

1.0

THE FACTS

| | |
|--|----|
| 1.1 Snapshot of eCommerce in NZ | 8 |
| 1.2 Who's buying online? | 12 |
| 1.3 What are they buying? | 16 |
| 1.4 Where are they buying from? | 18 |
| 1.5 When are they buying? | 24 |
| 1.6 Emerging trends: Event Days – A double-edged sword | 26 |
| 1.7 Emerging trends: The continued growth of Buy Now Pay Later (BNPL) | 28 |

As ever, good data can tell us what New Zealand online shoppers actually did in 2019. Knowing this can help you make informed decisions about growing your business.

In this opening section of our review, we have turned once more to Datamine for their 2019 transactional card data to uncover some key insights into Kiwi shopping behaviour. We see who's buying, what, when and from where and we spotlight the important changes over 2019. We also highlight trends that retailers should continue to take note of.



Snapshot of eCommerce in New Zealand

By the end of 2019, online retail spend accounted for 9.8% of total retail spend. Up almost a whole percent on 2018 and worth a staggering \$4.7 billion. What's even more impressive was that offline bricks and mortar retail growth was flat in 2019. Once again, domestic online spend continued its standout growth at 17% - just slightly down on 2018 but impressive by any count. The story was very different for International online spend growth which continued to slow, down again to just 4.9% growth compared to 10% in 2018.

New Zealand online shoppers hit an important milestone in 2019 with some two million Kiwis now shopping online. That's nearly 50% of the adult population. Imagine, for every 1,000 shoppers, 500 are heading to their favourite online stores. What's more, they're spending up, with spend per online shopper increasing by 10% from \$2,134 to \$2,349.

There are some serious regular* shoppers doing the bulk of the online buying. This growing group accounts for 86% of all transactions – spending roughly \$106 per transaction. That's up 4% over 2018.

While only contributing 15% of the spend, irregular shoppers tend to go large when they do shop. Outspending their regular counterparts by 8% with \$115 spent per transaction. Of regulars, 9% of them contribute a massive 41% of total spend.

The online basket size continues to grow and once more it's a tale of two markets. Domestic triumphing over the International basket by over \$45 per transaction – which is encouraging news for our local online retailers.

*Regular shoppers are defined by completing more than 12 transactions a year.

Key highlights of the year:

9.8%

OF ALL RETAIL SALES
ARE NOW ONLINE.

\$4.7^b

SPENT ONLINE IN 2019.

2.4%

GROWTH IN TOTAL
RETAIL SPEND.

13%

GROWTH IN
ONLINE SPEND.

17%

GROWTH IN
DOMESTIC SPEND
**5% GROWTH IN
INTERNATIONAL SPEND.**

50%

OF ADULT
NEW ZEALANDERS
NOW SHOP ONLINE.

9%

OF ALL SHOPPERS
CONTRIBUTE 41% OF
ONLINE SPEND.

20%

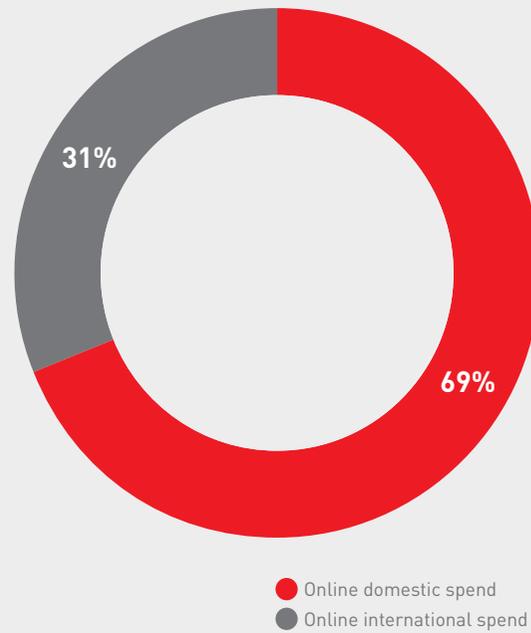
GROWTH IN ONLINE
CLOTHING &
FOOTWEAR SPEND.



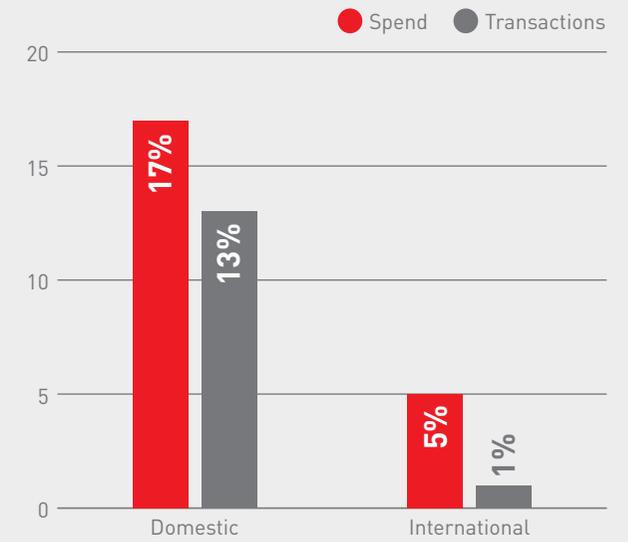
Shoppers vs non-shoppers
2019



Total online spend
2019



Domestic vs international spend and transaction growth
% 2018 to 2019



The growth of online shopping has come from both new shoppers and existing shoppers buying more often and spending more each time.

Comparison of key online shopping metrics
2018 vs 2019





Who's buying online?

Getting an accurate picture of your online shopper isn't always easy. Knowing just who is browsing, purchasing or returning behind the anonymity of the computer keyboard or mobile device, is tricky. But transactional card data is revealing and can help us build an accurate image of your customer - their age, their gender and location, plus their transactions. This is the gold that can shape your marketing and eCommerce strategy for the year ahead.

While we know more than 50% of adult New Zealanders are now shopping online in 2019, where is the growth actually coming from? The answer is the younger market. The online spend with shoppers aged 30-44 years, with 13% spend growth, has overtaken the spend of shoppers aged 42-59 years who were, on average, the biggest spenders in 2018.

This 30-44 age group also has the highest online penetration, with 60% of this age group shopping online. They have an annual spend per shopper - topping out at around \$2,548. Their slightly older counterparts in the 42-59 group, don't go home empty handed. They still hold the highest spend per transaction, at \$122 and the highest annual average spend per shopper at \$2,625.

But it's in the even younger under 30s age bracket where the growth in online spend is the most impressive at 22%. Like last year, female buyers in this group are driving the spend and make up 53.4% of shoppers. Those under 30s females living the rural life continue to outspend their urban sisters with a \$83 basket size, compared to the urban basket of \$76.

Despite popular belief, the gender gap in New Zealand online shopping is very small, with women only shopping slightly more than men. On the other hand, men still lead the way for bigger purchases, though this lead is slowly being whittled away by female shoppers with the average annual spend gap last year at \$154 compared to \$211 in 2018.

50%

OF NEW ZEALANDERS
NOW SHOP ONLINE.

41%

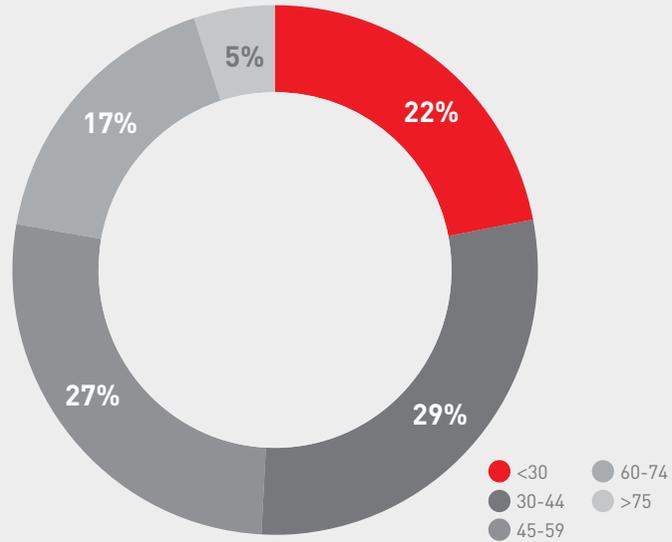
OF ONLINE SPEND MADE
BY 9% OF SHOPPERS.

13%

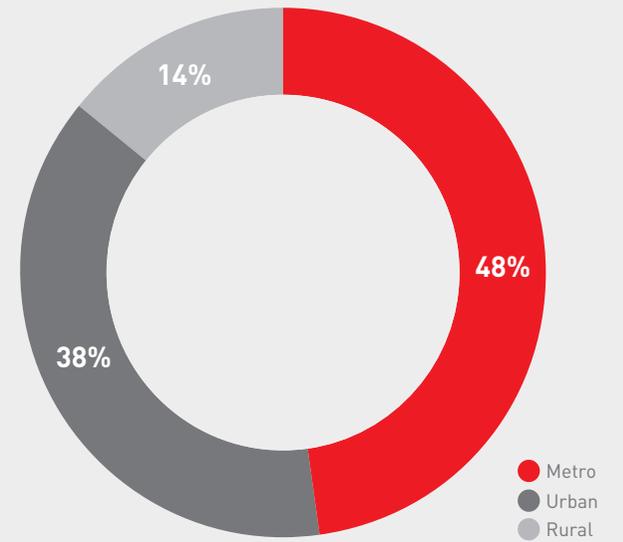
INCREASE IN SPEND FROM
THE 30-44 AGE GROUP -
THE BIGGEST GROUP.

As online shopping becomes more widespread the gender, age and urban/rural gap is beginning to close.

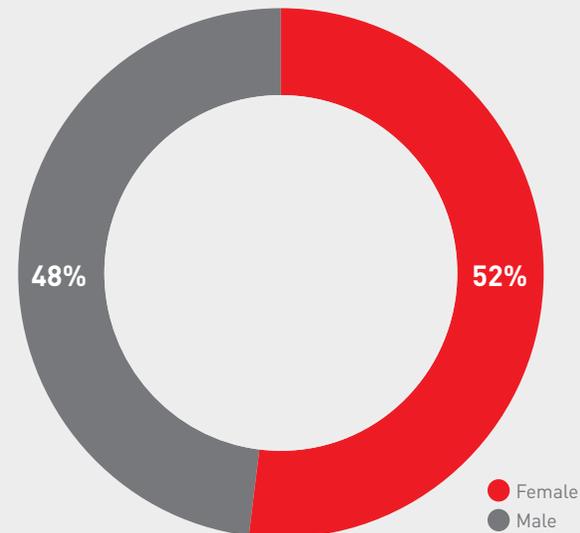
Age
2019 Online Shoppers



Location
2019 Online Shoppers



Gender
2019 Online Shoppers



Profiles of New Zealand's online shoppers by age group

SECTORS

-  DEPARTMENT, VARIETY & MISC RETAIL STORES
-  SPECIALITY FOOD, GROCERIES & LIQUOR
-  HOMEWARE, APPLIANCES & ELECTRONICS
-  CLOTHING & FOOTWEAR
-  HEALTH & BEAUTY
-  RECREATION, ENTERTAINMENT, BOOKS & STATIONERY

Age <30



43%
OF THIS AGE GROUP SHOPPED ONLINE IN 2019

43%
REGULAR SHOPPERS*

53%
ARE FEMALE

17
YEARLY TRANSACTIONS
↑ 1 FROM 2018

52%
LIVE MAIN METRO

\$81
AVERAGE BASKET SIZE
↑ \$8 FROM 2018

\$1,368
AVERAGE ANNUAL SPEND PER SHOPPER

KEY SECTORS



Age 30-44



60%
OF THIS AGE GROUP SHOPPED ONLINE IN 2019

51%
REGULAR SHOPPERS*

52%
ARE FEMALE

24
YEARLY TRANSACTIONS
↑ 1 FROM 2018

53%
LIVE MAIN METRO

\$107
AVERAGE BASKET SIZE
↑ \$5 FROM 2018

\$2,548
AVERAGE ANNUAL SPEND PER SHOPPER

KEY SECTORS



Age 45-59



57%
OF THIS AGE GROUP
SHOPPED ONLINE IN 2019

47%
REGULAR SHOPPERS*

52%
ARE FEMALE

21
YEARLY TRANSACTIONS
NO CHANGE FROM 2018

48%
LIVE MAIN METRO

\$122
AVERAGE BASKET SIZE
↑ \$5 FROM 2018

\$2,625
AVERAGE ANNUAL SPEND
PER SHOPPER

KEY SECTORS



Age 60-74



48%
OF THIS AGE GROUP
SHOPPED ONLINE IN 2019

36%
REGULAR SHOPPERS*

51%
ARE MALE

16
YEARLY TRANSACTIONS
NO CHANGE FROM 2018

43%
LIVE URBAN

\$113
AVERAGE BASKET SIZE
↑ \$2 FROM 2018

\$1,807
AVERAGE ANNUAL SPEND
PER SHOPPER

KEY SECTORS



Age 75+



29%
OF THIS AGE GROUP
SHOPPED ONLINE IN 2019

23%
REGULAR SHOPPERS*

50%
ARE MALE

10
YEARLY TRANSACTIONS
↓ 1 FROM 2018

52%
LIVE URBAN

\$100
AVERAGE BASKET SIZE
↑ \$1 FROM 2018

\$1,028
AVERAGE ANNUAL SPEND
PER SHOPPER

KEY SECTORS



What are they buying?

In 2019, Kiwi online shoppers, for the most part, stuck to the script. In an encore of 2018, Department & Variety dominated shopper activity but it was Clothing & Footwear that put in the stand-out performance with growth in spend up 20%. The other key area of continued growth was shoppers actively choosing to buy locally.

Department & Variety held on to its lead as our biggest online sector – accounting for 30% of all online spend. There was a slight easing in spend growth, dropping out of double figures to just 8%, with transaction growth at just 2%. Again, Kiwi shoppers favoured the domestic retailers over their international counterparts and outspent them by \$891 million to \$532 million.

The good times continued to roll for domestic retailers in the Clothing & Footwear sector as sales growth continued to climb by 36% with 34% growth in transactions. What this boils down to in money terms, is a jump from \$453 million in 2018 to \$616 million in 2019. A lot of it at the expense of international sales which saw 2% growth in spend but an 8% fall in transactions. Clear evidence once again, that the Kiwi domestic online clothing market has gained the upper hand.

Speciality Food, Grocery & Liquor came off its peak of 23% spend growth in 2018 to 18% spend growth in 2019, driven predominately by home meal kits, made popular by My Food Bag and new entrants like Hello Fresh, as well as the increase in home delivery of groceries.

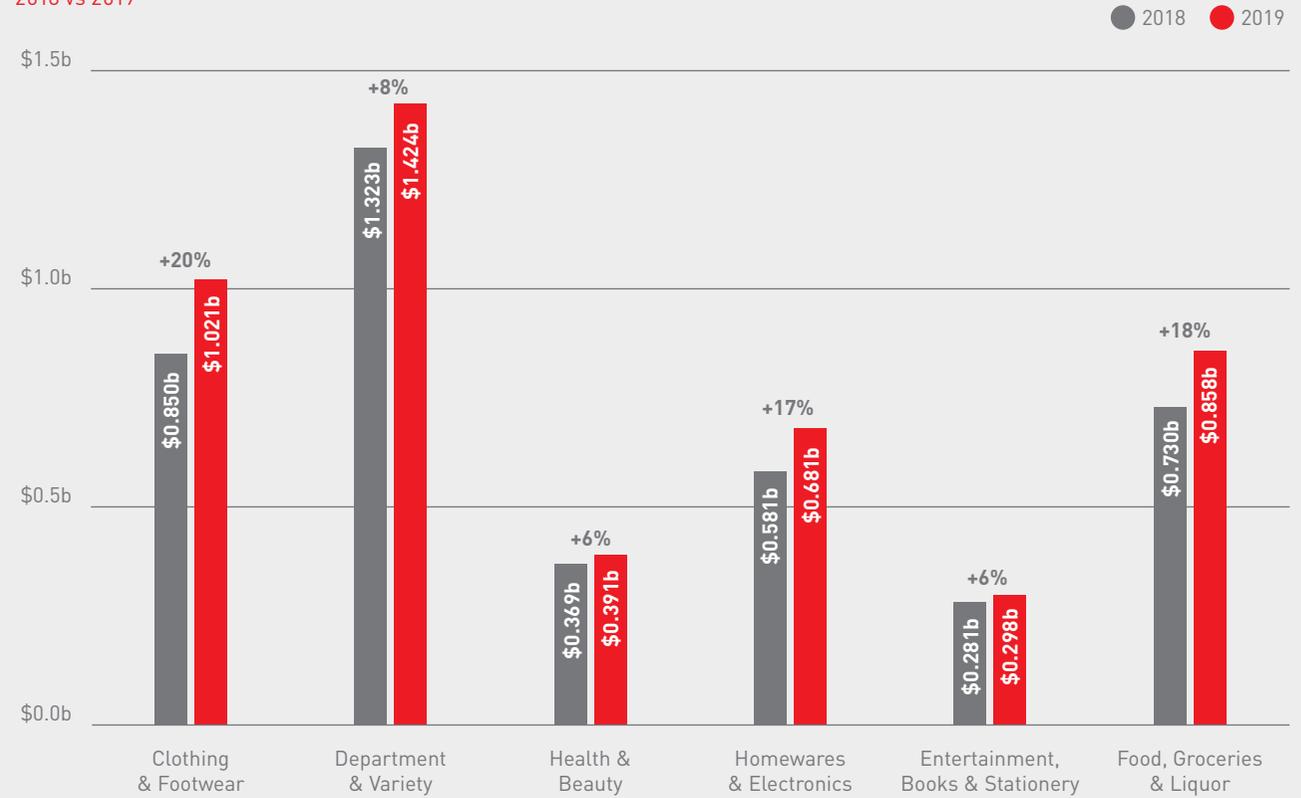
Go to 4.0 'What's happening in your sector?' to read the full details for each sector.

30%

OF ALL ONLINE SPEND WAS IN THE DEPARTMENT & VARIETY SECTOR.

All sectors experienced strong sales growth in 2019.

Total spend online by sector
2018 vs 2019



Where are they buying from?

Where are buyers located?

While it won't surprise anyone that the North Island has over 76% of the online spend, it was the South Island that dominated the growth in 2019. Online spend in the South grew by 19% compared to 14% in the North Island.

The South Island surge was led by the Southland region with online spending growing at a surprising 27%. Neighbouring Otago and Canterbury pulled in double figures, too – with 19% growth a piece. The roll out of ultrafast fibre in the regions could explain some of the growth. Tempering this surge slightly, is the Southland and Canterbury basket sizes which at \$96 are the second lowest in the country.¹

1/3

OF ONLINE SPEND IS FROM THE AUCKLAND REGION.

36%

OF KIWI'S INTERNATIONAL SPEND IS IN CHINA.



27%

SOUTHLAND
REGION ONLINE
SPEND GROWTH

The Auckland region retained its leadership for online shopping across the board with the highest spend, transactions and spend per transaction. But their share of the spend percentages seems to have peaked, growing by only 6% and dropping slightly in overall spend from 36% in 2018 to 34% in 2019.

Elsewhere in the North Island, Manawatu-Whanganui and Waikato continue to impress with spend growth figures of 18% and 16%, respectively. The Waikato just marginally down on 2018 figures of 20% growth. The Wellington region saw 12% growth in online spend, now making up just over 12% of New Zealand's total online spend.

While the big cities continue to dominate online sales, 2019 saw growth from the smaller urban centres and from the rural sector – they grew by 13% and 12% respectively. They now make up 36% and 15% of the total online spend.

Where are they purchasing from?

Throughout 2019, New Zealand domestic spend continued to grow impressively with an average growth of 16.5% across our six sectors. That accounted for some \$3.23 billion in online spend, against \$1.44 billion which was spent on overseas purchases.

The local favourites according to Statista's June 2019 figures – excluding supermarkets, were The Warehouse with \$151 million and Mighty Ape with \$104 million – closely followed by Noel Leeming, PB Tech and Farmers.

Like many countries our international shopping is dominated by a few large players. AliExpress continued to stretch its lead as a favourite destination for the Kiwi online shopper increasing its market share to 23%. Amazon and Wish were on equal footing of 11% share, whereas the fortunes of eBay took a knock and it dropped to 11% in 2019 from a high of 14% in 2017 according to the latest IPC figures.²

Price remains the main driver for overseas purchases for over 58% of shoppers and the unavailability of products locally, was cited by over 44%. So, there's little change in the Kiwi shoppers' motivations over the past year and domestic retailers continue to face the same challenges of price and range.

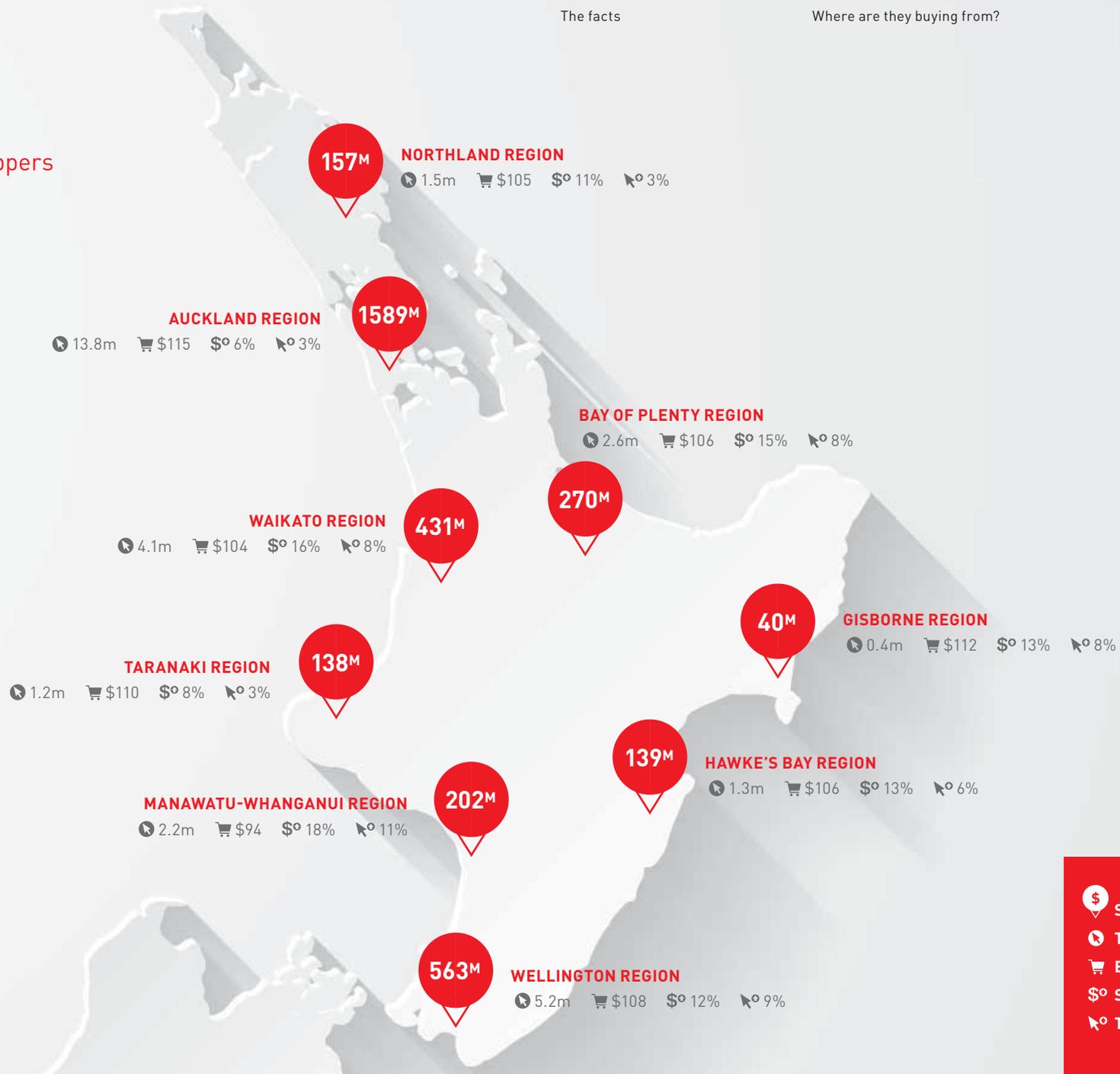
As expected, China once again took the lion's share of New Zealand's cross-border purchases with 36%, up slightly from the 33% figure we saw in 2018. Our close neighbour, Australia edged up to 23% and the USA was a steady attraction with 18% share. The United Kingdom, however, appears to have fallen out of favour with Kiwi shoppers and saw the largest fall of spend with a 4% decline.

Given that the New Zealand domestic market has been performing so well, and with the introduction of GST on imports in late Q4, it's not hard to imagine a further increase in the domestic market share and a fall in overseas purchases. Half of New Zealand's overseas purchases are below \$37, so it only takes a small impact, such as a falling Kiwi dollar and added GST to make the purchase far less desirable.

1 Enable. <https://www.enable.net.nz/media-releases/enable-aims-to-end-2018-with-90000-fibre-broadband-customers/>

2 Source: Cross-border eCommerce Shopper Survey 2019, Country report - New Zealand (December 2019) International Post Corporation.

Where online shoppers live by region:



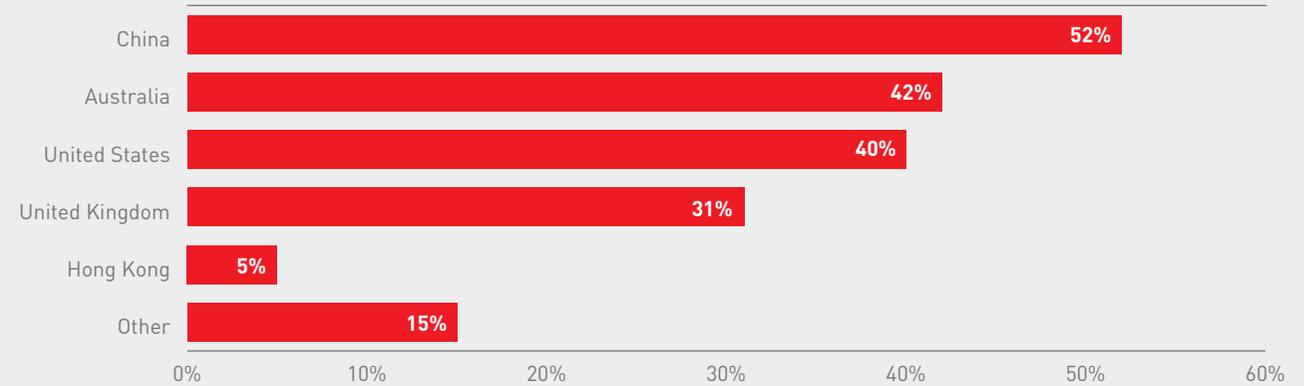
- \$ Spend
- 👤 Transactions
- 🛒 Basket size
- 📈 Spend growth
- 📈 Transaction growth



Half of New Zealand's overseas purchases are below \$37.

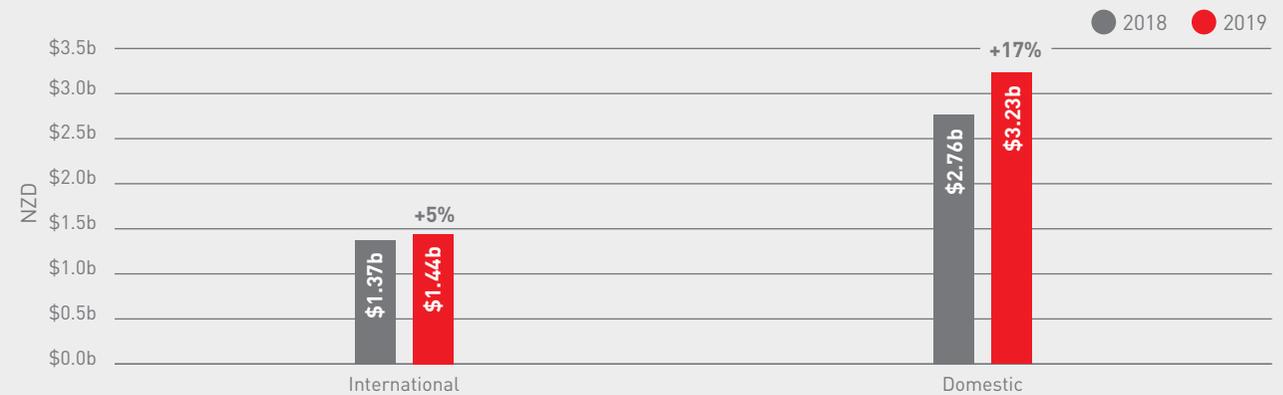
The countries New Zealanders have purchased from 2019

Source: Cross-border eCommerce Shopper Survey 2019, Country report – New Zealand (December 2019), International Post Corporation



Online sales growth – international vs domestic retailers

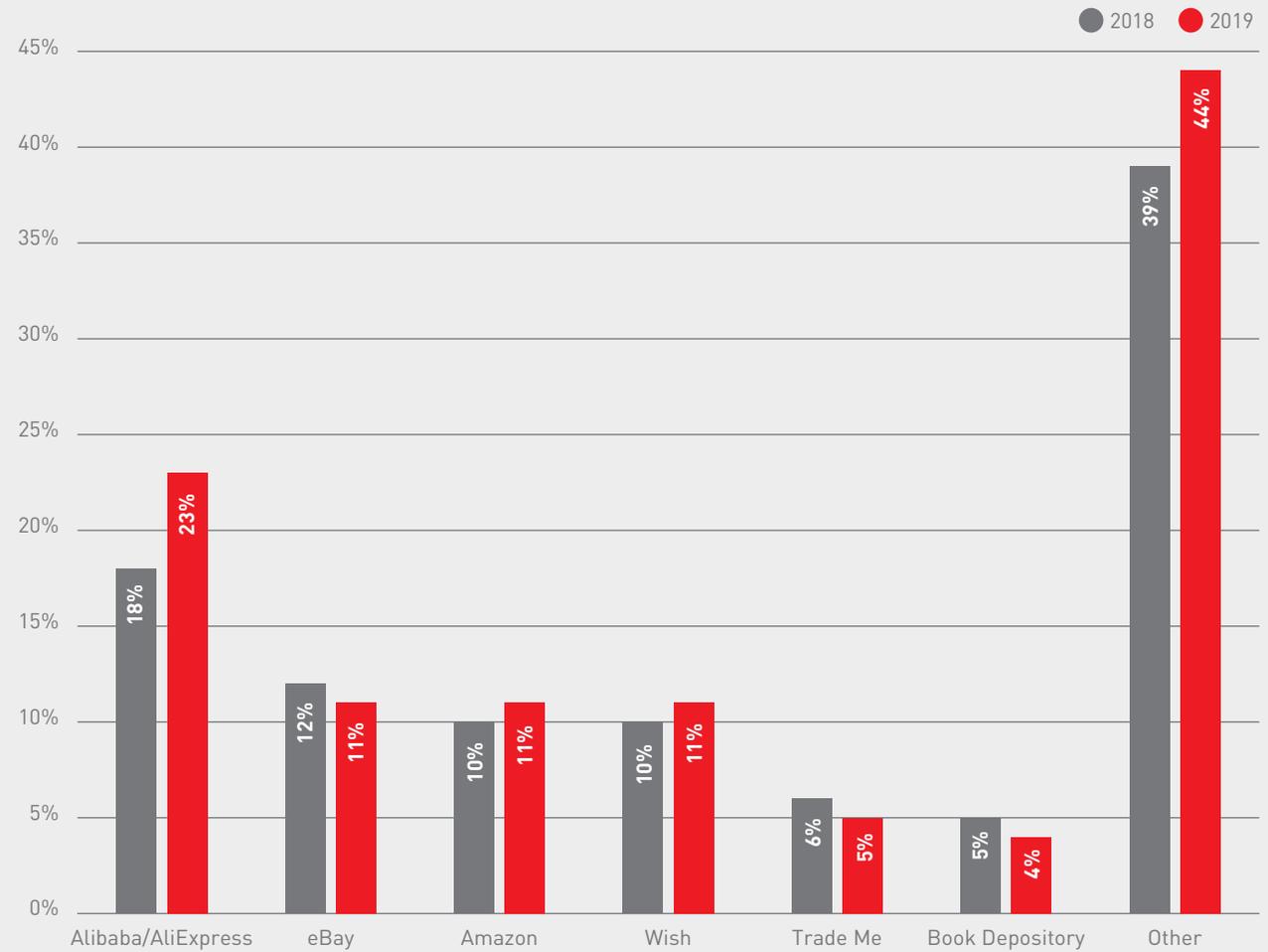
2018 vs 2019



Alibaba, eBay, Amazon and Wish continue to take the lion's share of Kiwi's spend.

Websites New Zealanders bought from 2018 vs 2019

Source: Cross-border eCommerce Shopper Survey 2019, Country report – New Zealand (December 2019), International Post Corporation



When are they shopping?

In terms of annual shopping patterns, 2019 was a repeat of 2018, with steady sales over the first three quarters followed by everything ramping up in Quarter 4 (Q4), especially from Black Friday/Cyber Monday onwards. Online transactions grew from Q1 to Q3, with each quarter 5-6% higher than the year before. Q4 grew by 12%, marginally higher the same quarter in 2018.

Domestic growth continued to dominate in 2019 Q4 with 17% growth over 14% in 2018. And international growth eased again to just 5% growth compared to 6% growth in Q4 2018.

Weeks 47 to 52 are peak period for all shopping. The highest offline sales week was the week leading up to Christmas. For online shopping the highest week was in week 48 (early December) when online transactions peaked at 1.3 million.

The big online shopping events of Black Friday and Cyber Monday fired up the peak shopping period as expected, albeit a week later than 2018, falling on November 29 and December 2nd respectively. And the figures didn't disappoint, with transactions growing 12% from the previous year. In comparison, offline transactions only managed 0.3% growth throughout the year. But they enjoyed a 14% jump over 2018, during the Black Friday/Cyber Monday week.

Black Friday/Cyber Monday transaction patterns for 2019 were different to those in 2018. For the three days that lead to Black Friday, transaction growth was greater than 18%. Black Friday experienced growth of 21%. The highest transaction growth occurred during the weekend, with Saturday at 38% and Sunday at 33% growth. Cyber Monday itself had 16% transaction growth.

12%

INCREASE IN Q4
TRANSACTIONS.

21%

GROWTH IN BLACK FRIDAY
ONLINE TRANSACTIONS.

16%

GROWTH IN CYBER MONDAY
ONLINE TRANSACTIONS.

Section 1.5

These special online event days are certainly continuing to gain in popularity and the newest, Singles Day experienced a whopping 48% growth in transactions over last year.

In the next section, we take a detailed look into these special online event days – but suffice to say they are key events every eCommerce retailer needs to consider when planning, to take advantage of the obvious shopper demand for these events and to take advantage of the exceptional growth.

As we saw in 2018, Tuesdays are still the most popular online shopping days with 18% of online shopping occurring on that day. This peak is closely followed by Wednesday at 16% and there has been a slight shift to Fridays, now at 14% compared to 13% in 2018.

It seems weekends are becoming weekends once more, with shoppers taking a little break from online shopping. Transactions on Saturdays and Sundays have fallen, down from 11% and 12% respectively in 2018, to 9% and 10% in 2019. It's not all one way traffic though with Health & Beauty and Speciality Food, Groceries & Liquor weekend transactions growing.

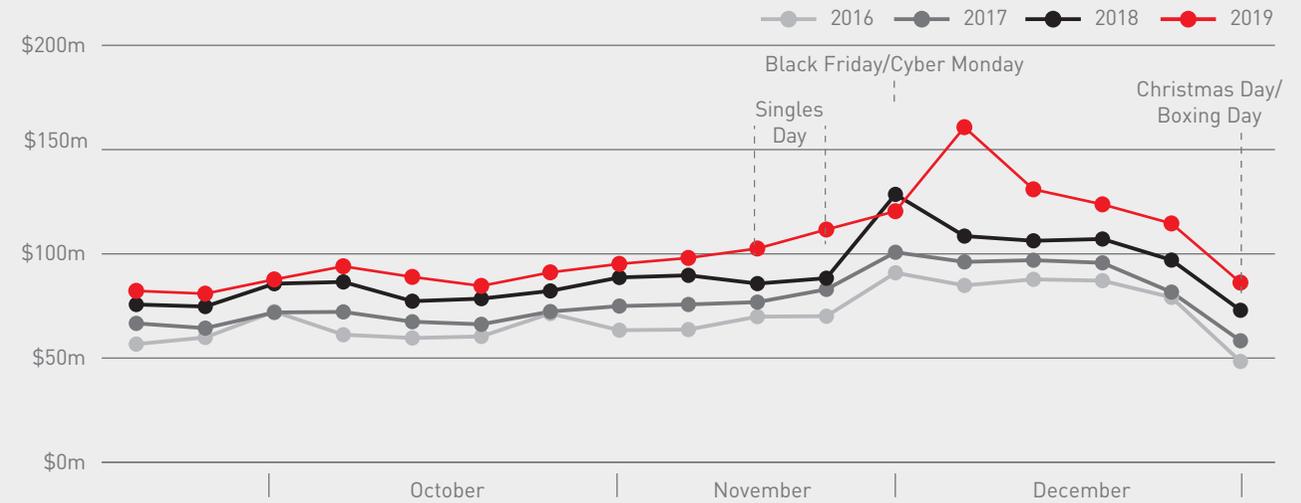
48%

GROWTH IN SINGLES DAY
ONLINE TRANSACTIONS.

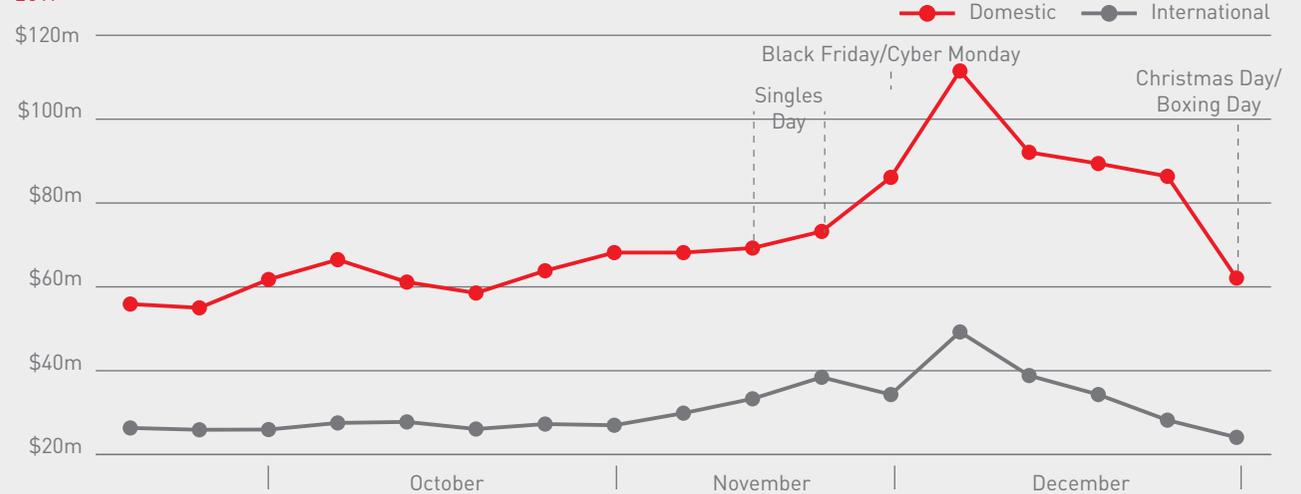
The facts

When are they buying?

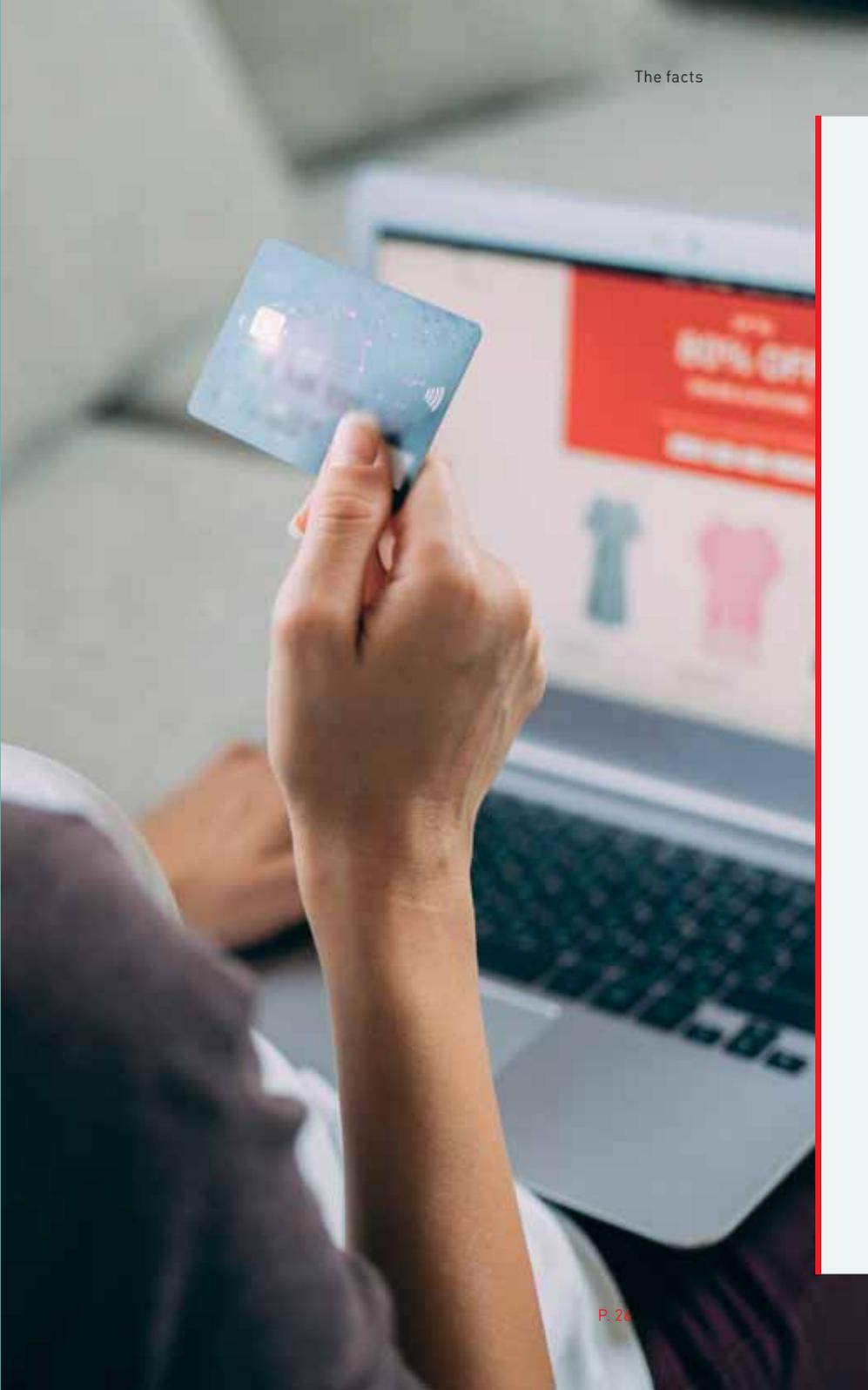
Total online spend last quarter
2016 to 2019



Total online spend domestic vs international
2019



Emerging trends



Event days – a double-edged sword

In last year's Full Download, we highlighted the rising popularity of Black Friday and Cyber Monday. This year we look at the impact of those trends on more traditional sales events like Boxing Day and discuss the challenges and opportunities for retailers.

In 2019 Kiwi shoppers spent a record \$11.6 billion in the lead-up to Christmas, due largely to the Black Friday/Cyber Monday sales in November/December, according to Paymark's eftpos figures. The Black Friday spend alone was \$100 million more than Boxing Day.

First Retail Group managing director Chris Wilkinson said Black Friday 2019 marked a shift to consumers spending sooner, and becoming more "planned and purposeful".¹

Much of that shift was driven by the retailers themselves who are starting their Black Friday sales by as much as two weeks earlier. Such is the pressure on retailers to make the most of this period that week-long Black Friday/Cyber Monday events are now common and some observers are even beginning to call the period "Black November".

Black Friday. Not all in the black.

In 2019, the three days leading up to Black Friday experienced an online transactions growth of 23% with the Thursday before Black Friday climbing 28% over 2018. But it was over the weekend where the real online transaction growth kicked-in with the Black Friday/Cyber Monday weekend soaring to 13% growth on the Saturday, and 23% growth on the Sunday.

For the retailers, it wasn't all positive, The Warehouse reported that Black Friday sales actually compressed their peak Christmas trading period which combined with other factors like cooler weather, led to lower sales growth. This was echoed by the Chief Executive of the Briscoes Group, Rod Duke who said Black Friday was putting pressure on the retailer's profits.

"We operate in highly competitive markets, and while the trend towards major event-based campaigns, such as Black Friday and Boxing Day, have wide customer appeal, they do come at the cost of gross profit percentage."²

Could Black Friday lose its lustre?

The widening spread of the Black Friday sales period is having several effects. The heat of Black Friday is being dissipated and if we follow US trends, Cyber Monday could become the net beneficiary. Black Friday may get more browsers, but Cyber Monday seems to be getting the buyers.

This make or bust sales Q4 period is creating fierce competition amongst retailers, who know they have one chance to hit their figures. In NZ Post's 2020 Online Retailer Survey, retailers are already signalling their concern that the power of the Black Friday/Cyber Monday event is creating intense quiet periods either side that are hard to manage.

This problem is further exacerbated by the rising popularity of Singles Day (11/11) which coming a few weeks prior is seen as a bit of a warm up to the main event. In New Zealand, online transactions for Singles Day grew by a massive 48% to approx 200,000 in 2019. This was much larger than the 12% growth seen in 2018.

While Singles Day is still a relatively small event in New Zealand, its financial worth to New Zealand e-tailers targeting the Chinese home market can't be ignored. Dairy giant Fonterra announced that 2019 Singles Day was their most successful day yet, with sales of over \$30 million.

But there were plenty of smaller Kiwi retailers profiting from Singles Day. Ecostore sold 340,000 products worth \$2.36 million in 24 hours. Just under half a million Chinese customers visited their online store on the day, up 12%. The power of the mobile device clearly evident with 99% of sales made via mobile phone.³

If the Q4 period wasn't busy enough already, a new Chinese event Double 12 (12/12) is rising fast. This Alibaba invention is supposedly for smaller brands who got trampled on, on Singles Day. Its growth, like everything in China, is phenomenal with 110 million consumers taking part.

Special events are clearly too big to ignore. However, the challenge for New Zealand retailers is not to create bigger, and more impactful multi-day events in Q4, but to look for ways to create a more even spread throughout the year, and to protect their already squeezed margins.

¹ <https://www.stuff.co.nz/business/118703018/black-friday-helps-set-a-record-116b-christmas-shopping-spreed>

² <https://www.stuff.co.nz/business/119227942/black-fridaysales-promotions-put-pressure-on-profits-briscoes-boss-says>

³ https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12284691

23%

GROWTH IN THE
3 DAYS LEADING UP
TO BLACK FRIDAY.

23%

GROWTH THE
DAY BEFORE CYBER
MONDAY.

20%

GROWTH IN
TRANSACTIONS OVER
BLACK FRIDAY 2018.

950^k

ONLINE TRANSACTIONS
PER WEEK BETWEEN
BLACK FRIDAY & XMAS.

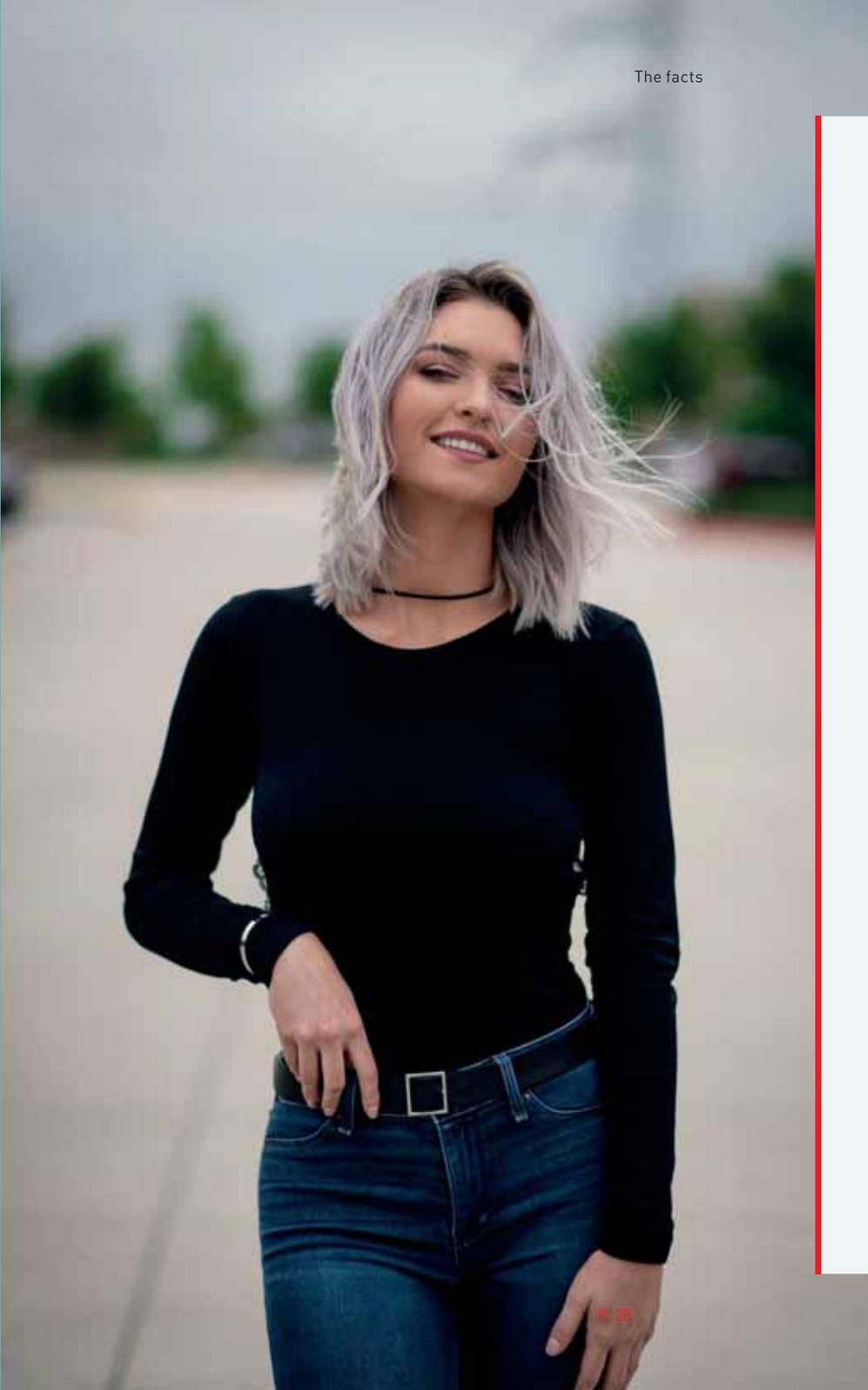
17%

GROWTH IN Q4
TRANSACTIONS.

\$100^m

BLACK FRIDAY SPEND
ONLINE GREATER THAN
BOXING DAY.

Emerging trends



The continued growth of Buy Now Pay Later (BNPL)

The BNPL phenomenon is not only experiencing astonishing spend growth, up 105% on 2018, it also saw a 49% increase in customers. This unfettered surge is beginning to raise concerns not just locally, but globally. It is after all, another form of debt – without the financial oversight most lending products abide by.

To give some context, in New Zealand the spend on BNPL is set to surpass the amount that customers spend on Marketplaces within the next one to two years. It's the "credit" of choice for the young with 40% of BNPL customers in the under 30 age group and 77% of shoppers being under 45 years old.

On average, women utilising BNPL are still outshopping males by 1.5 times with a \$923 dollar annual spend, against \$637, plus they are shopping twice as often. But one of the trends we are seeing, is a large increase in young males taking up BNPL.



According to Afterpay co-founder Antony Eisen, millennials are the sweet spot. "If you look at millennials as a demographic, they're the most important demographic in the world today, and very soon they will represent half of all disposable income globally," says Eisen.¹

And these young shoppers are being tempted like never before with more and more BNPL brands leaping on the bandwagon. Along with market leader brands like Afterpay, Laybuy and Oxipay comes Genoapay and Zip - the rebranded Partpay.

The attraction of these brands comes at a loss to credit cards, in particular. Westpac's Senior Manager in Digital Ventures Mike Burke believes that the popularity of BNPL comes down to clever brand marketing but in reality, consumers are still taking on credit just as they would with their bank.

"Many next generation (millennials onwards) customers are averse to debt products, however, have flocked in recent months or years to "BNPL" schemes," he said. "It is materially the same product, but a lesson in packaging these products on the customers' terms, or at least in customer language.

"Terminology like credit, loans and debt are bank lexicon, and terms like this makes these customers' nervous. 'BNPL' is a debt or loan product that, through branding or language, gives the perception of empowerment to customers," Burke said.¹

But it's not just the young who are liking this empowerment. There's a significant 45 plus age group who have families looking for ways to afford, or find a way of budgeting for the products they need. There's also a savvy shopper group who have figured out that free interest is a smart way to shop.

Financial regulators are keeping a close eye on developments. Minister of Commerce and Consumer Affairs Hon Kris Faafoi said he wanted to include new powers in the reforms to the Credit Contracts and Consumer Finance Act to allow him to regulate these new credit products, if needed.²

For Kiwi retailers, BNPL is undoubtedly helping to drive sales growth and bringing in new customers. According to our 2020 Online Retailer Survey, the majority (over 40%) of retailers see it as a positive for business, making incremental sales that would otherwise not have been made. But some retailers, particularly smaller ones, raise concerns about the impact on sales they would have made anyway but now at a reduced margin. With service fees perceived to be higher than other payment options, some retailers are asking themselves whether the 5% or so they pay the BNPL provider is really worth it.

¹ <https://www.stuff.co.nz/business/world/111001526/afterpay-is-a-mystery-to-older-shoppers-but-millennials-love-it>

² <https://www.westpac.co.nz/rednews/business/the-rise-of-buy-now-pay-later-services/>

105%

INCREASE IN BNPL SPEND.

49%

MORE CUSTOMERS USING BNPL.

11%

ALL DOMESTIC ONLINE SPEND.

77%

OF BNPL CUSTOMERS ARE UNDER 45.

68%

OF BNPL SHOPPERS ARE FEMALE.

59%

GROWTH IN MALE BNPL USERS.

6.0

HOW WE CAN HELP

| | |
|---------------------------|-----|
| 6.1 How we can help | 96 |
| 6.2 A note on our methods | 100 |
| 6.3 Contact us | 102 |



At New Zealand Post, we deliver more online shopping parcels than any other company in New Zealand. Delivering on average 218,000 parcels a day with 97% on time delivery. We work with some of the biggest, newest, most innovative and most successful online businesses. We partner with many of them to help them maximise growth and we are continuing to invest in the opportunities that eCommerce brings.

In this final section, we highlight how our products, services and forever evolving expertise can help you grow your online business.



How we can help

Through great understanding comes great solutions

We hope by reading this review you'll appreciate how seriously New Zealand Post takes eCommerce. This annual Full Download extends our knowledge base and creates valuable insights for our online customers. This knowledge also helps us to tailor our services and inspires new innovations to better service the online shopping market.

CourierPost 

Pace 

Contract Logistics 

Here's how our expertise can help you

New Zealand Post delivers more online shopping parcels than any other company in New Zealand. We work with some of the biggest, newest, most innovative and successful online businesses. We partner with thousands of New Zealand companies and help to make them successful by offering consistent, reliable and innovative solutions.

As you'd expect, we have New Zealand's largest logistics and delivery network. It is also New Zealand's most reliable overnight delivery network. We deliver to our overnight delivery target an industry leading 97% of the time.¹

We have consistent and reliable delivery performance throughout the year and carefully plan and allocate resource at the peak online shopping period to ensure that we maintain our service standards when you are at your busiest.

New Zealand Post can deliver to more New Zealand addresses than any other logistics company, including rural addresses, Private Bags and P.O. Boxes.

When it comes to delivering internationally, we have a range of commercial and postal options to get your parcels wherever they need to go, all using the same online labelling tool and courier pick up as your domestic parcels.

More delivery options

Domestically, we offer a range of delivery options to give your customers more choices. Offering flexibility and transparency at checkout has a large impact on conversion to sales. Customers want delivery choices so that they can decide when they will have their item delivered – depending on how important that purchase is to them.

With a different range of delivery speeds – we have choices to offer your customers.

With our overnight courier service, CourierPost, we can deliver anywhere in the country overnight (1-3 days extra for rural addresses). We also offer a 2-3 day Economy service between islands.

In addition, we offer value-added services to our overnight delivery options such as obtaining a signature, delivering dangerous goods, Saturday and age restricted deliveries.

If you want to offer your customers an even faster service, our Pace Same Day courier service gets your item across town within hours or between metros for delivery in the evening.

Easy returns solutions

Shoppers are increasingly expecting a returns service as standard. So, having a good returns policy and an easy to use returns solution reduces the barrier to purchase and builds trust and customer satisfaction. By including a fully tracked returns label in your parcels, you are giving your customer the reassurance that they can return the item if it's not suitable, removing risk from the purchase.

We offer two returns solutions:

- **Tracked returns:** The customer simply drops their returns off at a PostShop, within two to three days we consolidate and return them to you all at once. A cost-effective and convenient option for non-urgent items.
- **CourierPost returns:** Send your customer a label which they can print off and apply to their parcel. Their item is then picked up by a courier and returned to you as a standard courier parcel.

We also offer a returns service from Australia.



Parcel Notifications

At New Zealand Post, we offer a Parcel Notification service to all customers who are using one of our online ticketing solutions. If we receive the correct customer data in our manifests, we can let your customers know where their parcels are in their delivery journey.

This visibility helps to improve customer satisfaction and removes needless enquiries to your call centre.

With SMS and Email notifications available, it's easy to connect directly with customers. We can send notifications when your item is picked up, with the courier for delivery, when it has been delivered and when an attempted delivery has been made.

Customers can interact with certain messages, giving them the option of having their parcels left in a secure location with a one-time authority to leave. This avoids redelivery for the customer and lifts the Net Promoter Score for their deliveries, a sign that they are happy with their delivery experience.

Delivering to your customers the way that they want

Our mobile generation isn't just shopping from anywhere – they expect to get their goods from almost anywhere. That's why New Zealand Post has a range of delivery options for customers to choose from.

With Parcel Leave, customers can specify a safe place to leave a signature required item, so that they do not have to be home to receive the parcel.

With Parcel Redirect, your customer can have their parcel redirected within 75km of the original delivery address for no additional charge.

With Parcel Collect, customers can have their item delivered to one of the 330+ Parcel Collect locations around the country. These options include Z stations, Countdown stores and PostShops nationwide. You can make these options available to your customers through your shopping cart with New Zealand Post's APIs.

Is international on your radar?

An increasing number of e-tailers, small and large, are discovering that selling to customers offshore is much easier than they thought. While sales into Australia and the Pacific are common, New Zealand e-tailers are finding customers in the growing markets of Asia, America and Europe.

To help your business expand and reach new customers, we have solutions for sending parcels overseas with a range of prices and speeds to match your customers' needs. Our team of international experts can make sending globally as seamless as sending locally.

We deliver to 220 countries around the world with a tiered range of solutions through both the postal and commercial networks, depending on the speed, the tracking and the experience you want to provide.

With our online tools, you can use the same solution as your domestic parcels, streamlining your operations and ensuring you only need to have one carrier do your pick-ups.

Warehousing solutions

If your business doesn't have the resources, storage or logistics expertise to manage fulfilment, then let us do the work for you. We can store, pick, pack and ship your items for you. This will free up your time to work on gaining new customers and looking into new markets. We integrate with your eCommerce platform, receiving your orders at the same time as your web store. Our warehouse staff will pick and send your orders quickly and efficiently, no matter how busy your business gets.

Larger businesses with more complex logistics demands and customised integration needs can benefit from our Contract Logistics Warehouse Management system, offering industry leading logistics services from our warehouses strategically located in Auckland and Christchurch.

Digital solutions to simplify your logistics

The more your business grows, the more you will need technology to help manage your deliveries efficiently, reliably and economically. At New Zealand Post, we offer world-class digital solutions to help you automate and simplify your delivery process.

eShip is our cloud-based application that works with popular local and international eCommerce and customer management platforms. eShip prints packing slips, consignment notes, invoices and parcel labels.

New Zealand Post Shipping APIs let your developer customise our shipping functionality into your software quickly and easily. You can create labels, track parcels, validate addresses and retrieve shipping options, all without leaving your usual software interface.



Where's the source?

We've used data from a variety of sources to bring you The Full Download 2020:

- 2018-2019 transactional card data from Datamine.
- Census 2013.
- Other eCommerce research and reports referenced in the footnotes where appropriate.
- The NZ Post Online Retailer Survey 2020 interviewed 153 online retailers between 28 February and 11 March 2020.

To help geographical insights, data has been aggregated to an area unit level and where it makes sense these have been replaced with specific suburb or locality names. All dollar amounts are in NZ Dollars unless otherwise stated.

All figures are from Datamine unless otherwise noted. To ensure data is representative of the wider New Zealand eCommerce landscape, weighting is applied to remove any known imbalances.

Specifically excluded from our core online transactional samples are the following merchant sector groups: travel and tourism, online lotteries, betting and ticket agencies etc., cafés, restaurants and bars, digital consumed goods and services (including subscription services such as Spotify, Netflix etc.), utilities, insurances, tax payments, buying and shopping services and clubs, transportation services, associations and organisations.

In order to keep a tight focus on retail, only transactions within the following merchant sector groups are included:



DEPARTMENT, VARIETY & MISC RETAIL STORES



SPECIALITY FOOD, GROCERIES & LIQUOR



HOMEWARE, APPLIANCES & ELECTRONICS



CLOTHING & FOOTWEAR



HEALTH & BEAUTY



RECREATION, ENTERTAINMENT, BOOKS & STATIONERY

Definitions

We have used Statistics NZ geo boundaries to define rural, urban and metro. Main metro covers the main urban areas of Auckland, Wellington and Christchurch. Urban covers the remainder of cities and large towns with 10,000 or more residents. Rural is defined as an area with 300-999 residents – everything outside of urban areas is considered mainly rural.

Abbreviations

Full sector names as follows have been shortened throughout the report for ease of reading. Clothing & Footwear, Department, Variety & Misc, Retail Stores, Health & Beauty, Homeware, Appliances & Electronics, Recreation, Entertainment, Books & Stationery, Food, Groceries & Liquor.

Changes to data provided by Datamine

There has been a few data changes in The Full Download 2019.

What the change is:

- transactions for some merchants have moved from online to offline
- exclusion of some merchants from online

Why it changed:

- identifying if a transaction is offline or online is predicted by the behaviour of a merchant's customer base. The behaviour can change and so the indicators used to predict whether it is online also changes.

What the effect was:

- as the result of the above changes, 2018 transactions data used in this report has improved.
- the table under statistical variants shows the changes in spend across online /offline and by online categories.

Statistical variants

There are some statistical variants to those published in the last Full Download review.

Below is a table of what is different. The changes are due to recategorisation of spend from online to offline.

Total changes to online spend included in the report is about 1%. Individual categories differences range between 0.1% – 13.1%.

| Metric | \$Millions 2018 Value as at 2019 | \$Millions 2018 Value as at 2018 | Difference | % |
|--|--|--|------------|--------|
| All Included Online Spend | 4,134 | 4,164 | -30 | -0.7 |
| Online Clothing & Footwear | 850 | 851 | -1 | 0.1% |
| Online Department, Variety & Misc Retail Stores | 1,323 | 1,302 | 21 | -1.6% |
| Online Health & Beauty | 369 | 377 | -8 | -2.1% |
| Online Homewares, Appliances & Electronics | 581 | 574 | 7 | 1.2% |
| Online Recreation, Entertainment, Books & Stationary | 281 | 323 | -42 | -13.1% |
| Online Speciality Food, Groceries & Liquor | 730 | 736 | -6 | -0.8% |
| Online Marketplace | 510 | 511 | -1 | -0.1% |
| Online Buy Now, Pay Later (BNPL) | 178 | 179 | -1 | -0.3% |



Want to find out more?

Are you based in New Zealand?

Call New Zealand Post on **0800 959 057**.

If you are a business based in Australia,
please call **+61 2 9310 7497**.

If you are a business based in South East Asia,
please call **+65 6955 8392**.

Email **businessenquiries@nzpost.co.nz**

Visit **nzpost.co.nz/business**

Or talk to your **New Zealand Post Account Manager**.



Disclaimer

This paper is published for general information purposes only. The views and opinions expressed in this paper, and any advice provided, is general in nature only. New Zealand Post does not represent that any information or advice herein is suitable for your particular circumstances or purposes.

Thank you

Thank you to Pet.co.nz, Au Natural Skinfood, Jonathan Elms from Massey University, Jocelyn Honour from NZTE, Shopify, Datamine and everyone else who helped deliver this comprehensive report.

Sustainability

At NZ Post we are committed to delivering your parcels in the most sustainable way.

That's why we've made a number of decisions towards a sustainable future that we're really proud of – like our commitment to be carbon neutral from 2030, increasing our focus on sustainable packaging and supporting Gen Less, a new generation of people opting in to a climate-positive lifestyle.

We're aiming to be a leading sustainable New Zealand business by focusing on areas where we can make a difference. Check out www.nzpost.co.nz/about-us/sustainability for details on how we are making this happen.

