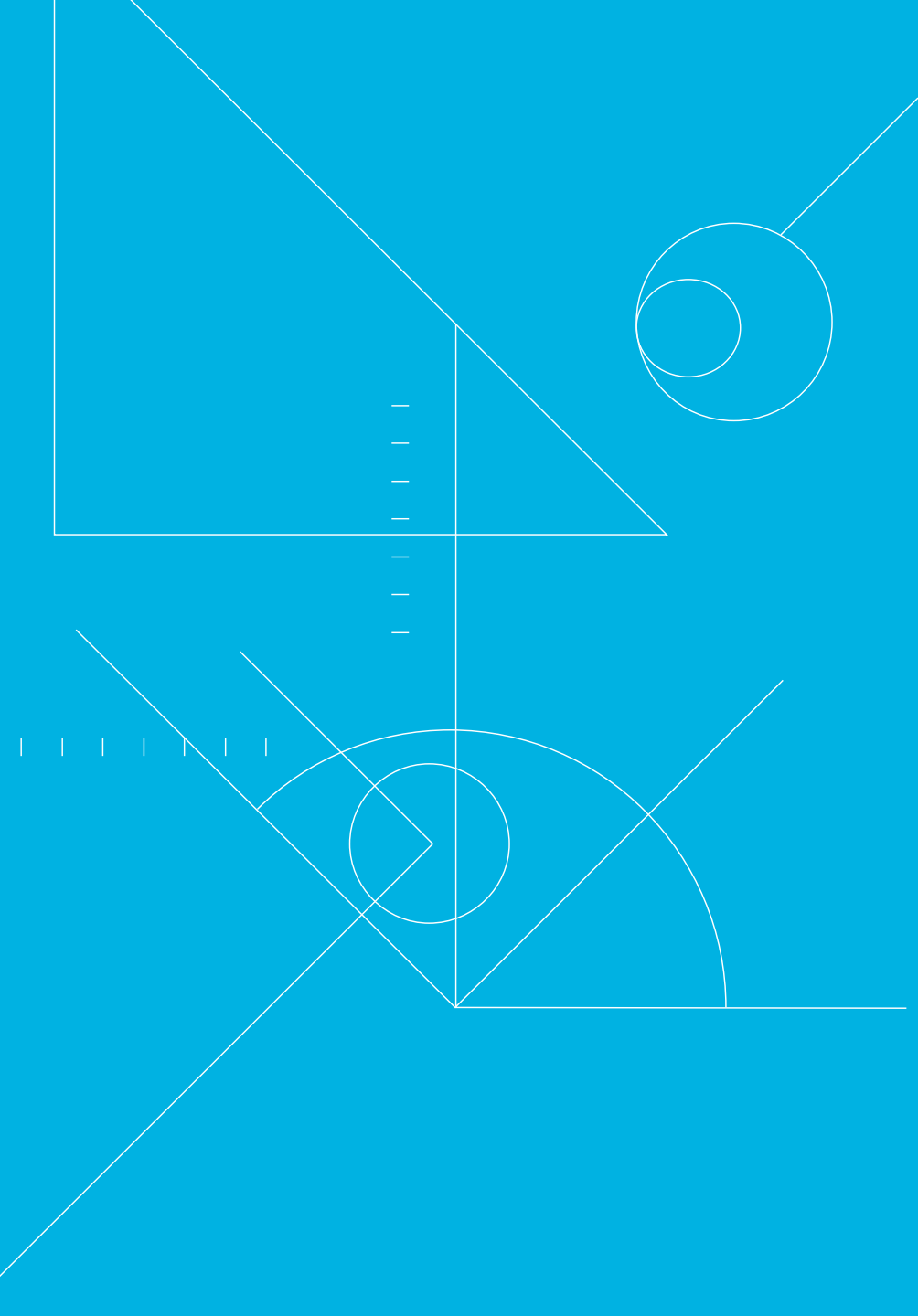


Amazon Australia Report 2019

What Australian consumers really think about the marketplace and its proposition



P2	Methodology
P3	Executive Summary
P5	Awareness & Attitudes to Amazon Australia
	How many shoppers have visited Amazon.com.au, and what do they think of Amazon?
P11	Purchase Decision-Making & Behaviour
	Why have shoppers visited the site, how often have they purchased and why have they purchased?
P21	Key Product Categories
	What have shoppers purchased from Amazon.com.au, and what might they purchase in the future?
P25	Recommendations for Retailers & Brands
P26	About Pattern
P27	About Practicology

1,024 Australians were polled online in 2019 by Stable Research for this report. We restricted the survey to those who had shopped online in the preceding 12 months, and were aware that Amazon had an Australian site.

There was an even split of male to female respondents, and circa 78% live in Metro areas (which is aligned with the total urban population of Australia).

For more information please contact us at hello@practicology.com

Amazon AU: Executive Summary

Amazon has been hugely successful at grabbing online market share in the USA and certain European markets, such as the UK and Germany.

Its Australian site launched in December 2017 and the marketplace remains committed to doing the same here.

Despite some negative press and consumer sentiment around the launch, Amazon has described it as its most successful international launch ever; and industry commentators expect it to continue to ramp up its presence and put pressure on local players in certain categories.

We decided to conduct consumer polling to understand how Australian consumers view, and use, Amazon now that the site has been live for more than a year. The research also provides an indication of the type of products and categories where Amazon is likely to establish itself as a preferred choice for shoppers.

In numbers

Since launch, Amazon Australia has added Amazon Prime (which has been a big driver of adoption in other markets), Fulfillment By Amazon and opened additional distribution centres. After initially trying to force Australian consumers to buy from the Australian site, it backtracked to also allow them to buy from Amazon.com.

Its latest published figures show that it is making progress with the localised Australian site:

- AU\$ 106m in retail sales in 2018
- 125 million items for sale
- 10,000+ third party sellers

The business also invested a massive AU\$68m in marketing in 2018, and our research shows that it has been successful with its top of funnel activity. 80% of all respondents had visited Amazon.com.au in the past 12 months and 30% have made at least one purchase.

Price and product availability

In other markets Amazon has become a de facto online catalogue for many consumers, who use it as a product search engine when they are in the consideration and comparison phase of shopping. This means that Amazon also sets their expectations about what they should pay for a product, and how easily or cheaply they can get it delivered.

Some 55.9% of visitors have checked the price of products, and 35.1% looked for product information or reviews. Amazon.com.au has worked to increase its range; and 35% looked for products they couldn't find in store, and 29.4% for products they couldn't find elsewhere online. ►

Amazon AU: Executive Summary

Shopping behaviour as a result of Amazon's local presence is still changing. In fact, more consumers felt it would change their behaviour in the next 12 months than thought it had already changed their behaviour (27.1% and 17.6% of respondents, respectively).

Its Prime Day sale on the 15th-16th July, after our poll took place, was described by Amazon Australia as its biggest two-day shopping period since the site launched (Inside Retail, July 18 2019).

Positive sentiment

Despite the negative headlines and consumer feedback that Amazon.com.au saw at launch, consumer sentiment was broadly positive towards the marketplace.

- 64% agreed it will widen product choice;
- 56.5% agreed it is good for consumers like them;
- 40.4% agreed it will drive down product prices.

Sentiment was particularly positive towards consumer brands and retailers who sell on the platform. Some 52.9% said brands selling on Amazon are giving consumers more choice about how they buy products. And 36.2% agreed that it allows them to buy from the brand in a more convenient way than directly from the brand's site or a store.

Price sensitivity

It is clear from the polling results that consumers expect competitive pricing when shopping on Amazon.com.au. Consumers mentioned pricing against other online and offline retailers in Australia, and pricing compared to what's available shipping cross-border from Amazon.com.

Price was the most often given answer when we asked why customers had shopped on the Australian site (62.2%), and why those who have visited but not made a purchase not to buy (41.2%).

Category killer

Thinking about where further growth in the marketplace will come from, it is interesting to note the categories where those yet to purchase have said Amazon is on the list of retailers that they would consider.

Home & kitchen, electronics & computers, clothing & shoes, sports & fitness, toys and luggage were all cited as categories they would consider by a significant proportion of those yet to make a purchase. This roughly correlates with the categories that consumers have already purchased from too.

We hope that you find our research useful as you contemplate whether Amazon.com.au is an appropriate channel for your products.

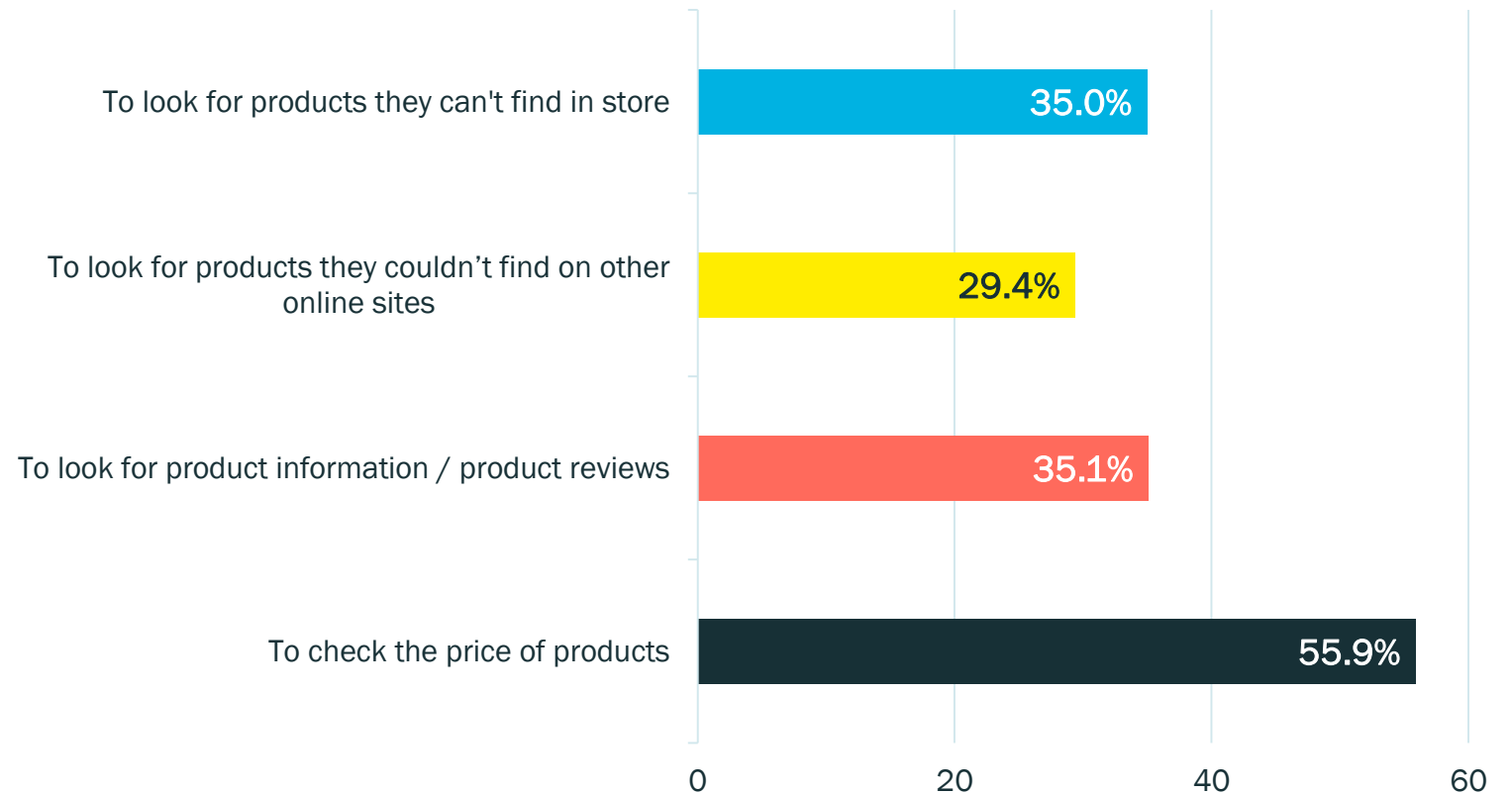
Awareness & Attitudes to Amazon Australia

Amazon AU: Awareness & Attitudes

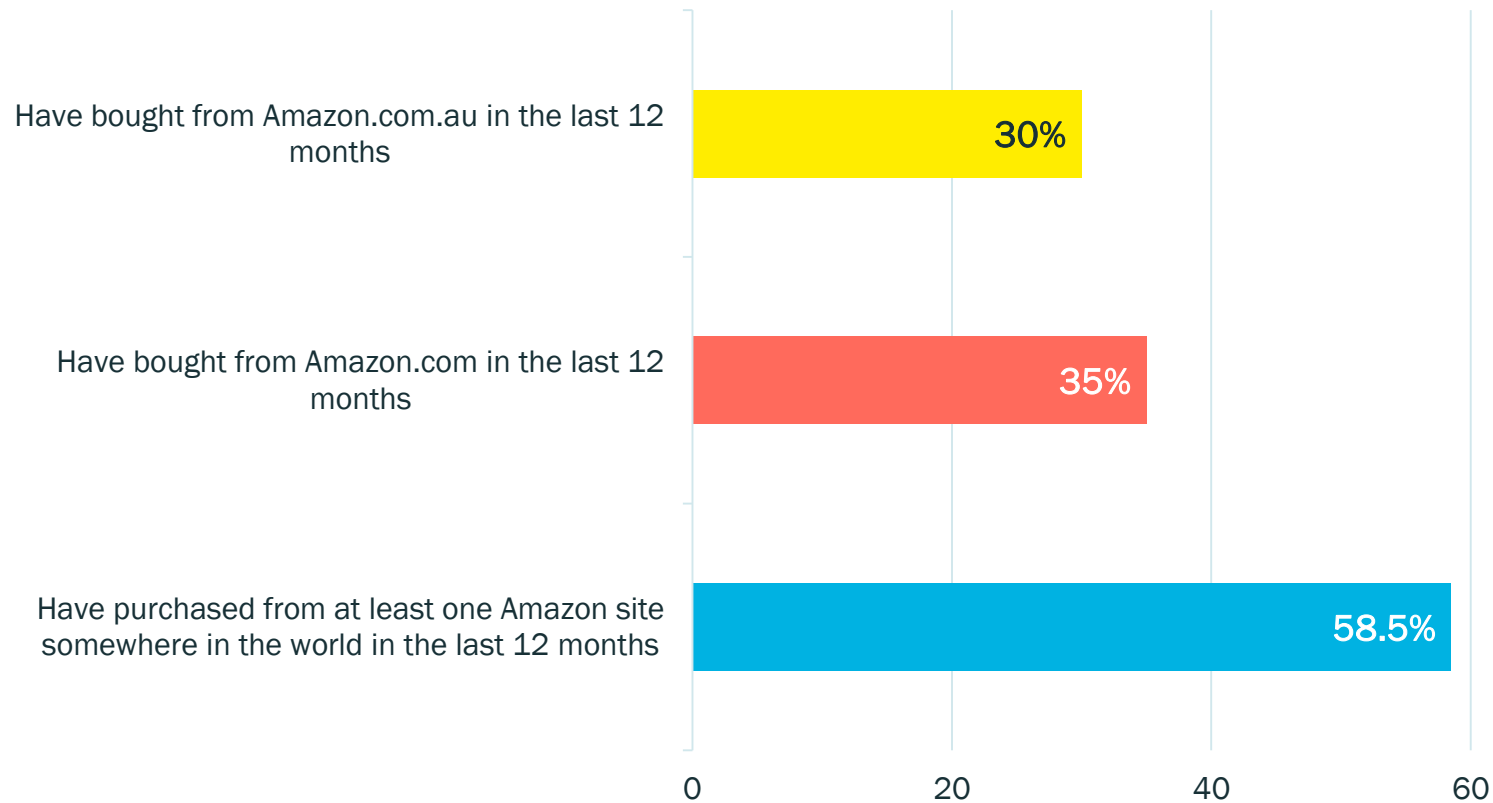
How many Australian shoppers have visited Amazon.com.au in the past year?



Why have Australian online shoppers visited Amazon.com.au?

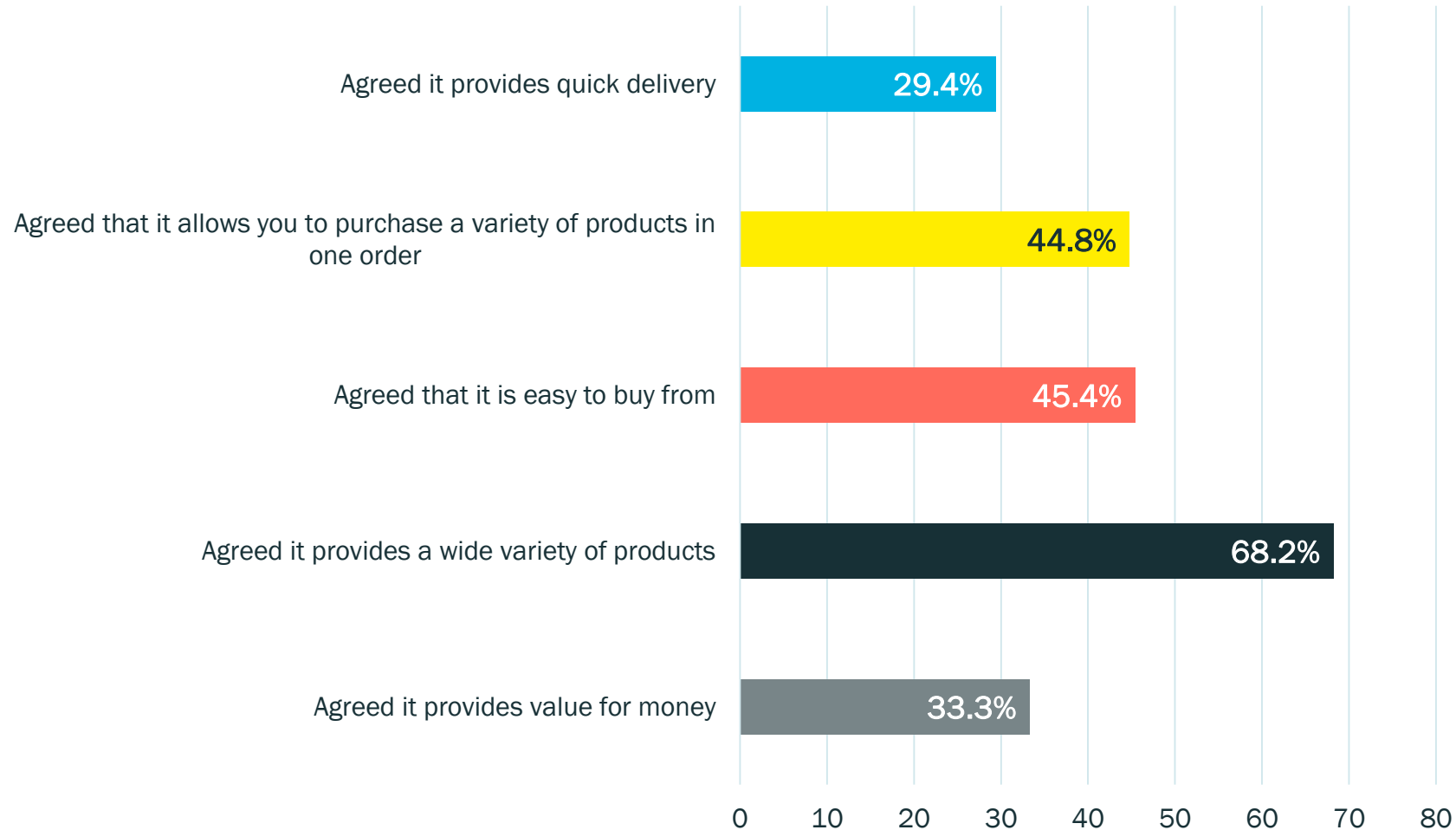


Which Amazon sites have Australian online shoppers purchased from in the past year?



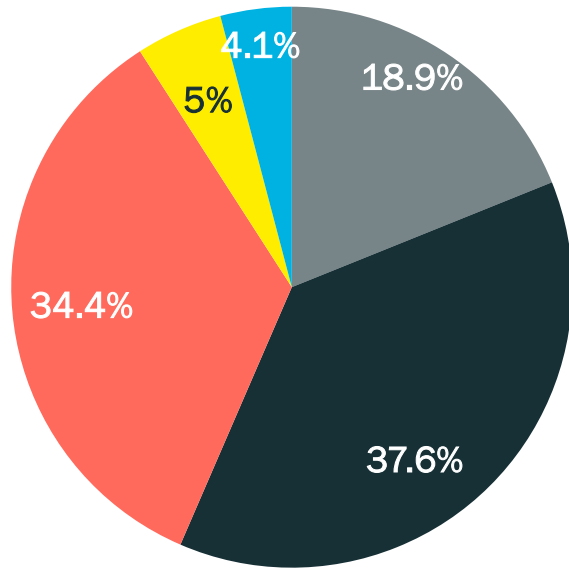
Amazon AU: Awareness & Attitudes

Which of the following statements about Amazon.com.au did shoppers agree with?

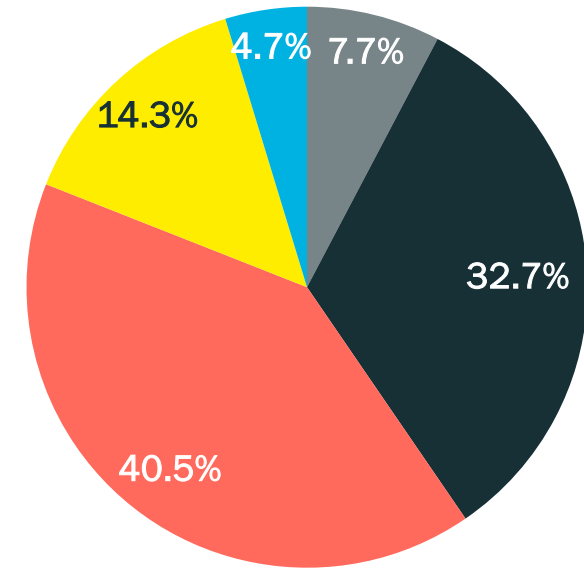


Amazon AU: Awareness & Attitudes

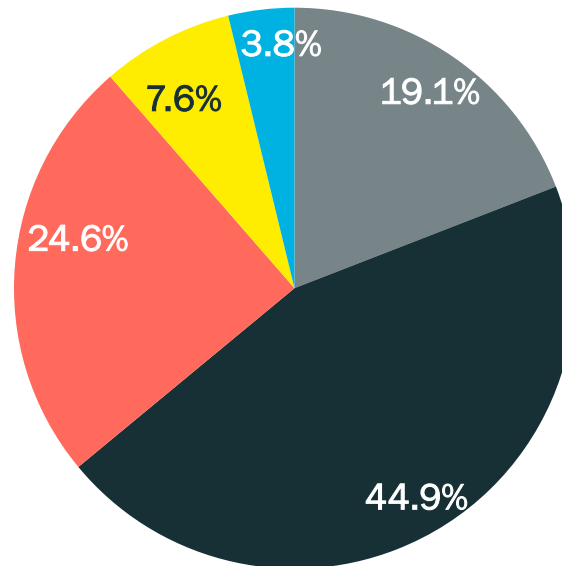
Amazon.com.au is good for consumers like me



Amazon.com.au will drive down product prices



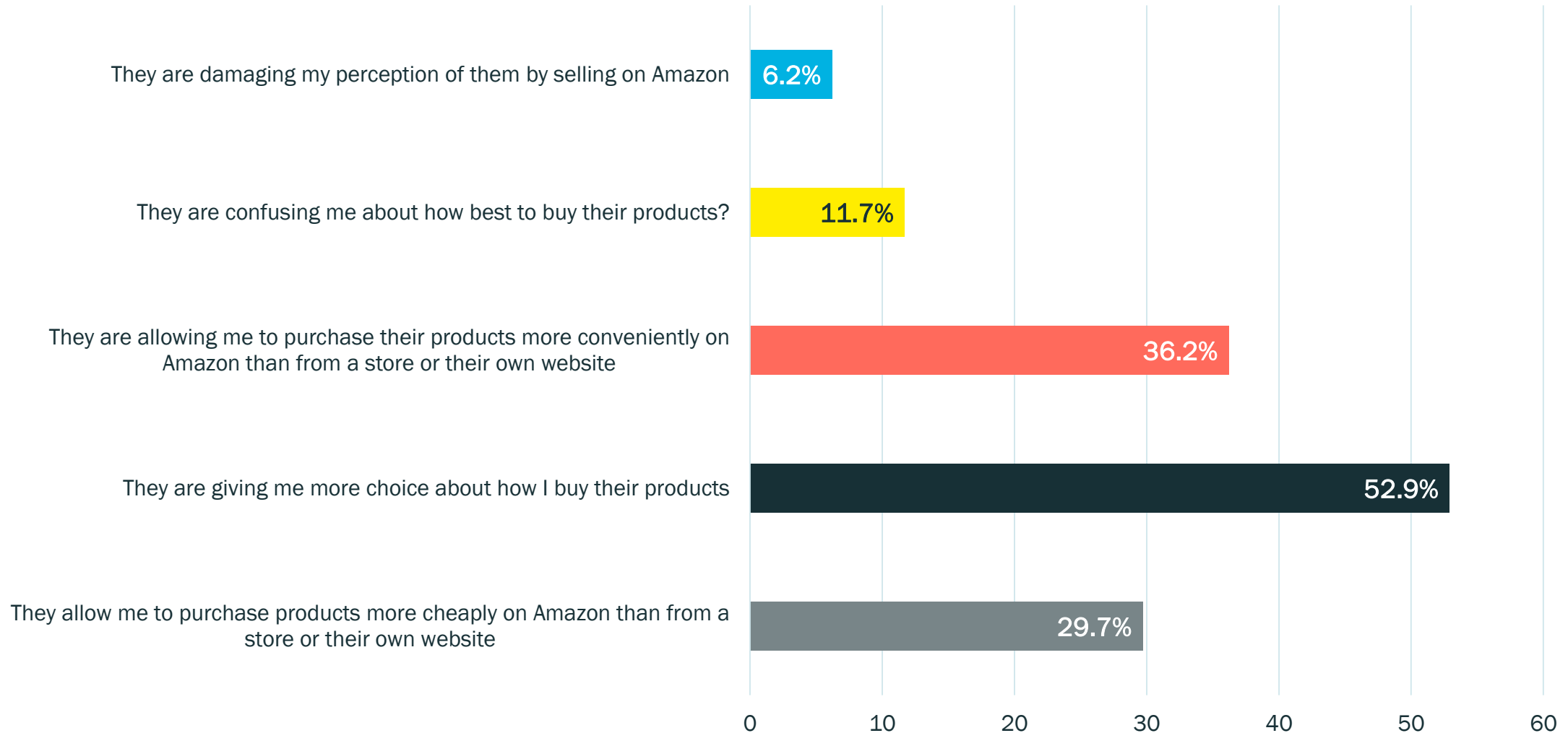
Amazon.com.au will widen product choices



- Completely Agree
- Somewhat Agree
- Neither Agree or Disagree
- Somewhat Disagree
- Completely Disagree

Amazon AU: Awareness & Attitudes

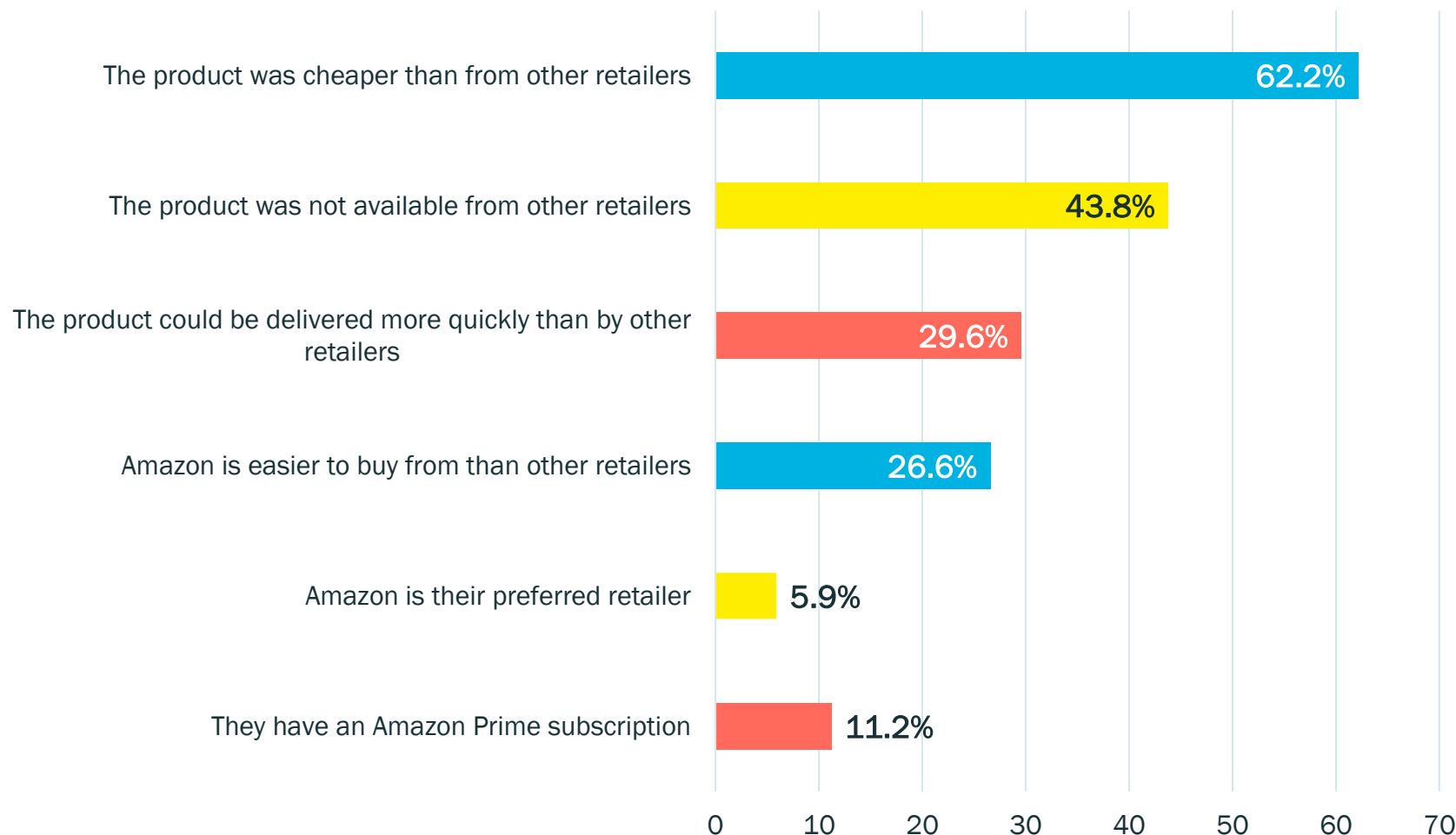
What did shoppers think about retailers and brands who sell on Amazon?



Purchase Decision-Making & Behaviour

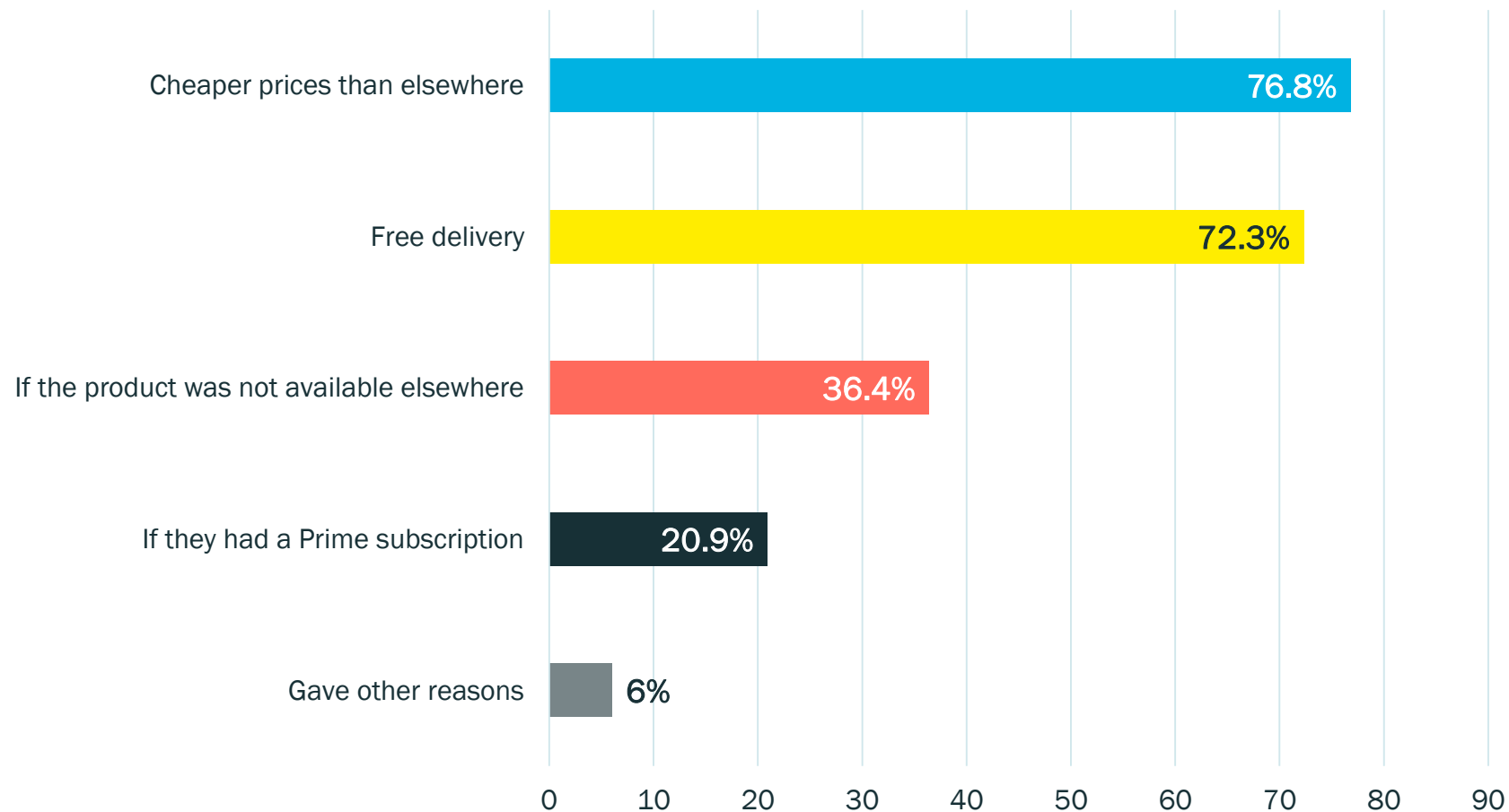
Amazon AU: Purchase Decision-Making

For those who have purchased from Amazon.com.au, why did they purchase?

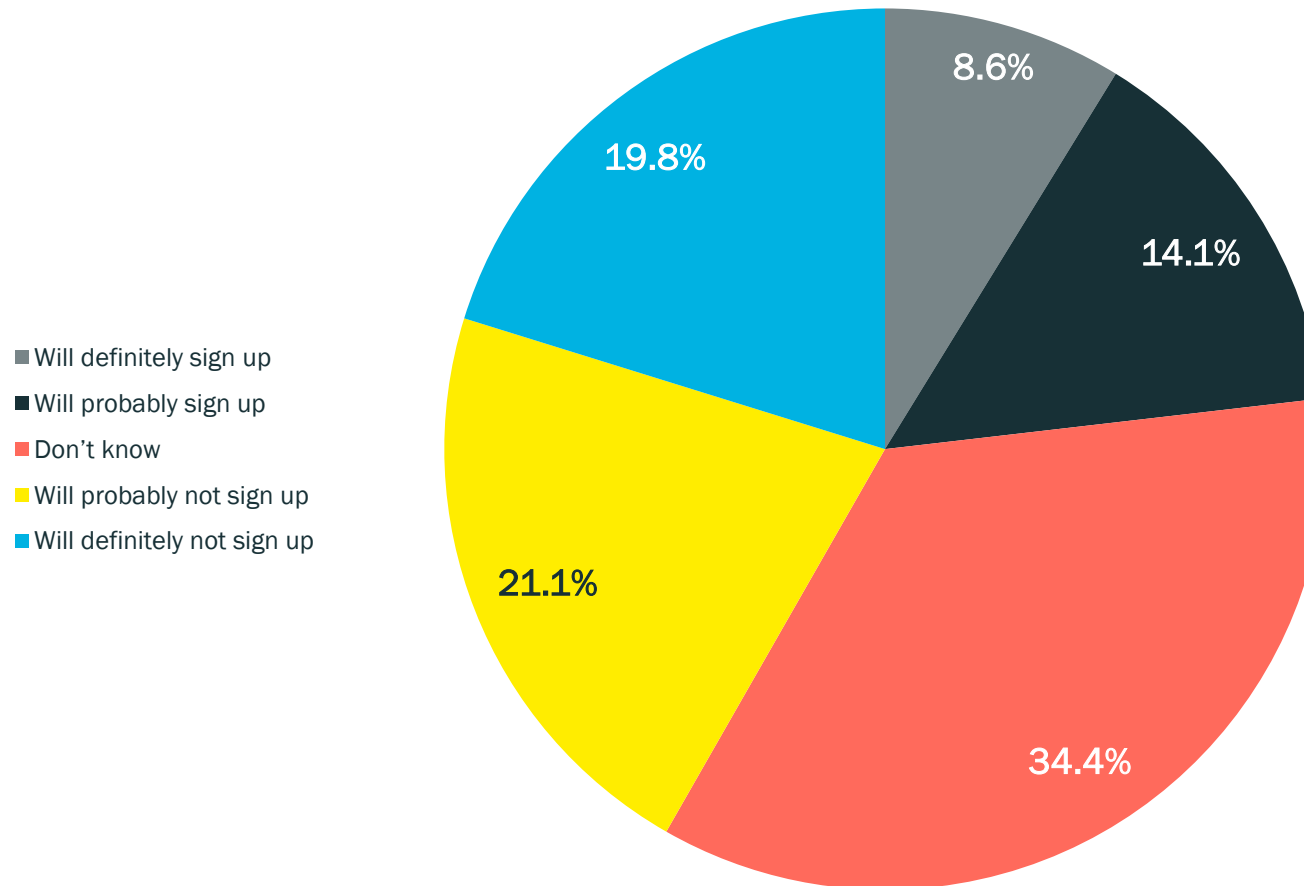


Amazon AU: Purchase Decision Making

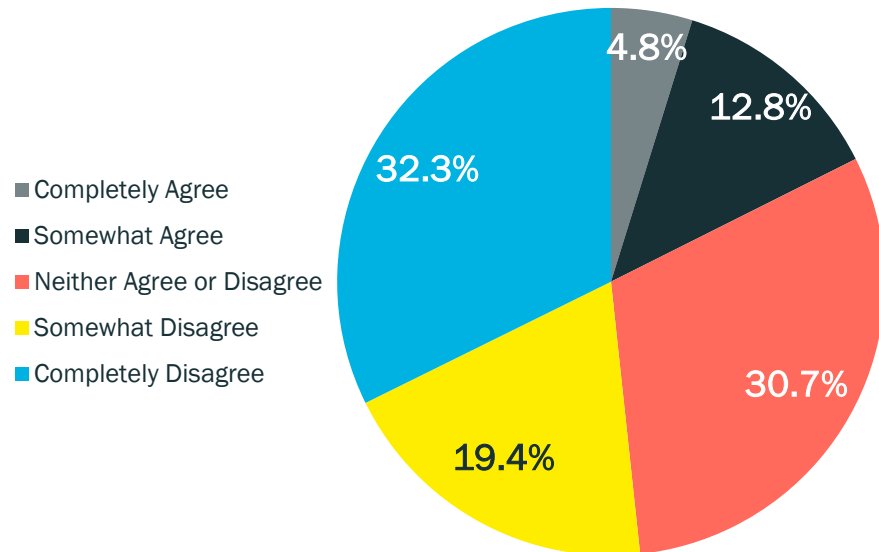
For those who visited Amazon.com.au and had not yet made a purchase, what would convince them to make a purchase for the first time?



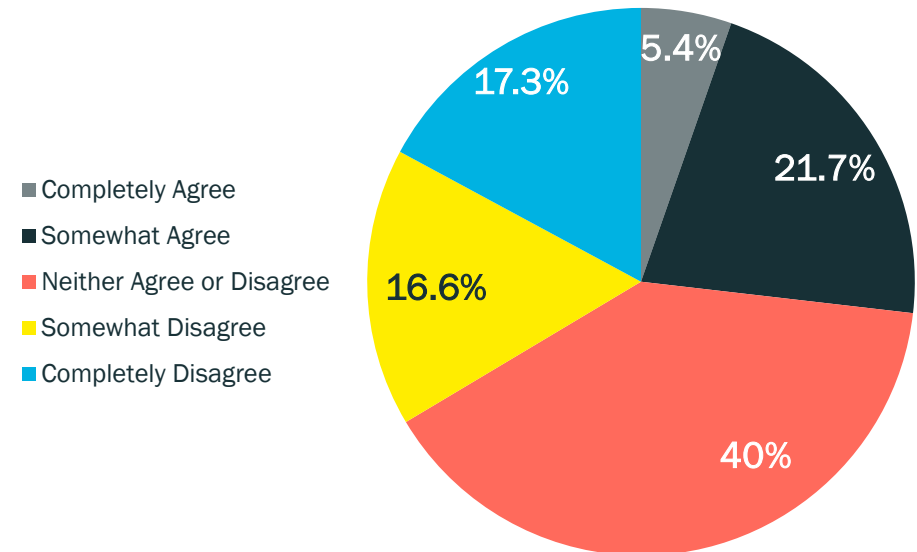
How likely were shoppers to become Prime subscribers in the next 12 months?



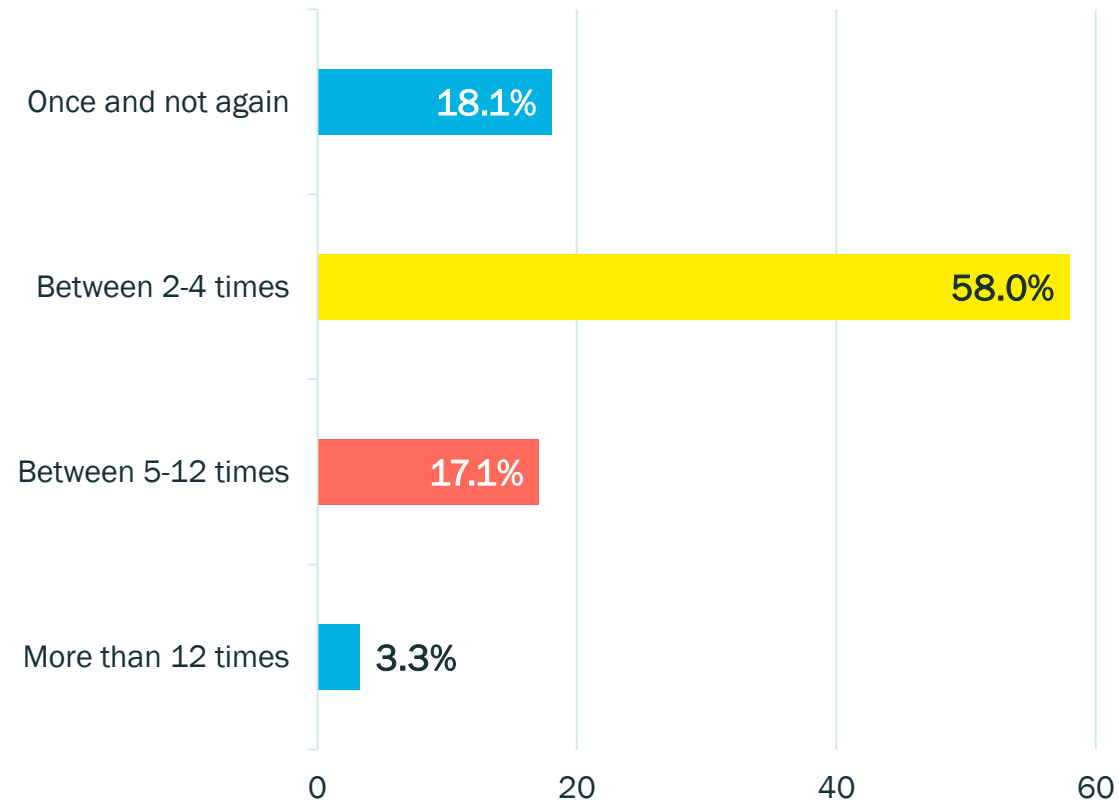
Amazon.com.au launching has changed my shopping habits in the past 12 months



Amazon.com.au launching will change my shopping habits in the next 12 months

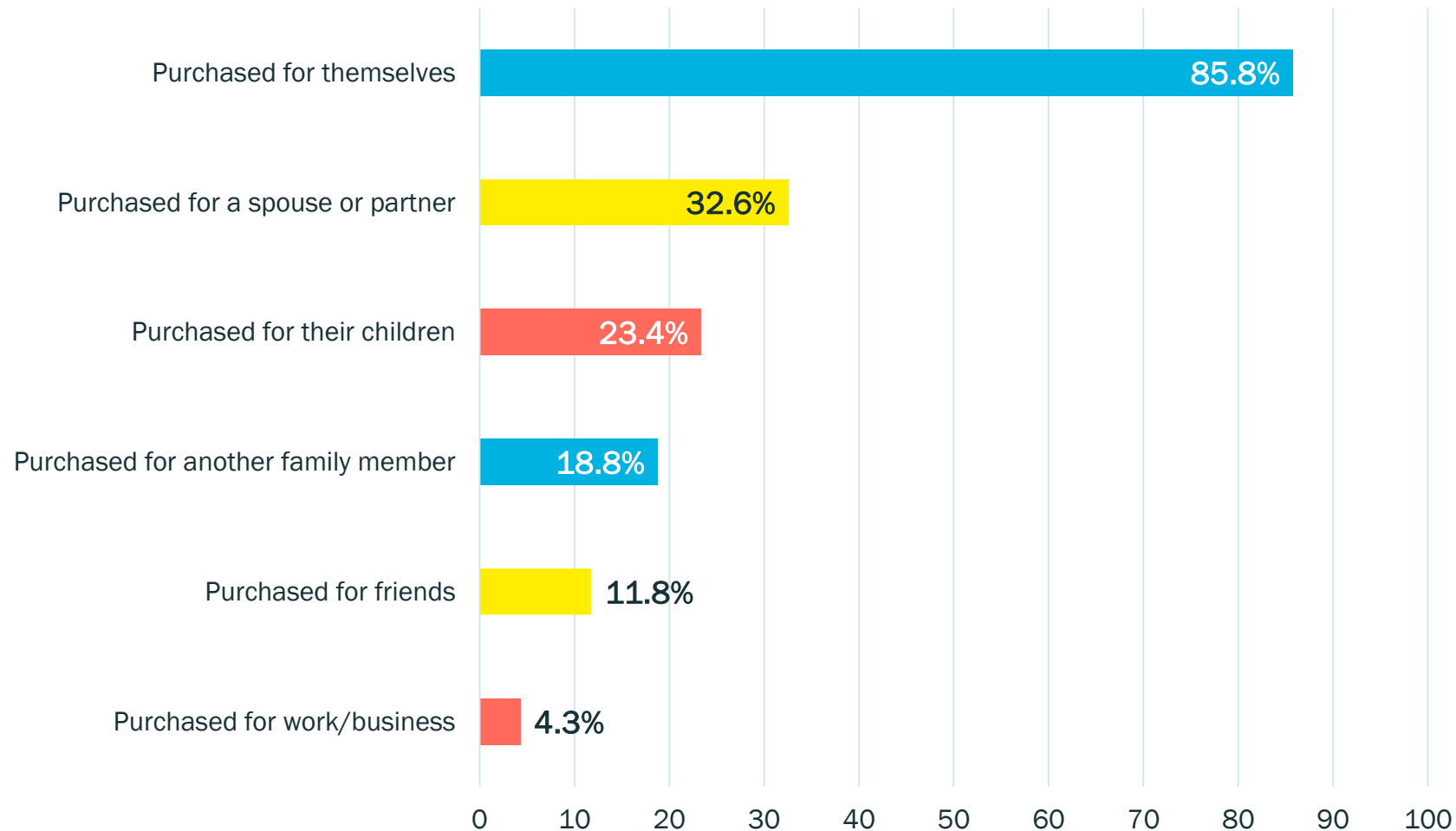


Of people that have bought from Amazon.com.au, how often have they purchased from the site in the past year?



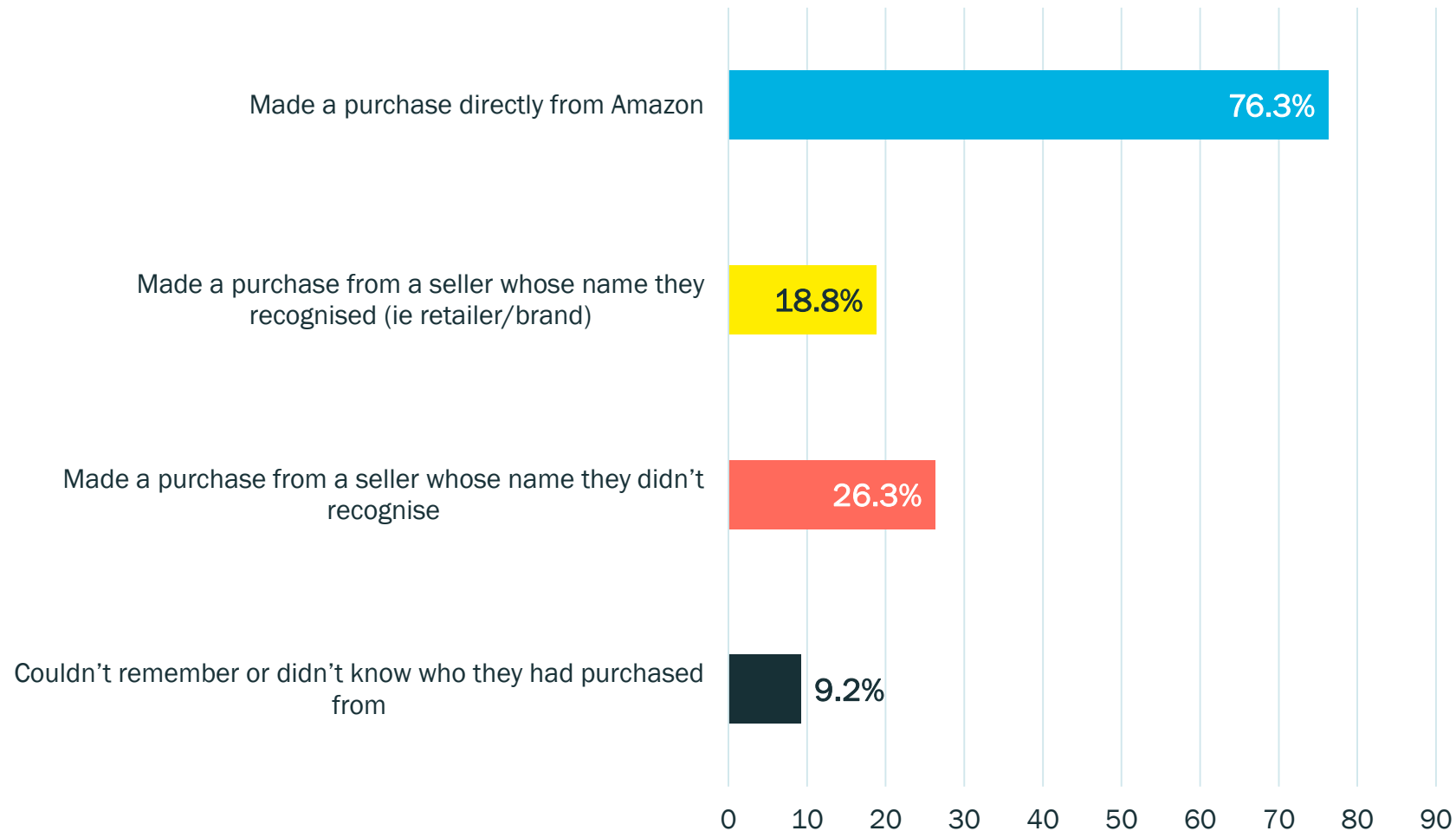
Amazon AU: Purchase Behaviour

For those who have purchased from Amazon.com.au, who did they purchase for?



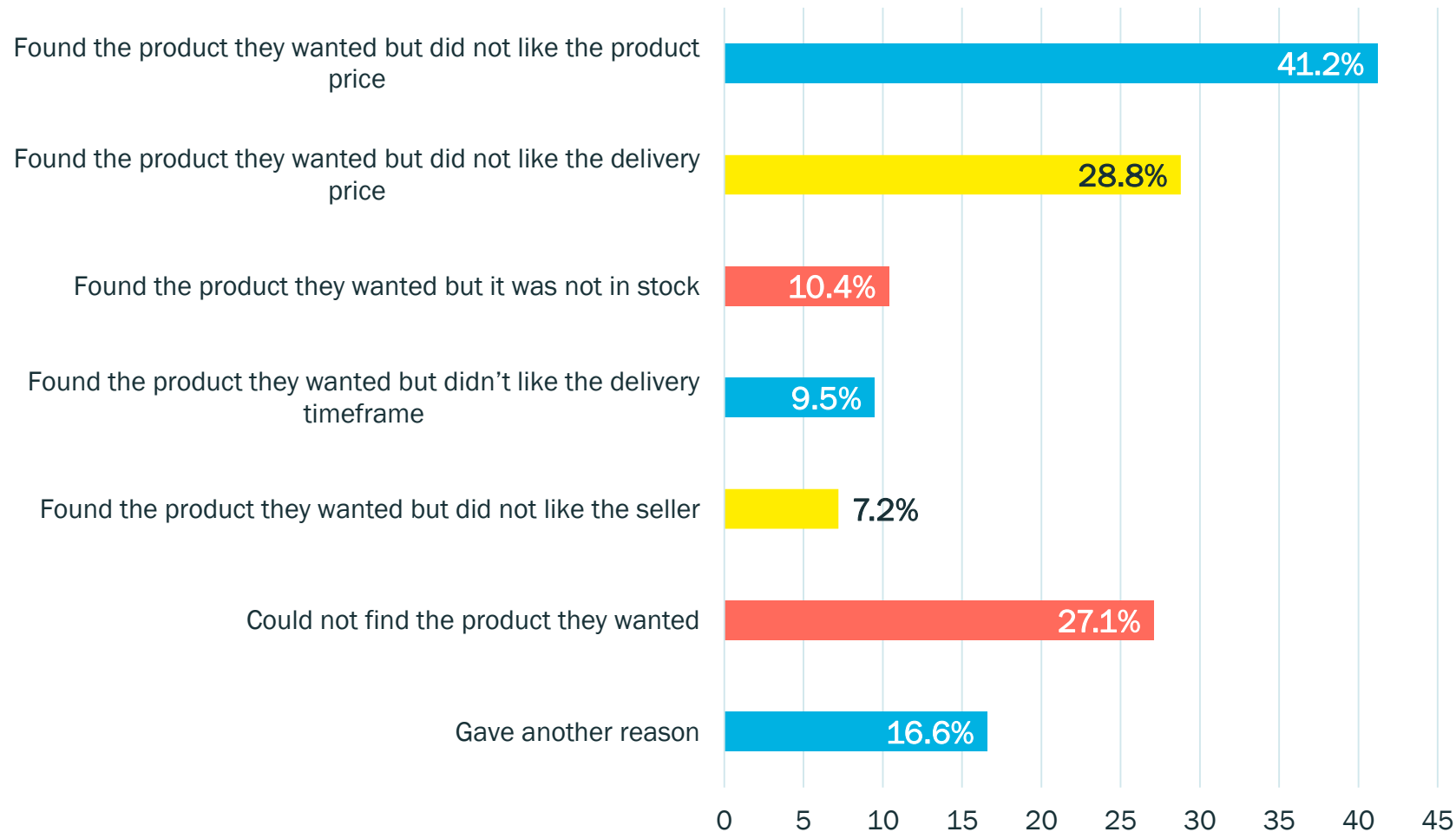
Amazon AU: Purchase Behaviour

For those who purchased from Amazon.com.au, who did they buy from?



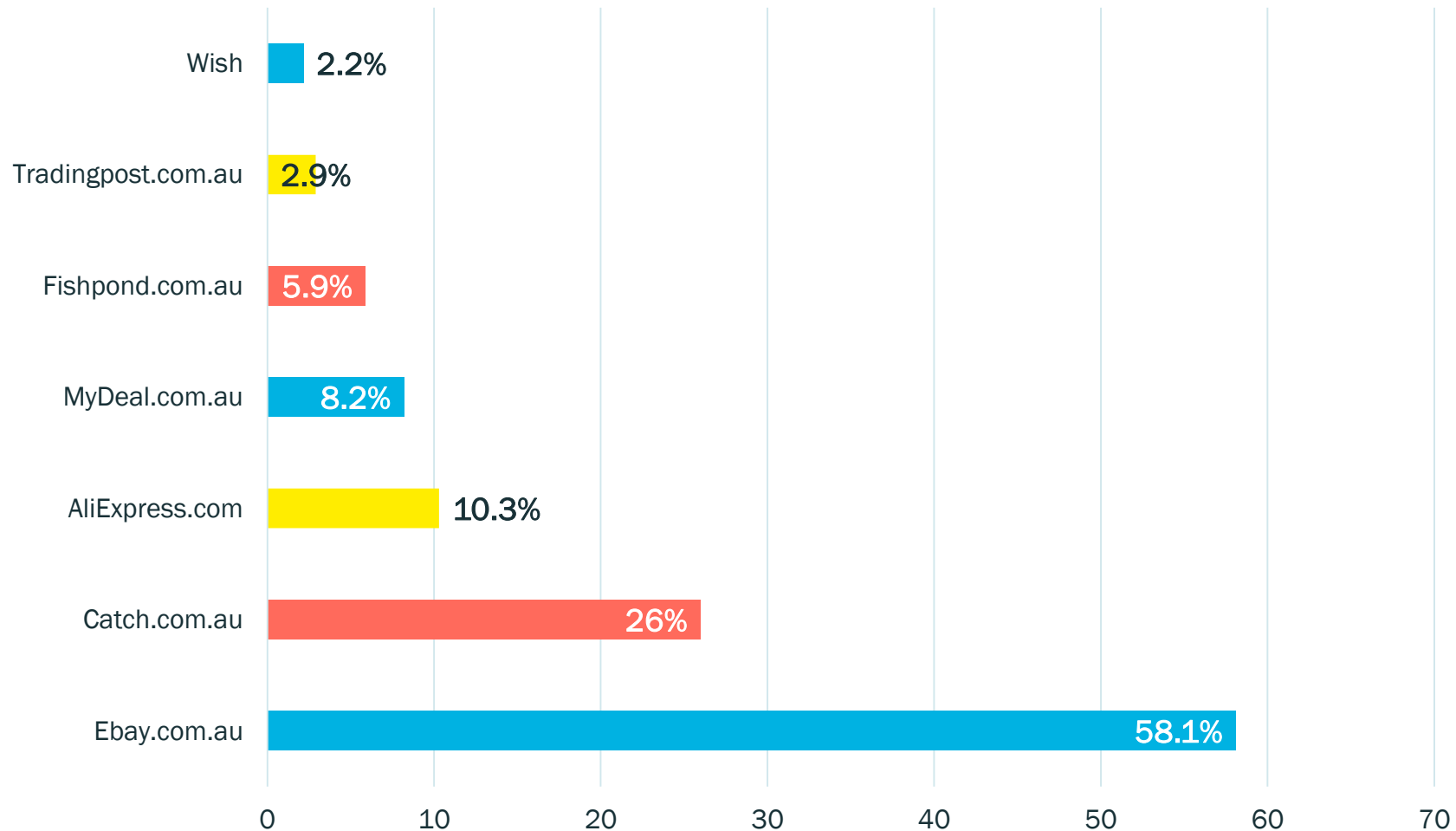
Amazon AU: Purchase Behaviour

For those who visited Amazon.com.au and did not make a purchase, what was the reason?



Amazon AU: Purchase Behaviour

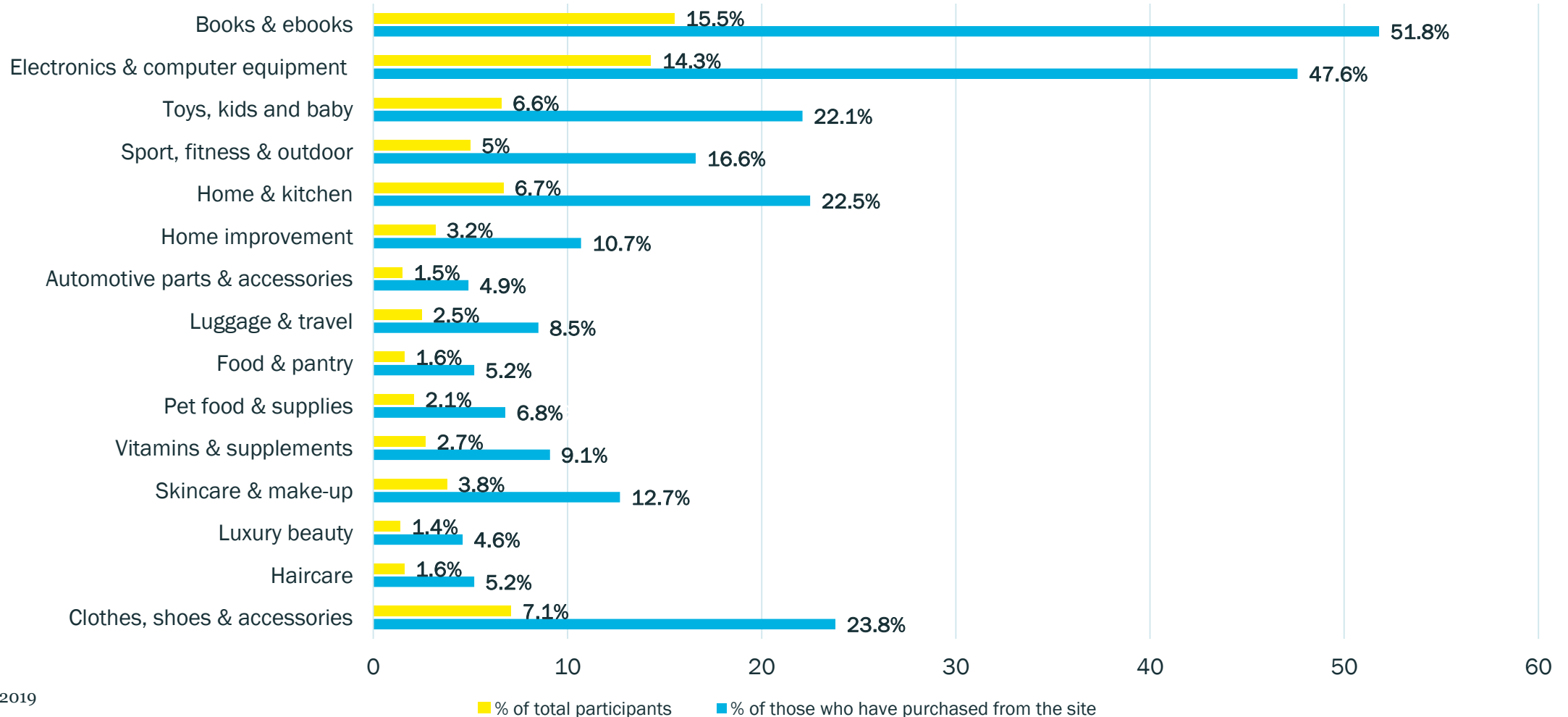
Which marketplaces other than Amazon had shoppers purchased from in the last 12 months?



Key Product Categories

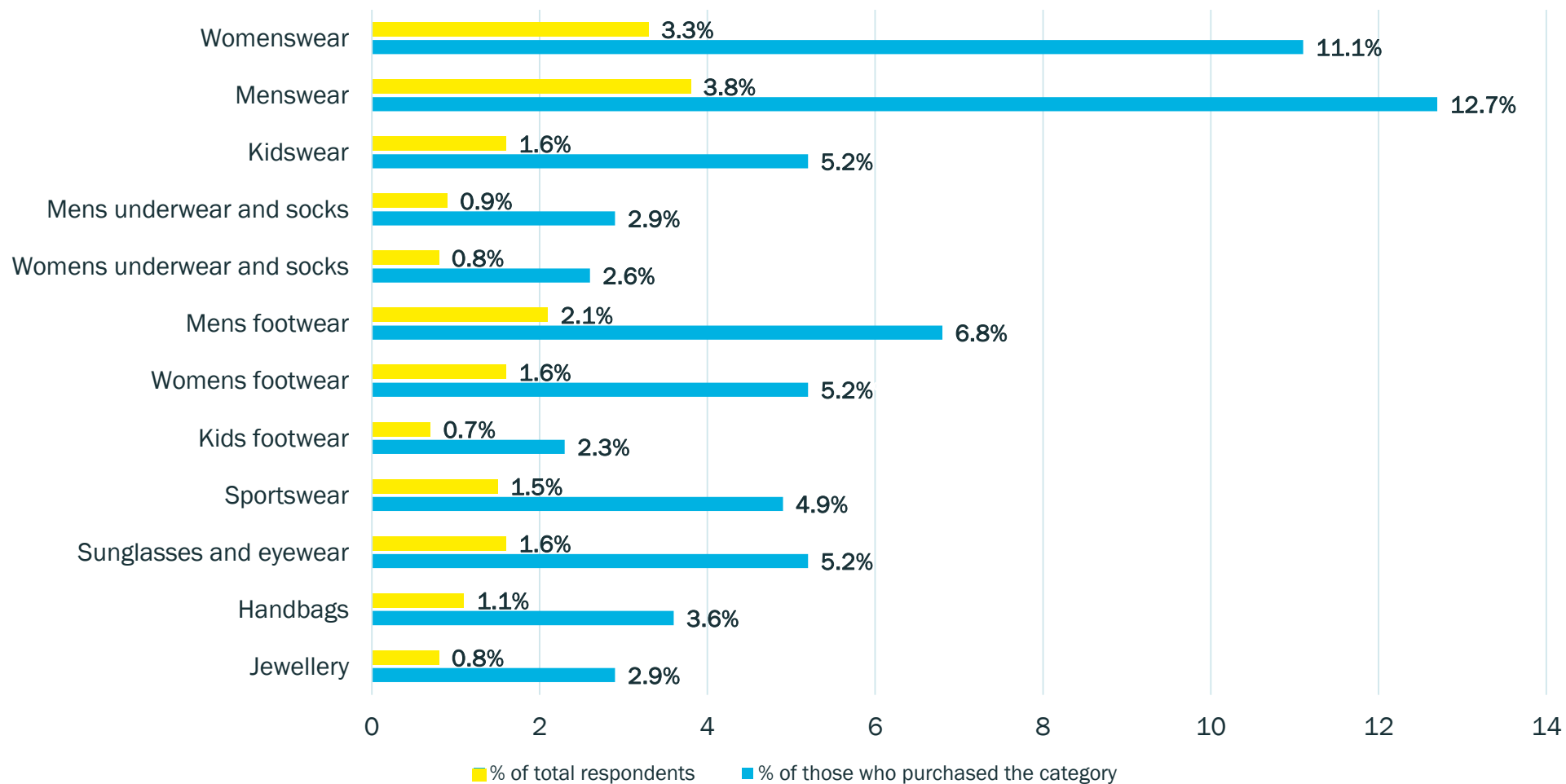
Amazon AU: Key Product Categories

For those who have purchased from Amazon.com.au in the past 12 months, which categories have they purchased?



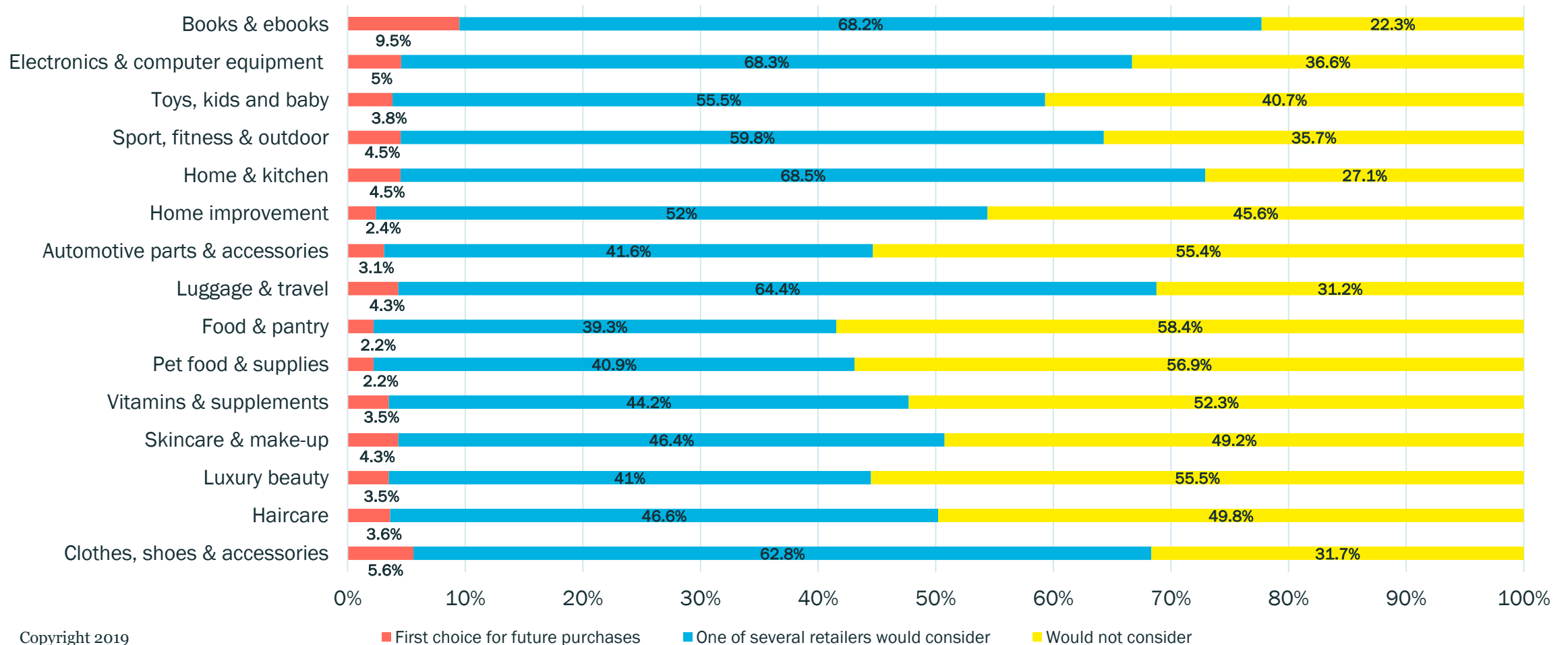
Amazon AU: Key Product Categories

For those who have previously purchased clothing, shoes and accessories from Amazon.com.au, which of the following have they bought?



Amazon AU: Key Product Categories

For those yet to buy, how likely are they to buy different product categories from Amazon.com.au in the future?



- Awareness of Amazon's Australian site is high, but the majority of consumers are not yet buying frequently. Frequency will likely increase as more consumers get access to a Prime subscription, which more than 20% of respondents said they will definitely or probably do in the coming year.
- High awareness and rising traffic to Amazon.com.au shows that it is being adopted by customers in the consideration phase of the customer journey, even if sales are yet to match.
- Australian consumers are happy to buy from Amazon third-party sellers, so consumer brands do not need to sell directly to Amazon if they would prefer to keep control of how they are represented on the marketplace.
- Amazon shoppers are very price sensitive, including delivery costs. Brands should be aware that shoppers will price-match with Amazon.com as well as other online and offline retailers.
- Brands not yet selling in Australia should consider Amazon as a launch sales channel, as consumers perceive the platform as being a place to search for items not stocked elsewhere.
- Use Fulfillment By Amazon (FBA) or be prepared to match Amazon's offer on delivery cost and timeframe. This will become more crucial as the number of Prime subscriptions increases.
- Those who have yet to purchase from Amazon are willing to consider purchasing from the marketplace in the next 12 months in a wide variety of product categories. Brands who have seen sluggish sales so far should review their pricing and delivery proposition against other sellers on the marketplace and external competitors.

About Pattern

In conjunction with our parent company Pattern, we offer a full-service Amazon distribution model in Australia, so consumer brands can control their marketplace presence whilst profitably growing sales.

How does it work?

- We operate on a wholesale basis and buy your stock, acting as your authorised Amazon third party seller.
- We pay for Amazon marketing – 0.75% of sales contribution.
- Product listings and content are localised for the market.
- Marketing is optimised using our proprietary technology.
- We take care of all backend operations; including distribution, mystery shopping and customer service.
- You deliver to our Melbourne distribution centre and we use Fulfillment By Amazon (FBA) to get orders to customers.

In Australia we can also offer a managed service model to brands who want to sell directly to Amazon.

Pattern's credentials as your Amazon partner

- Top 5 Amazon seller globally
- #1 seller in Health & Personal Care
- 100,000+ 5 star Amazon reviews
- 200,000+ units shipped every week
- Selling on Amazon in the USA, Canada, UK, Germany, France, Italy, Netherlands, Spain, UAE and Australia.

About Practicology



Practicology is a strategic digital consultancy and outsourced ecommerce provider founded in 2009. In September 2018 we were acquired by Pattern Inc, an online marketplace specialist and one of the top five Amazon sellers globally, and now have offices in the USA, UK, UAE, China, Hong Kong and Australia.

Together our mission is to help our retail and consumer brand clients around the world to solve their digital and omnichannel challenges; ultimately to sell more, protect their brands online and build profitable relationships with their customers.

The retail and consumer brands we have worked with include: Adidas, Converse, Gazman, Haircare Australia, Kong, Moet Hennessy, Pandora, rebel, Reckitt Benckiser, Seafolly, Skullcandy and Under Armour.

We support our clients in building an omnichannel or digital strategy and executing against it, with a mixture of traditional consultancy and outsourced ecommerce services, including fulfilling the role of a brand's entire ecommerce or marketplace team. Pattern is the authorised third party Amazon seller for more than 60 consumer brands, and we are also an accredited Tmall Trade Partner for both its cross-border and domestic marketplaces.

www.practicology.com/au

hello@practicology.com