Amazon unlikely to ‘decimate’ local retail, says visiting expert

Just as Uber has changed the way people travel and Airbnb has impacted on the hotel industry, retail is facing its own disruptors. The growth of online shopping, the entry of international retailers and increasingly changing customers’ expectations have put pressure on incumbent Tasmanian retailers.

“There has been much speculation about the impact Amazon will have on the domestic retail sector when it arrives in 2018, however, I am not convinced by those claiming it will ‘decimate’ Australian retail as we know it,” said retail expert and commentator Associate Professor Gary Mortimer of the Queensland University of Technology. “The numbers really don’t stack up.”

Associate Professor Mortimer will visit Hobart next week as a guest of the University of Tasmania’s Tasmanian School of Business and Economics.

While Australians spent almost $22 billion online last year, it represents only about 7 per cent of total retail sales. The majority of that was spent by shoppers in NSW (35 per cent) and Victoria (24 per cent), while Tasmania only represented 2 per cent of sales.

“I don’t want to discount the impact as there will certainly be categories more exposed than others when Amazon opens for trade, but I also don’t want to be alarmist”, Associate Professor Mortimer pointed out.

“The platform will be great for small- and medium-sized businesses, enabling them to increase their distribution and capture a bigger market. It will also provide shoppers with more choice.”

Speed and consumer desire for immediacy will become a challenge for not just Amazon, but incumbent retailers. “I predict a move away from ‘price wars’ to ‘time wars’, as retailers look to expedite product delivery.

“We have seen retailers in the UK, Europe and the US adopt innovative methods to resolve ‘last mile’ challenges and derive their point of difference,” Associate Professor Mortimer said.
“When it comes to customers, I think many retailers have simply not seen the emergence of Gen Z, nor connected with them. Gen Z, born from 1995, behave very differently to previous generations, yet few retailers have them on their radar.

“These Gen Z shoppers are your customers of the future - what are you doing to connect with them?”
The future of retail will blend digital and physical stores, move away from promotional pricing strategy to experiential marketing, he said.

“It is an exciting time to be in the retail space, but also a challenging time. It is vital to stay informed and ahead of your competition.”

On **Friday, 25 August**, the Tasmanian School of Business and Economics will host Associate Professor Mortimer, who will be speaking to leading Tasmanian retailers at the Henry Jones Art Hotel from 5.30pm.


For more information about the event please contact Dr Louise Grimmer, Tasmanian School of Business and Economics, on 6226 1587 or 0419 991 009, or email Louise.Grimmer@utas.edu.au

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