

ShopperPANEL

EDITION 10 (August 2024)

Consumer behaviour in Australia

The focus in this edition is the ever-changing consumer landscape, from population growth to changing habits and expectations in the retail environment



ShopperPANEL provides in depth analysis of shopper behaviours and predictive insights into the future of the shoppers needs and wants.

AUSTRALIAN HOUSEHOLDS SPENDING MORE BUT SMALL RETAILERS STRUGGLING

In June the ABS released its latest Household Spending data and there were some promising signs. Across the June 2024 quarter, household spending volumes were 1.4 per cent higher than the same time last year.

However, this did include a 0.5 per cent fall in June, after previously experiencing rises of 1.0 per cent in May and 0.8 per cent in April.

Western Australia continues to lead all other states, with growth of 4.5% achieved in June (compared to VIC -0.2% and NSW +0.3%).

Disparity within retailers: ABS data shows large retailers grew 3.2% and small retailers declined by 0.5% in June 2024.

“Small businesses are a crucial part of the retail community, and a bellwether for the health of our sector,” he said.

Unfortunately, many are struggling to cope with rising inflation, steep interest rates and the cost-of-doing-business crunch”

Australian Retailers Association (ARA) chief executive Paul Zahra

+1.4%

Household Spending

YoY growth – as of June
QTR 2024

\$36.2B

Total Retail Spend (June 2024)

YoY growth : +2.9%

+3.2%

Large Retailers

YoY growth – as of June
2024

-0.5%

Small Retailers

YoY growth – as of June
2024

EFFECT OF COST-OF-LIVING PRESURES

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Smaller Basket Size at Checkout

Close to 1 in 2 respondents stated that they had reduced their overall basket size at checkout due to the current economic climate.



Category Cut Back

78% of all respondents stated that they had specifically cut back on Takeaway Food and spend at both cafes and restaurants. 73% also stated that they had cut back on purchases of clothing (increasing to 81% for Gen Z)



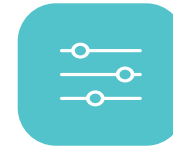
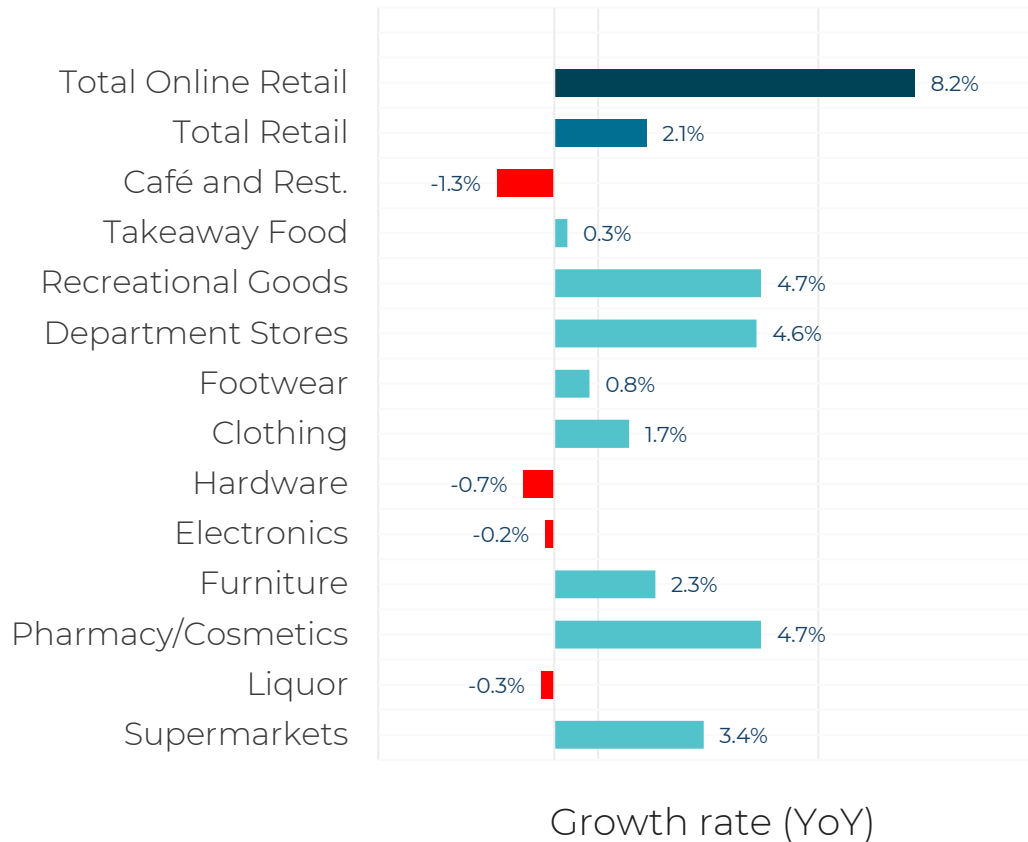
More Time Researching

4 in 5 respondents stated that they are spending more time searching online to find deals/discounts – this is a trend that has been growing over the past 2 years.

Category Performance



Retail Sales for June 2024 (YoY Growth)



SMALLER SIGNS OF GROWTH

Australian retail sales rose 2.1% in June 2024 year-on-year. This continues recent weak trends, although there have been smaller signs of positive growth leading into the back half of 2024.

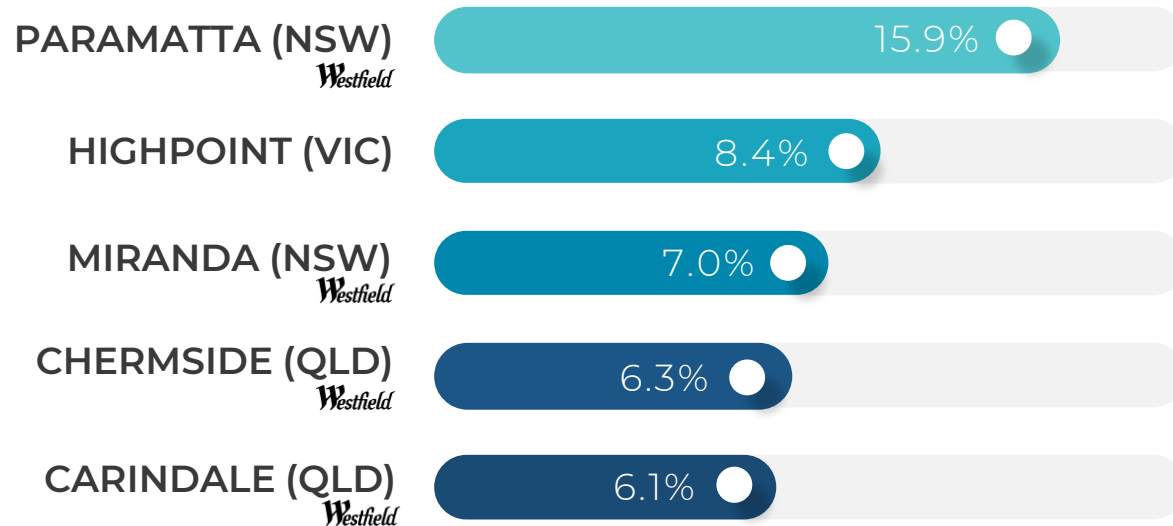
At a category level there was a significant pick-up in fashion and department stores, modest pick-up in electronics with a slowdown in dining out and liquor.

For FY24, retail sales only rose 1.8%, well below the long-term average of 5.0%. Any acceleration in sales is likely to be gradual given low household savings and dis-inflation for retail goods.

SHOPPING CENTRE INVESTMENT REMAINS HIGH

Premium malls are performing strongly as shoppers defy the cost-of-living crunch and pour into big centres for entertainment and new services.

TOP PERFORMING CENTRES (GROWTH: 2023-2024)



“E-commerce is not a threat to shopping centre investment; more importantly it is the other way around,” - **Sheree Griff, CBRE Pacific’s Head of Retail Property Management & Leasing.**



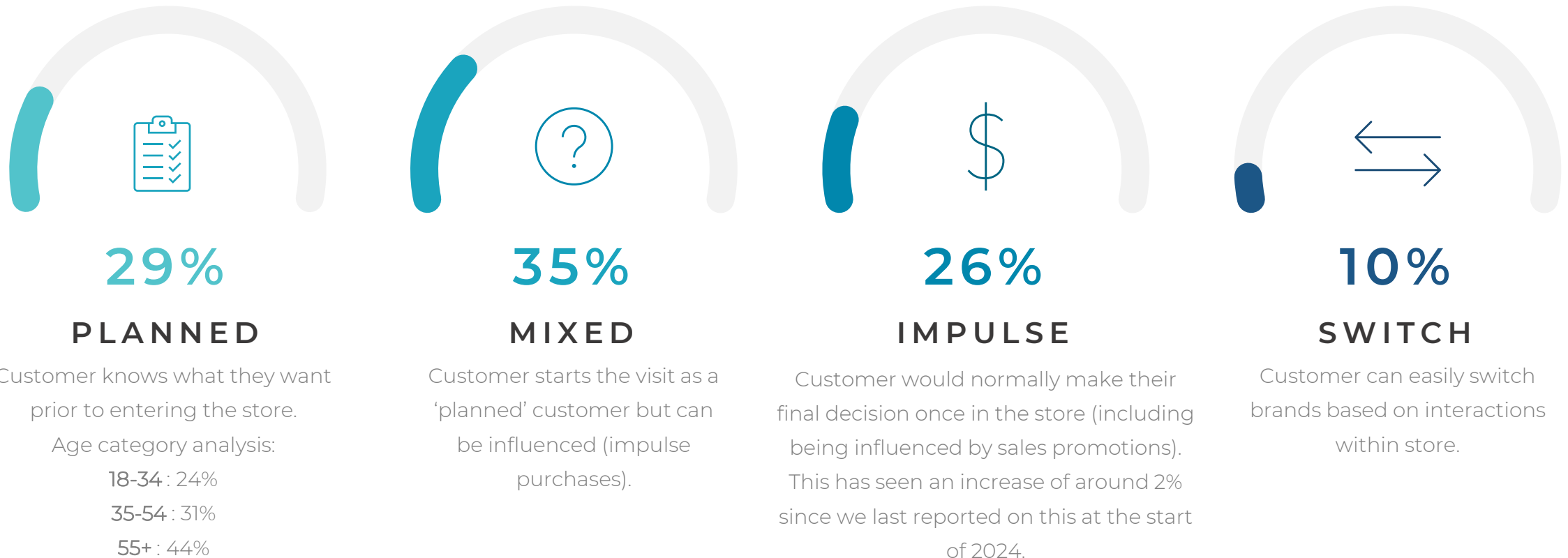
Westfield Parramatta joined the \$1b club in 2024

On the basis of moving annual turnover (MAT), Chadstone centre in Melbourne once again topped the rankings with a massive \$2.67bn, Scentre Group’s Westfield Chermside in Brisbane recorded a 6.3 per cent increase, placing it second with an MAT of \$1.3bn. Last year three more centres joined the \$1bn-plus club – Westfield Parramatta, Westfield Doncaster and QIC’s Robina Town Centre. There are now 12 centres in Australia with an MAT in excess of \$1bn.

SHOPPERS: NOT AS PLANNED AS WE THINK

Despite financial pressures, 80% of Aussie adults have indulged in an impulse purchase while in-store, since the beginning of 2024, with 36% doing so in the last week [YouGov, Aug 2024]. This resilient shopping behaviour underscores a rising trend in purchase decision making and offers an opportunity for retailers to better enhance their marketing efforts.

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FINDING VALUE FOR MONEY

PURCHASING IN-STORE

Close to 1 in 2 respondents stated that they ensure that they're receiving the best value for money when purchasing items in-store by having a clear understanding of price point (of the product) prior to purchase.

This clearly indicates that even with prior research being completed that they are still open to spend outside of their intended budget constraints. They are also open to be upsold (additional product or service) by the staff on the floor.

CONSTANTLY LOOKING FOR SALE/PRICE REDUCTION TICKETS

78%

WOULD HAVE COMPLETED RESEARCH PRIOR TO PURCHASE

64%

HAVE AN UNDERSTANDING OF PRICE POINT OF PRODUCT PRIOR TO PURCHASE

49%

RELY ON ADVERTISING MATERIAL WITHIN STORE

25%

WILL LEAN ON IN-STORE STAFF TO PROVIDE INFORMATION AROUND PROMOTIONS ETC

23%

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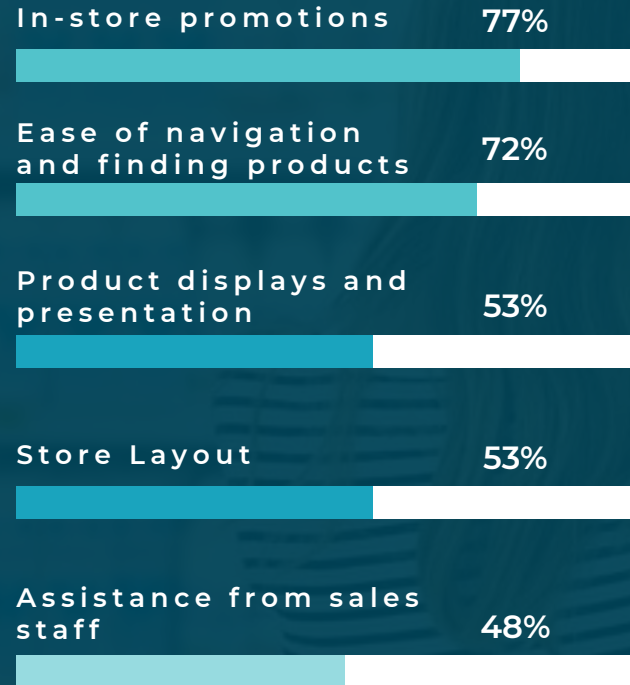
What's Important?

The Purchasing Decision

As expected, in-store promotions and discounts were the most important factor for respondents when it came to making purchasing decisions.

However, ease of navigation and general product displays were ranked higher than receiving specific assistance from staff on the floor. This again points to the fact that a well-executed retail display can help maximise conversions so that browsers become customers.

What aspects of the retail environment do you consider important when making purchasing decisions?*



* Multiple selections applicable

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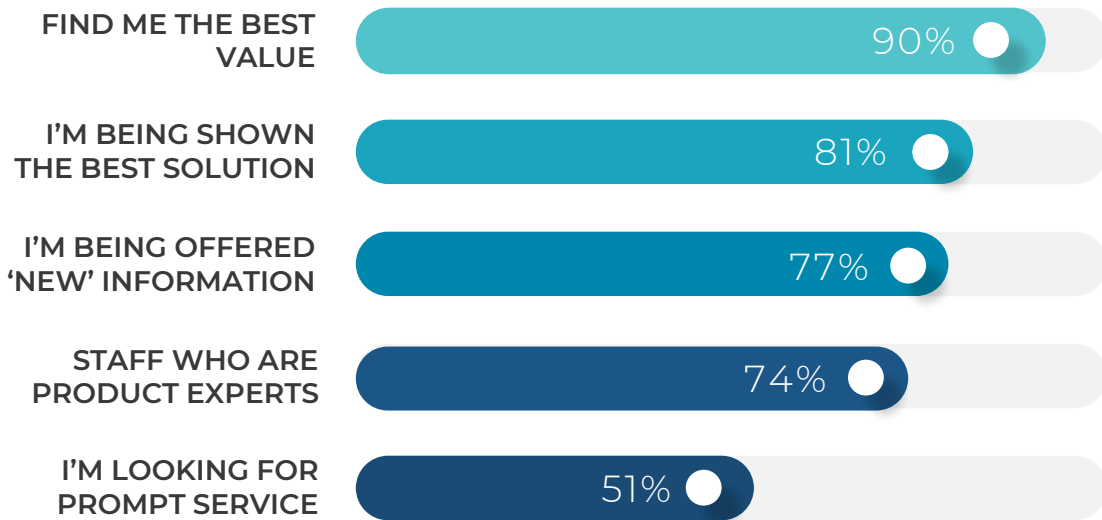
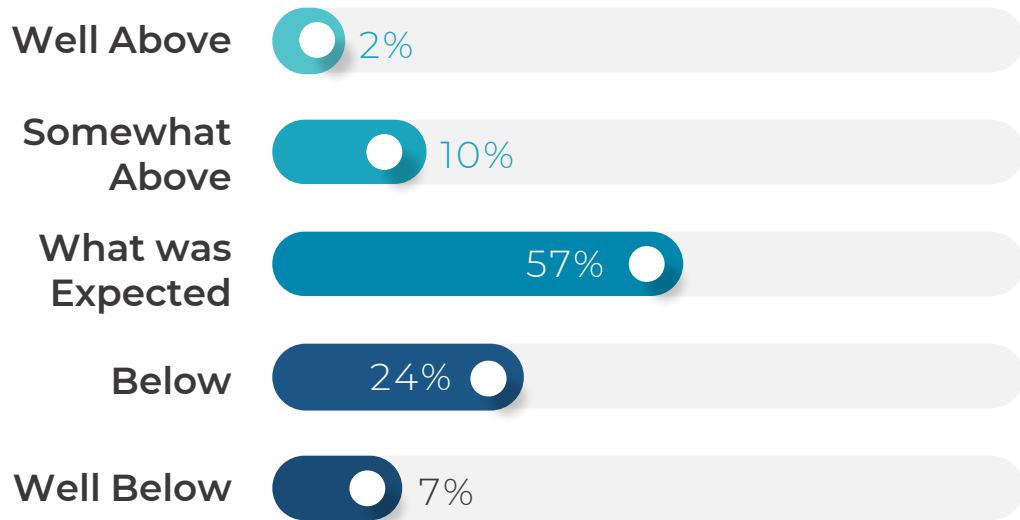
IMPORTANCE OF STAFF ON THE FLOOR

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EXPERIENCES WITH STAFF (last 6 months)

EXPECTATIONS OF STAFF WHEN ENTERING AN IN-STORE ENVIRONMENT*



31% Close to 1 in 3 of all respondents believed their general experiences with retail staff was below their expectations, compared to 12% who believe it was above their own expectations of service/experience. This is 5% above what we reported back in 2022.

Best Solution

It's not always about staff being product experts, with many shoppers simply looking for staff who can offer them more than they can find out online and/or staff who can provide the best solution / best value for money.

* Extremely important or important

ARE AUSTRALIANS REALLY SPENDING MORE ONLINE?

\$63.6B

Online Spend

In 2023 Australians spent \$63.6B online, but this still only equates to 16.8% of total retail spend.

↓ 4.6%

Average Basket Size

Consumers chose to make more frequent but smaller purchases, with an average basket size of just under \$100 (down 4.6% from 2022)

↓ 8.7%

Fashion Share

At a category level, fashion (as a % of spend share) fell by close to 9%, compared to variety stores that increased the spend share % to 9.1%.

↑ 7.0% (\$12.5B)

Online Spend

Baby Boomers (60-78 y.o), although not the highest group when it comes to online spend (which is Gen Y, 27-43 y.o at \$22.1B), spent 7% more in 2023 than in 2022. This is compared to Gen Z (18-26 y.o), which fell by 11% in 2023.

Amazon has doubled its customer base in three years to 3.4 million monthly shoppers

Amazon entered the Australian market fully in 2017 and since then has taken off with over 15% of Australians (3.4 million) now shopping at Amazon in a month – almost doubling from early 2021.

Amazon's annual sales have hit an estimated \$5.6 billion – around a tenth of all dollars spent online.

At a time where Australian retailers are battling it out for a share of dwindling disposable incomes Amazon's continued growth is impressive and signals a big change in the landscape.

- Roy Morgan – April 22, 2024

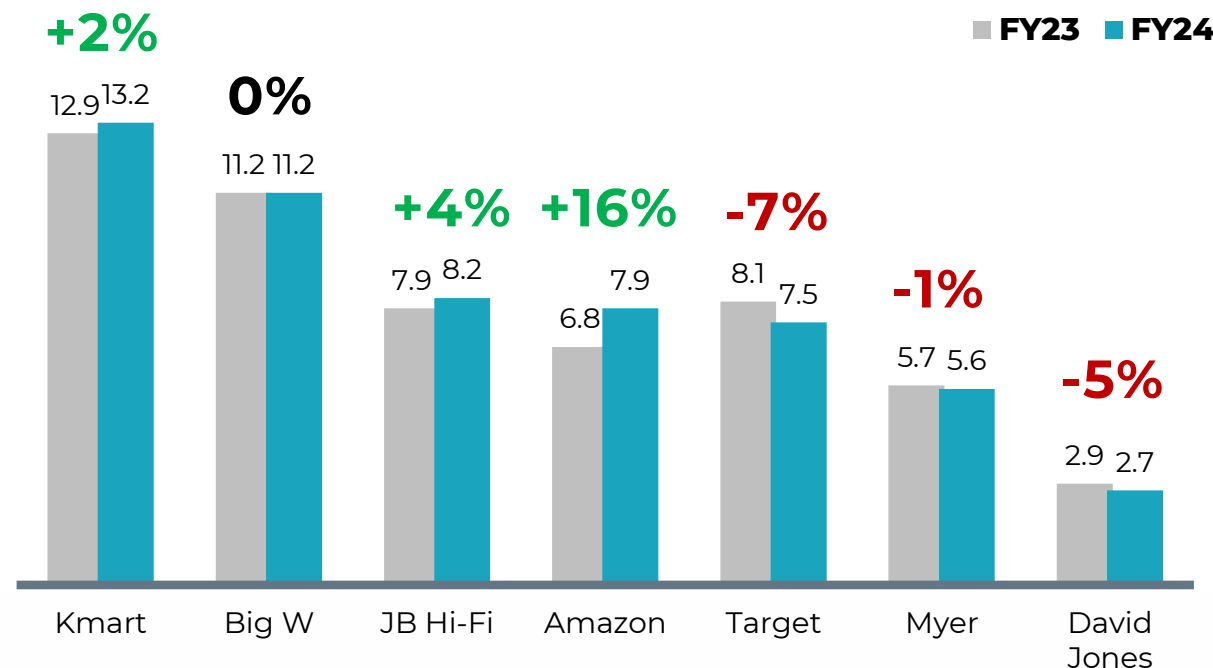
AMAZON LEADING THE WAY

As many retail brands struggle to maintain sales and acquire new customers amid the cost-of-living crisis, Amazon continues to spectacularly buck the trend by growing its annual customer base by 1.1 million people in the 12 months to June 2024, compared to the previous year.

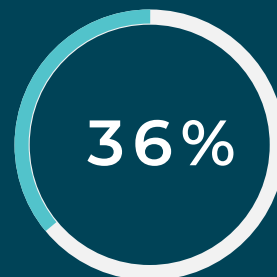
“If Australia is on track to mirror the US trend, where Amazon accounts for an incredible 37.4% of all online spend, our retail landscape could look quite different in the coming years.”

Laura Demasi, Roy Morgan’s Head of Retail Research and Social & Consumer Trends

Number of Australians 14+ who shop at each retailer in the 12-month period and year-on-year change (in millions)



of all respondents still rated their online experience over the past 12 months as only 'somewhat satisfied' or 'dissatisfied'



of all respondents are stated that they rarely purchase from online stores (including 10% who haven't purchased anything in the last 6 months)

Are you setup for a successful 2024?

If you need help accelerating your sales and customer experience, please contact us!

The purpose of ShopperPANEL is to provide a detailed shopper lens on the high cost of living situation and the impact it has within retail, on the end customers experience and the economic challenges that may impact Australian retails share of wallet.



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