



Kogan.com Ltd
139 Gladstone St
South Melbourne
VIC 3205

2nd July 2020

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600
Via email: ec.sen@aph.gov.au (or upload)

Dear Committee Secretary

Inquiry into the future of Australia Post's service delivery

1. Thank you for the opportunity to provide a submission in relation to the Australian Postal Corporation (Performance Standards) Amendment Regulations 2020.
2. Kogan.com (ASX:KGN) is a portfolio of retail and services businesses including Kogan Retail (including the Kogan.com, DickSmith.com.au and MattBlatt.com.au retail websites), Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Health, Kogan Pet Insurance, Kogan Life Insurance and Kogan Travel. The Kogan brand is renowned for price leadership through digital efficiency and has over 11 million active subscribers. The company is focused on making in-demand products and services more affordable and accessible. Kogan.com is headquartered in Melbourne, Australia.

The Australian Postal Corporation (Performance Standards) Amendment Regulations 2020 and their impact on services, the Australia Post workforce and affected businesses.

3. We are an Australian business, founded in 2006 in response to the country's growing appetite for online purchases. Recent events have accelerated this growth and we expect more Australians to shop online, and more regularly.
4. Our capacity to meet this demand is largely dependent on our ability to place products in the hands of our customers, and for this Australia Post has been, and continues to be, a valued partner.
5. While a lot has changed in our 14 years, the onset of COVID-19 has accelerated the demand for eCommerce to unprecedented levels. In recent months, we have experienced more than 100 per cent year on year growth in online purchases, and significant growth in the number of customers that have shopped with Kogan.com for the very first time.
6. Kogan.com offers a wide variety of products, from small electronics to large furniture items, and many of these would be greater in size than a standard parcel delivered by a postman on a motorbike.

7. With the significant increase in demand for parcel deliveries through COVID-19, including larger items, we are supportive of measures to be employed by Australia Post to meet its delivery requirements.

International and domestic trends with parcels

8. Movement restrictions and social distancing requirements under COVID-19 has led to a rapid rise in the number of Australians shopping online. In recent months we have welcomed hundreds of thousands of new customers and seen existing customers purchase more frequently. Kogan.com now has 11.4 million subscribers in it's online community.
9. In Q2 2020 alone, over 1.4 million Kogan.com products have been shipped, exceeding the previous historical quarterly record of Q4 2019 by 51%. With the growth of our customer base and many new people introducing themselves to online shopping, we expect to see these strong growth trends continue, and believe that there has been a step change in eCommerce adoption within the Australian market that is here to stay.
10. As many Australians work from home, we have seen exponential growth in related product categories such as home office, health & fitness, and home appliances, as well as significant growth across our entire product range.
11. Our business promises fast and affordable delivery of items Australia-wide, predominantly supported by Australia Post. We believe that changes to Australia Post's regulations will allow us to continue to uphold this promise to our customers. This is a critical factor in our ability to match the experiences of eCommerce customers globally.
12. As an eCommerce business, we operate without retail stores, however there are times when a physical point of presence is necessary for some customers. In these instances, we often rely on Australia Post's vast network of post offices, PO Boxes and parcel lockers to meet the needs and expectations of our customers. Under the Regulations, there would be no change to this service.
13. Australia Post has expressed that changes to its regulations are necessary to improve efficiencies in its delivery services by temporarily allowing posties to help deliver growing parcel volumes. As outlined above, there is a pressing need to adapt to the changes in consumer spending behaviour. We need Australia Post to be sustainable and remain viable so that we can continue to reach our customers right across Australia.
14. For the reasons outlined above, we support the making of these Regulations and see the alternative as having a negative impact on the service we provide, and our relationship with our customers.

Thank you again for the opportunity to provide this submission. Any questions can be addressed to Daniel Beahan on _____ or at _____

Yours sincerely

Daniel Beahan
Director of Logistics & Customer Care

m:
e: