

PAYPAL mCOMMERCE INDEX ANNUAL REPORT

SEPTEMBER 2018

CONTENTS

Introduction	3
Libby Roy, Managing Director, PayPal Australia	
Year in Review	4
At A Glance	5
mCommerce in Australia	6
State of Play	7
Device Use & Preference	8
Spend & Frequency	10
Purchasing by Category	11
Drivers & Barriers	12
App Use & Category Spend	14
Social Commerce	15
State of Play	16
Drivers & Barriers	17
On Trend	18
mCommerce for Millennials	19
The Rise of Subscription Services	20
The Power of Online Marketplaces	24
Key Takeaways	26
Methodology & Contacts	27



INTRODUCTION

Welcome to the PayPal mCommerce Index 2018, our annual barometer of the state of mobile commerce in Australia. Launched in 2016, the Index aims to equip readers with an understanding of the evolving mobile commerce landscape and support Australian businesses to harness consumer trends. This edition also includes special sections on Millennials, subscription services and online marketplaces.

Over the past year the level of Australian smartphone owners buying via mobile remains steadily high at 72% with 48% buying via mobile at least weekly. And with one-in-eight consumers (12%) now mobile shopping on a daily basis, we've seen a corresponding increase in the mobile purchase of everyday items such as Food & Drink and Groceries. While preference for purchasing via mobile device remains steady at 37%, there's an ongoing shift away from tablets (9% in 2018 vs 14% in 2016) towards smartphones (27% in 2018 vs 18% in 2016).

The significant gap between the high level of consumer mCommerce adoption (72%) and business readiness remains. But it is closing with 55% of online businesses now optimised to accept mobile payments – an increase of 4% since 2017. In-line with higher retail adoption, a quarter of all online sales are now taken via mobile, a 32% YoY increase (vs 19% in 2017).

With high ongoing consumer use of mCommerce, we're seeing increased expectations for mobile-first experiences. Forty-seven percent of consumers are annoyed when

sites don't work on mobile (vs 35% in 2017) and 25% have abandoned a purchase when a site wasn't mobile-optimised (vs 22% in 2017). Safety remains essential with 29% abandoning a mobile purchase over security concerns (vs 27% in 2017). We've also seen a jump in social commerce adoption with 19% of consumers now buying via social, a growth of 73% YoY (11% in 2017).

Millennial shoppers continue as the highest users of both mCommerce (86%) and social commerce (25%) with 17% making mobile purchases daily. Correspondingly, Millennials expect websites to work on mobile as a given and a third (33%) have abandoned purchases that weren't mobile-optimised.

Subscription services are popular, being used by 50% of Australian consumers. Eighty-six percent of businesses with subscription services reported a revenue increase after implementation with 36% saying revenue increased by more than 30%. Online marketplaces are highly popular, used by 89% of consumers who believe they'll get better deals and find larger variety on a marketplace.

The challenge for Australian businesses is to understand evolving consumer needs and adapt their strategies for increasingly mobile-first consumers. We hope that the PayPal mCommerce Index 2018 helps you better understand the Australian mobile commerce landscape and where the opportunities for Australian businesses lie.



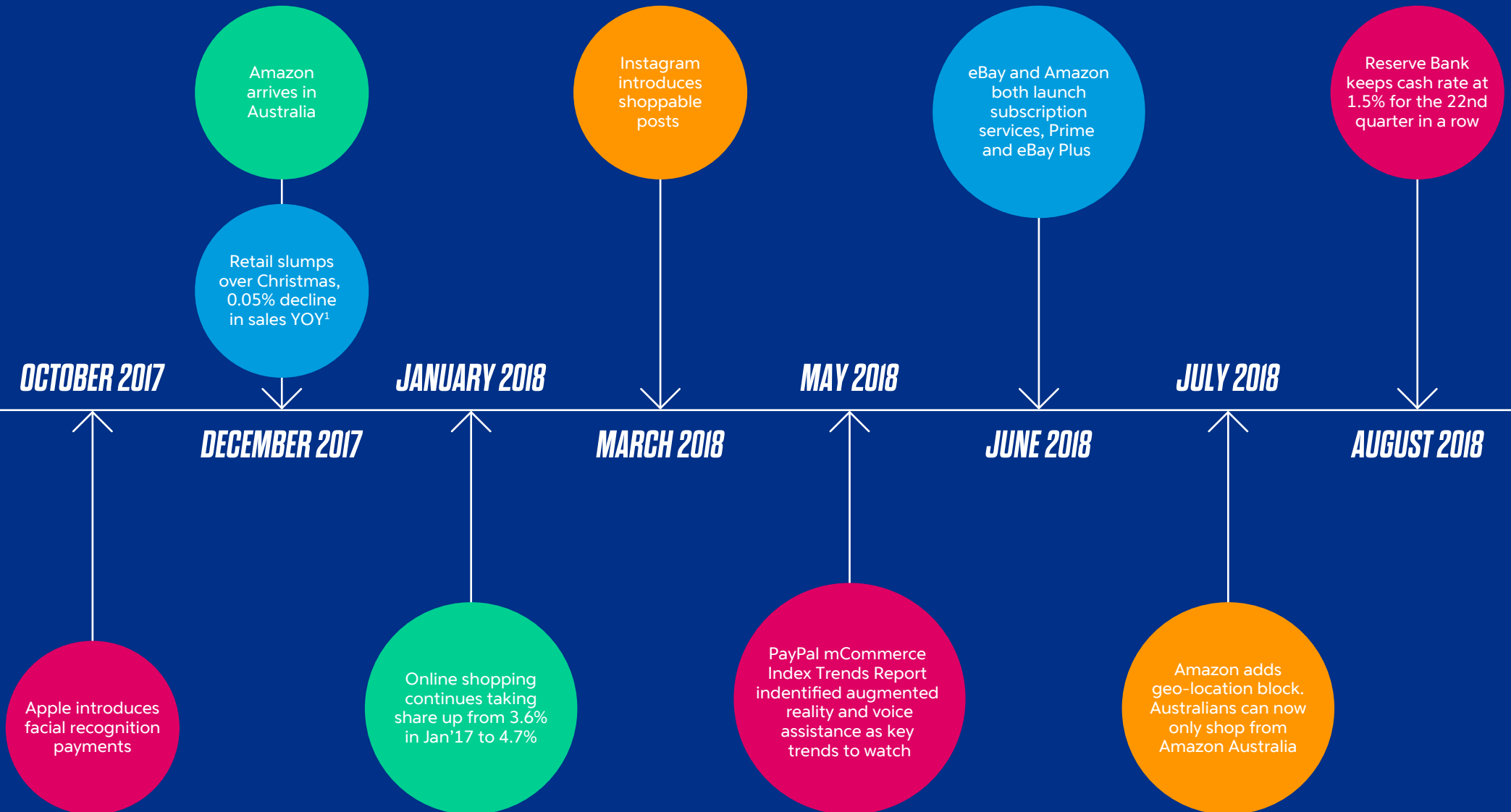
LIBBY ROY

Managing Director,
PayPal Australia



YEAR IN REVIEW

Key events that have impacted the mCommerce landscape in the last 12 months



AT A GLANCE

mCOMMERCE ADOPTION IN AUSTRALIA



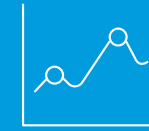
72% of consumers use mobile devices for payments
Steady YoY



48% of consumers make payments via mobile at least weekly
Steady YoY



\$313 is the average consumer spend per month
vs \$331 in 2017



55% of businesses are mobile-optimised
vs 51% in 2017

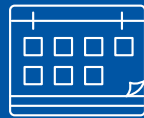


25% of online sales are via mobile
vs 19% in 2017

APPS AND SOCIAL COMMERCE LANDSCAPE



68% of consumers pay via apps



29% of consumers pay via app at least weekly



19% of businesses now have an app



19% of consumers purchase via social



13% of businesses sell via social

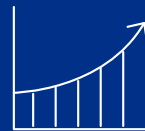
TRENDS TO WATCH: SUBSCRIPTIONS & MARKETPLACES



50% of consumers currently have a subscription service



11% of businesses offer a subscription service



86% of businesses saw revenue increase after implementing a subscription service



89% of consumers shop via online marketplace



26% of consumers believe they'll get a better deal on a marketplace



44% of businesses sell via online marketplaces

MCOMMERCE IN AUSTRALIA



HiSmile

Nik Mirkovic and Alex Tomic, PayPal Business Customers

mCOMMERCE STATE OF PLAY

Australian smartphone ownership and use is close to ubiquitous, with nine-in-ten Australians (88%) over the age of 12 owning one². Four-in-five (84%) of us use our mobiles to access the internet at least daily³ and mobiles have become an essential tool for Australians in everyday life.

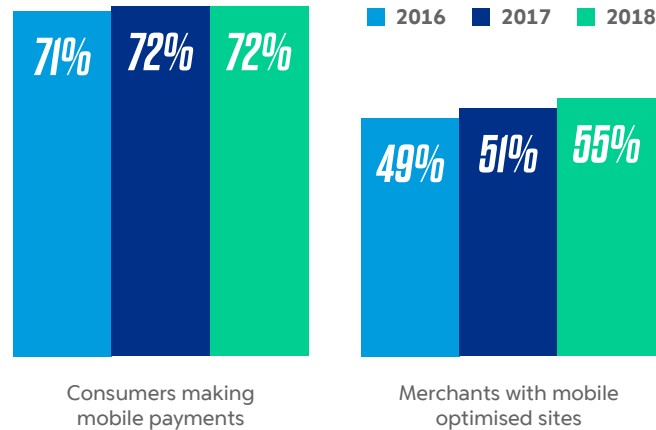
Almost three-quarters of Australian smartphone owners (72%) use their mobiles to shop or make payments, a figure that's remained steadily high year-on-year. And mobile is growing as a sales channel with on average 25% of online sales now taken via mobile, a 32% YoY increase (vs 19% in 2017). One-in-five Australian businesses who sell online (18%) now see more than half their sales done via mobile, doubling last year's figure (9%). While online businesses without any sales via mobile dropped from one-in-four (26%) to one-in-five (19%).

The significant gap between Australian consumer adoption of mCommerce (72%) and business readiness to accept mobile payments (55%) remains. But the gap is closing with 4% more businesses now mobile-optimised compared to 2017 (51%). At the same time, the vast majority of businesses (87%) now recognise their consumers want to buy via mobile devices indicating that business adoption of mCommerce is set to continue rising.

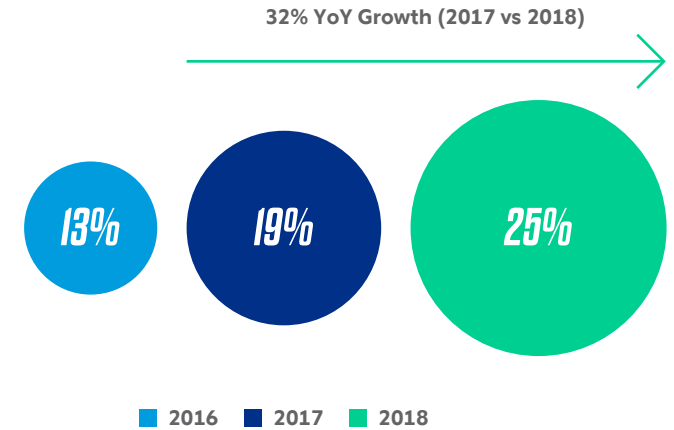
✓ KEY TAKEAWAY

Without a mobile-optimised site you risk losing sales. Don't make your customers squint, zoom, pinch or backtrack because they can't easily use your site on a compact screen. Mobile-optimisation is essential for businesses of all sizes to remain competitive online.

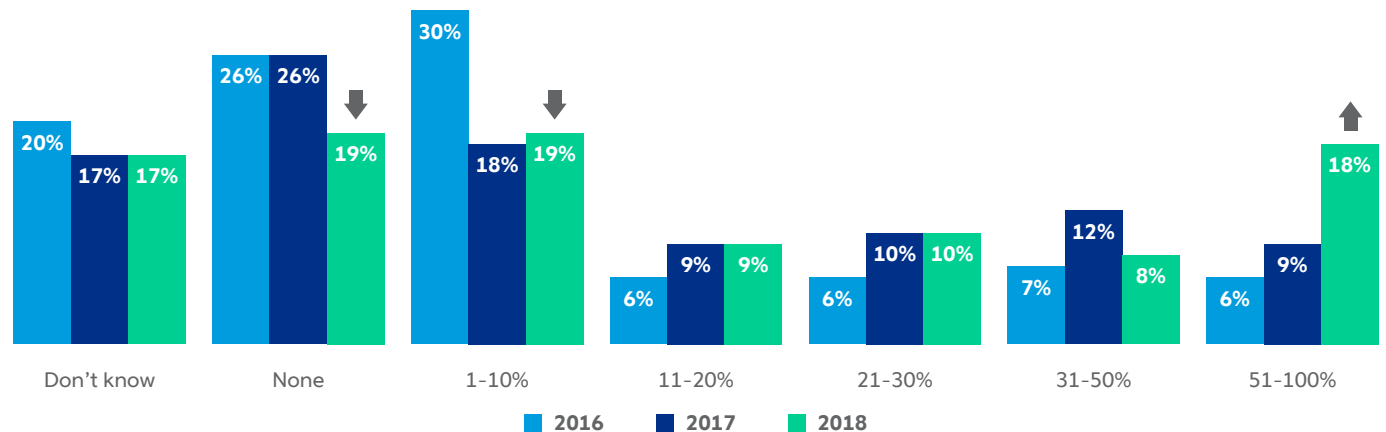
mCOMMERCE ADOPTION



AVERAGE PERCENTAGE OF SALES VIA MOBILE



PERCENTAGE BREAKDOWN OF SALES VIA MOBILE



MCOMMERCE DEVICE USE & PREFERENCE

Almost two-in-five Australians (37%) prefer to use a mobile device, rather than desktops or laptops, to shop and pay online. This is even higher for younger Australians (18-34 year olds) where mobile preference for online shopping rises to almost one-in-two (46%).

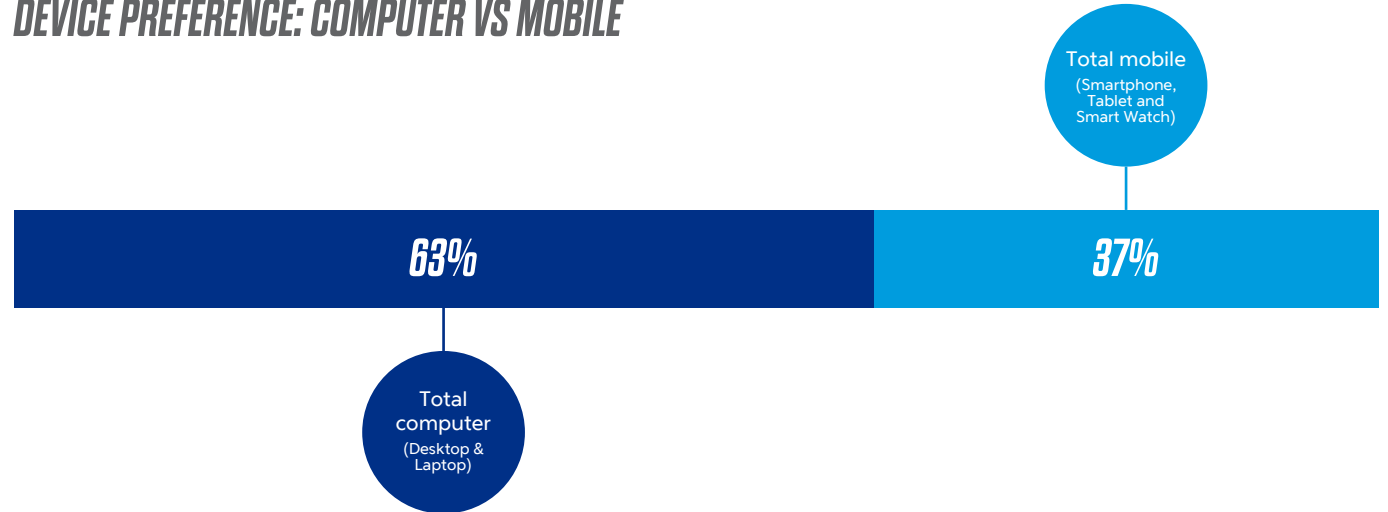
While preference for mobile devices has remained constant, there's been a steady shift away from tablets (9%) towards smartphones (27%). And with continued high levels of mobile shopping, Australians are becoming increasingly intolerant of mobile experiences that don't meet their expectations. Almost half of Australians (47%) say they are annoyed when sites don't work on their mobile devices, a 12% jump since 2017.

Mobile shoppers continue to prefer PayPal (45% vs 36% in 2017) as their mobile payment method, followed by credit card (19%), debit card (14%) and BPay (7%).

KEY TAKEAWAY

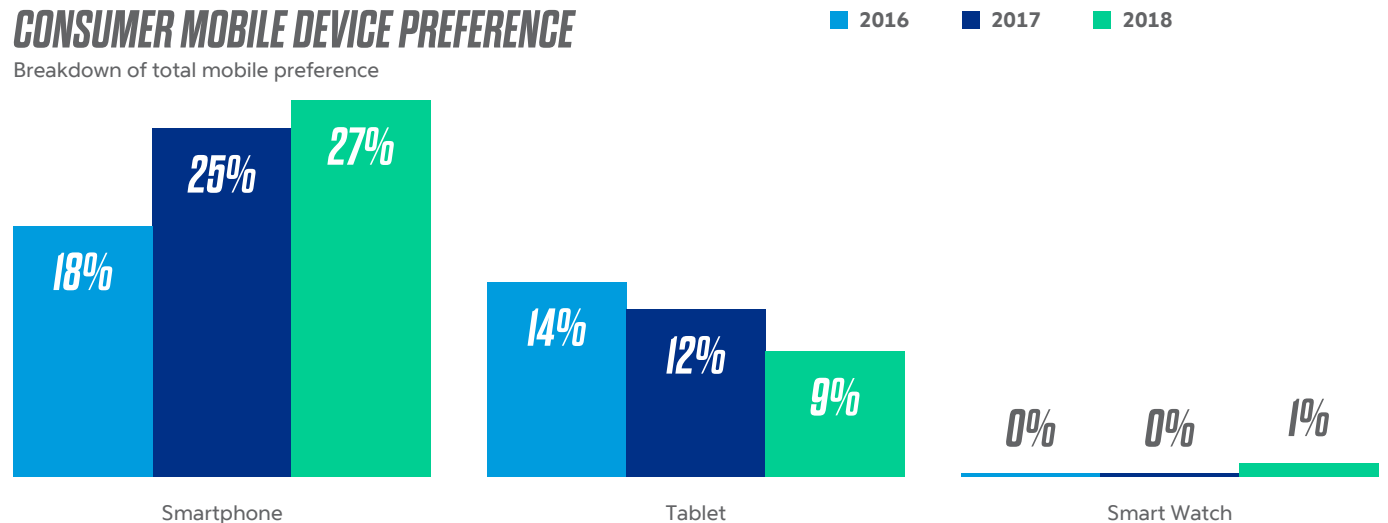
With younger shoppers leading the charge and smartphone preference increasing, it's more important than ever to mobile-optimize your website. At PayPal we've seen a 39% increase YoY⁴ in mobile transactions. If you aren't focused on mobile shoppers you could be missing out on this growth.

DEVICE PREFERENCE: COMPUTER VS MOBILE



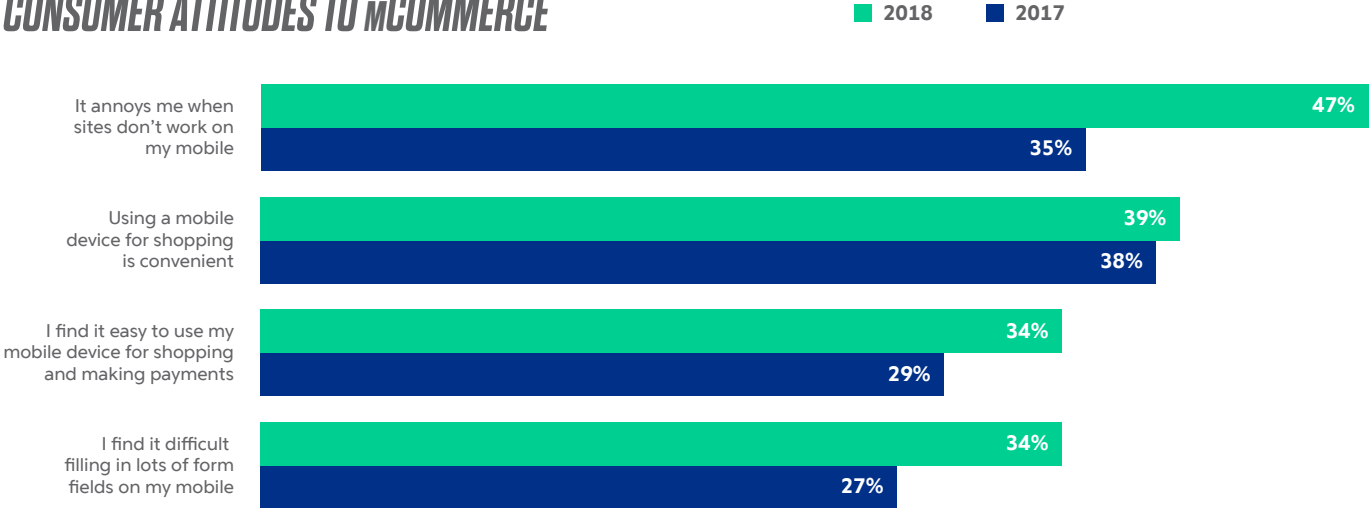
CONSUMER MOBILE DEVICE PREFERENCE

Breakdown of total mobile preference



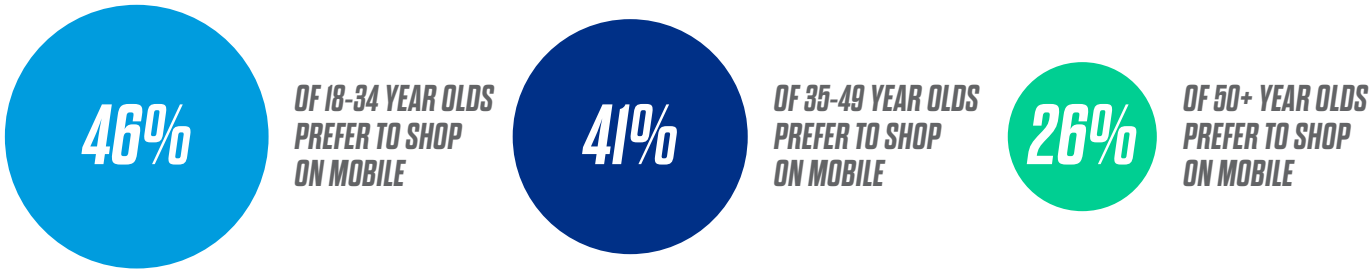
mCOMMERCE DEVICE USE & PREFERENCE

CONSUMER ATTITUDES TO mCOMMERCE



PAYPAL CONTINUES AS THE MOST PREFERRED PAYMENT METHOD AT 45% (VS 36% IN 2017)

CONSUMER MOBILE DEVICE PREFERENCE



mCOMMERCE SPEND & FREQUENCY

Frequency of mobile shopping has stayed consistently high with almost one-in-two Australian consumers (48%) purchasing or making payments via mobile at least weekly. And one-in-eight (12%) now buy via mobile on a daily basis (vs 10% in 2017). With the average monthly mCommerce spend by Australian consumers at \$313, mobile is a significant and established sales channel for businesses.

Looking ahead, mCommerce in Australia is likely to grow as two-in-five consumers (37%) project they will make more mobile purchases next year compared to 27% making the same prediction in 2017.

✓ KEY TAKEAWAY

With the high frequency of daily mobile purchasing, make sure your everyday items are easy to buy via mobile. Ensure you have a simple, touchscreen-friendly order process with minimal screens to maximise convenience.



mCOMMERCE FREQUENCY

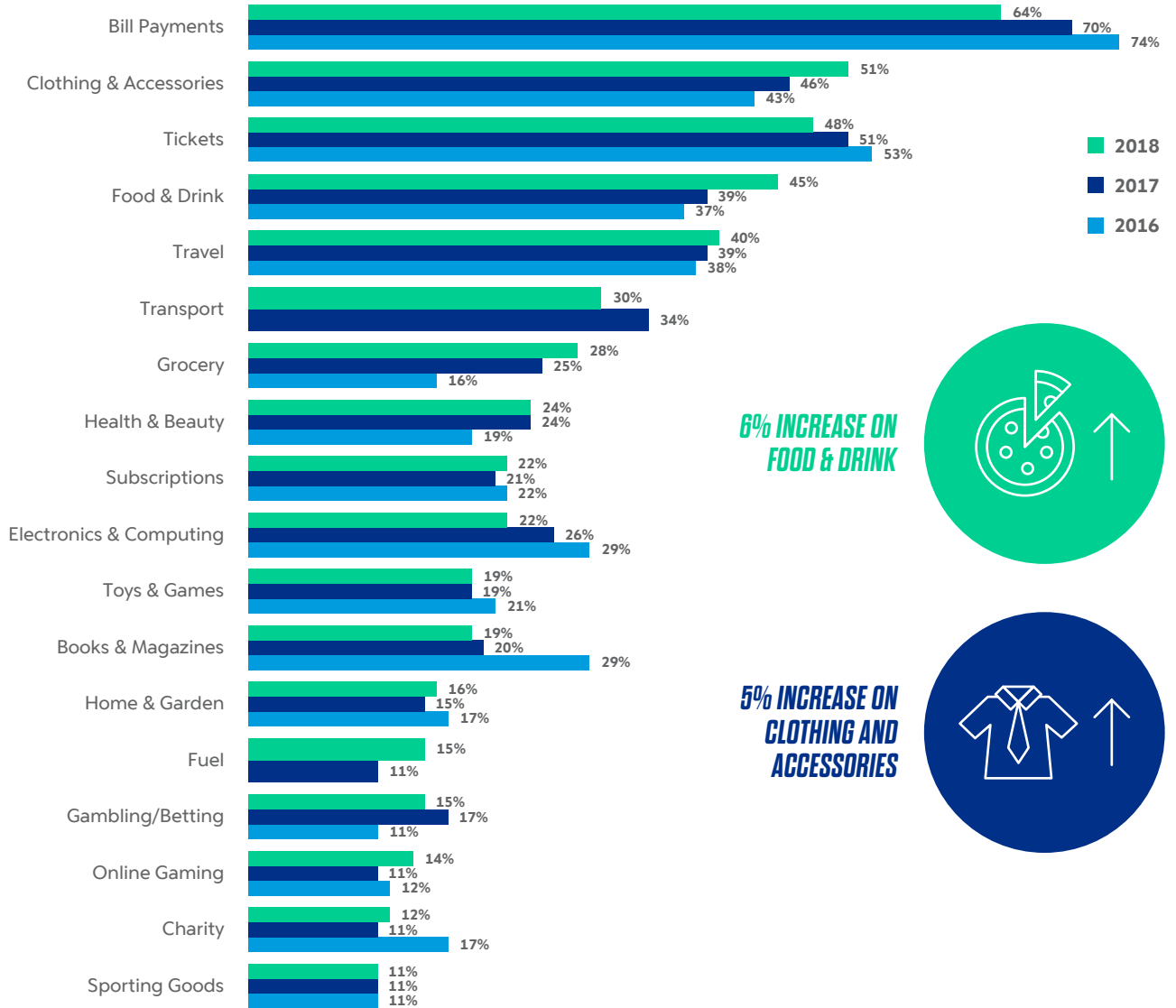
	TOTAL	GENDER		AGE			INCOME			
		Male	Female	18-34	35-49	50+	<\$60k	\$60-99k	\$100-149k	\$150k+
Daily	12%	12%	11%	17%	12%	6%	8%	12%	15%	9%
Weekly	36%	32%	40%	44%	41%	24%	30%	35%	40%	42%
Fortnightly	12%	9%	14%	15%	10%	9%	12%	12%	9%	14%
Monthly	7%	9%	5%	7%	7%	8%	6%	10%	7%	6%
Less Often	5%	5%	4%	3%	3%	8%	6%	4%	6%	6%
Never	28%	31%	25%	14%	25%	45%	38%	28%	24%	22%



mCOMMERCE PURCHASING BY CATEGORY

More consumers are mobile shopping on a daily basis and there's been a corresponding increase in purchases of small-ticket everyday products and services such as Food & Drink and Groceries.

While decreasing this year, Bill Payments remains the most common mobile payment category for Australians. Entertainment Tickets, Travel and everyday Transport are also key categories bought via mobile.



6% INCREASE ON
FOOD & DRINK



5% INCREASE ON
CLOTHING AND
ACCESSORIES



mCOMMERCE DRIVERS & BARRIERS

With a smartphone in your hand, the ability to shop is always instantly available, no matter where you are or what time it is. mCommerce users cited convenience (32%), ease of use (23%) and more shopping options (22%) as the key reasons for making more mobile payments in 2018. On the flip side, mobile shoppers will abandon purchases if there are trust issues, with 29% saying they've abandoned a purchase because of security concerns. However, the largest reason for cart abandonment is when mobile purchases are too difficult or take too long (43%).

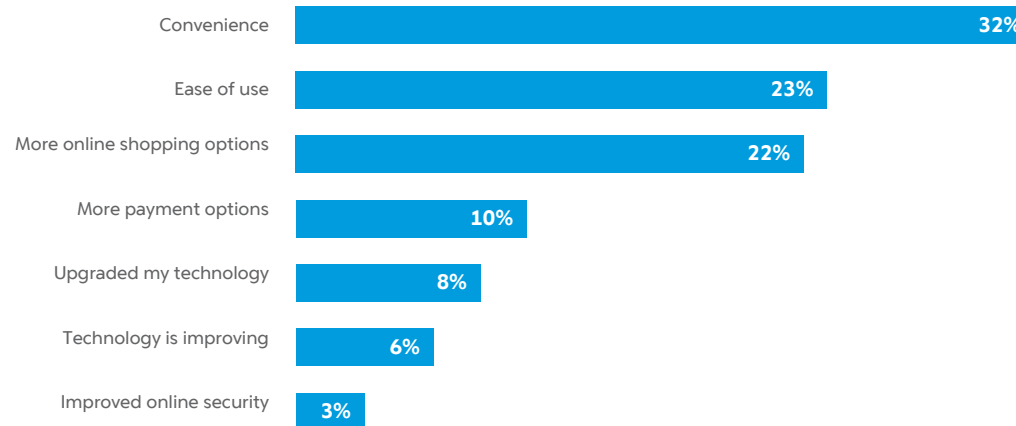
Interestingly this year, more consumers appear to be evaluating products in-store then proceeding to purchase via mobile. Almost a quarter of consumers (23%) say they mobile shop while in physical retail settings (vs 17% in 2017).

There's a continued disconnect between consumer experience and business understanding of mobile shoppers' pain points. Mobile shoppers listed slow page loading as their top pain point (38%). In comparison, only 23% of businesses recognised slow loading times as an issue. Likewise, twice the number of consumers (20%) cited check-out problems as a pain-point when compared to businesses (10%). Understanding the real issues consumers face will help businesses build better websites for mobile commerce.

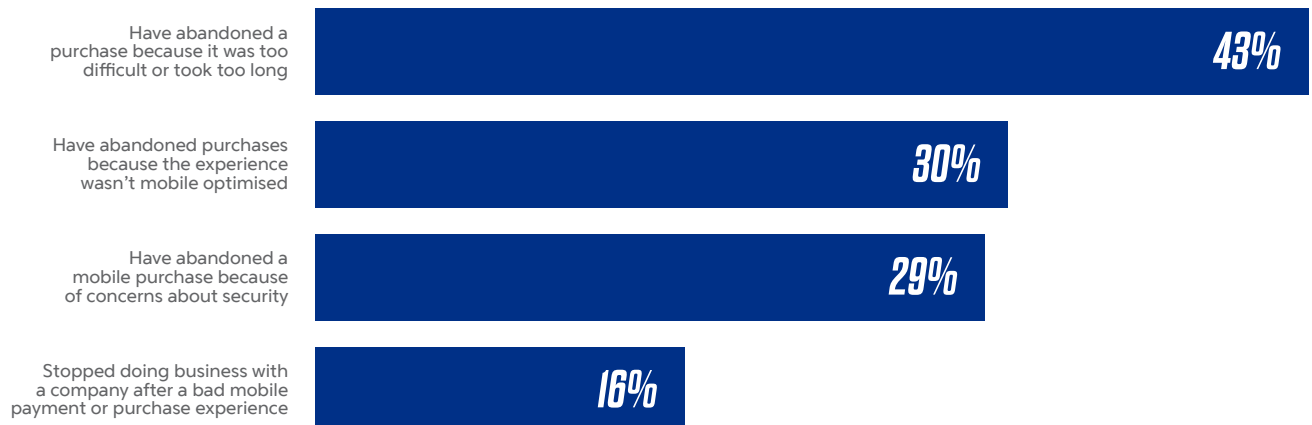
✓ KEY TAKEAWAY

Slow loading and laggy mobile experiences will kill consumers' drive to engage with your website. You should undertake regular audits of your website performance to ensure your site is as lean as possible for best mobile results. Reduce trust issues by using a secure payment provider at checkout.

CONSUMER DRIVERS



CONSUMER BARRIERS

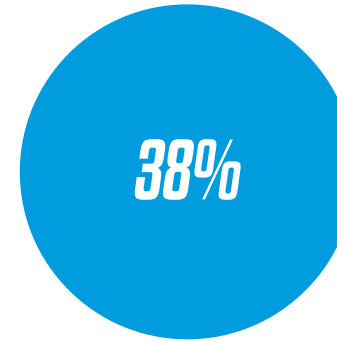
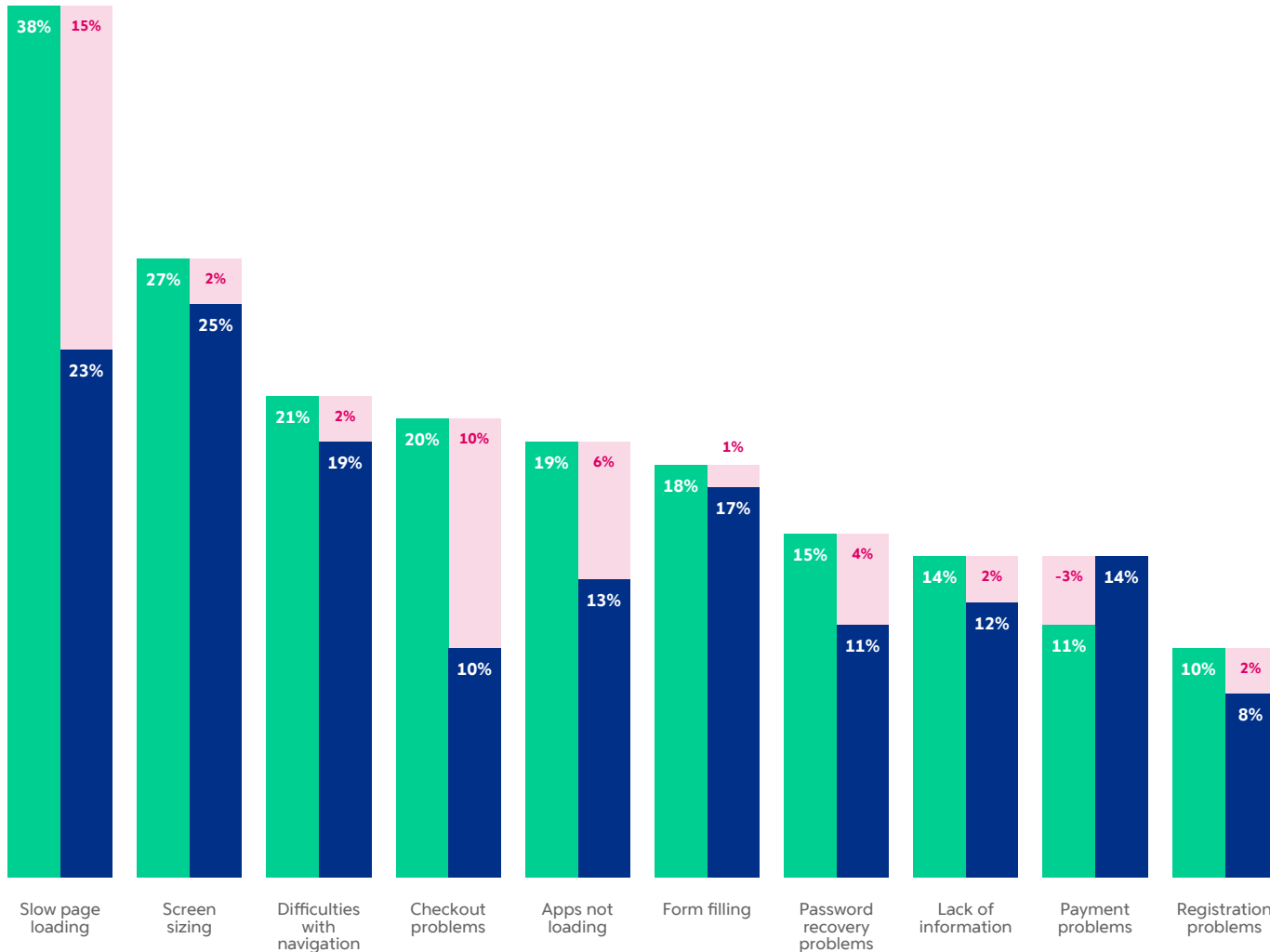


mCOMMERCE DRIVERS & BARRIERS

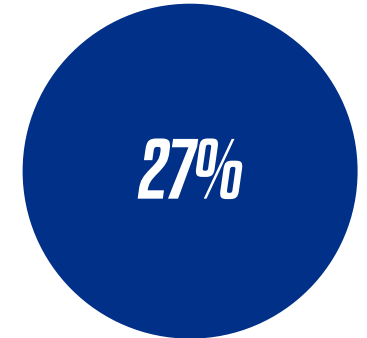
KEY TAKEAWAY

Many businesses invest in the design, product assortment and promoting of their websites but overlook the shopping cart. However, 20% of consumers report checkout problems and this is where they'll abandon their purchase. Allow guest checkout, minimise text entry and use a payment solution that's mobile-optimised.

■ Consumer pain points ■ Business understanding of consumer pain points ■ Gap



mCOMMERCE USERS WHO EXPERIENCE SLOW PAGE LOADING



mCOMMERCE USERS WHO EXPERIENCE SCREEN SIZING ISSUES



APP USE & CATEGORY SPEND

Apps are the modern-day loyalty card. Nobody wants to carry around plastic cards anymore when apps can offer tailored customer discounts, pay ahead functionality and remember purchase preferences and payment details at a touch.

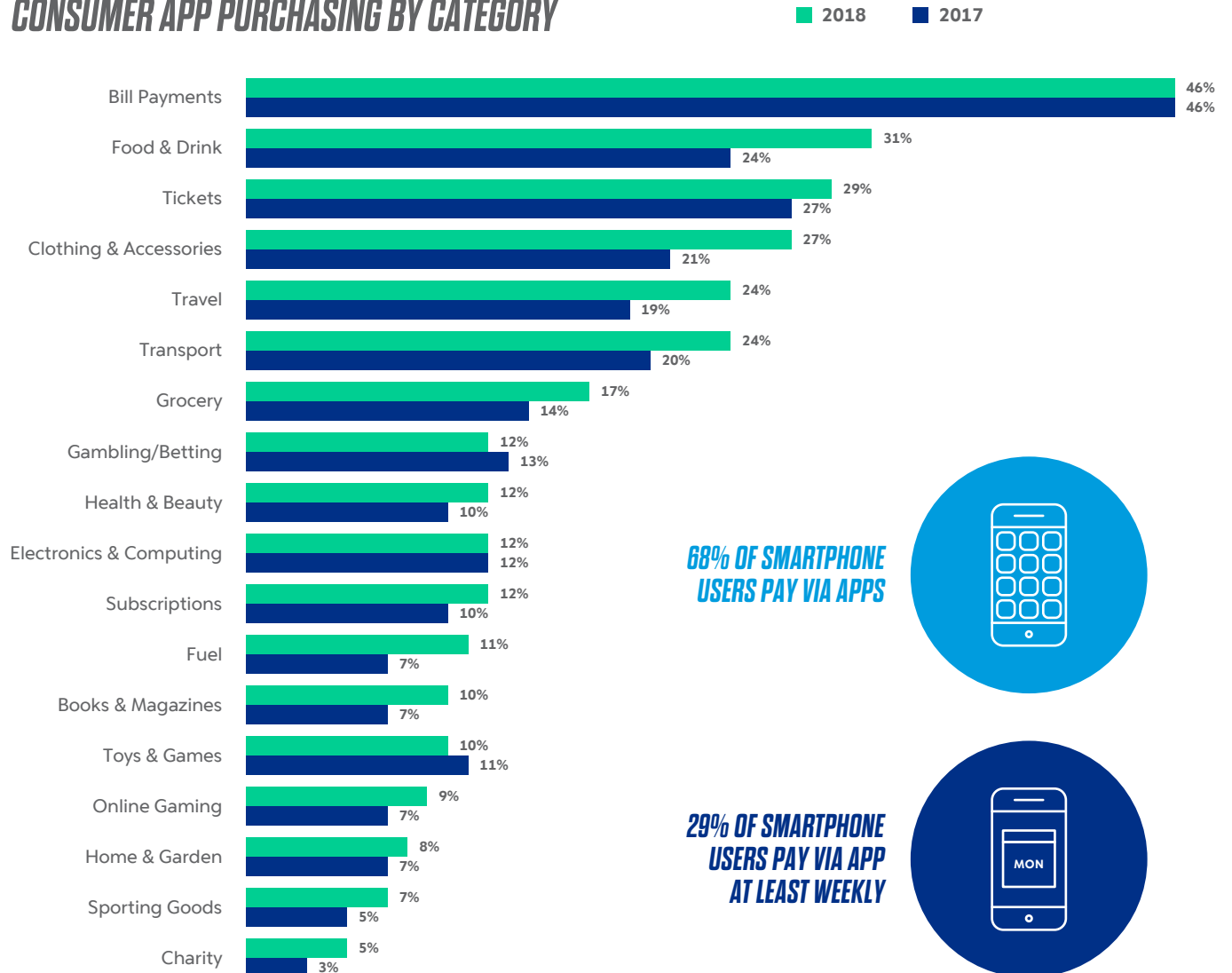
Apps have become a significant channel for mobile transactions, with seven-in-ten Australians (68% vs 65% in 2017) paying via apps and 29% paying via apps at least weekly (vs 27% in 2017). In response to consumer adoption, app development among Australian businesses has seen growth in 2018 with 19% stating they currently have an app (vs 15% in 2017) and two-in-five Australian businesses (44%) projecting they will have an app within the next three years.

App category spend mirrors the trend in overall mCommerce spend with smaller-ticket, everyday items gaining share. Spend on Food & Drink, Fuel, Subscriptions, and Transport (such as ride sharing) all increased year on year.

✓ KEY TAKEAWAY

If an app is right for your business, make your app a habit. Consider tying a loyalty or rewards program directly to it, providing consumers an incentive for continued use. Drive users back to your app through app-exclusive sales and deals with relevant and timely push notifications.

CONSUMER APP PURCHASING BY CATEGORY



68% OF SMARTPHONE USERS PAY VIA APPS



29% OF SMARTPHONE USERS PAY VIA APP AT LEAST WEEKLY



SOCIAL COMMERCE



**SAND
& SKYS**

PayPal Business Customer

SOCIAL COMMERCE STATE OF PLAY

Social media has become ingrained in Australian life, with many of us accessing social platforms multiple times a day to check on family and friends or stay up to date with news and politics. In the process, we're exposed to ideas, influencers, advertising and increasingly to shopping opportunities as social media platforms begin to embed retail functionality into the platforms themselves.

Australian consumer adoption of social commerce continues to grow in 2018, with one-in-five respondents (19%) purchasing via social media in the last six months (vs 11% in 2017). Business adoption of social commerce is 13% however, another 22% intend to sell via social media within the next 6 months.

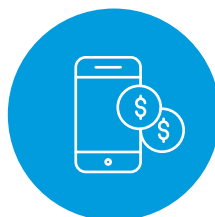
The biggest jump in consumer social commerce adoption was with 35-49 year-olds, with one-in-four (24%) now making social media purchases, up from 11% in 2017. Facebook remains the most popular platform for Australian consumers who purchase via social channels (81%), followed by Instagram (25%).

More than half of Australians (55%) are now aware that purchases via social media are possible, with shoppers under 35 (66%) being the most aware of social commerce.

SOCIAL COMMERCE ADOPTION



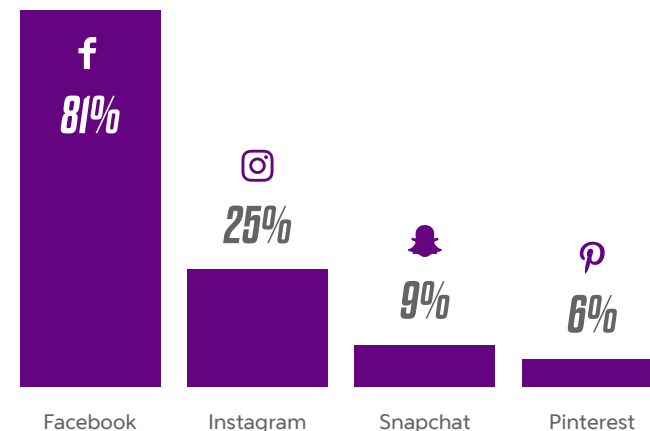
19% OF CONSUMERS PURCHASE VIA SOCIAL MEDIA



13% OF BUSINESSES ACCEPT PAYMENTS VIA SOCIAL PLATFORMS

CONSUMER SOCIAL COMMERCE BY CHANNEL

Social commerce shoppers



CONSUMER SOCIAL COMMERCE ADOPTION

All respondents

	TOTAL	GENDER		AGE		
		Male	Female	18-34	35-49	50+
Facebook (incl. Messenger)	16%	15%	17%	19%	20%	9%
Snapchat	2%	2%	2%	3%	3%	0%
Instagram	5%	5%	5%	9%	6%	1%
Pinterest	1%	1%	1%	2%	2%	0%
Made a purchase through social media in the last 6 months	19%	18%	21%	25%	24%	10%
None, have not made any purchases or payments through social media platforms in the last 6 months	81%	82%	79%	75%	76%	90%



SOCIAL COMMERCE DRIVERS & BARRIERS

✓ KEY TAKEAWAY

Social media has become habitual for most Australians where they're exposed to both shopping inspiration and, increasingly, purchase opportunities. Consider the right platform for your products and services and ensure content is tailored for your target customers, making the path to purchase as easy and convenient as possible.

While social media is a key tool for product discovery, as a purchasing platform it's still in its infancy. Australians are using social media to search for specific brands and products as well as to window shop for inspiration.

One-in-five (20%) said they are likely to explore Facebook when looking for purchases online and 22% said that they've purchased items through an online store after seeing them on social media, a figure that jumps to 31% for consumers under 35 years.

However, Australian consumers are yet to be convinced when it comes to trusting social media for purchases. Over a third (36%) don't trust the process of buying via social media and 38% are worried about the safety of their financial information when making purchases via social media.

CONSUMER SOCIAL COMMERCE PERCEPTIONS

	TOTAL	GENDER		AGE		
		Male	Female	18-34	35-49	50+
I don't trust the process of buying via social media platforms	36%	37%	34%	31%	33%	42%
I would buy from a social media platform if I could use my PayPal account for convenience and safety	23%	19%	27%	27%	25%	19%
I have seen items available for sale on social media sites, but will look for the same item to purchase from an online store	22%	19%	26%	31%	25%	13%
I have seen an item on a social media platform and then been inspired to purchase it	15%	9%	20%	23%	14%	7%
I would be more likely to purchase items from local businesses if I could buy straight from my social media feeds	14%	12%	16%	16%	18%	8%
I have seen an item on a social media that I wanted to buy, but haven't been able to find the product for sale anywhere	12%	9%	16%	21%	11%	6%



ON TREND: MOBILE MILLENNIALS



bellabox

PayPal Business Customer

MCOMMERCE FOR MILLENNIALS

Australian Millennials (18-34 year-olds) are fast becoming a key generation in the workforce and participants in the economy. As Australia's first digital native generation, they are driving the shift to online shopping and purchasing.

Smartphones are second nature for this digital generation with almost nine-in-ten (86%) making purchases or payments on mobile compared to the average of 72%. In addition, when compared to other age groups, young people are spending more frequently (61% at least once a week vs 48% overall). Over half of them spend more than \$100 a month on their mobiles (53%), compared to 39% of the 50+ cohort.

Mobile optimisation is key to engaging Millennials. A third of 18-34 year-olds (33%) said they have abandoned purchases or payments because they weren't mobile-optimised and over half (57%) say they get annoyed by sites that aren't mobile-friendly. Both behavioural patterns have increased in prevalence since 2017 and are higher than for any other age demographic.

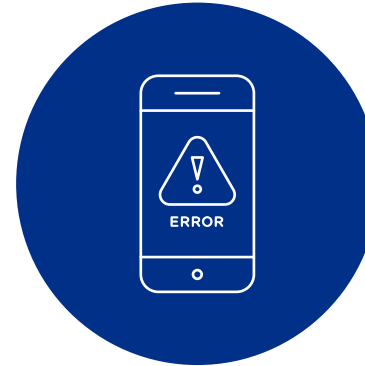
Correlating with the general trend towards purchasing everyday items online, Millennials are more likely to spend money on Food & Drink, Travel and Clothing & Accessories via mobile than they were in 2017.

KEY TAKEAWAY

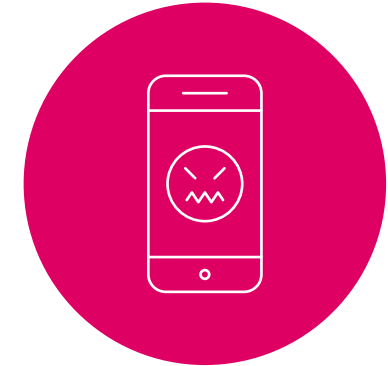
Millennials are mobile-first and they've been marketed to online since they were children. They trust the recommendations of their friends and social networks more than traditional media. Enable online reviews, sharing and employ a social strategy to engage these consumers.



86% OF MILLENNIALS SHOP ON MOBILE

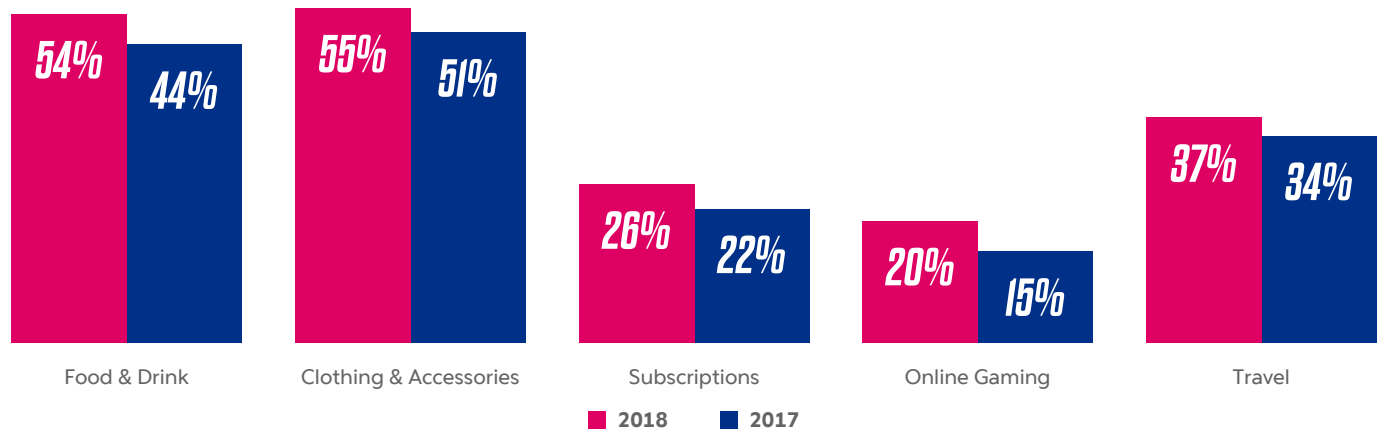


33% HAVE ABANDONED PURCHASES OR PAYMENTS BECAUSE THEY WEREN'T MOBILE OPTIMISED



57% GET ANNOYED BY SITES THAT AREN'T MOBILE OPTIMISED

TOP GROWTH PURCHASE CATEGORIES



ON TREND: THE RISE OF SUBSCRIPTION SERVICES



Olly's Box
for a happy & healthy pup

Olly's Box
for a happy & healthy pup

PayPal Business Customer

SUBSCRIPTION ADOPTION & CONSIDERATION

Subscription services are popular, with one-in-two Australian consumers (50%) already using a subscription and spending an average \$32 per month. Subscription services see most use from younger shoppers (62%) but adoption is strong across all age demographics.

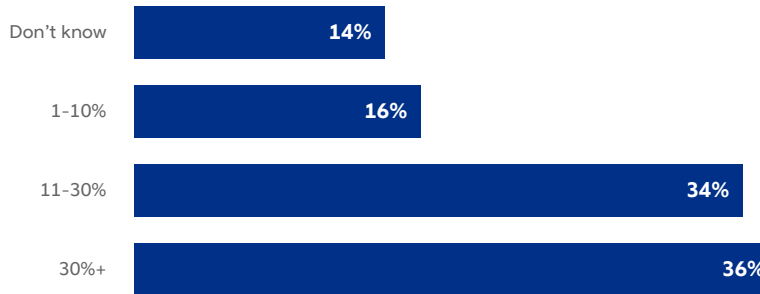
Currently Movies, Music and Software are the three most subscribed online categories. However, consumer consideration for subscriptions across a range of new categories including Beauty & Skincare, Food, Clothing or Active Wear and even Pet Accessories is strong.

The popularity of subscription services is paying off for businesses with 86% reporting that revenue increased after implementation and one-in-three (36%) saying revenue increased by over 30%. Regardless of whether they offer a subscription service or not, businesses acknowledge that subscriptions make it easier to retain customers (37%) and drive a recurring revenue stream (35%).

Despite the consumer popularity and business results, currently only 11% of Australian businesses offer a subscription model. However, a further 14% plan to implement a subscription service within the next 12 months.

BUSINESS REVENUE INCREASE

After implementing a subscription service



OF CONSUMERS USE A SUBSCRIPTION SERVICE

AVERAGE SPEND PER MONTH



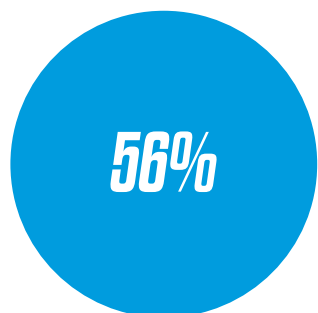
CONSUMER CONSIDERATION OF SUBSCRIPTION SERVICES

	AGE			
	TOTAL	18-34	35-49	50+
Movies and TV Content	62%	72%	67%	47%
Music	42%	56%	43%	27%
Food	24%	36%	28%	9%
News and Magazines	21%	18%	21%	24%
Digital & Audio Books	21%	22%	21%	19%
Software & Computing	19%	23%	22%	12%
Alcohol	18%	18%	22%	13%
Books	13%	17%	13%	9%
Beauty or Skincare Products	12%	20%	12%	4%
Clothing or Active Wear	10%	15%	11%	4%
Pet Accessories	8%	11%	8%	6%
Cleaning and Laundry Services	7%	10%	7%	4%
Chocolate	7%	10%	9%	1%
Flowers	4%	7%	3%	3%

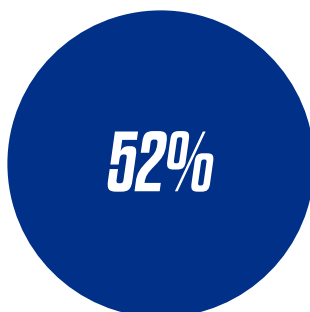


SUBSCRIPTION SERVICES: CONSUMER BEHAVIOUR

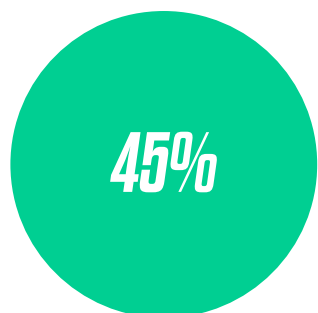
MOST IMPORTANT FACTORS FOR SIGNING UP TO SUBSCRIPTIONS



NOT BEING LOCKED INTO ANY CONTRACTS AND HAVING THE OPTION TO OPT-OUT OF THE SUBSCRIPTION



BEING ABLE TO PAY SECURELY



RECEIVING DISCOUNTS OR 'SUBSCRIBER BENEFITS'

	TOTAL	AGE		
		18-34	35-49	50+
Not being locked into any contracts and having the option to opt-out of the subscription	56%	51%	53%	62%
Being able to pay securely	52%	49%	45%	60%
Receiving discounts or 'subscriber benefits'	45%	44%	44%	46%
Knowing that I am getting a better deal paying for a subscription than I would making individual purchases	43%	43%	40%	45%
A quick and seamless checkout experience	34%	32%	34%	35%
The service being available on all of my devices	33%	39%	31%	29%
The service being mobile optimised, so I can access it at any time	28%	36%	30%	18%
The ease of not having to remember to pay for the subscription because payment is automatic	26%	26%	28%	25%
The convenience of making one purchase, rather than multiple individual purchases	23%	24%	22%	24%
A personalised experience curated for me	15%	26%	12%	9%
The excitement of new deliveries arriving each week or month	15%	21%	18%	7%
Being exposed to services, products or recommendations that I might not have otherwise discovered	15%	19%	15%	11%



SUBSCRIPTION SERVICES: CONSUMER BEHAVIOUR

Australian consumers are drawn to subscriptions that deliver happiness rather than meet a functional need. These services are a way for Australians to treat themselves and indulge. **Nearly a third of Australians (30%) subscribe to services that make them happy or that they enjoy - double the amount that subscribe for convenience and necessity (15%). And the happiness factor is higher for under-35s at 36%.**

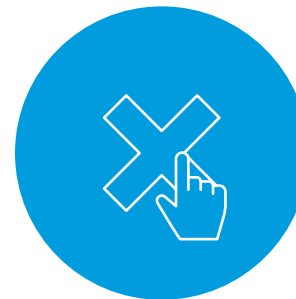
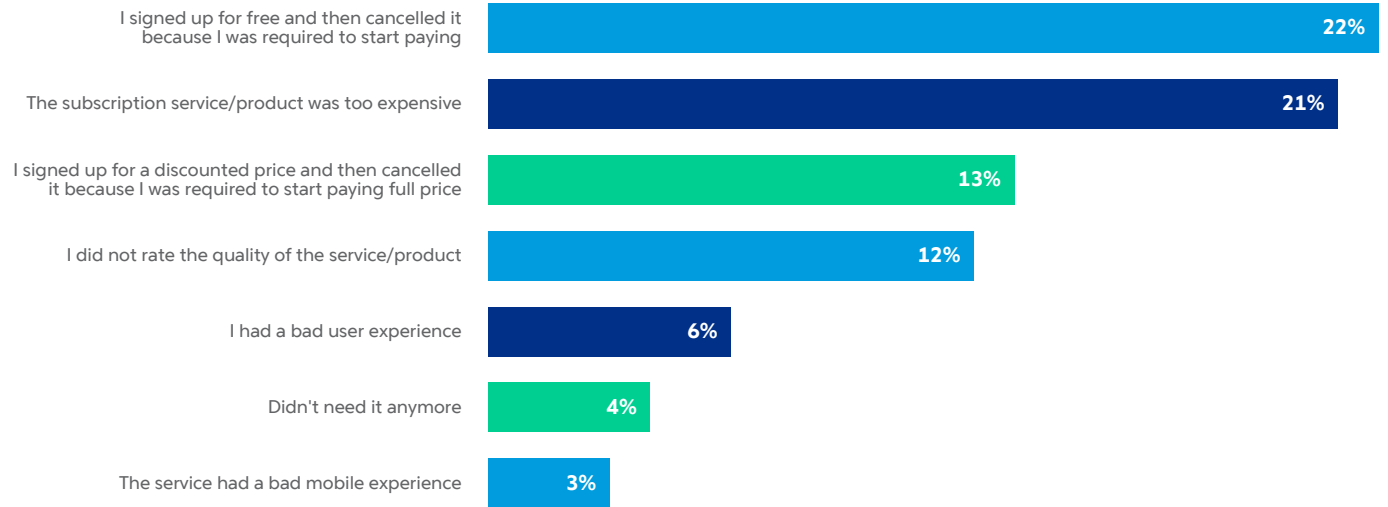
Younger Australians (18-34 year-olds) are also more likely to access their subscriptions from a mobile device (39%) compared to a desktop (11%) or laptop (22%).

Australian consumers make good use of free trials. Half of Australian consumers (50%) have cancelled a subscription in the past, one-in-five (22%) have cancelled a subscription when they had to start paying and another one-in-five (21%) have unsubscribed because it was too expensive. It's unsurprising then, that the most important factor for consumer sign-up is having no lock-in contracts and easy opt-out solutions (56%). Other key drivers are being able to pay securely (52%), receiving discounts or subscriber benefits (45%) and a mobile-optimised service, so they can access it any time (28%).

KEY TAKEAWAY

Choice is important. If you offer subscriptions, provide your customers with a range of plans to meet the needs and budgets of different user groups. Consider offering a free or discounted trial. While 50% of Australians have cancelled a subscription service, many others will start a free trial and become loyal customers.

CONSUMER REASONS FOR SUBSCRIPTION CANCELLATION



50% HAVE CANCELLED A SUBSCRIPTION IN THE PAST



30% SUBSCRIBE TO SERVICES THEY ENJOY VS 15% FOR CONVENIENCE AND NECESSITY



***ON TREND:
THE POWER OF ONLINE
MARKETPLACES***



ONLINE MARKETPLACE USE

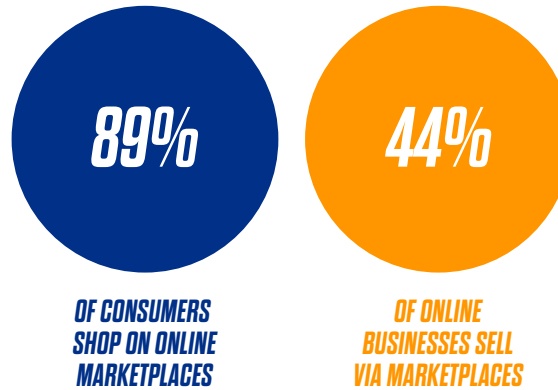
Nearly nine-in-ten smartphone users (89%) are shopping on online market places, with half saying they do so at least once a month (49%). In fact, marketplaces (48%) have become a top destination for Australian shoppers to browse for products when they have a purchase in mind, trumping search engines (43%) and online retail stores (29%). Despite the recent entrance of Amazon into the Australian market (Dec 2017), eBay remains the most popular marketplace for Australian consumers (79%).

Australian businesses are aware of the power of online marketplaces with two-in-five (44%) selling on marketplaces and 16% selling exclusively via marketplaces.

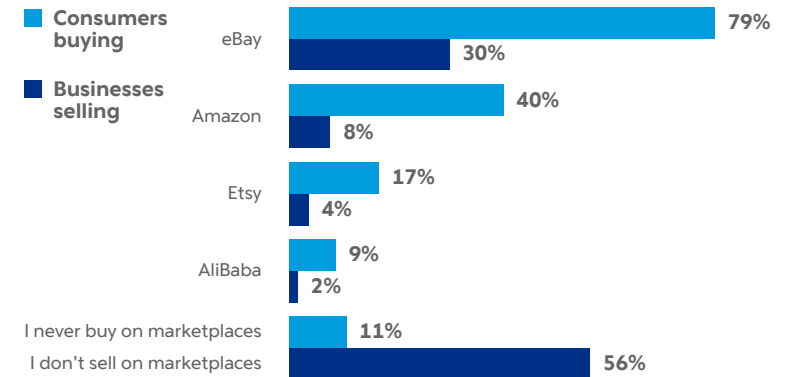
Free delivery (61%), low prices (57%) and protected purchases including buyer guarantees and free return shipping (51%) are key drivers for consumer use of marketplaces, however there are trust issues. While two-in-five Australians (18%) feel more comfortable shopping from unknown brands on a marketplace than directly from an unknown online store, another one-in-ten (11%) are sceptical of brands that only sell through marketplaces.

KEY TAKEAWAY

Marketplaces remain highly popular with Australian consumers and should be considered in any multichannel sales strategy. Selling on marketplaces can be a low-cost opportunity for start-ups or to expand your reach. Ensure you choose a marketplace that fits your products and is likely to attract your target customers.



BUYING & SELLING ON ONLINE MARKETPLACES



*Only marketplaces featuring commercial retailers were included in this report

CONSUMER BUYING BEHAVIOUR

	TOTAL	GENDER		AGE		
		Male	Female	18-34	35-49	50+
I often search for the same item on multiple marketplaces before making a purchase	36%	34%	38%	38%	37%	32%
I often browse online marketplaces for fun but without any specific purchase in mind	33%	31%	35%	37%	30%	31%
I enjoy shopping on online marketplaces because there is a wider variety of products available	30%	27%	33%	35%	32%	24%
I believe I will be able to get better deals on an online marketplace than from an online store	26%	25%	26%	30%	27%	20%
I look for brands' marketplace pages to compare prices to their online store before making a purchase	22%	19%	24%	22%	21%	23%
I enjoy shopping on marketplaces because I can do my online shopping in one place	20%	19%	21%	26%	21%	14%
I am more comfortable shopping from an unknown seller on a marketplace than directly from an unknown online store	18%	16%	19%	21%	19%	14%
I am sceptical of brands that only sell through online marketplaces	11%	12%	11%	15%	8%	11%



KEY TAKEAWAYS

Mobile is the growth engine of digital commerce. PayPal has seen a 39% increase YoY in mobile payment transactions globally and that growth is set to continue. With 72% of Australian consumers shopping via mobile and 48% doing so at least weekly, the challenge for Australian businesses is to adapt their strategies to meet the expectations of increasingly mobile-first consumers. Doing so could lead to real bottom line results.

TIPS FOR STARTING YOUR mCOMMERCE OPTIMISATION

Expectations for the perfect mCommerce experience are continually changing and taking the first steps can be daunting for any business. With almost half of Australia's online businesses not yet optimised for mobile commerce, we've developed the following practical tips to help you start creating a great mobile shopping experience.

Learn more about how PayPal can help optimise your mobile payment process:

www.paypal.com/au



Think mobile first

A truly engaging mobile experience must be developed with a mobile-first mentality. It is no longer enough to simply translate a desktop site into a mobile optimised version.



Support a wide range of devices

It's important that you support a wide range of screen sizes and browser types and that you test your site on a range of devices, browsers and screen sizes from a smartphone screen to the largest tablet.



Simplify navigation

Make it easy for customers to move through your site. Minimise data entry, clicking or zooming. And use large buttons, fonts and a fixed navigation bar to ensure smooth steps to purchase.



Have a fast page load time

For every second of delay, you lower conversion by seven per cent. More than forty per cent of customers will abandon a site if a page takes three or more seconds to load. While it's important your mobile experience is engaging and visually appealing, this must be supported by software that allows a quick load time.



Ensure keyboards are field sensitive

When you need to collect data, make it as easy and quick as possible for your customer. If numbers are needed, present the numeric keypad and if an email address is required, present a keyboard where the @ sign is displayed along with the .com button.



Handle errors smoothly

Don't lose customers because of a painful data entry process. If a customer encounters an error, the screen should pop back up to the field with the error, and it should be clearly marked in red.



Always have your Add to Basket and Checkout buttons on screen

Make it easy for customers to view their basket or wish list. By having easy to spot icons in the same corner of every page customers will be able to easily navigate through to the checkout, regardless of where they are on your site.



Perfect your mobile payment process

Streamline your payment process to reduce basket abandonment. Allow guest checkout, minimise text entry and use a payment solution that's mobile-optimised.

RESEARCH OVERVIEW

This research report was produced by PayPal Australia Pty Limited ABN 93 111 195 389 AFSL 304962, based on a study conducted by ACA Research with n=1,004 consumers and n=403 businesses. It contains general observations about trends in mobile commerce, and does not take into account the objectives, situation or needs of any specific business or individual.

The consumer research conducted by ACA Research consisted of a 15 minute online survey of n=1,004 Australian smartphone users aged 18 and older, exploring adoption, usage and sentiment towards mobile and social commerce. In addition, ACA Research conducted a 10 minute online survey of n=403 business decision makers within Australian small and medium B2C retailers and merchants who sold or took orders online, exploring their attitudes and behaviours around mobile and social commerce.

Numbers may not add to 100% due to rounding.

SAMPLING

CONSUMER

The consumer research consisted of a sample of n = 1,004 Australian smartphone users aged 18+ (which represents approximately 82% of total Australian population 18+). The sample was weighted by age, gender and location to ensure data was nationally representative. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 3.08%.

BUSINESS

The business research consisted of a sample of n = 403 decision makers within Australian small and medium businesses. All businesses had to sell partially or wholly to consumers, and also sell or take payments online. Quotas were set on turnover and location, to ensure data was a reliable cross section of Australian businesses. Significance testing was conducted at a 95% confidence interval, with a potential sampling error of 4.86%.

METHODOLOGY

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

TIMING

The research was in field from Wednesday 25th July to Friday 3rd August 2018

PRESS CONTACT

To contact the PayPal Australia media team, please email paypal@edelman.com

BUSINESS CONTACT

To find out how to optimise your mobile or social payments contact PayPal Australia on 1800 729 725 or visit paypal.com.au/business

ABOUT PAYPAL

Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (NASDAQ: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal's 244 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when sending payments, paying or getting paid. Available in more than 200 markets around the world, the PayPal platform, including Braintree, Venmo and Xoom, enables consumers and merchants to receive money in more than 100 currencies, withdraw funds in 56 currencies and hold balances in their PayPal accounts in 25 currencies.

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

The information in this report is provided as-is, and while we work to make sure information is accurate, PayPal takes no responsibility for users' actions, inactions, or decisions based on the information presented.

REFERENCES

- 1 Australian Bureau of Statistics, 06 February 2018, Retail turnover falls 0.5 per cent in December
- 2 Statista 2018, <https://www.statista.com/statistics/730101/australia-smartphone-ownership-by-age>
- 3 Communications Report 2016-17 © Australian Communications and Media Authority
- 4 PayPal Fast Facts 2017 Full Year Results https://www.paypalobjects.com/digitalassets/c/website/marketing/global/shared/global/media-resources/documents/Q2_2018_PayPal_FastFacts.pdf