OMNI-2000 Research: Australia

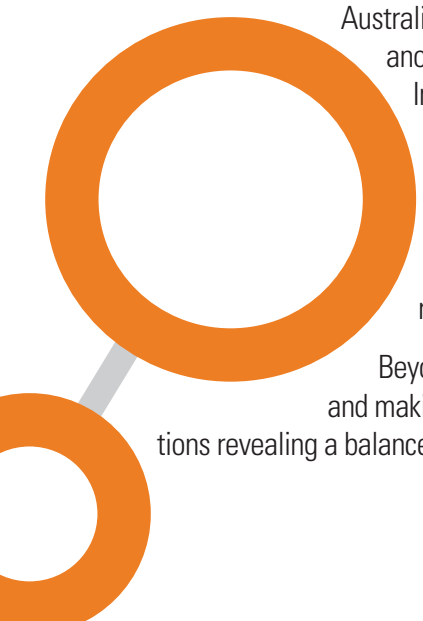Is Australia Still Developing Its Omni-channel Capabilities?

EXECUTIVE SUMMARY

The Omni-2000: Australia report details the customer buying journey based on a research specific to the Australian retail market. It reviews the random-walk method investigating 299 Australian-based retail chains, with a minimum of 10 store locations.

Key findings for the Australian retail market include:

- **31.4%** of retailers currently offer Click and Collect
- **53.2%** of omni-channel retailers offer basic, active inventory visibility
- **14.0%** of all retailers provide free return deliveries
- **47.8%** of Australian retailers offer Buy Online Return In-Store (BORIS)
- **74.5%** of omni-channel retailers advertise Click and Collect services on their home web page
- **94.7%** of omni-channel retailers provide how-to Click and Collect FAQs.

With over 2,000 retail chains globally reviewed in depth, the Omni-2000 Research provides an increasingly robust view of the modern retail market. Compared to the the seven countries reviewed, Australia is still developing their omni-channel capabilities.

Australian shoppers are rapidly gravitating towards social media shopping as yet another retailing channel. Yet, only 5.3% of the entire retail market can sell on Instagram (as a social selling example).

This research also shows that active inventory visibility among retailers is not only low but declining at an alarming rate. This may be foretelling as retailers are opting for passive inventory techniques, provided by new e-commerce platform capabilities. However, this step seems to be a step in reverse.

Beyond inventory visibility, the Australian omni-channel retail market is healthy and making significant progress forward. The following study offers many observations revealing a balanced and developing market of omni-channel practices in the country.
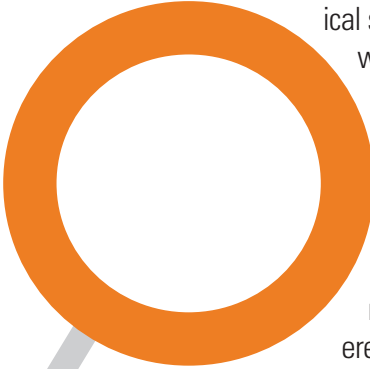
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RESEARCH METHODOLOGY

The OrderDynamics Omni-2000 research is based on a 'random-walk' methodology, directly assessing retailer websites for the presence of omni-channel capabilities. Researchers took a shopper's perspective to uncover which merchants offer Click and Collect / Buy Online Pickup In-Store (BOPIS) services today. The random-walk approach means this research did not expressly include or exclude retailers based on pre-defined market ratios. Although the random-walk methodology appears haphazard, there is a high level of consistency across categories, countries and other data points.

For Australia, a total of 299 retail chains are reviewed. The full Omni-2000 Global research initially investigated over 5,000 merchants, narrowing in on 2,026 with 10 or more stores and a web presence. The following pages provide further details about the omni-channel market in Australia, retail sub-sectors, chain sizes, and e-commerce platforms.

Data collection and analysis for the OrderDynamics Omni-2000 Australia report spanned from August to October 2018. This research reflects the offerings that retailers in the study express through their websites. In effect, this is what shoppers experience during the buyer's journey.

As stated above, retailers selected for the study include only those with 10 or more physical store locations. Included retailers each have a web presence, be it merely a website, or an e-commerce platform for purchase. Not all retailers in the study had online order-taking capabilities.

Forty data observations were collected for each retailer in the research, culminating in 11,960 data points for Australia. Some of the core data is visualized in various charts throughout the report. Readers ought to be cognizant of certain smaller sample sizes for some of the sub-sectors. This means drawing conclusions from small sample size groups, should be considered directionally indicative, rather than statistically robust.
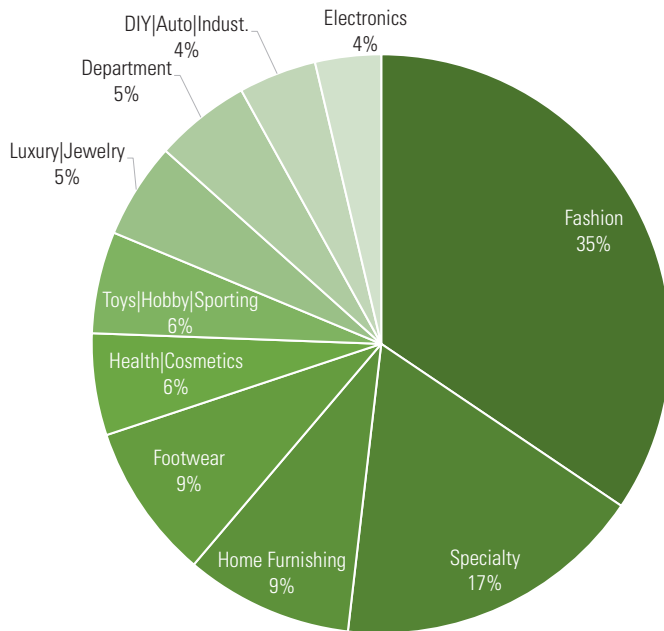
Contact OrderDynamics directly with further questions. If you are a retailer and would like to know if your organization was part of this research, we would be pleased to share these results with your senior management team. Call directly, or fill out an Omni-Score request form. We will connect with you as quickly as possible.

REFERENCES

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8. Smart Company. (2018). EBay ups the stakes in battle for Aussie online shoppers with free delivery program to launch in June. Retrieved from http://bit.ly/2EkBcyh

RESEARCH METHODOLOGY

Retail Sectors pie chart:
- Fashion 35%
- Specialty 17%
- Home Furnishing 9%
- Footwear 9%
- Health|Cosmetics 6%
- Toys|Hobby|Sporting 6%
- Luxury|Jewelry 5%
- Department 5%
- DIY|Auto|Indust. 4%
- Electronics 4%

Store Count Sizing pie chart:
- 10-50 38%
- 51-100 25%
- 101-250 30%
- 251+ 7%

eCommerce Platform pie chart:
- Magento 26%
- Cart Functionality 18%
- Salesforce 10%
- Shopify 5%
- WebSphere 5%
- Hybris 4%
- WooCommerce 2%
- Oracle 0%
- SiteCore 0%
- Other 30%

Retail Sectors

Similar to the Omni-1000 research, a random-walk approach provides a natural breakdown as shown above. Fashion is 35% of the retail market. Specialty goods like gifts, cards, candles, musical instruments and such, weigh in at 17% of the retailers reviewed. This is followed by smaller groupings of Home Furnishing 9%, Footwear 9%, Health |Cosmetics 6%, and so on.
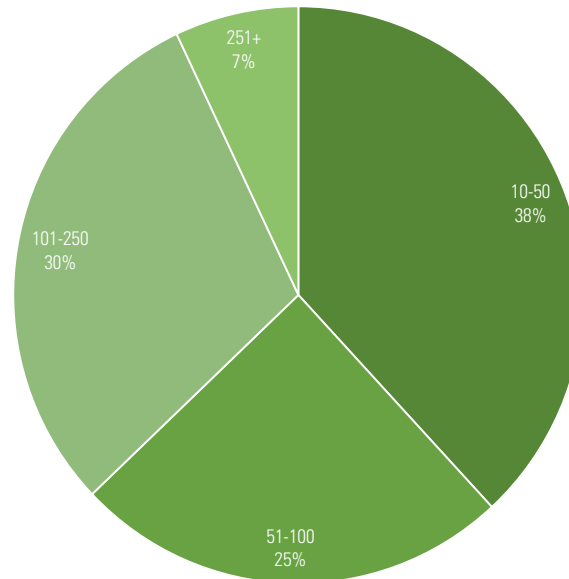
Store Count Sizing

Retail chain sizes in the research seem characteristic of the market. The largest proportion is the mid-market retailers of 10-50 stores (38%). The remaining 62% is split between the upper mid-sized retailers (with 51-100 stores) at 25%, large-sized retailers (101-250 stores) at 30%, and enterprise-sized retailers (251+ stores) at 7%.
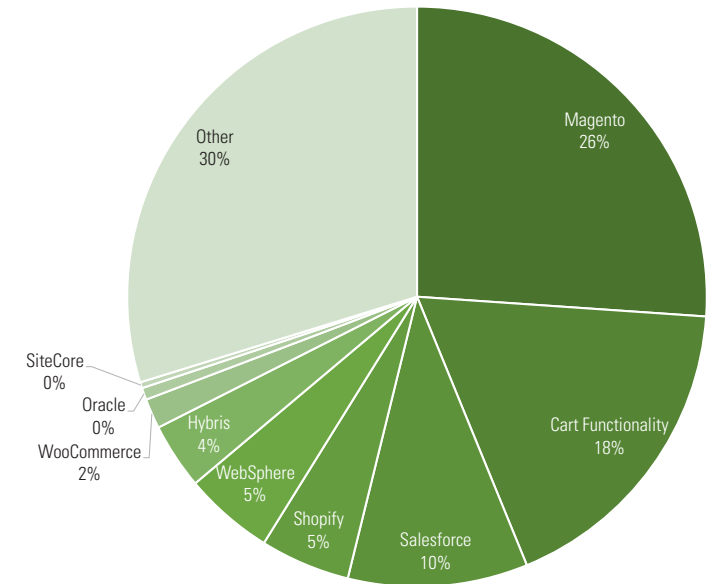
eCommerce Platform (eCP)

Using Builtwith to determine the eCP systems, Magento has the largest presence at 26%. This is followed by Cart Functionality at 18%. Enterprise-class systems follow with Salesforce in the lead, followed by Shopify, Websphere and Hybris. The Other category (30%) comprises unknown systems, which could have been built in-house (by the retailer) or by other small vendors.
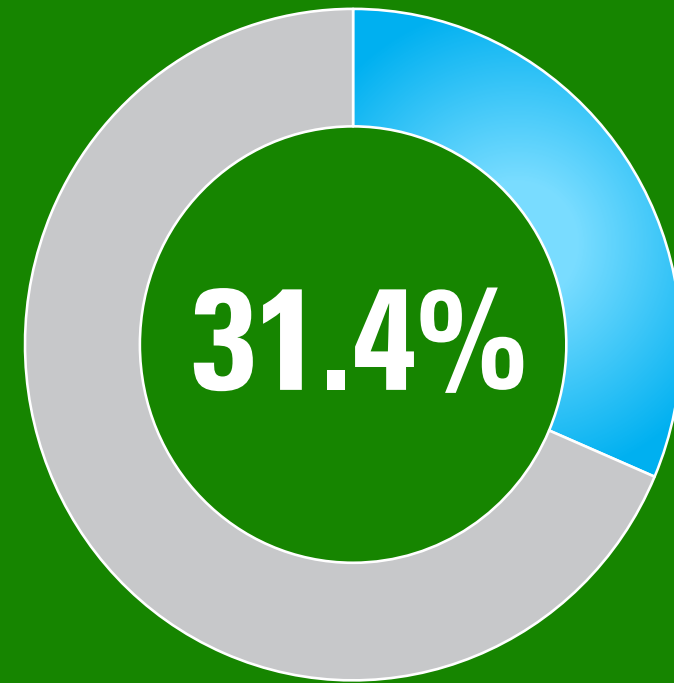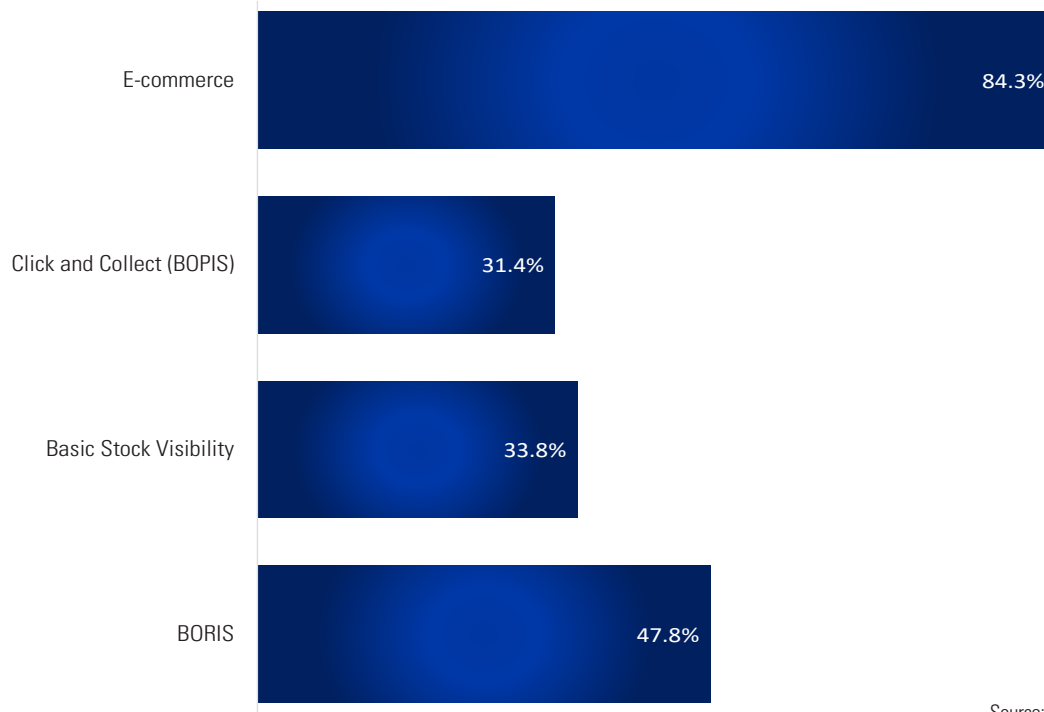
AUSTRALIAN SNAPSHOT

Most retailers in Australia have an active e-commerce business, at 84.3%. This is on par with the global average of 86.3%. Although adequate, for a country with a growing, competitive online retail market, the level should start approaching 100%.

Australia is not an omni-channel leader based on the percentage of retailers with Click and Collect (BOPIS) offerings, at only 31.4%. Leading omni-channel countries have significantly higher omni-channel represen- tation, like the UK at 64%.

Retailers in Australia have done a decent job of providing consumers with inventory visibility, with 33.8% of retailers offering basic stock visibility. Yet, this number is part of a growing trend among retailers globally to provide less visibility. A practice that we surely do not recommend.

CAPABILITIES SNAPSHOT

Capability	Percentage
E-commerce	84.3%
Click and Collect (BOPIS)	31.4%
Basic Stock Visibility	33.8%
BORIS	47.8%

N=299
Source: OrderDynamics, Oct 2018

31.4%

"Click and Collect or Buy Online Pickup In-Store (BOPIS) is found in 31.4% of Australian retail stores."

order dynamics

73.0%

"73.0% of <u>Australian retailers</u> with an eCommerce site offer some form of free shipping to their customers."
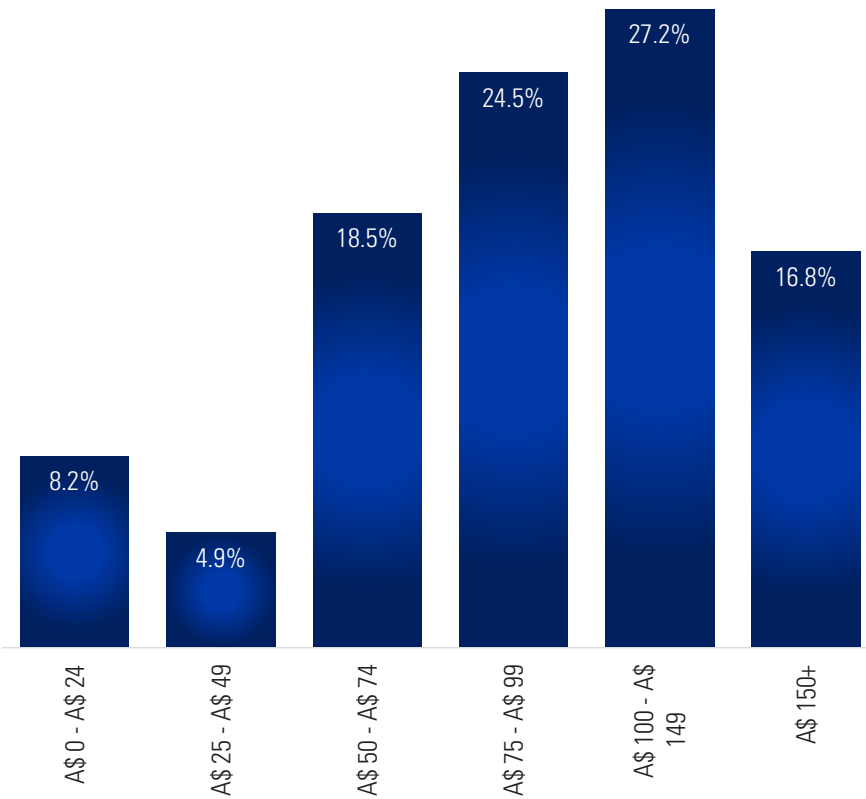
eCommerce and Free Shipping

Eighty-four-point three percent (84.3%) of Australian retailers use e-commerce to sell goods. Of this group, 73.0% offer free shipping, and over 50% of those that offer free delivery require a minimum order value of A$75 – A$149.

Free delivery became a crucial competitive advantage after the arrival of Amazon to the country in 2017. eBay quickly replied to the pressure of the e-commerce giant by offering a free shipping program of their own. According to eBay research, 36% of Australia's 13.6 million online shoppers spend over A$71 on delivery each year, with 8% spending in excess of A$2,002.[8]

The increasing pressure on retailers to offer free shipping on decreasing minimum basket values is an interesting area to watch in Australia - as only 13.0% of retailers offering free shipping set its minimum order threshold at A$0-A$49. Offering free shipping will continue to help retailers mature and advance their omni-channel capabilities.

Note: All '$' are shown in Australian Dollars.

FREE SHIPPING WITH MINIMUM PURCHASE

Category	Percentage
A$ 0 - A$ 24	8.2%
A$ 25 - A$ 49	4.9%
A$ 50 - A$ 74	18.5%
A$ 75 - A$ 99	24.5%
A$ 100 - A$ 149	27.2%
A$ 150+	16.8%

N=184
Source: OrderDynamics, Nov 2018

FREE DELIVERY BY RETAIL SECTOR

Free shipping is pervasive throughout online retailing and the incentive continues to gain momentum. With 61.5% of all Australian retailers providing free shipping (73.0% of those with an e-commerce presence), the offering is expected by consumers. In fact, the surprising element worthy of more investigation is the retailers that do not offer it!

Luxury|Jewelry is the sector most likely to provide free shipping in Australia, with 92.3% of merchants with an eCommerce platform (eCP) doing so. This is followed closely by Footwear retailers at 91.3% and Fashion at 89.0%.

The highest value of minimum order basket happens in the Department category at A$300.0. Conversely, the smallest average minimum basket sizes to qualify for free shipping are the Fashion sector at A$79.10, and Health|Cosmetics at A$89.80.

Retail Sector	Retail Chains	Retail with eCP	Offer Free Shipping			Min. Basket for Free Shipping	
			All	Promo (*)	%	Avg	High Value
Fashion	103	100	89	--	89.0%	A$ 79.1	A$ 250.0
Specialty	52	39	25	--	64.1%	A$ 102.0	A$ 250.0
Home Furnishing	28	21	8	--	38.1%	A$ 98.6	A$ 150.0
Footwear	26	23	21	--	91.3%	A$ 102.1	A$ 175.0
Toys|Hobby|Sporting	17	12	9	--	75.0%	A$ 96.9	A$ 150.0
Health|Cosmetics	17	14	10	--	71.4%	A$ 89.8	A$ 100.0
Department	16	12	12	--	75.0%	A$ 123.2	A$ 300.0
Luxury|Jewelry	16	13	9	--	92.3%	A$ 101.2	A$ 250.0
DIY|Auto|Indust.	13	9	1	--	11.1%	A$ 99.0	A$ 99.0
Electronics	11	9	--	--	0.0%	--	--
Total	**299**	**252**	**184**	**--**	**73.0%**	**A$ 90.8**	**A$ 300.00**

(*) Promo: Promotional free shipping

Click and Collect

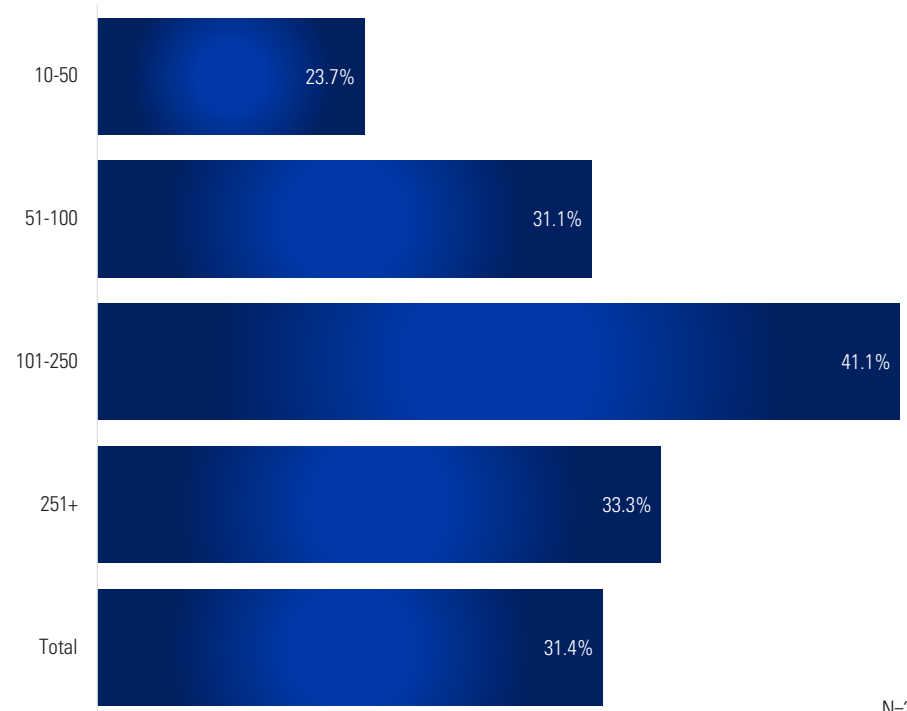## CLICK AND COLLECT PROFILE

The global market profile shows a clear and distinct correlation between the retailer chain size, and the adoption of Click and Collect as an offering. In other words, the availability of Click and Collect rises as the size of the retail chain grows. Globally, 48.6% of enterprise-sized (251+ stores) retailers offer Click and Collect services. Compare this to only 31.5% of small retail chains (10-50 stores) worldwide.

Unlike the global pattern, the Australian market's highest omni-channel rate of adoption is with retail chains of 101-250 stores, at 41.1%. Not far behind are the enterprise retailers (251+ stores) at 33.3% adoption. As the omni-channel market matures, the size of retail chain becomes less of a factor in the service adoption. Past a certain size point (50 stores), all retailers have similar levels of adoption of Click and Collect practices (ad on the first page about the service, 'How To' FAQ section, and pickup alerts).

In this regard, 74.5% of Australian Click and Collect retailers inform customers about their omni-channel capabilities up front. This is significantly higher than the global average of 57.1%. It is notable that large retailers (101-250 stores) are most likely to provide this information on the first page, as 81.1% already do so.

Australian retailers have further encouraged the use of Click and Collect with 'How to' instructions for using omni-channel services. Currently, 94.7% of Click and Collect retailers have added these instructions for the consumers' benefit. Likewise, 94.7% of Australian omni-channel retailers indicate that pickup alerts will be provided when the items are ready for pickup.

CLICK AND COLLECT ADOPTION BY RETAILER STORE COUNT

Range	%
10-50	23.7%
51-100	31.1%
101-250	41.1%
251+	33.3%
Total	31.4%

N=299
Source: OrderDynamics, Nov 2018

Chain Store Count	Retail Chains	Click and Collect		C&C(*) Ad on 1st Pg		'How To' FAQ		Pickup Alert	
		Count	%	Count	%	Count	%	Count	%
10-50	114	27	23.7%	18	66.7%	23	85.2%	23	85.2%
51-100	74	23	31.1%	17	73.9%	23	100.0%	23	100.0%
101-250	90	37	41.1%	30	81.1%	36	97.3%	36	97.3%
251+	21	7	33.3%	5	71.4%	7	100.0%	7	100.0%
Total	**299**	**94**	**31.4%**	**70**	**74.5%**	**89**	**94.7%**	**89**	**94.7%**

(*) C&C: Click and Collect   N=94
Source: OrderDynamics, Nov 2018

CLICK AND COLLECT OPTIONS

94.7% of Australian omni-channel merchants refer to only one pickup option or default to an in-store pickup for customers.

Truly, in-store pickups are the best option for retailers. While in-store, 40% - 59% of customers will purchase additional merchandise.[4,5] In that sense, the best option for retailers is to run collect service in their own store, to maximize sales. However, at least offering partners' pickup is a good option as well. As long as both partners reciprocate, it increases store traffic, with a chance of additional conversions.
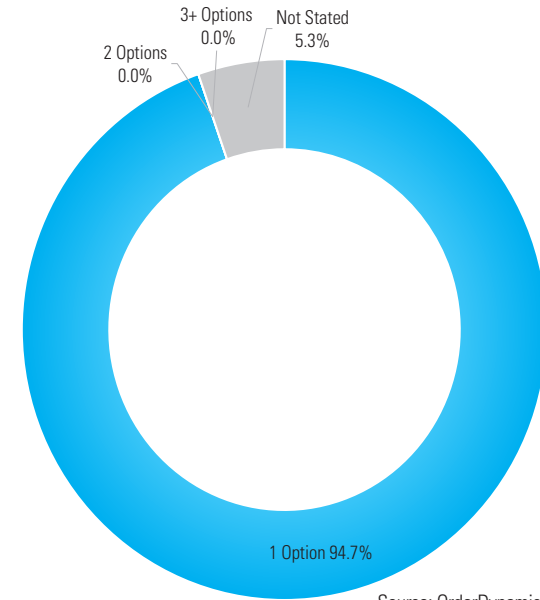
Despite this, it is always a good practice to cater to your customers' needs. If your customers want more options, then giving them more choices - when your competitors do not - is an advantage. Using a pickup locker may not result in an additional sale during that collection, but it may result in future loyalty, due to the convenience your brand provides to the shopper.

PICKUP OPTIONS

3+ Options 0.0%
Not Stated 5.3%
2 Options 0.0%
1 Option 94.7%

N=94
Source: OrderDynamics, Nov 2018
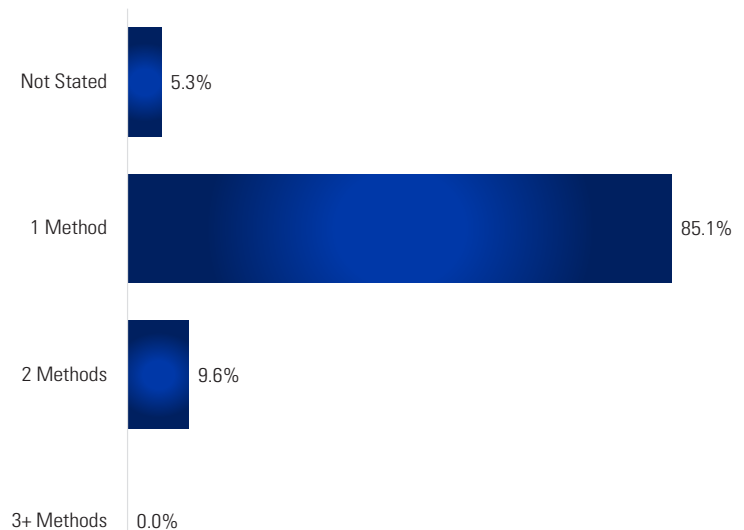
PICKUP NOTIFICATIONS

Pickup notifications are alerts to advise customers that their order is ready for collection. The vast majority of Australian omni-channel merchants offer one notification method, at 85.1%. Typically, this is an email notification. In contrast, only 9.6% offer a second method, and none of all Australian omni-channel retailers provide a third option notification.

This is perplexing. All retail chains in this investigation need robust order management technology to effectively coordinate and run an omni-channel business. A good order management system provides flexible communication capabilities. That means it can connect to any desired number of communication systems be it email, interactive voice response, text, social, chat, or other communication portals. As such, an easy option retailers need to consider is to provide shoppers with more notification options. Specifically, the retailer that keeps up with the Millennial and GenZ expectations, will ultimately have an advantage.

NOTIFICATION METHODS

Method	%
Not Stated	5.3%
1 Method	85.1%
2 Methods	9.6%
3+ Methods	0.0%

N=94
Source: OrderDynamics, Nov 2018

ENGAGING CUSTOMERS

Broken out by industry sector, omni-channel adoption varies considerably. Health|Cosmetics adoption is the lowest in the Australian market, at 0.0%. Luxury|Jewelry retail adoption is only 6.3%, whereas adoption in the Electronics retail sector is highest at 63.6%. The third lowest adoption is the Footwear sector at 23.1% followed in fourth by the DIY|Auto | Industr. sector at 30.8%.

Australian Click and Collect retailers are advertising omni-channel services prominently, with the majority of retailers showcasing omni-channel services on the first page. All (100%) Luxury|Jewelry and DIY|Auto|Industr. retailers in this study called out Click and Collect on the front page of their website.

As noted earlier, the 'How To' instructions and pickup alerts for Click and Collect pickups are well done. 94.7% of retailers that offer the omni-channel service provide instructions on its use and 94.7% state that at least one form of pickup alert is available for shoppers.

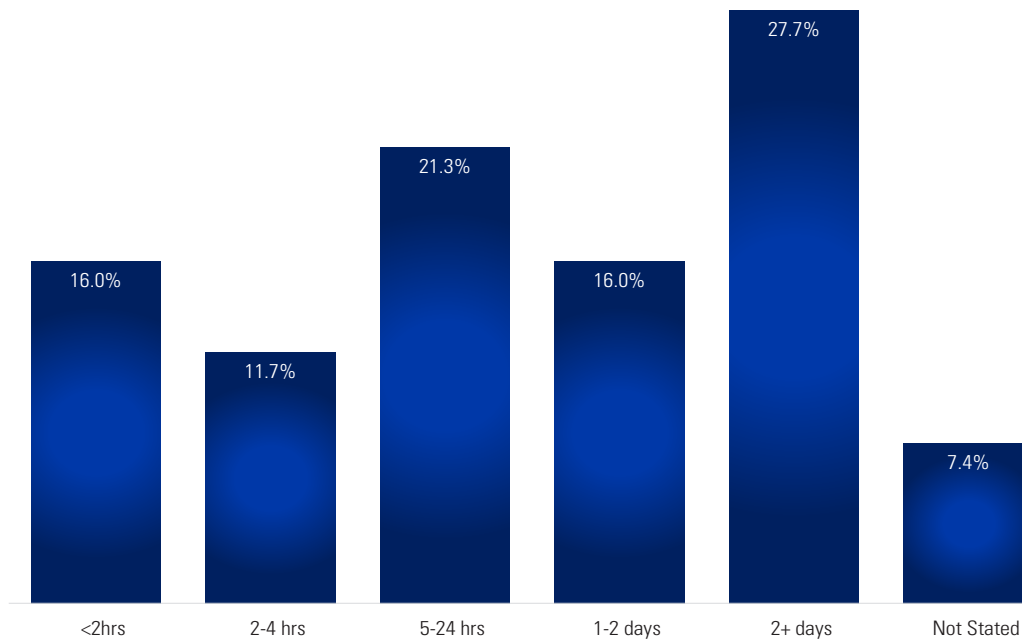| Retail Sector	Retail Chains	Click and Collect Available		Click and Collect Ad on First Page		'How-To' Instructions		Pickup Alert	
		Count	%	Count	%	Count	%	Count	%
Fashion	103	32	31.1%	22	68.8%	29	90.6%	29	90.6%
Specialty	52	19	36.5%	17	89.5%	19	100.0%	19	100.0%
Home Furnishing	28	10	35.7%	6	60.0%	9	90.0%	9	90.0%
Footwear	26	6	23.1%	5	83.3%	6	100.0%	6	100.0%
Toys|Hobby|Sporting	17	6	35.3%	4	66.7%	6	100.0%	6	100.0%
Health|Cosmetics	17	--	0.0%	--	0.0%	--	0.0%	--	0.0%
Department	16	9	56.3%	7	77.8%	9	100.0%	9	100.0%
Luxury|Jewelry	16	1	6.3%	1	100.0%	1	100.0%	1	100.0%
DIY|Auto|Indust.	13	4	30.8%	4	100.0%	4	100.0%	4	100.0%
Electronics	11	7	63.6%	4	57.1%	6	85.7%	6	85.7%
Total	**299**	**94**	**31.4%**	**70**	**74.5%**	**89**	**94.7%**	**89**	**94.7%**

N=94
Source: OrderDynamics, Nov 2018

In-Store Pickup Delays

A North American study, the Click and Collect Superconsumer research shows that omni-channel proficient customers (the Superconsumers) expect items to be ready for pickup within 24 hours.[5] Even more intense is the occasional Click and Collect consumer's expectation that items be ready for pickup within 2 hours.

Compared with the Omni-2000 full global picture, 34.8% of 762 Click and Collect retailers worldwide commit to a pickup being ready within 24 hours. In Australia, 48.9% of Click and Collect merchants offer collection in 24 hours or less.
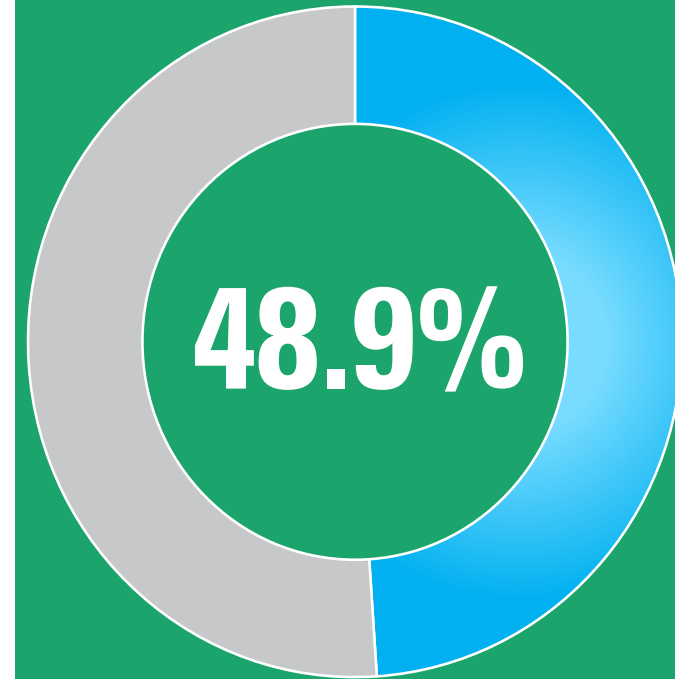
The most common pickup delay commitment is over 48 hours. 27.7% of Click and Collect retailers in Australia commit to this timing on their website descriptions.

PICKUP DELAY IN HOURS

Category	Value
<2hrs	16.0%
2-4 hrs	11.7%
5-24 hrs	21.3%
1-2 days	16.0%
2+ days	27.7%
Not Stated	7.4%

N=94
Source: OrderDynamics, Nov 2018

48.9%

"Only 48.9% of Click and Collect merchants offer collection within 24 hours."

RETAILER SIZE AND PICKUP TIMING

92.6% of Australian retailers with omni-channel capabilities state the expected pickup delay, on their website. This is well above the global average of 79.8% of Click and Collect retailers.

The research finds that the average Australian retail pickup delay in hours is 39.1. This is below the global average of 46.8 hours. Interestingly, it is the small retailers (with 10-50 stores) and the very large retailers (with 250+ stores) who are able to commit to shorter pickup delays. Retailers (with 51-100 stores) offer the largest delay with an average pickup delay of 42 hours. Mid-to-large retailers (with 101-250 stores) come in second with an average of 39.6 hours or just under two days.

Compared to global figures, Australia shows a medium-end commitment spectrum when it comes to pickup delays in hours. In other words, the longest delays noted on Australian retailer websites are 168 hours. This figure comes from small-to-mid (51-100 stores) omni-channel retailers. At 7 days, this may be deemed as a long time for the average consumer to wait, but it is still a great step forward for retail's Click and Collect. Mid-to-large German|Austrian omni-channel retailers show a longest commitment of 4 days, whilst large US Click and Collect retailers at 15 days.

Retailer Store Count	Retail Chains	Click and Collect		Pickup Delay Stated in Hrs				
		Count	%	Count	%	Average	Low	High
10-50	114	27	23.7%	21	77.8%	35.3	2	96
51-100	74	23	31.1%	23	100.0%	42.0	1	168
101-250	90	37	41.1%	36	97.3%	39.6	1	120
251+	21	7	33.3%	7	100.0%	38.6	1	72
Total	**299**	**94**	**31.4%**	**87**	**92.6%**	**39.1**	**1**	**168**

N=94
Source: OrderDynamics, Nov 2018

order dynamics

33.8%
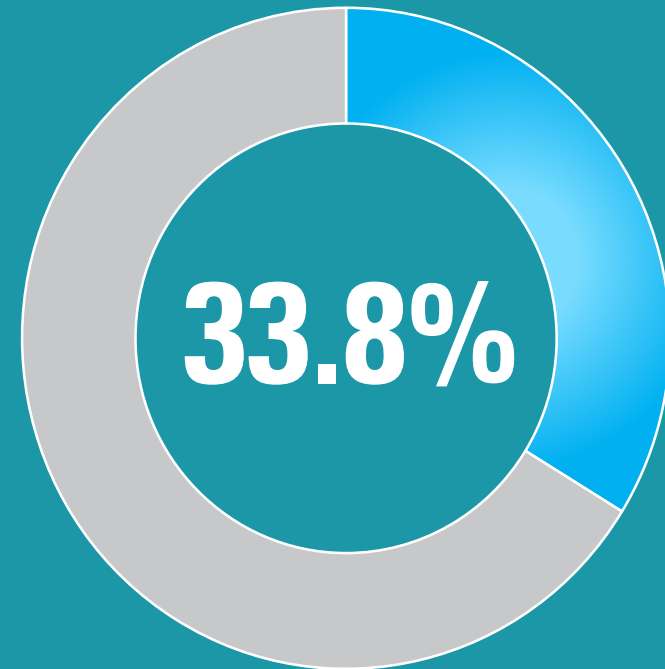
"Of <u>all retailers</u> in Australia, only 33.8% show basic, active inventory visibility online."

ONLINE INVENTORY VISIBILITY LEVELS

Inventory visibility is important to online consumers. Given the ease of jumping from one retailer's website to the next, inventory visibility should be a very important issue for retailers as well. In fact, failing to provide inventory visibility may be akin to sending your customers to shop at your competitors' site instead.

This fact seems intuitevely obvious, yet there has been a sizeable drop in the number of retailers providing active inventory visibility online. Active inventory visibility is an indicator on a product page, showing that an item is either in-stock or out-of-stock, at the most basic level. A more advanced active indicator is the store level inventory indicator. Better still is the store level indicator that provides actual quantities available. When only one or two of an item are left, it creates a sense of urgency. Either purchase the item immediately, or it might be taken by another online or physical shopper.

A counter to this is that no retailer wants to tip off their competitor to their stocking positions. This fear may help explain part of the drop in active inventory visibility observed. Currently, across all retail sites in Australia, only 33.8% show a basic, active inventory visibility (17.2% less than the global figure). Clearly, omni-channel merchants in Australia are doing their best to provide active inventory visibility at the basic level (in-stock, out-of-stock), with 53.2% of Australian Click and Collect merchants doing so (8.1% more than the global omni-channel indicator).

Although not specific to the Australian market, research by D3Supply noted a drop in inventory visibility spanning 2016 to 2017.[2] The Omni-2000 research confirms a significant drop spanning 2017 to 2018 globally. Advances in passive inventory visibility technique at the eCP level (e-commerce platform) may also be part of the reason for this dramatic shift. Passive inventory visibility is the notification of inventory levels, ONLY in the event that the item in question is out-of-stock. Although NOT recommended as a best practice, passive inventory visibility appears to be growing in acceptance among retailers. This research observes this anecdotally (no empirical statistics captured).

BASIC INVENTORY VISIBILITY ACROSS RETAIL SITES

Category	Value
All Retail Sites	33.8%
Web Only (no eCP)	
Multi-channel	32.3%
Omni-channel	53.2%
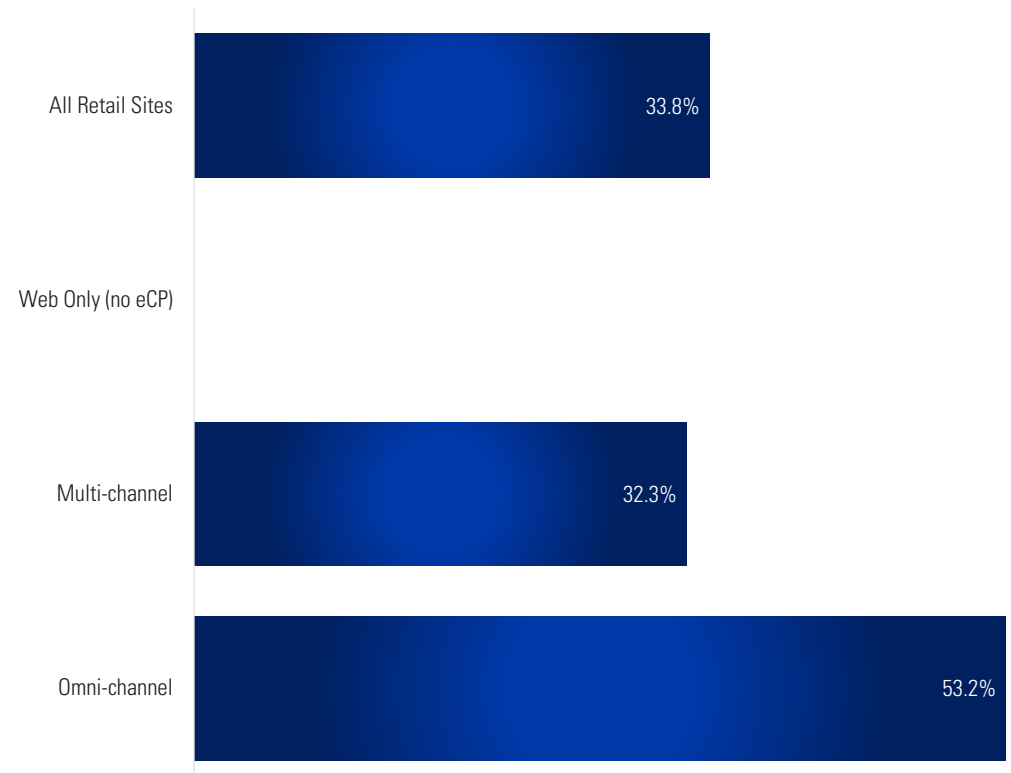
(*) eCP refers to e-commerce platform.
(**) Multi-channel is when a retailer offers an in-store and an online/digital presence with no Buy Online Pickup In-Store abilities.
(***) Omni-channel is having an in-store and an online/digital presence, while also offering Buy Online Pickup In-Store and other cross-channel services.

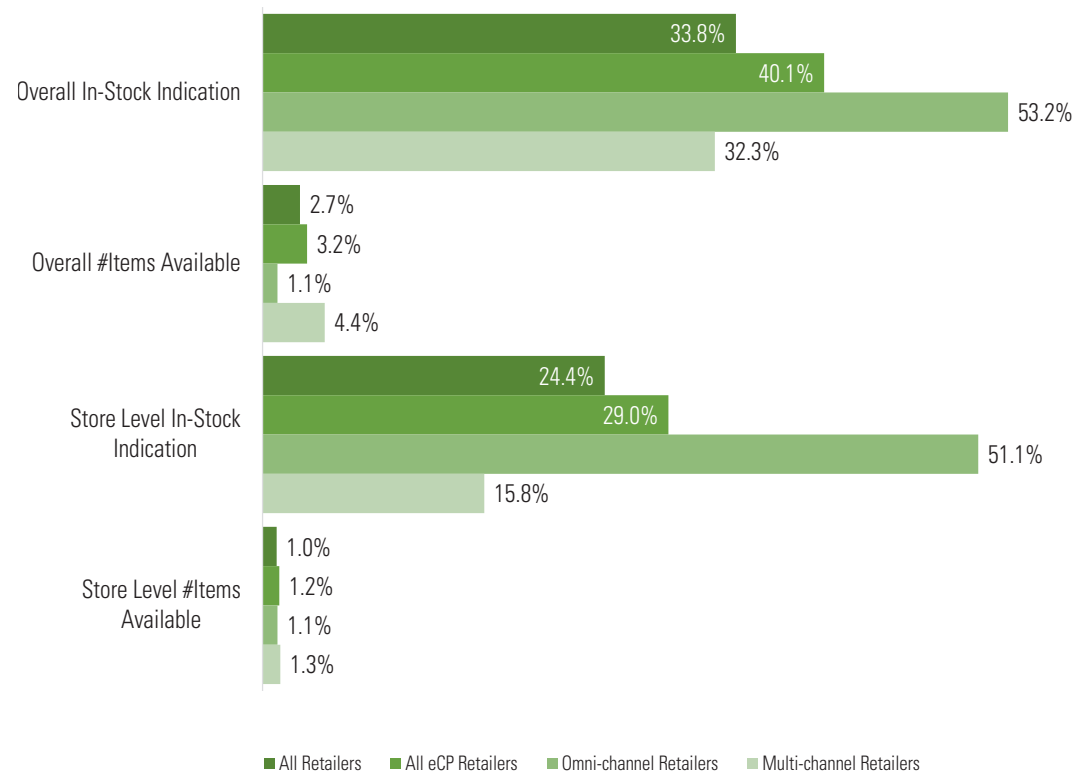N=299
Source: OrderDynamics, Nov 2018

INVENTORY VISIBILITY BY RETAILER SIZE

An interesting omni-channel observation is a lack of focus on online inventory visibility worldwide. The Omni-1000 research reported that 68.4% of 1,010 global merchants showed inventory visibility. In the Omni-2000 research, a significant decline is catalogued with only 38.1% of all 2,026 retailers showing basic inventory visibility on their product pages.

In Australia, 33.8% of all retailers studied provide overall inventory visibility (in-stock indication). Retailers with 101-250 stores are most likely to provide this visibility at 45.6%. This group is also the most likely to provide store level inventory visibility, with 33.3% of retailers doing so.

Anecdotally, an increase in passive inventory visibility was noted globally. Passive visibility can frustrate customers who already have the ability via online shopping to jump to a competitor's website. Active inventory visibility is a significant area of omni-channel that needs to be addressed by retailers across the world. The trend of decreased visibility does not help the customer or the retailer.

### INVENTORY VISIBILITY BREAKDOWN BY RETAIL STRATEGY

Overall In-Stock Indication
- 33.8%
- 40.1%
- 53.2%
- 32.3%

Overall #Items Available
- 2.7%
- 3.2%
- 1.1%
- 4.4%

Store Level In-Stock Indication
- 24.4%
- 29.0%
- 51.1%
- 15.8%

Store Level #Items Available
- 1.0%
- 1.2%
- 1.1%
- 1.3%

■ All Retailers ■ All eCP Retailers ■ Omni-channel Retailers ■ Multi-channel Retailers

N=299
Source: OrderDynamics, Nov 2018

| Chain Store Count	Retail Chains	Overall Inventory Visibility				Store Level Inventory Visibility			
		InStock	%	Qnty	%	InStock	%	Qnty	%
10-50	114	33	28.9%	4	3.5%	25	21.9%	2	1.8%
51-100	74	20	27.0%	2	2.7%	14	18.9%	--	0.0%
101-250	90	41	45.6%	2	2.2%	30	33.3%	1	1.1%
251+	21	7	33.3%	--	0.0%	4	19.0%	--	0.0%
Total	**299**	**101**	**33.8%**	**8**	**2.7%**	**73**	**24.4%**	**3**	**1.0%**

N=299
Source: OrderDynamics, Nov 2018

order dynamics

76.6%
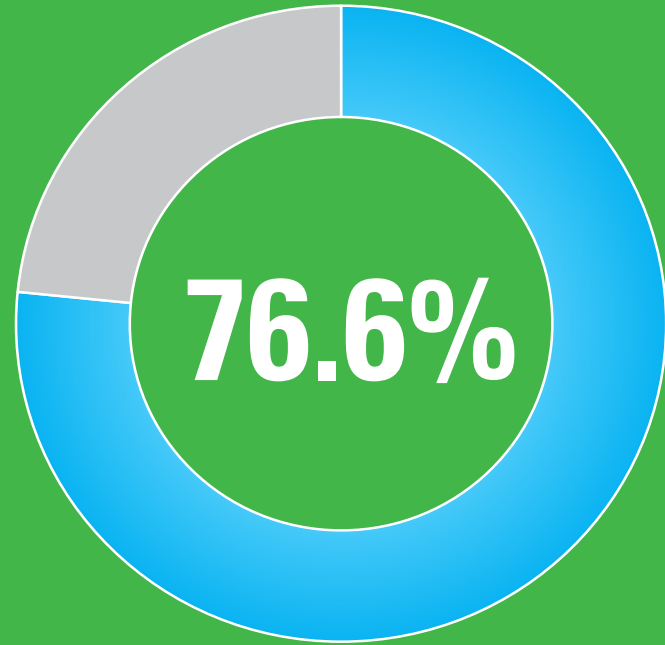
"In Australia, 76.6% of omni-channel retailers accept in-store returns (Buy Online Return In-Store)."

RETURNS POLICIES



71.9%

16.7%

14.0%
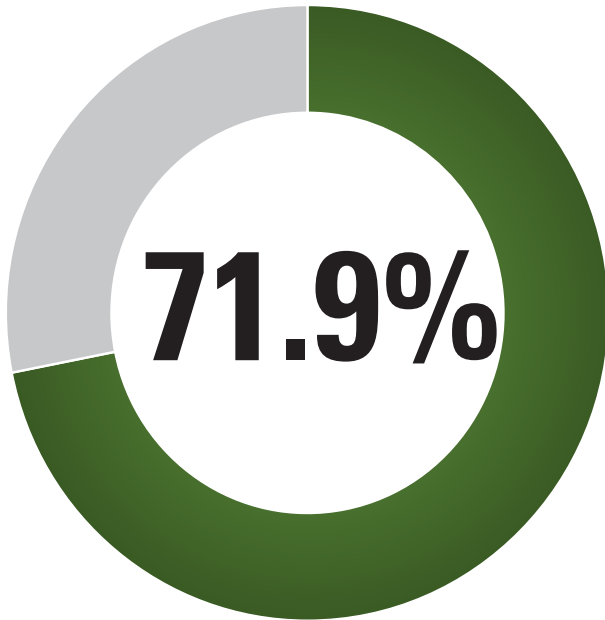
Customer Friendly Returns Policy

Australian retailers have some work to do when it comes to providing a jargon-free and clear returns policy, compared to the global figure (76.9%). In Australia, only 71.9% of merchants that provide a findable online returns policy are deemed customer friendly.

Returns policies are an important part of deciding on whether to purchase from a particular retailer or not. Done well, a good returns policy will entice customers to purchase goods, reassured about the ability to return an item if it does not meet their needs.

N=249
Source: OrderDynamics, Nov 2018
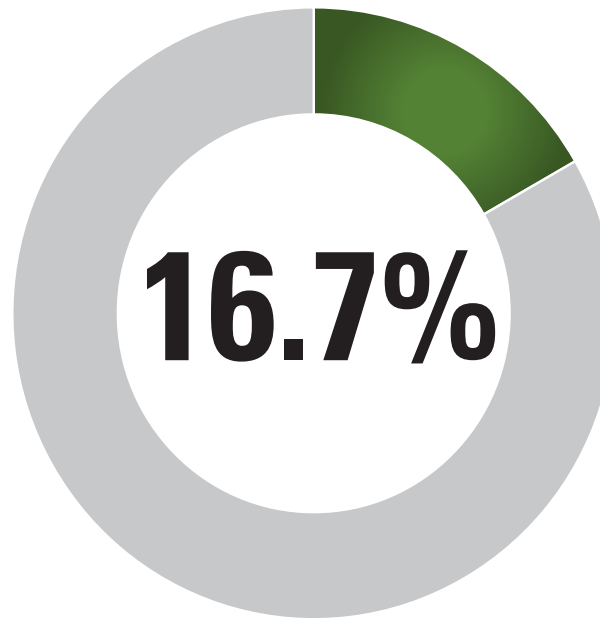
No Return Policy Found Online

Most retailers have a returns policy online. Yet, 16.7% of Australian retailers either do not provide the policy on their website, or made it very difficult to find.

Although this is a small number, it should approach zero, as online shoppers who do not find an adequate policy will just continue browsing on your competitor's site. In an advanced retail market, we suggest all retailers should have searchable returns policies online.

N=299
Source: OrderDynamics, Nov 2018
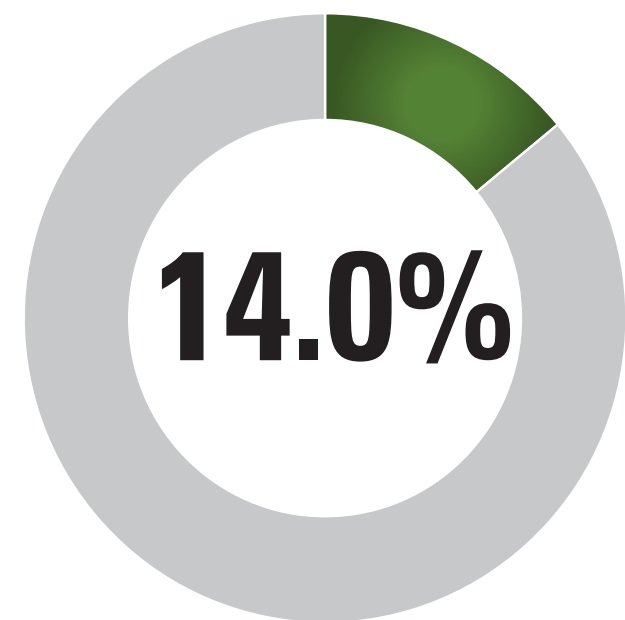
Free Returns Shipping

Australia ranks second to last in countries offering free returns shipping services at 14.0%, with 30.4% being the global percentage.

Shoppers who are frequent or even occasional Click and Collect users, prefer to transact in-store returns.[5] Despite this, it is a good practice to offer free returns shipping as a method to reduce barriers to purchase for a shopper. It will raise costs. So, retailers might want to focus efforts on convincing shoppers to return items in-store. In-store they are likely to repeat a purchase, thus saving second shipping costs.

N=299
Source: OrderDynamics, Nov 2018

BUY ONLINE RETURN IN-STORE (BORIS)

Not surprisingly, omni-channel retailers in Australia are the most likely to accept in-store returns for items purchased online. 76.6% of Australian omni-channel retailers allow Buy Online Return In-Store (BORIS). The principle here is that a customer who crosses channels during the purchase, is entirely likely to also view crossing channels during a return, as part of the expected transactions set.

Although 76.6% stated the omni-channel chain accepts BORIS, it is entirely possible that not all omni-channel retailers posted this policy on their website. Should this be the case, retailers need to post the policy, as it may entice more customers to purchase.

Now take a look to see how Australian retailers stacks up against the rest of the world. Which are the countries to watch on the omni-channel stage? The Omni-2000 Global research gives you a view of the full set of 2,000 retailers. Like the French report, the global version is a free download.

Get it now: **bit.ly/od-omni-2000-global**

BUY ONLINE RETURN IN-STORE BY RETAIL STRATEGY

Retail Strategy	Percentage
All Retailers	47.8%
All eCP Retailers	56.7%
Omni-channel	76.6%
Multi-channel	44.9%
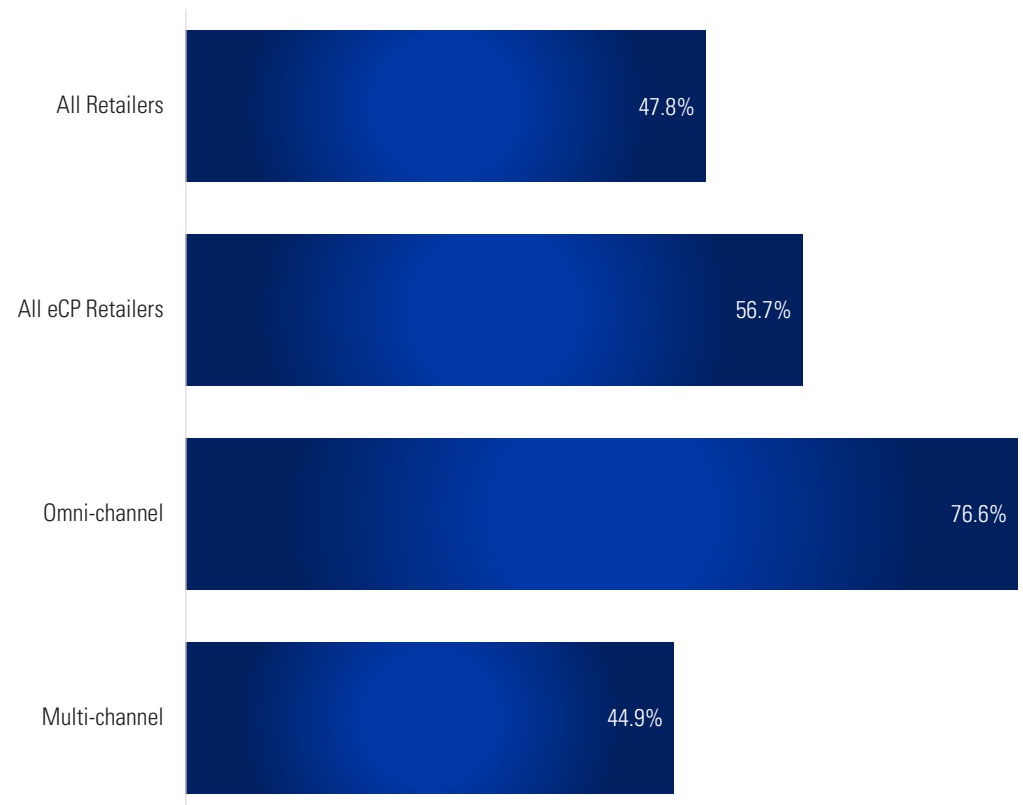
It is worth repeating that consumers prefer returning goods to physical stores.[5] Returning goods to a store is also likely to result in either an exchange or a purchase of more goods.[5,7] This is particularly important considering that "53% of shoppers expect to return 1 out of every 4 online purchases."[1] In this regard, BORIS can be a powerful tool to help reconvert many of the online returns.

Comparing Australian results to global figures, Australian retailers are on par with global omni-channel averages (72.6%).

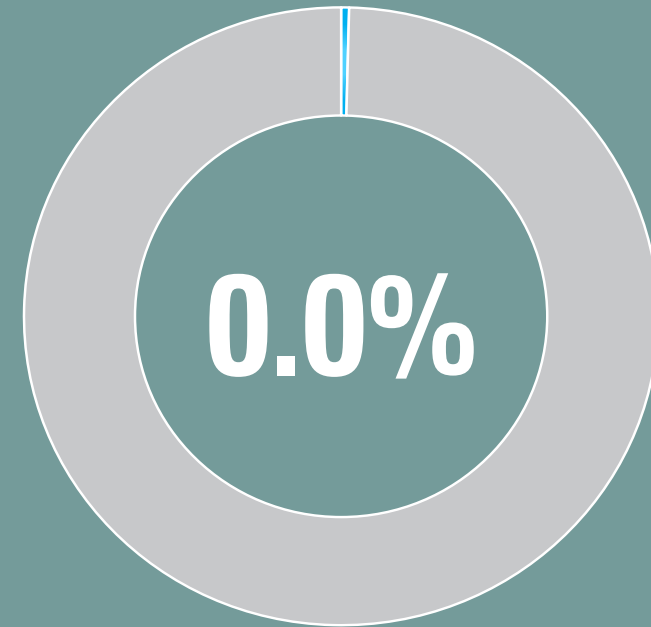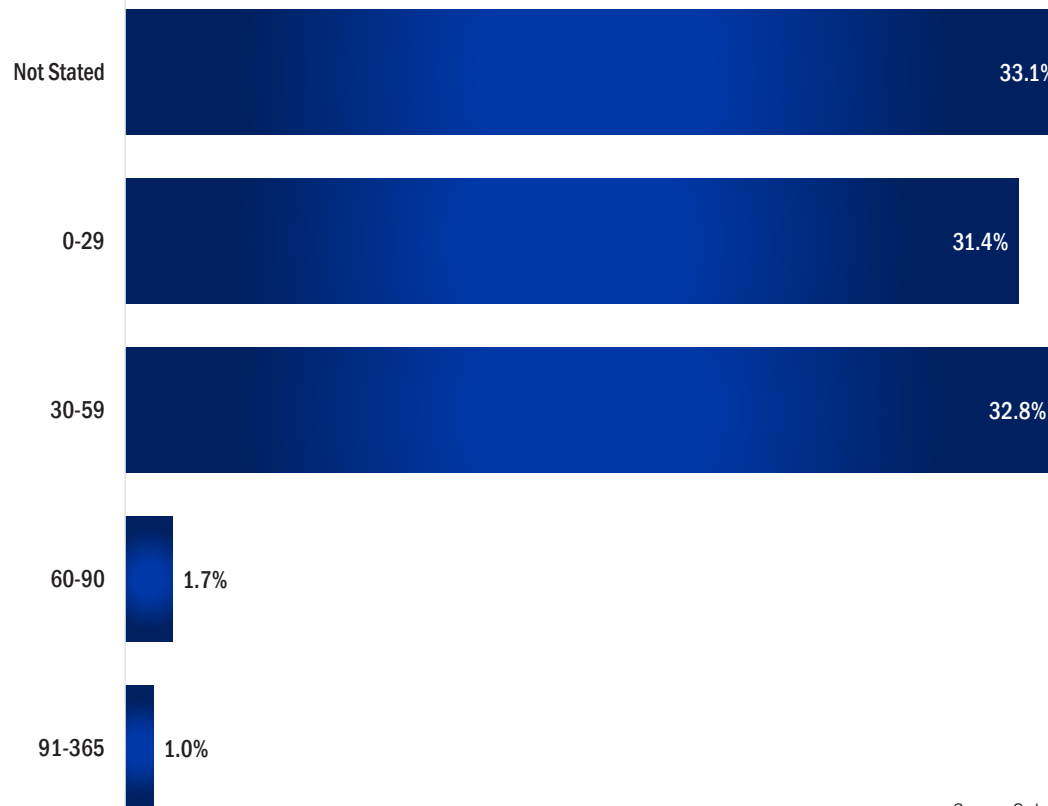N=299
Source: OrderDynamics, Nov 2018

RETURN DAYS ALLOWANCES

From a global perspective, a small number of merchants charge a restocking fee for returning goods. From the Australian sample of retail chains, none suggested restocking fees on returned merchandise. This is an important factor that Australian retailers are doing well. To encourage purchasing, make returns as frictionless as possible.

Looking at the number of days to return a good, 32.8% of Australian retailers offer 30-59-day allowances. Another 31.4% allow 0-29 days. Then it drops off dramatically. Only 2.7% provide 60 or more days.

It is significant to note that 33.1% of Australian retailers do not state an allowance on returns whatsoever. This lack of communication does not align with omni-channel sensibilities.

RETAILER RETURN DAYS ALLOWANCE

Category	Percentage
Not Stated	33.1%
0-29	31.4%
30-59	32.8%
60-90	1.7%
91-365	1.0%

N=299
Source: OrderDynamics, Nov 2018

0.0%

"From the sample of Australian retailers researched, none discuss, have or enforce a returns restocking fee - based on online messaging."

RETURN ALLOWANCE RANGES

The table below provides a full view of the return allowances by retail sectors. Note that some of the retail sub-sector counts are small. In other words, a change in course of one merchant chain can dramatically swing the results. Despite this, the table is indicative of overall retail market tendencies. It should also be useful for retailers to identify their particular competitive strategy, within their specific market category.

On free returns shipping, 14.0% of retailers provide the option. Least likely to offer it is the Home Furnishing and the Electronics sector, with 0.0% noting it online. The Specialty retail sector is the third lowest at 3.8%, and the Health|Cosmetics is the fourth lowest at 5.9%.

BORIS, in this case, is only measured against retailers with e-commerce capabilities (multi-channel and omni-channel vendors).

Retail Sector	Retail Chains	Retail with eCP	Days to Return Merchandise					Free Return Ship		BORIS	
			N/A	0-29	30-59	60-90	91-365	Count	%	Count	%
Fashion	103	100	12.6%	41.7%	40.8%	2.9%	1.9%	23	22.3%	65	65.0%
Specialty	52	39	42.3%	25.0%	30.8%	1.9%	--	2	3.8%	22	56.4%
Home Furnishing	28	21	42.9%	25.0%	25.0%	3.6%	3.6%	--	0.0%	10	47.6%
Footwear	26	23	23.1%	30.8%	46.2%	--	--	8	30.8%	13	56.5%
Toys|Hobby|Sporting	17	12	52.9%	29.4%	17.6%	--	--	2	11.8%	9	75.0%
Health|Cosmetics	17	14	41.2%	35.3%	23.5%	--	--	1	5.9%	4	28.6%
Department	16	12	43.8%	18.8%	37.5%	--	--	2	12.5%	8	66.7%
Luxury|Jewelry	16	13	31.3%	31.3%	37.5%	--	--	3	18.8%	8	61.5%
DIY|Auto|Indust.	13	9	92.3%	--	7.7%	--	--	1	7.7%	1	11.1%
Electronics	11	9	54.5%	36.4%	9.1%	--	--	--	0.0%	3	33.3%
Total	**299**	**252**	**33.1%**	**31.4%**	**32.8%**	**1.7%**	**1.0%**	**42**	**14.0%**	**143**	**56.7%**

N=299
Source: OrderDynamics, Nov 2018

7.4%
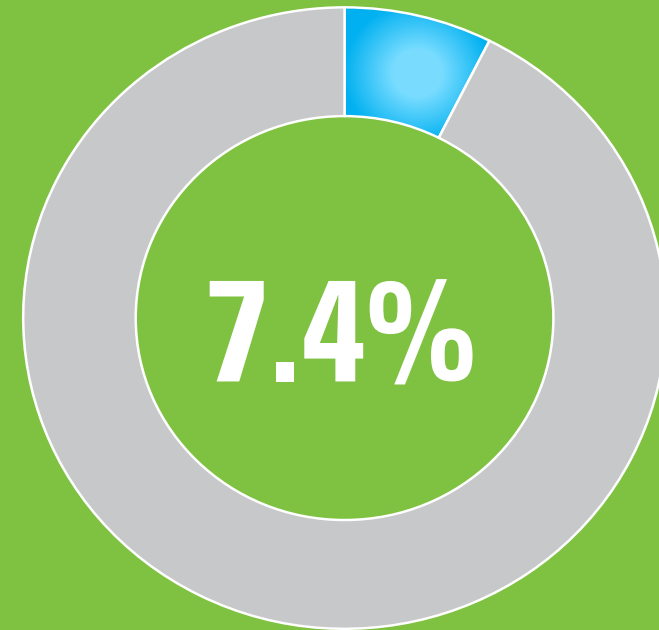
"Only 7.4% of omni-channel retailers in Australia have an optimized m-commerce site."

MOBILE RESPONSIVE SITES

Overall, 71.6% of Australian retailers offer mobile responsive websites. That means consumers can use their smartphone to access the retailer's website and even process orders online. However, a responsive website still may not provide users with the ideal customer experience.

The difference is that a mobile responsive site is good, but not optimized for the purchasing experience. Most website platforms and themes offer mobile responsive web designs, today. A solid first step, but it does not ensure everything is set up ideally for a customer purchase on smartphones.

This explains why 71.6% of Australian retail sites are responsive, yet only 5.4% of retailers offer m-commerce optimized sites.
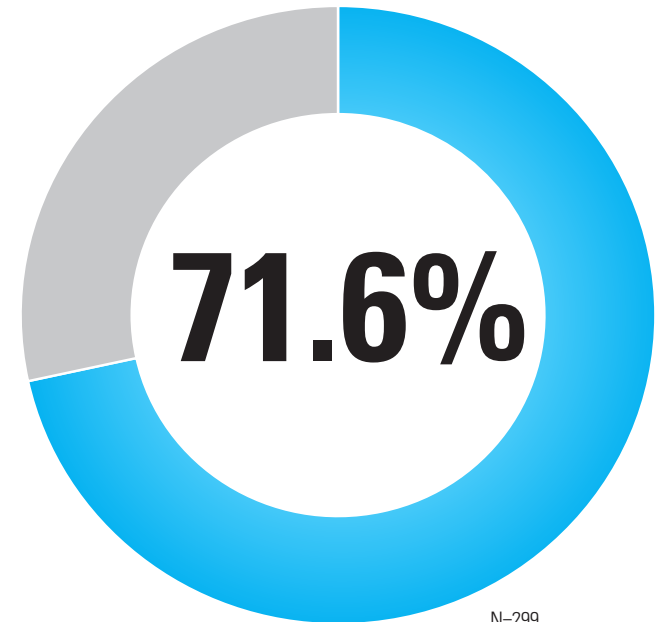
Given that m-commerce is still nascent, responsive sites should grow, as should m-commerce optimized sites.

MOBILE RESPONSIVE RETAIL SITES

71.6%

N=299
Source: OrderDynamics, Nov 2018

M-COMMERCE OPTIMIZED RETAIL

Optimized m-commerce is at the forefront of online retailing. It's no secret that consumers compare prices, and even purchase items on mobile sites while browsing them, even in-store. As such, m-commerce is becoming an increasingly important part of retail. In fact, Google is taking a mobile-first approach to SEO ranking, indicative of the importance that mobile will play in retail.
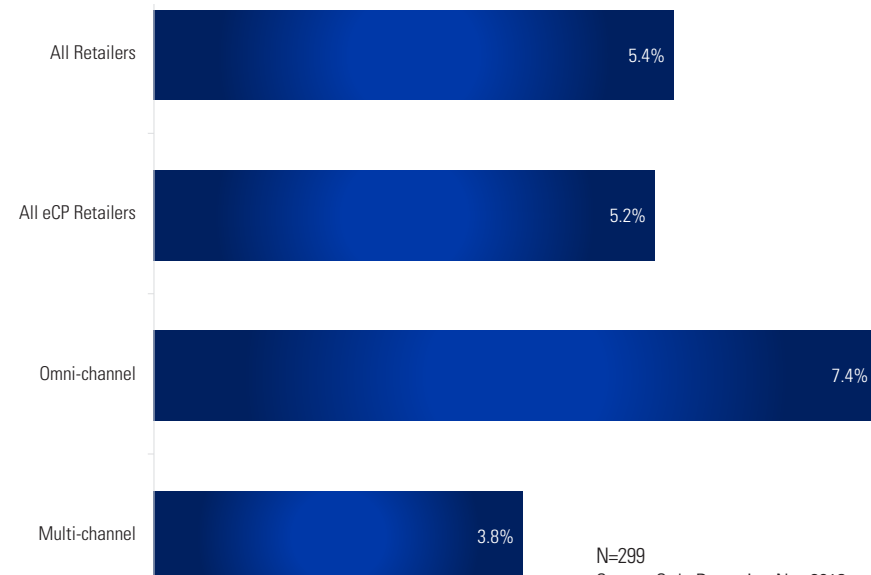
Omni-channel retailers are leading many of retail's new developments. An order management system at the heart of the unified commerce system, connects to almost all parts of the retail technology stack. As such, omni-channel retailers are able to connect their m-commerce approach directly into their omni-channel strategy. In this case, up to 7.4% of Australian omni-channel retailers have an m-commerce site as a purchasing option for their shoppers. This compared with only 3.8% of multi-channel merchants, and 5.4% for the entire retail research sample.

M-COMMERCE RESPONSIVE SITES

All Retailers	5.4%
All eCP Retailers	5.2%
Omni-channel	7.4%
Multi-channel	3.8%

N=299
Source: OrderDynamics, Nov 2018

Mobile and Social Commerce

SOCIAL MEDIA AND COMMERCE

Retailers in Australia have gravitated toward Instagram en masse. 94.7% of Australian omni- channel retailers have a presence on the social platform. It is no surprise that Fashion, Footwear and Luxury |Jewelry sectors have the largest percentages of retailers on Instagram. In Australia, the DIY|Auto|Industr. sector has the smallest presence with only 61.5% of retailers on the social network. Although only one of many social media platforms, Instagram continues to be the leading destination for omni-channel retailers.
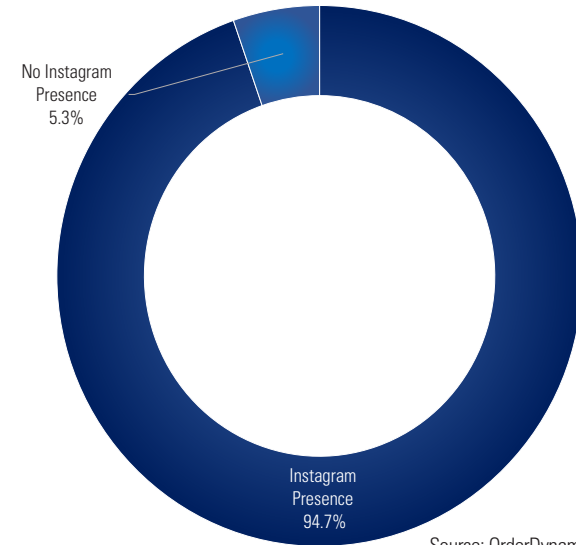
Despite the high adoption of having a presence on Instagram, only 7.4% have established Instagram as a sales channel. Of the 299 retailers reviewed, only 22 allow shoppers to place an order directly from Instagram. No doubt this will be a category that will change in the coming year.

Australia has one of the greatest number of retail loyalty programs found online, at 36.8%. Toys|Hobby|Sporting is the leading retail segment for loyalty programs in the Oceanian country at 47.1%, with Fashion at a close second with 45.6% of retailers.

On mobile commerce, the Fashion industry leads in mobile responsiveness with 84.5% while Health|Cosmetics retailers are at the opposite end with only 41.2% of retailers having a mobile responsive site.

When examining mobile optimization, it is surprising to observe that Fashion is at the bottom of this list with only 2.9% of retailers allowing for customers to purchase, as well as Toys|Hobby|Sporting and Health|Cosmetics retailers at 0.0%. Leading mobile optimization in Australia are DIY|Auto|Industr. retailers with 23.1%.

### INSTAGRAM PRESENCE - OMNI-CHANNEL RETAILERS

No Instagram Presence 5.3%

Instagram Presence 94.7%

N=94
Source: OrderDynamics, Nov 2018

N=299
Source: OrderDynamics,
Nov 2018

www.OrderDynamics.com

Retail Sector	Retail Chains	Loyalty		Mobile Site				Instagram			
		Prog.	%	Resp.	%	Opt.	%	Present	%	Shop	%
Fashion	103	47	45.6%	87	84.5%	3	2.9%	100	97.1%	14	13.6%
Specialty	52	17	32.7%	32	61.5%	2	3.8%	41	78.8%	1	1.9%
Home Furnishing	28	12	42.9%	20	71.4%	1	3.6%	24	85.7%	2	7.1%
Footwear	26	3	11.5%	21	80.8%	1	3.8%	24	92.3%	1	3.8%
Toys|Hobby|Sporting	17	8	47.1%	9	52.9%	--	0.0%	14	82.4%	--	0.0%
Health|Cosmetics	17	6	35.3%	7	41.2%	--	0.0%	11	64.7%	--	0.0%
Department	16	5	31.3%	11	68.8%	3	18.8%	14	87.5%	1	6.3%
Luxury|Jewelry	16	6	37.5%	11	68.8%	2	12.5%	16	100.0%	2	12.5%
DIY|Auto|Indust.	13	5	38.5%	10	76.9%	3	23.1%	8	61.5%	1	7.7%
Electronics	11	1	9.1%	6	54.5%	1	9.1%	9	81.8%	--	0.0%
Grand Total	**299**	**110**	**36.8%**	**214**	**71.6%**	**16**	**5.4%**	**261**	**87.3%**	**22**	**7.4%**

order dynamics

"Only 5.3% of 94 omni-channel retailers in Australia offer the ability for shoppers to purchase directly from their Instagram account."

5.3%
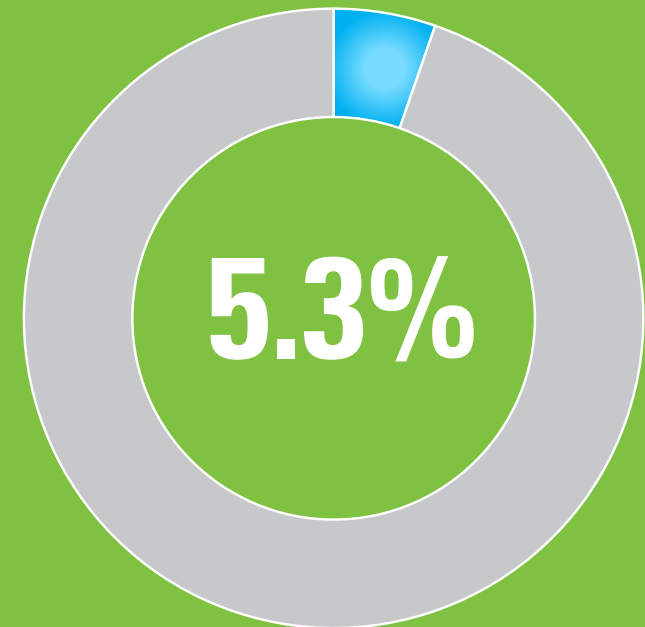
OMNI-CHANNEL PROGRESS

In 2017, the Omni-1000 research reviewed 200 Australian retailers. In 2018, the Omni-2000 report reviewed 299 retailers in Australia.

For a clear year over year (YoY) comparison, this section reviews only the 174 Australian retail chains that appear in both reports. Fortunately, the sample in both investigations is large enough to offer a reasonable level of confidence.

Click and Collect (BOPIS)

A simple comparison of the two reports shows that BOPIS adoption in Australia retail was found to be 27.0% in 2017 (Omni-1000), and 33.9% in 2018 (Omni-2000).

Progress is always preferable to decline, but 6.9% is a relatively small increase. In that regard, retailers in Australia continue to have plenty of room to grow in omni-channel deployments and customer offerings.

'How-to' FAQ

In the 'how-to' instructional category, Australian retailers showed great improvements. Last year 80.9% of omni-channel retailers provided a set of instructions on how to use BOPIS services. For a first-time BOPIS shopper, the process is not necessarily intuitive. Currently, 94.9% of omni-channel retailers provide these instructions online. This is a 14.1% improvement. Certainly, a huge step in the right direction.

Buy Online Return In-Store (BORIS)

A little over half of retailers in Australia provide the BORIS service. There has been a slight decrease between the Omni-1000 and Omni-2000 reports, with approximately 4% fewer retailers giving customers the opportunity to buy online and return in-store.

BORIS means customers bring merchandise back for their returns. When this happens, the retailer saves the cost of shipping returned items. It also means that 40% - 59% of the time the customer comes in to return an item, they purchase other goods.[5] For many retailers, it remains an untapped means of making the most of a negative situation.

Omni Report	Retail Chains	Retail Offering			
		Click and Collect	Basic IV (**)	Returns Policy	BORIS
Omni-1000 (2017)	200	27.0%	70.1%	78.7%	58.0%
Omni-2000 (2018)	299	33.9%	39.1%	67.8%	54.0%
Difference	+49.5%	+6.9%	-31.0%	-10.9%	-4.0%

(**) Basic IV = Basic Inventory Visibility

N=174
Source: OrderDynamics, Nov 2018

Active Inventory Visibility (Basic Level)

Inventory visibility is a key part of the omni-channel journey that is experiencing a significant and troubling decline. The like-for-like comparison finds that where 70.1% of retailers provided active online inventory visibility in 2017, only 39.1% show it currently. This is a massive drop of 31.0%; on par with the 30.7% global drop.

After the significant effort of triple checking these figures, we uncovered other research with similar results. D3 Supply's research also notes a drop in inventory visibility among retailers comparing 2016 to 2017.[2] It is a disconcerting trend, given that 64% of shoppers will drop an online purchase due to inaccurate or incomplete content information.[4]

Four possibilities may be contributing to this important step back.

- Competitive intelligence concerns
- Inadequate legacy systems or in-house built systems
- Passive inventory visibility adoption
- Light rather than Advanced OMS technology deployed

Although the exact cause of the decline is not researched in this report, the main root causes will be fascinating to uncover. The latter three options involved technology solutions that can be remedied either by switching strategy or by sourcing robust technologies like advanced order management systems.

Basic Inventory Visibility 2017: 70.1%

Basic Inventory Visibility 2018: 39.1%

Decline 31.0%

N=174
Source: OrderDynamics, Nov 2018

Comparison Conclusion

Despite a sizable decline in active inventory visibility use among omni-channel retailers in Australia, BOPIS remains a growing retail option. At the shopper level over the past year, omni-channel capabilities have generally improved. This is good for the industry, and a positive trend that needs to further accelerate.

Australia has a dynamic retail market. Yet, on the omni-channel front, there is considerable room to grow. Adoption of omni-channel is taking place, but the pace needs to accelerate for the good of retailers. Finally, the market as a whole should start maturing, with a greater presence of retailers of all sizes offering services like Buy Online Pickup In-store (BOPIS).
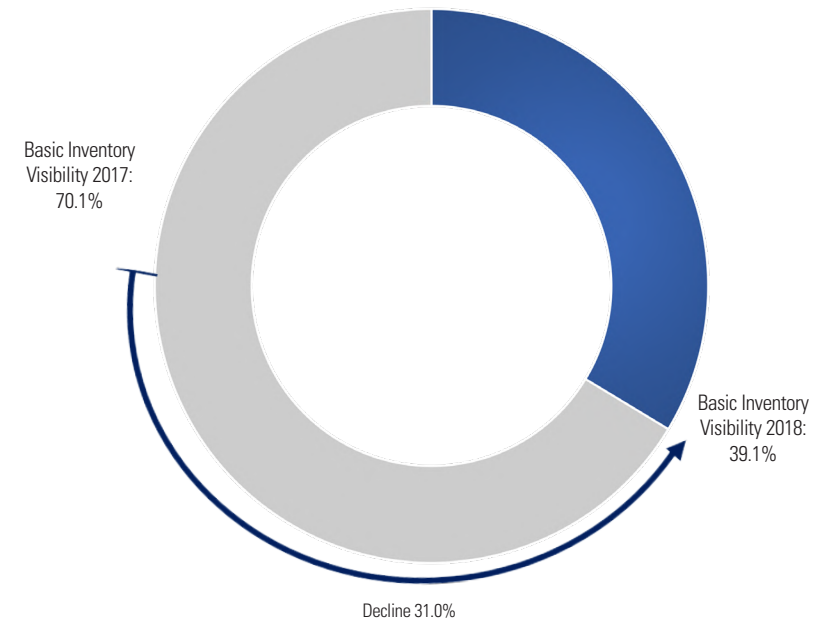
Omni-channel in the Australian Retail Market

Across the expanded retail chain sample of 299, the Omni-2000 Research: Australia finds that 31.4% of retailers in Australia offer Click and Collect services. Based on the seven countries reviewed, the Australian market is still developing their omni-channel capabilities today.

As much as returns are not a favoured topic among retailers, it is an important aspect to consumers. 14.0% of Australian retailers offer free return deliveries, which can be an important decision factor for many shoppers. This aspect makes Australia less developed than countries in free returns shipping.

BORIS (Buy Online Return In-Store) is available with 76.6% of Australian omni-channel retailers, and 72.6% of all global omni-channel retailers.

Examining returns allowance, 64.2% of Australian retailers allow for 0-59 days. This is on par with global levels of 63.7% of retailers within the same time limit.

Free shipping continues to gain momentum in Australia with minimum basket values decreasing slightly YoY. As Amazon and eBay continue to influence retailers, this will become an even hotter area of differentiation for retailers across Australia.

Across retail chain sizes, advertising Click and Collect services, educating customers through FAQs, and pickup notifications continue to be important to Australian retailers. It is the smaller retailers in these areas that can do with some improvement as larger retailers have already set high levels of customer experience according to omni-channel communications.

Along with declining inventory visibility, another area of decline for Australian retailers is in the area of pickup delays. In 2017, 46.2% of retailers offered a delay of only 5 - 24 hours. In 2018, this number has decreased to 21.3% with delays of up to 2+ days now being given.

Social media will be an interesting area to keep a watch on, not only the Australian market, but globally as more and more retailers advance their omni-channel capabilities through social selling on Instagram.

Key Observations

The market in Australia holds a lot of potential for omni-channel. Opportunities for improvement continue to exist but many retailers are making significant advances. It will be exciting to observe the trends through 2019.

Omni-2000 Retail Score

Find out Your Rank on the Omni-2000

Was your retail business part of the Omni-2000 research base? Now you can find out, and learn about how you scored on the 40+ criteria. If you are a Senior Executive in Retail, then click here and we would be pleased to review if you were in the core research and to share our findings of your retail chain with you. Ask for a sneak peek at your competitors, too.

Find out your score here: **bit.ly/od-omni-2000-score**
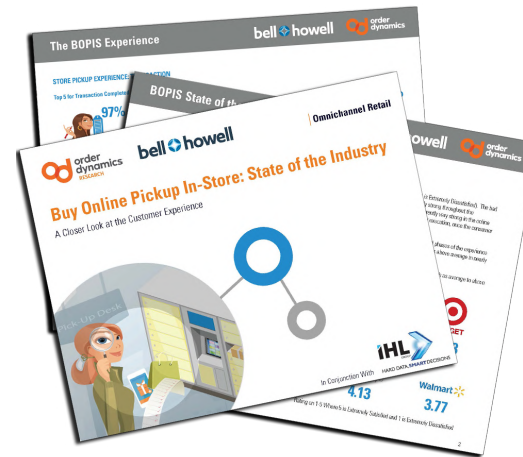
BOPIS: State of the Industry

Who is getting Buy Online Pickup In-Store right in the US?

OrderDynamics and Bell and Howell partnered to explore BOPIS offerings from the top ten retailers across the US. Who are they doing really well or where are they falling flat? Find the answers to these questions in our latest Buy Online Pickup In-Store research, analyzing 300 secret shopping experiences.

Download the full research now at:
bit.ly/od-bopis-state-of-the-industry

Click and Collect Superconsumer

What Your Customers Are Demanding

Click and Collect Superconsumers are the ideal omni-channel customer. They enjoy shopping, buy more goods, spend more money, are more loyal, and return fewer products. What is not to like about them? Find out more about them and how to cater to their needs.

Download the full research at:
bit.ly/od-superconsumer

OrderDynamics is the world's leading cloud-based, Out-of-the-Box Distributed Order Management Technology developer. Focused on powering retail fulfillment, OrderDynamics helps clients make omni-channel retail a reality. Their DOM provides client capabilities like order orchestration, enterprise-wide inventory visibility, returns management, customer service, and store driven fulfillment.

OrderDynamics enables customer options like Buy Online Pickup In-Store (BOPIS), and ship-from-store. This creates exceptional shopping experiences. Iconic brands like Speedo, Quiksilver, Columbia Sportswear, JYSK, Princess Auto, Crabtree and Evelyn, Murdoch's Ranch and Home Supply, and Browns Shoes use OrderDynamics technology across North America, Europe, Asia and Australia.

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ORDERDYNAMICS CORPORATION

Visit www.OrderDynamics.com for more information about Order Management Systems and how we can help optimize your Omni-channel Retail Business

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For more insights, statistics and
discussions about the OrderDynamics
Omni-2000 Research
visit the OrderDynamics Blog
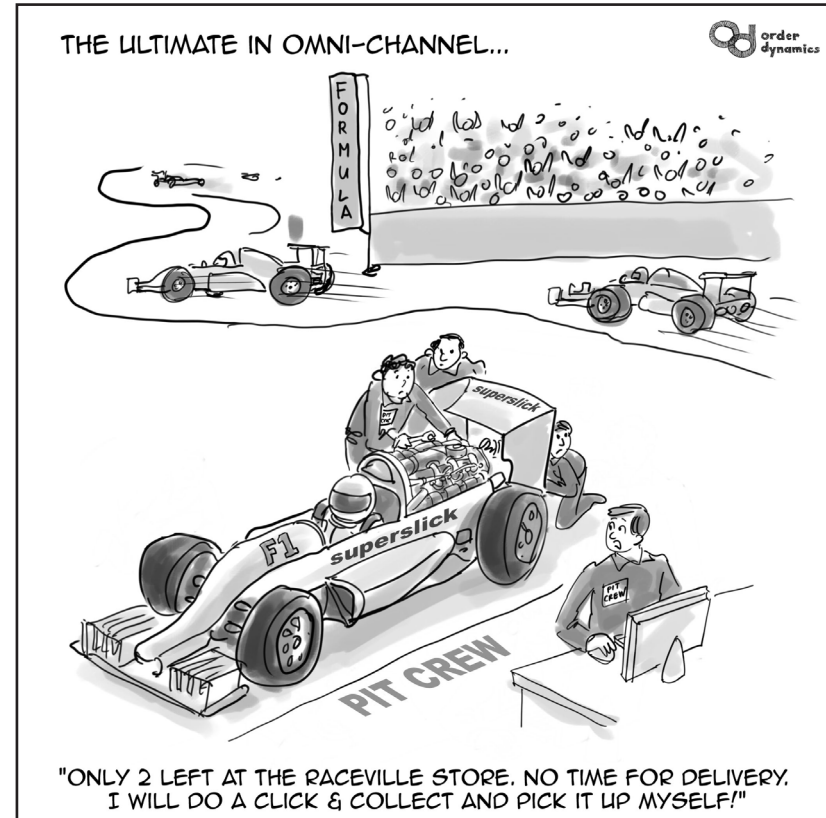
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