



FLIP

(Financial Literacy in Practice)



July 2014

E-COMMERCE – WHO'S BUYING WHAT ONLINE?

TEACHER NOTES

OVERVIEW

This resource complements the material in Operation Financial Literacy. In particular, Module 12: SOS! Smart Online Shopping.

Module 12 aims to build knowledge and skills when shopping online, engaging in a variety of e-commerce transactions and identifying security issues when sharing online data.

TEACHER NOTES

E-COMMERCE – Let's take a look at the data

Use brainstorming, class discussion and research (individual or group) to complete this activity. Students access the website of the Australian Communications and Media Authority (which is regularly updated) for e-commerce statistics. Use the data to complete the table, and to reflect on the implications and patterns.

<http://www.acma.gov.au/theACMA/australians-embracing-the-digital-economy>

More detailed data is available in the downloadable report: Australia in the digital economy – consumer engagement in e-commerce. (<http://www.acma.gov.au/theACMA/research-report-australia-in-the-digital-economy-consumer-engagement-in-ecommerce>) The detailed demographic data included in this report can also be used by students to create tables and graphs, and for further discussion.

The most popular items purchased by all Australian consumers included travel goods and services (56 per cent); event, concert or movie tickets (43 per cent) and household goods including furniture, electrical appliances and computer equipment (37 per cent).

TASK 1 SOLUTION**Who spends more online?****25 – 34 years**

% of group transacting online	82%
Most popular purchase	Event, concert or movie tickets

65 years and above

% of group transacting online	38%
Most popular purchase	Travel goods and services

High household income (>\$150 000)

% of group transacting online	88%
Most popular purchase	travel goods and services

Low household income (<\$25 000)

% of group transacting online	48%
Most popular purchase	travel goods, books & music

Post Graduate educational qualification

% of group transacting online	83%
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Secondary education

% of group transacting online	50%
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Employed full time

% of group transacting online	78%
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Unemployed

% of group transacting online	62%
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Males

% transacting online	74%
Most popular purchase	household goods such as furniture and computers

Females

% of group transacting online	65%
Most popular purchase	health and beauty products

TASK 2 SUGGESTED SOLUTION

Who does what online?

Why do Australians like to shop online?	<ul style="list-style-type: none"> • Convenience • Lower cost • Physical distances in Australia mean that some people can't go to a retail outlet very often. • Some goods are not available to buy in Australia. • People who are time poor may prefer to shop online (especially for groceries - one of the fastest growth areas for supermarkets). • Some products such as software can only be purchased online. • Some products such as music are cheaper to buy online.
Why are some products cheaper to buy online than from an actual shop?	<ul style="list-style-type: none"> • Many sites will ship free or at a very low cost. • Shops have higher costs (rent, utilities maintenance). The cost of operating a website is much less expensive, and has a wider reach
Why do some people prefer to buy online from overseas organisations?	<ul style="list-style-type: none"> • Product is not available in Australia • Cheaper • Greater variety of products • Overseas travel and holiday services may not be available from Australian sites
Why are some products cheaper online from overseas than from Australia?	<ul style="list-style-type: none"> • Cheaper labour • No GST • Strong Aussie dollar
What are the advantages of buying online?	<ul style="list-style-type: none"> • Broadband and NBN make online transacting very fast. • It's easy to compare prices on the web.
What are the disadvantages of buying online?	<ul style="list-style-type: none"> • Concerns about the security of paying online (banking details CHOOSE A SAFE PAYMENT METHOD) • May be difficult to return • Too many people buying overseas may impact on Australian producers and retailers. • There may be currency conversion charges on your credit card. • Concerns about legitimacy of business and quality of product • Concerns about privacy (data being sold)
Can online buying ever cost extra?	<ul style="list-style-type: none"> • Yes – for having the items personally picked and packed, and delivery costs
What sort of things do people actually buy online?	<ul style="list-style-type: none"> • Travel goods • Event/concert/movie tickets • Household goods (furniture, electrical appliances, computer equipment) • Books, magazines, newspapers • Clothing shoes • Music to download • Computer software • CDs and DVDs • Government services • Health and beauty items • Communication technology • Food, groceries, alcohol • Financial products
What's the best way to pay for things you buy online?	<ul style="list-style-type: none"> • PayPal (offers best level of buyer protection) • Credit card (Even though unauthorised transactions can be disputed, it's preferable to use a prepaid or dedicated credit card with a small limit.)

TASK 2 SUGGESTED SOLUTION (continued)

Who does what online?

<p>What precautions should online shoppers take?</p>	<ul style="list-style-type: none"> • Only buy from reputable sites. • Use anti-virus/spyware/malware software. • Check refunds, privacy returns and delivery costs. • Only buy from sites that encrypt payment details. • Ensure there is a contact number. • Check for the padlock or key symbol at bottom right corner of screen. • Use a PayPal or a designated credit card for online purchases. • Research, read reviews and buyers' comments.
<p>In addition to shopping, can you identify any other online transacting (or e-commerce) activities?</p>	<ul style="list-style-type: none"> • Banking transactions • Paying bills • Products and services • Accommodation and travel • Government services • Online auctions (eBay) • Sold products and services • Share trading • Groceries • Gambling • Holidays
<p>Do you know how online firms maximise their sales from collecting information about the buyers?</p>	<p>Firms build up an online data base of their customers and can market according to the profile of what they buy, and how much they spend. Some sites automatically suggest other things to buy or display what other things buyers of your products have also bought.</p>



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STUDENT WORKSHEET

E-commerce activity is influenced by age, gender, household income, level of education and employment. You may be surprised at what the statistics reveal! The best place to start looking is the Australian Communications and Media Authority website.

<http://www.acma.gov.au/theACMA/australians-embracing-the-digital-economy>

More detailed data is available in the downloadable report: *Australia in the digital economy – consumer engagement in e-commerce*.

<http://www.acma.gov.au/theACMA/research-report-australia-in-the-digital-economy-consumer-engagement-in-ecommerce>



To begin with, let's take a look at the data. Find the data on the acma website to complete this table.

Who spends more online?

25 – 34 years	
% of group transacting online	
Most popular purchase	

65 years and above	
% of group transacting online	
Most popular purchase	

High household income (>\$150 000)	
% of group transacting online	
Most popular purchase	

Low household income (<\$25 000)	
% of group transacting online	
Most popular purchase	

Post Graduate educational qualification	
% of group transacting online	

Secondary education	
% of group transacting online	

Employed full time	
% of group transacting online	

Unemployed	
% of group transacting online	

Males	
% transacting online	
Most popular purchase	

Females	
% of group transacting online	
Most popular purchase	

Your second task is to respond to the following questions. Add as much relevant information as you can find.

Who does what online?

<p>Why do Australians like to shop online?</p>	
<p>Why are some products cheaper to buy online than from an actual shop?</p>	
<p>Why do some people prefer to buy online from overseas organisations?</p>	
<p>Why are some products cheaper online from overseas than from Australia?</p>	
<p>What are the advantages of buying online?</p>	
<p>What are the disadvantages of buying online?</p>	

Who does what online? (continued)

Can online buying ever cost extra?



What sort of things do people actually buy online?

What's the best way to pay for things you buy online?



What precautions should online shoppers take?

In addition to shopping, can you identify any other online transacting (or e-commerce) activities?

Do you know how online firms maximise their sales from collecting information about the buyers?