

Discover your *edge*

Friday, 2 December 2016

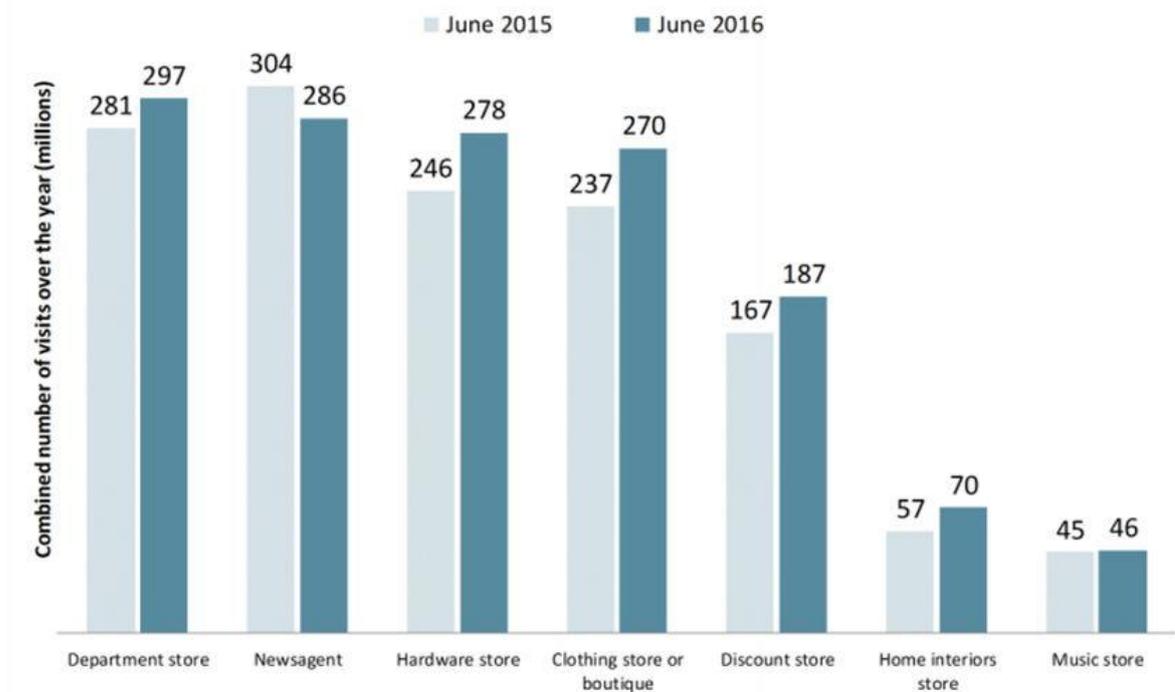
The 'retailtainment' effect: Aussies made 90 million more trips to the shops last financial year!

In the 12 months since Roy Morgan last focused on the retail industry in a State of the Nation report, there have been some striking changes in the way Australians shop, both in terms of their motivations and their behaviour. Perhaps the most surprising of these is the resurgence in retail visitation. The latest retail-themed State of the Nation reveals that Australians made 90 million more trips to bricks-and-mortar stores in the 2015/2016 financial year than they did in the year before that.

For several years, Australians have been making fewer visits to retail outlets, as increasing numbers turned to online shopping for its convenience and (often) cheaper prices. But while bricks-and-mortar visitation is still well down on five years ago (by some 100 million trips, despite our growing population), it has shown signs of a turnaround more recently.

Over the last financial year, Aussies made a combined 1.43 billion trips to department stores and discount stores, hardware stores and homeware stores, clothing stores, music stores and newsagents: an increase of 90 million trips on the 2014/2015 financial year.

Increase in visits to bricks-and-mortar stores



Source: Roy Morgan Single Source (Australia), July 2014-June 2016. **Base:** Australians 14+

This increased customer traffic is at least partly due to the growing 'retailtainment' trend, where stores are working to enhance their customers' shopping experience with an

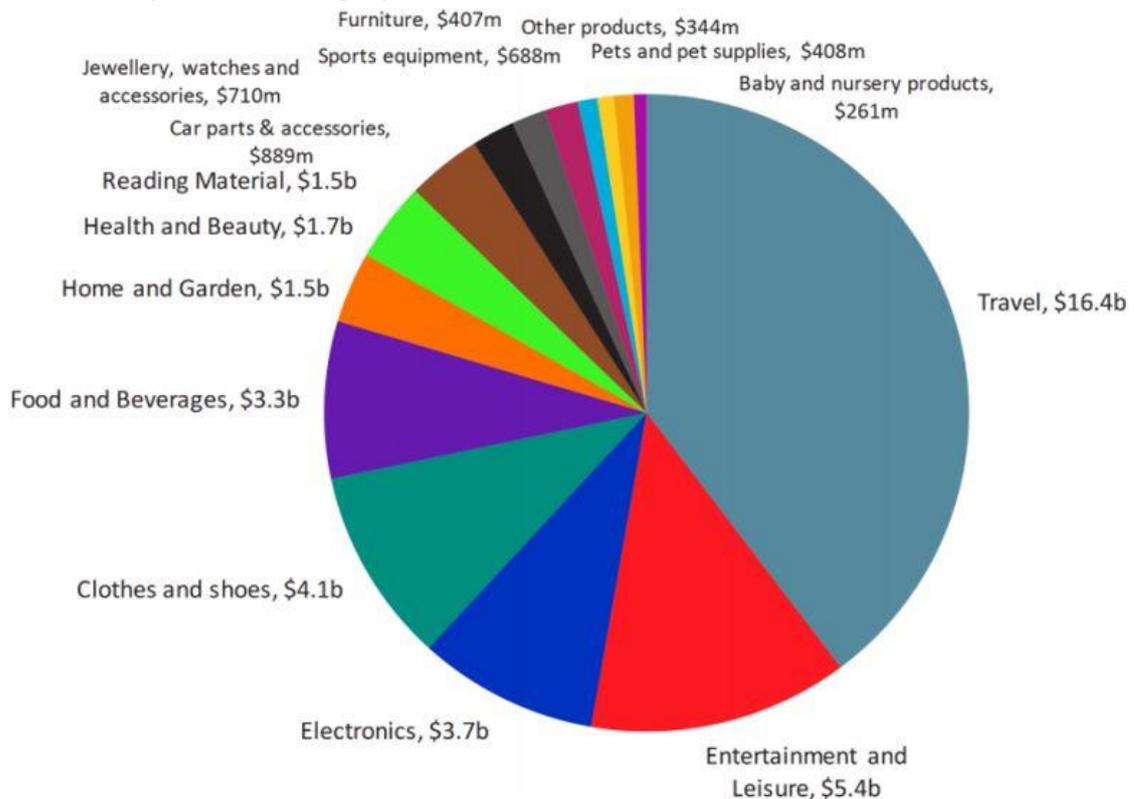
entertainment element – an on-site café or an in-store DJ for example – to lure them away from the computer screen and into a physical retail space.

Online shopping is here to stay

But that doesn't mean our enthusiasm for online shopping is waning. On the contrary: in an average four weeks, 43% of the population make at least one purchase via the internet, spending \$3.2 billion between them — equating to \$41.3 billion last financial year. This represents an increase of 9.75% on the amount spent during the 2014/2015 financial year.

Retail products account for almost \$20 billion of Aussies' total online spend. The rest goes on travel (\$16.4 billion) and entertainment and leisure (\$5.4 billion).

2016 online expenditure category share



Source: Roy Morgan Single Source (Australia), July 2015-June 2016, n=14,314. **Base:** Australians 14+

But while the big online dollars are in Travel and Entertainment/Leisure, the fastest-growing online category is Baby and Nursery products! Due primarily to a surge in eBay, purchases in this category are up almost 50% in just 12 months. Admittedly, this growth is from a small base— from \$180 million per year to \$260 million—but it should certainly make current category killer Baby Bunting sit up and take notice.

Michele Levine, CEO, Roy Morgan Research, says:

"In 2008, when Roy Morgan first focused on retail in a State of the Nation report, we asked our audience and readers to 'imagine a world with no shops.' Back then, the

burgeoning digital age and rise of online shopping appeared to pose a serious threat to traditional bricks-and-mortar stores.

“These days, bricks-and-mortar stores are anything but traditional. To survive in these changing times, retailers have had to develop a more omni-channel approach, so customers can choose how they shop with them: online, offline or a mixture of both.

“And they’ve been successful: just over a third of Australians’ internet spending goes to the online channel of ‘traditional’ retailers (as opposed to online-only stores).

Considering that traditional retailers’ share of the online market was close to zero in 2010, this shows the progress they’ve made.

“But as the latest State of the Nation shows, they’ve also made progress in terms of boosting foot traffic to their physical stores, by enticing shoppers with a more entertaining in-store experience. However, given that Aussies are spending more on experiences and less on discretionary commodities than they were just 12 months ago, bricks-and-mortar retailers now face the challenge of turning this enhanced shopping experience into actual purchases. Especially with further competition anticipated by several more overseas retailers with Australia set firmly in their sights...”

For comments or more information about Roy Morgan Research’s retail data or to arrange an interview with 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 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

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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