

It's the biggest shopping revolution since the introduction of self-service



# Re-tail

>> In early January, Gerry Harvey is facing a PR disaster. The hugely successful and usually media-savvy Harvey Norman executive chairman has called for GST to be imposed on online purchases from overseas sites – and the Australian public is outraged. Harvey has misjudged the market. Urging Australian shoppers to support local companies is one thing, but the average Australian's scent for a good bargain is quite another. Within days, the retail kingpin is licking his wounds as he steps back from the campaign.

>> Meanwhile, as the Australian dollar goes toe to toe with the US dollar, early evening TV current affairs shows run consumer segments highlighting the heady bargains available online in overseas stores.

>> In February, book retailers Angus & Robertson and Borders go into liquidation. Meanwhile, e-megastore Amazon is promoting half-price book offers on new releases with free shipping. In March, the Colorado group of clothing and shoe retailers, with more than 430 stores across Australia and New Zealand, collapses. The chain stores had been struggling with massive trading losses.

BY JOSEPHINE BROUARD



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>> Also in March, Myer launches its China-based, GST-free website, and, in April, centre giant Westfield promotes its “one-stop” online shopping mall with more than 130 retailers.

>> One in four Australians report making online purchases using a mobile phone; while two in three parcels delivered by Australia Post are generated by e-commerce.

## So what’s going on?

**N**ot so long ago, online shopping was a pale alternative to a shopping trip to buy clothes, or electronics – or just about anything – at a bricks-and-mortar store. An e-shopping experience was fraught with worry that your credit card details would be snaffled or you’d click on the wrong box and find ten parcels on your doorstep instead of one. Chief of all: the choice was limited, and it was slow and expensive by the time you’d factored in the delivery lag and charges. But all that has changed.

Australians are now world-class e-shopaholics.

Look at statistics from eBay alone, once an online auction site for everybody’s cast-offs, and now a sophisticated shopping mall for all things old and new. On an average day in Australia, an electronic item is sold on eBay every six seconds; a fashion item every 12 seconds; a laptop every 13 minutes; and a car every

22 minutes. “Along with the UK, Australia is eBay’s fastest growing mobile market,” says eBay spokesperson Jenny Thomas. “When we launched in Australia 12 years ago, most of the items being sold at auction were second-hand. Today, 78% of the items available for sale are brand new.” Around six million Australians visit this website in an average month.

Even early devotees to internet shopping, like Sydney corporate consultant Ulrike Schuermann, are shifting how they spend. “I’ve been ordering my fruit, vegetables and groceries online for a decade now,” the busy consultant confides. “Now I’m shopping online for everything else.”

### We love a bargain

>> No doubt about it: Australians are in love with online shopping, and the fastest-growing sector of all is the group buying market, explains Foad Fadaghi of online research company Telsyte.

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Group buying sites like Spreets, Scoopon, Jump On It and Cudo promote heavily discounted deals for a strictly limited time – usually 24 hours.

Earlier this year, Telsyte forecast this online activity would grow by a whopping 284% in just 12 months. Discounts of up to 90% on meals, cosmetic treatments, adventure sports and haircuts are common. Other sites, such as brandsexclusive.com.au, allow prestigious labels to sell slow-moving lines without waiting for end-of-season sales.

## We love the choice

►► Customers love the range available at the click of a computer mouse, says media analyst Paul Budde. “It’s a tide that will not be turned. We are already seeing eight in ten travel purchases, seven in ten banking transactions, and more than half of all entertainment bookings done online,” Budde adds.

With the exchange rate currently firmly in Australia’s favour, we can shop the world from the sofa and nab tremendous bargains. “Many international retailers have targeted the Australian consumer over the last 18 months, including incredibly popular online sites like fashion retailers Topshop,” notes eBay’s Thomas. After the UK and the US, Australia is Topshop’s biggest online market.

Copywriter Emma Freeman is one of Topshop’s loyal customers and a member of the Generation Y cohort (18- to 35-years-old) fuelling the online shopping frenzy. “I’m obsessed with stores like Net-a-Porter.com and

## SAVVY E-TAIL STRATEGIES

**Don’t assume it’s cheaper just**



**because it’s online.** Canny consumers use the online world as a bargaining tool, to remind local retailers of the competition.

**Monitor the Aussie dollar.** Factor



in the exchange rate and shipping costs.

**Watch the devil in the detail.** Make



sure you read the item’s description carefully and be aware of any measurements and size differences. Returning items bought online is still a whole lot trickier than strolling into a local department store, so double-check your shopping cart before clicking “Buy Now”.

**Get to know the seller.** Word of



mouth is still vital, even in the online world, so if you’re nervous about ordering a pricey Italian sofa for thousands of dollars, ask the online store for references and testimonials, and check these out thoroughly.

**Pay safe.** Be cautious when sharing



credit card or other financial details online. Review credit card statements carefully, and opt for PayPal if you are not familiar with the seller.

**Watch the marketing ploys.** The



same wisdoms apply when buying online as anywhere else. Just because they’re offering “three for the price of two” doesn’t mean you need three of anything!

ASOS.com and I bought a tonne of stuff for my wedding on Etsy.com. If I see something I like, I try it on and then go home to see if I can get it cheaper online,” Freeman confides.

## We love the convenience

► All the barriers that once held hesitant shoppers back from clicking “Buy Now” are falling away. Telsyte’s Fadaghi explains how many of the larger operators are introducing comprehensive return policies. As a result, more of us are having positive experiences shopping online.

Take finance manager Sandra Hodson, a baby boomer, and now an avid online shopper. “It’s the only way to buy, in my opinion,” she says, happily sharing her latest finds. “I bought a pair of shoes on Amazon.com for less than half the price it was available locally. StrawberryNET.com is my favourite site for cosmetics and hair

products, and RoyalDesign.com has the best prices for home items.”

IT consultant Chris Gerke is the same. He buys all his sporting equipment via a US-based catalogue store, Eastbay. “Products are waaaaaaay cheaper and I always get my order within seven business days. There’s a far wider range of goods to choose from, and if you order more than one item, shipping is reduced,” he says.

It’s a statement that already strikes fear into the hearts of many local bricks-and-mortar retailers as they gaze down quieter-than-usual aisles. Others, however, are leaping on our internet infatuation as a new and great opportunity. Fashion retailer Gianna Parker of alibionline.com.au, for one. She and her partner recently closed their real-world fashion outlets and opened an online emporium. “We reach a much wider market, and we can offer a better service,” she says.

## LOVE TURNS TO ADDICTION

So many of us are falling under the spell of the internet, says psychologist Jo-Anne Baker, that a portion of us are becoming online shopping addicts, in the same way that people become gaming addicts. “I’ve started seeing people who are turning to internet shopping as a distraction for their emotional troubles,” explains the relationship counsellor. When teacher Carol Robson went through an unexpected relationship break-up, online shopping became her “quick fix”. “I’d switch on the computer every morning and get a little rush as I contemplated what bargains I could nab that would make me feel better. Haircuts, massages, dancing classes, face rejuvenation, lipodissolve; you name it, I’d sign up!”

It was only when she received a frighteningly high credit card bill that she realised her e-shopping was out of control. “It was a crutch,” the teacher admits ruefully. Also scary was the realisation that a lot of websites now had her credit card details. “It takes only one quick ‘click’ and before you know it you’ve bought it,” she warns.



## AUSTRALIANS' ONLINE PURCHASES\*

A car	7%
Furniture	8%
Underwear or socks	9%
Groceries	10%
Sporting equipment	11%
Footwear	12%
Alcohol	14%
Video downloads	18%
Books (e-books)	19%
Other clothing	24%
Insurance	30%
Music downloads	32%
DVDs or CDs	38%
Books (paper)	39%
Software	39%
Hotel bookings	60%
Airline tickets	64%

"It's more interesting this way and the possibilities are endless," she adds.

Simon Street, the owner of Online Auto Parts, one of eBay's most popular stores, agrees. "Sales are up at least 50 per cent year-on-year and we keep on growing," he says. "We're now paying eBay roughly \$10,000 a month based on our sales. It is a great way to do business, but you've still got to know what you're doing and outsmart the competition."

Street urges consumers to use

the internet to their advantage. "Research thoroughly, and if you're not satisfied, speak up," he advises.

Freeman agrees. "A retailer can ignore you, of course – that's the nature of cyberspace – but for retailers who want to stay in business, it's still a case of 'the customer knows best'." ■

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