



# DHL EXPORT BAROMETER 2018

## E-Commerce Highlights



DHL Express – Excellence. Simply Delivered.

# ABOUT THE DHL EXPORT BAROMETER

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*Respondents were selected from the DHL database and answered a 10-minute online questionnaire.*

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The DHL Export Barometer is a report generating analysis on export confidence among Australian businesses.

First launched in November 2003, this annual indicator is designed to independently research and examine issues impacting Australian exporters, including the emerging changes in overseas markets.

The DHL Export Barometer 2018 was conducted by ACA Research, which surveyed 212 Australian exporters between 29 June and 23 July, 2018. Respondents were selected from the DHL database and answered a 10-minute online questionnaire.

This group represented a broad cross-section of the country, with VIC/TAS tallying 29%, NSW/ACT 37%, QLD 24%, WA 5% and SA/NT 5%.

Businesses ranged in size from smaller operations with fewer than five employees, to large organisations with more than 100 staff. The data is weighted with services and tourism representing 20% versus primary industries providers, manufacturing and consumer products totalling 80%.

# EXPORTER CONFIDENCE HITS ALL TIME HIGH

*The DHL Export Barometer shows export confidence at its highest level since the research commenced in 2003.*

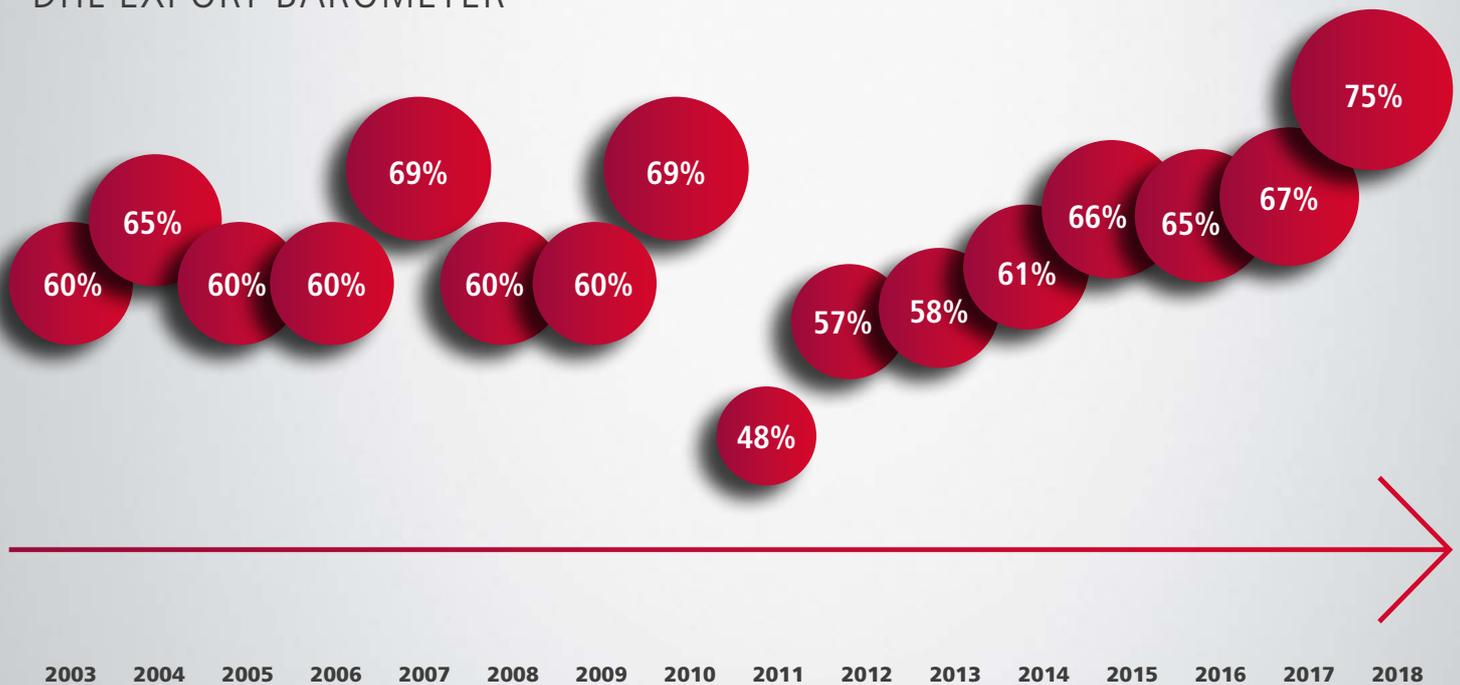
There has never been a better time to be an exporter in Australia with industry confidence rising to record levels.

The 15th annual DHL Express Barometer shows an impressive 75% of Aussie traders expect sales to increase in the next 12 months – the highest level reported since the independent survey began in 2003.

The 8% surge is an undeniable sign international trade is flourishing and that Australian businesses are ready to meet demand.

The overall result also far exceeds the previous industry peaks of 69%, recorded in 2010, and before the Global Financial Crisis in 2007.

## DHL EXPORT BAROMETER



Leading morale is small businesses (81%), along with industry newcomers (80%).

Geographically, Victorian operators report the highest confidence (88%), followed by New South Wales (75%) and Queensland (70%).

Meanwhile, on the ground strong growth is already evident.

Orders have increased during the past year for 61% of Australian exporters – the highest in a decade, setting another industry record.

The growth is attributed to a boost in activity from existing customers, and exporters buoyed by the results are preparing to expand.

Up to 43% foreshadow entering new markets to increase business, and 50% plan to stimulate demand through new products and services.

Additionally, close to half of the companies surveyed plan to broaden current operations into new trade territories.

# FASHION EXPORTERS

## DRESS FOR SUCCESS



Ranging from designer threads to basic streetwear, fashion businesses are dominating Australia's consumer goods export market.

For the first time since the survey began in 2003, the Barometer is examining the consumer field in-depth and finding fashion tops exports in its category.

Apparel ranks ahead of health and beauty products, accessories, electronics, sporting goods and homewares, with the success underpinned by strong internet sales.

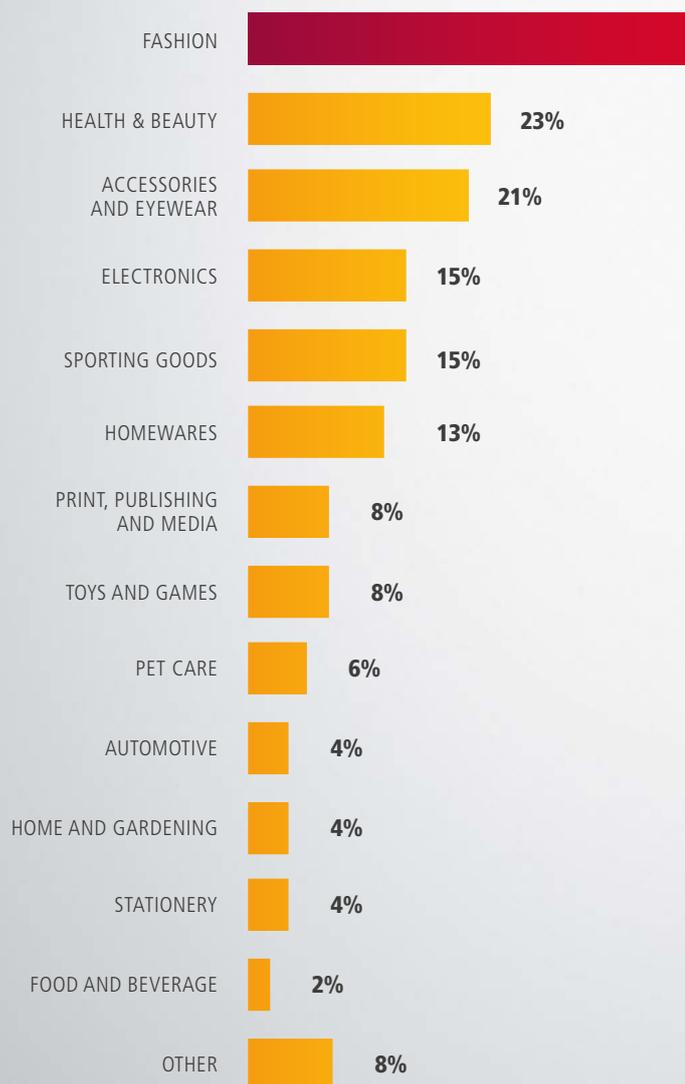
In fact, businesses in the fashion category greatly outspend exporters in all other sectors when it comes to online. A whopping 44% splash more than 60% of their marketing budget on internet platforms – double the industry average (32%).

Photo-sharing giant Instagram is the most favoured, attracting spend from 68%. This is closely followed by Facebook (59%), internet bloggers (41%), and Instagram Stories (32%).

The active online strategy is proving to be overwhelmingly successful with 78% of fashion exporters expecting an increase in orders in 2018.

*Fashion businesses are the dominant category amongst consumer goods exporters.*

## CONSUMER GOODS EXPORTERS SPECIALISE IN



### FASHION EXPORTERS SKEW ON:



**78% expect increase** in orders



**59%** have been exporting for **less than 5 years**



**On average, 68%** of their sales are **generated online**

Much **higher online marketing spend**, with 44% spending over 60% of budget



- **68%** use Instagram
- **59%** use Facebook
- **41%** use Bloggers
- **32%** Instagram Stories

# E-COMMERCE STEAMS AHEAD

Australian exporters are harnessing the benefits of the e-commerce boom with four in five businesses generating orders and fielding enquiries online.

Of these exporters, the proportion of their sales from the internet has surged to 47% – up from 42% last year.

However, there is no one-size-fits-all approach with online marketing differing significantly across the sector.

Industry-wide, more than half of all exporters use social media to bring in orders. A third (34%) advertise through Google, while other display ad providers and online marketplaces such as eBay are gaining traction, attracting 23%.

In terms of budget, on average exporters invest only a third (32%) of marketing spend online. Although, individual amounts fluctuate drastically between businesses. The industry average is slightly lower than recorded in the 2017 Barometer results but is likely to rise with 39% of exporters planning a boost to online funding in the coming year.

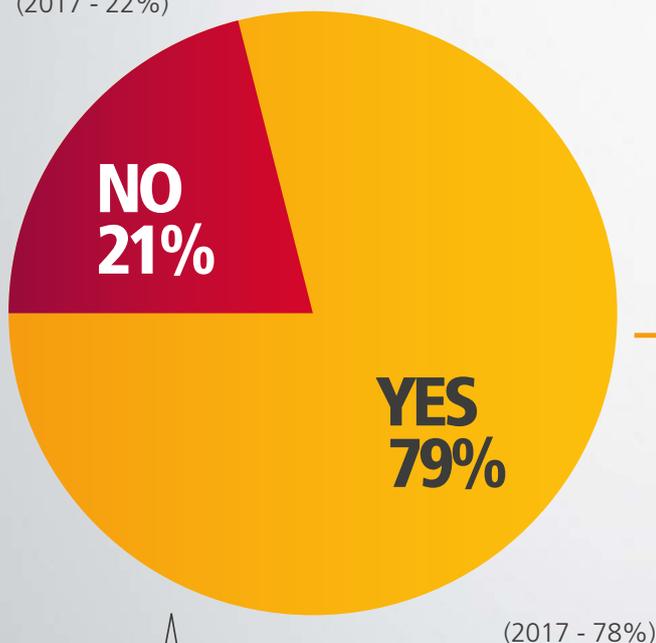
Curiously, this intention is coupled with a significant drop in exporters focusing on their own websites. Only 27% are planning improvements, compared with 35% a year ago.

*The majority of exporters continue to generate enquiries or orders online with the proportion of sales generated rising steadily from 42% to 47%.*

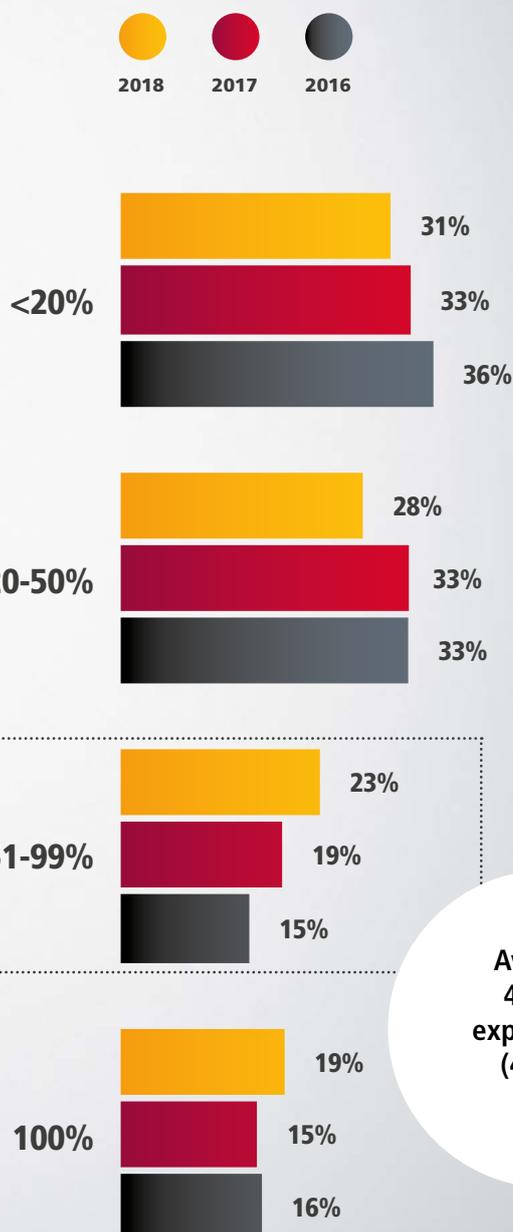
## PROPORTION OF EXPORTERS WHO GENERATE ORDERS OR ENQUIRIES FROM ONLINE CHANNELS

(Amongst those who generate online sales)

(2017 - 22%)



91% B2C vs 71% B2B



Average: 47% of export sales (42% in 2017)

Increasing sales is not the only benefit Australia's exporters enjoy as the e-commerce era hits full swing.

Many are using the opportunity to revolutionise the way they do business, particularly companies moving into new markets.

Almost a third of exporters are improving customer service, while 37% are improving how they source and deliver their products. Product localisation is also emerging as a key focus of the year.

Nearly a quarter of businesses are adapting goods and their advertising content to better suit individual markets.

Exporters believe these initiatives will drive up sales and, in particular, are being applied when targeting the North American market.

Meanwhile, traditional marketing strategies appear to be falling out of favour in the online marketplace.

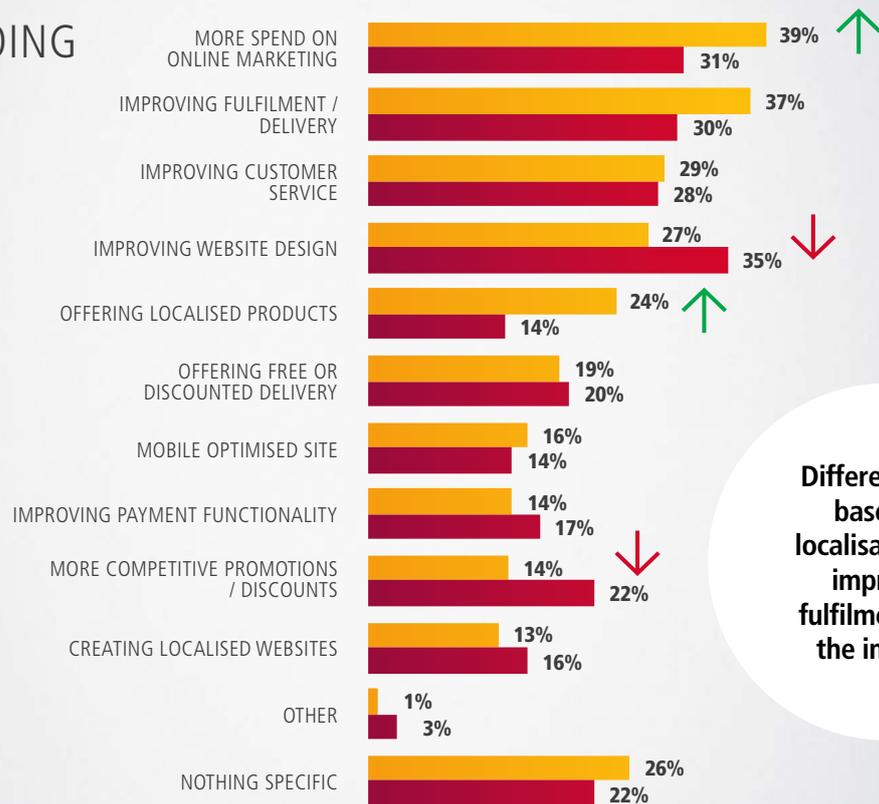
Only 14% of companies are opting for competitive pricing and discounts, down from 22%.

These trends show the internet has become a necessity for many exporters, but the technology has not yet fully permeated the industry.

*Marketing activity and initiatives to improve fulfilment are driving online growth, while fewer exporters are relying on discounting to drive sales.*

## WHAT ARE YOU DOING TO DRIVE ONLINE EXPORT ORDERS?

2018 2017



**Differentiation based on localisation and improved fulfilment is on the increase**

One third of the sector is resisting and not using any channels to generate sales online. Unsurprisingly, these tend to be larger, well-established companies, manufacturers and traders primarily targeting other businesses.

Last year also brought another exciting e-commerce milestone, with online retail giant Amazon launching in Australia, just in time for Christmas.

So far, the arrival has been met with mixed reviews.

About 16% of companies say it is good for business, while 11% claim it will lead to a decline in orders within three years.

Similar results are reported for Alibaba, which also officially set up in Australia in 2017.

However, the arrival of the Chinese-owned retailer has caused considerably higher apprehension among consumer goods exporters with 27% believing it will have negative knock-on effects.

# AUSTRALIAN EXPORTERS 'LIKE' SOCIAL MEDIA

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*70% of exporters are using online channels to increase their export sales with social media most popular, especially amongst B2C exporters.*

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When it comes to online marketing, social media is the top choice for Aussie exporters wanting to tap into customer networks. More than half the industry (58%) use social media platforms to drive sales.

Facebook, despite recent controversy over privacy, remains the go-to platform. It has the highest usage rate among Aussie traders (45%), followed by Instagram (30%), LinkedIn (20%), YouTube (16%), Twitter (9%) and Snapchat (3%).

A further 6% use the Chinese social domain WeChat, which features for the first time in this year's Barometer. The instant messaging platform has more than a billion active users in the lucrative Asian market.

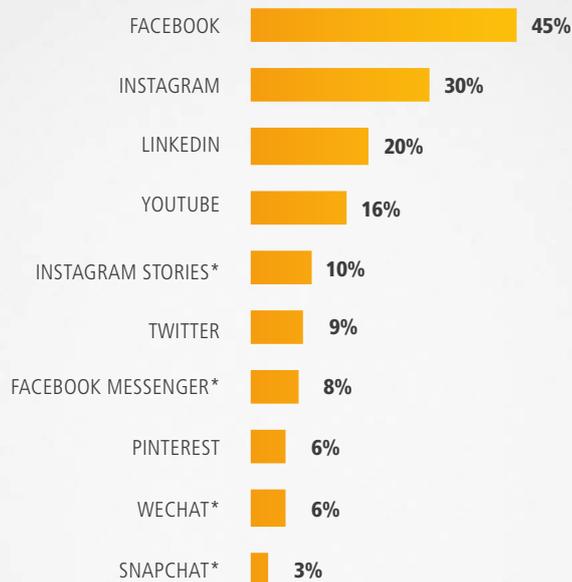
Online influencers and bloggers also make their maiden appearance in the results, with both in use by 10% of businesses.

The broad range of online platforms being used overwhelmingly shows Australian exporters are giving social media the tick of approval. Meanwhile, the growing number of new domains in use is testament to Australian businesses' willingness to quickly adapt to new channels as they emerge.

In particular, smaller exporters are becoming increasingly social media savvy and will likely continue to be leaders in the online field while larger export players lag behind.

## ONLINE CHANNELS USED TO ATTRACT EXPORT ORDERS

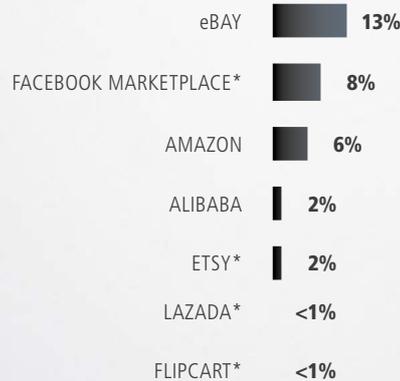
58% USE SOCIAL MEDIA CHANNELS



34% USE ONLINE ADVERTISING



23% USE ONLINE MARKET PLACES



NONE 30%

	B2B	B2C
FACEBOOK	39%	56%
INSTAGRAM	22%	43%
LINKEDIN	21%	18%
YOUTUBE	13%	22%
INSTAGRAM STORIES*	5%	19%
TWITTER	8%	11%
FACEBOOK MESSENGER*	5%	14%
PINTEREST	3%	11%
WECHAT*	5%	7%
SNAPCHAT*	4%	1%
GOOGLE ADS / SEM	27%	36%
DISPLAY ADS	8%	17%
eBAY	10%	17%
FACEBOOK MARKETPLACE*	4%	15%
AMAZON	5%	8%
ALIBABA	2%	1%
ETSY*	2%	2%
LAZADA*	0%	0%
FLIPCART*	0%	0%
INFLUENCERS*	4%	19%
BLOGGERS*	4%	19%
vBLOGGERS*	1%	8%
NONE	36%	21%

\*Options added in the 2018 survey.

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