



Fair
Trading

Online Shopping Survey Report May 2017



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Executive Summary

World Consumer Rights Day (WCRD) was celebrated on 15 March 2017 by Consumers International (CI). The theme of the international event was 'Building a Digital World Consumers Can Trust'. Following on from WCRD, NSW Fair Trading launched a survey to gauge consumers' experiences of online shopping.

A total of 1,139 people participated in the survey. A key finding from the survey was that 61% of consumers reported experiencing no problems when ordering online from an Australian-based supplier. Factors that influenced this were goods arrived quickly without incident (78%), goods were as they were described online (33%), and there was a prompt and effective response to issues (35%). Of those who reported having problems, almost half (47.49%) of the issues related to the delivery of goods which were damaged, late or never arrived. Nearly half of all respondents (46.34%) reported problems buying goods online from an overseas supplier. The main issues were items arriving late, not arriving at all or delivery of a product different to the one advertised.

Overall, shoppers would like more transparency about who they are buying from, better user interfaces with increased security, streamlined refund processes that clearly state who has to pay for postage, and tracked deliveries as standard procedure. Respondents raised the issue of needing more clarity around their rights online, for example, whether the Australian Consumer Law applies to overseas suppliers selling goods into the Australian market. It is interesting to note that one in five (20.41%) survey respondents did not know they have the same rights when buying goods and services online from an Australian supplier as when buying in-store.

About the survey

World Consumer Rights Day (WCRD) was celebrated on 15 March 2017 by Consumers International (CI). The theme of the international event was 'Building a Digital World Consumers Can Trust'. Following on from WCRD, NSW Fair Trading launched a survey to gauge consumers' experiences of online shopping. A total of 1,139 survey responses were received.

The survey was available from 15 March until 30 April 2017. It was promoted through the Fair trading website and social media; it was also promoted by CHOICE through their e-newsletter and social media channels and through the Department of Finance, Services and Innovation.

Key Findings

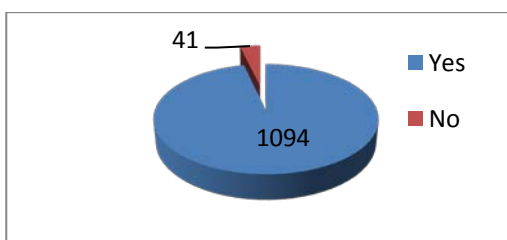
Below is a summary of the key findings from the survey responses.

- Online shoppers enjoy the convenience and reduced cost of online shopping.
- 61% of consumers reported experiencing no problems when ordering online from an Australian-based supplier, while 39% reported they had problems.
- The factors that contributed to a good experience included that goods arrived quickly without incident (78%), goods were as they were described online (33%), and there was a prompt and effective response to issues (35%).
- Of those who reported having problems, almost half (47.49%) the issues related to the delivery of goods which were damaged, late or never arrived. Many respondents suggested that tracking delivery of goods would be beneficial.
- One in five (21.51%) reported receiving a faulty product when purchasing from an Australian supplier with 12.8% reporting a faulty product from an overseas supplier.
- Respondents wanted clearer returns policies, in particular who bears the postage costs for returning goods that were faulty or not as described on the website. This was particularly the case for goods from overseas.
- Respondents had issues with ordering products but not being made aware at the time of ordering, or even for some time afterwards, that the product was out of stock.
- Prompt, flexible and responsive communication to problems led to traders being able to redeem themselves in consumers' eyes. A substantially delayed or inflexible response, however, caused matters to be escalated beyond the scale of the original issue.
- One in five (20.41%) survey respondents did not know they have the same rights when buying goods and services online from an Australian supplier as when buying in-store.

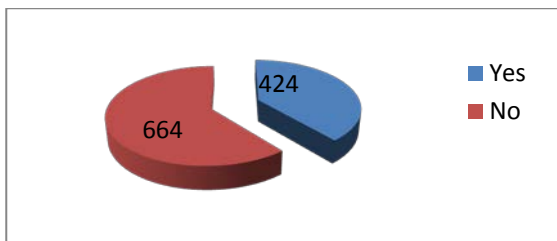
Survey Results

Australian-based supplier

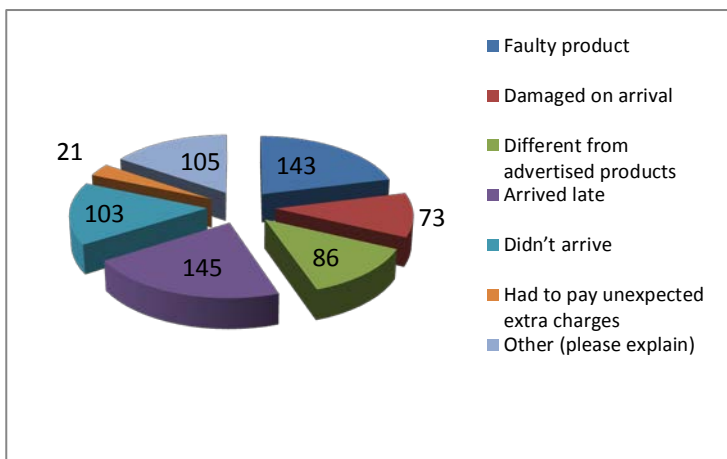
Q: Have you ordered goods online from an Australian-based supplier?



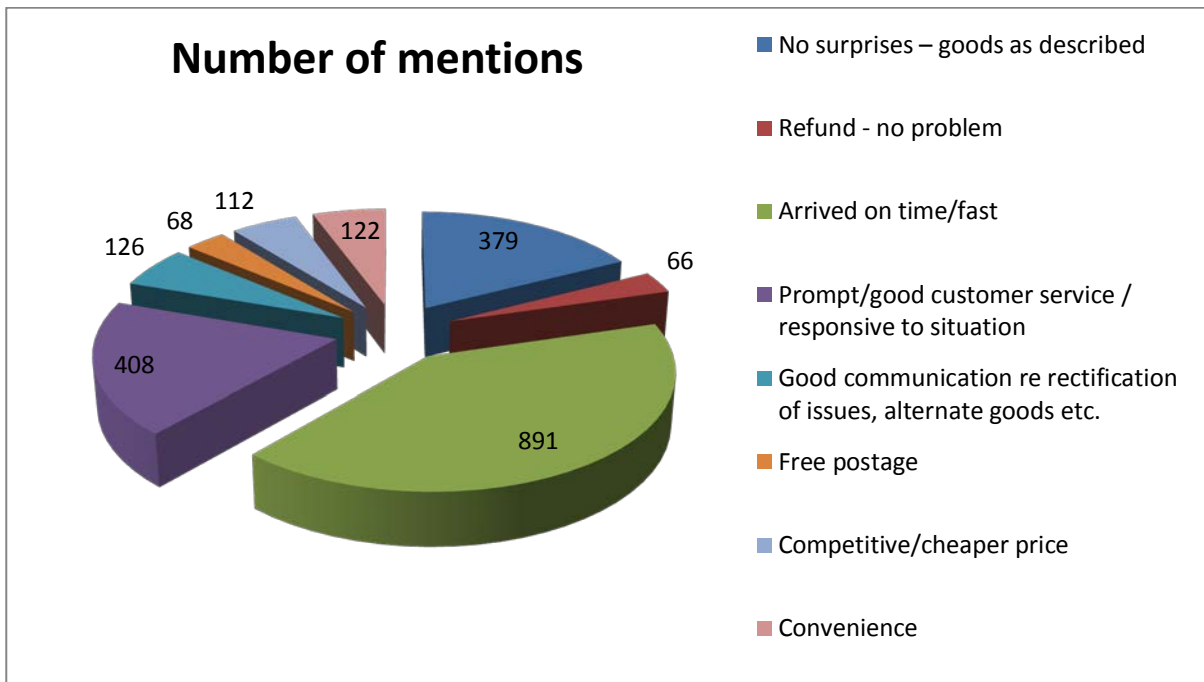
Q: Have you experienced problems with any of those goods ordered online from an Australian-based supplier?



Q: Which problems did you experience?

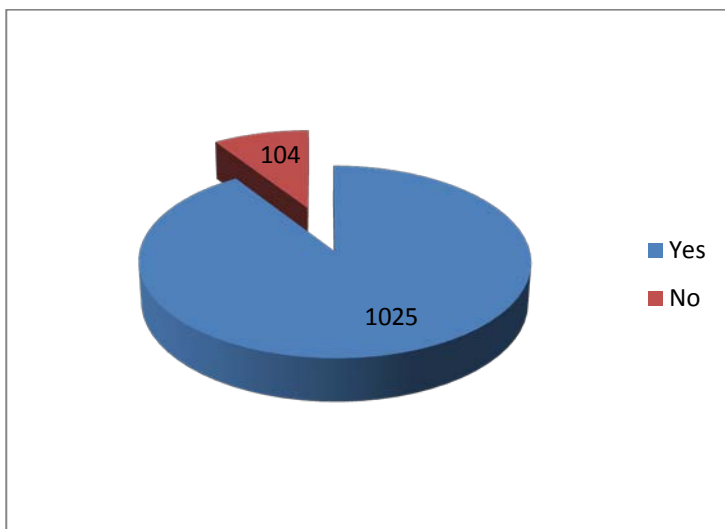


Q: What is your best experience of buying online from an Australian-based supplier?

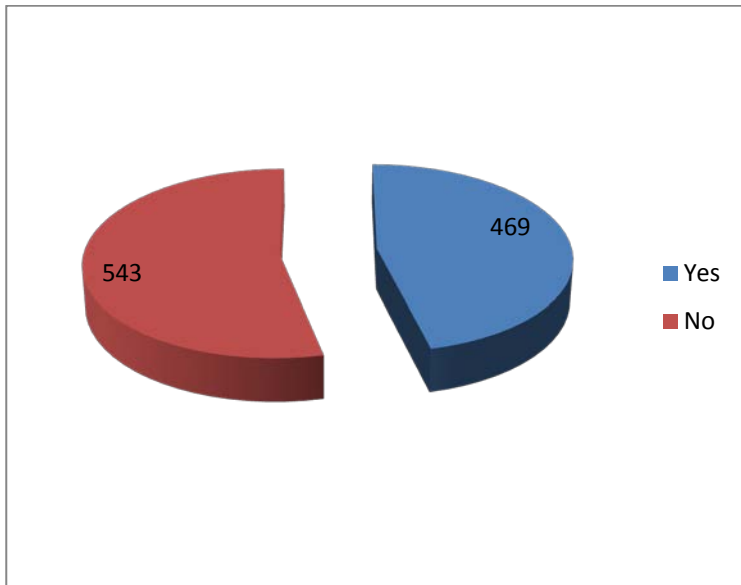


Overseas-based supplier

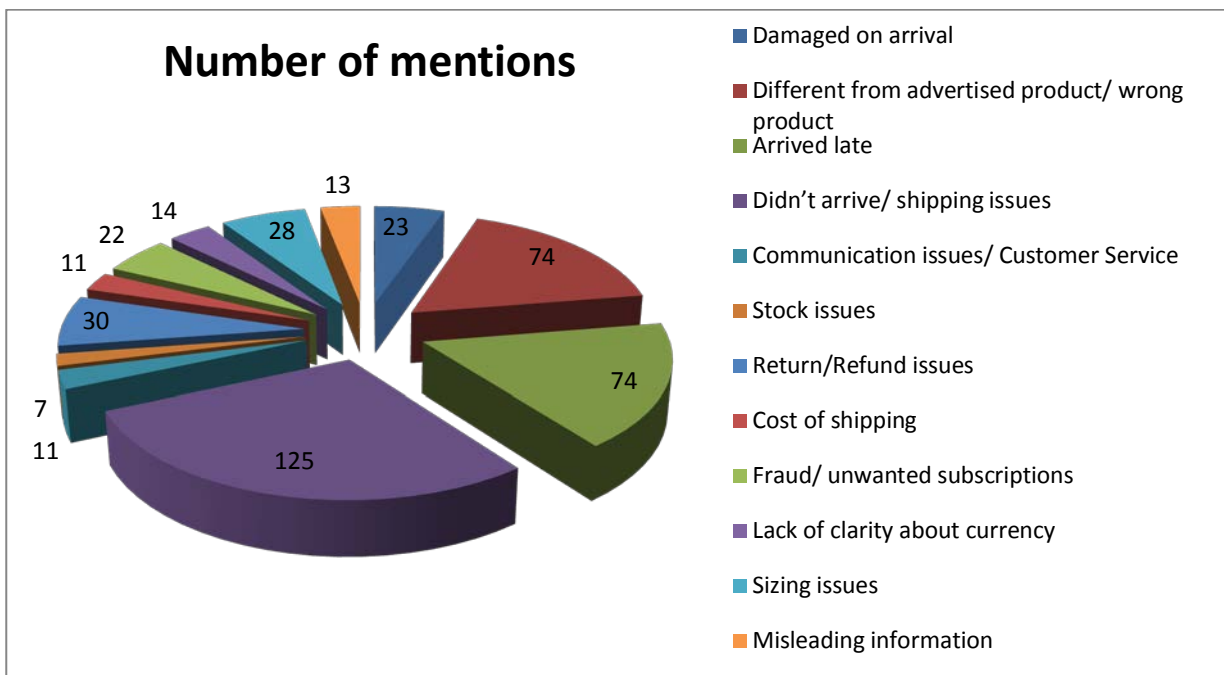
Q: Have you bought goods online from an overseas supplier?



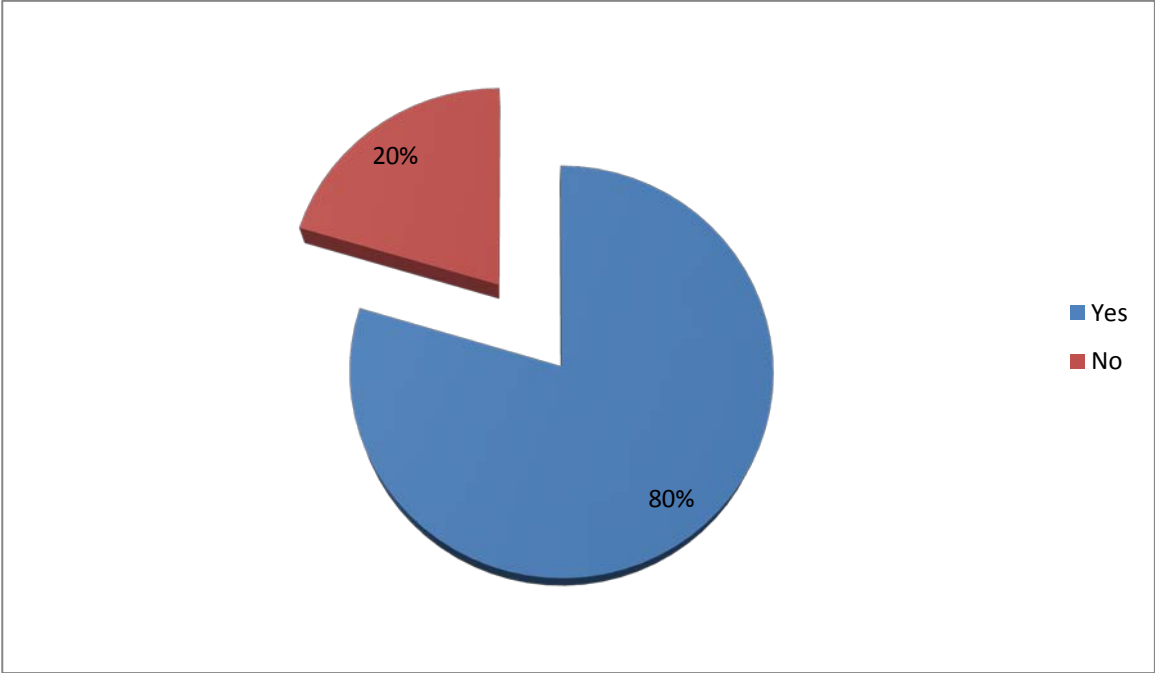
Q: Have you experienced any problems buying goods online from an overseas supplier?



Q: What problems have you had buying goods online from an overseas supplier?



Q: Before completing this survey, did you know you have the same rights when buying goods and services online from an Australian supplier as when buying in-store?



Consumers' voices

Best experiences

Survey respondents were asked to share their best experiences of buying from an Australian-based supplier. Their responses were then categorised.

According to the survey respondents, the main elements to a good online shopping experience are:

- goods arriving on time or faster than expected,
- good customer service that is prompt and responsive to the situation, and
- goods arriving as described and in good condition.

Should any of these elements fail, good communication from the seller regarding the issue and how they would rectify the situation still resulted in the transaction being classed as a positive online shopping experience.

Worst experiences and suggestions for avoiding these in the future

Survey respondents were asked to share their worst experiences of buying from Australian-based and overseas-based suppliers. An exploration of the worst experiences raised in the survey have been summarised in the below categories. Suggestions made by respondents on how to avoid these issues in the future have also been included.

Accurate information about the seller

Survey respondents felt that online traders should include more information on their websites. Consumers want to see company details such as an ABN, company name, registered business name, and physical address as well as contact information listed. They would also like to see complaints procedures, processes along with timeframes for responding to customer enquiries and complaints. More transparency is desired; consumers want to know who they are doing business with, where that business is located and where their goods are produced and shipped from.

These survey responses illustrate this issue:

“A bit more transparency from the online retailer as to their location as a lot of the time it is not obvious. Just because a domain name is a .Com or .Com.au doesn't mean that they are or aren't based in Australia.”

“It should be against the law for overseas suppliers without a physical presence in Australia to use an Australian website address.”

“All suppliers should be required by law to display a phone number for personal contact. Service standards must be legislated. Waiting for hours for phones that dropout is not a valid option. Also there must be time limits for responding to emails. We need an effective Federal/State consumer dept [sic] to focus on the rights of the consumer. I must add that service is never a problem when dealing with the United States.”

Transparency about which currency the purchase is in

Respondents felt that it was not clear at an early enough stage in the transaction process that they may be purchasing in a foreign currency. This was especially the case when it was unclear if the company was Australian-based, as outlined above. Suggestions included having currency information available on the home page or included in the price points, and not simply at the shopping cart stage.

These survey responses illustrate this issue:

“I purchased a pair of ... shoes from a US supplier claiming their website was Aussie based, when the bill arrived it was in US\$ and for much more than stated. Nowhere in any web based literature did it advise purchases were in US\$.”

“It's sometimes difficult to discover the final purchase price IN AUD due to exchange rate issue, portal design, etc.”

“No display of vital currency information even on the critical billing page! US dollars? Australian dollars? Vague responses from customer service staff.”

Transparency about a returns policy

Consumers want a clearly articulated returns policy, especially in regard to overseas traders (i.e. clarity around who will pay for the return of goods if faulty, not as advertised, or damaged in transit).

These survey responses illustrate this issue:

“There should be a way to return anything that is not right, free of charge. Having to pay a return postage fee puts me off returning things that I don't want.”

Is the trader reputable?

The creation of a ratings ‘scorecard’ for suppliers, as eBay does, that includes reviews that are validated would be beneficial to customers. In the online world, information is power. More information available to consumers will allow them to make better decisions when buying online.

Meaningful and consistent product descriptions

A common trend in responses was a need for standardised clothing and shoe sizes and improved accuracy of product descriptions including the ability to magnify photos.

These survey responses illustrate this issue:

“Descriptions could be more detailed & sizing guidelines more standardised between suppliers. Personal reviews of a product are very useful.”

“Inconsistent sizing of clothing, which is expensive to get replaced as you have to pay postage. I sent back for a larger size pair of pants and the next size up had a smaller waste! I feel there is less quality checking, in the hope shoppers can't be bothered to spend time and money following up issues.”

Alert customers to product being 'out of stock'

Retailers need to be clear about whether the product is in stock at the point of the product description. If out of stock, they should include an indication of when it is anticipated to be available for delivery. A common complaint was that retailers took their money, and then advised the product was out of stock and the customer would have to wait until new stock arrived. The customer then gets told 'no refunds for change of mind' if they try to cancel the order.

These survey responses illustrate this issue:

“multiple times in different stores - order goods as they appeared in stock confirmation email states order placed and goods in stock. no contact for a few days until I contact only to find the goods are on back order with no knowledge on when they will be in-stock. happens with multiple companies... often need these for gifts or specific purposes then have to escalate contacts for refund or suitable alternative. usually met with an attitude of "we have your money, not the goods, so you can wait"”

“I found out that the items I ordered & paid for were not in stock in the first place. After waiting a period of time I was notified and the total amount refunded. Another supplier kept telling me that the items were in the post on its way and it was because of the distance that it was taking so long to get to me. I got fed up waiting and asked for a refund, which I got.”

Delivery problems

Deliveries were a significant area of dissatisfaction for many respondents. Common issues were the high cost of postage, slow delivery times, couriers that will only deliver to home addresses during business hours, far away destinations to pick up parcels that weren't delivered, and items not arriving at all.

Survey respondents felt very strongly about this issue and many included suggestions for improvements. The main suggestions included:

- Automatic tracking of all goods and communication about any known delays (e.g. temporarily out of stock).
- Trader to include better indications of expected delivery timeframes (e.g. a 'usual' time to deliver and a 'maximum' time to deliver).
- More accessible parcel drop-off points, including 'click and collect' from stores.
- Improved customer service by delivery companies.
- Delivery costs should be listed on the website up-front in the purchasing process (i.e. not as you are about to pay).

'Click and collect' and 'Parcel Locker'

Click and collect (where people order and pay online then collect in person from a nominated store) received favourable comments. It provides convenience and addresses the issue of whether the item is actually in stock. Australia Post's Parcel Locker also received favourable (but limited) comments from those who had used it, with suggestions that it be expanded further.

Online security / online payment / website usability and accessibility

Payment security was identified as an issue with online shopping. Disputes with overseas traders were sometimes difficult to resolve. Payment gateways like PayPal were referred to as a good safeguard for online shopping with several respondents claiming they wouldn't purchase from a retailer who didn't offer a service such as PayPal.

Several survey respondents also noted having to resort to contacting their bank/credit card provider to resolve the issue for them. This included cancelling credit cards at some inconvenience to consumers. Survey respondents indicated that 'once bitten' they tended to be more guarded in trusting sites, did more research including reading reviews, and looked for https://, PayPal or similar payment gateway options, credit card, and/or insurance options as safeguards.

Compliance

Respondents felt strongly that overseas traders who sell products in Australia – to Australians – should have to comply with the Australian Consumer Law.

GST

The issue of GST and its potential impact raised mixed comments. Some comments indicated that charging and collecting the GST from foreign-based companies would be impractical and would also lead to increased costs which would negatively impact on the advantages of online shopping (i.e. reduced cost). Others favoured the collection of the GST as 'levelling the playing field' between Australian and overseas companies and the general principle of tax equity.

Online shoppers self-limit their shopping to mitigate losses

Some survey respondents indicated that they either don't shop online at all or they very deliberately limit the dollar value of what they purchase. This is done to mitigate potential (and anticipated) losses, due to not trusting the accuracy of product descriptions or difficulty in returning goods, particularly overseas.

The role of 'gatekeepers' (eBay and PayPal)

While mentions of eBay (an online platform) and PayPal (a payment gateway) were both received positive and negative, it was considered that both services are able to play a 'negotiator' role between traders and consumers where a dispute or complaint arises. This is because eBay has the power to deny traders future access to their platform and thereby limit a considerable market. Similarly, many consumers commented on PayPal refunding their monies where there was a problem or lack of communication with a trader.

Several survey respondents said they would not use a site that did not have the payment security of PayPal or similar payment gateways.

Scams

Survey respondents referred to two types of scamming in particular. One scam involved signing up for a free product and supplying credit card details to pay for shipping. Ongoing products were then sent each month with a monthly charge appearing on their credit card without the consumer understanding that this would occur.

The other scam was an online equivalent of the 'travelling conmen', where goods or services were advertised, payment accepted, and then the trader would disappear without providing the goods or services. Sometimes, this was combined with credit card hacking or fraudulent use of the credit card.

Summary of consumer suggestions

Respondents were asked to share ideas on how the online marketplace could be improved. Below is a summary of their suggestions.

Pre-purchasing

- Consumers want clear product descriptions including standard sizing (for clothes and shoes), full descriptions in coherent English that include fabric type and PMS or CMYK colour codes and photos that can be magnified for closer scrutiny.
- Clearer company / trader identification, including location of the primary office and (if different) the country or location where stock is being delivered from. Companies not based in Australia should refrain from using .au at the end of their URL.
- Upfront identification of the currency the purchase is being made in, if not Australia dollars. This should be clear at the Home page, About Us, or product description/selection stage. This should not be left until the shopping cart stage.
- Clarity about policies including refunds and returns, who pays the cost of shipping returns, complaints, and a commitment to abide by the Australian Consumer Law.
- Clarity about items that are out of stock at the 'description of product' stage, not at the shopping cart stage.
- Security payment options including https://, PayPal (or similar secure payment gateway) and credit card options. A detailed policy about a trader's approach to online security and privacy.

Delivery

- Encourage the tracking of all goods from dispatch to final delivery.
- An indication on the trader website of average expected delivery times and maximum delivery times.
- Delivery options including click and collect (trader specific), parcel locker (Australia Post), and allowing consumers the choice of delivery carrier.

Post sale

A clearly articulated policy about handling complaints including response times, resolution, replacement and/or refunds. Best practice guidelines, case studies and templates from highly regarded companies could be made available.

Next Steps

NSW Fair Trading will assess the results to help inform its activities and to educate consumers and traders about their rights and responsibilities. The survey results will be provided to the national forum of consumer affairs officials, which is monitoring the application of the Australian Consumer Law to technologies and markets.

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