

NZ Post's eCommerce Spotlight report shows shoppers tightening belts

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NZ Post's eCommerce Spotlight report for the first quarter of 2023 shows Kiwis are tightening their belts in tough economic times.

"Shoppers spent more than \$1.36 billion on physical goods in the first quarter of 2023 (Q1 2023), a 22% drop in online spending from the same quarter in 2022 – reflecting it's a very different economic environment out there from twelve months ago," NZ Post General Manager Business Chris Wong says.

Wong said it continues to be a complicated picture and to understand the drop we must go back a year, to Q1 2022 and understand the situation we were in then.

The start of 2022 was impacted by the arrival of the Omicron COVID variant, seeing the country once again back in lockdown by late January. With physical shopping restricted, online shopping was the main option for many of us Kiwis through the quarter.

Putting this decline in context, Q1 2023 spending was still almost 60% higher than what it was three years ago. Q1 2020 was the quarter when COVID first appeared, leading to the first online peak in the following quarter.

One of the main factors we are seeing with a decrease in online spending and the shaping of shopper behaviours is the economy, he said.

"Shoppers have responded by shopping less often, putting less in their shopping cart and by looking around for cheaper alternatives.

"Now more than ever, shoppers love a bargain. And Q2 offers a number of good opportunities for online retailers to stimulate spend from existing and new customers with Easter, ANZAC Day, Mother's Day and King's Birthday promotions."

Wong said the report also showed the continuation of Kiwis favouring local retailers when it comes to shopping online, with 72% of online spending in Q1 2023 with Kiwi based retailers.

"This reflects a desire to support the local economy, the quicker delivery available and possibly also the money-saving option to click and collect."

Homewares, Appliances & Electronics (down 33%) was the sector with the largest online spending decline compared to Q1 2022.

Shoppers tightening their belts isn't a behaviour confined to just online – they've cut back spending across all channels. Instore spending for Q1 2023 was \$12.35b, down 2% on the same quarter in 2022.

Total retail spending for Q1 2023 – online and instore – was \$13.71b, 4% lower than in Q1 2022, but still 5% above Q1 2021 and 13% above Q1 2020 when the pandemic started.

"Partly, this is because a year ago there were restrictions on all these activities and also because Kiwis are now prioritising themselves, their families, and their wellbeing in these tougher times."

Regionally online spend fell across all regions compared to the same quarter last year, with half of all regions experiencing declines of 20% or more. Taranaki and the West Coast were the regions with the smallest declines (-12%).

More eCommerce Spotlight stats for Q1 2023

83 million Kiwis (44% of the population aged 15 and over) shopped online in the first quarter of 2023. This is 7% (more than 146,000 people) down on Q1 2022. However,

the number of people buying online this quarter was nearly quarter of a million (15%) more than Q1 2021.

Online transactions were 20% down on Q1 2022, telling us that shoppers were buying online less often. On average there were around 139,000 online transactions a day in the quarter – around 34,000 transactions less a day than the same quarter a year ago. Along with shopping less often, online shoppers also spent less each time. The average online basket size was \$108 in Q1 2023, down almost \$4 (3%) from Q1 2022 to a similar level to Q1 2020.

Speciality Food, Groceries & Liquor saw online spending fall 25% compared to Q1 2022. Instore spending remained at about the same level. While essential grocery and supermarket online spending was down 19%, the overall sector was impacted by larger declines in non-essential online spending like liquor stores (-40%).

Clothing & Footwear online spending fell 15% compared to Q1 2022. Conversely, instore spending in this sector saw a lift of 4%, with shoppers embracing the freedom to go to the stores they didn't have a year ago.

Quarterly online spending at Department, Variety & Misc. Retail Stores was down 20%, while Recreation, Entertainment, Books & Stationery was down 14%. Both sectors saw positive growth (3-4%) in instore spending for the quarter, possibly suggesting that shoppers are returning to stores for these goods.

Please note: The data used in the eCommerce Spotlight is card transactional data supplied by Datamine. We are continually reviewing and refining our methodology to bring our readers the most relevant and accurate information possible. At times, as we update our approach, this

creates some discrepancies with previously published information. While we don't go back and adjust earlier published information, when comparing current information with past periods we use consistent like-for-like methodology.

Source: [NZ Post](#)