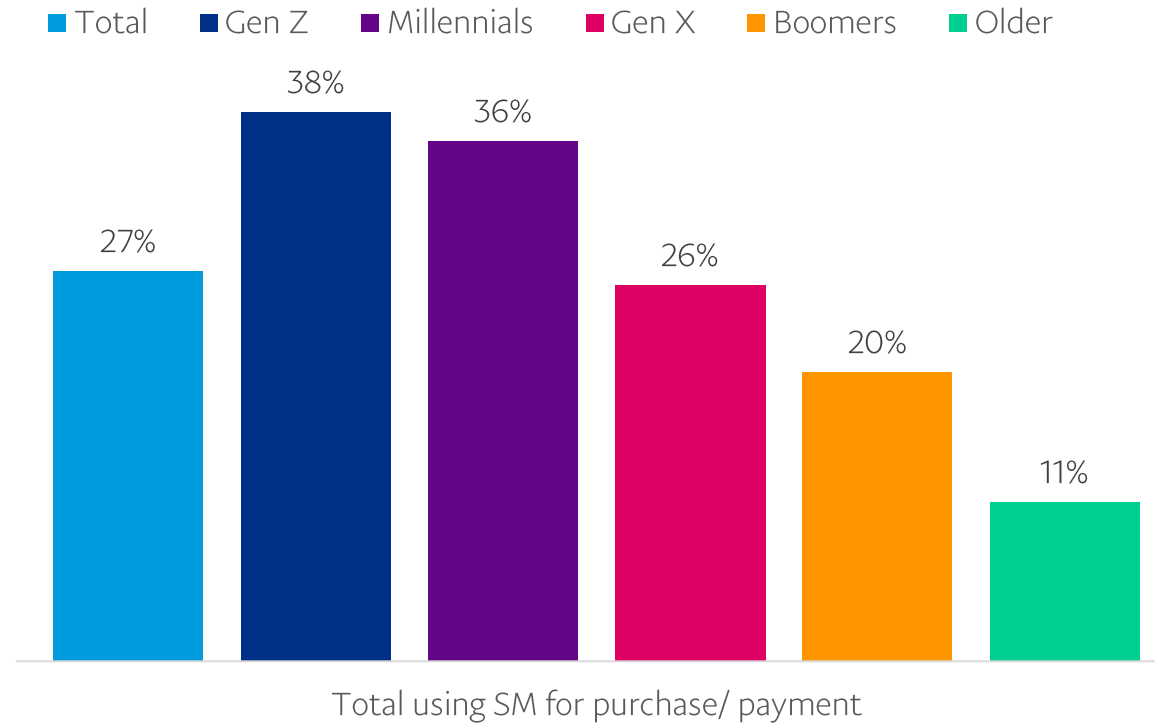
Just over 1-in-4 (27%) consumers have made a purchase through a social platform in the last 6 months, this rises to 38% of Gen Z and 36% of Millennials.

1-in-5 Australian social shoppers (21%) make purchases via social at least weekly, which jumps to 38% for Gen Z.

Australia's social shoppers are spending \$121 on average per month across social channels.

While it's early days for social commerce, the spending has begun.

SOCIAL COMMERCE CONSUMER ADOPTION



CQ16. Which of the following social media platforms, if any, have you made a purchase or payment from in the last 6 months?

Base: All respondents (2000), Gen Z: 266; Millennials: 481; Gen X: 554; Boomer: 372; Older: 327)

27% Australian consumers shop via social media

CQ16. Which of the following social media platforms, if any, have you made a purchase or payment from in the last 6 months?
Base: All respondents (2000)

21%

Social shoppers purchase or pay at least weekly via social media

CQ21. How often, if at all, do you make purchases or payments through social media platforms?
Base: All who purchase via social media (518)

\$121

Average monthly spend of social shoppers via social media

CQ22. In total, how much money have you spent on all purchases or payments made through a social media platform in the past 6 months?
Base: All who purchase via social media (518)

Social Commerce: Business Adoption and Sales Volume

Less than a fifth of Australian businesses currently accept payments via social media

Less than a fifth (18%) of Australian businesses say they currently accept payments through social channels, with a further 21% saying they will in the next six months.

With 50% more consumers buying on social (27%) than businesses selling on social (18%), there's a clear opportunity for Australian businesses who are prepared to embrace this emerging channel.

Those Australian businesses that are selling on social report that 38% of their sales are made via social channels.

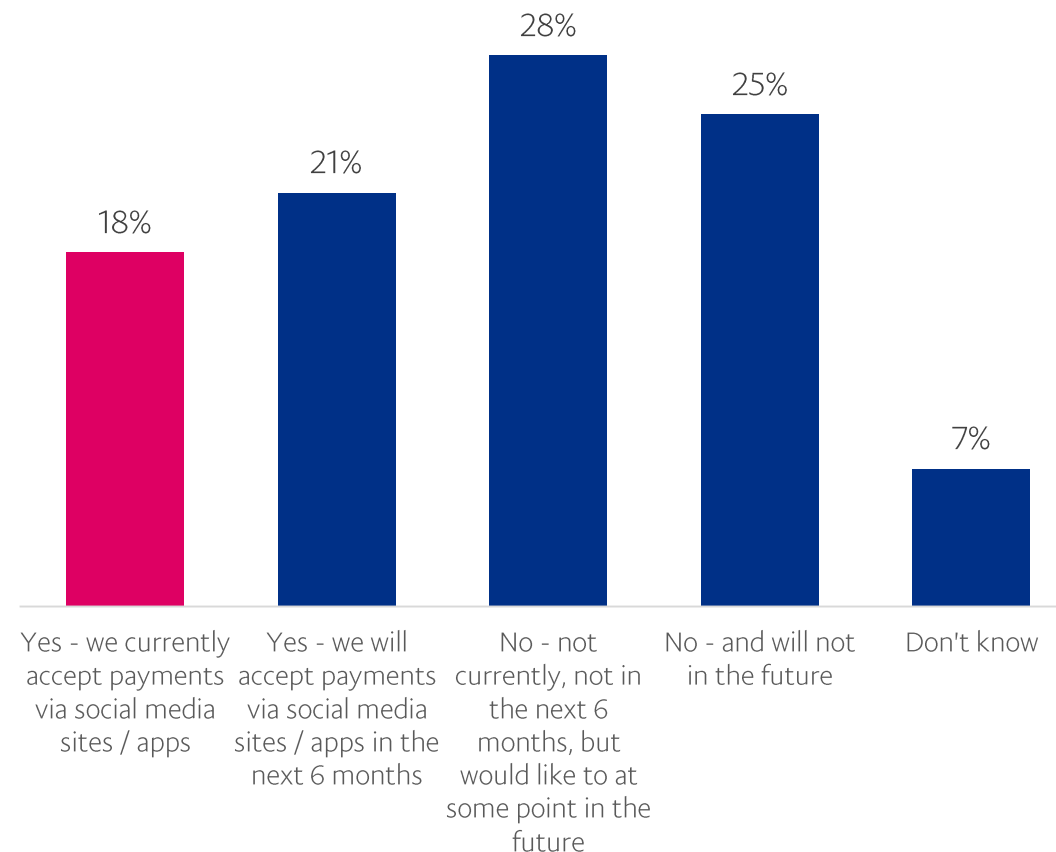
18% of
Australian
businesses
accept payment
via social media

MQ10. Does your business currently, or will it in the next 6 months, accept payments via social media sites or social media apps? Base All business respondents (300)

Social sellers
see 38% of
sales volume
taken via social
media

MQ14. Approximately what percentage of your business's sales volume (i.e. number of sales) in the last 6 months was made through social platforms / social media apps? Base All business respondents who sell through social media (55)

SOCIAL COMMERCE BUSINESS ADOPTION



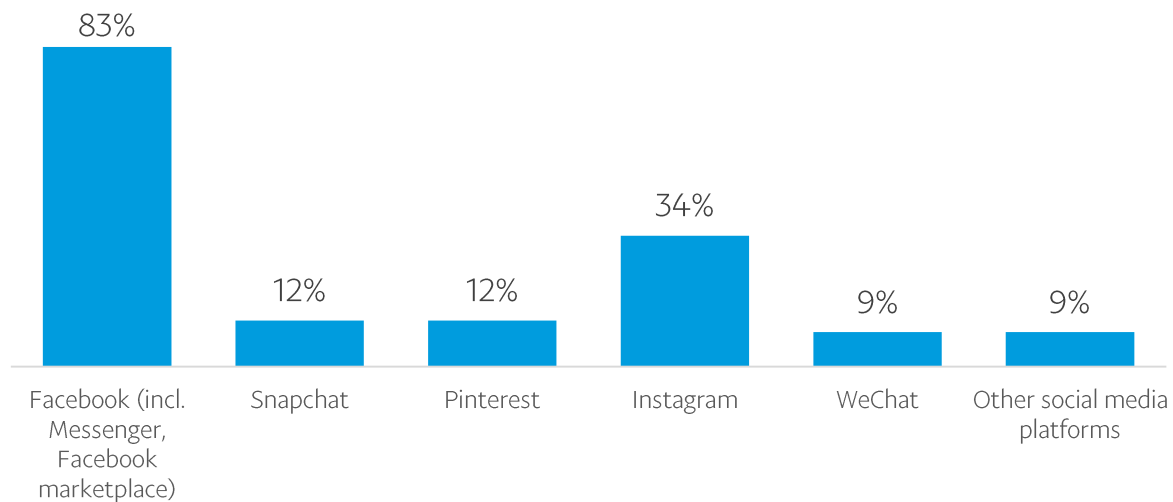
MQ10. Does your business currently, or will it in the next 6 months, accept payments via social media sites or social media apps? Base All business respondents (300)

Social Commerce: Platforms and Categories

Unlike overall mobile commerce and app payments, Bill Payments is not the top category for social commerce. Top categories that consumers have, or would consider, buying via social commerce are Clothing and Accessories (24%) and Health & Beauty (15%) with Tickets (13%) and Home & Garden (11%) following. These are all categories that lend themselves to either social discussion, video or imagery. 41% of consumers currently would not consider buying anything from social media.

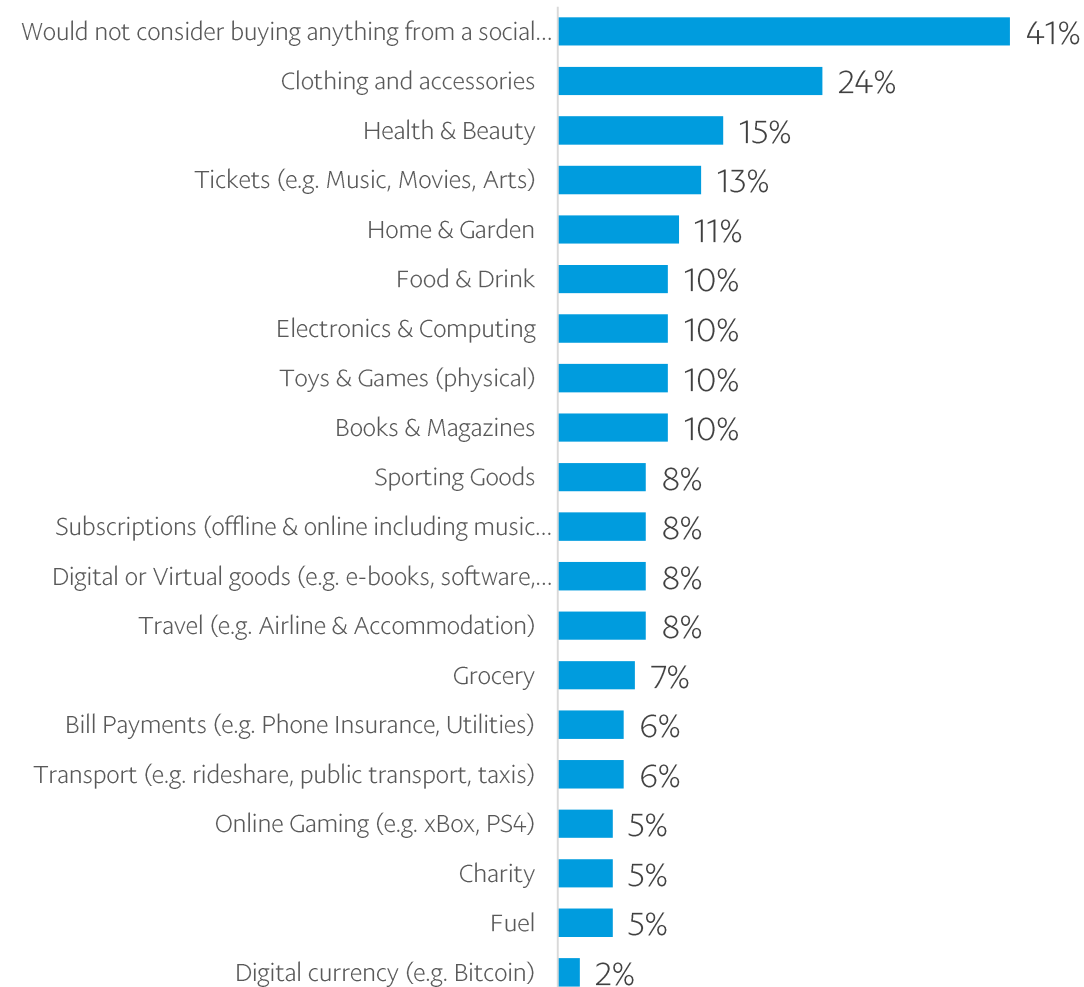
Facebook is the most popular social commerce platform with social media shoppers (83%), followed by Instagram (34%), followed by Instagram (34%).

CONSUMER SOCIAL COMMERCE BY PLATFORM



CQ16. Which of the following social media platforms, if any, have you made a purchase or payment from in the last 6 months? Base: Social Shoppers (518)

SOCIAL COMMERCE PURCHASE CATEGORIES



CQ19. Which of the following product categories, if any, do you ever buy or would you consider buying directly from your social media feeds? Base: All respondents (2000)

Social Commerce: Consumer Attitudes & Behaviours

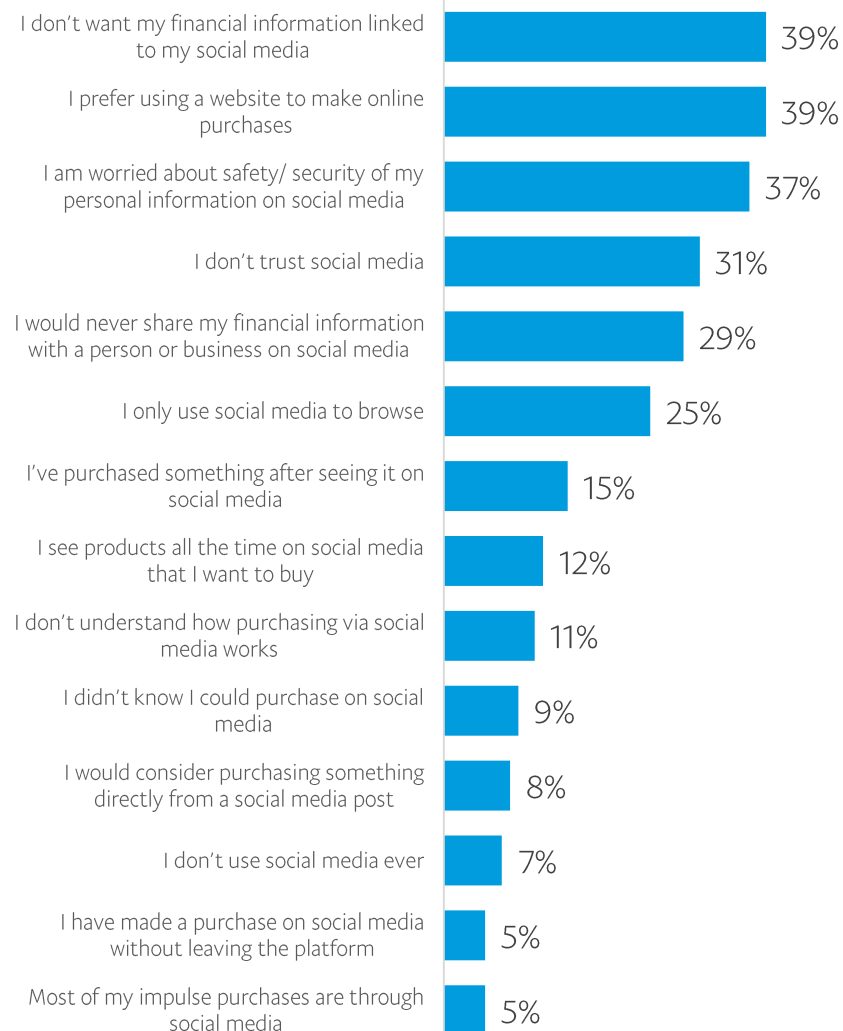
Concerns about security and trust dominate attitudes towards social media payments

Australian consumers are yet to be convinced when it comes to trusting social media for purchases.

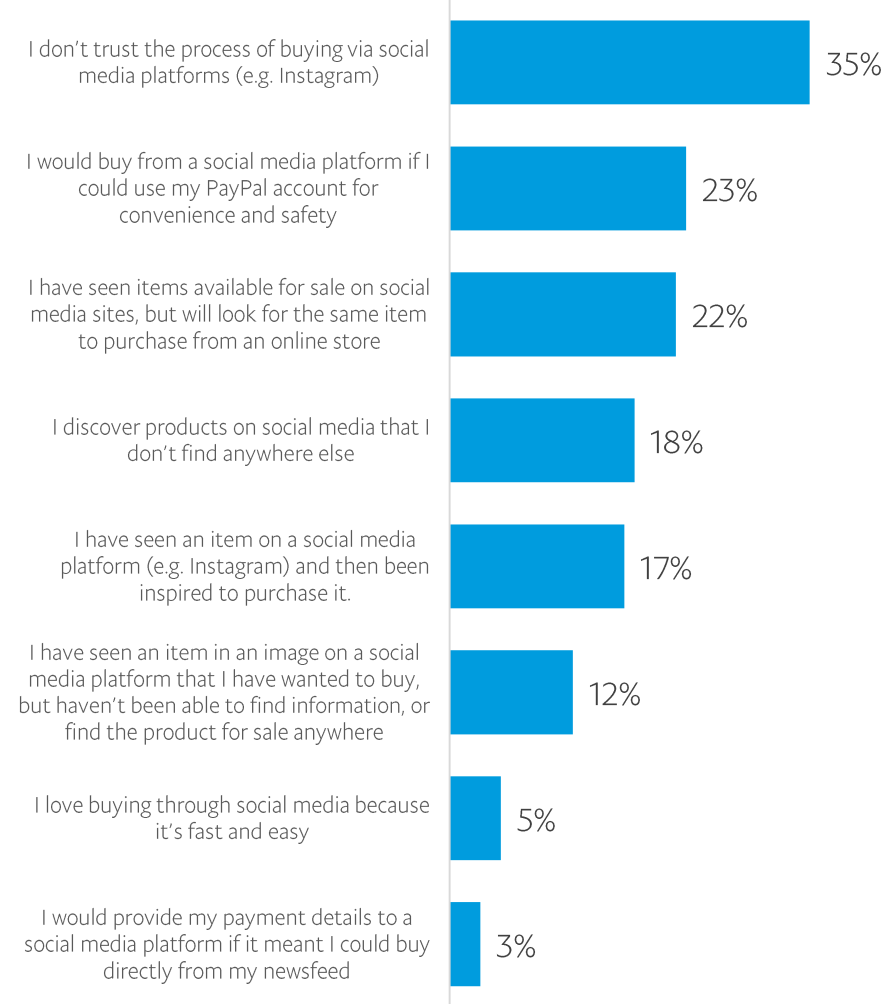
Almost 2-in-5 (39%) don't want financial information linked to social media, and 37% worry about sharing personal information through these platforms.

However almost a quarter (23%) of consumers would purchase via social channels if they could use their PayPal account for safety and convenience.

1-in-5 consumers (22%) indicate that they discover products on social media then purchase via an online store rather than click through on the social link.



CQ20. Thinking about purchasing through social media, which of the following statements, if any, do you feel apply to you personally? Base: All respondents (2000)



CQ18. And, thinking specifically about the social media platforms you use personally, which of the following, if any, do you feel apply to you? Base: All respondents (2000)

Social Commerce: Business Use & Attitudes

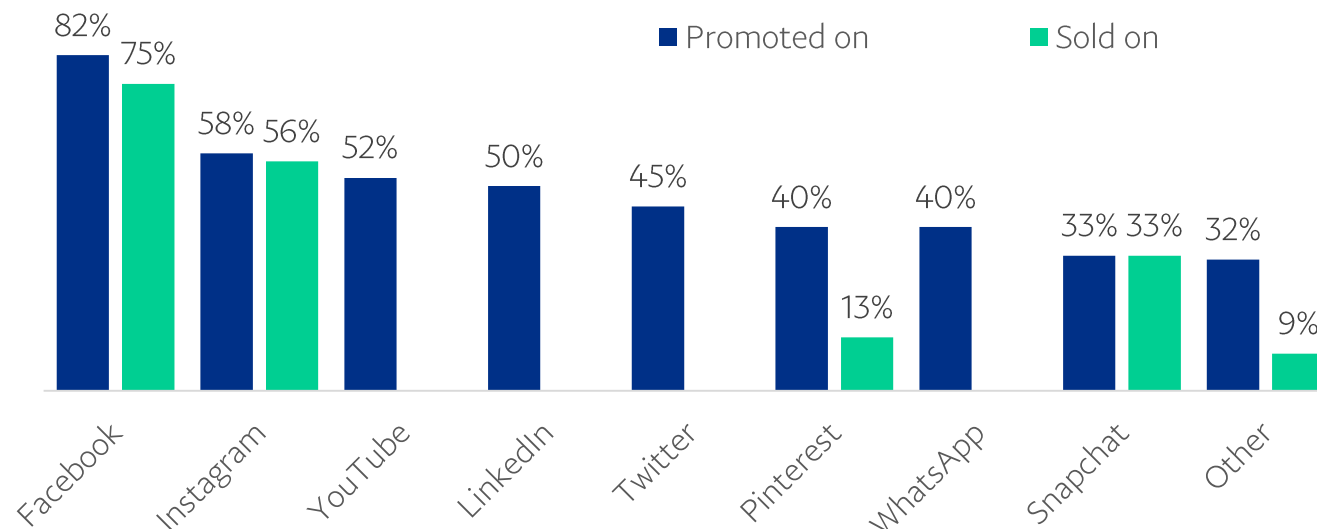
4-in-5 businesses promote via social media, however a quarter don't think their customers want to purchase through social channels

Most businesses have adopted social media as a promotional tool with more than 80% marketing via social platforms however 17% of businesses say they don't use social media at all.

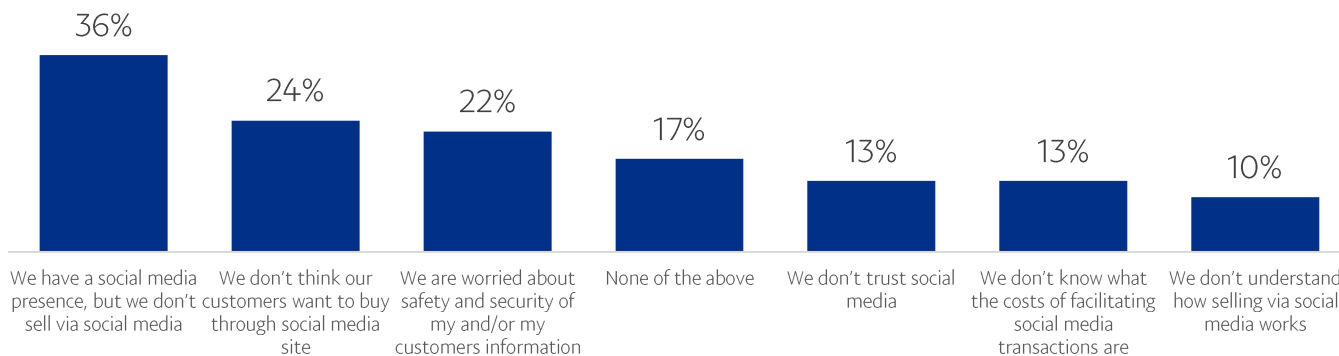
4-in-5 (82%) use Facebook for promotion, with 58% using Instagram. YouTube and LinkedIn are also used by over approximately half of businesses for promotion.

When it comes to sales, three quarters (75%) of social sellers say they sell through Facebook and more than half (56%) are selling through Instagram, giving Facebook-owned social properties a strong lead as social sales channels.

22% say they are worried about safety and security of customer information on social media, while 24% say they don't think customers want to shop via social.



MQ12. Approximately how often, if ever, does your business use each of the following social media platforms to promote your business?
Base: All business respondents (300) MQ13. Which of the following social media platforms or social media apps, if any, does your business sell through? Base: All business respondents who sell through social media (55)



MQ15. Which, if any, of the following statements apply to your business?
Base: All business respondents (300)

17% of Australian businesses don't use social media at all

Contactless Device Payments – Australia

Contactless Device Payments: Usage & Frequency

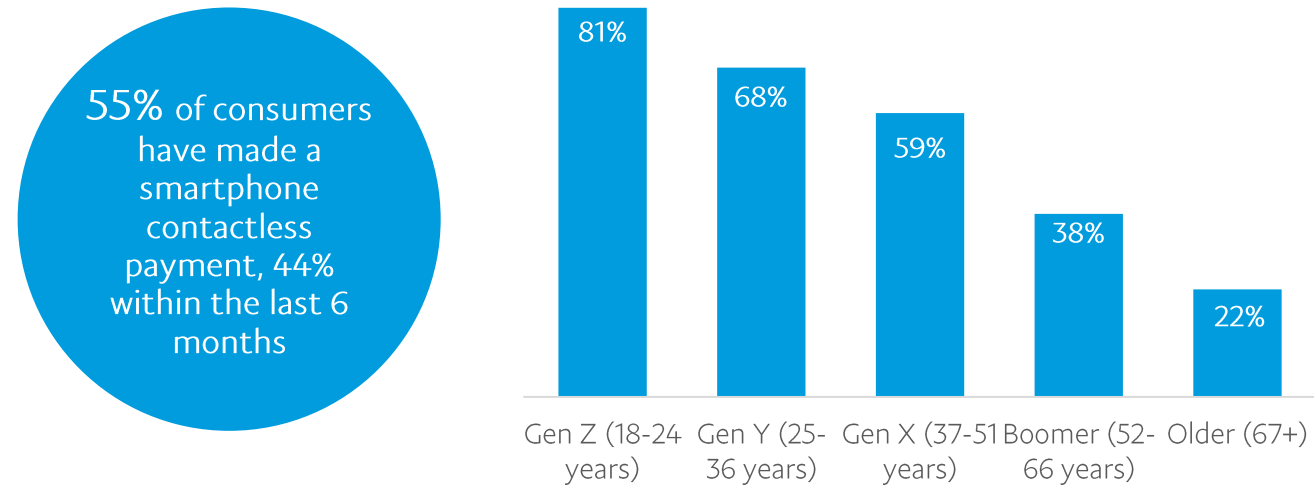
In-store contactless payments continue to grow, wearables are gaining traction

More than half of consumers (55%) have made a contactless payment with their smartphone. Smartphone tap and go is most popular with younger demographics – 81% of Gen Z having made a smartphone contactless payment.

While smartphone contactless payments have gained significant consumer adoption, it's still early days for using wearables as in-store payment devices.

18% of Australian consumers own wearable devices with 38% of wearable owners (7% of consumers) having made a wearable contactless payments in the last 6 months.

SMARTPHONE CONTACTLESS PAYMENTS



CQ2a. How often do you do each of the following, if at all, on a smart phone? – Make payment in a store, other physical location Base: All respondents (2000)

20% of consumers own a wearable device. 8% of consumer respondents made wearable contactless payments in the last 6 months

CS6. Which of the following types of devices do you own or use? (2000)

Q2c. How often do you make payments in a store, other physical location using wearable technology capable of making payments? Base: Wearable payment technology owner (404)

Contactless Device Payments: Consumer Benefits & Barriers

Security is the main barrier to making contactless payments

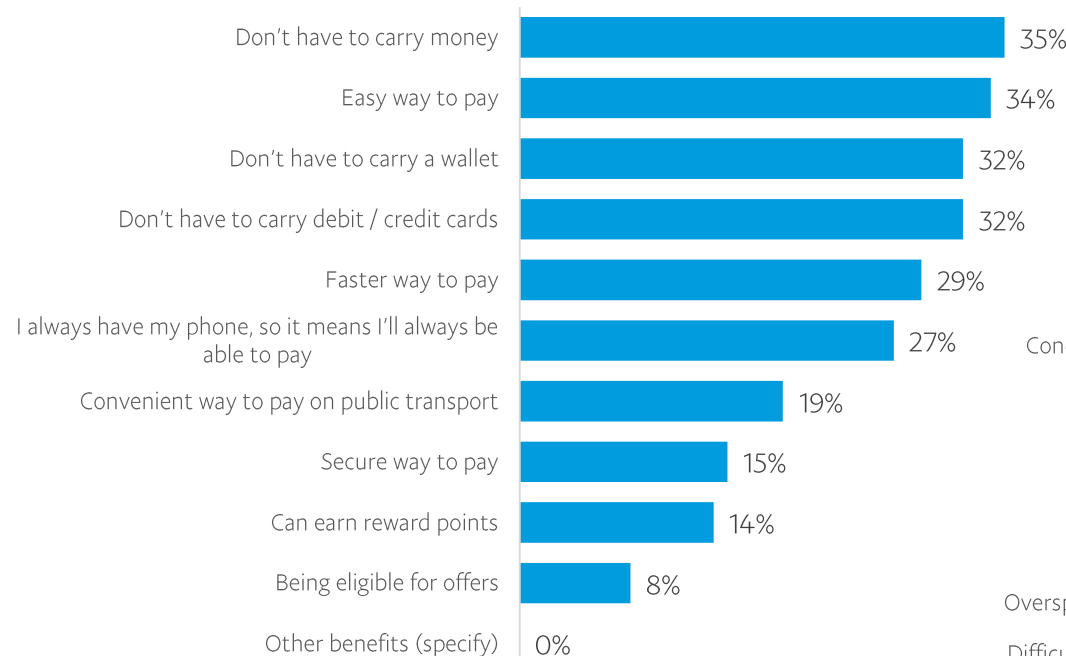
Australian consumers most like the idea of contactless in-store payments for the high degree of convenience it offers.

Not needing to carry money, credit cards, or even a wallet are all in the top five perceived benefits, alongside speed and ease of use.

As for the drawbacks, security is seen as a concern by over half (51%) of all respondents, with 1-in-3 (33%) also concerned about the fact that not all stores accept contactless payments yet.

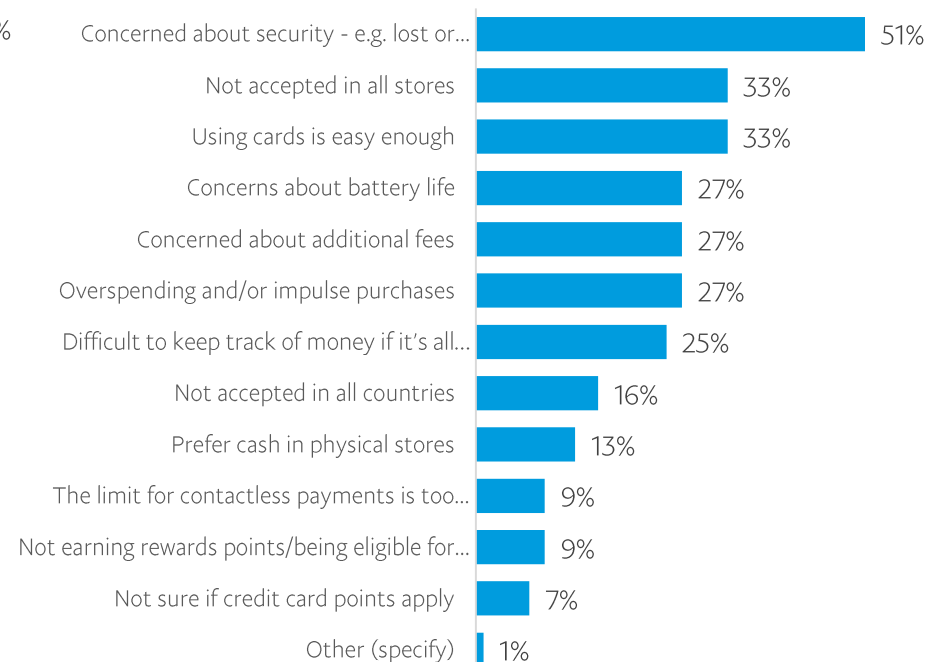
For 1-IN-4 (27%), the fear of it being too easy, resulting in overspending or impulse purchases, is considered a real concern.

BENEFITS OF MAKING CONTACTLESS IN-STORE PURCHASES



CQ24. Which, if any, of the following do you consider to be benefits of using a mobile or wearable device for in-store payments? Base: All respondents (2000)

BARRIERS TO MAKING CONTACTLESS IN-STORE PURCHASES



CQ25. Which, if any, of the following do you consider to be drawbacks of using a mobile or wearable device for in-store payments? Base: All respondents (2000)

Conscious Consumers - Australia

Conscious Consumers

Environmental concerns are impacting purchasing behaviour

Conscious Consumers consider the environmental, ecological and fair-trade impacts of their purchases. They also actively engage with the business they deal with and purchase from.

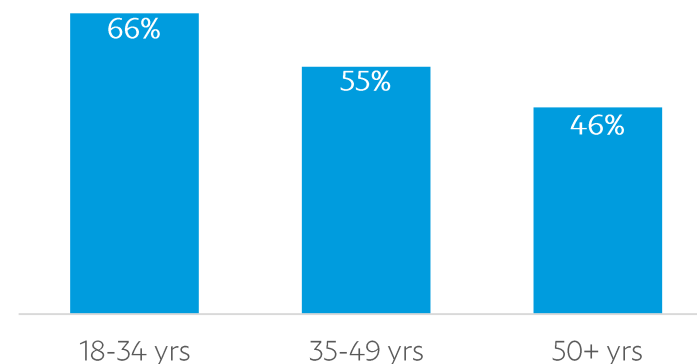
55% of Australian consumers have made 5 values-based purchasing decisions or held values-driven purchasing attitudes in the last 12 months and are considered 'Conscious Consumers'.

More consumers under 35 years (66%) are Conscious Consumers than in older age groups (35-49 years 55%; 50+ years 46%).

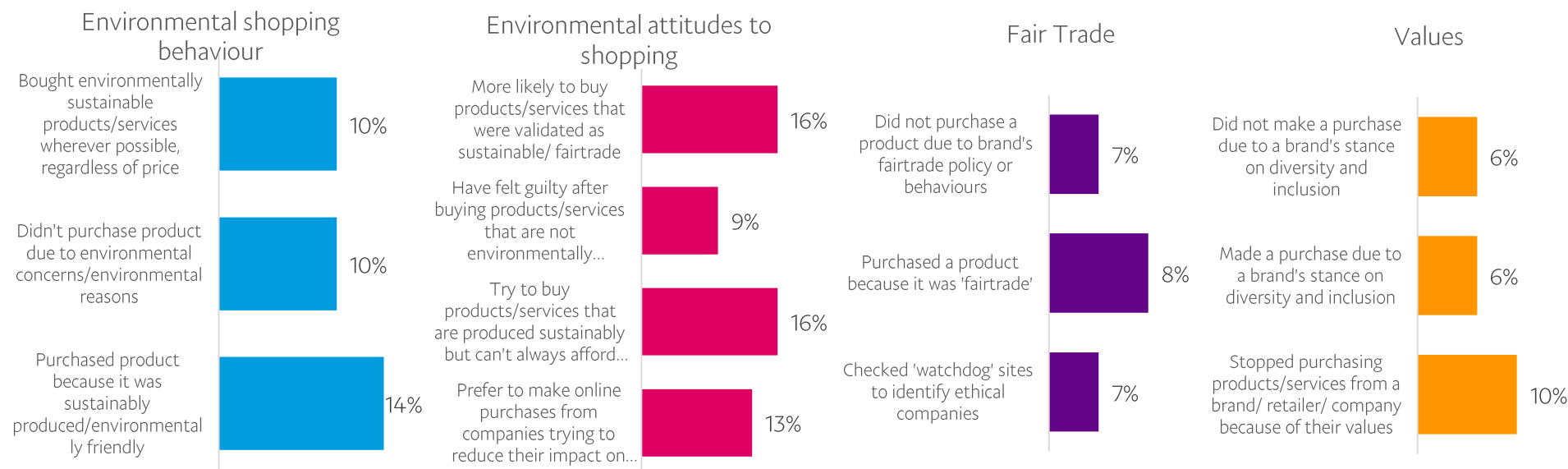
1-in-10 consumers (10%) has boycotted a brand because of their values, a number that increases to 1-in-5 for Gen Z (19%); 14% had purchased a product specifically because it was sustainably produced or environmentally friendly and 10% of consumers buy environmentally-sustainable products and services wherever possible, regardless of price.



CONSCIOUS CONSUMERS BY AGE



CQ35. Thinking about online purchasing generally, which of the following have you done in the past 12 months? CQ37. Which of the following statements, if any, apply to you personally? Full details in the Appendix



Business Readiness for Conscious Consumers

Businesses aware of changing consumer attitudes

Australian businesses are attuned to changing consumer sentiment with three quarters (75%) agreeing that businesses need to adapt to consumer demand for more ethical products and services and 62% saying that an increasing number of customers make purchasing decisions based on the values they think a company holds.

92% of Australian businesses say they are aware of the ethical trading practices of their supply chain partners.

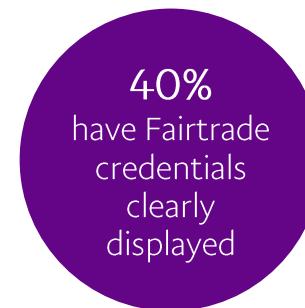
However, 3 out of 5 (60%) feel price, features and convenience are still more important to consumers than ethical considerations.

2-in-5 (41%) Australian businesses say they'd like to sell more ethical products and services, but find cost is an issue – it's simply too expensive.

AWARENESS OF & READINESS FOR CONSCIOUS CONSUMERS



MQ32. How aware, or not, is your business of the ethical trading practices (i.e. working conditions, fair-trade, environmental, sustainability) of your suppliers?
Base: All respondents (300)



MQ34. Does the following statement apply or not apply to your business? Our Fairtrade credentials are clearly displayed on our website, social media or other public-facing materials'
Base: All respondents (300)



MQ35. Does the following statement apply or not apply to your business? Our environmental credentials are clearly displayed on our website, social media or other public-facing materials'
Base: All respondents (300)

Conscious Consumers: Customer Reviews

Almost a third are using reviews to inform their purchasing decisions

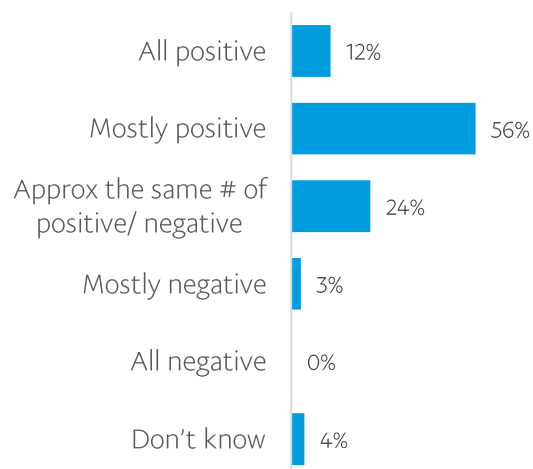
Mobile devices have created a new generation of consumers who search in real-time for positive and negative product experiences, customer reviews and information about brand values to inform their purchase decisions.

Almost all (95%) of Australian online shoppers say they have looked at reviews, and 32% say they use reviews to make purchase decisions. Over one quarter (26%) trust reviews from other customers more than internet advertising.

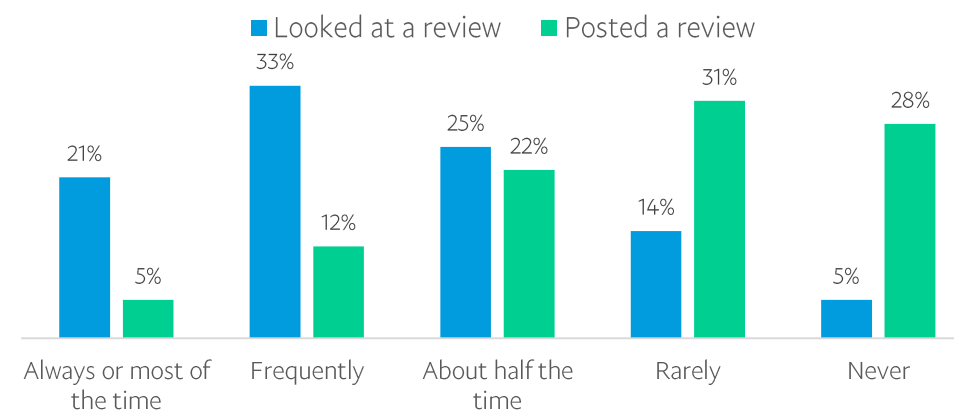
Many more people read reviews frequently rather than write reviews. Of those who do take the time to leave reviews, 68% say they leave positive reviews most or all of the time.



SENTIMENT OF REVIEWS



FREQUENCY OF REVIEWS



Conscious Consumers: Customer Reviews

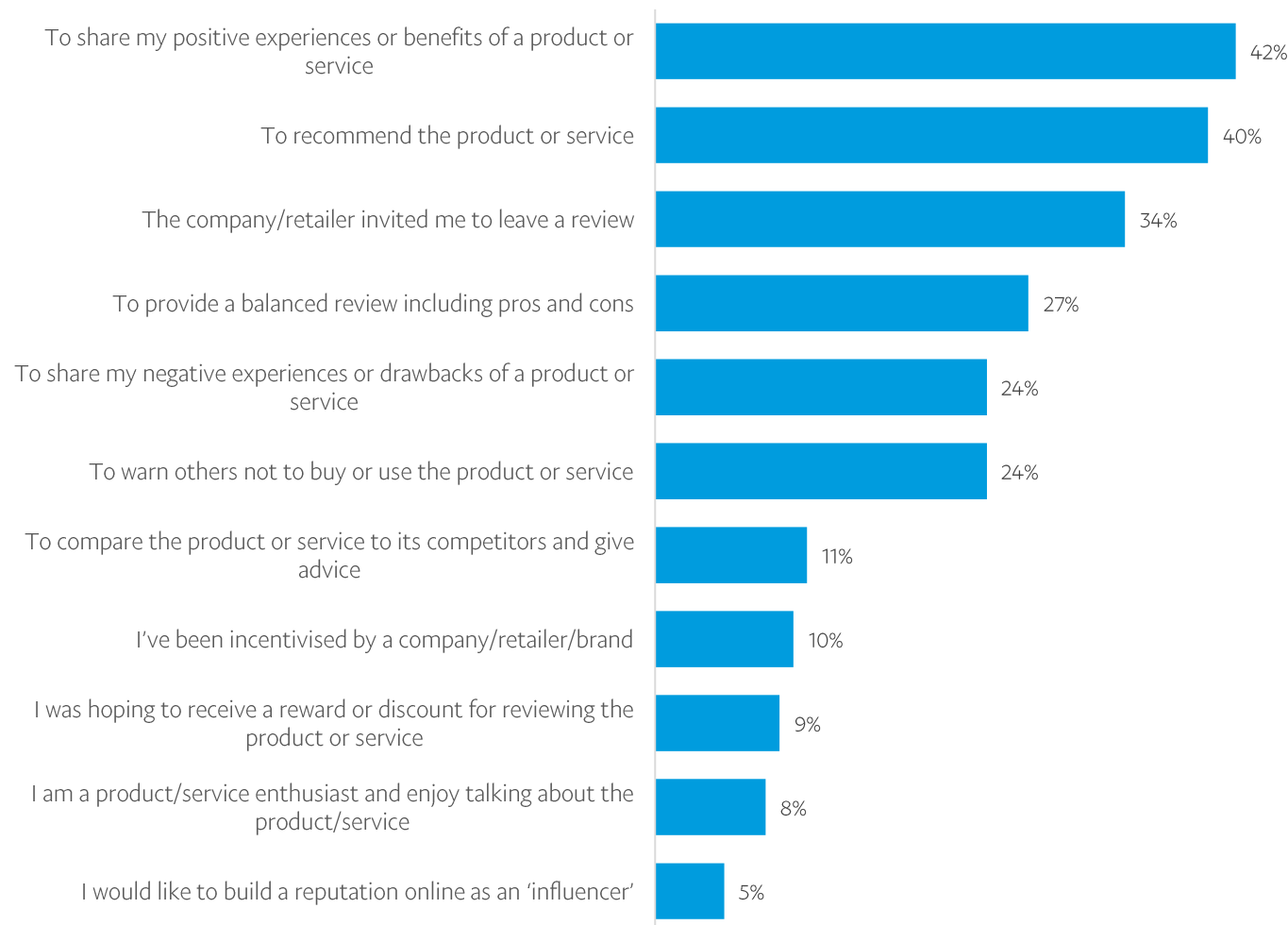
The primary reasons for posting reviews are to make recommendations or share a positive review

We asked consumers who had posted reviews why they did so. 2-in 5 (42%) said the reason was to share positive experiences and benefits of a product or service, and 40% said it was to recommend products or services to others.

1-in-3 (34%) said they left a review because the company invited them to do so, suggesting that such proactive marketing could help turn customers into advocates.

1-in-4 (24%) said they wanted to point out negatives, and 24% wanted to share warnings.

REASONS FOR POSTING REVIEWS



Online Customer Reviews: Business Behaviours & Attitudes

Over half think reviews drive new business; almost three quarters think customers expect to be able to leave reviews

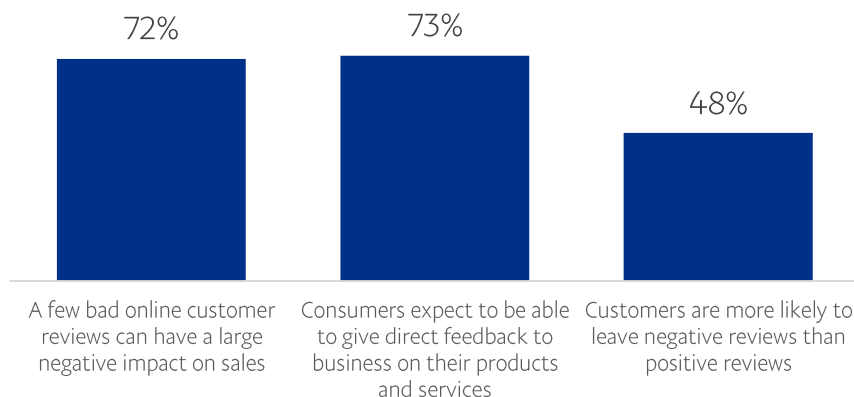
With solid consumer interest in reading customer reviews, over half (51%) of Australian businesses said that they allow reviews and ratings to be left at their website.

However, 7-in-10 (72%) of business respondents believe that a few bad reviews can have a big negative impact at the register.

On the positive side, 55% believe customer reviews drive new business, 52% believe they drive repeat business, and 49% believe reviews drive increased sales.

Businesses also see customer reviews and ratings as a way to get feedback on their products and services (53%) and to improve their offering (43%).

PERCEPTION OF CUSTOMER REVIEWS



MQ33. To what extent do you agree or disagree with the following statements?
Base: All respondents (300)

INTERACTION WITH CUSTOMER REVIEWS



MQ26. In the last twelve months, has your business read or responded to individual customer reviews or ratings about your products or services on third-party sites?
Base: All respondents (300)

MQ27. Does your website allow customers to leave ratings, reviews or comments about your products or services directly on your website?
Base: All respondents (300)

BENEFITS OF CUSTOMER REVIEWS



MQ29. The benefits of online customer product /service reviews are:
Base: All business respondents that allow reviews (161)

Online Customer Reviews: Business Behaviours & Attitudes

Businesses have preference for reviews their own site however a 1-in-4 cite concerns around managing these

Of the Australian businesses that believe reviews offer benefits, almost half (46%) feel their customers will feel more positive towards them if they can leave reviews, ratings or comments on their websites.

43% also feel that allowing reviews on the business website makes it easier to respond to customer feedback.

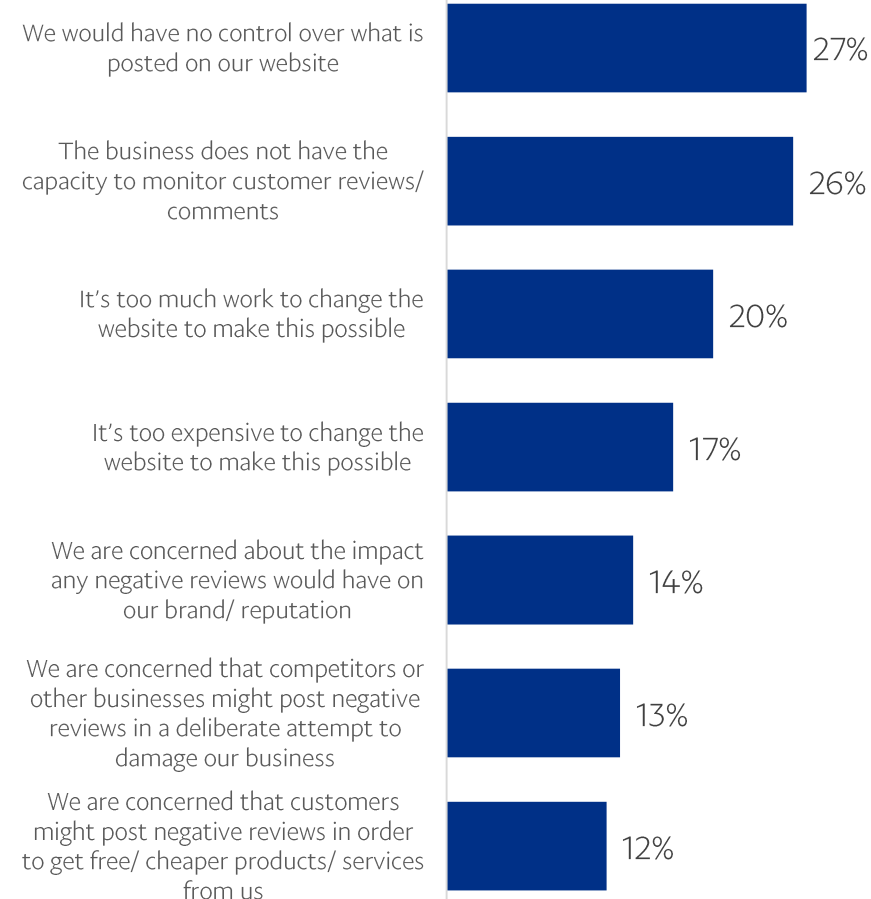
For those who don't allow reviews, more than 1-in-4 (27%) feel they would have no control over what is posted, and 26% feel they just don't have the capacity to monitor reviews.

Another 13% are concerned that competitors will leave negative reviews to hurt their reputation with 12% concerned that consumers will post negative reviews in order to get free or discounted products and services.

REASONS FOR ENABLING REVIEWS (TOP 5)



REASONS FOR NOT ENABLING REVIEWS (TOP 6)



Fast Fashion Behaviours & Attitudes

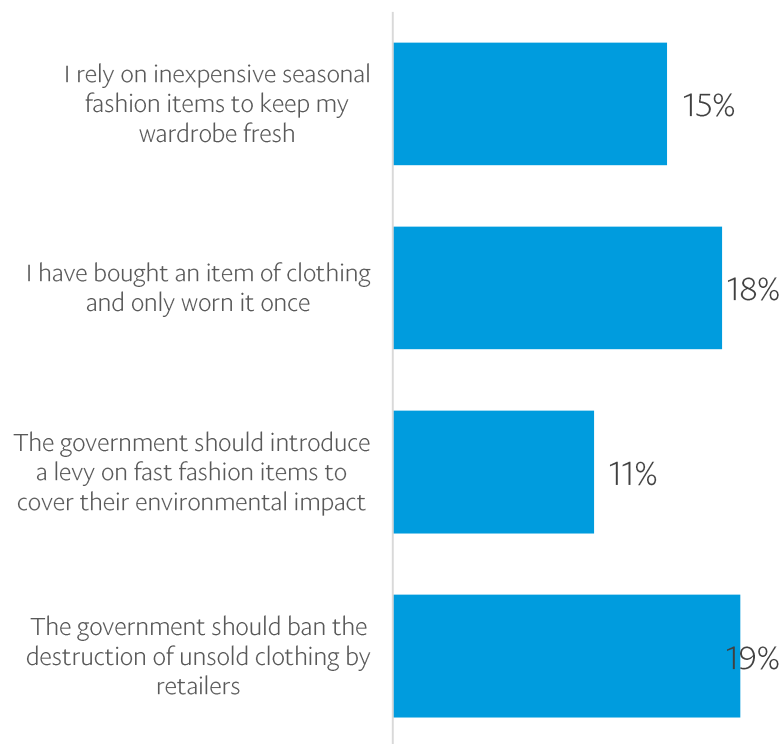
Almost a third of businesses believe consumers order multiple items and return the majority

Digital fashion retail has delivered some interesting insights into the consumer behaviour of using online store return policies to order multiple items and then send back what they don't like.

Businesses and consumers tell a different story regarding this behaviour with almost 1-in-3 (31%) of businesses saying customers order multiple items and then return the majority, while only 1-in-20 consumers say they regularly buy items knowing they will send them back.

11% of Australian consumers believe that fast fashion should have added levies to cover environmental impact, and 19% agree that government should ban companies from destroying unsold clothing.

FAST FASHION BEHAVIOURS



CQ37. And, thinking specifically about the following statements, which of the following, if any, apply to you personally?
Base: All respondents (2000)

5%
of consumers
say they
regularly buy
items knowing
they will send
back

31%
of businesses agree
that consumers
order multiple
items and return
majority

MQ33. To what extent do you agree or disagree with the following statements?
Base: All respondents (300)

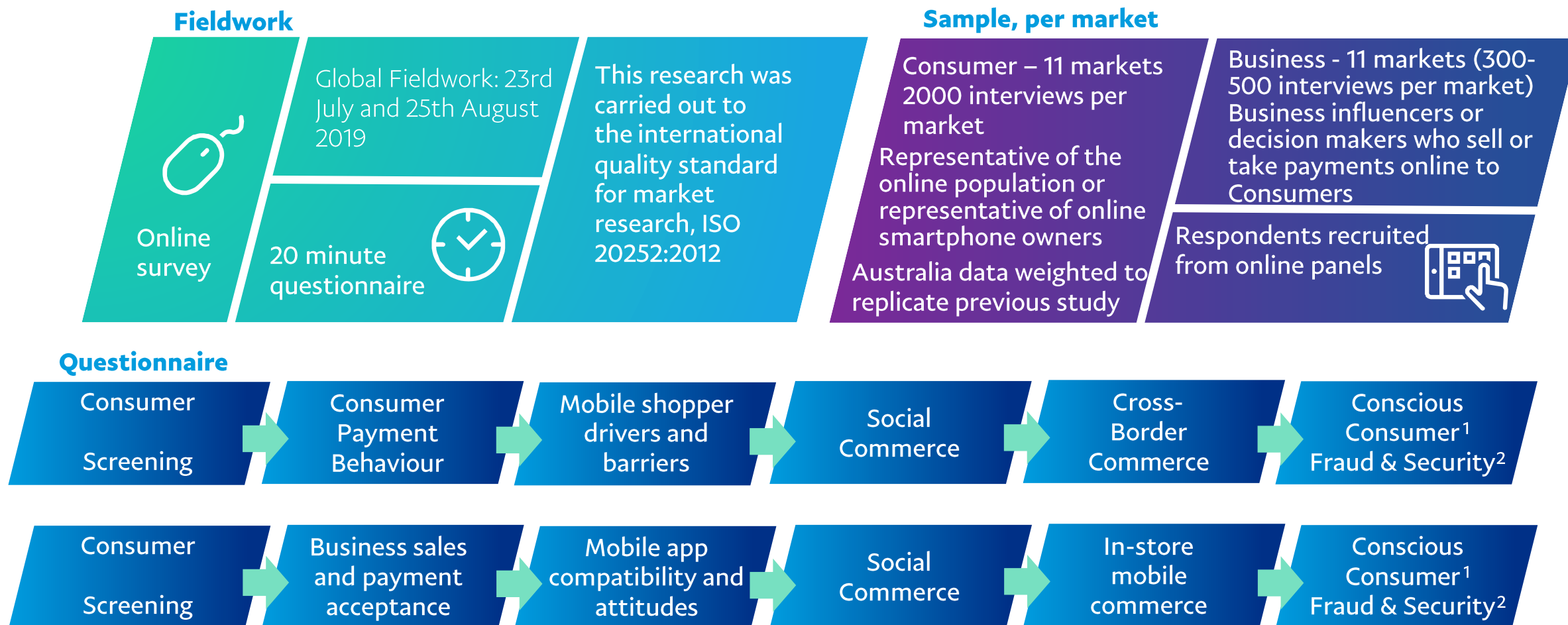
73% of businesses
agree that
consumer trends
move faster than 5
years ago

MQ33. To what extent do you agree or disagree with the following statements?
Base: All respondents (300)

APPENDIX

Global Research Methodology

This study was conducted across 11 markets and approximately 22,000 consumers and 4,602 business respondents.



Key Definitions

Consumer

Consumers - Adults aged 18+ who are smartphone owners/users

Online shoppers – Have used an online enabled device to make a payment online

Mobile shoppers - Currently use a smartphone or tablet to make purchases or payments online

All tablet owners – Currently own or use a tablet

All who purchase via social media – Made a purchase via a social media site in the past 6 months

Wearable payment technology owner – Currently own or use wearable technology capable of making payments

All who shop cross-border and use PayPal – Purchase from international sites and have used PayPal to make an a purchase online with a mobile device

All who shop cross-border - Purchase from international sites

All domestic only shoppers – Only purchase from domestic sites

All who leave reviews – Have posted a review in the past 12 months in relation to an online purchase

Conscious Consumer – Any 5 of the following: CQ35. Thinking about online purchasing generally, which of the following have you done in the past 12 months? 4. Stopped purchasing products or services from a brand/retailer/company because of their values; 5. Checked 'watchdog' sites to identify ethical companies; 6. Purchased a product because it was sustainably produced or environmentally friendly; 7. Did not purchase a product due to environmental concerns / for environmental reasons; 8. Purchased a product because it was 'fairtrade'; 9. Did not purchase a product due to brand's fairtrade policy or behaviours; 10. Made a purchase due to a brand's stance on diversity and inclusion; 11. Did not make a purchase due to a brand's stance on diversity and inclusion; 12. Bought environmentally sustainable products or services wherever possible, regardless of price; 13. Used information from social media to actively avoid brands based on accounts of their values / behaviours / environmental impact; 14. Used information from social media to actively choose brands based on accounts of their values / behaviours / environmental impact CQ37. Which of the following statements, if any, apply to you personally? 2. I prefer to make online purchases from companies trying to reduce their impact on the environment; 3. The government should ban the destruction of unsold clothing by retailers; 4. I have felt guilty after buying products or services that are not environmentally sustainable; 5. I try to buy products or services that are produced sustainably but can't always afford to; 9. It is difficult to check if a company operates ethically/sustainably or not; 11. The government should introduce a levy on fast fashion items to cover their environmental impact

Key Definitions

Business

All business respondents – Key decision makers for businesses that sell or take payments online, and sell to consumers

Non-mobile optimised business respondents – Do not have a mobile app, or m-dot site and website is not optimised for mobile sales

Mobile optimised business respondents – Have a mobile site / have a mobile optimised site using a 3rd party platform / have a responsive design website / have a mobile app

Business respondents without mobile app – Do not have a mobile app

Business respondents with mobile app – Have a mobile app

Business respondents without mobile app and no plans to develop one – Do not have a mobile app and are not planning to develop one

Business respondents who sell through social media – Currently accept payment through social media

Social Sellers – Businesses currently accept payment through social media

Business respondents that allow reviews – Allow consumers to leave reviews, ratings or comments directly on their website

Business respondents that don't allow reviews – Do not allow consumers to leave reviews, ratings or comments directly on their website

Aware of systems – Aware of systems that analyse mobile device data to help fraudulent activity

Business respondents that benefit from reviews – Allow consumers to leave reviews, ratings or comments directly on their website and read / respond to these reviews

Other

Online commerce via smartphone – Making a purchase or payment online using a smartphone

'Global' average – An aggregate of all 11 markets (UK, France, Germany, Italy, Spain, Australia, India, Japan, US, Mexico, Brazil)

Mobile commerce – Making a purchase online via a tablet or smartphone

Mobile device – Tablet or smartphone capable of making payments online

Technical notes

| | UK | France | Germany | Italy | Spain | Australia | India | Japan | USA | Mexico | Brazil |
|---|------|--------|---------|-------|-------|-----------|-------|-------|------|--------|--------|
| CONSUMER | | | | | | | | | | | |
| All respondents | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 |
| Online shoppers | 1970 | 1942 | 1907 | 1939 | 1892 | 1921 | 1959 | 1833 | 1924 | 1811 | 1835 |
| Mobile shoppers | 1458 | 1131 | 1142 | 1443 | 1374 | 1404 | 1766 | 1454 | 1307 | 1513 | 1528 |
| All tablet owners | 1324 | 1159 | 1072 | 1253 | 1219 | 1247 | 774 | 684 | 1192 | 1020 | 728 |
| All who purchase via social media | 324 | 429 | 373 | 592 | 455 | 518 | 1139 | 538 | 465 | 960 | 860 |
| Wearable payment technology owner | 283 | 226 | 215 | 378 | 464 | 358 | 567 | 63 | 310 | 233 | 186 |
| All who shop cross-border and use PayPal | 525 | 548 | 579 | 905 | 865 | 849 | 503 | 46 | 345 | 643 | 395 |
| All who shop cross-border | 920 | 1206 | 863 | 1487 | 1437 | 1367 | 1053 | 345 | 673 | 1161 | 943 |
| All domestic only shoppers | 894 | 545 | 883 | 301 | 347 | 413 | 826 | 1354 | 1055 | 499 | 722 |
| Conscious Consumers | 1139 | N/A | 1180 | N/A | N/A | 1087 | N/A | N/A | 982 | N/A | N/A |
| All who leave reviews | 1504 | N/A | 1258 | N/A | N/A | 1325 | N/A | N/A | 1432 | N/A | N/A |
| BUSINESS | | | | | | | | | | | |
| All business respondents | 500 | 300 | 400 | 500 | 500 | 300 | 302 | 500 | 500 | 300 | 500 |
| All non-mobile optimised business respondents | 89 | 49 | 68 | 62 | 59 | 48 | 12 | 102 | 97 | 41 | 44 |
| All business respondents without mobile app | 393 | 231 | 304 | 398 | 387 | 252 | 184 | 411 | 396 | 219 | 321 |
| All business respondents with mobile app | 107 | 69 | 96 | 102 | 113 | 48 | 118 | 89 | 104 | 81 | 179 |
| All business respondents without mobile app and no plans to develop one | 164 | 45 | 112 | 75 | 66 | 101 | 8 | 195 | 139 | 27 | 32 |
| All business respondents who sell through social media | 122 | 124 | 95 | 216 | 163 | 55 | 188 | 108 | 179 | 110 | 258 |
| All business respondents that allow reviews | 272 | N/A | 239 | N/A | N/A | 153 | N/A | N/A | 332 | N/A | N/A |
| All business respondents that don't allow reviews | 156 | N/A | 119 | N/A | N/A | 90 | N/A | N/A | 114 | N/A | N/A |
| All aware of systems | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 244 | 457 |
| All business respondents that benefit from reviews | 291 | N/A | 252 | N/A | N/A | 161 | N/A | N/A | 351 | N/A | N/A |

On behalf of PayPal, Ipsos interviewed a quota sample¹ of c.2000 (22,000 in total) consumers (aged 18-74) who owned or used a smartphone and c. 300-500 (4,602 in total) business influencers or decision makers who sell or take payments online to consumers (and businesses) in each of 11 countries (UK, France, Germany, Italy, Spain, Australia, India, Japan, USA, Mexico and Brazil). Interviews were conducted online between 23rd July and 25th August 2019. Data was weighted in Australia on age and income to replicate study conducted previously. No other weighting was applied.

¹ In most countries, quotas were applied on age, gender and region. These were either representative of the online population or representative of online smartphone owners (see table below – consumer survey only)

| Country | Gender | Age | Region |
|-----------|------------------------------|---------|---------|
| UK | Nat rep | | |
| France | Nat rep of smartphone owners | | Nat rep |
| Germany | Nat rep of smartphone owners | | Nat rep |
| Italy | Nat rep of smartphone owners | | Nat rep |
| Spain | Nat rep of smartphone owners | | Nat rep |
| Australia | Nat rep of smartphone owners | | Nat rep |
| India | Nat rep of smartphone owners | | Nat rep |
| Japan | Nat rep of smartphone owners | | Nat rep |
| USA | Nat rep of smartphone owners | Nat rep | |
| Mexico | Nat rep | | |
| Brazil | Nat rep of smartphone owners | | |

Ipsos MORI's Standards & Accreditations

Ipsos MORI's standards & accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Moreover, our focus on quality and continuous improvement means we have embedded a 'right first time' approach throughout our organisation.



ISO 20252 – is the international market research specific standard that supersedes BS 7911 / MRQSA & incorporates IQCS (Interviewer Quality Control Scheme); it covers the 5 stages of a Market Research project. Ipsos MORI was the first company in the world to gain this accreditation.



MRS Company Partnership – By being an MRS Company Partner, Ipsos MORI endorse and support the core MRS brand values of professionalism, research excellence and business effectiveness, and commit to comply with the MRS Code of Conduct throughout the organisation & we were the first company to sign our organisation up to the requirements & self regulation of the MRS Code; more than 350 companies have followed our lead.



ISO 9001 – International general company standard with a focus on continual improvement through quality management systems. In 1994 we became one of the early adopters of the ISO 9001 business standard.



ISO 27001 – International standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos MORI was the first research company in the UK to be awarded this in August 2008.



The (EU) 2016/679 General Data Protection Regulation (GDPR) & the UK Data Protection Act 2018 (DPA) – Ipsos MORI is required to comply with the General Data Protection Regulation and the UK Data Protection Act; it covers the processing of personal data and the protection of privacy.



HMG Cyber Essentials – A government backed and key deliverable of the UK's National Cyber Security Programme. Ipsos MORI was assessment validated for certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.



Fair Data – Ipsos MORI is signed up as a 'Fair Data' Company by agreeing to adhere to ten core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

This work will be carried out in accordance with the requirements of the international quality standard for market research, ISO 20252 and with the Ipsos MORI Terms and Conditions

