



Inside Australian Online Shopping

Quarterly Update

April – June 2024 (Q4)



Australia Post

How is eCommerce tracking?

Latest retail spend figures show a pattern of restraint, as more consumers turn to online shopping for discounts¹.

Each month during the quarter, an average of 5.7 million households shopped online, a 3.8% increase compared to last year. The volume of online purchases also rose (+1.1%) compared to last year, driven by the popularity of sales events. However, despite the growth in online shopping, consumers are making smaller, more frequent purchases, leading to smaller average basket sizes.

Preparing for peak season

As the peak retail season approaches, explore the use of AI and data analytics for accurate forecasting, especially in high-interest sectors like Fashion & Apparel, Specialty Food & Liquor and Health & Beauty. To maximise sales during this period, focus on customer retention strategies, such as loyalty programs and exclusive offers. Finally, for more ways to improve your customer experience, chat to us about easier returns and our new next-day delivery service.

Online purchases grew by:

+1.1% YoY **+2.1% QoQ**

+2.0%
in the last
12 months
leading up to
June 2024



Most popular categories:

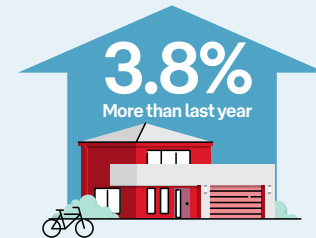
Fashion & Apparel
+19.1% YoY

Health & Beauty
+6.0% YoY

Hobbies & Rec Goods
+1.3% YoY



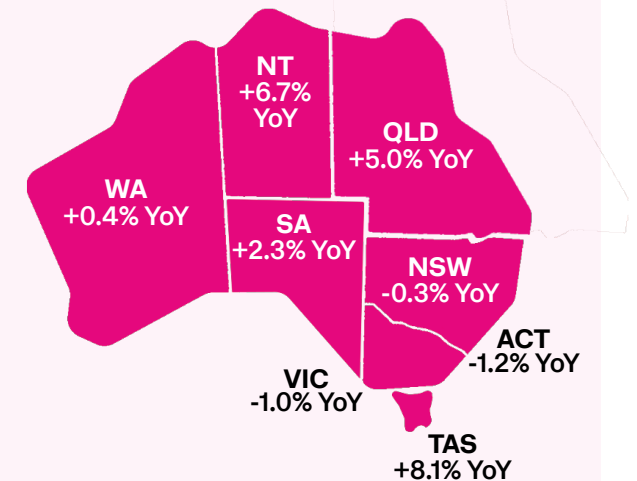
5.7m households
on average shopped online
each month in the
last quarter,
3.8% more
than last year



End of Financial
Year (EOFY) sales
grew 4.4%
on last year²



How the states performed:



1. Retail Trade Australia (seasonally adjusted) excluding Food retailing and cafes, restaurants & takeaway food services, ABS updated till May-2024.

2. EOFY 2024 (17th June to 30th June 2024) compared to EOFY 2023 (17th June to 30th June 2023)

Data derived from Australia Post parcel volumes. YoY=Year-on-Year, QoQ=Quarter-on-Quarter.

Growing your eCommerce business? There's AI for that.

Welcome to the future of eCommerce. Artificial Intelligence (AI) is transforming the way online retailers operate, making businesses more efficient, customer-focused and innovative. Let's explore how AI is shaking up the eCommerce landscape in Australia and how you can benefit from this revolution.



Read Microsoft expert shares how AI will impact retail in 2024.

3. Australia Post Business Segment Research Survey, Q4 FY24; N=755 businesses; All respondents are decision makers for, or have oversight on, mail/parcel delivery & packaging for their business; sample weighted by financial contribution to the economy for business segment (business size).

4 in 10 businesses say they currently use AI across some area of their business³



Among businesses using AI, the top application is **customer service**, followed by **inventory management**, **streamlining operations**, **content creation** and **fraud detection**.¹

How THE ICONIC uses AI to meet customer demand during peak season

THE ICONIC

As the leading fashion and lifestyle platform in Australia and New Zealand, THE ICONIC is a frontrunner in eCommerce, leveraging AI to transform the shopping experience.

Adam Cox, Chief Technology & Product Officer at THE ICONIC, explains some of the ways AI is helping to personalise their customer journeys: “Multi-Modal Search (MMS) uses vision and large language models to understand complex searches like “beach themed party” or “formalwear,” to significantly improve search results and help the customer find relevant products,” he says.

AI also ranks products by customer preferences, ensuring relevant items are highlighted. The “You may also like” and “Wear it with” recommendation engines we feature on THE ICONIC further personalises fashion choices, making customer’s journey even more seamless and inspiring” says Adam.

Optimising inventory and fulfilment

Operationally, AI optimises inventory management through machine learning, enhancing robotics efficiency and increasing daily fulfillment potential by over 10%.

When it comes to customer service, Adam explains, “Customer service has been revolutionised through our implementation of Zendesk Advanced AI and OpenAI to automate tasks and enhance chatbot interactions. As a result, we have significantly reduced median response and resolution times across all channels of support, as well as improved predicting postage times and delivery estimates.”

Expanding for the future

Future plans include expanding MMS capabilities, optimising returns with AI-driven size recommendations, and improving order batching for peak seasons. “During our peak retail season, our AI solutions play a crucial role in maintaining exceptional customer experiences amidst heightened demand. Without these AI-driven processes, meeting customer expectations can become challenging, so it’s critical we continue to push the boundaries in this space,” says Adam.



AI chatbot: The secret weapon for Always Alice's small business growth

always alice

Always Alice, an online fashion retailer based in Wagga NSW, has seen significant improvements in customer engagement and sales thanks to the integration of an AI chatbot.

Owner Alice Murphy highlights, "The number one way in which it has helped is by providing instant responses to our most commonly asked questions, such as details on returns and tracking orders."

Boosting customer satisfaction and sales

Alice emphasises the immediate benefits of the chatbot for maintaining customer satisfaction and increasing sales conversions. She notes, "Having the chatbot in place allows most questions to be answered instantly. This keeps the customer happy, increases the likelihood of sales and reduces workload for my customer service team."

Developing the chatbot for future success

In addition to the chatbot, Always Alice utilises AI tools for crafting social media content and product descriptions, with Murphy noting, "We have seen a significant increase in conversion rates since using this tool." Looking ahead, the company plans to refine the chatbot to handle more complex queries related to garment sizing and fit.

Embracing AI in small business

Murphy encourages other small eCommerce businesses to embrace AI without fear. "AI has become an integral part of Always Alice running efficiently and smoothly. I'd recommend incorporating it into your business wherever possible to improve efficiency and sales and to get back some of a business owner's most valued asset – time!"



5 easy steps to get started with AI

Our recent study reveals that about 1 in 4 businesses are familiar with AI but have reservations¹. If you're feeling uncertain, here are some simple ways to get started:

1

Start small

Begin with simple, accessible AI tools that don't require significant investment or technical expertise. Tools like chatbots can be integrated into your website to handle basic customer service inquiries, freeing up time for other business tasks.

2

Leverage AI analytics

Use AI-driven analytics platforms like [Google Analytics](#) or [Hotjar](#) to gain insights into customer behaviour. These tools can analyse large datasets to reveal trends, such as which products are most popular or what times of day customers are most active.

3

Enhance search and recommendations

Enhance your site's user experience with AI-powered search and recommendation engines like [Algolia](#) or [Recombee](#). These tools provide more accurate search results and suggest products based on browsing history and preferences, boosting additional purchases.

4

Optimise inventory

Use AI tools for inventory management to predict demand and optimise stock levels. Solutions like [StockTrim](#) use machine learning to analyse sales data and predict future inventory needs, helping you avoid overstocking or stockouts.

5

Explore AI-powered advertising

Invest in AI-driven advertising platforms like Google Ads with Smart Bidding or Facebook Ads with automated rules. These platforms use machine learning to optimise your ad spend by targeting the right audience at the right time with the right message.



Read How this year's new tech releases will impact eCommerce businesses

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At Australia Post, we're harnessing AI to improve experiences for our customers, our communities, and our workforce. We're committed to responsible innovation and ensuring AI is adopted safely and securely across our operations. For businesses who are new to AI and looking to adopt it effectively and safely, we recommend exploring the content at the [National AI Centre](#).

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Rhys Weekley, General Manager,
Data & AI Services, Australia Post



To access eCommerce industry reports and updates, visit:
auspost.com.au/einsights

If you have any questions or would like to know more,
please contact your Australia Post Account Manager.

This update has been prepared using 2023-2024 deliveries data recorded by the Australia Post Group, unless otherwise stated. Commentary in this update relating to online shopping is based on an extrapolation of this data. Year-on-year growth numbers are based on actual or extrapolated transaction volumes. Overall eCommerce growth includes Other and 3PL categories, which are not reported in the category overview. Shoppers or households are measured as residential or mix use addresses that received an eCommerce parcel.



Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as a team, and recognises their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.



Prep for the 2024 peak season with Australia Post

Leverage our latest eCommerce insights to grow your business during the upcoming peak season. Plus, look forward to more free tools and resources essential for navigating peak demand—coming soon.