

Tuesday, 24 November

## State of the Nation: Australian Retail

Roy Morgan Research CEO Michele Levine today presented the latest **State of the Nation Report in Melbourne, with a special Spotlight on Retail – from online shopping to store visitation, consumer finances and attitudes to the battle for every last supermarket dollar.**

Key findings of this in-depth industry spotlight include:

- Australians spent over \$100 billion a year on *things* in the financial year to June 2015: from clothes and shoes to hardware, appliances and furniture, home entertainment products and devices to perfume, cosmetics and skincare, sporting goods, games and pet supplies. Our total spending on such commodities, whether online or in-store, increased 5% compared with the previous financial year.
- Over the year we buy around 1.1 billion of these items; during an average four week period, 54% of us buy clothes, 24% buy hardware, DIY and plants, 22% shoes, 21% cards and stationery, 17% books and 16% music, music or TV shows and 14% games or toys.
- Australians made a combined 1.34 billion trips to department stores, discount stores, hardware, homewares, clothing and music stores and newsagents over the last financial year – around 170 million *fewer* than we did five years ago despite our growing population. Hardest hit have been the stores facing the strongest digital disruption: Newsagents got almost 100 million fewer visitors in the past year than in 2010, and the number of music store visits fell by over a third. Among these types of stores, only hardware stores have increased their number of visitors.
- But although many of today's retailers might be seeing fewer customers in the store, many are instead visiting via their websites. 47% of Australians agree they will research products online before buying from a store, and 31% of us use the internet to research a product or service to buy in an average four weeks.
- Australians spent an estimated \$37.8 billion online over the last financial year.
- Overall, we increased our expenditure online by 9.7% compared with year to June 2014. The fastest growing online shopping categories by total dollars spent year-on-year are Home and Garden (up 26.5%) and Electronics (up 23.1%). Online spending was below-average for Clothes (up 8.1%) and Travel (up 4.6%), while the amount spent online for Health and Beauty products declined 2.6% year-on-year.
- Online shopping was once considered a threat to local retailers, as retail dollars flowed overseas. However today an estimated 72% of our online spend (around \$27 billion) stays in Australia, whether going to home-grown online-only sites or the internet offerings of local retailers.

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- The majority of shoppers in most online product categories buy from Australian sites. The only categories where still a majority of shoppers are buying from international sites include Books and eBooks, Men's Clothing, Jewellery and Watches, and Video Games and Consoles.
- When it comes to their own internet offerings, traditional retailers have been catching up on online-only stores. Five years ago, virtually all the money we spent on commodities online was via online-only stores; but each year, retailers have been taking a larger share: now 34% of the market is for bricks-and-mortar retailers' internet stores.
- While visitation to most bricks-and-mortar retail stores has declined (or been replaced by website visitation), we are making more trips to the supermarket. Australia's grocery buyers together made an estimated 1.9 billion separate trips to the supermarket over the year – almost 300 million more than in FY09-10.
- The annual Grocery market is now valued at \$102.2 billion – the vast majority of which (\$88.9 billion) is spent at supermarkets. Woolworths' market share fell 2.3% points from June 2014 to 2015 to 37.6%, equivalent to just over \$2 billion in lost gross revenue. Coles gained 0.2% points in share over the period (up to 32.3%), but Aldi gained 1.5% points (up to 11.8%).
- Since the GFC, income growth among older and mid-life households has outpaced growth among young singles and couples. Australians aged 14-49 have become more likely to say they don't buy luxuries anymore, while those aged 50+ are relaxing the purse-strings.

**Michele Levine, CEO, Roy Morgan Research, says:**

*"The retail industry is shifting to an 'omni-channel' perspective. Consumers don't care about the battle between online and traditional bricks-and-mortar stores – for them, it's all 'shopping'. They research products online before visiting the store, or they touch, test and try on in-store before buying online.*

*"Today's shoppers want (and expect) it all, and to be able to get it by whatever device or channel suits them best. Our most successful retailers – from niche online-only sellers to national chains to international juggernauts – are those that can supply the demand from all angles."*

**For more information or to organise an interview with CEO Michele Levine, please contact:**

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**About Roy Morgan Research**

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research

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organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

### Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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