shopify

20 24

Australian

Retail Report

Real-world insights on how retailers
can invest for lasting success.

Contents

Foreword

Getting to the heart of customer experience

It's no secret the Australian retail industry has had to weather significant challenges in recent times. Retailers are grappling with huge shifts in both the operating and economic environments, and the impact of digitalisation across the entire consumer journey, from discovery to purchase, has forced the nation's largest retailers to operate with the agility of a startup.

But there's never been a dull moment in all my years in the retail industry. These new challenges also bring about new opportunities—which is why we love it. This is why it gives me great pleasure to introduce Shopify's Australian Retail Report 2024.

While the report analyses the continued shifts in consumer behaviours we've seen in the past year, this edition dives deeper into how retail decision makers can overcome their challenges.

Amid shrinking budgets and investors calling for greater focus on efficiency, CFOs are tasking department leads from operations to marketing to prioritise a few key investments while cancelling or pausing others.

Leaning on insights gleaned from some of Australia's top retailers, including JB Hi-Fi, Toys"R"Us ANZ, and the Brand Collective, this report uncovers the areas in which retailers are planning to increase or decrease investment, while examining the investments that

have driven the greatest overall value. Interestingly, investments in business intelligence will take precedence over AI and automation.

Another area that stood out: customer experience is a key focus for investment dollars this year. But I'm seeing a maturation from the market in terms of what drives high-quality customer experiences.

Marketing might be important to customer experience, but something I'm increasingly hearing in my conversations with Australian retailers—and echoed in the report—is a growing awareness of the less obvious drivers of customer experience, like efficient warehouse and inventory management.

It's 2024, which means there's usually a technology solution to business challenges. But, where in prior years we saw companies adopt specialist solutions that lead to bloated technology budgets, we are now seeing Aussie retailers becoming more conscious of the total cost of ownership for a solution.

Given the current market pressures, Aussie retailers should double down on what they are best at: delivering exceptional customer experiences, providing customers with high-value products, and staying attuned to local customer preferences. This research clearly illustrates how important these factors are to future growth. I hope you enjoy it.

Paul Zahra
CEO
Australian Retailers
Association

Methodology

Shopify commissioned YouGov to conduct research with consumers and businesses to uncover hundreds of insights into consumer trends and retailer tactics to tackle current market forces.

The consumer segment of the Shopify Australian Retail Report 2024 research was conducted online between 4 and 8 April 2024. This comprised a nationally representative sample of 1,048 Australians aged 18 years and older. The data was weighted by age, gender, and region to reflect the latest Australian Bureau of Statistics (ABS) population estimates.

The business portion of the study was conducted online between 28 March and 6 April 2024. The total sample size was 205 Senior Business Decision Makers (SBDMs) in Australian retail businesses with 50+ employees and with local headquarters.

Contributors

Gratitude is extended to the following organisations, among others, for their contribution to the report.

AKQA	JB Hi-Fi
Alquemie Group	Oracle NetSuite
Brand Collective	Petstock
Australian Retailers Association	Tryzens
	Toys"R"Us ANZ

Executive summary

Introduction

We are seeing some big changes in the retail industry in 2024.

Shaun Broughton
Managing Director
APAC and Japan
Shopify

The demand for value, a strong preference for in-store shopping experiences, and a renewed focus on efficiency are prominent. What's clear, however, is that retailers are leaning into more sophisticated, innovative strategies and tactics to deal with consumer demands and macroeconomic conditions.

The research featured in the report unveils the nuances of these trends and the market pressures that are driving them, while uncovering the ways retailers are responding, along with actionable recommendations. Notably, unified commerce will be an irrefutable growth driver, empowering retailers to sell better across multiple channels, while offering the best customer experiences and gaining access to unified datasets for the strongest business decisions.
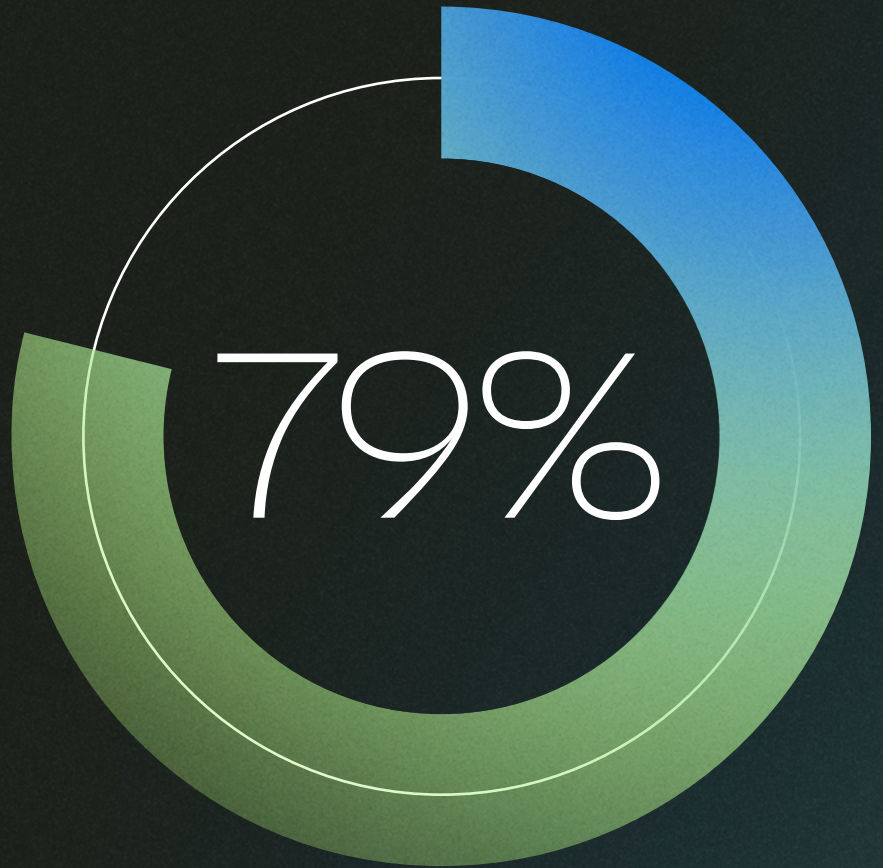
Executive summary
Key insights

Value is the name of the game

79% of Australians are cutting down on something to save money, while more than half of consumers in the country are looking for the best value when they shop —whether lower prices, higher quality products, or other elements—driven by cost of living pressure, pushing competition even higher.

79%

Retention intention

92% of consumers would become loyal to a brand if it offered them something, most notably consistently low prices. The same proportion have also switched brands, often for a better price. Yet retailers are looking to non-price related approaches to fight for customer loyalty, like rewards points and special treatment.

Energising efficiency

51% of retailers cite developer-related issues as internal challenges, including manual processes, poor ecommerce functionality, and complex business systems. Amid other challenges like poor staff retention, retailers are on the hunt for new ways to drive efficiencies.

Executive summary
Key insights

Foot traffic fosters omnichannel

43% of Australian consumers prefer shopping in stores, a notable increase on last year's figure of 38%. And with more than a quarter (26%) of consumers liking both in-store and online shopping equally, retailers are finding themselves investing in creating seamless and personalised omnichannel experiences.

38%

43%

2023

2024
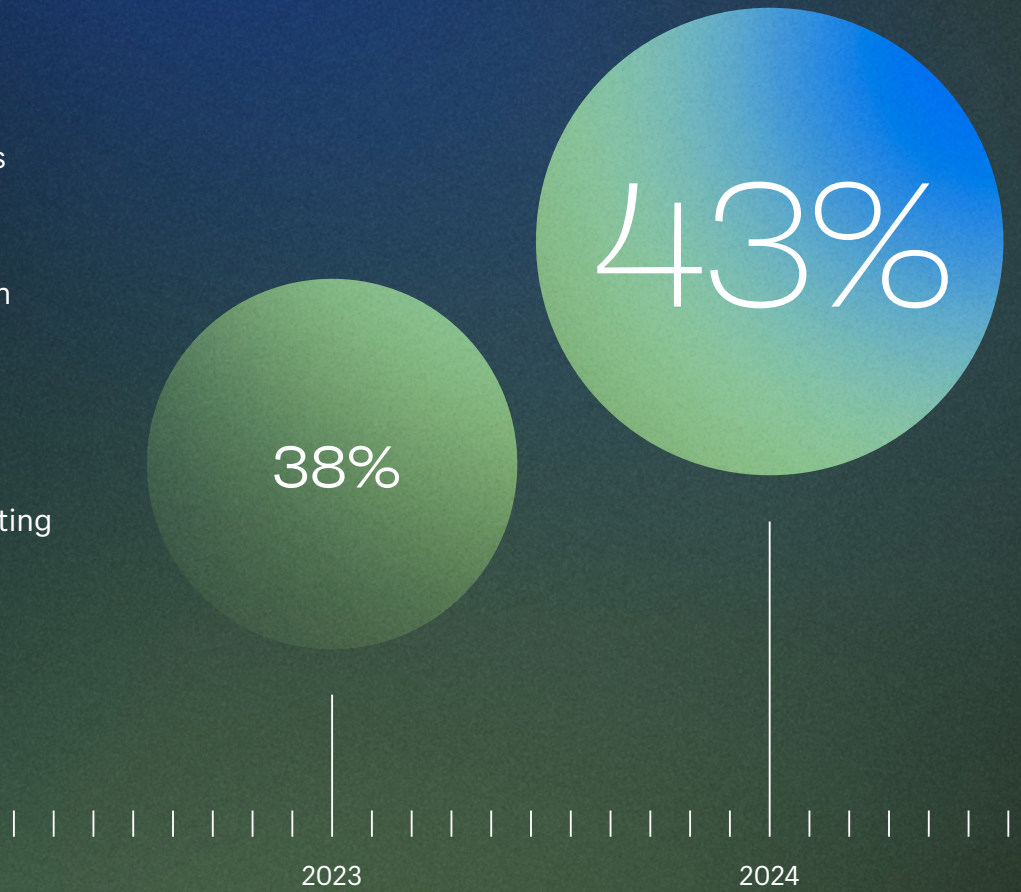
Innovation is invaluable

99% of retailers plan to invest in innovation in the coming 12 months, with business intelligence the number one area in which they plan to increase their technology spend. This focus on data and analytics can drive other technologies that support innovation aimed at efficiency, such as automation and AI, while supporting broader growth tactics.

Cost of living
concerns
spark a hunt
for value

01

Value drives sales as spending drops

79%

of Aussies are cutting down on something to save money.

Even more consumers are being cautious with their spending habits than last year, with cost of living pressures in Australia resulting from increased inflation and interest rates yet to meaningfully abate.
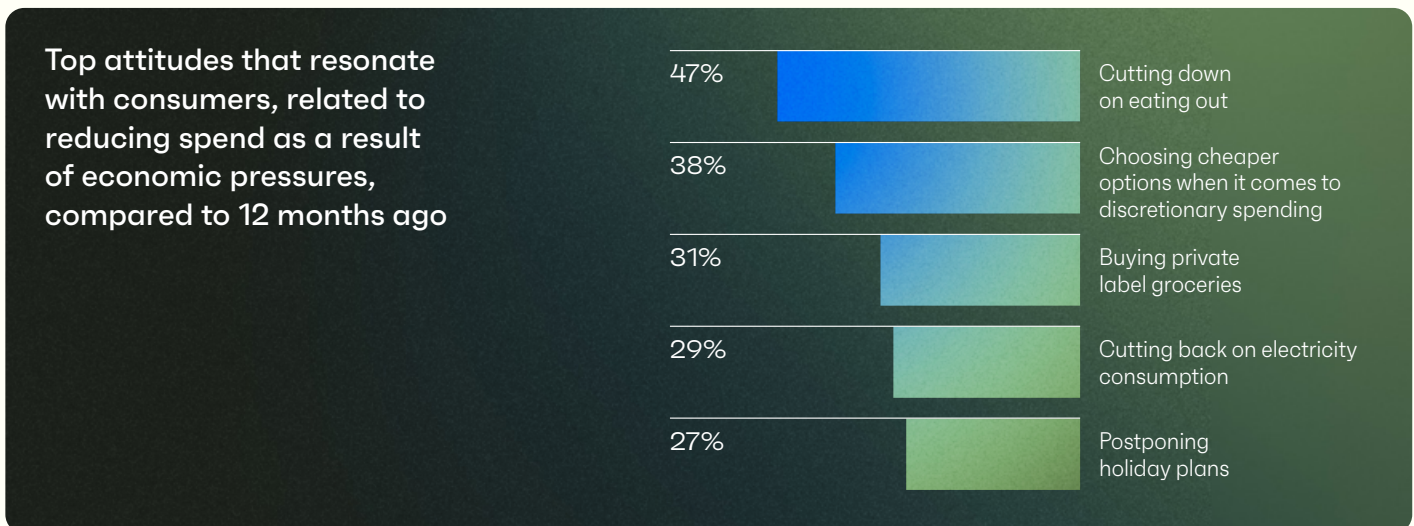
More broadly, over half (54%) of those surveyed are after the best value, an increase of 10 percentage points compared to respondents in Shopify's 2023 research. Likewise, just over a quarter of consumers say they would switch to a rival brand if it meant saving money.

These figures reflect the increasing proportion of consumers that are pessimistic about the economy and their personal situation, with close to a third (32%) falling into this category, compared to 25% in 2023. Just over a quarter (26%) of Australian consumers claim to be optimistic about the economy and their personal situation in 2024, a drop from 37% last year.

But that doesn't mean value and price are the only things consumers are shopping for. Around a third (34%) of shoppers are looking for quality that lasts, while 23% still treat themselves every month or so, even if money is tight. This suggests there is still some cash to be found for life's little luxuries, opening up opportunities for sales among retailers.

Top attitudes that resonate with consumers, related to reducing spend as a result of economic pressures, compared to 12 months ago

47%	Cutting down on eating out
38%	Choosing cheaper options when it comes to discretionary spending
31%	Buying private label groceries
29%	Cutting back on electricity consumption
27%	Postponing holiday plans

Retailers double down on new ways to demonstrate value

34%

of retailers are facing challenges related to rising customer expectations, more than those facing falling consumer spend (25%).

Where retailers are planning to boost investments in the next 12 months

63%	Customer retention
62%	Customer acquisition
61%	Marketing and advertising

Shoppers might be reducing spend, but Australian retailers are also tackling the big challenge of rising shopper expectations by demonstrating value in new ways.

For many retailers, their approaches are focused on marketing, with 62% of the retail business leaders surveyed indicating that their organisations are taking marketing-related measures to combat the challenges they are facing. Additionally, 26% are engaging in more targeted customer marketing, with almost as many (25%) increasing their customer service.

These areas of focus are also reflected in the top investment priorities for retailers, with 61% of business respondents planning to increase investment in their marketing and advertising in the next 12 months. At the same time, over 60% plan to increase investment in customer retention and customer acquisition in the coming year.

Increasing customer service levels is the fourth most popular method retailers are taking to overcome challenges, with a full quarter (25%) of retailers focusing on this, especially among larger businesses. Retail businesses with 500 employees or more are also more likely than smaller retailers to be increasing their customer service levels (34% compared to 20% respectively).

"

We've had customers spending less, reflected in reduced conversion and in smaller basket size if not necessarily in traffic. But what we have found is when they are presented with something they want or desire, they find the money for it. The money's there, but it's more discerning.

Richard Facioni
Founder & Executive Chairman, Alquemie Group
Chairman, Mosaic Brands

Recommendations for retailers

Compete on experience

Consumers may be on the hunt for value, especially with access to big marketplace players, but competing on price alone can put pressure on profit margins. This leaves retailers to compete on other forms of value that consumers can't get anywhere else, which is why customer experience is so important.

Leverage first-party data

A key on-ramp to the personalisation that makes for a differentiated customer experience is the collection and analysis of first-party data, which gives retailers the ability to gain a full picture of the customer across all channels. An ecommerce platform that can capture and consolidate customer information from all channels and touchpoints, both online and in store, is essential.

Create personalisation

When it comes to what customers value, a personalised experience is a differentiating factor not linked to price that retailers can weave into their marketing and engagement activities. Offer customers relevant products at the right time to drive customer acquisition and secure customer retention.

"

First-party data is the key to unlocking personalised experiences and sustainable growth for brands.

Over the last year we've seen a noticeable trend of brands focusing on how they can drive greater personalisation beyond product recommendations and really harness data and AI to create more tailored content to meet customers' needs. This drives a stronger connection between brands and their customers.

Suzanne Croxford
Executive Partner
Retail & Commerce
AKQA

According to Erik Newcomb, Shopify's Director of Merchant Success, Asia Pacific, Shopify's end-to-end commerce platform gives retailers the ability to capture first-party customer data across sales channels, and bring it all together into a single location for proper analysis and actionable insights.

"

On Shopify, retailers can access detailed insights from shoppers representing every stage of their journey to curate meaningful data about buyers, whether it's online or in stores.

These insights can help retailers drive meaningful, personalised experiences from the very beginning of the customer journey, creating value that doesn't have to be attached to price.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Live view

VISITORS RIGHT NOW
231

TODAY'S TOTALS
2.3k
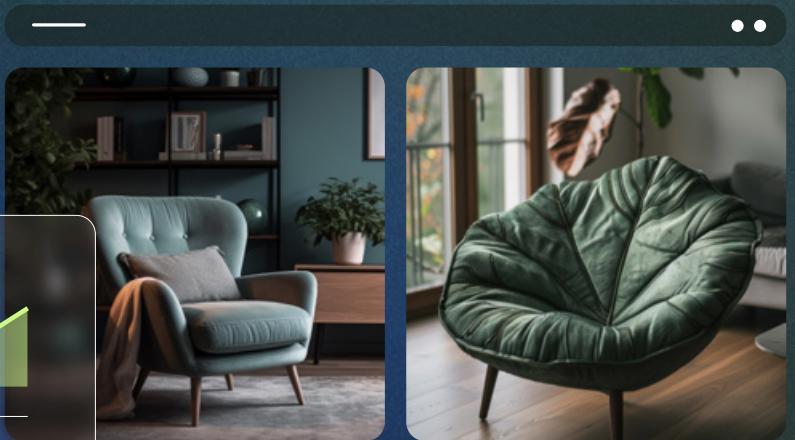VISITORS

193
ORDERS

$11k
SALES

Total sales

$53,285.00

755 total orders   View report

Unify experiences across channels or get left behind

02

Consumers want excellent experiences everywhere

43%

of consumers prefer shopping in store in 2024, notably more than last year (38%), and proportionately more than those who like shopping online (31%).

Clearly, Australian shoppers might be more reluctant to open their wallets for discretionary spend, but they are far more comfortable with opening their front door to visit retail stores in person.

However, with more than a quarter (26%) of consumers liking both in-store and online shopping equally, there is a compelling imperative for retailers to focus on both online and offline channels to suit shopper needs.

Where consumers prefer to shop

- I prefer shopping in store
- I like them equally
- I prefer shopping online at marketplaces
- I prefer shopping online at brand's websites
- I prefer shopping online

14%

31%

43%

18%

26%
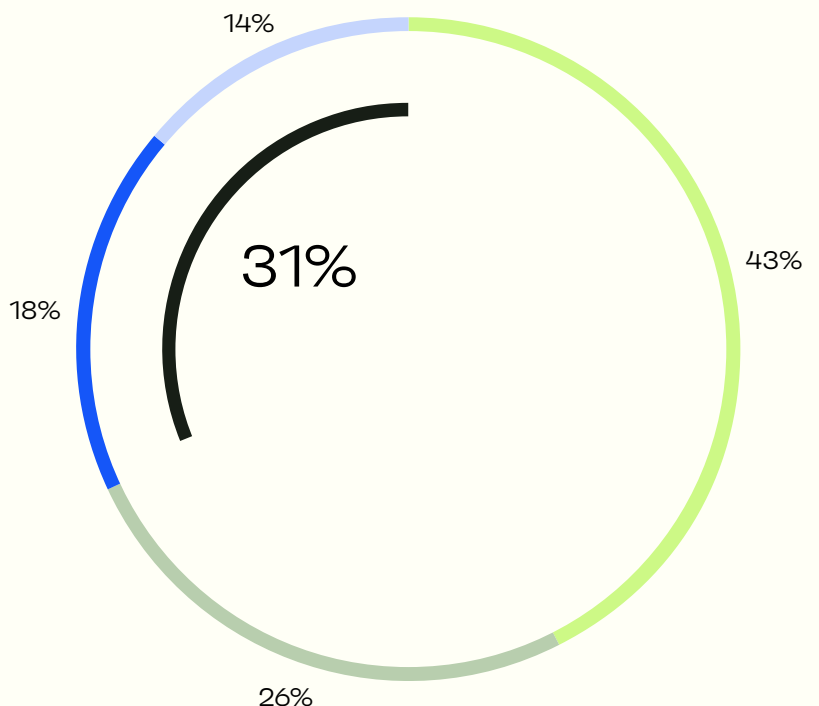
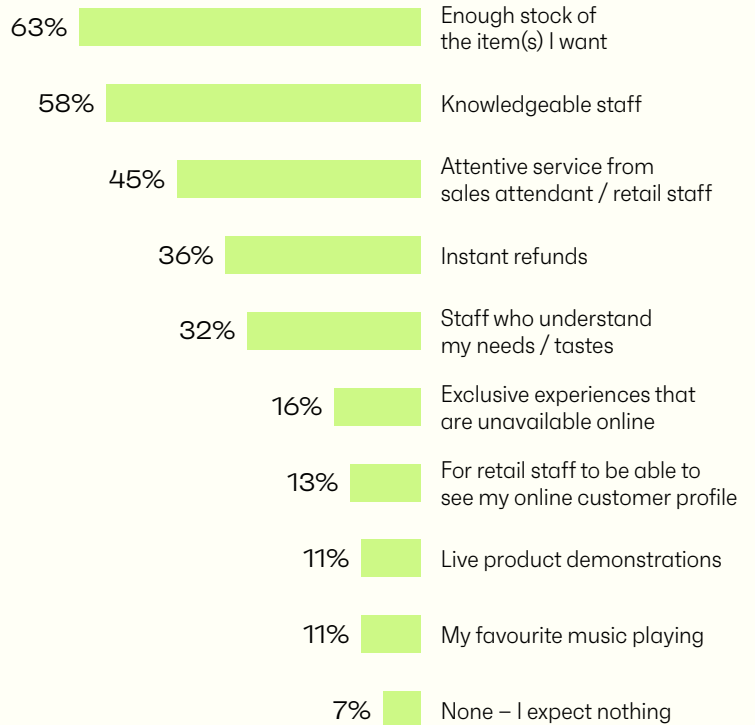With the popularity of in-store shopping on the rise, consumers purchasing items in brick-and-mortar shops consider ample stock, knowledgeable staff, and attentive service as the top three must-have characteristics for brands. This highlights the value of knowledgeable staff and how they bolster customer experience.

Must-have brand characteristics for in-store shopping among Australian consumers

63%	Enough stock of the item(s) I want
58%	Knowledgeable staff
45%	Attentive service from sales attendant / retail staff
36%	Instant refunds
32%	Staff who understand my needs / tastes
16%	Exclusive experiences that are unavailable online
13%	For retail staff to be able to see my online customer profile
11%	Live product demonstrations
11%	My favourite music playing
7%	None – I expect nothing

> "
>
> Knowledgeable and well-trained staff are a crucial part of our in-store customer experience. Online, we offer 8am-8pm customer support and 7-day social replies. Our goal is that whatever experience we offer in store, we also offer online.

Mathew Walker
Head of Ecommerce & Digital, ANZ
Petstock Group

In terms of online shopping, free shipping is the number one must-have characteristic expected of brands. Free returns, estimated delivery dates, and loyalty rewards also rank highly, illustrating the importance of the post-purchase experience as a significant driver of overall online customer experience.

60%

of shoppers listed free shipping as a must-have for online shopping.

Must-have brand characteristics for online shopping among Australian consumers

60%	Free shipping
47%	Free returns
47%	Accepting debit / credit cards
39%	Providing estimated delivery date
30%	Loyalty rewards program
30%	Live shipping updates
30%	Fast checkout
28%	Instant refunds
27%	Buy online, pickup in store
24%	Accepting digital payments

22%	Same-day shipping
20%	Fast-loading online store
20%	Mobile app for online shopping
19%	Multiple shipping options
18%	Accepting Buy Now Pay Later (BNPL)
11%	Customer service chatbot
8%	None – I expect nothing
5%	Augmented reality to try on / visualise items in situ
4%	Accepting crypto
2%	Other

Top 5 channels overall for new product discovery

Word of mouth
51%

The brand's website
34%

Facebook
29%

Instagram
26%

YouTube
24%

Top social media channels for new product discovery

Facebook	29%
Instagram	26%
YouTube	24%
TikTok	13%
Pinterest	6%
X (formerly Twitter)	6%
Reddit	4%
Threads (by Instagram)	2%
WeChat	1%

Demonstrating value through great customer experiences, both during and post-purchase, has knock-on effects. Customers are not afraid of sharing their opinions, and word of mouth is the top channel where people discover new products, with more than half of consumers citing it, followed by brands' websites and Facebook.

Great customer experiences can drive personal recommendations, making the difference between whether consumers become brand evangelists or brand critics. So it's important that retailers create the best possible experience before, during, and after every customer interaction.
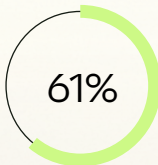
Retailers rush to beat competition with awesome experiences
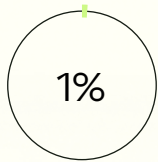
1% Just 1% of retailers are not planning to invest in customer experience in 2024.
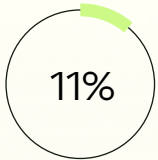
11% Retailers plan to invest an average of 11% of their total annual revenue in customer experience in the coming year.

61% Plan to increase investment in customer personalisation in the next 12 months.

With that in mind, omnichannel experiences are taking precedence, with close to half (49%) of retailers planning to increase investment in their omnichannel experience in the next year, and 57% in their in-store experience, further highlighting the returning role of physical stores in the retail mix.

For Australia's largest home entertainment retailer, JB Hi-Fi, omnichannel is on the investment horizon for the coming year, with the aim of building the right fabric to increase the level of interconnectedness between customer experiences online and in store.

This is a factor that is highly connected to the evolution of the sales experience in store, which will be increasingly mobile in nature and more personalised.

"

The customer's expectations around service quality have increased dramatically. When it comes to customer service, customers intuitively feel that every brand should act in an omnichannel way, and they should receive the same high quality of service for online purchases as they would receive in a traditional retail store.

Aaron Gard
Group General Manager, Digital & Loyalty
Brand Collective

Recommendations
for retailers

Renewing the focus on experience

Customer experience and engagement are taking their places as the principal points of differentiation between brands. To remain competitive, brands should invest in customer experience-focused initiatives, including personalisation, digital experience, in-store experience, and omnichannel experience—all of which are driven by deep customer insight across every stage of the shopping journey.

Own omnichannel by getting personal

With the necessary data and the right commerce solutions, customer experiences can be made more personal, convenient, and engaging across every channel, meaning that retailers can not only sell to customers where and when they want to buy, but also in the way they like to be engaged with.

Tap top staff for in-store excellence

Knowledgeable staff contribute strongly to positive customer experiences in physical stores. This means retailers need to prioritise staff training while empowering them with omnichannel support, such as unified inventory visibility and the ability to sell and ship items via both physical stores and online channels.

"

Seamless, contextual, and personalised omnichannel experiences are created from a foundational understanding of your customer, their needs, and experience expectations.

Retailers can use this understanding to build robust, customer validated roadmaps which help to ensure investment is focused on the initiatives that will have the greatest impact on the holistic brand experience.

Marc Aronsten
Senior Vice President
Tryzens

"

This is where tools in Shopify's rapidly growing unified commerce offering become invaluable, according to Erik Newcomb from Shopify. For instance, Shopify POS natively integrates physical stores with online stores and backend infrastructure for omnichannel insight, better stock management, streamlined selling, and elevated customer experiences.

With Shopify POS, retailers can offer customers the ability to check stock in store ahead of their visit, make use of click-and-collect for speed, arrange for products to be shipped to their home if they're not available in store, or use the Email Cart feature to let customers purchase at home if they are not ready to buy.

It's all about customer choice —and retailers can provide customers with the best shopping experience on any channel they choose to shop.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Pearl heel
Stiletto heel with a closed toe in turquoise.

SIZE:
Please select ⌄

Add to cart

Find in store

Securing customer loyalty without competing on price

03

Cost isn't the only thing capturing consumers' attention

92%

of consumers would become loyal to a brand if it offered them something.

Of which, consistently low prices or promotions are a top draw for 59%. Amid the 2024 macroeconomic landscape, it's no surprise that price tends to be the top factor driving consumers to both stick with a brand and switch brands.

But other factors can be leveraged to woo customers or keep them loyal. Beyond price, the offer of high quality goods would keep over half (51%) of consumers loyal, while 45% of consumers cite loyalty points or rewards as an effective way to foster loyalty. Moreover, close to a third (32%) of shoppers would be more loyal if offered a seamless user experience.

Top ways to win customer loyalty

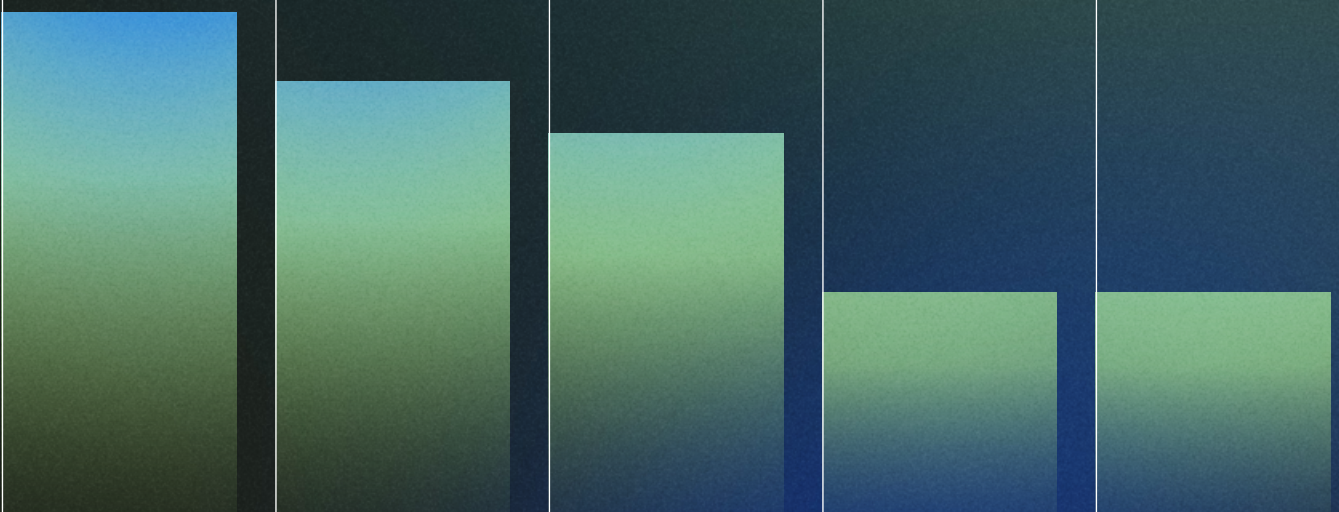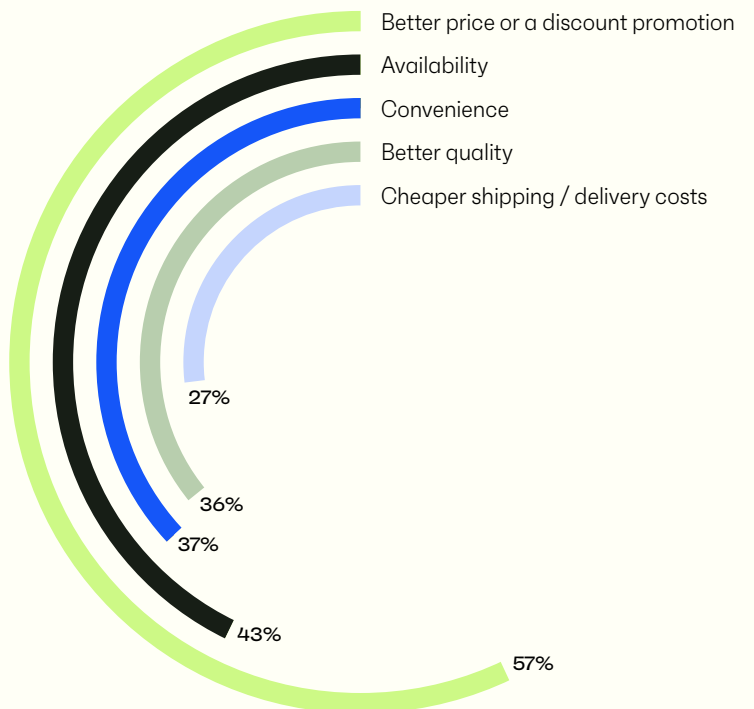| 59%	51%	45%	32%	26%
Offering me consistently low prices and / or promotions	Offering me high quality goods	Loyalty points / rewards	Offering me a seamless user experience	Offering me exclusive members-only experiences

Loyalty is hard to earn, and easy to lose. When asked about switching brands, 92% of consumers have bought items from a different brand than they normally do, predominantly driven by cost, with 57% having switched for a better price or discount promotion, a greater proportion than last year (49%).

At the same time, 43% of consumers have switched brands due to availability, also an increase on the 2023 figure (37%), while 37% have switched for convenience, and 36% because of better quality products. These figures reflect a fall in loyalty and a corresponding rise in expectations among consumers.

Even though pricing is the top factor driving consumer preferences and customer churn, retailers need to carefully assess the feasibility of competing purely on price and its impact on sustainable profitability. It's possible that other tactics, such as loyalty rewards, better quality goods, and a seamless customer experience make more sense as differentiating factors.

Top ways to encourage customers to buy from a different brand

- Better price or a discount promotion
- Availability
- Convenience
- Better quality
- Cheaper shipping / delivery costs

27%

36%

37%

43%

57%

Retailers look beyond price to compete more effectively
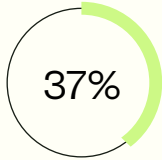
37% of retailers are combatting business challenges by raising their prices, the number one tactic cited.
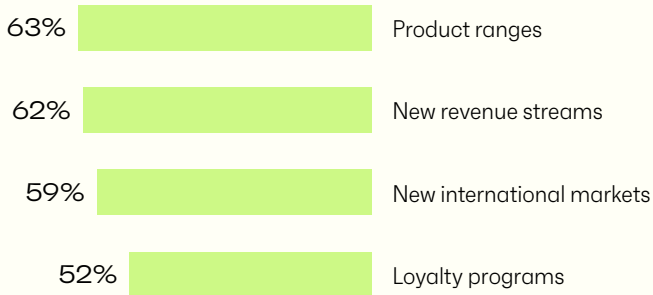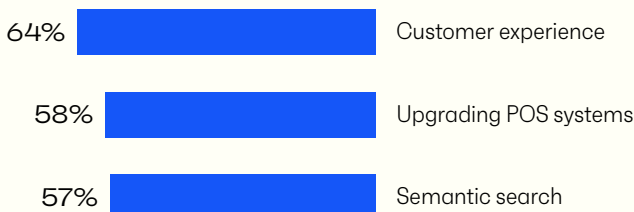
Taking into account the consumer demand for competitive pricing, this may come as a surprise.

However, this is no doubt to tackle elevated expenses such as higher supply chain costs, a challenge cited by 49% of retailers, and increased logistics costs (28%). While a popular option, there are clearly retailers choosing not to increase prices, instead opting to employ other tactics to compete and engage customers.

Expansion-focused strategies are by far the most popular approaches retailers are taking to tackle challenges related to capturing market share.

Well over half (57%) of retailers also plan to increase investment in expanding into new market segments in the next 12 months. Retail businesses with 500 employees or more are more likely than smaller retailers to be increasing their investment in expanding into new market segments by a lot (24% compared to 11% respectively). This suggests bigger retailers not only see the value of market diversification, but also have the means to accomplish it.

Where retailers are increasing investment to drive growth in the next year

- 63% Product ranges
- 62% New revenue streams
- 59% New international markets
- 52% Loyalty programs

Where retailers are increasing technology investment in the next year

- 64% Customer experience
- 58% Upgrading POS systems
- 57% Semantic search

> " How you can differentiate yourself with your offering from everyone else is something that will never go away. You can also sell different product categories to ensure you have that uniqueness. Finally, loyalty can also play a very important part here.

Penny Cox
CEO
Toys"R"Us ANZ

Recommendations for retailers

Protect your turf

Offer existing customers a reason to return. Loyalty programs can be a considerable driver, with retailers able to win additional sales through member-only benefits, such as special gifts, personalised loyalty rewards, or exclusive discounts. Within this, a great shopping experience will also keep people coming back, making features like a seamless one-page checkout process and fast, easy product search must-have elements.

Appeal to brand switchers

Look for ways to appeal to new customers. This can be as simple as expanding your product range to capture more consumers as they search for the products they love. Additionally, making it easy and quick for customers to find and purchase new products is valuable. The brilliant basics of seamless checkout processes and search functionality will contribute as well.

Find new audiences

Product expansion can also give retailers the ability to find new audiences, as can expanding into new market segments—for instance, selling to businesses and wholesalers—or consumer subcategories with new product ranges. Equally, international markets offer new opportunities for growth.

"

When we relaunched our website in 2024, we reduced our customer checkout process from three steps to two. This has led to faster transaction speeds and an improved experience for customers. Conversion has been higher and the drop-off rate has improved.

Mathew Walker
Head of Ecommerce & Digital, ANZ Petstock Group

"

Expanding into international markets opens the door to brand new potential customers, and it doesn't have to be a major undertaking. With tools like Shopify Markets, retailers have access to a cross-border management tool that helps them identify, set up, launch, optimise, and manage selling in international markets. Making the leap into untapped markets can be easier than many businesses imagine.

MYR
79.00

$
104.99

€
87.02

AU ✓

US ✓

MYR

Likewise, B2B on Shopify gives retailers the ability to easily launch a wholesale business, reaching an entire market of new customers, all managed with a unified backend dashboard. Offering subscriptions is another way to effectively drive retention and loyalty, which can be a seamless process with the native Shopify Subscriptions app.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Harnessing data for operational efficiency

04

The link between staffing woes and the hunt for efficiency

29%

of retailers are facing challenges related to poor staff retention and high staff turnover—the top internal challenge faced by retailers in 2024.
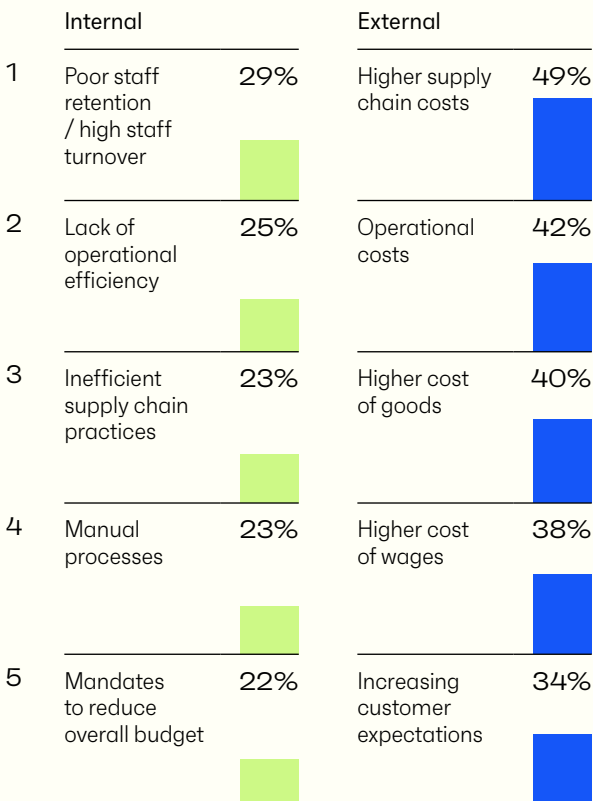
This is closely followed by a lack of operational efficiency, flagged by 25% of respondents.

That staffing challenges outweigh customer spend challenges may come as a surprise, given the macroeconomic landscape, yet it makes sense. Heightened cost of living pressures and a tight local labour pool are putting pressure on wage demands, with 38% of retailers citing the higher cost of wages as an external challenge, likely impacting staffing issues.

Retailers are increasingly conscious of business efficiencies that could help them do more without straining human capital resources. Efficiency issues (e.g. lack of operational efficiency, inefficient supply chain practices, complex business systems, and manual processes) are a major contributor to retailers' internal challenges, impacting 61% of retailers.

Inflation-related challenges, cited by 88% of respondents, are also raising efficiency concerns. Higher supply chain costs, flagged by 49% of respondents, are a particularly troublesome inflation-related outcome of the macroeconomic climate, especially among larger retailers.

Notably, more than half (51%) of retailers cite developer-related issues as internal challenges.

This includes manual processes, poor ecommerce functionality, complex business systems, and inflexible ecommerce platforms—all of which can also impact efficiency.

No doubt compounding such challenges, more than a fifth (22%) of retailers cite mandates to reduce overall budget as an internal challenge, likely making investment to overcome inefficiencies harder to come by.

The top challenges retailers are facing

	Internal		External	
1	Poor staff retention / high staff turnover	29%	Higher supply chain costs	49%
2	Lack of operational efficiency	25%	Operational costs	42%
3	Inefficient supply chain practices	23%	Higher cost of goods	40%
4	Manual processes	23%	Higher cost of wages	38%
5	Mandates to reduce overall budget	22%	Increasing customer expectations	34%

Make the most of your people with insight and automation

Employee attraction and retention is the number one area in which retailers plan to boost spending to drive growth over the coming year.

To overcome business challenges, employee attraction and retention programs are also cited as the number two method, after increasing prices.

65%

of retailers plan to increase investment in employee attraction and retention programs to drive growth.

Where retailers plan to boost investment to drive growth in the coming year

65%	Employee attraction & retention programs
63%	Customer retention
63%	Product range
62%	Business systems transformation
62%	Customer acquisition
62%	New revenue streams
61%	Customer personalisation
61%	Marketing and advertising
60%	Digital experience
59%	Expansion into new international markets
59%	Retail media
58%	Ecommerce system
58%	Marketplace platform or integration

How retailers are dealing with top challenges in 2024

1	Increasing prices	37%

2	Employee attraction & retention programs	26%

3	More targeted customer marketing	26%

4	Increasing levels of customer service	25%

5	Looking for alternative suppliers	21%

6	Passing higher costs onto customers	21%

7	Shifting budgets to higher value projects	20%

8	Restructuring our business model	20%

9	Increasing cyber security investment	19%

10	Increasing marketing budget	18%

More targeted customer marketing, increasing customer service levels, and looking for alternative suppliers are among the top five measures being taken by retailers to deal with the challenges they're facing at present. Yet the areas in which retailers are planning to increase investment clearly point to a focus on efficiency drivers.

Efficiency enables businesses to do more with less, an attractive proposition for retailers facing challenges finding and retaining staff. So it makes sense that nearly two-thirds (65%) of retailers are increasing their technology investment in business intelligence over the next year, while 64% expect to boost their investment in automation—both clearly aimed at driving efficiency.

Likewise, 58% of retailers are increasing investment in ecommerce systems in the next year, a key digital component that not only drives operational efficiencies but also customer reach, engagement, and experience. Over half (56%) are also planning to invest more in inventory management systems, another efficiency driver.

For JB Hi-Fi, efficiency is an ongoing process of reviewing how it is managing performance and capacity, especially in its backend providers. Efficiency can also contribute to resilience, something JB Hi-Fi is actively fostering with a mindset and supporting strategy that assumes disruption will occur in a more uncertain world.

JB Hi-Fi takes that resilience approach even further into other areas, with the assumption that the company may be disrupted by other things like identity, authentication, payments, banking, cyber-security incidents, or physical disruptions in stores. This mindset opens up inventive ways in which customers may mix channels and methods to navigate through such disruption.

Recommendations for retailers

Gain insight by unifying data

Retailers need insight across their businesses to combat operational inefficiencies that can put a drain on human capital and profit margins. However, many have data siloed in discrete digital systems, making it hard to gain a unified view of the organisation in one place. Finding the right solutions and building the right teams to unify and consolidate operational data will be key.

Streamline operations with AI and automation

By leveraging data and automation, retailers can explore streamlined operational approaches using innovations like AI chatbots and robotic process automation. This allows them to reallocate staff resources towards more valuable, customer-facing tasks. There is even the bonus of driving sales with tools like AI-powered cross-selling recommendations on chatbots to suit customer preferences.

Boost productivity

Maintaining commerce solutions and tech stacks of retail companies requires a large time commitment—but it doesn't have to. With out-of-the-box solutions like Shopify that don't require heavy customisation and a large technical team to upkeep, retailers can free up employees' time, allowing them to focus on driving efficiency and areas that better align with their career growth.
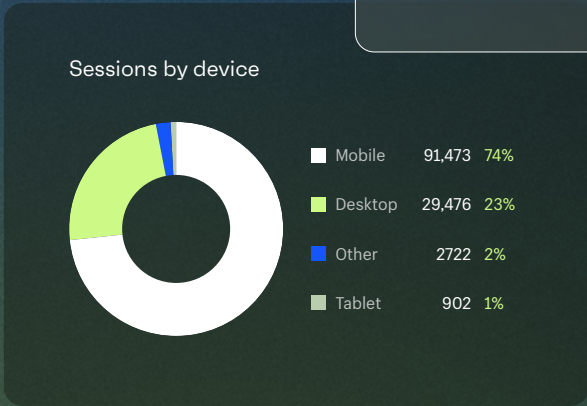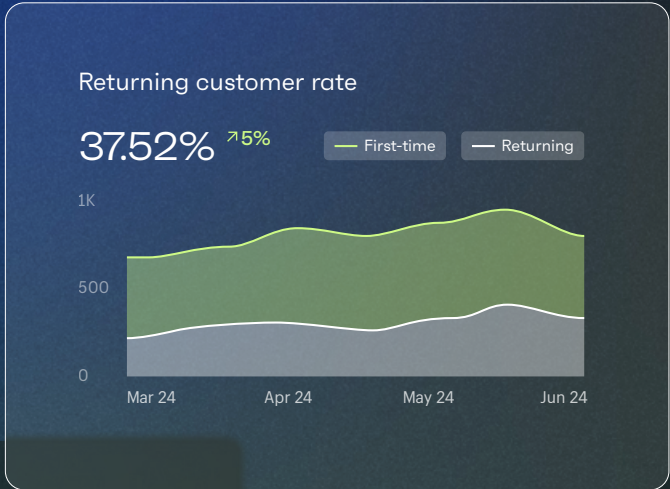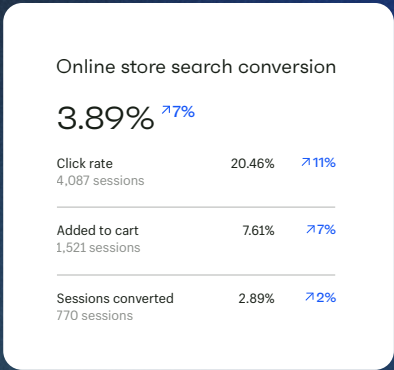
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We're seeing a whole range of measures being implemented to combat the challenges retailers are seeing.

Scott Wiltshire
Vice President
and General Manager
Australia & New Zealand
Oracle NetSuite

These include adopting technology and automating processes, which reduces error-prone manual tasks and frees up staff to focus on more value-driven, customer-facing tasks.

Online store search conversion

3.89% ↗7%

Click rate 4,087 sessions	20.46%	↗11%
Added to cart 1,521 sessions	7.61%	↗7%
Sessions converted 770 sessions	2.89%	↗2%

Returning customer rate

37.52% ↗5%

— First-time   — Returning

1K

500

0

Mar 24   Apr 24   May 24   Jun 24

Sessions by device

■ Mobile	91,473	74%
■ Desktop	29,476	23%
■ Other	2722	2%
■ Tablet	902	1%

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With data consolidated in one place, it can be more easily applied to business intelligence and analytics for better decision-making and processes. This is why a unified commerce platform such as Shopify is key to retailers' success.

A fuller understanding of the business's different sales channels, alongside important information like inventory management, fulfilment, and customer service, makes it possible for retailers to identify gaps and implement effective solutions efficiently.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Reshaping retail with more business intelligence, automation, and AI

05

The CTO takes charge as retailers spend big on innovation

91%

of retail leaders surveyed believe that the role of the CTO contributes to the evolution of the business and/or revenue growth.

Such is the importance of technology in retail, given the increasingly vital role that data, digital experiences, and commerce solutions are playing in business success.

With the chief technology officer (CTO) in the driver's seat, innovation is high on the agenda, and 99% of retailers plan to invest in it in the coming year. However, larger retailers are planning to spend proportionately more on innovation than smaller retailers, perhaps reflecting the greater pressure inefficiencies put on larger players and the efforts needed to conserve margin.
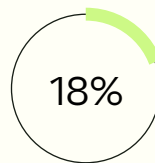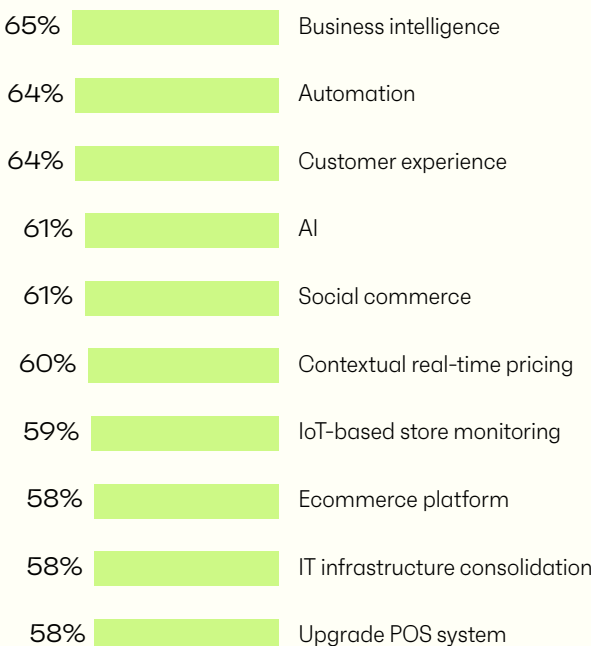
18% — Retailers that intend to invest in innovation plan to allocate an average of 18% of their total annual revenue on innovation. This increases among larger businesses.

Larger retail businesses are also more likely to invest in technology that drives innovation. For instance, retailers with 500-plus employees are more likely than those with 50-499 employees to increase their technology investment in automation by a lot in the next year (31% compared to 17% respectively), revealing a potential link between staffing challenges and technology that drives efficiency.

Business intelligence is the number one area in which retailers plan to increase their technology investment in the coming year, with 65% citing it—a number even higher than AI (61%) and automation (64%).

This clearly underscores the importance of data and insight in driving business growth and complementing other technologies that support innovation, such as automation and AI.

Where retailers plan to boost their technology investment in the coming year

65%	Business intelligence
64%	Automation
64%	Customer experience
61%	AI
61%	Social commerce
60%	Contextual real-time pricing
59%	IoT-based store monitoring
58%	Ecommerce platform
58%	IT infrastructure consolidation
58%	Upgrade POS system

Capture costs to boost investment returns

With technology-driven innovation at the centre of many retailers' investment strategies in the coming year, the total cost of ownership (TCO) for digital infrastructure is a prominent consideration for retailers.

Indeed, the number one consideration when looking at potential technology investments is operational, platform servicing, and support costs, cited by 43% of business respondents as being among their top five such considerations.

Given the elevated awareness of the broader operational, servicing, and support costs associated with technology investments, platforms that have a comparatively low TCO should be prime investment candidates for retailers.

Sometimes costs are hidden. From the perspective of JB Hi-Fi, application architectures that are not software-as-a-service or cloud-ready can destroy almost all value associated with flexibility and elasticity while increasing security risks and overhead.

Data according to research commissioned by Shopify from a leading independent consulting firm revealed that Shopify has:

23%
better platform costs

19%
better operation and maintenance costs

33%
better TCO compared to other competitors

Most important considerations for retailers when looking at a potential investment

1	Operational, platform servicing, and support costs	43%
2	Budget available	40%
3	Cost of solution / infrastructure	38%
4	Easy to implement and maintain	37%
5	Scalability	36%

Most important metrics for retailers to determine ecommerce infrastructure ROI

34%
Profit margin

30%
Revenue per customer

30%
Total online revenue

28%
Rate of return customers

27%
Customer retention rate

After operational costs and budget-related considerations, factors such as the ease of implementation and maintenance, scalability, and implementation set-up costs are among the top five considerations for retailers when it comes to technology investments. In this context, cloud-native platforms that can be implemented quickly but also offer scale, such as Shopify, are a top priority.

When determining the ROI for commerce infrastructure, the most important metrics are profit margin, revenue per customer, and total online revenue. However, beyond these baseline metrics, the rate of return customers and the customer retention rate rank among the top five most important ROI metrics.

For example, personalisation is one of JB Hi-Fi's top tech investment areas in 2024, with the company's JB Hi-Fi Perks program a key personalisation driver that also fosters retention.

As of 2024, JB Hi-Fi Perks has attracted more than 1.4 million members with a series of special events, special deals, and more. Such outcomes highlight the importance of customer retention for retailers, as well as the ability for their commerce investments to empower loyalty initiatives.

Recommendations for retailers

Prioritise profit and efficiency

When considering investments in new technology, retailers should prioritise solutions that drive revenue through enhanced engagement and omnichannel opportunities. Such solutions should also optimise profits through operational efficiency and automation, leveraging the benefits of AI to streamline manual processes. Solutions that offer the best total cost of ownership ensure that businesses are reinvesting their budgets in other important areas.

Identify innovation partners

Finding a suitable tech solution, especially complex ones like commerce infrastructure, can be an exercise that takes months when coupled with implementation roadmaps. Importantly, the solution needs to be suitable for the long term. This is why it's crucial to identify companies that can serve as innovation partners and can take on innovation costs by providing frequent upgrades and out-of-the-box solutions instead of requiring custom builds. For instance, Shopify allocated 24.5% of its total annual revenue to innovation in the form of research and development in 2023, because a cornerstone of the company is to drive innovation for businesses, ensuring that solutions continually meet the evolving demands of ecommerce.

Foster healthy internal adoption

To ensure the successful adoption of technology and fully realise the potential benefits of technology, it is crucial to facilitate uptake within the organisation through informative hands-on training sessions and continual upskilling that demonstrate the effectiveness of the platform.

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What's more important than ever is that any new technology comes with an easy way to measure its success criteria. In ecommerce, we're always optimising and attacking the problem from all angles, so it's important that we can easily define what success looks like for that specific product or service and that it's easily measurable.

Aaron Gard
Group General Manager, Digital & Loyalty
Brand Collective

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If the team doesn't change their processes to fit the new system, they change the system to fit their old processes, so there's no benefit.

Richard Facioni
Founder &
Executive Chairman,
Alquemie Group
and Chairman,
Mosaic Brands

That change management piece can be a real challenge. You've got to make sure you've got team buy-in from the outset, that they've bought into the replatform. Recognise there'll be short-term pain but articulate how it will help them. People are job proud, so articulate how it will make them better at their job.

According to Shopify's Erik Newcomb, for decision-makers to ensure their technology investments deliver on expectations, it is important to foster healthy uptake within the organisation, especially among larger retailers, and build a solid foundation of data to evaluate the ROI at major milestones.

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With enterprise tech solutions, the easier it is to migrate, implement, and maintain, the sooner businesses will reap the benefits of their investments.

Tools such as Shopify's code-free customisation capabilities help to make uptake an easy proposition among team members. Anything that puts more power into the hands of internal teams, without requiring major technical expertise, is going to drive uptake and minimise costs.

Erik Newcomb
Director of Merchant Success, APAC
Shopify

Shopify's enterprise-grade solutions and features are purpose-built to meet the unique needs of retailers of all sizes, including enterprises that operate at the highest levels, all with a low and transparent total cost of ownership.

There's a reason why Shopify is the partner of choice for retailers looking for sustainable, long-term success in the current market—and all of the challenges that come with it.

With Shopify, retailers have the tools they need to reduce work, costs, and risks while also accelerating time to market, whether it's the delivery of new online stores, new features, new products, new brands, or new markets. By choosing Shopify, retailers partner with a world-class commerce team committed to innovation that makes commerce better for everyone.

How Shopify helps

How Shopify serves large businesses

Flexible headless commerce to customise experiences

Shopify POS and Shopify work in tandem to sync inventory and customer data between online and physical touchpoints. This allows for a unified view of data, inventory, and orders across all brands in a multinational portfolio.

An expanded geographic footprint across your portfolio

Shopify provides comprehensive features for managing multiple storefronts across digital and physical locations. With Sales Channel Integrations for Meta and YouTube, brands can capitalise on social commerce trends, offering seamless shopping experiences on multiple platforms.

Unified data, inventory, and orders across all brands

Shopify Commerce Components offers a modular approach for creating unique ecommerce experiences. With headless API and SDK options, large enterprises can tailor storefronts and carts across different markets, enhancing customer engagement.

Omnichannel support across all major channels

Shopify Markets and Sales Channel Integrations help large enterprises scale globally effortlessly. Shopify Markets simplifies international sales and localisation, while channel integrations make products shoppable on global social platforms. Both products extend your retail reach into new markets.

Engaging tech-powered retail experiences for your customers

Shopify AR and Shop App immerse customers in tech-powered shopping experiences. Augmented reality features let customers visualise products before buying, while the Shop App centralises the brand journey. Together, they offer an engaging, modern retail experience across diverse markets.

Robust ecosystem for marketing and customer support

Shopify Automations enable targeted marketing campaigns, while Shopify Inbox offers integrated chat for sales conversion and customer support. This robust ecosystem allows for effective, data-driven customer engagement across different markets.
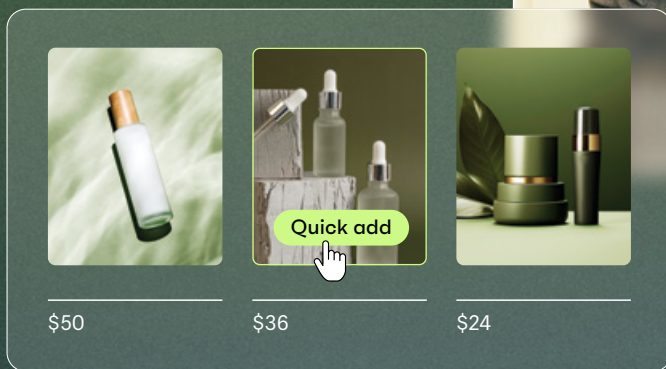
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Am I sleeping soundly at night? I used to worry that our old website would fall over on Black Friday, that's an important KPI for me. Also, are things secure and are we managing cyber security? Are we doing everything we need to do on that front?

I wasn't always sleeping as soundly at night around our technology as I do now with Shopify.

Penny Cox
CEO
Toys"R"Us ANZ

$50 $36 $24

Technology shouldn't be a source of stress, nor should it be the factor that holds retailers back from overcoming market challenges and reaching their full potential, no matter what size they are. Sometimes the biggest issue stemming from technology is as much about the wellbeing of business leaders and their team members as it is about economics. It's time to give business stress a rest.

Unlock growth opportunities by building your brand on Shopify.

Visit **shopify.com/au/enterprise** to explore enterprise commerce solutions.

Let's talk →