



Australia's Gen Y are loving local
Louisa Billeter, Creative Commons (2013) ©

REPORT

09 Apr 15

WHY ARE MORE AUSSIES SHOPPING LOCAL?

Half of Aussies say buying local is the most important thing to do to strengthen the economy. And it's not just older generations shopping with their local grocer – 20% of Gen Y support local businesses by promoting them online. Why are Aussies turning down the big boys in favour of smaller brands?

Location [Australia](#)

Highlights & Data

- Food security is currently driving the shift to local retail
- High labour costs mean Australian retail prices have always been expensive
- While many Aussies prefer to buy from local sites when shopping online, the price often convinces them to go overseas
- The 'shop small' movement is further stimulating the health of local communities and economies
- It's no longer just older generations looking to shop locally – Gen Y are showing their support for local businesses by promoting them through social media
- With the increase of local farmers' markets, more Australians are becoming familiar with foods that are produced locally
- Technology is also influencing food purchasing, with the internet allowing local food producers to sell more directly to consumers
- **Half** of Australians say buying local is the most important thing to do to strengthen the economy

- **One in five** Gen Yers show their support for local businesses by promoting them via social media
- **14%** of Australians typically shop at a farmers' market for vegetables, and **4%** buy directly from farmers at the gate or at roadside stalls
- Online sales are increasing, with Australians spending a record **\$16.6 billion** online in 2014
- Australia boasts **two million** small business owners
- **75%** of small business owners think business is getting harder, while 40% can't say for certain if their business will still be around in **five** years

Scope

"There's a good way that you can avoid all of this," said Federal Agriculture Minister Barnaby Joyce on Australian TV, following the recall of Chinese-grown frozen berries linked to a number of Hepatitis A cases. "Make sure you eat Australian products." [1]

While growing numbers of Australians were already shopping locally – half the population say buying local is the most important thing to do to strengthen the economy – it's the Nanna's frozen berries recall that's ricocheting this figure. And it's no longer just older generations looking to shop in their neighbourhood – one in five Gen Yers show their support for local businesses by promoting them via social media. [2]

While food security is currently driving the trend to local retail, the 'shop small' movements designed to stimulate the health of local communities and economies are having an impact, too. But just how big is Australia's local economy?

From low costs to high quality

With growing calls for stricter screening, labelling on imported food and stronger biosecurity measures, local Australian berry growers say they simply can't fill supermarket demand for frozen fruit. "The cost of producing berries in Australia is probably one of the highest in the world due to the cost of labour," says Paul Casey of the Australian Blueberry Growers' Association. "That's obviously a factor in importing frozen berries, because the same amount of berries are being picked by labourers that are paid a fraction of what we are." [3]

High labour costs have always been one of the main issues with Australian retail. But Australian food produce is widely regarded as clean, green and healthy because of the checks and balances in production systems. [5] Australian food has always been priced at a premium in comparison to imported product, but after the latest health scare, shoppers now understand why quality and safety are as important as price.

In response to the crisis, Mornington Peninsula berry farmers Matt and Ruth Gallace launched local brand Matilda's. Matt Gallace says that after the Hepatitis health scare, the Australian market is ready for locally grown and packed products, and may even pay \$2 to \$2.50 more per 500g bag than for overseas berries – making the product about \$7 per pack. "It's still early days, but we've done our research, and most people are willing to pay a small premium to get that quality," he says. [6]



Small businesses often feel forgotten
Attila Siha, Creative Commons (2015) ©

Eating local for your health

Eat Local SA is an initiative that was set up to encourage people visiting South Australian restaurants to eat local food. To join the membership-based group, venues must have at least one main dish on the menu with a named main ingredient – the Lenzerheide restaurant offers Coffin Bay oysters and Onkaparinga Valley venison. “It’s incredibly important for us to connect local producers with restaurants and cafés, so they can help tell the story of the produce,” says an Eat Local SA spokesman. “Food provenance matters, and how the food’s grown and prepared is key. By eating locally, you’re supporting your own health as well as the producers and community.” [5]

With the increase of local farmers markets, community gardens, food co-operatives and community-supported agriculture schemes, more Australians are becoming familiar with foods that are grown or produced locally, and at what time of year they’re available. In addition to the 14% of Australians who typically shop at a farmers’ market for their vegetables, 4% buy directly from farmers at the gate or on roadside stalls. [7]

“*These results indicate the growing role farmers’ markets play in healthy eating. Strong consumer demand for seasonal, paddock-to-plate vegetables – be they dirty spuds, celery or organic beetroot – is the mainstay of successful farmers’ markets*

Jane Adams, spokesperson for the Australian Farmers’ Markets Association

“These results indicate the pivotal and growing role farmers’ markets play in healthy eating and in Australia’s fresh food supply,” says Jane Adams of the Australian Farmers’ Markets Association. “Strong consumer demand for seasonal, paddock-to-plate vegetables – be they dirty spuds, celery or organic beetroot – is the mainstay of successful farmers’ markets.” [8]

Technology is also influencing food purchasing, with the internet allowing local food producers to sell directly to broader audiences, whether it's via their own websites or through destination sites like [Locally Sourced](#) and [Aussie Farmers Direct](#), which organise delivery straight to the doorstep. Nearby restaurant finders like [Urban Spoon](#) and meal review apps like [Australian Good Food & Travel Guide](#) are also raising Aussies' preference for produce that's local, fresh, and, ultimately, trusted.



Australians spent a record \$16.6 billion online in 2014
Ed Yourdon, Creative Commons (2010) ©

Online, but still local

Online sales are increasing, with Australians spending a record \$16.6 billion online in 2014. [8] While many Aussies prefer to buy from local sites when shopping online, cost often convinces them to go overseas. But there's been an increasing shift, which has seen consumers looking to shop locally online first. "I think the main change has been the willingness of customers to shop at domestic online retailers," says Kate Morris, founder of Australian beauty brand Adore Beauty. "At the moment, the response we're getting is that people prefer to shop locally, if they can. A lot of people actually write in and say, 'I think it's brilliant you're Australian, I'd rather buy from you.'" [8]

Australian prices for IT equipment and digital goods are frequently higher than in other countries, with people using IP spoofing and US forwarding addresses to beat high Australian prices. An estimated 200,000 Australians already use Netflix illegally, taking advantage of technology that gives them a fake IP address so they can access the American version of the online streaming service for \$9 a month. [9]

“ I think the main change has been the willingness of customers to shop at domestic online retailers. At the moment, the response we're getting is that people prefer to shop locally, if they can

Kate Morris, founder of Australian beauty brand Adore Beauty

But local retailers have the advantage in delivery and after-sales service, even if international retailers win with price. Many internet retailers in the US don't ship to Australia, but services are popping up to combat that, too – Australia Post recently launched [a parcel-forwarding service](#) to help online shoppers get hold of their purchases.

People forget that if they keep buying online, there won't be any local shops or jobs. A number of social media initiatives aim to change people's shopping habits, and the Queensland Government is getting in on it with the #BuyLocallyQld hashtag. The benefits of Australian-made products are that they meet high standards, they often come with warranties and that the supplier is just a phone call away – but it comes down to consumers consciously purchasing homegrown products to ensure they stick around.



It's no longer just older folk shopping from their local high street
Bradley Phillips, Creative Commons (2013) ©

Big populations supporting small businesses

While small businesses play an important role in the community and are seen as the backbone of Australian society – the nation has two million small business owners – they often feel forgotten. [10] The increase of one-stop shops and supermarkets like Coles and Woolworths do affect small business, but it's the differentiation strategies of small business retailers that locals find so attractive.

"Local shopping is so important to the small business economy, but also – and perhaps more importantly – it's just a really beautiful thing," explains Amanda Matulick, owner of [E for Ethel](#), an Adelaide-based café and gift store. "Shopping in a local store that's lovingly curated always makes my heart so much happier than a mass marketed global franchise ever could." [11]

“Local shopping is important to the small business economy, but it’s more than that. Shopping in a local store that’s lovingly curated always makes my heart so much happier than a mass marketed global franchise ever could

Amanda Matulick, owner of Adelaide-based café E for Ethel

Back in 2011, a grassroots email campaign urged consumers to eschew cheap goods from giant, Asian factories in favour of local retailers. “Christmas is no longer about draining Australian pockets so that China can build another glittering city,” read the email. “Christmas is now about caring about us, encouraging our small businesses to keep plugging away to follow their dreams.” [12] The alternative Christmas gift suggestions included a gift certificate from a local hair salon, a game at the local golf course, or an oil change from the local mechanic.

Similarly, in 2014, American Express Australia launched the Shop Small movement, dedicated to supporting small business owners who do big things for the community. With three quarters of small business owners believing business is getting harder, while 40% can’t say for certain if their business will still be around in five years, big names stepping in to help the little guys are welcome. [10]



Australian food produce is widely regarded as clean, green and healthy
Attila Siha, Creative Commons (2015) ©

Insights and opportunities

People shop online for many reasons – the convenience of shopping from your desk, no crowds and an endless range – but the main benefits local businesses can offer in the face of cheaper prices from overseas retailers are a commitment to service, product safety, consistency and a desire to meet community expectations in a way that enhances their professional reputation and the livelihood of the neighbourhood.

"I think any awareness around shopping local helps, but it really resonates if people specifically choose small, choose local and choose to be engaged in the experience," says Matulick. "Having a destination business drives a customer base, but the neighbourhood can further enrich the experience of the customer. Our local neighbourhood provides customers with a selection of retail, remedial and beauty services, and the crossover between the customers from each business is a beautiful thing." [5]

“Awareness around shopping local helps, but it really resonates if people specifically choose small, choose local and choose to be engaged in the experience

Amanda Matulick, owner of Adelaide-based café E for Ethel

As loyalty moves away from being solely product-based to partially (and in some cases, majority) experience-based, domestic brands are tapping into consumers' desires to choose local by creating a convenient and not-too-expensive way for them to support homegrown products, services and experiences. Meanwhile, both local and overseas brands are integrating themselves into the neighbourhoods they wish their brand to be a part of.

With overseas markets more accessible than ever, local retailers are increasingly aware that they have to keep up with consumers' shifting needs, expectations and preferences. But by managing customer expectations in terms of delivery, quality and product availability both online and offline, local retailers will succeed against price-driven overseas retailers.

Kristina Dryža is a consumer trends expert. She has consulted to the boards of Virgin Group, BSkyB and MSN (amongst others), worked as a writer for CNN and is the author of the novel *Grace and the Wind*.

Related behaviours

Hyperlocalisation: The growing value of the local.

Sources

1. 'Joyce urges Aussies to buy local', Sky News (February 2015)
2. 'Aussies support Australian by shopping local', Westpac Australia Day Report (2015)
3. 'Frozen berries recalled', FarmOnline (February 2015)
4. 'More Australians shopping for fresh vegetables at farmers' markets, 'local' food trend grows', AusFoodNews (March 2014)
5. Interview with Amanda Matulick conducted by author
6. 'Australian berry farmers urge consumers to buy homegrown product after health scare', ABC (February 2015)
7. 'Time ripe for local frozen berries as Victorian farmers eye Australian first', The Age (March 2015)
8. 'Australian shoppers flock to farmers' markets for fresh vegetables', The Australian Farmer's Market Association (March 2014)
9. 'Australian e-tailers cash in on growing digital demand as Aussies splash out \$16.6 billion online', Smart Company (March 2015)
10. 'Netflix faces battle for Australia viewers who stream it from the US', News.com.au (November 2014)
11. 'Resilience at the heart of Australian small business', *The Sydney Morning Herald* (November 2014)
12. 'Grassroots 'buy local' campaign reaches Australian inboxes', Smart Company (December 2011)