

Media release

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Aussie consumers put price first in retail battle of bricks versus clicks

The online retail boom is overwhelmingly being driven by people wanting to save money despite concerns it hurts local jobs, a new paper by The Australia Institute reveals.

The rise and rise of online retail confirms many of the assumptions made about consumer attitudes and behaviour in relation to online shopping. 85 per cent of survey respondents who said they shop online, do so to save money, followed by wanting to compare products and prices, with one in two saying they do so to save time. Yet, one in two respondents also felt that online retail is hurting Australian jobs.

The Australia Institute's Executive Director Dr Richard Denniss said Australian consumers do not feel they are getting a fair deal from traditional retailers when they see so many products up to 50 per cent cheaper online.

"Our survey asked people by how much they think it is fair for retailers to mark up their prices to make a profit. They considered a mark-up of around 35 per cent to be fair," said Dr Denniss.

"In reality, the average mark-up for items such as clothes and shoes is 142 per cent, and around 40 per cent for popular online items like DVDs and music.

"This shows just how much Australian consumers underestimate the cost of the traditional retail process which takes into account shipping, warehousing, displaying, advertising, sales staff and rent.

"Given the huge disparity between people's perceptions of what is a fair mark-up and what they are being charged in bricks and mortar shops it's not surprising that they are choosing clicks over bricks.

"The fact is, traditional retail is a very expensive way of delivering products to customers and just as digital cameras have decimated photo development labs, so too will online retail transform the way Australians shop," concluded Dr Denniss.

Notes for editors

- To explore community attitudes and behaviour in relation to online retail, The Australia Institute conducted an online survey of 1411 Australians in March 2011.

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The survey sample was representative of the adult Australian population by age and gender.