



PayPal eCommerce Index 2024

Australia Edition

Fact or fiction:
Busting eCommerce myths.



We asked

**1,005 Australian
consumers**

everything about eCommerce.

And then checked in with

**493 Australian
businesses**

to see if expectations stacked up.

They did. And they didn't.





Foreword

Payments is at the heart of our business – ensuring that the last interaction between a consumer and our merchants is fast, simple, secure, and frictionless. To do that, we keep a close eye on the market, staying across consumer expectations and business needs. Our annual eCommerce Index expands on our ongoing efforts to provide businesses, like yours, with the information you need to help stay ahead of trends, keep your customers satisfied, and keep them coming back for more.

As we move into 2024, Australian businesses are feeling battered after yet another tumultuous year with higher cost-of-living, inflation rates, stagnant wage growth and low levels of consumer confidence impacting the market. And with a spate of ongoing cyber-attacks, security concerns are also on the rise. Approaching three-in-five Australians are now extremely concerned about their information being compromised with a similar number of businesses concerned about keeping their customers' sensitive information safe.*

While Australia will likely avoid a true recession, significant business investments, even in efforts to promote growth, are often approached with caution at this time. Businesses face the constant balancing act between protecting current business while continuing to optimise and innovate to ensure they will remain competitive when the economy and consumer confidence improves.

In this environment businesses need strong insights to help them move forward. They need to benchmark themselves against the competition so they can identify key focus areas. They need data to help them make informed decisions as they look to the future.

To support Australian businesses, PayPal spoke with just over 1,000 Australian consumers to uncover what they really think about eCommerce today. We asked about their experiences in key areas of eCommerce trends, payment experiences and online security, as well as the impact of artificial intelligence (AI) on digital commerce. We also checked-in with just under 500 Australian businesses to find out their activities and plans across these areas. And we discovered reality often contradicts expectations.

In this report, we have unlocked key insights from the data which we're excited to share with you. We also bust common myths around online consumer behaviour to equip you with facts. We aim to help you step away from assumptions and best guesses so that you can make better-informed business decisions, capture consumer attention, increase customer loyalty, and focus on growth in effective ways.

I hope you enjoy the read and find useful insights to grow and optimise your business.

A handwritten signature in black ink, appearing to read 'S Banks', with a long vertical line extending downwards from the end of the signature.

Simon Banks
Managing Director, PayPal Australia



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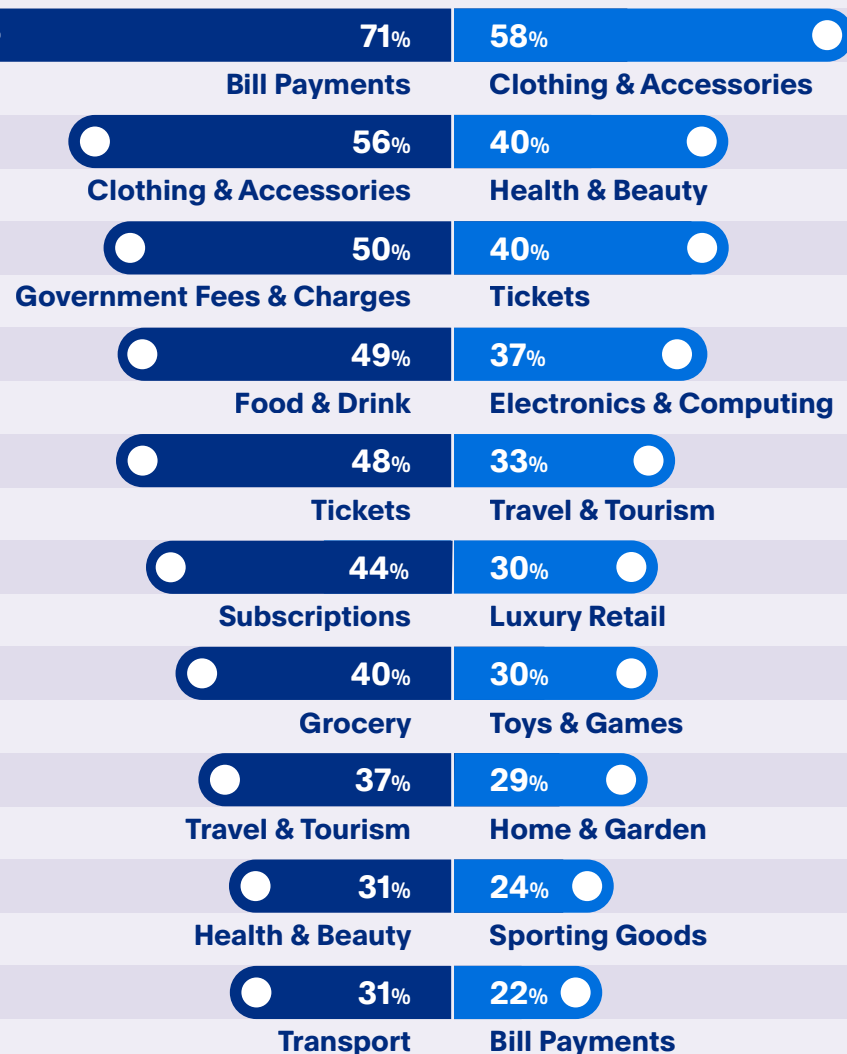


Australia's eCommerce landscape.

Australia's top 10 online payment and BNPL categories.

Top 10 eCommerce

Top 10 BNPL (among BNPL users)



Australia's eCommerce landscape.

Despite rising cost-of-living pressures, Australians are still spending an average of \$1,334 per month online, with 68% of Australians making an online payment at least once a week and 35% of Australians spending more than \$1,000 per month online.

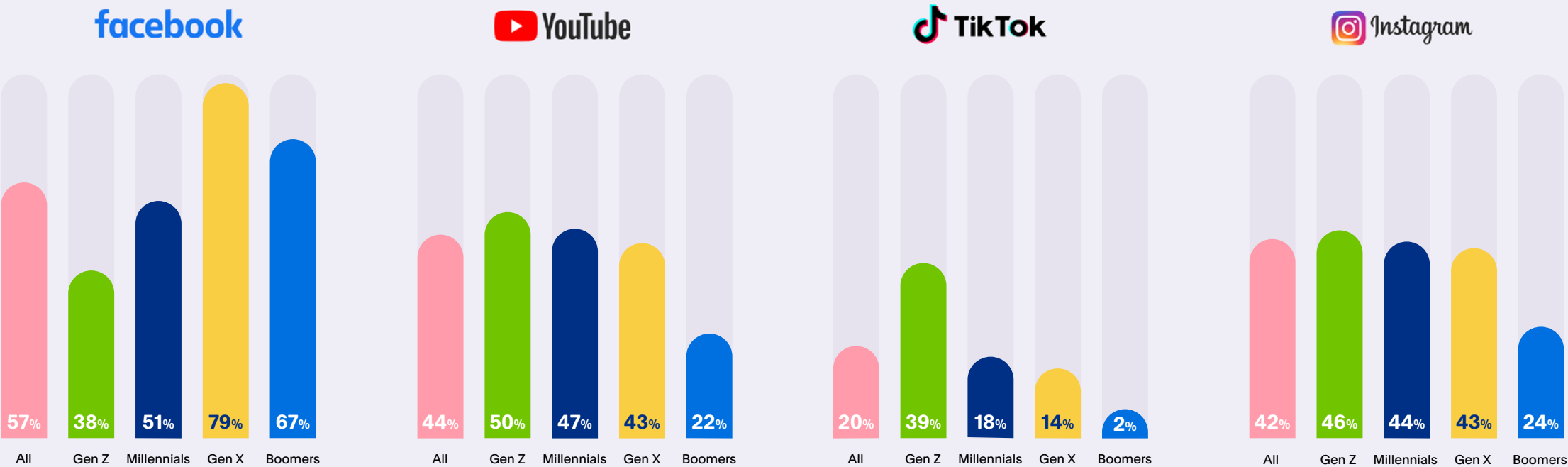
Making payments or purchases online is close to ubiquitous in Australia. Ninety-eight percent of Australians aged 18-75 shop or make payments online – it's part of everyday life.

While clothing and accessories are the biggest purchase category for online shoppers (56%), Australians are expanding their purchases across other verticals, with more than a third (37%) of Australians paying for their travel and tourism needs online. Outside of purchases, bill payments are the most common category of online payment made by 71% of Australians.

Use of buy now pay later (BNPL) is also common, with a quarter of Australians (26%) using it to purchase online. While Clothing and Accessories (58%) is again the most purchased category when using a BNPL service, Australian BNPL users are also likely to consider using it for discretionary items such as Electronics and Computing or Health & Beauty (both 40%). Bill payments are more often paid in full, which could be due to BNPL options not always being made available for essential services like utilities. That said, almost a third of Australians (31%) have or would use a BNPL service for bill payments.

Australia's eCommerce landscape.

Channels used by Australian social shoppers



The channels Australians are using to buy online is also changing with nearly a third (30%) making a purchase through social media in the past six months. Social commerce uptake trends down for older Australians, with 51% of Gen Z buying on social, vs just 13% of Boomers.

Australia's eCommerce landscape.

Australian BNPL users leverage the service to help manage their finances.

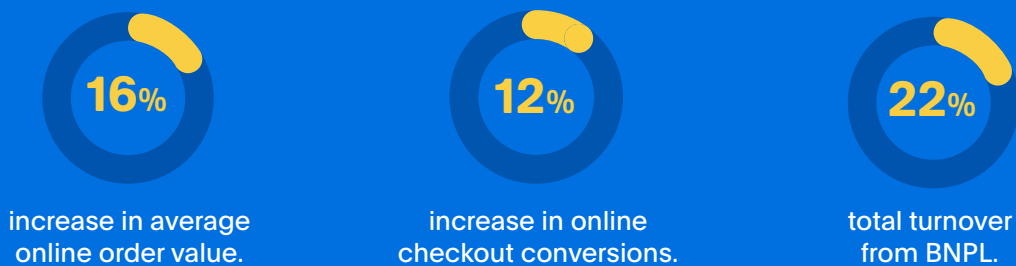


And BNPL is good for business too.

31% of online Australian businesses offer BNPL. Of those:



And they enjoy:



Our study shows, PayPal maintains its position as the most popular online payment method, being used by almost two-thirds of Australian consumers (63%), closely followed by debit card (62%). BNPL options are growing in popularity, with 26% using it in the past six months, and a further 21% considering it for future use. PayPal's BNPL service, PayPal Pay in 4 has no interest charges or late fees and it makes its mark among these consumers, with 45% of BNPL users having used it in the last 6 months. BNPL users are also 249% more likely to buy from a site that accepts PayPal Pay in 4 compared to one that doesn't.

FACT
OR
FICTION

**Boomers don't
shop online.**

[Click here to bust the myth.](#)



FACT

Boomers do shop online.

The prevailing myth that the older generation is averse to online shopping doesn't ring true in Australia. 1-in-3 Boomers (34%) spends more than \$1,000 a month online.

By comparison, only a little more than a quarter (27%) of the youngest cohort of Australians, Gen Z, spends more than \$1,000 a month online, possibly reflective of their lower incomes, earlier in their careers.

Our older Australians are more decisive when it comes to online purchases too. Only 61% have abandoned a cart when making a payment or purchasing online, vs 70% overall. Boomers are also exploring new shopping channels, with 13% having made a purchase through a social channel within the last 6 months.



22%

Getting ahead.

While it's tempting to focus on younger Australians as they grow their purchasing power, Boomers still make up 22% of the Australian population¹ and are keenly buying online. Businesses need to ensure they continue to cater to this huge demographic as they become more confident buying online and through new channels.

FACT
OR
FICTION

**Price
always trumps
ethics and
sustainability.**

[Click here to bust the myth.](#)



FACT

Price is not always the most important factor.

Almost 2-in-5 Australians (39%) have made a purchase decision based on an ethical consideration.

And this rises sharply for younger Gen Z Australians with more than half (57%) making ethics-based purchase decisions.

Consumers are also less likely to buy from brands that:

- Worker pay and conditions, either locally or in the supply chain (30% total pop., 41% Gen Z)
- Environmental impact (23% total pop., 40% Gen Z)
- Diversity and inclusion support (15% total pop., 31% Gen Z)
- Social causes that reflect their personal values (15% total pop., 21% Gen Z)

But while social and ethical values are key to consumers' purchasing decisions, it's not yet on every business's radar.

Getting ahead.

Businesses are encouraged to consider how their corporate values align with those of their consumers; how they can improve their environmental footprint and make positive impacts on society.

Those already active in this area need to reinvent their communications, with clear, evidence-based statements that reassure today's environmentally and socially conscious Australians.



A young woman with curly brown hair is looking upwards with a hopeful expression. She is wearing a blue sweater and has a patterned strap over her shoulder. The background is a blurred festive scene with warm lights and a Christmas tree.

Making (or breaking) a sale.

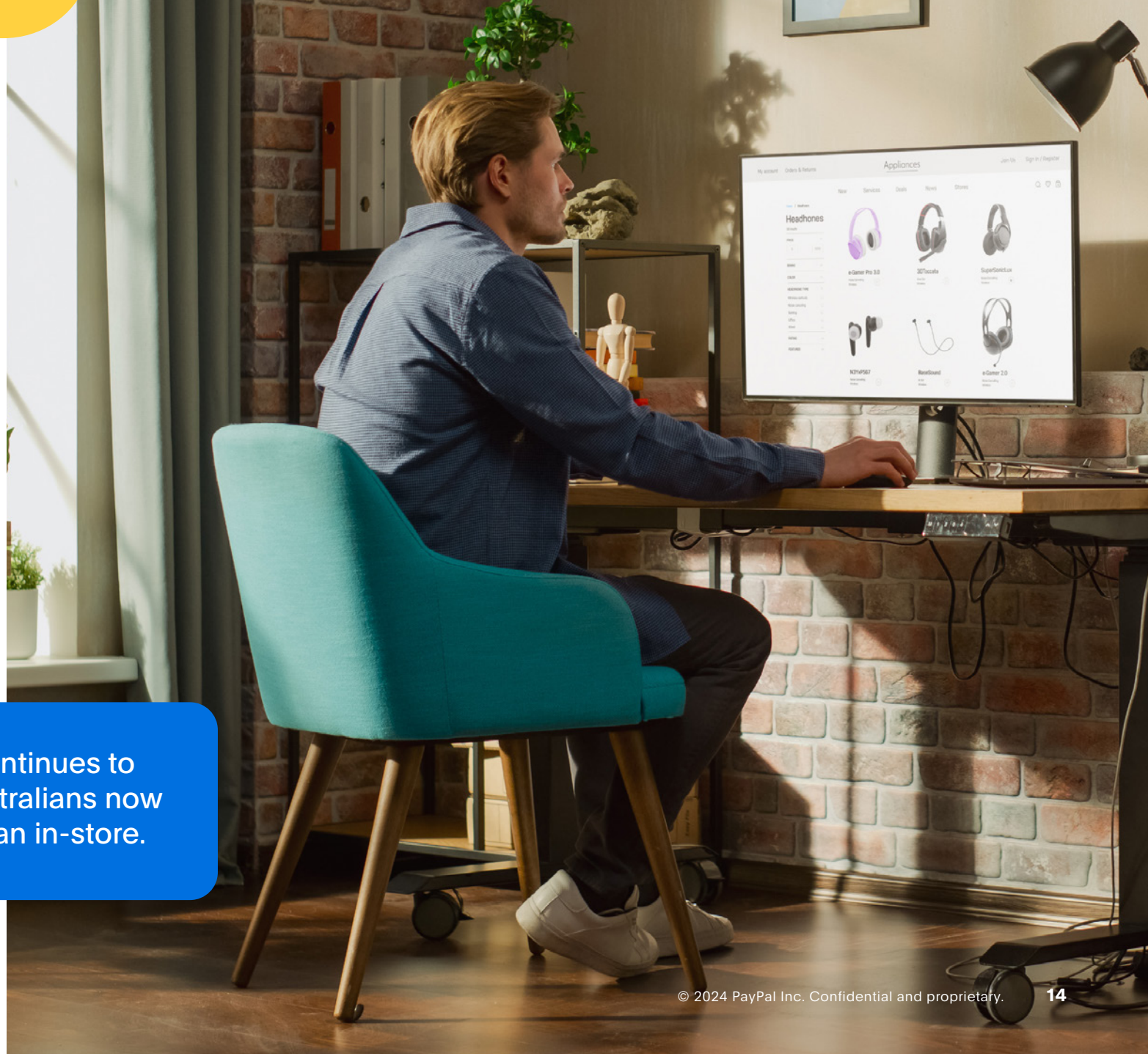
Making (or breaking) a sale.

Gone are the days of shopping at your desk, with Australian consumers now shopping wherever and whenever the mood strikes. Forty-one percent have shopped while watching TV or video streaming while 38% have shopped in bed at the end of the day. And their devices also aren't desk-bound with 79% shopping on their smartphones, while smart TV and smart home devices (like Alexa and Google Home) are starting to emerge with 9% and 4% of Australians using them for purchases.

Australians are also shopping for 'retail-tainment' with 24% heading online for retail therapy, while 21% browse and buy simply because they're bored.



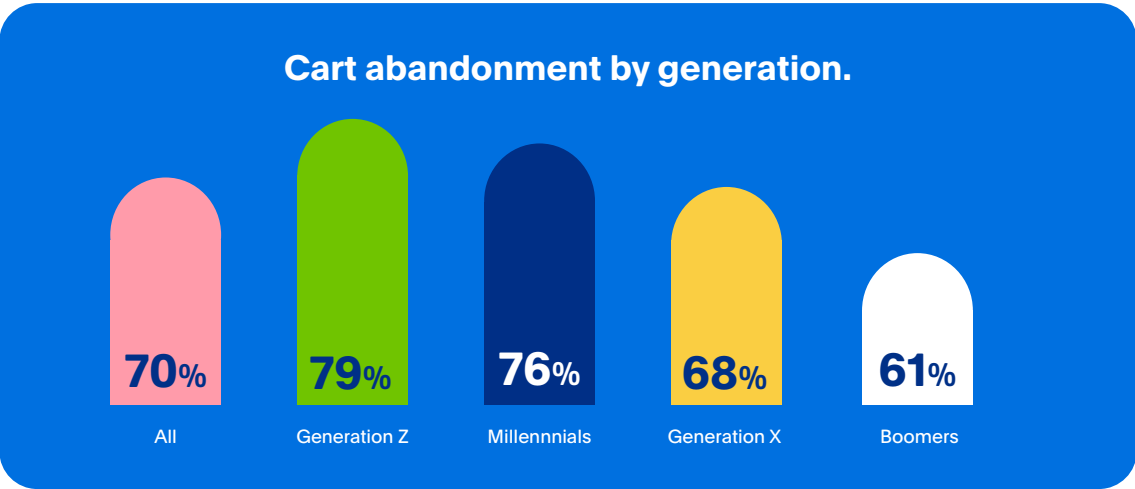
Preference for online shopping continues to grow, with almost a quarter of Australians now preferring to shop online rather than in-store.



Making (or breaking) a sale.

And even when Australians do head in-store, many still rely on online information, with almost half (49%) price checking on their mobile and 1-in-5 (20%) even shopping online while physically in a store.

With 98% of Australian consumers now heading online for purchases, digital customer and payment experiences are more important than ever before. Ignoring this could have negative implications for online merchants, with 70% of Australians having abandoned a cart when making a payment, rising to almost 4-in-5 among younger Australians (Gen Z 79%).



Making (or breaking) a sale.

Making the sale.

We know why they abandon carts, but what makes Australian consumers more likely to complete the purchase? It all comes down to the customer experience. Nearly two-thirds of Australian consumers (63%) are more likely to complete a purchase if the checkout experience is easy to navigate and fast. This is already a key priority for Australian businesses, with 36% focused on improving online customer experience.

Security plays a big role with two-thirds of Australians (67%) less likely to purchase if they have security or trust issues at checkout.



Top 5 checkout drivers to complete a purchase online:

59%



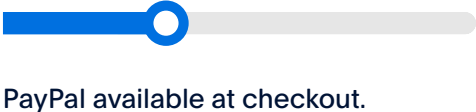
53%



41%



38%



22%



Australian consumers are getting savvier when shopping online and many are aware of common marketing tactics such as abandoned cart reminders and offers. In fact, 1-in-4 (26%) admit to having added items to their card and abandoning it in the hope of being sent an offer.

Don't forget about shipping.

Shipping can make or break a sale for Australians. Consumers don't just expect free shipping to be part of the deal, they see it as a real differentiator when buying online. Almost 9-in-10 Australians (88%) are more likely to purchase with free and express shipping, and clear returns policies. Charge too much, and 79% are more likely to leave.

Australians are more likely to make a purchase online where brands offer:



Free shipping.



Free return shipping.



Fast shipping.

Getting ahead.

Offering a few shipping options at checkout can make all the difference. Consider free shipping on all purchases or those over a certain value. Offering choice of same-day, express and standard shipping can also move the needle.

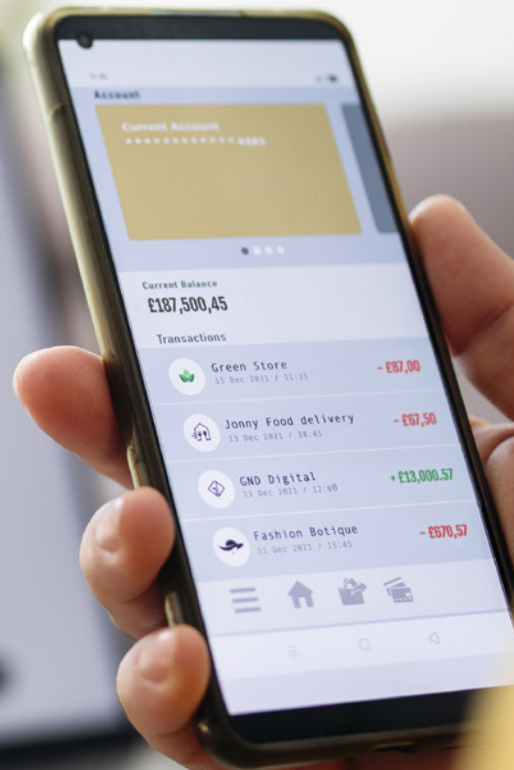
At the same time, review your returns processes and make sure your returns policy is clear and easily located on your site. Consider offering free returns with longer return periods to incentivise hesitant customers to buy.

After sale care is also key. Keep customers updated with package tracking so they know when to expect their delivery.

FACT OR FICTION

You only need to accept cards.

[Click here to bust the myth.](#)

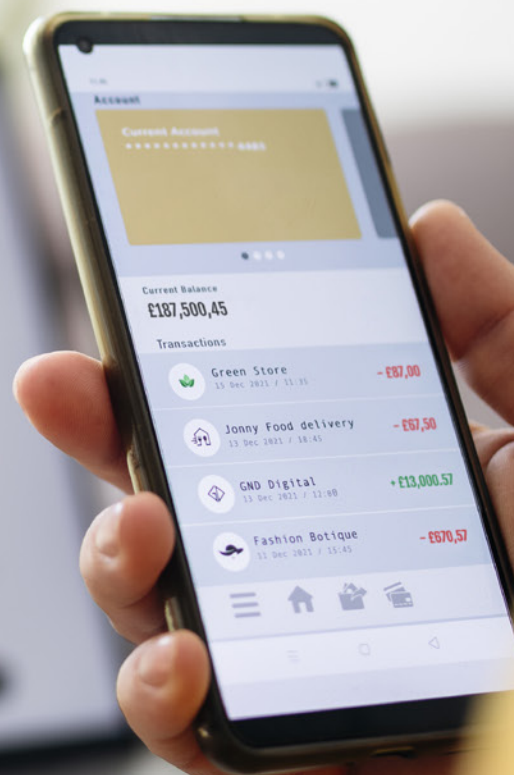


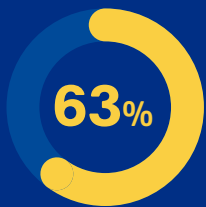
FACT

Accepting cards online is not enough.

59% of Australians are more likely to purchase if their preferred payment method is available and for 33% of consumers, that's PayPal.

Determining which payment method your brand offers at checkout is more than a question of price and integration - it's about offering customers choice and flexibility and meeting their expectations.





63%
of Australian consumers
use PayPal.



40%
rate it as their most trusted
online payment method.

Our research indicates that Australians are more likely to buy from a site that accepts PayPal compared to one that doesn't.

The PayPal effect:

265%

Uplift in purchase intent - domestic

Australians are 265% more likely to buy from an Australian site with PayPal than from one without PayPal.

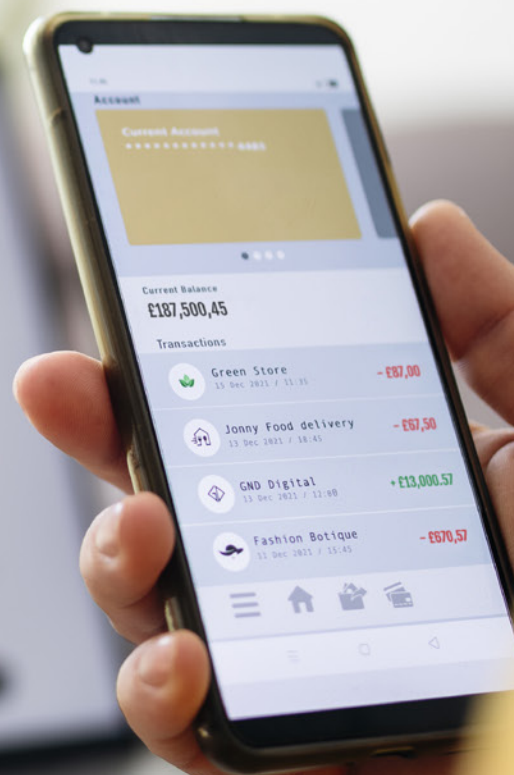
307%

Uplift in purchase intent - international

Australians are 307% more likely to buy from an international site with PayPal than from one without PayPal.

Getting ahead.

The checkout experience, including security and ease of use, is important for Australians. If your checkout is not optimised for mobile or offering secure, trusted and preferred methods of payment, it could be time to review your checkout strategy. Consider selecting a trusted partner that offers a range of payment methods, including cards, digital wallets, and BNPL options. Your payments partner can also help you manage your exposure to risk, provide robust reporting capabilities, and bring it all together in one platform, like PayPal's enterprise solutions.



FACT
OR
FICTION

**Gen Z are the
least forgiving
customers.**

[Click here to bust the myth.](#)

FACT

Gen Z are patient shoppers but they know how to work the system.

As the first generation to spend their childhood online, we tend to think of Gen Z as the savviest and most demanding Australians when it comes to customer experiences.

They've never waited for a dial-up modem or experienced snail-like internet speeds. They were navigating the internet on their parents' phones as toddlers, so they know what they're doing online.

Despite being digital natives, Gen Z are more willing than Millennials to work through a difficult checkout with 31% of Millennials abandoning a difficult purchase or payment vs. 26% of Gen Z. Gen Z are also just as patient as other consumers when purchases take too many clicks, with 28% of Gen Z abandoning a purchase that's too long vs. 27% overall.

What is different about Gen Z is that they're more educated about how eCommerce works and they're more likely to 'work the system' to get a deal or discount. More than a third (36%) have strategically abandoned a cart for the sole purpose of getting sent an offer or discount voucher vs. 26% overall.

Getting ahead.

Instead of designing for digital native Gen Zs, consider focusing on Millennials instead. While they didn't all grow up with smartphones and internet on demand, Millennials were the first generation to have computers in their schools and have never participated in the workforce without them. Aged between 28 and 43, Millennials are also in the prime of their careers, enjoying greater spending power while arguably being more time-poor.

Crafting seamless, flowing customer experiences that sate the demands of Millennials will naturally benefit all your customers.



Navigating the cybersecurity maze.

Navigating the cybersecurity maze.

After a spate of high-profile data breaches worldwide, security and privacy concerns are on the rise. Approaching two-thirds of Australians (59%) are extremely concerned about their personal or banking information being compromised.

96%

of Australians have taken action to strengthen their online security.

83%

treat calls, emails and texts with more suspicion.

79%

have enabled two-factor authentication.

65%

use PayPal for secure online purchases.





Navigating the cybersecurity maze.

79%

plan to do even more.

41%

will visit a government website or other reputable source to find out how to stay safe online.

39%

will replace a password with an encrypted passkey.

33%

will report fraudulent or suspicious contacts to companies or government agencies.

Australian consumers aren't alone in their security concerns, with 60% of Australian businesses concerned about keeping their customer's sensitive information safe or secure.

While more small businesses feel this way (62%) than large enterprises (57%), the vast majority (89%) have taken steps to improve their information security. The lower level of concern among larger businesses is likely because more enterprises (95%) and medium sized businesses (97%) have taken action to bolster their security than small businesses (87%).



Top 3 business security concerns:

60%



Keeping their customer's data safe and secure.

59%



How much the government is doing to address this issue.

58%



The cost and complexity of staying ahead of cyber criminals.

FACT
OR
FICTION

**Young people
don't care
about security.**

[Click here to bust the myth.](#)

FACT

Young people do prioritise online security.

Contrary to popular belief, Gen Z are just as worried about their online security as the rest of the population, with 89% concerned about the security of their data and financial details (vs. 90% for Millennials, 92% for Gen X, 91% for Boomers).

Concern about the security of their data and financial details.



Younger Australians appear more confident in their understanding of how online scammers operate but are just as aware of the potentially devastating consequences of having their online security compromised. They're less concerned about the increasing sophistication of scams (77% of Gen Z vs. 84% of the total population), suggesting a greater awareness of how to identify and avoid bad actors. However, they are just as concerned (78%) as the total population (76%) about their bank account being compromised.



Top security concerns for Australians (Extremely + Somewhat concerned).

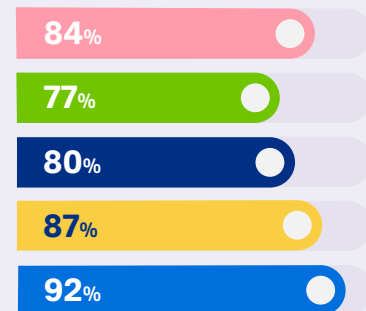
My personal details being available to criminals on the dark web.



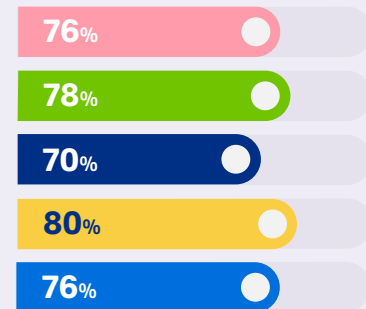
My credit card details being stolen.



Scams becoming more sophisticated.



My bank account being compromised.



FACT
OR
FICTION

**Australians
believe
businesses
keep their
data secure.**

[Click here to bust the myth.](#)



FACT

Australians don't believe businesses keep their data secure.

Two-thirds of Australians (64%) believe businesses should be responsible for keeping their personal and financial details secure. Unfortunately, close to three-quarters (72%) don't believe Australian businesses can deliver on this expectation. They do, however, have more faith in Australian businesses than those based overseas, with international businesses being trusted by only 9% of Australian consumers.

64%

of Australians expect businesses to keep personal and financial details secure. But 72% don't believe they can.



On the flipside, businesses rate themselves highly when it comes to their ability to protect customer information, with 74% of large enterprises, 68% of medium and small businesses believing they're good at this aspect of security. They also believe they're doing a good job keeping online transactions secure (large enterprise 75% vs. SMB 68%) and delivering a smooth checkout without compromising security (large enterprise 79% vs. SMB 63%).

Businesses also feel they're highly capable when it comes to more complex risk analyses, particularly large businesses with 69% saying they're good at avoiding or reducing payment fraud and 77% saying they can identify potentially fraudulent transactions.

Getting ahead.

Businesses will need to constantly evolve their security efforts to combat new and increasingly sophisticated threats. But more than that, it's time for businesses to step up their game to meet evolving consumer expectations. They need to take the time to communicate the strength of their security measures and educate customers about how they can keep themselves safer online. Australian consumers want to place their trust in you – let them.



Looking ahead to AI-commerce.



Looking ahead to AI-commerce.

The growth in the use of Artificial Intelligence (AI) has undeniably been one of the hottest topics of the past 12 months, capturing the world’s attention and driving businesses to look for innovative ways to leverage it.

But for 43% of businesses AI is already part of their operations and has been part of their reality for a number of years.

AI in eCommerce is thriving, with businesses using it for everything from drafting content and personalising campaigns to providing customer service chatbots and giving product recommendations. Looking to the future, more than three-quarters of businesses (77%) believe AI will deliver positive business outcomes with 34% believing it will save them time and 29% expecting cost savings.

It’s no surprise that many are interested in expanding AI into more process-driven parts of their businesses, like:



Detecting fake or auto-generated comments and reviews.



Developing personalised campaigns, tailored to customer preferences.



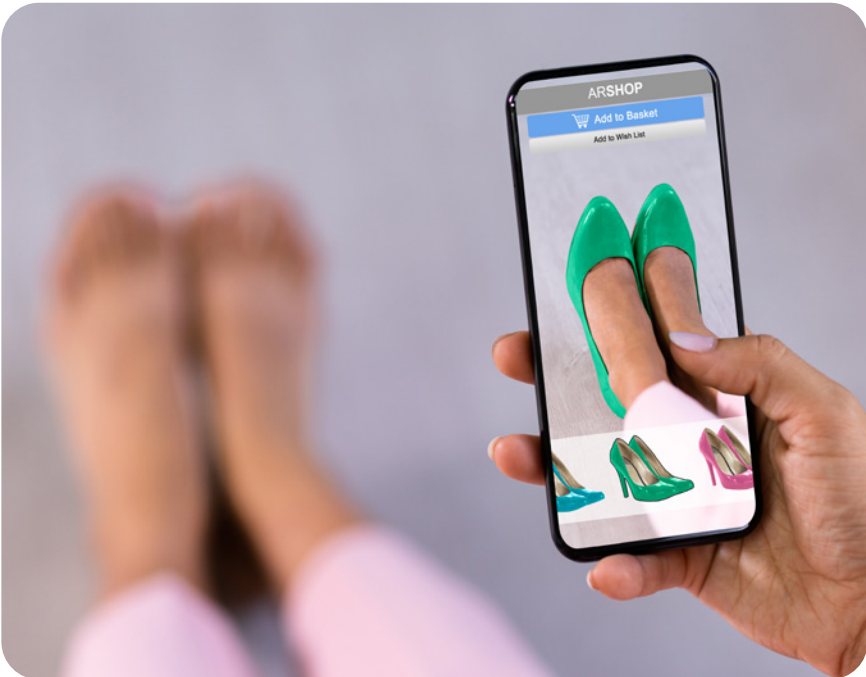
Personalising deals and discounts based on previous orders and search history.



Managing returns and exchanges, or updating consumers on delivery status.



Looking ahead to AI-commerce.



PayPal has leveraged AI for over a decade to protect Australians, manage risks, and detect fraud. When a customer completes a transaction, hundreds or even thousands of different measures are employed within seconds, including powerful AI models, to assess the risk or potential for fraud.

Businesses using PayPal benefit from this sophisticated applicative AI that helps reduce fraud and provide safer purchase experiences so they can focus on growing their business and doing what they do best.

What are Australian businesses using AI for today?



Bookkeeping and/or accounting tasks.



Designing advertising and marketing materials.



Analysing and making recommendations on employee performance and productivity.



Drafting web content (e.g. website copy, social media and product descriptions).



Drafting business-related documents (e.g. plans, emails).



Providing product recommendations to customers.



Designing visuals, like graphics and webpages.



Managing returns, exchanges or updating consumers on delivery status.



Responding to social media comments or messages.

FACT
OR
FICTION

**Australians are
not open to
using AI.**

[Click here to bust the myth.](#)



FACT

Australians are interested in AI.

Although many may not be aware, AI has been part of daily Australian life for some time. From hailing a ride share to facial recognition on your phone, receiving weather predictions or using a chatbot to tell your supermarket the milk didn't arrive – AI has become so ubiquitous that we may not even realise its presence.

Many Australian consumers also see the benefits of using AI tools for eCommerce. Two-in-five Australians (43%) would use AI to help them shop online, with this rising to more than half of Australians (56%) under the age of 40. Pointing to potential future adoption, a much larger portion of Australia's Gen Z shoppers (63%) would use AI for online shopping assistance.

Beyond online shopping, half of Australians (50%) would use AI to help them in their day-to-day lives, with this rising to two-thirds (65%) of Australians under 40 years old. However, their interests in AI capabilities vary across generations, with Gen Z focused on speed and savings, and Gen X looking to delegate more tedious tasks.



64% of Gen Z are open to using AI in their everyday lives

- Customer service questions (e.g. order status or product information) (36%)
- Find relevant promotions and discounts (42%)
- Plan a holiday (30%)
- Provide product recommendations (24%)
- Find the best prices (37%)

44% of Gen X are too.

- Meal planning (25%)
- Tutoring (19%)
- Work-related documents (22%)
- Garden design (18%)

Australian businesses appear to be ahead of consumers in their adoption of AI. Although more than 2-in-5 Australian businesses (43%) are already using AI to power at least one aspect of their operations, only about 1-in-5 Australian consumers (18%) have used a generative AI tool (such as ChatGPT, MidJourney or Dall-E). However, this figure rises to more than a third of Gen Z Australians (39% of whom have used a generative AI tool).

42%

of Australians would use AI to help them shop online to find the best products, prices and promotions.

Getting ahead.

Leveraging AI technologies to improve the shopping experience from end-to-end and personalise product offerings and promotions can help businesses grow preference and loyalty among their customers. Beyond this, businesses may benefit from maintaining an interest in new AI developments to identify opportunities to streamline operations and optimise customer experiences.

Key findings.

1. Nearly all Australians shop online.

Despite concerns about the economy and rising cost-of-living, Australians continue to shop and pay online. Nearly 3-in-4 Australians (71%) now pay their bills online, and traditional online purchase and payment categories like clothing and accessories are still going strong.

2. Buy now pay later is a game changer.

BNPL users tend to pay for higher cost items and services with BNPL, particularly in the areas of clothing and accessories, electronics and computing, health and beauty, luxury retail, and travel and tourism. A third of Australians (31%) have or would use a BNPL service for bill payments.

Businesses that offer BNPL report 22% of their online turnover now comes through BNPL payments. They attribute many other growth benefits to the service too, such as new customers (48%), repeat purchases (38%), increased average online order value (16%) and increased online checkout conversions (12%).

3. Best-in-class checkout experiences are key to making a sale.

70% of Australians have abandoned a cart. To get ahead, brands can revisit their customer experiences as Australians are more likely to complete a purchase on sites that have faster, secure checkouts and easy navigation.

Key drivers for online conversion include having a consumer's preferred payment method available (59%) and PayPal being visibly offered (38%).

4. Security concerns are on the rise.

99% of Australians are concerned about their personal details being compromised, with 59% extremely concerned. Even more worrying is that 72% of Australians don't believe businesses can effectively keep their data secure.

Businesses should continue to focus on data security and fraud protection measures as new and increasingly sophisticated threats emerge. They can also invest time developing trust signals, like communicating their security measures, to boost customer confidence.

5. AI is changing the eCommerce landscape.

43% of businesses are already leveraging AI tools to boost their marketing, improve personalisation and drive more efficient customer experiences.

Consumers on the other hand have been slower on the uptake with only 18% having used a generative AI tool. However, 50% of Australians are open to using AI in their day-to-day lives and 43% are keen to see how AI will help them shop online, to find the best products, prices and promotions.

Businesses are encouraged to continue to explore how new technologies will help them improve customer experiences and personalisation. To find out more about how PayPal can help your business streamline payments, visit <https://www.paypal.com/au/enterprise>.

About the research.

This research report was produced by PayPal, based on a study conducted by Fifth Quadrant with 1,005 consumers and 493 businesses across Australia in July-August 2023.

Consumer sampling.

The consumer research consisted of a sample of 1,005 Australian consumers aged 18-75. 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 2.9%.

Business sampling.

The business research consisted of a sample of 493 decision makers within Australian businesses. All businesses sold partially or wholly to consumers, and partially or wholly online. Quotas were set on turnover, location, and industry. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 4.7%.

For this research, small businesses were categorised as those with revenue of less than \$2M, medium businesses as between \$2M - \$10M, and large enterprises as \$10M+.

Methodology.

The research consisted of a 15-minute online survey of consumers, and a 10-minute online survey of Australian business decision makers. The research was carried out in compliance with the Research Society Guidelines and National Privacy Principles. Sample was sourced through consumer and business research panels, with participants incentivised for completing the survey.

Numbers may not add up to 100% due to rounding.





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 convenient, affordable, and secure, the PayPal platform is empowering more than 400 million active global accounts in 200+ markets to join and thrive in the global economy.

For many enterprise businesses in Australia, PayPal is their end-to-end payments partner, helping to deliver growth and efficiencies. To learn more about how PayPal can help you future-proof and simplify your eCommerce operations with our integrated end-to-end suite of payment processing, checkout, risk management, and marketing tools, visit:

[Learn More](#)

The content of this report is provided for informational purposes only. You should always obtain independent business, tax, financial, and legal advice before making any business decision.

References

¹ Australian Bureau of Statistics, Population: Census, 2021 | Australian Bureau of Statistics (abs.gov.au), June 2022.