



NZPost

eCommerce Market Sentiments Report

2024



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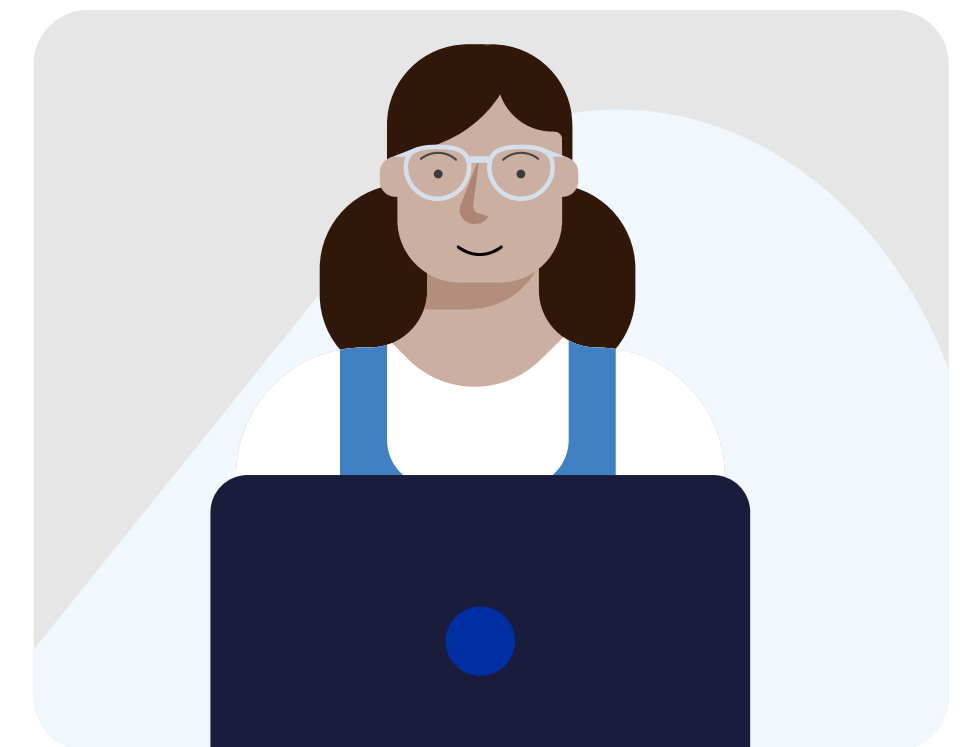
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Kia ora and welcome to the eCommerce Market Sentiments Report for 2024.

Throughout 2023, NZ Post has continued to monitor and report on online shopping numbers and trends through our regular eCommerce Spotlight publication. In this research report we look to understand the ‘why’ behind 2023’s numbers and trends. We hear directly from over 600 online shoppers and 250 retailers about their shopping behaviours in 2023 and what their expectations are for 2024.

Online shopping ‘boomed’ in 2020, 2021 and early 2022, with the Covid lockdowns driving shoppers online. Many shoppers discovered that online shopping was easy and convenient, and soon, new habits were formed. Shoppers have continued to buy more online, and with growing frequency, long after the physical stores reopened. Lockdowns were also a catalyst for retailer change, with many physical retailers opening online stores for

the first time. It was a period of significant growth for online retailers but also a period of major disruption and adaptation.

With all retail options available, 2023 was expected to be more of a ‘business as usual’ year for online retailers. It wasn’t to be. The tough economic conditions – driven by local inflation, global wars and the decline of real wages – saw online shoppers become more considered in how they spent their money.

In this report, we highlight just how shoppers re-prioritised their spending in an ongoing search for higher value. And while value meant cheaper prices for many, for others it was a focus on quality or shopping experience.

But shoppers weren’t the only ones adapting to the environment around them. In the face of pricing pressures, as well as increasing global competition from the likes of Chinese marketplaces like Temu and Shein, many online retailers adjusted their offering, their pricing and their promotional activities to retain existing customers, and



to attract new ones. Margins were stretched in 2023, as many retailers found themselves offering frequent deals and extended sales.

2023 also showed us how resilient online business owners can be, with many online retailers experiencing growth by focusing on their customers. This is clearly evident in our two case studies – Not Socks and Foxtrot Homes. Both retailers had strong years, characterised by staying true to who they are, focusing on delivering the best customer experience possible and finding new ways to demonstrate the value they offer shoppers.

In our latest eCommerce Market Sentiments Report, we look at:

- How both shoppers and retailers fared through the tough conditions of 2023 and we look at their expectations for the year ahead in 2024;
- How shoppers and retailers see value;
- What online retailers are focusing on and how that aligns with online shoppers’ priorities;
- The ongoing rise of the omnichannel experience and sustainability;

- The value a good delivery experience can have on your bottom line;
- Where and how Kiwis are buying from overseas retailers.

We believe there are many opportunities for Kiwi online retailers to keep succeeding in the ever-evolving world of eCommerce. Throughout the report, we provide a series of insights that support retailers to realise these opportunities.

We hope the findings, case studies and insights offered in this report help you keep adapting and growing your business in 2024 and beyond.

Shoppers seek value

Online shopping numbers in 2023

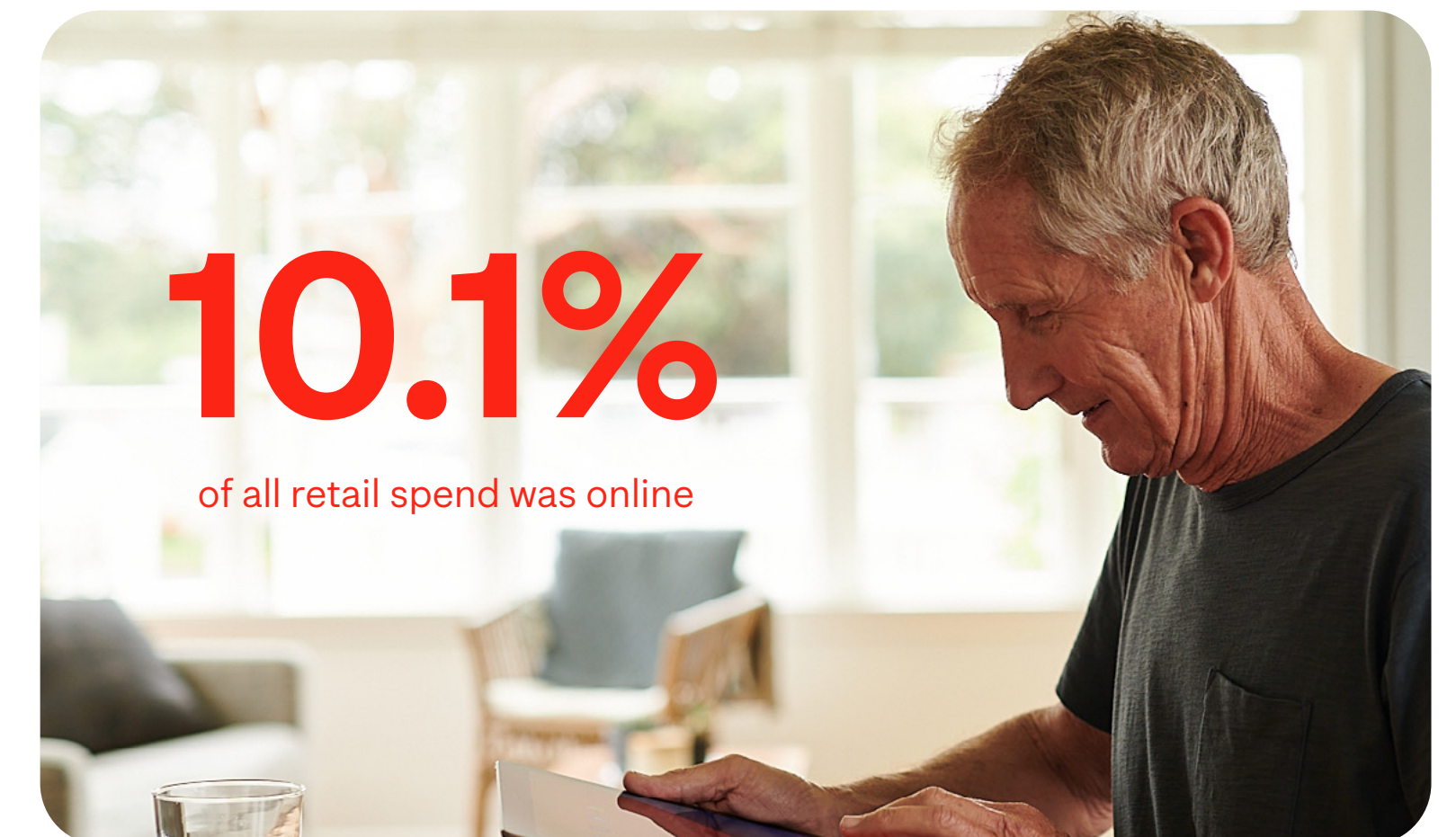
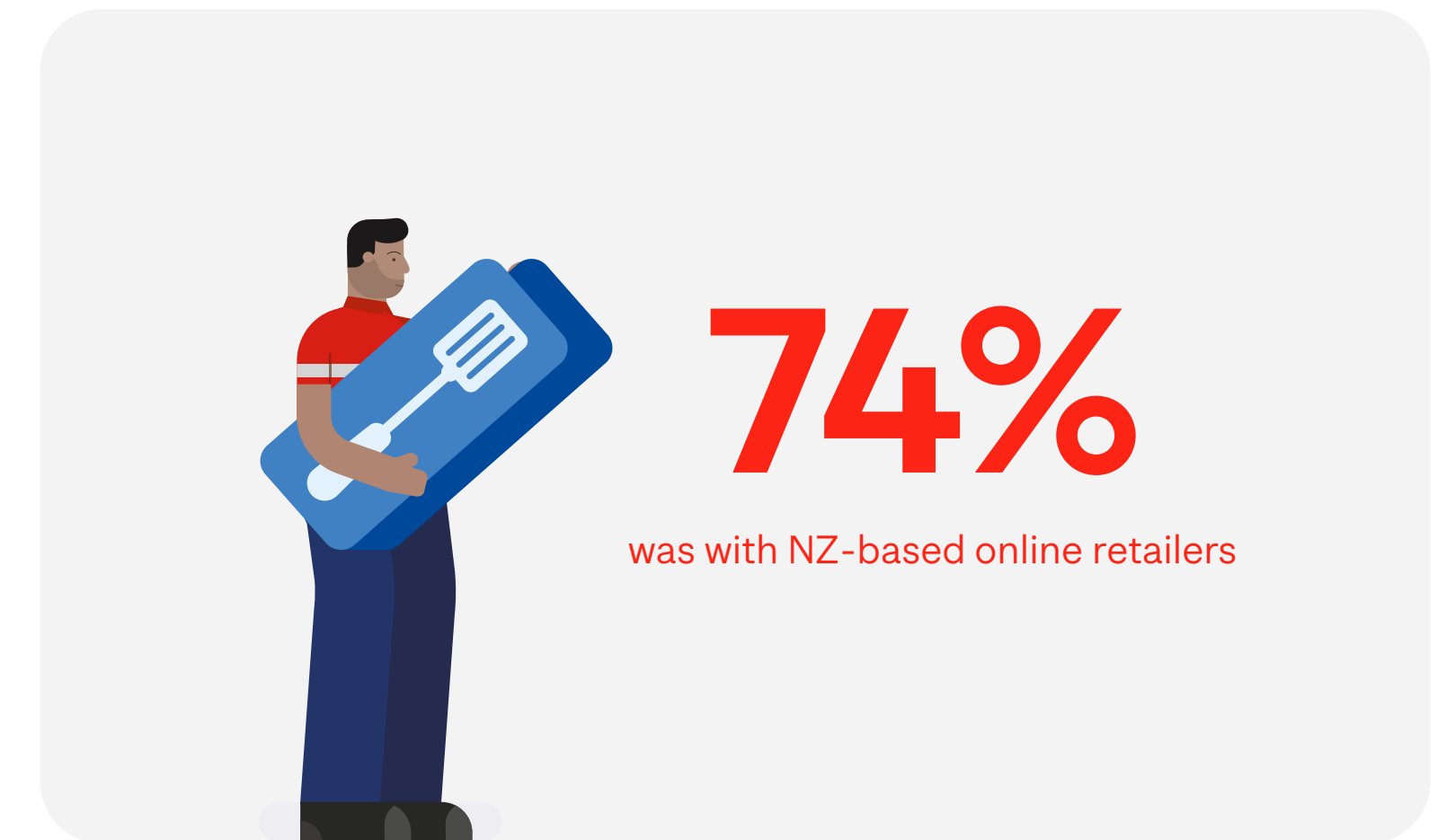
Before we deep dive into what shoppers and retailers are thinking and doing, let's recap on 2023's online shopping numbers. The following numbers are based on card transactional data supplied by Datamine. For more details please read our [eCommerce Spotlight Review of 2023](#).

2023 was the first full year where physical retail was not restricted by Covid since 2019. Furthermore, shoppers were able to enjoy hospitality, events, experiences and travel in ways they hadn't in nearly 5 years. With the emergence of major global retailers such as Temu and Shein, 2023 proved to be a competitive period for online retailer businesses.

However, 2023's biggest challenge wasn't other places shoppers could spend their money, but the overall operating environment.

Economic pressures such as rising supply costs, interest rates, a declining housing market, and wages – coupled with global conflicts, and significant domestic weather events – made 2023 a difficult year for retailers and their customers. Online spending dropped by 4% in 2023, compared to 2022.

Shoppers responded to the conditions by adapting their behaviours, looking to make their money go further. This saw cautious online shoppers transact more often but spend less each time.



Key drivers of online shopping in 2023

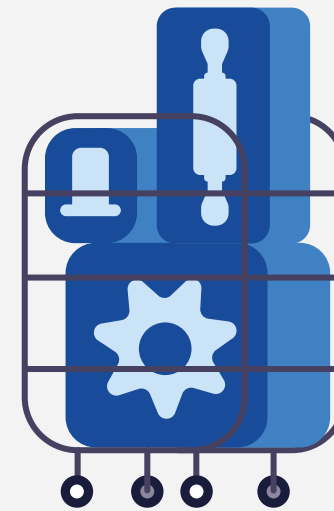
56.5m

online transactions
↑ 5% on 2022



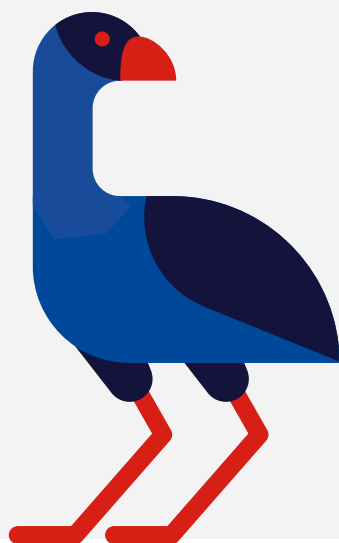
\$102.73

average basket size
↓ 9% on 2022



154,830

Average online transactions
per day during 2023



\$9.91

Spend less per transaction
compared to 2022



Online shoppers

At the start of 2023, there were fewer people shopping online each month compared to the equivalent month in 2022. This was not surprising given in-store restrictions in the early parts of 2022 drove more people online. However, this changed from June 2023 onwards and there were more people online month-by-month in 2023, compared to 2022.



In this section we seek to understand what's driving online shopper behaviour and what this may mean in the year ahead.

Our Online Shopper Survey talked to over 600 online shoppers across a variety of ages and locations across New Zealand. It gives us good insights into what's driving Shoppers' behaviours and expectations.



The Shoppers' Perspective

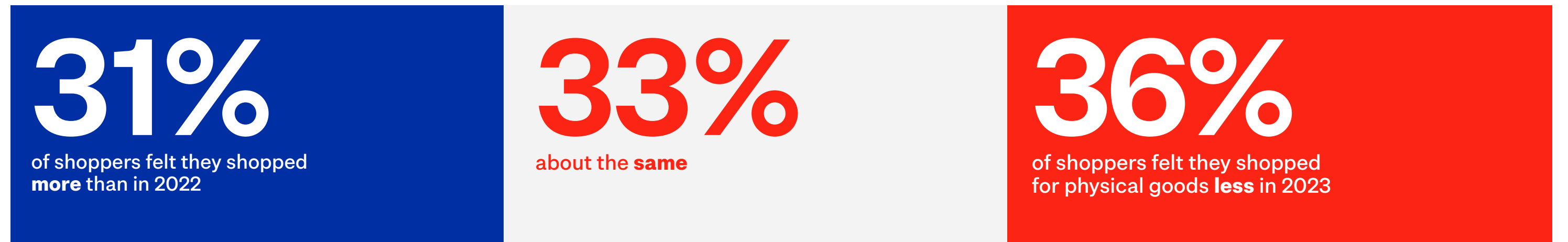
How shoppers' spending changed in 2023 compared to 2022

36% of the shoppers felt that their overall retail spending reduced in the last year – for nearly 40% of this group, it reduced by a lot. Most shoppers pointed to the economy as the key reason for their reduced spend. With reduced purchasing power, we saw three key themes drive how shoppers reprioritised their spending in 2023.

While many shoppers spent less, nearly a third of respondents indicated they spent more in 2023. For most, this was the natural result of things costing so much more. Others cited changes in personal circumstances, as key drivers of increased spending. A number of shoppers indicated they were buying healthier to look after themselves in tough times, while others were buying better quality to ensure it delivered better overall value.

Key themes

1. Prioritising essential spending on items like food, clothing, and petrol and reducing discretionary spend.
2. Seeking to maximise value, by researching the best prices, looking for sales or deals.
3. Saving more for things they may need in the future, including emergencies.



Helpful hints

Whether it's through your competitive prices; the extra benefits customers get, like free delivery or loyalty rewards; or through the quality of your products, make sure your customers are aware of the value you offer them.

Perception of online vs in-store spending

Shoppers were looking for value in 2023 and clearly online spending had a part to play in how they looked for it.

39% of respondents said they shopped more online in 2023.

While convenience remains the key driver for online shopping, in these tougher economic times online shopping is supporting the more thoughtful approach shoppers are taking towards their spending. Beyond allowing them to compare prices, read reviews and make more informed purchasing decisions, many shoppers believe that there are often better prices available online, especially from big international marketplaces. 17% of respondents said they shopped more in-store.

It appears shoppers still enjoy the experience and social interaction associated with a physical store. They find in-store shopping a better option when you need to see or feel the product before buying it. For some, they see visiting the store as helping them spend more mindfully, ensuring they buy quality. For others, going in-store is about the immediacy – being able to get the product you need without having to wait. And for another subset, going in-store is about saving money by avoiding the delivery fees.

Of the 31% who said they **increased** their overall retail spend in 2023, 51% **spent more online**.

Of the 36% who said they **decreased** their overall retail spend in 2023, 31% **spent more online**.

How online spending changed in 2023 compared to 2022



Shopper Profile Ofelia



Free delivery and easy returns

Ofelia loves to shop online, especially for clothes and jewellery. It's one of her favourite things to do.

She does a lot of her shopping from Temu and Shein because she believes they offer "beautiful products" that are quality, at good prices.

Ofelia describes herself as a patient person so doesn't worry about how long things will take to arrive. What is important to her is the cost of delivery. She prefers free delivery but doesn't mind paying a little for delivery if she really wants a product.

The other thing that's important to Ofelia is easy and free returns. There are times when the clothes she buys aren't right and she needs to return them. She doesn't want the hassle or cost of sending it back.

[▶ Watch the 'Shoppers talk about their online preferences' video.](#)

What's important to online shoppers?

We asked shoppers “When deciding which store to buy from online, where similar products are offered, what are the most important factors to you?” Not surprisingly in the current economic conditions, discounts and special offers are what shoppers value most, with nearly half selecting this option.

Visibility of your order is a factor that shoppers have been increasingly looking for in the last few years and is now the second most important reason for choosing a retailer (it ranked fourth last year).

This highlights the importance of not only offering tracking options to customers, but calling attention to the fact that you do before they buy.

The delivery experience continues to be important to shoppers, with both order tracking and having a variety of delivery options appearing high on their priority list. We explore how valuable it is, and why retailers need to prioritise it, on page 16.

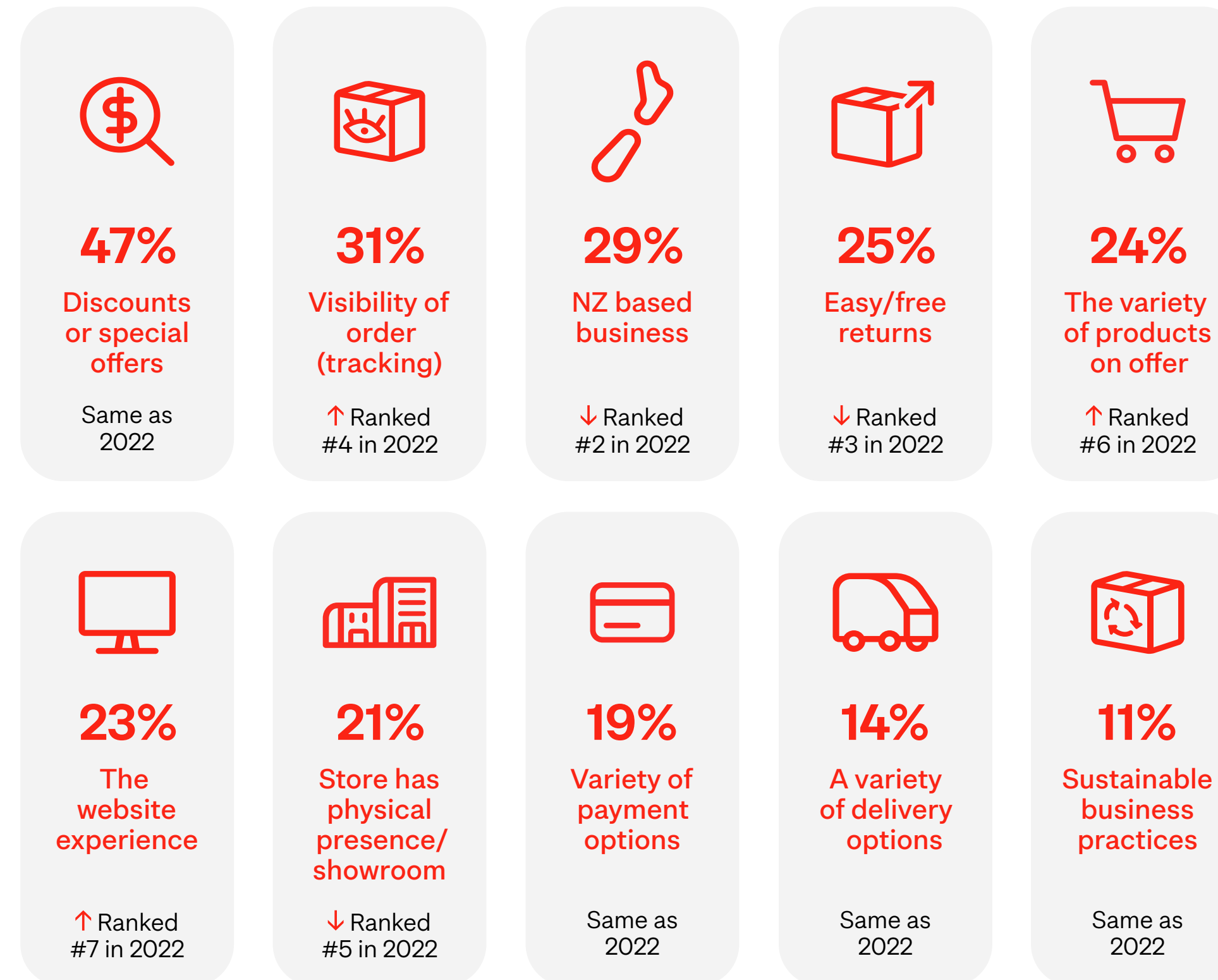
Nearly 30% of online shoppers also value where the business is based, with the majority preferring local stores for faster delivery and because they want to support the local economy. For many, local presence gives them confidence that the store actually exists and isn't a scam.

One in five shoppers would choose an online store because it has a physical presence, suggesting that shoppers find value in having access to a tangible experience. We see this preference in the rise of omnichannel shopping, a topic we explore further later in this report.

Interestingly, those looking to maximise value by buying higher quality, are more likely to choose to buy from specialty stores. On the other hand, those looking for cheaper options are more likely to buy from stores with a wide range of products and categories.

The priorities discussed above were largely uniform across all age groups, with a couple of key points of difference: (1) Shoppers aged 18-34 are more likely to choose retailers who have Buy Now Pay Later and more delivery options; and (2) Shoppers over the age of 55 are more likely to prioritise visibility.

Top 10 reasons for choosing an online store in 2023



Shopper Profile Nigel




Local and sustainable shopping

Nigel says he's more of an online shopper now because "it's easier, it's faster and I like the shopping experience." He's particularly fond of buying books, CDs, DVDs online.

Nigel chooses to buy local because he can click and collect or, if he needs to get it delivered, it's cheaper and faster. While he knows he could get things cheaper overseas, he's sceptical about quality, delivery time frames and the risk that things will get lost or damaged.

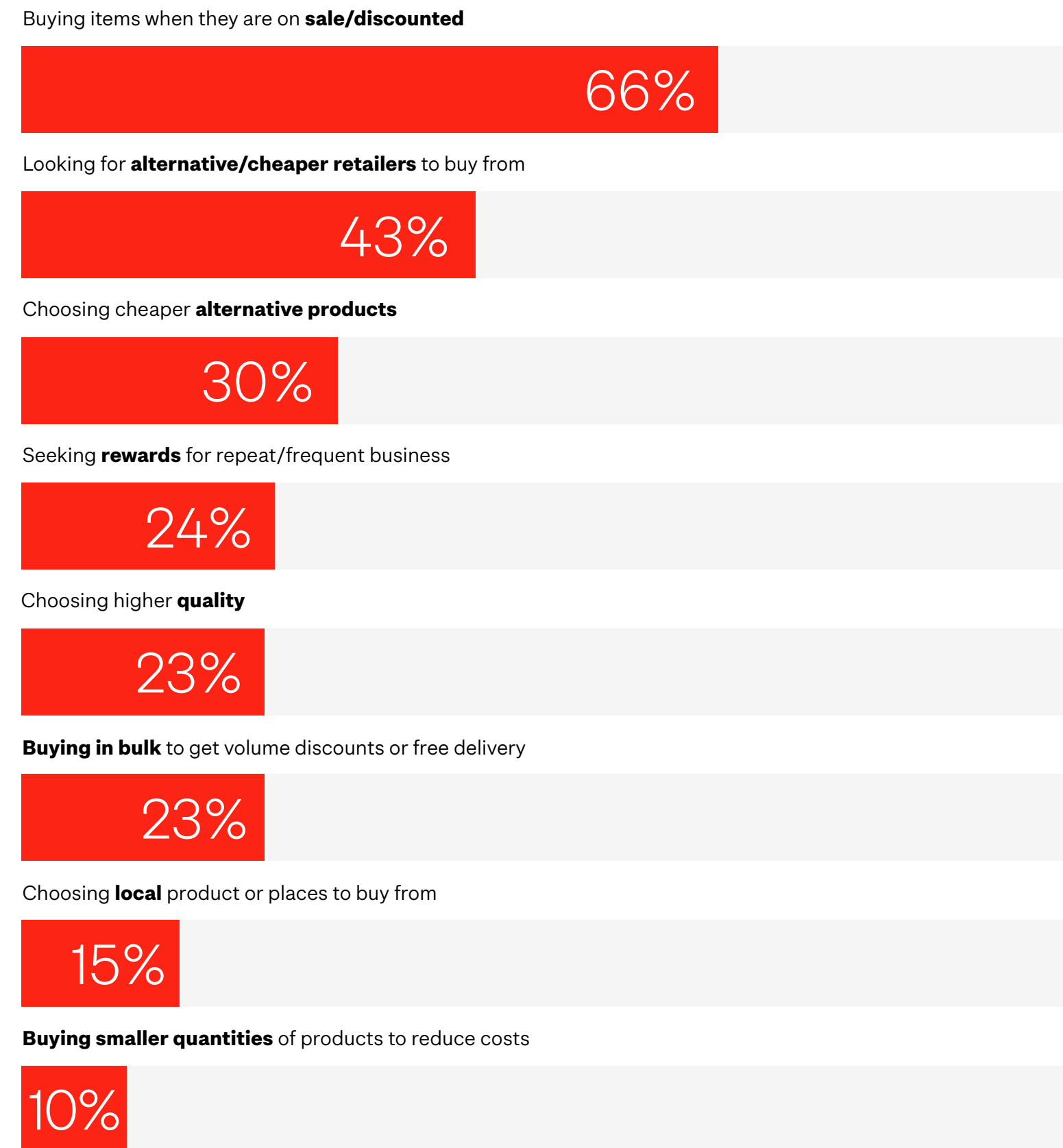
Nigel prefers to buy sustainable products and from ethical businesses "who are clearly playing their part." He says he's happy to pay a bit more to do the right thing. Nigel prefers reusable or sustainable packaging and would go back to retailers who offered it.

 Watch the 'Shoppers talk about their online preferences' video.

Maximising value online

As we've tracked online spending data throughout 2023, we've seen shoppers adapt their behaviours in response to the economic conditions, looking to make their money go further. We asked online shoppers about the things they do to maximise the value of their purchases.

What shoppers do to maximise the value of their purchase



Not surprisingly, most shoppers were looking to buy items when they are on sale. This undoubtedly leads to searching around, hunting out where an item is available at a lower price. It also sees a shift in timing, with shoppers buying things as they see them discounted, not necessarily when they need them.

The other key trend is that shoppers have become less loyal to both the places they buy from and the brand they prefer, looking at alternative products and suppliers. On the one hand, this is a disruption for local retailers, as these shoppers are more likely to be attracted by the big low-cost overseas retailers. On the other hand, it opens opportunities for retailers to attract new customers away from their usual places of purchase.

It's nice to see that there is still a high percentage of online shoppers – 24% – who value having their loyalty recognised. A strategy of rewarding purchasing frequency and bulk buying is one that online retailers should continue to consider, especially if there are lower cost alternatives available to their customers.

And finally, we see higher quality remains a way shoppers look to maximise spending value. This is particularly true in categories like personal electronics and homewares. In these categories, online retailers should focus on their story and the story behind their products. Product aspects like being New Zealand made or sustainable, coupled with higher levels of personalised service, add to that perception of quality.

Helpful hints

In tough times, discounting isn't the only strategy you can adopt to attract customers. Many shoppers value – and pay more for – quality and a better experience.

What's your higher-value, higher-quality story?

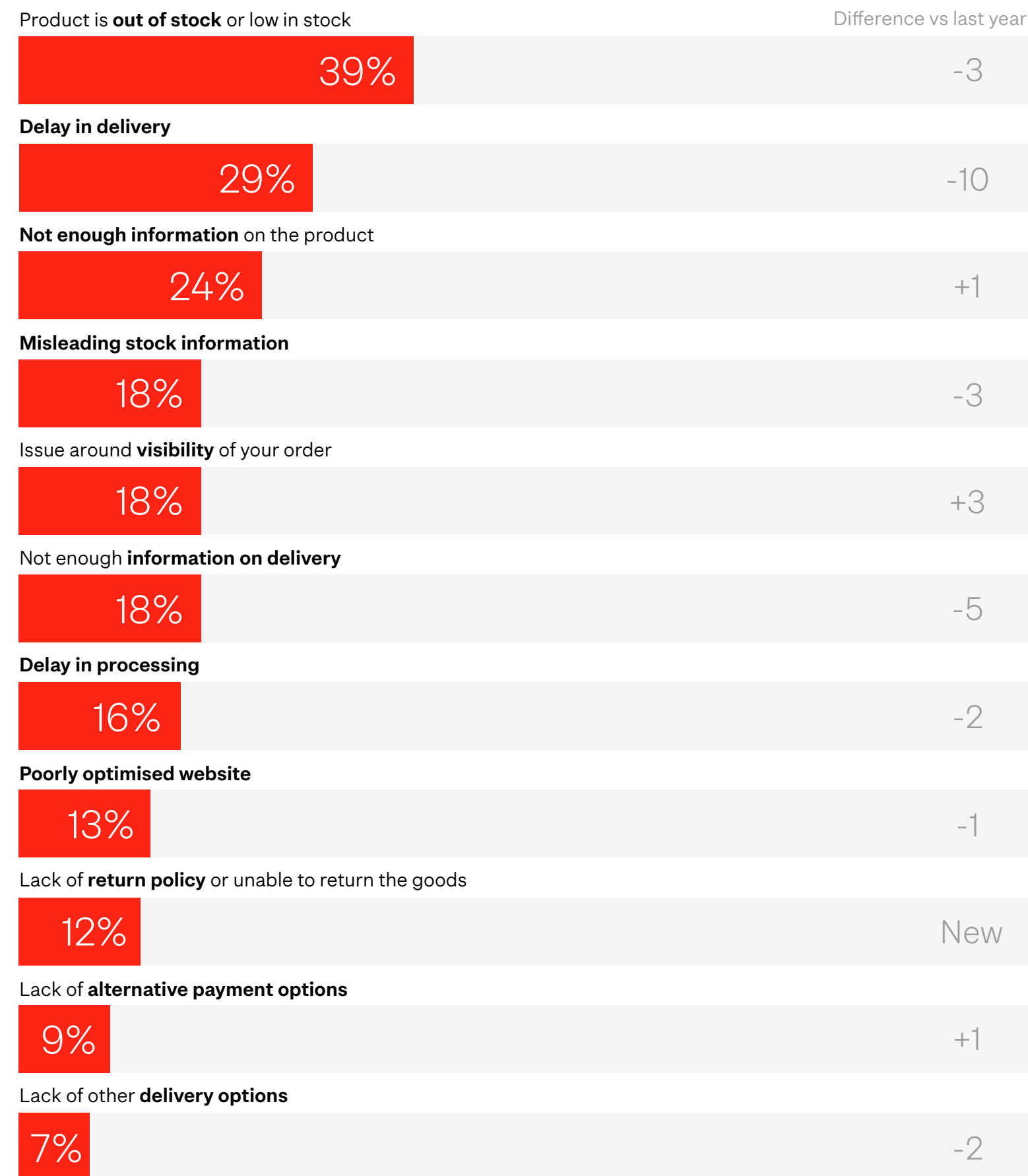


Online shopper frustrations

Lack of visibility or bad transparency are the main frustrations that online shoppers continued to experience in 2023. This manifested itself in a number of different ways, ranging from out-of-stock products being promoted, product and business information being missing or misleading, and the delivery times and costs not being as clear as they should be. These are all factors which retailers have a lot of control over, and we encourage all online retailers to quickly address these matters to retain and grow their customers.

The end-to-end delivery experience is another source of frustration, with shoppers citing delays in orders being processed, products coming from overseas even though the product was purchased locally, lack of delivery options and delays in delivery. Like the factors discussed above, many of these can be eliminated or their impact reduced to create a better delivery experience. Again, we encourage retailers to make this a priority.

Shoppers main frustrations with online stores



Shopper Profile Gavin



Visibility and control in delivery

Gavin buys pretty much everything online now. He feels that it is cheaper, and the quality is getting better and better. With rising prices, he's bought more online, especially from overseas.

Gavin is a big fan of customer reviews, using these to reduce the risk of buying products, or from stores, he's not bought from before.

Gavin believes that the cost of delivery from overseas has come down a lot and that he gets free shipping on a regular basis. He also thinks that delivery times have got shorter. Besides, he can now track his purchases end-to-end on his phone, and that gives him 'peace of mind.' That visibility, and feeling of control in the delivery process, is very important to Gavin.

[▶ Watch the 'Shoppers talk about their online preferences' video.](#)

Shoppers' expectations for 2024 and what's driving them

What are shoppers expecting in 2024? Will they spend more, less or the same?

Unfortunately, shoppers are not seeing a big change in conditions in 2024. The level of both the OCR and inflation, coupled with higher mortgage rates and the decline of their spending power, are likely to continue to drive their spending behaviours in the year ahead.

How they think they'll spend in the year ahead depends on their own economic situation.

Expectations on spending in 2024 compared to 2023



Shopper Profile

Raey



Searches for value

Raey feels she's spending less on herself online because of the economy. She is looking to find the best deals on the essentials for her family needs, like kids clothing.

She's researching online a lot more than ever before, sorting by price and choosing alternative products or brands that are cheaper. And Raey also factors in the delivery costs, preferring stores who give her options for cheaper but slower delivery, or to pay a little more to get it faster.

Raey knows that cheaper isn't always the best way to go, and for the important stuff she still looks for quality. She gives the example of a new coat, which needs to last for many years, where value for her isn't the lowest price but higher quality.

[▶ Watch the 'Shoppers talk about their online preferences' video.](#)

Shoppers' expectations for 2024 and what's driving them – continued

Spending more

26% of shoppers expect to spend more. For most, this is because things will cost more. For others, it's about the range of deals and discounts available, encouraging them to spend more. And for some, spending more is driven by personal factors and changing circumstances, like having a baby, getting a higher-paying job, travel, or buying a new house.

How will they prioritise their spending in 2024?

28%

Food and general groceries



26%

Home improvement

24%

Clothing and footwear

While 26% of shoppers expect to spend more this year, this number rises to 33% when asked specifically about spending more online. This suggests a slightly higher proportion of their spend will be online in 2024.

“I feel like everything went up; cost of living and food; so that's why I expect to spend more this year.”

“The promotional and different discounts available to people like me encourages me to keep spending.”

Spending less

21% of shoppers expect to spend less in 2024. Again, the reasons relate to the economy with things costing more and the need to cut back spending to prioritise bills or other things they may want to do.

How will they prioritise their spending in 2024?

32%

Health products



27%

Food and general groceries

27%

Clothing and footwear

And where do they expect to spend it? Only 17% of people expect to spend more in-store in 2024, which may suggest they'll be switching a bit more of their spending to online channels.

“The cost of living has had a significant effect my ability to spend on retail shopping.”

“Increased bills, so need to prioritise that over buying stuff.”

The rise of omnichannel

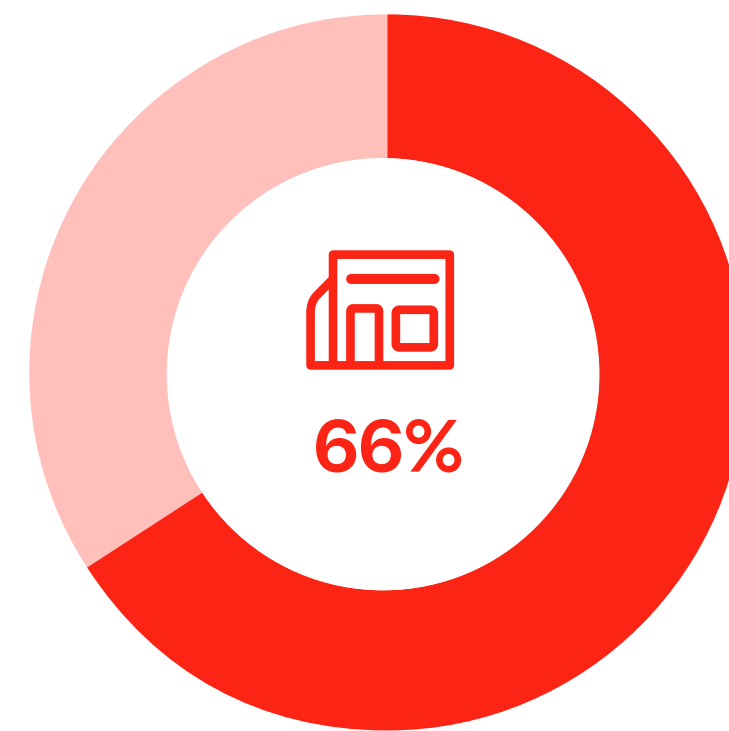
For a long time, we've talked about shopping in-store or shopping online. This distinction is definitely blurred nowadays, with shoppers moving seamlessly across the two, even within the same purchase transaction. With all the big physical retailers now having a digital presence, it's become increasingly easy for shoppers to have an omnichannel shopping journey.

Omnichannel shopping brings together the strengths of both shopping channels. It offers the convenience and the ability to research online with the tangible physical experience of in-store. As a result, we often see shoppers start with one channel and then finish with another. Two-thirds of shoppers look online before going to store to purchase a product. Nearly a quarter of shoppers click online and collect in-store, and one-in-five start their shopping transaction in-store and then make the purchase online.

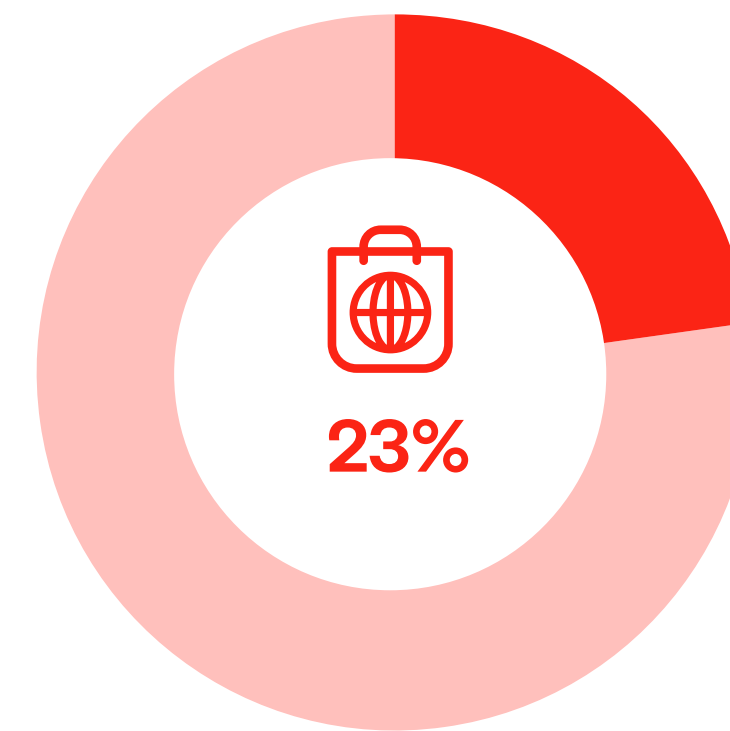
The other interesting trend is the rise of shoppers going online while in-store. 42% of those we spoke to said they did this, in order to compare prices, find product information and to read reviews. The savvy retailers are embracing this trend, optimising their websites for mobile, providing QR codes in store to access information quickly, and/or providing an online guide of where to find a product in their store.

Only 14% of shoppers said that they had never engaged in any omnichannel shopping.

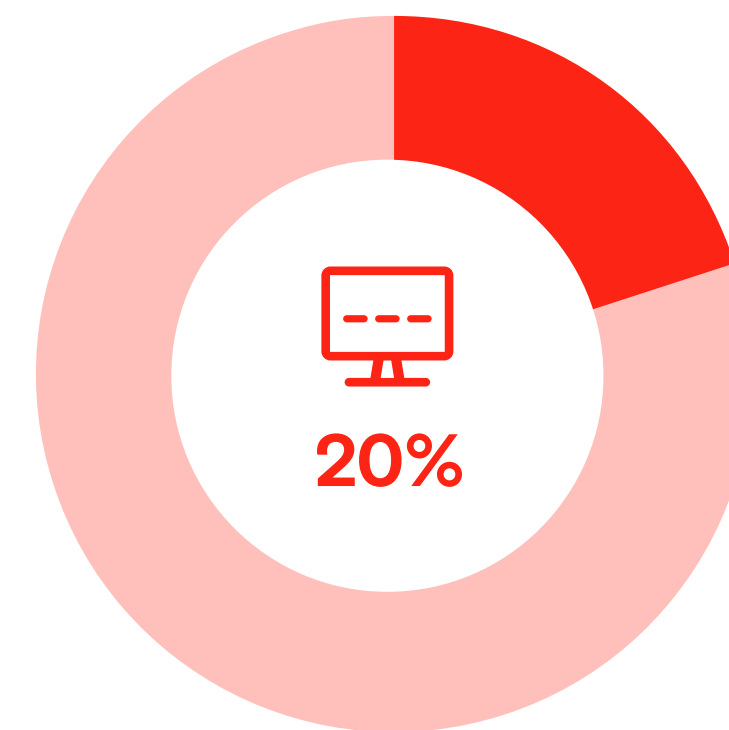
Omnichannel activities shoppers regularly engage in



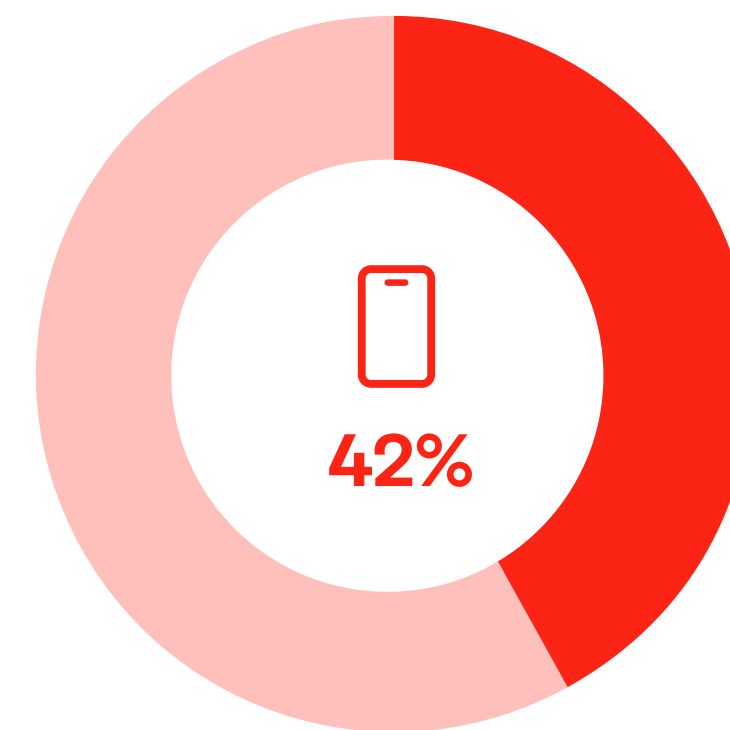
Browse online and purchase in-store



Purchase online and collect in-store



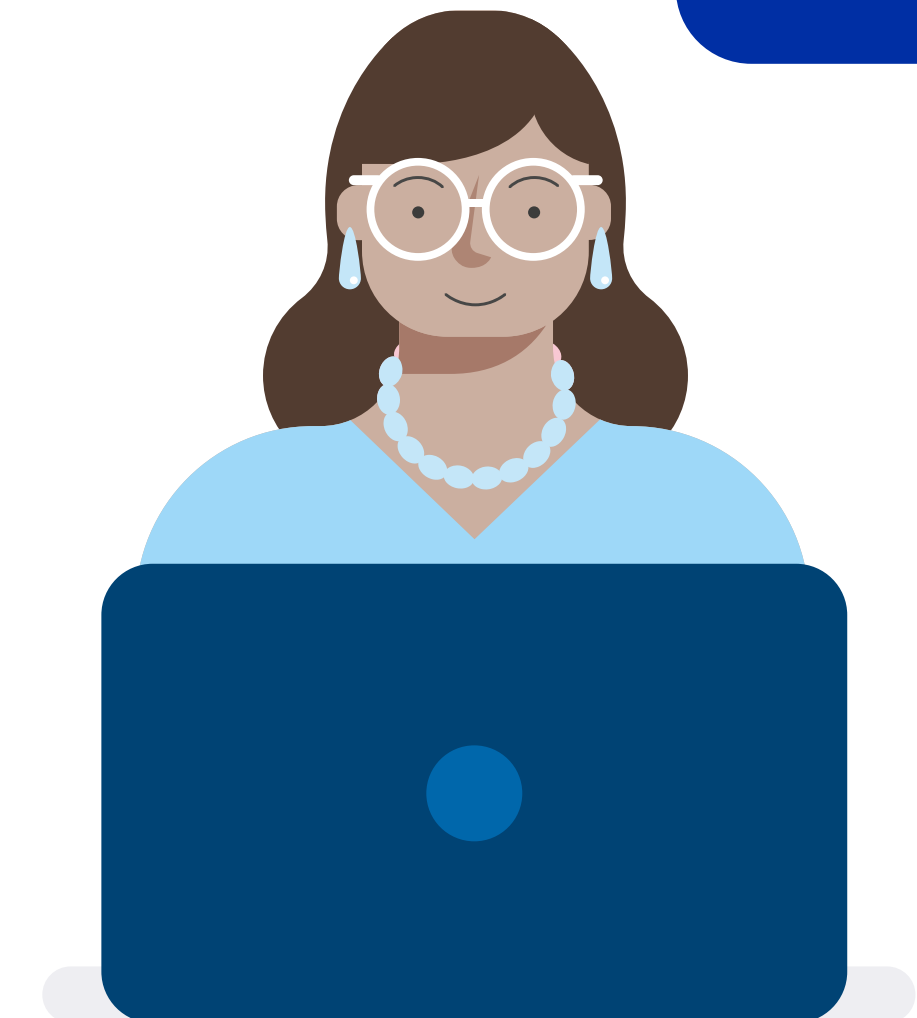
Browse in-store and purchase online



Use mobile in-store

Helpful hints

Shoppers like going in-store for the personal and physical experience. If you're an online only store, think about how you can offer these same benefits to your shoppers. Maybe it's online chat functionality; a way to virtually 'try-on' the product; or a showroom to see and feel the quality of your products.



What's driving omnichannel growth?



Browse online and purchase in-store

Why they browsed online before going in-store

Choosing **cheaper alternative** products

70%

Comparing items and prices between different retail stores

70%

Checking stock **availability**

63%

Checking product **reviews**

55%

Checking **product information** and specifications

47%

Trying the product virtually (e.g. **virtual try-on**)

1%

What's important to these shoppers?

Having a physical store



Purchase online and collect in-store

“Collect in-store so I don't need to pay the delivery cost.”

“I just need to make one trip to pick them up instead of maybe several trips to different outlets in one go.”



What's important to these shoppers?

Offering a variety of delivery options, which trade off speed and price, including a click and collect option.



Browse in-store and purchase online

Why they browsed in-store before making the purchase online

Try or check the product in **real life**

60%

Compare the product with similar products in-store

52%

Check the stock, if not available then I buy online

41%

Get advice from staff in-store

20%

I prefer to **get my item delivered** by getting it online

14%

What's important to these shoppers?

A variety of delivery options, including express delivery for those who want the immediacy of a store.

Shopper Profile

Duane




Online at home and in-store

Duane admits to buying more online now than ever before, as he's become “more comfortable and confident” online. It used to be just smaller items but more and more he's using online channels to buy bigger items like electronics, homewares and even a drone.

Though he'd prefer to buy from local retailers, to support the local economy, he's becoming more comfortable using overseas websites. He says companies like Temu are changing the way he shops. They are getting to know him and pushing products and “great deals that are hard to resist.”

Even when he goes to stores to buy physical products, Duane finds himself doing the research online first. And when he's in-store, he uses his phone to search out more product information and to compare models and prices.

 Watch the ‘Shoppers talk about their online preferences’ video.

In-depth look: The bottom-line value of a good delivery experience

Given the importance shoppers place on the delivery experience, we undertook a separate piece of research, diving deep into how it influences shoppers' perceptions of the overall shopping experience with a retailer. Does it impact satisfaction and how they feel about a retailer? More importantly, does it drive repeat business? Our findings deliver some interesting insights which showcase the bottom-line value of creating a good delivery experience.

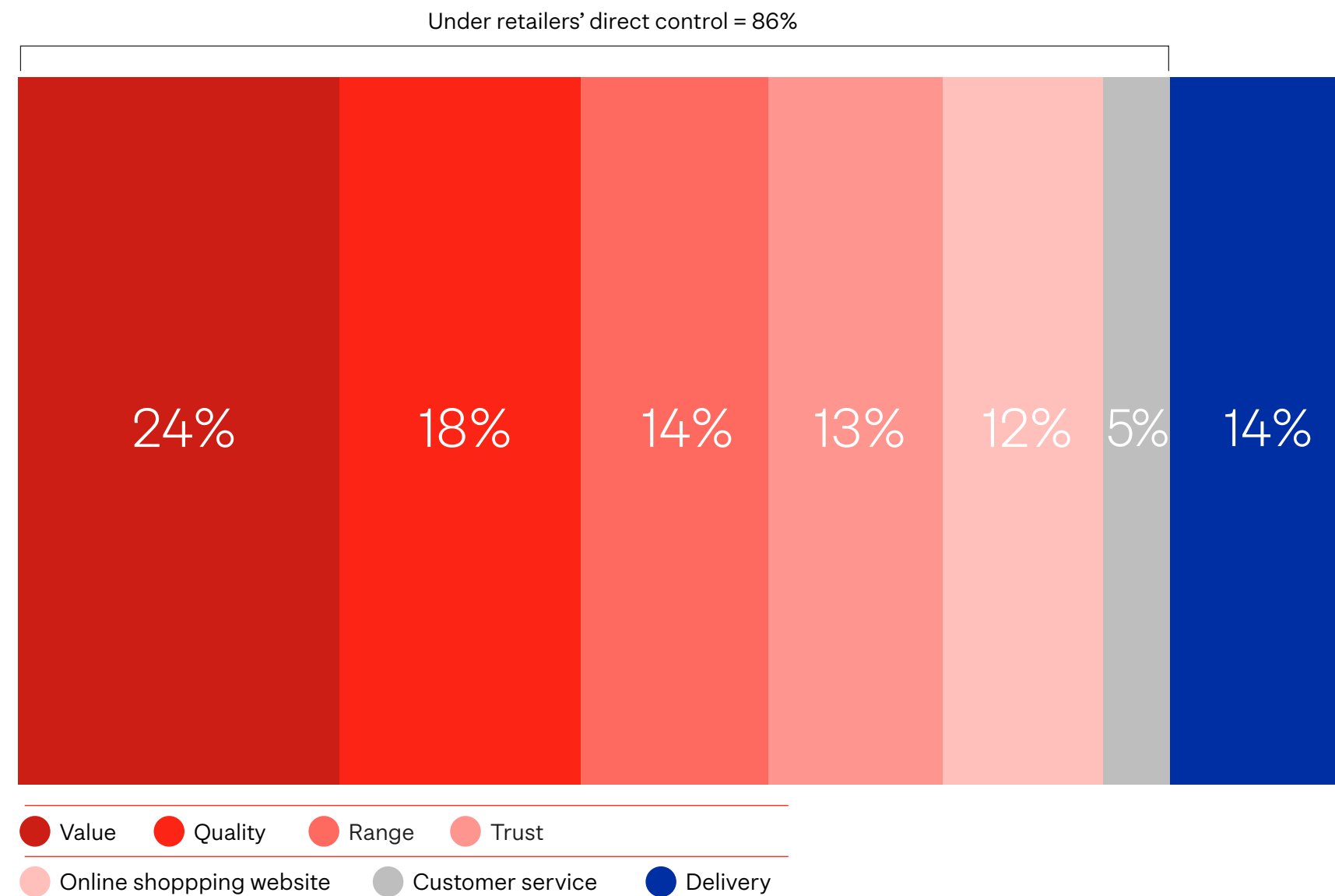
When asked what makes a good delivery experience, visibility, care and reliability were seen as the most important part of the delivery experience.

How important is the delivery experience?

The delivery experience contributes 14% of a shopper's choice of which retailer they buy from.

This places it third behind value and quality – and equal with trust.

While the remaining factors are in the retailer's control, they don't directly control the delivery experience. This reinforces the importance of a trusted delivery partner with reach to all the places where your customers are.



Details of the methodology used for this research can be found on page 39.

Does a good delivery experience help retailers drive business growth?

If a retailer provides a good delivery experience, then the shopper is:

2.2x

more likely to feel positive about the retailer.

1.9x

more likely to be very satisfied with the overall purchase experience.

1.7x

more likely to say they are very likely to buy from the same retailer again.



In-depth look: Kiwis buying from the world

Over recent years New Zealanders have shown a real loyalty to local online retailers. This is despite a general understanding that better prices can potentially be found overseas. Largely this loyalty has been to support the local economy but has also been underpinned by the higher price and slower timeframes associated with overseas delivery. But things are changing. To understand how and why, we've looked at the 2023 International Post Corporation (IPC) Cross Border eCommerce study, which included 1000 Kiwis buying from international retailers and 120 international shoppers buying from Kiwi retailers.

Why are Kiwis buying from overseas?

The search for lower prices and for alternative products and brands has been the key driver of Kiwis shopping on overseas online stores. When asked why they chose a specific overseas retailer, 59% said lower prices; with a 46% citing greater choice of brands and products.

The other interesting trend is the significant rise in the average spend overseas. For 44% of shoppers the average spend was between NZ\$37 and NZ\$159. A year earlier, only 36% fell into this category, and we saw a much larger proportion of spend below NZ\$15.

What are Kiwis buying overseas?

Clothing and Footwear is by far the biggest category Kiwis are buying overseas, with 43% of shoppers buying these products. This aligns with our domestic trends, where shoppers have been focused on buying essential items and they may be find better value for them overseas. It may also be that there are brands in this sector which are just not available locally.

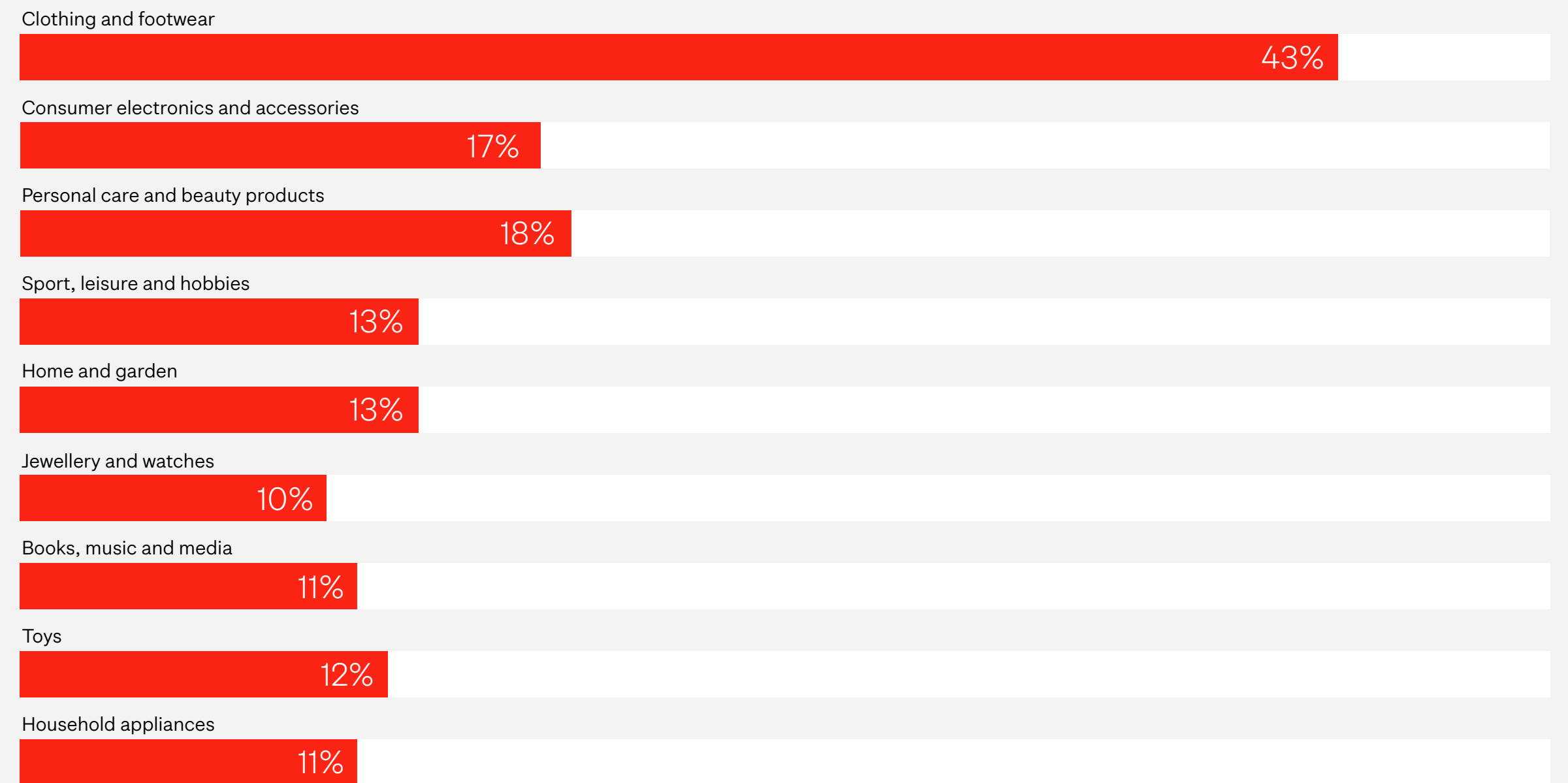
Consumer electronics and health and beauty are the next biggest sectors, however the reality is that Kiwis are looking to overseas stores for the full range of goods from home and garden, for entertainment, for their kids, through their appliances.

Where are Kiwis buying from?

The related stories of the rise of China and the rapid rise of Temu are the big changes in where Kiwis are buying from.

Given its proximity, it's not surprising Australia is where Kiwis have traditionally looked to first but China is threatening their number one status. The rise of China as a key destination for overseas shopping, is strongly correlated to the rise of low-cost variety app Temu, and to a slightly lesser extent Shein.

What are Kiwis buying from overseas?



57%

purchased from Australian online retailers. This is a drop of 4% compared to 2022.

33%

purchased from the US. Followed by the UK (21%) and Japan (6%).



53%

purchased from Chinese online retailers. This is a rise of 9% compared to 2022.

Kiwis buying from the world – continued

Temu has come from nowhere and now leads the pack with 17% of Kiwis rating this as the online retailer they use the most. It's even outperforming local site TradeMe that has been Kiwis' favourite online store for many years. Within a year, Temu has surpassed long-term e-retailers Amazon (16%) and AliExpress (16%) who both saw declines compared to 2022. We also

saw declines for big retailers Wish and The Iconic. These sites have been popular with Kiwis in recent years but now find themselves down below 2%.

At 8% Shein is another Chinese low-cost variety retailer making headway with Kiwi shoppers. A year ago only 2% of Kiwis identified this site as the one they used the most.

The decline of traditional barriers

Over recent years the IPC study has shown the cost of delivery and the time it takes for delivery have been barriers to Kiwis choosing to buy from overseas online retailers. In this year's report we see good news on both fronts for Kiwi shoppers, though the news may not be as welcome by Kiwi retailers looking to compete with the likes of Temu, Amazon, AliExpress and Shein.

A significant number of Kiwis are getting their purchases delivered for free because the retailers they buy from offer free delivery or they purchased during a free delivery promo. Others had free delivery because of the higher value of the item they purchased or because they are part of a loyalty programme. And those who did pay for delivery, paid less than they have been paying in recent years. Most shoppers are now paying less than \$10 to get their items delivered from overseas.

Kiwis are also seeing their purchases getting to them much faster than they use to. Gone are the days where most things took weeks and weeks to arrive. Parcels are now showing up from China and the States within days of being ordered. Nearly 60% of orders arrive in less than 10 days.

Delivery Costs
(on most recent overseas purchase)

62%

Got free delivery

23%

Paid less than \$11 for delivery

Delivery Timeframes
(on most recent overseas purchase)

40%

Delivered within 7 days

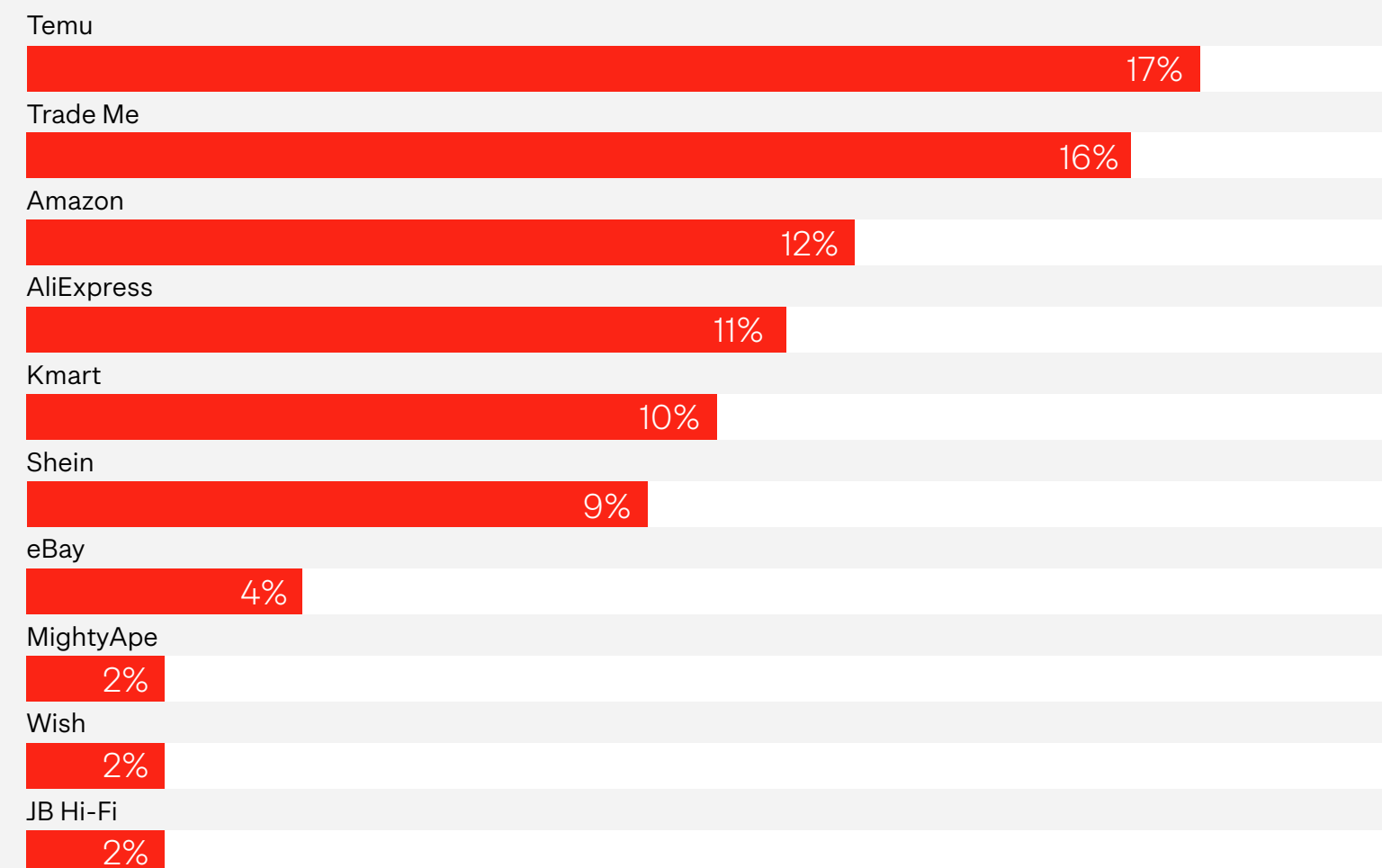
82%

Delivered within 14 days

Helpful hints

Kiwi shoppers like to support local retailers so make it easy for them to do so. Make the overall experience more personal and visible. Make delivery cheaper and faster. Make shoppers feel good about supporting local businesses, quality, and the planet.

What sites are Kiwis* buying from?



* frequent cross-boarder online shoppers

As a result of these advancements, over 80% of Kiwi indicated they were satisfied or very satisfied with their overseas delivery experience.

Details of the methodology used for this research can be found on page 39.



In this section we look into the year it has been for online retailers and how they've responded to changing shopper expectations.

We uncover their expectations for the year ahead and explore opportunities to keep growing revenue and margin.



The Retailers' Perspectives

Business performance in 2023

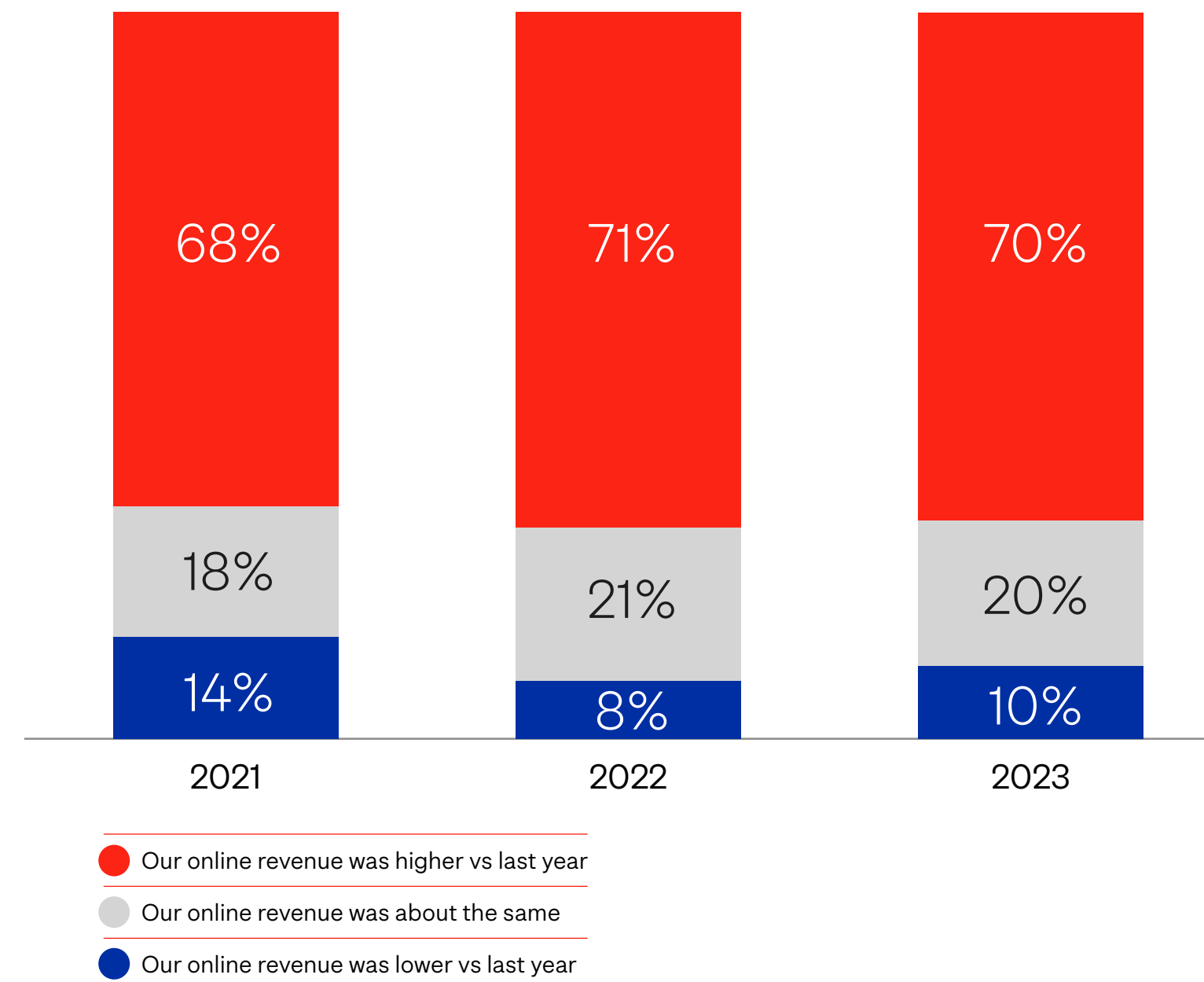
There is mixed sentiment from retailers about 2023. Two-thirds of online retailers told us that their business performance in 2023 was better than the year before.

Despite better results, there was a strong sense that they had to work extra hard to achieve them in very tough economic conditions. In a cost of living crisis, shoppers were careful with spending and retailers had to think hard about their product range, their pricing and their promotions. Other external factors also had a negative impact, such as supply chain disruptions and cost escalations caused by natural disasters, wars and rising prices.

An additional difficulty factor was the emergence of increased competition from big low-cost, high-volume global players like Temu and Shein.

Despite the difficult operating environment, there were good reasons for online retailers to feel positive about the year. Retailers enjoyed a more stable post-Covid environment where they were able to retain staff longer and secure longer lasting contracts. The first time since 2019! Many also found themselves getting much better at the sales and marketing aspects of their business, increasing the effectiveness of their messages and digital channels.

Online revenue in the last year



Business performance in 2023 – continued

Retailers with an online and physical presence were only slightly more likely to have had increased revenue in 2023. Where we see a real difference is when we consider what these stores were selling.

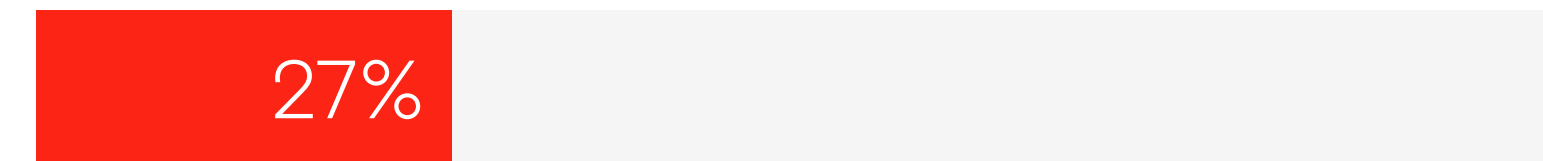
Retailers who sold multiple categories of products were about 10% more likely to have increased revenue in 2023, compared to those selling a single category. This aligns with a trend that many retailers observed – their customers purchased more frequently but were spending less each time. It also reflects the story we saw in the online transaction data (see page 5) where 2023 transaction levels were up 5% on 2022, but the average basket size was down 9%.

Many retailers told us that they responded to market conditions by increasing the size and frequency of their marketing and promotional activity, including expanding to new channels like Instagram and TikTok. And it appears the investment worked, with over a quarter of retailers telling us it was a key driver of their revenue in 2023. Anecdotally, many retailers also suggested that revenue came at the expense of margin and, while that may be a good short-term tactic, it's not a sustainable long-term approach.

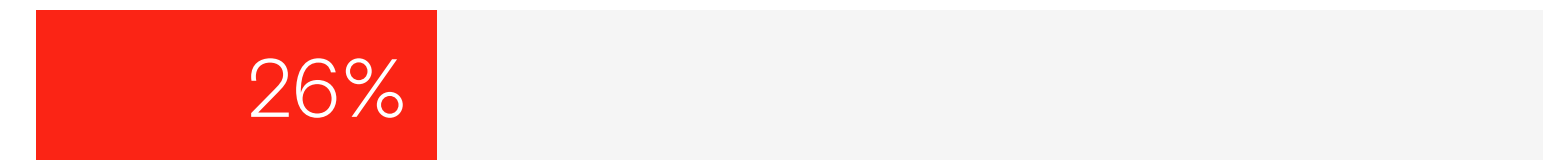
We also see that new customers were a key contributor for revenue. While the conditions have been disruptive, they've created many opportunities for retailers to attract new customers through their promotions and product and pricing strategies.

What drives online revenue (Top 5)

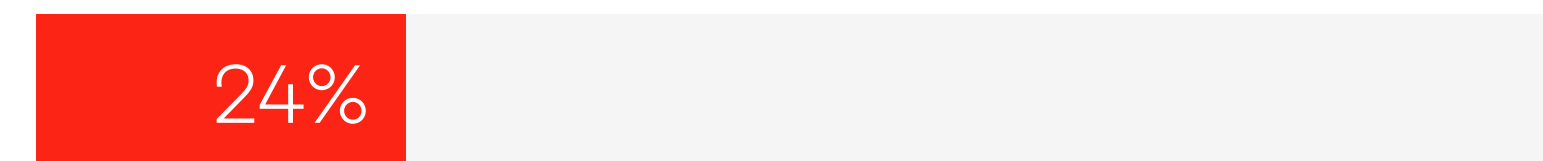
Existing **customers buying** from us more frequently



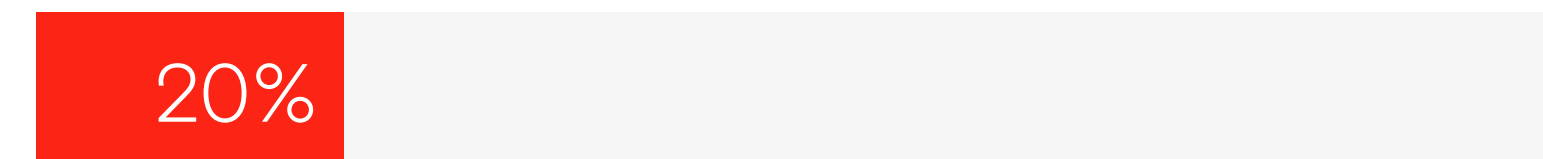
More **promotional or marketing** activities



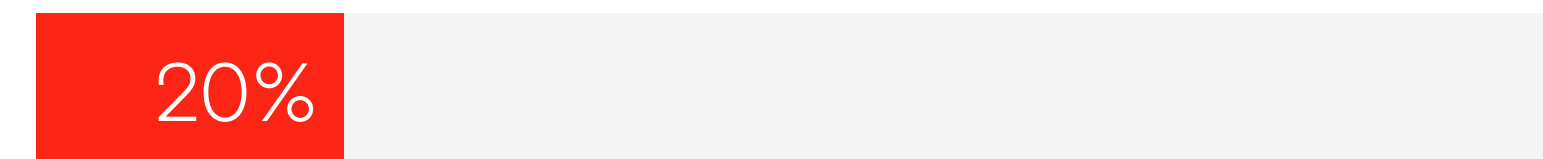
New customers from New Zealand



Existing customers spending more each time



Existing customers buying a **wider range of products**



Helpful hints

Discounts are a great way to attract new customers but have little value if that's all they ever buy from you. Think about the longer-term value of a customer. Make a plan to get those customers to buy again from you at full price and/or to buy other products you have on offer.



Major changes retailers made in 2023

Given the economic conditions and changing shopper behaviours in 2023, we saw many retailers make changes. Most changes were to drive revenue, to retain and grow existing customers and to attract new ones. While specific initiatives – like discounts, free delivery and introducing Buy Now Pay Later arrangements – aligned with the tougher conditions, others focused on creating a more valuable customer experience.

We see the four most common response areas. Beyond these, a number of retailers talked about building more resilience into their business model, de-risking their supply chain and being more active in their staff management.

Key changes retailers made



Pricing and promotion

“We were quick to have events around trends like Valentine’s, Cyber Monday.”

“Included deals such as ‘buy one get one half price’ or spend over X dollars to get a free something!”

“We now have free shipping but only if the customer spends more.”

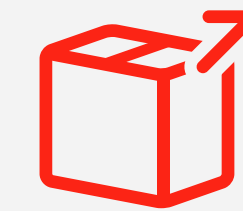


Improving the customer experience

“More focus on Personalisation and customer experience. We enhanced our data analytics capabilities on our webstore.”

“We introduced Afterpay based on customer demand.”

“We are now providing easy returns.”



Market and product expansion

“We used more social media and influencers – to find new audiences we’d never attracted before!”

“We tried to tap into International market.”

“Expanded to other products and created different sizes to get new customers.”



Operating changes

“We now have a physical store!”

“Reduced our OPEX.”

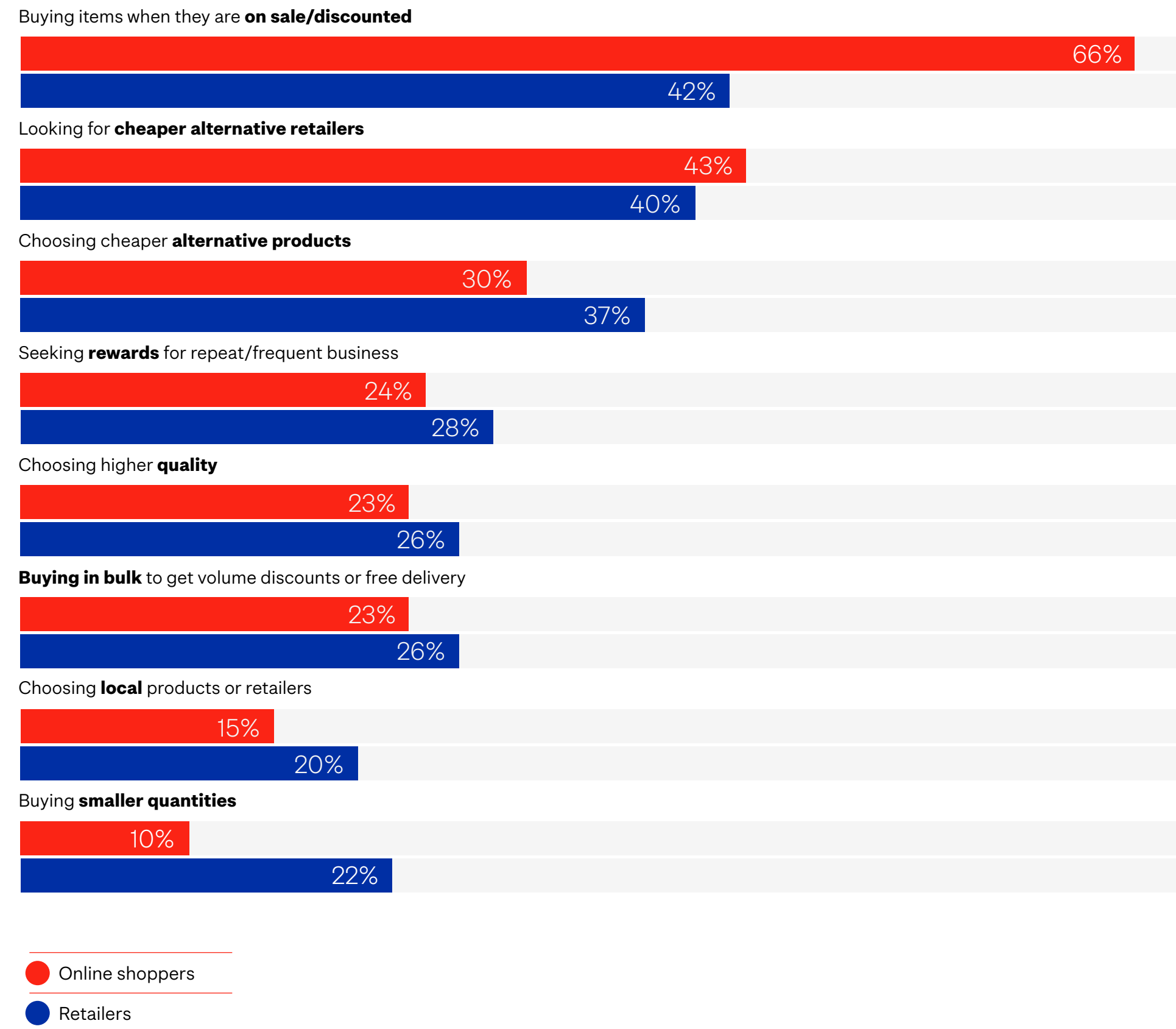
“We set up online shopping in 2023. Before that we had in store purchases only”

What do retailers think is important to shoppers?

We've looked at this question from two perspectives. The first looks at what retailers perceive that shoppers do to maximise the value of their purchase.

Fortunately, shoppers and retailers see things in a similar way. Shoppers are largely choosing to buy when things are on sale and retailers understand this. Most retailers also understand that discounting isn't a magic bullet to retaining customers. They know shoppers are open to alternative options including cheaper products and cheaper places to buy. Shoppers and retailers equally understand the importance of quality and loyalty. Interestingly, retailers think that shoppers place more weight on buying locally than shoppers actually do.

What shoppers do to maximise the value of their purchase

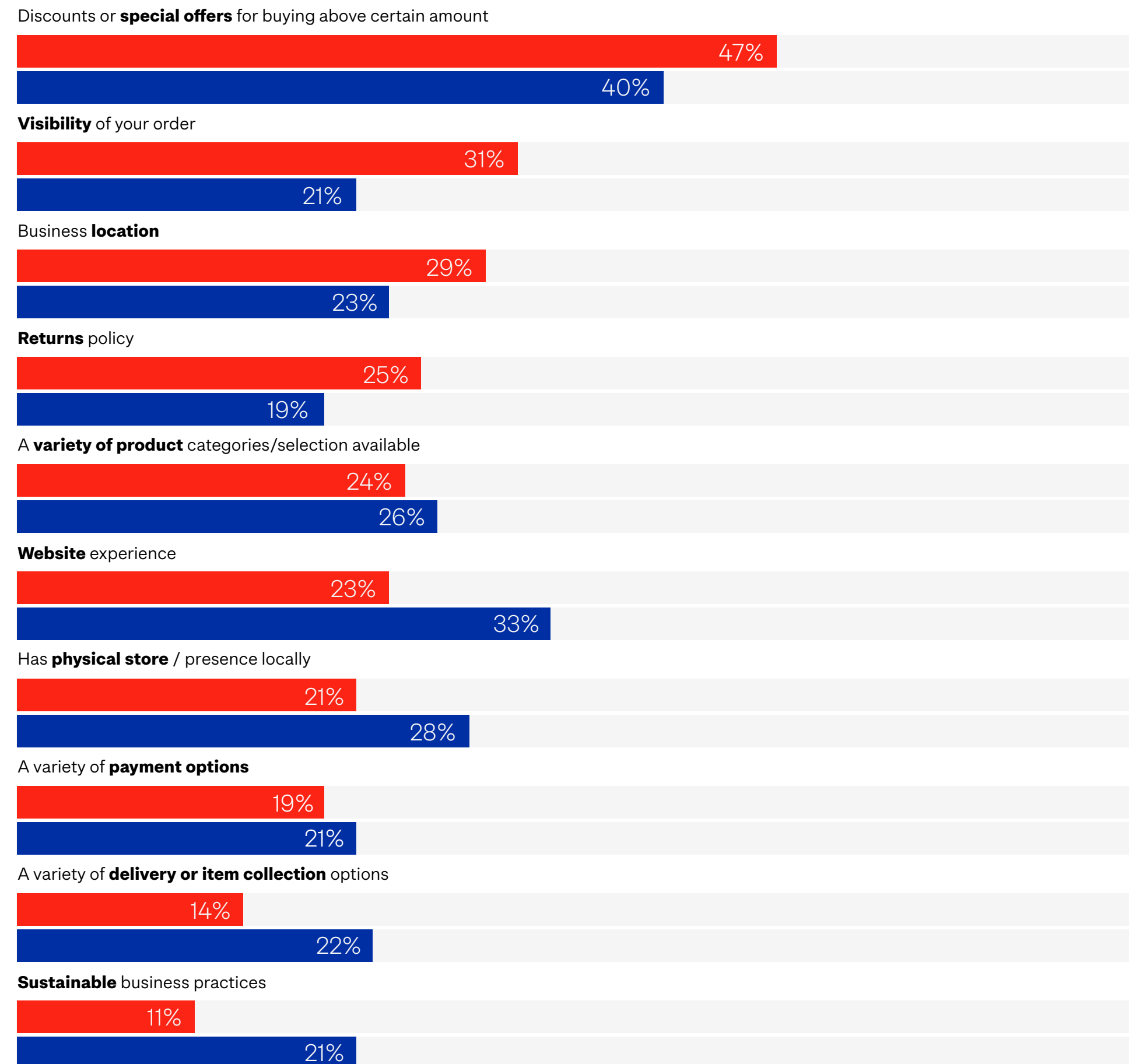


What do retailers think is important to shoppers – continued

The second way we looked to address this question was by asking retailers what they think shoppers will rate as the most important factors in choosing a retailer. And while there is good alignment in the number one factor – discounts and special offers – there are some differences emerging further down the list. Most notably:

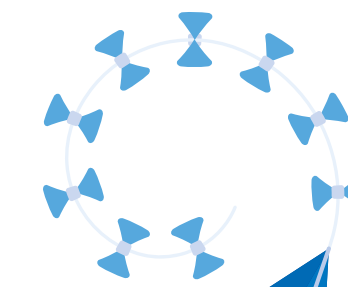
- Shoppers place a much greater importance on visibility than retailers do. Shoppers place a greater emphasis on visibility of when the order is dispatched and when it is delivered than retailers do. Adding a simple feature like tracking, or photo confirmation of delivery, may change how a shopper perceives the value they receive from a retailer.
- Shoppers value easy and/or free returns. Mostly, it takes a bit of the fear away from buying products you haven't seen. Retailers however don't give it as much emphasis. By adding it they can add value and remove a purchase barrier.
- Shoppers are placing less importance than retailers on a physical presence, delivery options and sustainable business practices. Again, this is likely to be a difference in what shoppers perceive as 'every day expected' versus what retailers think are additional options. As a retailer, having the basics, like delivery options and sustainable business practices, are essential, not nice-to-haves.

Reasons for choosing an online store to purchase from



Helpful hints

Don't just guess what's important to your shoppers, ask them. Shoppers value being asked what they think and what they'd like to see. They especially like it when you listen and act. So ask your shoppers for feedback regularly. Make changes based on what they tell you. Tell your shoppers that their feedback drove the changes.



● Online shoppers
● Retailers

Expectations and priorities for 2024

Like shoppers, retailers don't see things changing too much in 2024. The economy remains as the most prevalent factor driving business as usual and there is little expectation that the economic situation will be any better in the year ahead.

Despite that, one-in-five retailers suggested that 2024 will deliver better business performance results for them. For many this is a reflection of the business improvements they've made in the last year, ranging from new products, more payment options, more and better delivery options and more effectiveness in their marketing activities.

While there is a small number who feel business performance in 2024 will be worse, the bulk of the remaining retailers think their business performance will be about the same as it was in 2023.

Important factors retailers are watching out for in 2024



Competitive factors



Expectations and priorities for 2024 – continued

While the majority of retailers are optimistic about the year ahead, there are still a large number of things – potentially positive and negative – all retailers are keeping a watchful eye on.

Increased competition seems to be a rising concern for retailers. In particular, the rise of marketplaces – domestic and international – offering more product variety and lower prices. This is underpinned by increased international and domestic competition as a whole.

Fortunately, we do see a reduction in the expected impact Covid, natural disasters, workforce challenges and supply chain disruptions will have on Kiwi businesses.

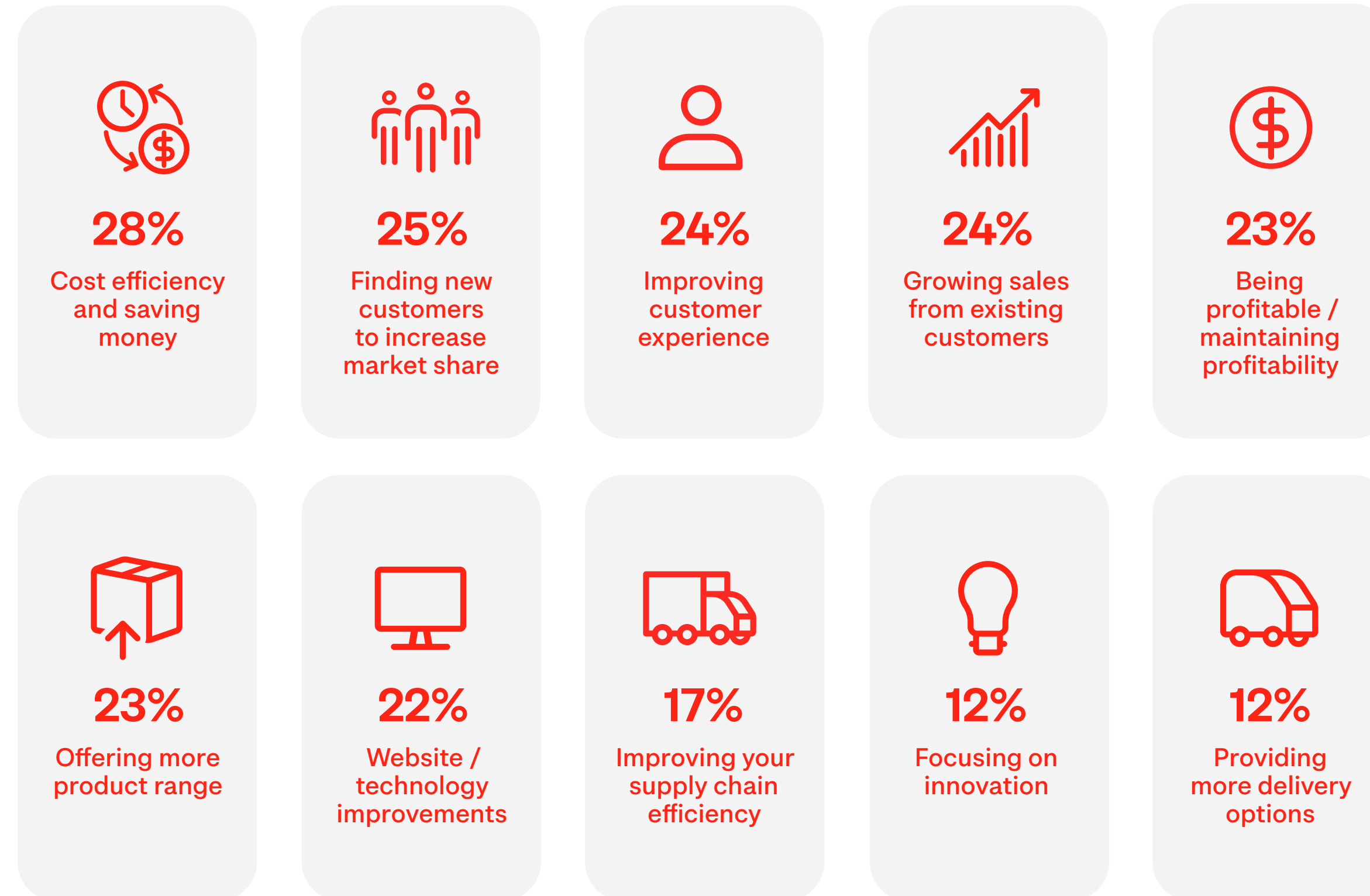
So, in the face of the many factors to watch out for, what are retailers prioritising for the year ahead?

Following 2023 when revenue seemed to have high priority, leading to a series of promotions, discounts and special offers, 2024 sees more of a balance between revenue and profitability.

While there's still a need to grow existing customers, and find new ones to increase market share, we also see a rise in cutting costs and saving money to improve overall profitability. This reflects a recognition that the economic environment is here to stay for a bit longer, requiring a longer-term survival mentality.

It is good to see that improving the customer experience remains high on the list, and rising in priority. This factor strongly aligns with a greater profitability and growth focus. However we are also seeing decreased prioritisation in technology, innovation, community partnering and sustainability related practices. All these things play an important role in a business's ability to thrive over a longer time frame.

Specific actions & priorities in 2024 for online retailers



Helpful hints

In tough times, short-term revenue and cashflow are critical for survival but don't forget that, to thrive longer term, you must make a profit. The best way to do that is to understand how your customers' needs are changing and to keep evolving your offer to deliver to them.

Omnichannel preparedness

We saw in the Shoppers' Survey that shoppers are quickly embracing an omnichannel world, moving effortlessly between online and in-store. Online retailers aren't moving as quickly however, with 43% saying they have no immediate plans or initiatives to respond to this trend. To be fair, this number was closer to 60% last year which suggests that more retailers are seeing the opportunity omnichannel offers.

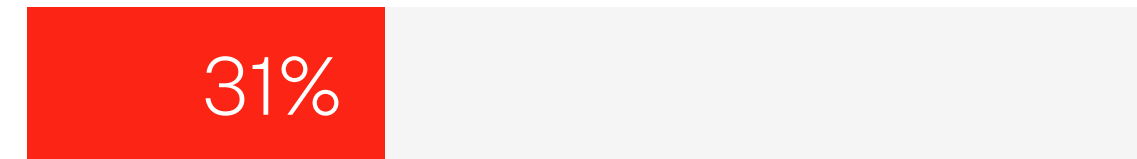
A number of online retailers are thinking about getting into physical retail, either by stocking their products at other stores or by opening up their own permanent or temporary stores. Our Foxtrot Home case study (on page 31) is a good example of a retailer evolving as omnichannel becomes more prevalent. They already have a physical showroom and are now exploring opportunities to wholesale their products to get them exposed to more potential customers.

It makes sense that retailers who have both an online and physical store are more omnichannel advanced, using the physical store to improve their shoppers' online experience.

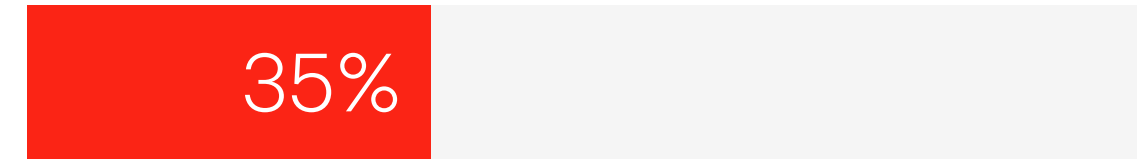
They're promoting click and collect or returning online purchases to the nearest store and many retailers, especially the larger multi-location brands, are now using local stores to fill local orders, helping speed up the delivery timeframe. Many of these same retailers are also using their online store to enhance the in-store experience, by putting product details and reviews, stock level and location information in the hands of shoppers while they are in-store.

Retailers' omnichannel plans and actions

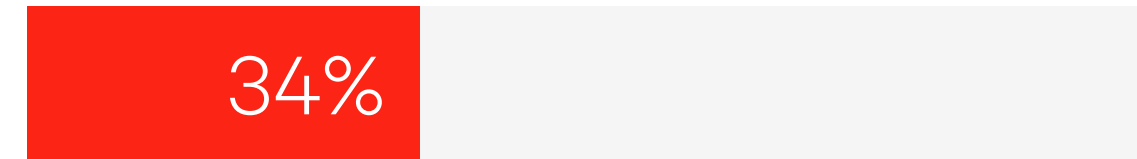
We offer **in-store return/exchange** for products purchased online



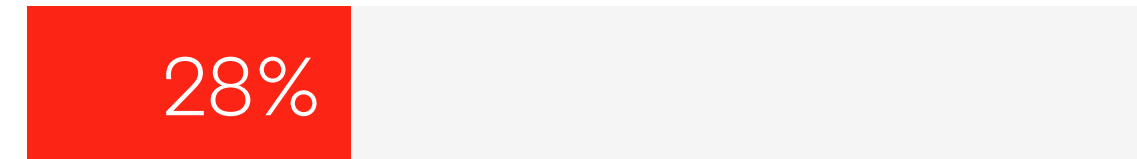
We make it **easier for shoppers to look up product** info online when in-store



We allow shoppers to **order in-store and deliver** product to their home

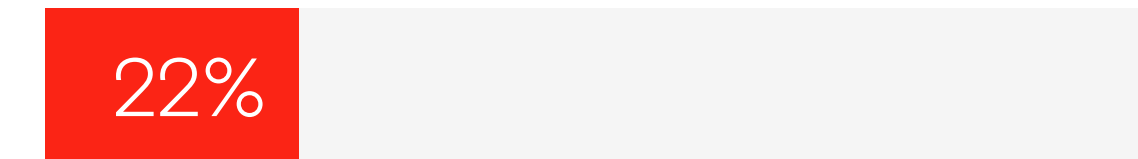


We list **stock location and availability** online for our stores

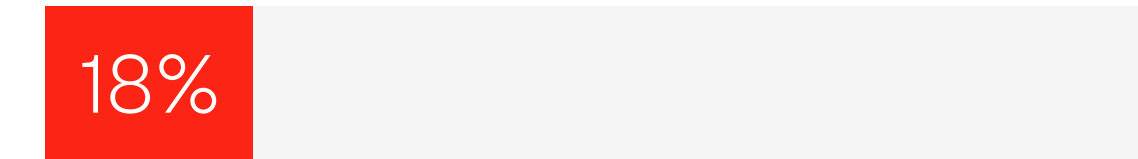


Online only retailers

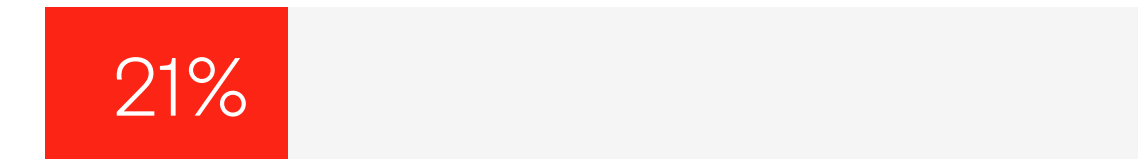
We are looking into **stocking our product to a store** (e.g. on consignments)



We are looking into **opening our pop-up store / temporary store**



We are looking into **opening our physical store** (e.g. long term lease)

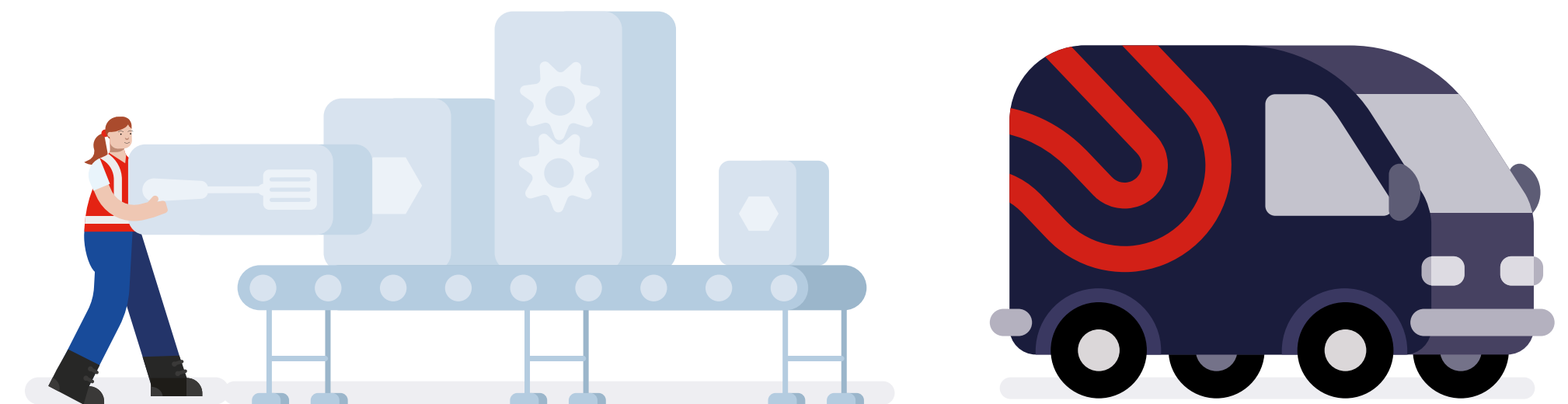


No, we **don't have any immediate plans** around physical/offline channel



Helpful hints

Regardless if you're online only or an online and physical retailer, your website is the window to your business. Shoppers use it to research what you have to offer and to compare it to the other options open to them. Make it easy for them to find the products they want and the key information about them.



The sustainability journey

Our dedicated Sustainability Research shows us that retailers have got the message that shoppers value sustainable business practices.

Over 60% of businesses have a programme to be more sustainable, implementing initiatives such as more eco-friendly materials and packaging, working with sustainable supply partners, and implementing carbon reducing actions. Over 40% claim they are tracking and measuring their carbon emissions.

61%

Have an ongoing sustainability programme or set of actions

Eco-friendly material or packaging

“We’ve already been using eco-friendly packaging since 2021 as well as ethically sourced materials.”

“We are using more and more FSC stock in the office, and environmentally friendly packaging for shipping.”

Sustainable suppliers

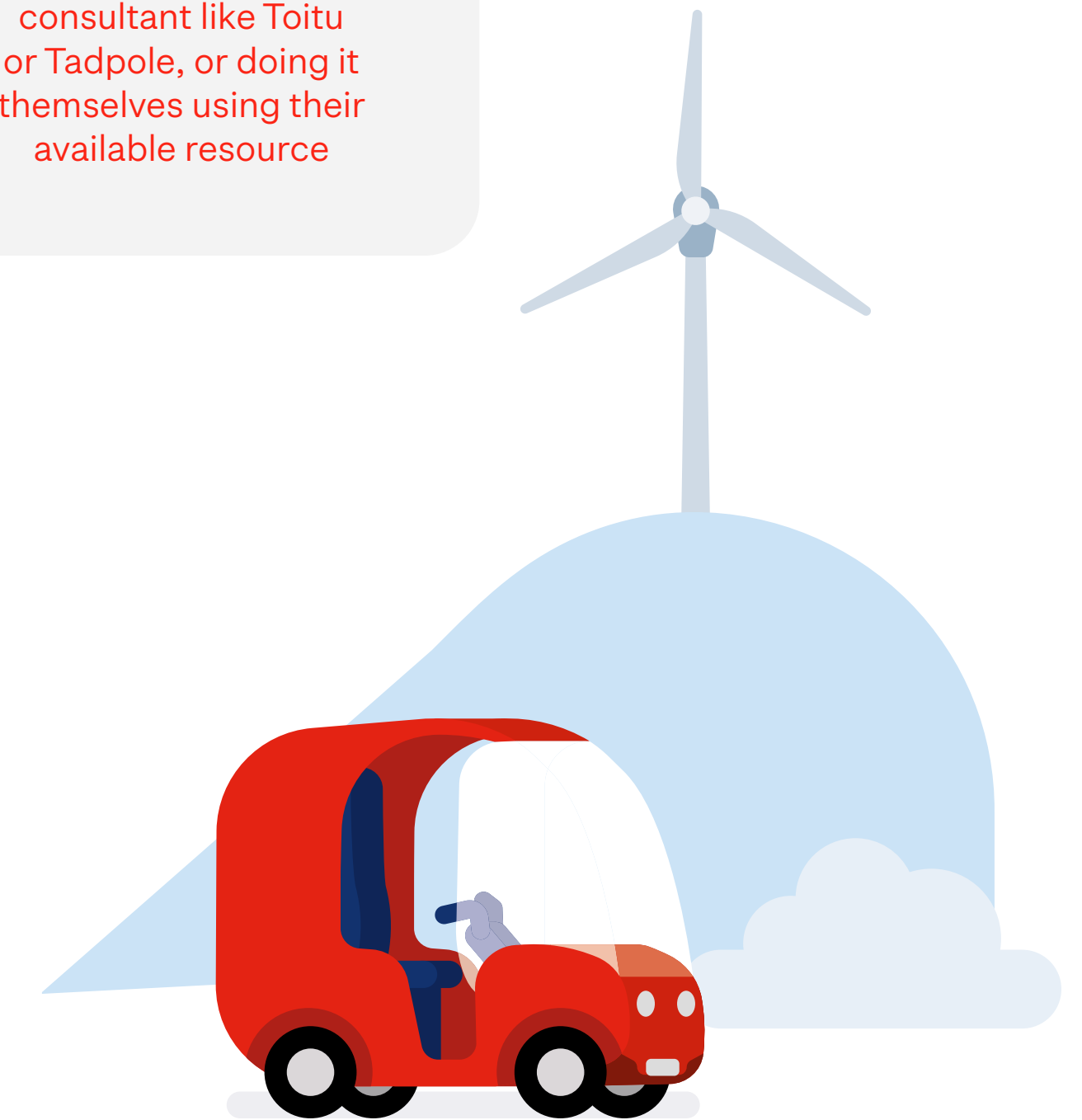
“We are actively looking at purchasing from suppliers that offer environmentally friendly products. If two suppliers provide similar products for similar prices then more consideration is given to the sustainable option.”

Minimising Carbon emissions

“We currently have a project that the team have been working on for a while now to keep our carbon footprint super low. This includes using more economical forms of travel, removing paper and switching to digital and also offsetting our carbon footprint once we’ve tried everything.”

42%

Calculate their carbon emissions using an independent third-party consultant like Toitu or Tadpole, or doing it themselves using their available resource



Note: This is a specific Sustainability Research study with 256 businesses, who regularly courier parcel conducted in February 2024. Details of the methodology can be found on page 39.

Uncovering the retailer opportunities

Throughout this report we've discussed a number of opportunities for retailers to grow their business. In this last section, we combine all our learnings from the various pieces of research to identify seven things you can do to keep growing your business in tough times and for the longer-term.

1

Short-term promotions are great for customer acquisition and cashflow but can erode your profitability. For every promotion, **think about what you'll do next to grow the lifetime value of those new customers.**

2

The delivery experience really does matter. **Find a delivery partner that make it easy for you to get things delivered to your customers quickly, correctly, reliably and with a high level of visibility.**

3

Think about the barriers that stop shoppers buying from you. Then remove them. This includes showing them your store actually exists. Sharing customer reviews. And providing easy returns.

4

Ensure your site is optimised for the search terms your customers look for. Consider search engine advertising, so your store pops-up when they search for terms that relate to you.

5

Create a great customer experience end-to-end. Are your products shown in the best way? Is the cart easy to use? Are costs and terms clear? Do you set clear expectations when things will arrive?

6

Offer some of the benefits of the physical shopping experience. e.g. live chat on your website; offer click and collect from your warehouse; attend trade shows or set up a showroom for shoppers to see and feel your products.



Looking out three years and beyond

We asked retailers to think about eCommerce in their sector over the next 3-5 years and what the key trends may be. Three key trends dominate their thinking. Interestingly, these three factors were secondary considerations last year. The two key trends identified last year were omnichannel shopping and shoppers expecting increasingly faster delivery. It seems these two aren't emerging trends anymore but the reality of online retailing. Will this year's trends go the same way?



International competition

What's the trend?

Many local retailers – especially in sectors like clothing and footwear, health and beauty, and variety – are already realising the impact of global competition. Largely the competitive threat comes from greater variety of product and the ability to offer lower prices. Differentiators like delivery cost and speed are expected to be less of a competitive advantage for local retailers in the future.

What retailers said.

“More and more people are shopping online on Chinese websites as it is much cheaper.”

“A greater variety of products is available direct online from overseas platforms like Temu, Shein and others.”

“Faster and free shipping is becoming more commonly available from overseas retailers.”



Leveraging AI more

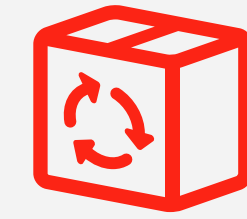
What's the trend?

The rise of AI is seen as both a challenge and an opportunity. Many retailers have a basic awareness of what the technology is but they do not appear to have a good understanding of how it will impact them or how they can leverage it to drive growth.

What retailers said.

“Artificial Intelligence would really contribute significantly to the growth of eCommerce particularly around marketing, copywriting, or advertising. Such as we could improve the product visualisation through the use of AI DALL-E.”

“Better personalization with AI in product recommendations, driving more sales.”



Sustainable and ethical business

What's the trend?

This ever increasing focus on sustainability and ethics sees shoppers actively choose retailers who can demonstrate their credentials. This is through their purpose, employment and community activities, the products they offer and the choices they make in packaging and low-impact delivery.

What retailers said.

“Consumers are becoming more conscious of the environmental and social impact of their purchases.”

“There will be increasing demand for ethically sourced and environmentally sustainable products.”

“I think there will be a highlight on sustainability in retailers e-commerce practices.”

Foxtrot Home Case Study



Growth through customer intimacy

Shopping online can be a very impersonal experience, so Foxtrot Home have gone out of their way to create a highly personalised experience. Customers feel connected to the Foxtrot community because the owners bring their passion, personality, and values to every interaction.

Foxtrot Home Case Study

Prue Watson and her sister Kate set up Foxtrot Home in 2017 while Prue had a corporate career in Auckland and Kate was raising her family in the Hawke's Bay. "The first decision was to start an online business because we were geographically separated," Prue tell us. "The next decision was to specialize in natural bedding, given we both had a passion for homewares." A business importing natural French linens and turning them into high-end bedroom products was born.

Right from the beginning Prue and Kate had a lot in common with their customers, including a preference for unique, high quality, natural products. This immediately put them in a good place to relate to, and connect with, their customers who are mostly women in their 30s-50s.

"It's important to us that our customers feel like they have a very personal experience. We want them to feel like they're getting a quality product, personalised service, value for money, and we want them to feel that if anything ever goes wrong, that we'll do the right thing by them," Prue explains.

"We wanted a business built on great customer service and integrity."

Learning and adapting

Foxtrot started on TradeMe with just a couple of linen lines. They quickly realised they needed their own online store and that was the start of a business that has continued to grow year-on-year. Prue went full-time into the business just as Covid hit, and while it created a couple of nervous moments, she saw it as the best decision she could have made. Since the start of Covid, the customer base has grown exponentially and so has the product range.

Prue tells us, "What makes our products unique is their quality, so we quickly realised that we needed to give people options to see and feel that quality." The first step was to create a service where samples were sent by courier, allowing customers to feel the textures and see the colours in their own home. It was an instant success and was soon followed by the opening of a showroom in Hawke's Bay.

Another big realisation came through the Covid supply chain challenges. Foxtrot could see the risk in relying on overseas suppliers and looked closer to home for an answer.

"We had this amazing natural fibre growing on my sister's farm in the Hawke's Bay. Expanding into wool products seemed like a very natural



step for us," explains Prue. "What made it difficult was finding a path in New Zealand to turn the wool into finished product."

An omnichannel future

Over recent months, Prue and the team have been attending trade shows and talking to retailers to see if they'd be interested in stocking their New Zealand wool products. And while they still want to largely be an online business to remain directly connected with customers, they are even more passionate about getting New Zealand wool into New Zealand households. "We've decided to go into wholesale," explains Prue. "If retailers stock the products in stores, more Kiwis can see and feel how wonderful our wool is."

But interest from local retailers is not the only potential driver for change. There's been a small, but growing, international customer base for a number of years and this is something that Foxtrot is now turning its focus to, with a number of opportunities opening up for expansion into overseas markets," says Prue. "The challenge is deciding which of these to go with, based on our capacity and the limited infrastructure for producing wool products in New Zealand."

Foxtrot Home Case Study

Sustainability

Another area that Foxtrot, and their customers, are passionate about is sustainability. “Sustainability for us is all about choosing products that have the minimum impact on the environment,” outlines Prue. “At the same time we want to offer these natural products at a price point accessible to more New Zealanders.”

Foxtrot trace all their products back to their natural source and ensure there are no nasty chemical or dyes used in the production process. At the other end of the process, they store their products in reusable bags made from recycled plastic. “We’d like to go even further,” explains Prue. “So when a cost-effective alternative to plastic is available, we’ll look to adopt it.”

Tough times

Prue acknowledges it’s tough times for consumers. “We saw more customers wait for our Black Friday sales this year.”

Though the business increased its advertising through the year, the focus was not on promoting lower prices to win business but on getting their quality natural products and personalised experience story out there. “We wanted customers to know that you get quality and value

from us,” adds Prue. The approach worked, delivering Foxtrot’s best year ever, despite the tough economic conditions.

At the same time, the business has worked hard to avoid raising their prices.

“Like many small businesses we saw costs increase across the supply chain, but we’re trying hard to not pass these on to customers.”

Connecting with customers

“Our customers are the most important part of our business,” Prue begins. “We connected with our community through social media by sharing our stories. It’s not just about our business and products, it’s also about who we are as people and the causes we support. It allows people to know a little bit more about our values and feel part of our story.”

Instagram is a key part of how they foster and grow their community. Customers share photos of how they styled their Foxtrot products, and these become inspiration for existing customers and a way to attract new customers.

Beyond social media, customers who email them will receive a personal reply from their customer services manager – there’s no auto-generated emails or email templates here. And every order still goes out with a handwritten note thanking the customer for their business. Prue explains. “It’s hard to keep doing this as we get bigger, and around Black Friday, but it’s an important part of the customer experience we want to create, so we’ll keep doing it as long as we can.”

Delivery experience

Given how important customer experience is to the Foxtrot team, it’s not surprising how much emphasis they place on a good delivery experience. “It’s an extension of our business so the customer must feel they’ll get their order when we said they would,” Prue says. “We’re able to offer tracking from the moment the order is confirmed, giving customers peace of mind their parcel is on its way.”

Foxtrot have worked with NZ Post since the beginning, choosing them because of their reliability, reach, and the effort they make to ensure parcels get through. “We’re a small business so being able to trust NZ Post to deliver the parcels – even

through natural disasters and busy sales periods - without us getting involved means we can just get on with building the business.”

Advice to others

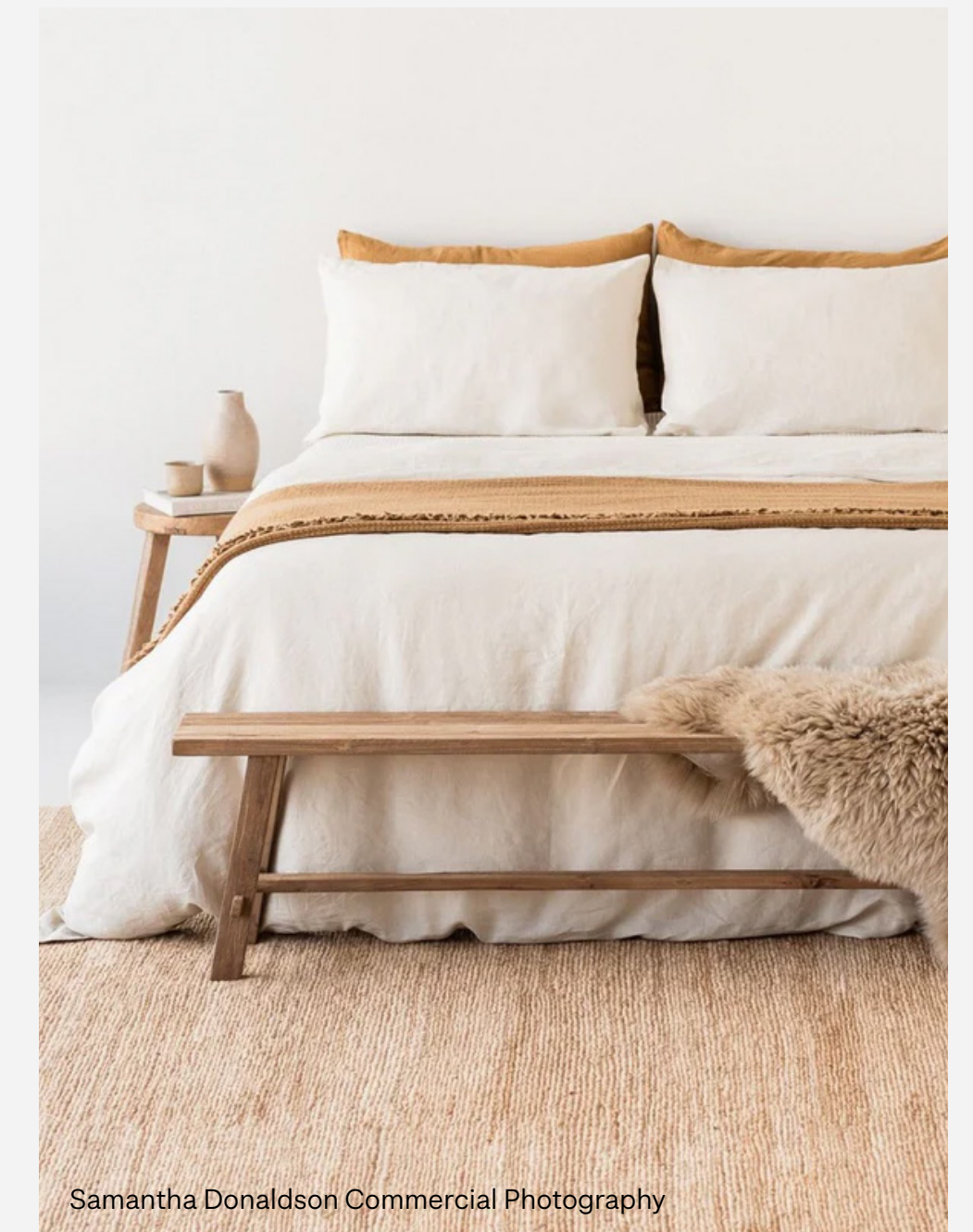
Foxtrot have experienced consistent growth by building a personal relationship with their customers. They’ve achieved this by remaining

true to their quality philosophy and by always prioritising their customers. Prue’s advice to other small Kiwi businesses is, “Help customers know and trust you by sharing your personality and stories and by genuinely caring about delivering the best customer experience possible.”

[▶ Watch the video interview here.](#)



Lisa Sun Photography



Samantha Donaldson Commercial Photography

Not Socks Case Study



The value of care

To say Not Socks is a business driven by the needs of their customers, would be understating how important a customer-first approach is to their success.

They see themselves not as seller of product but as a service entrusted by gift givers to express the language of care in the gifting experience.

This embedded philosophy has seen them grow to new heights even in the face of a tough economy and increased competition.

Not Socks Case Study

Not Socks is the number one gift-giving store in New Zealand. The single-minded focus on the needs of their customers started even before the business began trading 13 years ago. An extensive research study into Kiwis' gift-giving and receiving attitudes and behaviours, allowed them to have a deep understanding of what makes a good gift.

It turns out that 'it's the thought that counts' is more than a cliché and receivers really do value the thought put into a gift.

Not Socks co-founder, Jude Burnside, put it best "To resonate with a receiver, a good gift must show a level of understanding of them and their needs or preferences. It sends a message and shows a clear intention to deliver something that is right for them. Sometimes a well-considered \$20 gift can send a stronger message than a \$200 gift."

And that's where the name Not Socks came from. Socks were deemed the least favourable gift, because they were less thoughtful and required minimal effort.

With an appreciation that gift giving was about evoking an emotional response, the business set off to deliver three types of gift-giving experiences. The first is fun, offering something that generates a laugh when it's opened. The second is fresh, delivering something unique that the receiver hasn't seen before. And the third is thoughtful. Burnside described this as "the lovely gift you give mum on Mother's Day or a gift you give a partner. Something that shows just how much you care."

The customer experience

Not Socks is an online only business, so the website experience sets the expectations for the relationship customers have with the business. Beyond the pre-requisite of being easy to use and to navigate, what makes the Not Socks web approach unique is the structure. Rather than being based around products, the Not Socks site is designed from the customer point of view and the gift-giving occasion they are buying for.

"Customers are asking things like 'what do I buy a man who has everything?' or 'what do I get for someone who's lost a loved one?'," remarks Burnside. "By structuring

the site around the audience and occasion, we solve the customer's real problem, and make the path to purchase as short as possible."

Another key point of difference on the Not Socks website is the use of lifestyle imagery, achieving a higher emotional connection by showing a potential gift in-situ.

The sending experience

Delivering a great experience extends to every bit of the journey, from online until the gift is in the hands of the receiver. The dedicated Not Socks team of 15 go all out to ensure the gift is beautifully wrapped, to add a personalised note from the sender, and to get it dispatched as soon as possible – more often than not, that means the same day. And while this hands-on high-level of care becomes harder as the business grows, it's at the heart of what they do and that's why they keep doing it.

"Gift giving is a time-bound exercise so getting it delivered on time is critical" explains Burnside. "It must get there on or before the day of the occasion. We offer a variety of delivery options to ensure that happens."



Not Socks Case Study

Since the beginning, Not Socks have partnered with NZ Post for delivery. “We chose NZ Post because they deliver on time, almost every time. It’s that reliability that’s important to us and our customers.” The second consideration is getting gifts delivered in a good condition. Burnside adds “If the parcel arrives all scuffed up or damaged, the gift’s care message is diminished.”

The third part of the experience that makes NZ Post the preferred delivery partner is communications. “Tracking is really important”, says Burnside. “The investment NZ Post have made to keep customers informed has enhanced our service experience. Our customers are now much more relaxed about whether the gift will get there on time.”

A customer-led business Model

Around half the range is from a variety of large Australasian suppliers, with an emphasis on New Zealand. “One of the things we love is finding small businesses that are just getting going. We’ll do what we can to make it work for them and us. For example, we might pay for the order up front so they have enough to fill it”, explains Burnside. “It’s important to us to use our platform to lift other businesses up.”

The business model has evolved as they’ve gotten more sophisticated in understanding what customers are looking for. More and more they are designing and producing their own private label products, direct from factory. “Not only does it allow us to deliver unique products, it provides margin and volume, and that enables us to support the businesses we work with.”

On the other side, all their marketing is online, focusing on growing their email database, improving their search engine rankings, and advertising through Facebook, Instagram, and TikTok. “TikTok enables us to put a real personality to the brand and to make human connections”, explains Burnside. “It’s an increasing part of how we connect with customers and how they share their stories with us and with others.”

Tough economy and increased competition

While over the last year the business has conducted a number of themed sales, the focus has really been on reinforcing their customer proposition. “We knew it was going to be a tough year so we actively looked at things we could do better. We’re going to end up with our best financial year-end ever.” Burnside

describes it as a year of trying new things and learning from them, to keep adding value to customers. “We looked to speak to the problems customers were trying to solve and giving them solutions and in a way they perceive as valuable.”

Asked about low-cost competition from the likes of Temu and Shein, Burnside responds by highlighting the point of difference they offer customers.

“There’ll always be customers who compare us to others. What differentiates us is our service, our quality, our personal experience and the greater certainty of having the gift delivered on time. We’re focused on always improving what we do, rather than what others may be doing.”

Connecting with customers

Burnside describes Not Socks as a love brand, which customers have an emotional connection to. “I feel proud when I hear our customers say things like ‘I love Not Socks.’” The loyal community plays an active

role in promoting the brand and are even involved in testing new product ideas and categories. “Because they are vested in the brand, and are happy to give honest feedback,” adds Burnside.

While connecting with customers matters, ultimately it’s the reaction of those receiving a Not Socks gift that really matters. Burnside ends by

saying “the best response is hearing receivers say something like ‘Oh you went to Not Socks’. That tells us we’ve built value into the brand and that adds to the higher level of care and thoughtfulness a gift communicates to its receiver.”



Sustainability expectations

Online shoppers continue to see sustainability, via delivery methods with lower carbon emissions, as important but not at the expense of timely delivery. Most shoppers would like to see this as an option they can choose rather than something forced upon them. Cost also remains a barrier, especially in these tough times, as shoppers are not keen to pay extra for lower carbon options.

Shoppers continue to expect retailers to take actions to be more environmentally friendly, with the use of eco-friendly materials for their products and packaging at the top of the list. At the other end of the spectrum, and for the second year in a row, we see shoppers highly sceptical of carbon offset programmes. It appears, shoppers see them as a bit of a 'cop out' from taking real action to be more environmentally sustainable.

78%

Would be open to delivery options that generate less carbon emissions (like ship or train) even if delivery took longer



“We all want the best for the planet. I am happy to forgo a reasonable delay in delivery as long as they set a clear expectation.”

“Happy for there to be a fast option and low cost/low carbon option for delivery so I can choose.”

“Ideally, I’d choose the most environmentally friendly option but there may be times I need an order shipped sooner/urgently.”

“I’m ok with waiting longer. I don’t really want to pay extra.”

Expected action to be an environmentally responsible business (Top 3)

71%

Using environmentally friendly materials for their products or packaging

60%

Moving from fossil fuel to renewable fuels for their logistics

Freight trucks with biofuels, hydrogen trucks

50%

Providing a recycling or takeback scheme for their products of packaging to reduce waste

Recycling packages from your online shopping



Note: This is a specific Sustainability Research study with 603 shoppers, who send or receive parcels, conducted in February 2024. Details of the methodology can be found on page 39.

Committed to helping you grow your online business

At NZ Post we're passionate about eCommerce and helping Kiwi online retailers. We know our success comes from supporting your success and that's why our promise to you is: the best delivery experience for your customers.

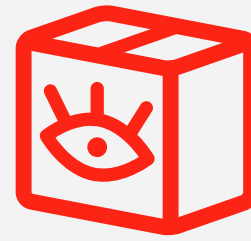
We deliver this promise in many ways including our products and services. We offer a range of industry-leading products which let you give customers genuine choices to match delivery speeds and prices to their needs.

Leading products are supported by integrated technology solutions enabling retailers to deliver a faster and more accurate end-to-end customer experience, with less effort.



Reach

New Zealand's unmatched delivery network, reliably reaching your customers anywhere in the country and around the world.



Visibility

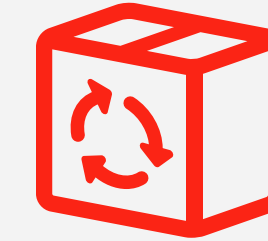
Providing access, transparency, clarity, and choice on the progress of deliveries – and the ability to make changes – for your customers.



Insights

Sharing on-going research and trend analysis of the evolving e-commerce market, delivery needs and preferences of online shoppers.

Subscribe to NZ Post BusinessIQ and get alerts as new data, trends, insights and resources are added:
www.nzpostbusinessiq.co.nz



Sustainability

Shoppers and retailers are increasingly concerned about their impact on a more sustainable world. We're a leading example with our commitment to reducing emissions, supporting communities, living wage for all employees, and much more.

Talk to us about how we can help

Email
businessenquiries@nzpost.co.nz

Visit
nzpost.co.nz/business

Or talk to your NZ Post Account Manager.



Did you know?

We are New Zealand's most trusted courier company. When your customers trust the brand that delivers your packages – they trust you.*

Brand trust influences whether consumers choose to repeat purchase**

*Independent Brand tracking study, NZ Post, (October, 2023)

**Brand Preference Data, TRA, (April 2023)

NZ Post grows online sales.

Latest research data from 2023 interviewed 1,000 online shoppers and demonstrated that there was a 9% increase in repurchase when NZ Post* was the courier.

*The Impact of Retailer Delivery Experience, TRA, 2023

Research methodology



Online shopper survey

- Conducted online in February 2024.
- A mix of 600 shoppers with varied frequency of online shopping, excluding those who didn't shop online regularly.
- Respondents bought a range of categories including homeware, appliances & consumer electronics; clothing and footwear; department stores; entertainment and books; food and groceries; health, beauty, and personal care products.



The impact of delivery experience research

- Conducted by independent research house, TRA in October and November 2023.
- Online survey with 1000 respondents. Each respondent had purchased something online, and delivered, in the previous three months.
- Each respondent must have purchased at least one of the following four categories: Clothing and footwear; Food, drink, or alcohol; Homewares and small furniture; and Personal electronics.



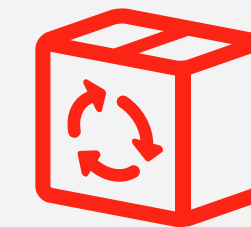
Retailer survey

- Conducted online in February 2024.
- A mix of 250 retailers in different roles including business owners, senior management, sales and marketing, and eCommerce professionals.
- A mix of businesses who sell through physical and online channels and businesses who only sell online.
- Representatives from a range of industries including homeware, appliances & consumer electronics; clothing and footwear; department stores; entertainment and books; food and groceries; health, beauty, and personal care products.



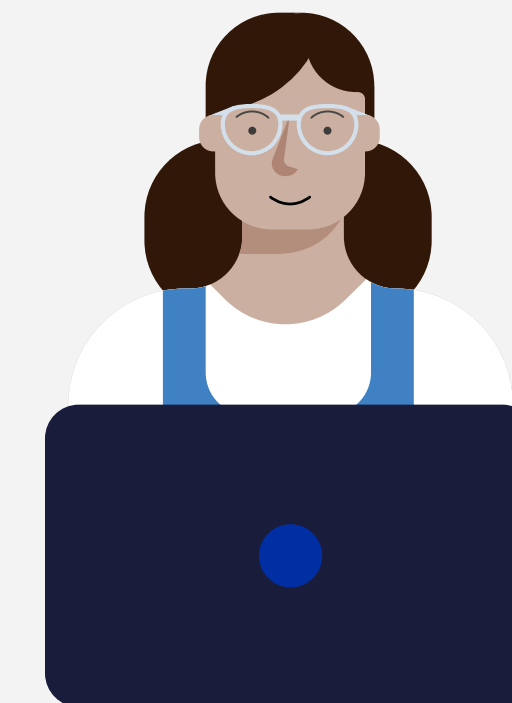
Global Study – IPC Cross-border Ecommerce Shopper Survey – New Zealand report

- Conducted online in September 2023 in 41 countries including New Zealand by International Post Corporation (IPC).
- New Zealand Sample size: 1,063 respondents in NZ and 120 responses from global consumers who bought from New Zealand.
- Target group: Frequent cross-border online shoppers, who have bought physical goods online at least once in the last three months and have made a cross-border online purchase in the past year. Quotas were applied to get an even gender split and representative age sample.



Sustainability research 2024

- A nationally representative of 603 end consumers (parcel senders or receivers).
- A mix of 256 business decision makers who send parcels regularly .



Acknowledgments

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