



## IN THE MEDIA

# Amazon Australia opens - but limited goods ship to New Zealand

Amazon Australia won't make all of its products available to Kiwis, and it won't be cheap getting them to New Zealand.

The Australian site has started taking orders and shipping products from its warehouse in Melbourne's east.

"Millions" of products are available across 23 categories, including consumer electronics, sports and outdoor goods, toys, home improvement items and tools, and clothing and accessories, it said.

Amazon was an opportunity for New Zealand retailers and brick and mortar stores wouldn't feel the pressure until at least Christmas next year, giving them time to adapt, retail technology developer Danny Ing said.



"Amazon will probably get quite efficient with shipping here because it will be very much like shipping to Western Australia, and they could get it down to next day delivery from Melbourne or Sydney," he said.

Retail technology developer Danny Ing says Amazon won't pose a threat to physical New Zealand stores until Christmas 2018.

If that happened, New Zealand retailers could see between a 5 and 15 per cent drop in sales on products that compete directly with Amazon, such as electronics, toys and giftware.

"Brick and mortar stores needs to be connected to the wider market with their e-commerce site and Amazon (if that's the marketplace you're going to use), and then connect those to your physical stores."

Currently, it appears only some products are able to be delivered to New Zealand, and shipping costs come under "All Other Areas" costing A\$19.99 (NZ\$22.16) for 1-3 business day delivery, A\$9.99 for 3-7 days, and free 7-10 day delivery for orders over A\$49.

Ing said in the future, all shop fronts would serve as showrooms or "mini-depots" for a retailer to fulfil online sales.

"Amazon has an automated supply chain, and that's how it got so big," he said.

Shipping company MWPVL estimates Amazon's 19 fulfillment centres in Britain cover an area of almost a million square metres. In the US, Amazon has 116 fulfillment centres covering an area of almost 10 million sqm. Australia's covers only 24,000 sqm.

"If you don't automate your supply chain, you're stuck with processes that require more human intervention, and the more intervention you need the less scalable

you'll be."

Amazon has launched with both its own retail offer, in which it sells and ships items direct to customers, and its "third-party" marketplace with allows other businesses to sell through Amazon's website.

First Retail managing director Chris Wilkinson said Amazon had soft-launched to Australian consumers to lessen pressure on the company's systems and supply chain. Problems on those fronts could result in poor customer experience and damage to goodwill, he said.

The site for Amazon's first Australian fulfillment centre, previously a Bunnings Warehouse, is seen on October 30, 2017 in Dandenong, Australia.

"There will no doubt be some initial issues, so Amazon will want to identify and address these before volumes ramp up."

There were rumours Amazon may set up a warehouse in the Waikato, but Wilkinson said this was highly unlikely.

"The market is simply too small. If they did, it would be the smallest market where they had dedicated real estate and infrastructure," he said.

"Instead, Amazon will contract a logistics provider to manage onward distribution and this could require a dedicated facility, likely in Auckland or the Waikato, leveraging proximity to Auckland International Airport."

Goods were likely to come from Amazon's Melbourne warehouse and its many facilities in the United States, which would support a wide range of products, he said.

"New Zealand seems still some way off, but that's understandable as they will want to bed in systems and their third-party partners charged with delivery."

Amazon has been approached for comment.

- Stuff

