Consumer Discovery

Australia, November 2012

secureinsight
Consumer Discovery

ebay PayPal AUSTRALIAN CENTRE FOR RETAIL STUDIES nielsen FORRESTER

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CONTENTS

SECURE INSIGHT / CONSUMER DISCOVERY

New Retail Requires New Customer Engagement

Jeff Clementz – Vice President, PayPal Australia

The last two years will forever be defined as a turning point in Australian retail. In 2010 the strong Australian dollar, explosion of mobile phones, and heightened competition from global retail sent shockwaves through the industry.

This trifecta of activity catapulted consumer innovation to the top of the priority list for leading Australian retailers. Today's reality is apparent, the consumer is empowered by technology and they are changing the way they shop. Not just where they shop, but how they shop, how they search, and most importantly – how they discover.

This report is the 5th edition in PayPal's Secure Insight series. It is intended to provide our business partners with PayPal's views on the quickly evolving retail technology space. Previous reports have focussed on the fast growing eCommerce market. Forrester again predicts the market will continue growing at a double digit rate. eCommerce sales figures can only tell part of the story in the context of changes to retail and specifically, the emergence of omni-channel retailing.

What eCommerce data does not highlight is that consumer behaviours enabled by technology are powering purchase regardless of channel. Earlier this year, Forrester forecasted that more than 50% of all 2012 US retail sales would be influenced by online channels[1]. The path to purchase is changing and technology is connecting consumers with products in multiple ways. The retailers that understand discovery and take time to understand their customers' behaviours will enjoy the benefits. Online retail, described as the direct purchase of products from a website, represents approximately 8% of all retail sales in the US[1]. While this figure is growing – it is stabilising. The ritual of visiting shops, trying on clothes, and interacting with sales people is not dying, but how people get to your shop and what represents value and convenience – this is changing and technology is enabling it.

As the retail industry undergoes change the opportunity for PayPal is to provide our partners with products and services to help them address the needs of new retail. Our focus is to innovate at point of sale – wherever that is. Connected devices make it easy to connect with consumers on the go, in store, or at check-out. Drawing on the power of the cloud we are working to connect the owners of our 4.8 million Australian accounts with retailers of all sizes.

One way we have done this is to launch our PayPal Here APIs allowing point of sale software providers to integrate PayPal payments in to current and future hardware solutions. This brings convenience for the consumer and rich data for the merchant. The APIs allow PayPal customers to 'check-in' to a store, essentially announcing their arrival and providing the sales person with instant access to their recent purchasing history. With the addition of some 'rules' coded on the point of sale terminal the sales person can be alerted to a high

[1] Source: Milo.com, Forrester Report ("US Online Sales Forecast: 2008-2013"), Feb 2, 2009

value customer and be empowered to provide them with an offer or value add service. PayPal is focussed on using the power of the cloud to connect consumers with merchants and provide a real-time exchange of mutual value.

Advances in technology are great but just because things are possible, it doesn't mean they should be done. Cash, credit cards and EFTPOS are all convenient solutions – they aren't broken and consumers know how to use them. Behavioural change can happen quickly when the consumer proposition is clear. Facebook, Twitter, and Pinterest have proved this – but the benefit must be obvious and offer true value.

Consumers are relying on technology to simplify their lives and we feel that PayPal has the unique skills and technology required to help enable commerce for both buyers and sellers. PayPal's presence in-store is much more than just a way to pay. We're helping merchants connect with consumers at every stage in the shopping cycle. We are helping retailers connect with their customer before they come in store, while they're in the store, and even after they've left. We're working on solutions to drive consumers through a retailer's doors with relevant offers, coupons and discounts, then maintain a relationship with that consumer that keeps bringing them back to the retailer, in store or online.

New retail is personal; it is about catering for each individual shopper. Using payments and cloud based technology PayPal is working with retailers to link payments with customer information. PayPal is helping merchants turn unknown customers in to known customers; we are essentially working to allow customers to check-in before they check-out. A checked-in customer is essentially announcing themselves to the store and providing the retailer with the opportunity to engage ahead of the purchase.

PayPal is excited to work with Australian retailers to connect them with their consumers in deep and meaningful ways, using permission based marketing to create an exchange of mutual value.

The path to purchase is changing and technology is connecting consumers with products in multiple ways.

New retail is personal; it is about catering for each individual shopper.

According to PayPal and eBay research conducted by Nielsen, mobile penetration in Australia is experiencing rapid growth, which when coupled with technological innovation and behavioural shifts is set to drive $5.6 billion worth of retail purchases by consumers on mobile devices in 2012, up from $155 million in 2010[2].

[2] Source: Nielsen PayPal Mobile Study, Wave 1: January 2011, Wave 2: October 2012

PayPal™

PayPal Australia Update:

The PayPal Australia active customer base continues to grow and is now just shy of five million (4.8 million active accounts). In PayPal's earlier years, customer acquisition was primarily driven by a desire for a more secure online transaction. Today, this pillar of our business is just as important to us, but for the consumer it is sometimes overshadowed by convenience. Customers that have accessed their PayPal digital wallet while purchasing on a mobile phone will appreciate how quick and convenient it is when compared with other payment options. It is this convenience we are working hard to provide our customers; that in turn is driving incremental sales for our 60,000 plus Australian merchant base.

Best known for supplying secure online payment services for small and medium businesses, PayPal is now available as a payment option on some of Australia's leading branded retailer websites including, Big W, JB Hi-Fi, Harvey Norman, Country Road and Kmart. As large retailers adapt to evolving industry dynamics, thousands of small businesses are grappling with the changes required to turn their businesses digital. PayPal Australia is proud to be in its second year of the Driving Business Online program, a grass roots initiative developed in partnership with the Australian Retailer Association to help educate and provide guidance for businesses looking to embrace the digital economy.

As sole operators look to tackle a website, the next wave has already hit; the internet enabled mobile phone. PayPal is working with large and small retailers to help them understand the impact of the smartphone, both today and in the future. The smartphone empowers the connected consumer and blurs the lines between online and offline interactions. It provides the capacity to price check in store, read reviews, check store locations, and hunt for promotional offers. The mobile phone is partly responsible for PayPal's move to provide point of sale services. A better way to look at it is to describe PayPal's current direction as following the consumer and providing an access point to their digital wallet wherever they choose to pay; at home, on the bus and in store.

In the last six months PayPal has been working with many industry partners to test and learn in offline retail. Already we have launched an elegant plug and play solution for sole proprietors and small businesses, allowing them to accept payments anywhere; the product is called PayPal Here and turns a mobile phone in to a credit card acceptance device. We are now announcing partnerships with several point of sale software integrators to allow customers to access their PayPal digital wallet at the point of purchase. Our next step is to work with large retailers to help them with solutions across all of their channels, using a host of eBay Inc. businesses to help them remain connected with their consumer and drive incremental commerce.

We are taking small steps in 2012 and have big plans to work with partners over the next 18 months to create exciting solutions that deliver against a consumer demand while driving value for the merchant.

The future of retail commerce

Deborah Sharkey - Vice President, eBay Australia

In the last 50 years retail has changed significantly. When the Roselands shopping centre opened in Sydney in 1964 it held the record as the largest retail centre in the Southern Hemisphere.

It was pioneering and Australians were able to see and imagine a changed shopping landscape. The shopping mall was born and this highly visible trend spread across Australia.

Today, technology is the Roselands of our time, and this trend will have as much influence as the modern shopping mall, but rather than taking 50 years, the sweeping changes will take place in the next five years. Australian retail is at an inflection point, and we are just beginning to envisage how dramatic the change will be.

Technology is blending the best of offline and online commerce. Friction is being removed while convenience, choice and flexibility are being enhanced. Offline versus online is a traditional zero sum market share game. But offline and online, seamlessly integrated into a better shopping experience creates a new retail paradigm.

This is where eBay's priority lies in today's market. We are obsessively focussed on providing retailers with a high traffic sales channel to complement existing stores, websites, social and mobile channels. eBay is a marketplace - and we do not compete with sellers on our platform – rather we are committed to developing innovative solutions that help merchants turbo charge their online and mobile presence.

As we work to develop innovative retail solutions that better meet the needs of consumers and merchants, it is clear that there is a confluence of factors promoting opportunity and driving the shift from 'traditional retail' to a retail environment where a multichannel approach is quickly emerging as the new norm.

The most obvious and significant factor is connectedness – technology is changing how commerce works. Access to consumers is key and seamless commerce platforms are quickly becoming a retail priority. That's because consumers are in control, empowered by technology and connections. Choice is everywhere. And what matters most for today's retailers is the need to play a role in aiding consumer discovery - helping consumers find what they want, when they want it - be that in store or online.

This future is therefore overwhelmingly mobile, and it's increasingly multichannel, on any connected screen. Consumers are already moving easily across devices, through any shopping environment. A laptop, phone, tablet or TV … a store window, kiosk, or interactive fitting room … a shopkeeper or sales associate who knows exactly who you are and what you want … this is how consumers are connecting with products. Not online or offline. Just convenient shopping, anytime, anywhere.

Mobile commerce was a novelty concept in 2008 when eBay launched its first app, immediately establishing us as a mobile commerce leader. Today, our apps have been downloaded more than 100 million times around the world, and we can expect more than $10 billion worth of goods to be transacted on eBay mobile apps alone this year by the time Christmas 2012 is through.

In December of last year, sellers around the world listed just over 1 million items per week through mobile devices. By July, that number had nearly doubled to over 2 million per week. The pace of change is staggering.

Mobile retail experiences are also converting into increased engagement. We know that eBay customers are visiting more often and spending more time in total on an iPad than through the desktop, and Australia is ahead of the curve.

Australian eBay buyers spend more as a percentage of sales on their mobile device than users on any other eBay site.

On eBay.com.au an item is purchased via mobile every two seconds, and:

- **A vehicle is sold every 8 minutes via a mobile device**
- **A pair of ladies shoes is sold every 2 minutes via a mobile device**
- **A ladies handbag is sold every 3 minutes via a mobile device**

In addition to convenience, the connected consumer is seeking personalisation. Today's consumer wants personal shopping experiences that are not intrusive, but inspiring - experiences that don't dictate but guide and assist, in ways that feel authentic and natural. They want moments of inspiration to be instantly shoppable.

The future of commerce is personal, driven by data. Search results and recommendations are no longer enough. Consumers want insight. They want personal, curated experiences relevant for them and controlled by them.

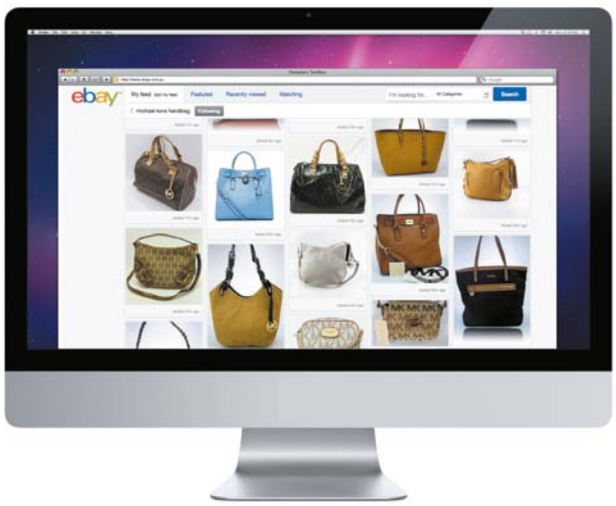
So the future of shopping isn't just about transactions. It's about people. Understanding them and customising each experience based on who the shopper is, not just what they buy. When it's used in the right way, this data is immensely powerful.

When used appropriately this information helps retailers to be more relevant to their customers. Retailers and marketplaces enter a promise with their consumers, and consumers want them to have that data so that they can deliver them richer, deeper, more personalised discovery experiences.

That's the future as I see it. One where Roselands, the high street and online channels complement each other, and in that future, consumers win. They will have more selection, more convenience and more enjoyable experiences, defined by what's most important in their lives.

A New Way to Shop

Curate the things you need and love in a personalised homepage feed.



eBay

eBay Australia update:

eBay's global vision is to enable commerce. Here in Australia, we are working with thousands of small merchants all the way through large branded retailers to help them drive sales and increase market share.

According to Roy Morgan research, 7.3 million Australians visit eBay.com.au in an average one month period. Reaching this vast audience has become an important part of many Australian retailers' multichannel sales strategy. In the past year, well-known Australian retailers like Supercheap Auto, Cracker Wines, Logitech, Supré, Seafolly, Bras N Things and Lisa Ho have all opened stores on eBay.

The world of commerce is changing and eBay is evolving with it. We are no longer an auction site for used goods – 84% of the nearly 40 million live listings on eBay.com.au are for brand new items, and 79% of those are for sale at a Fixed Price. This evolution has been consumer led. The needs and demands of online shoppers are being heard.

We intend to keep creating better ways to buy and sell, enabling this new exciting world of commerce and shopping. We'll keep helping sellers of all sizes compete in today's rapidly changing world, and eBay will become more personalised, tailored to the way consumers of your products want to shop. We will be local and global, giving buyers, sellers and traditional retailers incredible choice and opportunity.

This is the new eBay. It's why we have updated our logo, signalling a cleaner, more contemporary and consistent marketplace that meets the needs and expectations of consumers today and tomorrow.

ebay.com.au

Mobile behaviours

Melanie Ingrey - Nielsen

In partnership with PayPal and eBay, Nielsen conducted an online research study to gain a better understanding of Australian mobile penetration and usage behaviours.

Methodology: The research surveyed a nationally representative sample of 3,020 Australians aged 18 years and above. Additionally, a group of 100 mobile transactors completed a week long Mobile Diary in the form of documenting their mobile behaviours across the day to provide deep qualitative insight into where, when and how people from all walks of life are consuming mobile content and how their mobile consumption and purchasing decisions are triggered and influenced by a myriad of factors and environments. The study was conducted during October 2012.

Australians now have multiple screens

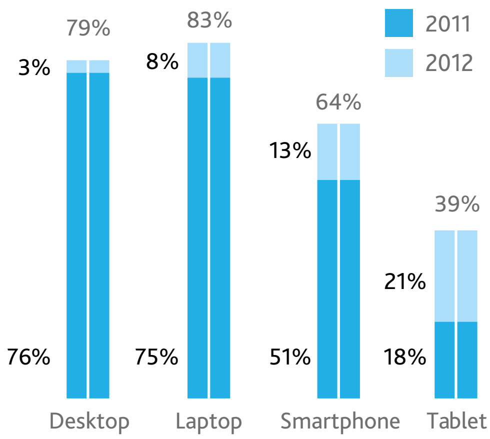
Many Australians are now in possession of a variety of connected devices. No longer are online behaviours limited to desktops and laptops, in a home or work environment. During the past 2-3 years new mobile devices like smartphones and tablet computers have gone from zero penetration to now stand at well over half of the Australian online population. Nielsen forecasts 64% personal ownership of smartphones and 39% household ownership of tablets by the end of this year.

The highly mobile nature of these 'next generation' devices means they accompany today's consumers wherever they are – from the morning commute, to the office, the lunch hour, the dinner table, the living room and even the bedroom. Nielsen's research continues to highlight the way Australians are consuming an increasing amount of content via their mobile devices, and taking advantage of the various environments and locations in which they can obtain and interact with content.

This is a valuable proposition for today's marketers, as mobile devices provide a range of opportunities to support consumers' discovery of what to buy and where to buy it from; not to mention facilitating a means of purchase.

Device Ownership 2011 & 2012 Forecast

Base: Online Australians aged 16+ (Household penetration for desktop, laptop, tablet; personal penetration for smartphone)



Source: Nielsen Australian Online Consumer Report 2012

Nielsen PayPal Mobile Diary Study - October 2012

During October, Nielsen conducted a diary study of the way Australian consumers utilise their mobile devices any time, any place to support their purchase discovery and research. The findings reinforce the role of new devices in consumers' path to purchase.

Top 5 discovery triggers

1. Email
2. Apps
3. Word of Mouth
4. Social Media
5. TV

Most popular products in the Mobile journey

Total

1. Digital items
2. Home & garden items
3. Fashion, shoes & accessories
4. Technology & electronics
5. Travel

Men

1. Digital items
2. Technology & electronics
3. Home & garden items
4. Travel
5. Restaurants & take-away meals

Women

1. Digital items
2. Fashion, shoes & accessories
3. Home & garden items
4. Grocery items
5. Technology & electronics

Digital includes apps, games and music; Home and garden items include kitchenware; Travel includes flights and accommodation.

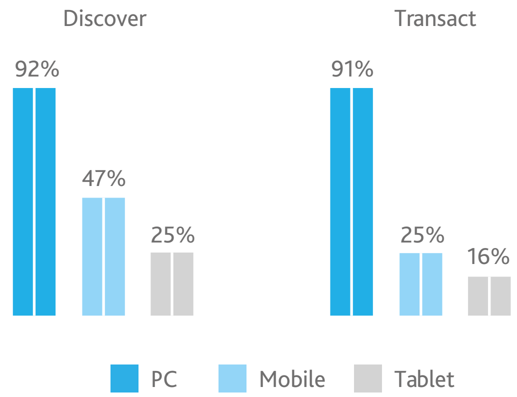
Devices support both Discovery and Transactions

New screens are growing the role played by online media during the purchase journey - for online purchase and payment, as well as facilitating the discovery and research of products and services; moving consumers further through the purchase funnel. In total, more than nine in ten Australian consumers now utilise online media for their purchases. Just over one in two Australians (52%) have utilised an internet capable mobile or tablet device as part of the 'discovery' process to support shopping activities, such as price comparisons or learning more about products, whilst 31% of Australians have transacted using a mobile device.

The proportion of Australians transacting on mobile devices has seen strong growth over the past 18 months. In January 2011 12% of Australians were transacting on mobile devices; now 32%. Much of this growth has been driven by the ever increasing penetration of mobile devices across all demographics as well as strong attitudinal shifts. Almost three in four Australians state that transacting via a mobile device provides convenience compared to 61% 18 months ago.

Use of device as a mechanism for discovery vs. transactions

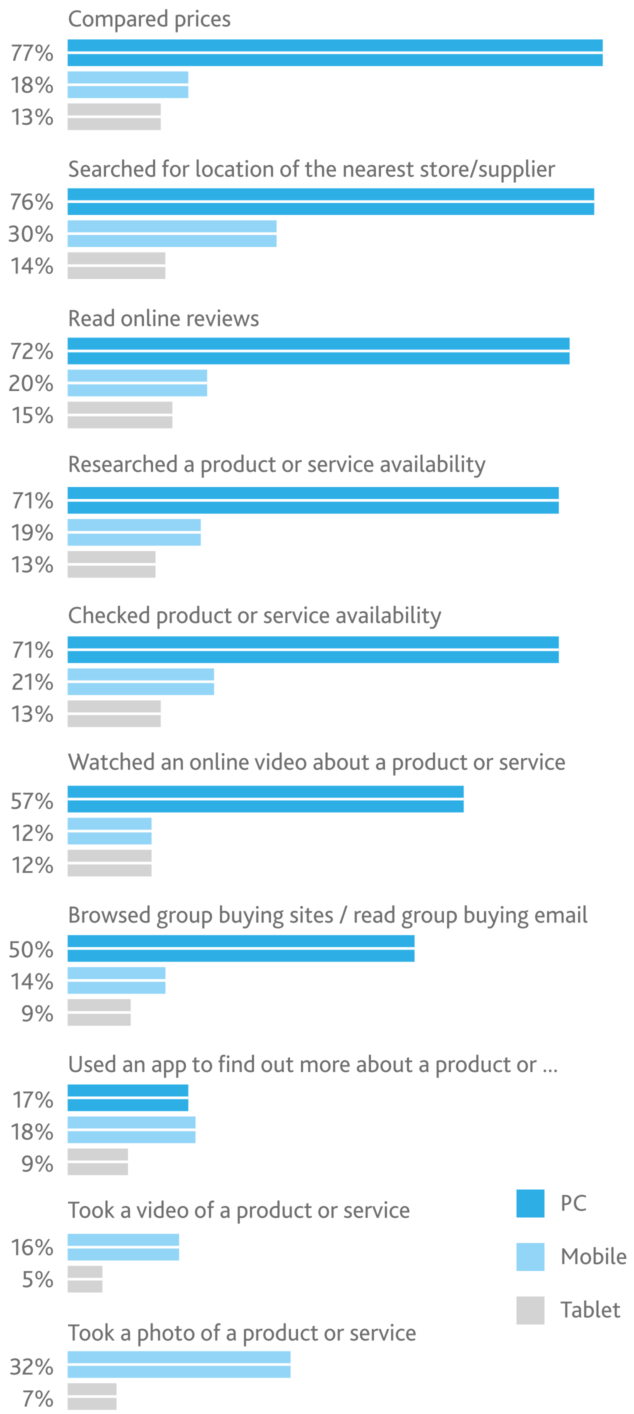
Base: Online Australians aged 18+ (N=3,020)



Source: Nielsen PayPal Mobile Study, October 2012

Discovery activities by device

Base: Online Australians aged 18+ (N=3,020)



Source: Nielsen PayPal Mobile Study, October 2012

The web and apps are great facilitators of discovery

The PC remains the most dominant device or screen that Australians use to discover and learn more about products and services. However, smaller, more portable and accessible devices like smartphones and tablets continue to grow in popularity as a shopping companion. Price comparisons, locating retailers, reading reviews and checking product availability are the most common activities overall. Mobile phones are particularly popular to support searching for retailer locations and taking photos of products to help in the decision making process. Devices can play complementary roles throughout the customer journey – yet another opportunity for savvy marketers to play to the strengths of each device.

"This morning I went to Priceline and saw a special of 50% off on Swisse Wild Krill Oil, so I'm using my mobile device to browse the Chemist Warehouse's website and some others to compare the price. I ended up purchasing 3 bottles of the product."

Female, aged 25 to 29, Sydney. Nielsen PayPal Mobile Diary Study 2012.

Online discovery results in purchase - online and offline

95% of online Australians now use online media for their research or discovery. This web or app-based behaviour most often results in an in-store purchase (75% have done so), or an online purchase (71%). Very few (just 5%) have never gone on to make a purchase.

While online platforms are great facilitators of research and discovery of products or services to buy, the ultimate transaction may well take place in an offline environment. This highlights that the consumer path to purchase is no longer linear and reinforces the importance of understanding customers, their behaviours and what is driving these behaviours.

The sources of discovery are wide and varied

Australian consumers have a number of 'triggers', prompts, or top of mind sources of information that begin their path to purchase via mobile. Consumers can self discover via search engines or browsing sites or apps; or they can be prompted to discover via eDM, links sent from friends or family, or social media.

It is the beauty of immediate access that translates to the strong potential of mobile devices as a facilitator of consumer discovery in their path to purchase.

> "I was waiting in the car for my child to come from swimming, and remembered I saw on a current affairs program, a site selling brand name cosmetics...I googled the site and purchased lip gloss..."

Female, aged 50 to 54, Melbourne. Nielsen PayPal Mobile Diary Study 2012.

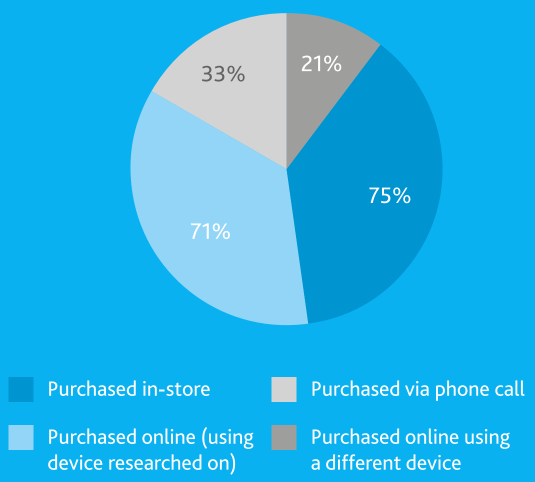
How first 'discovered' or accessed information via mobile device

Base: Online Australians aged 18+ who discover and/or transact via mobile device

Source: Nielsen PayPal Mobile Study, October 2012

Actions resulting from online discovery and research

Base: Online Australians aged 18+ who use online media for research, discovery (n=2,833)



Source: Nielsen PayPal Mobile Study, October 2012

Concluding Comments

With more than half of online Australians now utilising their mobile device during the path to purchase, and nearly one third transacting on mobile devices, the eCommerce and retail landscape is in the midst of a transformation. The still rapid adoption of mobile among Australians, continued shifts in consumer attitudes and behaviours coupled with technological innovations, will drive further change in the way today's consumers discover, research, make decisions and pay for products.

The changing and dynamic environment provides enormous opportunity for Australian businesses. The mobile nature of smartphones and tablets provides opportunities for these devices to trigger and influence consumer behaviour at any stage along the path to purchase. Already mobile behaviours are being triggered by a variety of stimulus that empowers consumers to discover and transact anytime, anywhere, thereby driving in-store as well as mobile purchases and making smartphones and tablets the perfect shopping companion.

Store of the Future

Dr Sean Sands - Australian Centre for Retail Studies

In June 2012 the Australian Centre for Retail Studies conducted its annual Retail Thought Leadership research. The topic, which was decided by a survey of retail CEOs, was overwhelmingly determined to be "Store Experience: Understanding the Future of the Store."

While the growth of emerging non-store channels outpaces that of traditional channels, bricks-and-mortar stores will continue to hold their place as the hub of the retail value proposition and the core of the shopper experience. Retail stores will, however, evolve in new and innovative ways to connect shoppers to virtual shopping alternatives and the opportunity exists to create this source of competitive advantage.

The Australian Centre for Retail Studies surveyed 1,000 Australian consumers to explore shopper preferences for store initiatives such a mobile, social media, technology and experiences. Based on this, shoppers were identified as Reluctants (shoppers that demonstrate negative views towards the in-store feature or technology tested), Potentials (shoppers that demonstrate some level of openness to the in-store feature or technology tested) and Enthusiasts (shoppers that demonstrate a clear preference for, the in-store feature or technology tested). Some of the key findings are summarised in this report.

Shopper Preferences

Drivers of store choice:

Prices charged for products, a large range of products to choose from and products always being in stock were the top drivers of store choice. An overwhelming 77% of shoppers rated prices charged for products as extremely important. Interestingly, these top three drivers are considered as the key advantages of the online channel, suggesting that shoppers now expect the same experience online and offline. Emerging technologies (i.e. social media and mobile devices) and events (i.e. entertainment or education based) were relatively less important in driving shoppers to the retail store. This highlights that these elements are not sufficient to drive visitation if the fundamental aspects of price and range are not sufficiently met. Gen Y were more positive towards emerging technologies and in-store engagement through events as store drivers, with 26% being Enthusiasts with regard to access to information via a mobile device and 20% for entertaining in-store experiences.

Add-on Impacts

To evaluate the impact of implementing value add-ons such as social media, mobile devices and technology in a store, shoppers were asked to imagine that a store of their choice had introduced one of these add-ons into the store. Shoppers then rated their likely behavioural outcomes to these in-store add-ons, in terms of their likelihood to:

- Like the store
- Visit the store
- Make purchases
- Recommend the store
- Be loyal to the store
- Enjoy shopping at the store
- Identify the store as their favourite

Overall, technology had the largest positive effect on the behavioural outcomes, leading to an increase of at least 16% for each behavioural outcome. Mobile devices in-store had a slightly positive impact on all behavioural outcomes, particularly the likeability of the store and the likelihood of visiting the store. Similarly, social media within a physical store had a small positive effect, with the largest impact on making purchases and store recommendations. In regards to generational differences, technology had the strongest impact on behavioural outcomes for Gen Y, leading to a 21% increase in the likelihood to visit a store and make purchases.

Social media also had a positive effect, especially in increasing likelihood to make purchases (12%) and recommend the store (11%). The relatively lower impact of mobile devices may be due to Gen Y shoppers already frequently using their mobile devices in a shopping context, and therefore seeing little benefit in retailers offering this feature in-store.

Technology and social media also led to the highest increases among Gen X, demonstrating their openness to utilising these emerging initiatives within the store context. The introduction of mobile devices and technology to a physical store had a positive effect on the behavioural outcomes for Boomers, while social media had a minimal and even negative impact on some outcomes.

The impact of store add-ons also differed substantially across retail store formats (i.e. department stores, specialty retail, etc.). Shoppers reported that some add-ons would have a negative impact on their shopping behaviour in certain contexts (e.g. use of mobile device features lead to an 11% decrease in loyalty for a discount department store, while leading to a 17% increase within a department store). This demonstrates the importance of considering the unique context of each retail store when deciding on which add-ons to incorporate.

Store appeal:

Click-and-collect was the most appealing feature of the physical store, with over a quarter of shoppers (25%) being Enthusiasts. However, a significant number of shoppers (20%) rated click-and-collect as not at all appealing, highlighting its polarising nature. Store design was the second most appealing feature of the physical store, with 87% of shoppers being either Potentials or Enthusiasts. Least appealing were mobile devices and social media as transactional tools. Appeal varied across generations, with a significantly higher proportion of Gen Y being Enthusiasts for transactional and informational technologies such as mobile and social media. In contrast, the majority of Boomers were found to be Reluctants towards these features. This demonstrates that these store features can be very appealing if utilised in the right context and for the right shopper base, highlighting the need to be strategic in their implementation.

Store of the Future

Advanced research analysis was used to determine shopper preferences for the below features in the store of the future:

Mobile:

QR codes, payment, coupons, video content, maps, applications, proximity content.

Maps and coupons were rated as the most useful mobile features. Mobile payment was found to have the third highest proportion of Enthusiasts (16%), but also the second highest proportion of Reluctants (41%), highlighting the somewhat polarising nature of this feature. As expected, Gen Y rated the usefulness of each mobile feature higher than Gen X and Boomers. While Gen Y demonstrated a preference for mobile coupons, with 87% being either Potentials or Enthusiasts, Boomers rated maps as the most useful mobile feature, with 53% being either Potentials or Enthusiasts.

Social Media:

See what others are saying about the brands/products, coupons, global fashion trends, interact with the retailer, after-sales service, and involve friends in shopping decisions.

21% of shoppers were Enthusiasts for receiving coupons via social media, with a further 46% being Potentials. Access to see what others are saying about brands or products was rated the second most useful social media feature, while the ability to involve friends in shopping decisions was seen as least useful, suggesting shoppers were more interested in retailers providing access to the views of the wider society rather than their own friendship network. Receiving coupons via social media was particularly important for Gen Y, with 36% being Enthusiasts for social media coupons.

Technology:

iPads (information and make purchases), kiosks (information and make purchases), virtual try-on, sales assistants with iPads.

Overall, shoppers saw the ability to access informational content and make purchases via in-store kiosks the most useful technology, closely followed by virtual try-on. On the other hand, making purchases and accessing informational content via iPads was considered to be least useful overall. However, all technologies had larger proportions of Potentials and Enthusiasts than Reluctants. Gen Y perceived technology to be more useful than the older generations, with a very small percentage being Reluctants, suggesting a very strong uptake among this generation.

Store experience:

Wi-Fi connectivity, interactive maps, events (educational and entertainment), kiosks providing inspiration, and click-and-collect.

The ability to order online and pick-up in store and interactive maps to assist with locating products were by far rated the most useful store experience features. In contrast, events were seen as the least useful aspects although educational events were rated slightly more useful than entertaining ones. Interestingly, interactive maps assisting in locating products had the same high proportion of Enthusiasts for Boomers and Gen Y, further demonstrating the importance Boomers place on functional aspects that assist in the shopping process. Further, interactive kiosks providing ideas and inspiration and the ability to order online/pick-up in-store were considered equally useful by Gen Y and Gen X, with a similarly low proportion of Reluctants.

Emerging technologies and channels are not only assisting retailers to connect with consumers outside of the store but increasingly also within the physical store environment. Retailers must deliver through one voice, one brand. The integration of channels throughout the shopper journey will not dilute the store experience instead it will create a strong design language that sits across all channels, consumers want personal and engaging experiences from retailers at each touch point.

This is impacting the size and footprint of store networks, the experience of staff and customers, along with the ability of retailers to engage and interact with customers. The future of the store lies in the integration of new and emerging digital channels that enhance the shopping journey by creating an engaging and memorable in-store experience.

PayPal at Point of Sale

We have launched our PayPal Here APIs allowing point of sale (POS) software providers to integrate PayPal payments in to current and future hardware solutions. This brings convenience for the consumer and rich data for the merchant. The APIs allow PayPal customers to 'check-in' to a store, essentially announcing their arrival and providing the sales person with instant access to their recent purchasing history. PayPal is focussed on using the power of the cloud to connect consumers with merchants and provide a real-time exchange of mutual value.

Our first POS integration partners in Australia are listed below and we are currently working with them to allow PayPal payments in-store at a number of retailer and hospitality outlets across Australia.

About Island Pacific

Founded in 1978, Island Pacific provides merchandising and store operations software solutions to the retail industry globally, helping retail businesses better serve their customers, manage their suppliers and grow profitable businesses. Island Pacific's traditional point of sale solutions support the entire retail supply chain including, POS, multi-channel, wholesale, mobile, merchandise planning, business intelligence and manufacturing. Their retail merchandising solutions are used by hundreds of global and Australian retailers, including Glue Store, Topshop and Jigsaw. In November 2012, Island Pacific customers will be able to accept PayPal as a payment method across their omni-channel POS solutions. The functionality has been made possible by an interface between the PayPal payment app and Island Pacific's software.

Island Pacific
The one that works

About Vend

Vend provides web-based point-of-sale software to enable retailers to process sales, track inventory and manage customers. It is the world's first HTML5 retail POS and works easily on any device or platform, including iPads and existing POS hardware. It even works offline. Launched in 2010, Vend has signed over 19,000 retailers in over 90 countries and processes more than 1 million transactions a month. With the flexibility to work with existing retail platforms and equipment, Vend easily integrates with existing retail hardware as well as e-commerce partners, Xero and Shopify to help retailers easily manage their business. In May 2012, PayPal announced that Vend had signed up as a global POS partner, allowing its retailers to accept PayPal in-store.

About Micros

MICROS is a global market leader in the hospitality, specialty retail, cruise and travel industry sectors, providing point of sale solutions to more than 300,000 customers around the world. MICROS has been operating in Australia since 1980, delivering personalised end-to-end solutions to a range of hotel and hospitality customers, including Guzman Y Gomez, Hugo's Manly, Stamford Hotels and the Mantra Group.

Their solutions include software, hardware, consulting, business management and support. MICROS is currently working with PayPal to allow their merchants to accept PayPal as a payment method across their POS software platforms, delivering a more personalised experience for Australian consumers.

About Kounta

Kounta provides flexible and scalable platform of sale, previously known as point of sale software. Primarily used by the retail and hospitality industry, Kounta delivers easy to use, secure and scalable solutions for a variety of multi-outlet retailers across Australia.

Their software can be used across a range of channels, including in-store, online and mobile, while also easily integrating with a variety of web technology platforms such as MYOB and Xero. In November 2012, Kounta merchants will be able to accept PayPal as a payment method across their software platforms, to deliver a faster, safer and more interactive shopping experience for Australian consumers.