



Amazon Australia submission to Australian Competition and Consumer
Commission Digital Platform Services Inquiry
Report on general online retail marketplaces: Issues Paper - August 2021

Executive Summary

Amazon's mission is to be Earth's most customer-centric company, best employer and safest place to work. Our corporate philosophy is to work backwards from what customers want and continuously innovate to provide them better service, more selection, and lower prices. We apply this approach across all of our businesses, premised on the belief that if customers have good experiences, they will return to Amazon.

Amazon Australia launched our Amazon Australia store in December 2017, and in the three-and-a-half years since, we have worked to establish our retail business in this fiercely competitive retail sector. As with many other retailers, Amazon Australia's business is centred on the sale and delivery of physical products to customers, an undertaking that relies on warehousing and physical logistics operations. Amazon's fulfilment network provides significant and growing employment opportunities and economic investments in Australia. Amazon Australia employs more than 1,000 people directly in a variety of roles, from highly skilled and specialist positions to entry level jobs, and this permanent workforce is growing. In 2020, Amazon's total investments indirectly created thousands of jobs across Australia in areas like construction, logistics, and professional services. Our local fulfilment network spans five Fulfilment Centres (FC) in Brisbane, Perth, Sydney and Melbourne, with our first robotics FC in Kemp's Creek, Sydney, currently under construction and estimated to create 1,500 jobs on completion in late 2021.

In Australia, as globally, the retail sector is low margin, with few barriers to entry, reflected in the constant emergence of new retailers and business models. In this dynamic environment, no retailer, including Amazon Australia, can afford to be complacent because every retailer is competing for many of the same customers, manufacturers, distributors, brands and sellers.^a Analysis shows that Australian consumers increasingly engage in retail as a single 'omnichannel' rather than separate distinct physical and online channels.¹ They move interchangeably between physical and online stores, marketplaces and shopping via social media, often within the same purchase journey with no barriers to switching. This trend has accelerated with COVID-19 and existing retailers are now investing more in omnichannel options. At the same time, physical stores still comprise the vast bulk of Australian retail sales. Technology is also empowering sellers. Multichannel listing software (e.g. Shopify, BigCommerce and Magento) lets sellers manage product data in one place for use across multiple channels, including online stores, marketplaces, and social media. In this dynamic environment, there is no standalone 'marketplace sector' or 'must have' channel. Rather, sellers have multiple options including to bypass retailers entirely and sell direct to consumers. This makes retail highly competitive, something we welcome - it sharpens our focus, feeds creativity and fuels our drive to innovate for customers.

^a For the purposes of this submission: 'sellers' include any manufacturers, distributors, brand owners and retailers that sell products to consumers, whether through their own channels, a third party storefront (offline or online) or social media channels; 'Seller Partners' are sellers who sell in Amazon stores.



Amazon’s customer-centric approach first led Amazon.com to invite Seller Partners onto its store in 1999, driven by a desire to provide customers with greater selection and choice. Over time, this model has created a better shopping experience for customers, and globally almost 60% of the sales of physical products sold in the Amazon store (by value) are now made by Seller Partners - not Amazon.² Because Seller Partners are so crucial to our success, we have powerful economic and commercial incentives to help them grow their business in the Amazon Australia store and we invest heavily to support them. Seller Partners benefit from Amazon Australia’s brand recognition,^b from being able to make their offers discoverable by customers on a single product web page in the Amazon Australia store, and from access to our warehouses and fulfilment services.

Amazon only works if customers have a great shopping experience and return for future purchases. For this reason, our objective when designing our shopping and discovery experience is to feature items that Amazon believes customers are looking for and will want to purchase. We use aggregated data to continuously improve our store, including by featuring the products customers want, helping customers find great products, and making sure we have enough inventory. We have also developed many data-driven tools to help Seller Partners increase their sales, manage their inventory, process payments, track shipments, create reports and sell across borders - and we are inventing more every year. Amazon also offers a wide range of APIs enabling the programmatic transfer of data to and/or from third party developers (or Seller Partners themselves). Developers ‘integrate’ with Amazon’s APIs through software applications (e.g. multi-channel listing software) that enable Seller Partners to automate various elements of their online store, including: selection, inventory, pricing, customer notifications, and other aspects of their business in the Amazon Australia store and beyond.

As a customer-centric company, we work hard to earn and maintain customer trust. Customers are provided with an easy returns process – whether they buy a product from Amazon Australia or a Seller Partner. For items sold and fulfilled by a Seller Partner, Amazon also offers customers a 90-day A-to-z Guarantee so if the customer doesn’t receive a product or has another problem with a product they purchase, Amazon will solve the customer’s concern, just as we would if the product were sold by us. In 2020, we invested more than USD\$700 million globally and employed more than 10,000 people to protect our store as well as our customers and Seller Partners from fraud and abuse and built robust programs to help ensure products offered are safe and compliant. We also support efforts to continuously improve product safety measures and frameworks and are a proud founding signatory to the ACCC’s Product Safety Pledge. Amazon Australia is working proactively with the ACCC to improve the quality of public product recall information with the aim of ensuring all Australian consumers are better protected.

Amazon Australia appreciates the opportunity to contribute to the ACCC’s inquiry and inform its *Report on general online retail marketplaces*. We believe competition in the retail sector is important for Australian consumers and sellers and this extends well beyond the narrowly defined “general online retail marketplaces” that are the focus of the report. In the following response to the 10 issues identified by the ACCC in the ‘Issues Paper’, we have sought to provide an understanding of how Amazon Australia is building customer and Seller Partner trust in a dynamic and diverse retail sector.

^b For example, Amazon Australia’s Selling Partners can display the “available at Amazon” logo on their websites or in their marketing materials to advertise the availability of their products and services on Amazon Australia.

Introduction to Amazon Australia

Amazon Australia launched the Amazon Australia store in December 2017. When customers visit the Amazon Australia store, they can view products sold directly by Amazon Australia along with products sold by our Seller Partners, including thousands of Australian businesses. We invest heavily in programs, features and services on behalf of customers and Seller Partners, because when Seller Partners succeed, it creates a great shopping experience for customers. For example, in February 2018, we launched the optional Fulfilment by Amazon (FBA) program, enabling thousands of Seller Partners, including small-and-medium-sized businesses (SMBs) that sell directly to customers through the Amazon store, to use Amazon's logistics capabilities, allowing them to quickly and efficiently reach customers across Australia. In June 2018, we launched our Prime membership program in Australia, offering paid subscribers the option of free delivery on eligible items and a range of entertainment benefits including access to award-winning Prime Original series through Amazon Prime Video. Since then we have continued innovating and investing on behalf of Australian customers and Seller Partners, launching over 100 tools and features to support Seller Partner's growth on the store. This includes initiatives such as the Amazon Launchpad program, making it easy for Australian startups and businesses with innovative products to launch, market, and distribute their products to millions of Amazon customers across the globe.

Nothing is more important than the health and well-being of our employees, and we are continuing to do everything we can to keep them as safe as possible through the pandemic while playing a critical role in serving customers. In 2020, we invested over USD\$11.5 billion globally on COVID-19 related initiatives, including implementing 150 significant process changes and purchasing items like masks, sanitiser, thermal cameras, sanitising wipes and more. As we continue building our Australian retail business, we remain focused on the health and safety of our people, helping customers stay home and safe by delivering products directly to their door, and supporting Seller Partners and local communities during this challenging time.

1. The degree of competition between the marketplaces in Australia and the extent to which competition from other sources constrains or affects their practices

Amazon Australia's focus is on meeting customers' demand for low prices, wide selection, convenience, speedy delivery and great customer service. We do this in a retail sector that is fiercely competitive, with customers able to move interchangeably between physical and online stores and sellers having many options.

The Australian retail environment

Amazon globally makes up just 1% of global retail sales, while in the US, where we launched more than 27 years ago, we make up just 4% of U.S. retail sales.³ This reflects the fact that retail is an intensely competitive economic sector, characterised by multiple retailers across physical and online channels, the ongoing entry of an extensive number of new businesses, expansion of existing businesses, and low

margins. In Australia, retail has been the 10th fastest growing sector over the past five years,⁴ comprising over 130,000⁵ businesses with an estimated annual turnover of \$312bn in 2020.^c

COVID-19 continues to cause immense challenges and disruptions throughout the economy, including for the retail sector. Analysis from GlobalData concludes that while COVID-19 drove a short-term shift towards Australians shopping online during 2020, this is not a permanent new trajectory.⁶ In 2020, online retail accounted for 12.7% of retail spend and the remainder, around 87%, took place in physical stores.⁷ Both online and offline channels have grown over the last five years.

The retail environment is also dynamic, and like the economy more broadly, customers, manufacturers, distributors and retailers are increasingly using and relying on technology. Technology allows customers to instantly compare prices, features and find product information across a range of channels. Many shopping journeys start with product and price searches on the Internet. For example, a Google search for ‘Lego city downtown fire command’ instantly provides customers with multiple price points and options:

Ads · Shop lego city downtown fire command

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|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|
| | | | | | | | | |
| LEGO City Fire Command Unit 60282 | LEGO City: Downtown Fire Brigade... | LEGO City Fire Command Unit 60282 | LEGO City Fire Command Unit - 60282 | LEGO 60282 City Fire Command... | LEGO City Fire Command Unit (60282) | LEGO City Fire Command Unit 60282... | LEGO 60282 City Fire Command... | LEGO City: Downtown Fire Brigade... |
| \$69.00 | \$131.99 | \$59.95 | \$69.00 | \$59.00 | \$59.95 \$80 | \$59.00 | \$59.00 | \$131.49 |
| Target Austr... | Zavvi.com.au | Toy Hunters | BIG W | Toys R Us | The Games... | Amazon AU Free delivery | Hobby Ware... | IWOOT |
| ★★★★★ (213) | | | | | | | | ★★★★★ (514) |

Technology also benefits retail businesses, who have multiple options to connect with consumers across online, physical stores, and increasingly combinations of the two, often within a single customer purchase journey.^d This customer journey could involve any combination of searching online, in store, or via social media. Amazon Australia’s store should be considered in the context of the dynamic and technological developments taking place in the retail sector.

^c This estimate is from GlobalData, [Omnichannel Retail: observations on the Australian retail sector](#), 15 April 2021, p. 2. There are a range of estimates given for turnover in the Australian retail sector in 2020, including \$310bn from [Australia Post](#) and \$407bn from [IbisWorld](#).

^d A ‘customer purchase journey’ refers to the entire experience for a consumer from the time they become aware of and evaluate a product through to their purchasing decision, receiving the product (e.g. in-store, pick-up or delivery) and post-purchase experience.

Omnichannel retailing

Multiple analysts have observed COVID-19 has brought forward consumers' adoption of 'omnichannel' shopping. For example, Australia Post's Shopping Report concludes "[t]he events of 2020 gave rise to a sudden and permanent shift in buyer behaviour. Shoppers' habits have changed and while they are more engaged than ever, they are also more comfortable buying from a broader cross-section of retailers and categories".⁸ Omnichannel retail involves consumers combining physical and online channels, often within the same purchase journey. For example, a customer may search for a product in-store (physically or online), pay for it online but pick it up at a store (including through 'click and collect' or 'curbside pickup'^e); buy online and have it delivered to their home; or buy through a peer-to-peer or social media platform and collect or have it delivered.

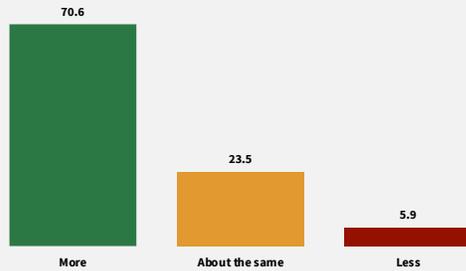
These trends are shown in analysis by GlobalData of retail in Australia between 2019 and 2020:



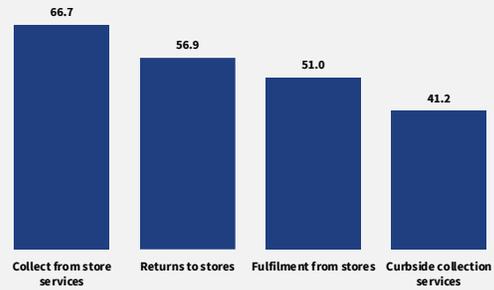
^e Also called drive-up, curbside pickup, or car boot delivery. A service where consumers pay for a product online but then collect the product they have purchased from outside of a physical store. This includes services where the product or products are brought directly to cars and methods such as outdoor locker collection.

Australia Retailer views: omnichannel

Compared to the last five years, will you invest more or less in omnichannel capability over the next five years



Which of the following are you planning on doing or doing more of over the next couple of years?



Results based on a poll of 51 Australian retailers operating across both online and stores; results are for Australian market only, they do not include views on overseas operations
Source: GlobalData retailer survey

GlobalData

Consumer adoption of omnichannel shopping has led to corresponding investments by retailers, in particular large existing retailers with deep store networks as they shift to meet consumer expectations by offering online sales with curbside delivery or click and collect.

Australia Consumer views: omnichannel

Percentage of consumers using omnichannel services before the pandemic and predicting they will use them after the pandemic is over



Results based on a nationally representative poll of 1,205 Australian consumers; using a service is defined as doing so at least once a quarter or four times per year; percentages are of shoppers who use both stores and online at least once in a year; after the pandemic, numbers are based on what consumers think they will do once the pandemic has ended; before the pandemic based on what consumers did in the year before the pandemic hit
Source: GlobalData consumer survey

GlobalData

The data depicts an increasingly familiar experience for many Australians: browsing online, visiting different physical and online stores and looking for the best prices and selection, and the most

convenient way to get the products they need and want. According to Shopify, 73% of shoppers used multiple channels before making a purchase.⁹ These consumers are shopping by seamlessly switching between online and offline stores for different purchases, and even within single purchase journeys, and this trend is increasingly blurring the lines between channels.¹⁰ As Shopify's website says, "Your customers aren't on one channel. They're on all of them".¹¹

Intense competition for customers across all channels

Competition throughout Australia's retail sector is intense, with retailers competing for the same customers across increasingly interchangeable physical and digital channels:

- ***Retail stores:*** Amazon competes with a host of large established retailers in Australia, including retailers with deep store and fulfilment networks and well-known brands across a range of product categories including consumer electronics, department store goods, fashion, hardware, grocery and many more. Physical stores are a key part of the Australian shopping experience and in 2020, around 87% of local retail spending was in physical stores.¹² In some categories, such as food and grocery, the proportion of online sales is estimated at just 3.8%,¹³ underscoring the importance of physical stores even in an omnichannel retail environment.
- ***Online stores:*** Many well-known Australian retailers have expanded by developing online stores. Retailers can also access fast-growing services (such as Shopify¹⁴) which facilitate entry and expansion online by providing hosted, cloud-based store fronts and checkouts. These services also offer retailers a range of features such as managing delivery options (click and collect or home delivery), customer email services, and apps that retailers can customise.¹⁵ These newer online offerings are in addition to a wide range of pure online stores that compete in multiple product segments, including: Booktopia/A&R¹⁶ (books), MWave¹⁷ (computers), Adore Beauty¹⁸ (cosmetics) and Appliances Online¹⁹ (appliances).
- ***Combining physical and online retail stores:*** Technology has allowed established retailers to leverage their physical store and distribution networks to meet customer expectations by offering online sales with click and collect services or curbside deliveries. In Australia, retailers of all sizes are offering click and collect services, including over 65 major store networks such as Bunnings, BWS, Coles, Dan Murphy's, David Jones, Freedom and Harvey Norman.²⁰ Other combinations of physical and online include stores that showcase a limited selection while using technology to show customers greater options, including buying online and delivery, and online stores using commercial agreements for physical collection points.^f Analysts GlobalData observe online channel growth coming from established retailers is closely connected to physical stores.²¹
- ***Online marketplaces:*** Australia has also seen the rapid growth and expansion of online marketplaces offering millions of products and significantly expanding consumer choice. Today, consumers can choose between numerous online marketplaces including eBay,²² MyDeal,²³ Kogan,²⁴ Catch,²⁵ Fishpond,²⁶ Grays.com,²⁷ Groupon,²⁸ Gumtree,²⁹ Etsy,³⁰ THE ICONIC,³¹ Newegg,³² and many others. Established retailers like Myer³³ and Bunnings also operate marketplaces and new marketplaces continue to emerge. For example, Australia's largest grocery retailer Woolworths announced in April 2021 that it will open a marketplace later this

^f For example, [Parcelpoint](#) advertises 14,000 collection locations around Australia and 200 retail partners, including Amazon Australia, eBay and THE ICONIC.

year called 'Everyday Market', offering products in categories such as homewares and clothing, and including Big W's product range (owned by Woolworths).³⁴ Marketplacer is an Australian firm that builds marketplaces for retailers who want to pursue their own online marketplace strategies, and has done so for many businesses, including Myer, Bob Jane T-Marts, FishBrain, Providoor, Petstock and others.³⁵

- *Overseas marketplaces:* There are also numerous overseas online retailers selling and shipping to Australia, such as Wish,³⁶ AliExpress, Match.com and many others.
- *Social media:* Social media companies are increasingly part of the retail landscape, as they start to rollout online storefronts where people can browse, explore and purchase products directly without visiting a separate website.³⁷ In Australia, Facebook has its own marketplace ('Facebook Marketplace'). Globally, Facebook reportedly hosts 1.2m shops across both Facebook and Instagram. According to Facebook, in the US more than one in three people use Marketplace each month to buy and sell things.³⁸ There are also reports that Facebook plans to link its 'Shops' with its Marketplace and WhatsApp.³⁹

This shows that the retail sector, in which marketplaces operate, is highly competitive with Australian consumers having a myriad of interchangeable retail options.

Intense competition for sellers who can choose from multiple channels or to list on multiple channels

Before the development and growth of online retail channels, and more recently omnichannel shopping, sellers had fewer options to reach customers and barriers to entry were high. Today, technology has shifted the retail landscape, reduced barriers to entry and opened up a wide range of channels for sellers, including:

- *Existing retailers:* Sellers can supply their products to many of Australia's large, well-known retailers which have physical and now online stores.
- *Existing retailers with marketplaces:* Large Australian retailers like Woolworths, Bunnings and Myer are welcoming sellers into their marketplaces. As discussed above, in April 2021 Woolworths announced it is developing an 'Everyday Market'⁴⁰ which it describes as providing fresh opportunities for new suppliers to partner with Woolworths to grow their businesses.⁴¹ Bunnings, Australia's leading home improvement retailer, operates 'Bunnings Marketplace', offering products by sellers in a wide range of categories, e.g. fitness and electronics.⁴² Myer operates the 'Myer Market' which offers sellers the opportunity to sell on myer.com.au.⁴³
- *Online marketplaces:* Sellers can choose between multiple online marketplaces in Australia, including eBay, Kogan, Catch, MyDeal, Fishpond, Groupon, Gumtree,⁴⁴ Grays.com, THE ICONIC, and Etsy,⁴⁵ with others emerging all the time as firms like Marketplacer enable retailers to offer their own marketplaces.
- *Direct to consumers:* Sellers can also sell direct to consumers using services like Shopify to build their own online stores or peer-to-peer options like Gumtree or Facebook Marketplace (in some cases).^g

^g Australian car dealerships are allowed to sell vehicles through Facebook Marketplace, but selling in other categories is currently only open to individual sellers.

Sellers also multihome by listing their products concurrently across all the channels above. Multichannel listing software (e.g. Shopify, BigCommerce and Magento) lets sellers manage product listings across multiple channels, including internationally. These services allow sellers to set up product data and descriptions in one place, using a dashboard to manage their product across multiple channels (for example, online stores and multiple marketplaces). Amazon Australia's experience is that our Seller Partners use a variety of channels including the Amazon Australia store, their own online stores, other marketplaces and social media to offer their products to consumers.

2. The benefits consumers and third-party sellers derive from using the marketplaces

Innovating to create a great shopping experience

Globally, Amazon has sought to constantly innovate, always with a long-term commitment to serving customers. For example, customer reviews were one of Amazon's earliest innovations, and one that many people questioned, wondering how letting people post negative reviews would help sell products. The answer is because Amazon has always been in the business of helping customers make better purchasing decisions. Today, customer reviews are a critical part of Amazon globally. Every day, customers from around the world take to Amazon to write reviews - customers can now upload images, answer other customers' questions about a product and rate one another's reviews - and customers use these reviews to inform their purchasing decisions.

Amazon Australia is focused every day on inventing on behalf of our customers to meet their desire for lower prices, better selection and convenient services. One way we aim to provide a wide selection of products is through Seller Partners that sell in the Amazon Australia store, offering more options for our customers. Many of these Seller Partners are SMBs.

Globally, almost 60% of the sales of physical products sold in the Amazon store (by value) are now made by Seller Partners - not Amazon.⁴⁶ This marketplace model is the result of constant innovation on behalf of customers, with some notable failures and lessons learnt. Amazon.com launched in the United States in 1994 and followed a well-worn retail path of purchasing products in bulk from brands and distributors and selling them directly to consumers through the Amazon.com store. A desire to provide customers with greater selection saw Amazon invite Seller Partners onto its store in 1999. However, early approaches required customers to click through to separate storefronts from the Amazon homepage. It became clear that it was difficult for customers to find all available products and offers for specific items by requiring them to 'walk the aisles' of two separate storefronts.

Amazon tried another approach by inviting Seller Partners to sell directly in Amazon's store, alongside products sold by Amazon. This approach went a step further whereby if more than one Seller - whether it was Amazon or a Seller Partner - offered the same product, those offers would be listed on the same product page. This single product page included key information about the product and the available offers to choose from (such as whether Amazon or a Seller Partner were offering the product, offer prices, and delivery options). By listing all offers together, customers could easily compare and select from all of the available options. This innovation was regarded as risky at the time, and required a large investment, both to help Seller Partners succeed and to ensure that Amazon's store would continue to meet the high standard the business set for customers' shopping experience. The expanded selection and choice provided by Seller Partners created a better shopping experience for customers. Having all



the products in a single set of 'aisles' allowed customers to quickly and easily compare products and prices, while placing all Seller Partners' offers for a product on a single product page helped keep prices low for customers. Customers saved time, just walking the aisle once, and saved money - and kept coming back to the Amazon store as a result.

Amazon has continued to improve single-product pages, adding new features such as customer product questions and answers, enhanced content such as videos, and enabling customers to 'view other offers' with a single click. By including Seller Partners' offers on a single product page, customers have more choices, and great prices, while Seller Partners can reach more customers and benefit from Amazon's significant investments in marketplace technology to constantly improve the offering to Seller Partners, putting them on an equal footing with Amazon's retail offering. This single product page approach has been so successful, other marketplaces have followed our approach.

Innovating to create a great delivery experience for customers and sellers

In February 2018, Amazon Australia opened up its warehouses and fulfilment services to Seller Partners through the FBA program. FBA is an optional service that allows Seller Partners to use Amazon's state-of-the-art fulfilment services to store, pack, and ship their products directly to customers, and leverage Amazon's customer service for products they sell through FBA. In early 2019, Amazon Australia launched Multi-Channel Fulfilment, allowing Seller Partners to fulfil orders from any of their off-Amazon sales channels in Australia using the same delivery speeds as FBA. By enrolling in FBA, Seller Partners can deliver products to 90% of Australia's population in as fast as two days, and in some cases faster.

A growing impact for Australian SMBs

Since January 2019, Amazon Australia has launched more than 100 new features, tools and services for Seller Partners in Australia. For example, in 2019 we launched the Amazon Launchpad program, highlighting innovative, cutting-edge products from startups and entrepreneurs from around Australia and the world, making it easy for them to on-board, market and launch new products to millions of Australian customers. Participants benefit from premium product pages on the Amazon.com.au Launchpad store, marketing support, global infrastructure and access to Amazon Australia's local fulfilment network, while the program gives Australian consumers the chance to discover new emerging brands. Alongside the program, in 2020 and 2021, Amazon Australia has run an SMB Grants initiative - Amazon Launchpad Innovation Grants - with the five 2021 winners receiving a package worth more than \$200,000. The goals of the initiative are to foster innovation and support Australian SMBs during an extremely challenging time by helping grow their businesses through e-commerce.

Case study – Amazon Launchpad Innovation Story: Lyre’s Non-Alcoholic Spirits Co.



Lyre’s was co-founded by Carl Hartmann and Mark Livings and joined Amazon Launchpad when the program launched in 2019. An innovative beverage company using cutting edge food science, Lyre’s has recreated all the major alcoholic spirits in non-alcoholic format. With Lyre’s, it’s possible to make the vast majority of the top 50 cocktails in the world.

Lyre’s’ business was greatly impacted by the sudden closure of bars and restaurants following lockdown restrictions worldwide in 2020. Fortunately, Lyre’s had launched their business with a strong focus on e-commerce, and they quickly diverted their resources to be solely on e-commerce to maximise growth through this period. Lyre’s has quickly become one of the fastest growing new consumer products in the world, with distribution in Australia, NZ, USA, UK and Singapore amongst other locations. The Amazon Launchpad program has been important for the business, and a major driver of their growth.

3. The nature of the marketplaces’ terms and conditions, fees, and other charges and their impact on third-party sellers and consumers

Amazon Australia works hard to provide Seller Partners with competitively priced services. We know Seller Partners have more options than ever to reach customers, including through their own online stores, retailer operated stores and storefronts on other marketplaces. In the dynamic and continuously evolving retail sector, these options will only continue to grow. This competitive pressure drives us to provide Seller Partners with great value because when they succeed, we succeed.

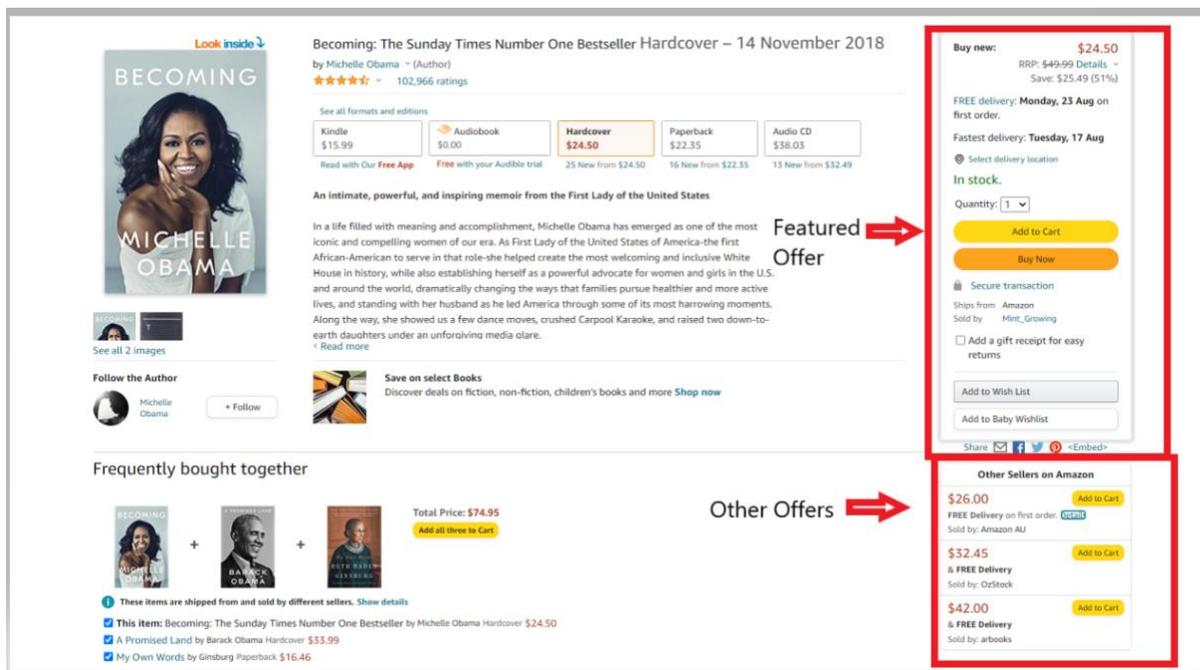
The Amazon Services Business Solutions Agreement (BSA) governs Amazon’s relationships with Seller Partners and the suite of optional Amazon services available to them. Seller Partners have a choice between two selling plans: the individual Seller plan, which includes a per-item fee (0.99 excluding GST), and a Professional Seller plan that includes a monthly subscription fee (49.95 excluding GST) but no per-item fees. In addition, all Seller Partners pay a referral fee on each item sold, calculated as a percentage of the total sales price. The referral fees vary by product category or sub-category, are pre-determined and set out transparently on Amazon’s website. Optional services available to sellers for additional fees include FBA and Amazon Advertising.

4. How marketplaces determine which products are given more prominent placement or are more visible on the marketplace, and how this impacts competition and consumers

Amazon Australia’s business is premised on the belief that if customers have good experiences, they will return to the Amazon Australia store for future purchases. We understand that if we don’t provide a good experience, customers will easily shop elsewhere. We also know that customer trust is hard to win and easy to lose. For these reasons, Amazon Australia’s goal is to highlight offers to help customers find what they will want to purchase. We are constantly refining our predictions of the “best fit” for the

customer based on factors like customer actions (such as how frequently an item was purchased by other customers), the product’s price, delivery speed, what’s selling well and new (like the latest mobile phone model or a new album release), and measures of post-purchase satisfaction like return rates. Sometimes customers tell us - directly or through their actions - that they’re not satisfied with a product they bought. We respond to that feedback by ranking other products - ones we have determined customers are more likely to love - higher in search results. We want customers to return to the Amazon Australia store for future purchases, and we do this by ensuring a high-quality customer experience.

For products in the Amazon Australia store, there are often multiple offers, including from Amazon and various Seller Partners. Each has its own price, shipping fees, delivery promise, and returns policy. When there are multiple offers available for a product, we feature the best of those offers, based on the criteria mentioned above, prominently on the product page (the “featured offer”). Customers are also able to explore other offers available for a particular product.



Most of the time, all of the offers for a product are from Seller Partners. Globally, our retail business has offers for less than 5% of products in our stores that have a featured offer.⁴⁷ All of the Amazon Australia retail offers compete fairly to be one of the featured offers based on the same criteria, such as low price (inclusive of delivery), fast delivery, a track record of good customer service, and reliability in meeting delivery promises.

The featured offer reflects the offer that past customer choices tell us is the one that customers are most likely to buy if they compared all of the available offers. Customer preference determines which offer we feature. The vast majority of customers who take the time to compare all of the non-featured offers ultimately select the offer we’ve featured on the product page, which confirms that we’re doing a good job predicting what customers want.

5. The extent to which marketplaces collect, analyse, and use data from third-party sellers and consumers

Amazon's objective when designing our shopping and discovery experience is to feature items that Amazon believes customers are looking for and will want to purchase. We use aggregated data to continuously improve our store, including by featuring the products customers want, helping customers find great products, and making sure we have enough inventory.

We use data about shopping trends in our store to promote products from Amazon and Seller Partners and highlight offers through features like best-seller lists, related product recommendations, and customer reviews. We also use information about individual Seller Partners to protect our customers and Seller Partners from fraud and abuse, as discussed further below. Our continued success depends on providing a great experience – not only for our customers who benefit from wider selection and increased competition that helps keep prices low - but also for Seller Partners, which means we place a priority on protecting their personal and proprietary information while providing the data analytics and tools they need to grow their businesses.

Amazon has a longstanding commitment to privacy and data security, and we are not in the business of selling personal data. Amazon's privacy notice (www.amazon.com.au/privacy) describes what information Amazon collects and how that information is used. Examples of the types of information Amazon collect includes:

- Information that customers provide related to their use of Amazon.com.au. For example, customers provide information when they shop for or purchase products or services, use features on Amazon.com.au, and enter information in their account settings. As a result of those actions, customers might provide Amazon the following categories of information: contact information, payment information, location information such as the customer's preferred shipping address, address book information, and account profile information.
- Automatic information Amazon collects and stores when a customer uses Amazon.com.au, including information about their interaction with products or content available through Amazon.com.au. Like many websites, Amazon uses cookies and other unique identifiers and obtains certain types of information when a customer's web browser or device accesses Amazon.com.au. Amazon may also use device identifiers, cookies, and other technologies on devices, applications, and Amazon webpages to collect browsing, usage, or other technical information.
- Information from other sources, including: updated delivery and address information from Amazon's carriers or other third parties, search results and links, including paid listings (such as Sponsored Links) and information about Internet connected devices and services linked with Alexa.

Over the past two decades, Amazon has built into our services various ways for customers to manage and access their data. For example, Amazon Australia gives customers the ability to access a lot of their data instantly through their Account, or to request access to their personal data through a self-service "Request My data" tool.



Empowering Seller Partners with data

Worldwide, more than 7,000 employees are tasked with building and maintaining the systems and tools that make it easier for our Seller Partners to identify, attract, and reach customers, providing our Seller Partners with vital business analytics, and distilling that data into concrete steps to grow their businesses. We provide data directly to Seller Partners to help them manage their businesses, and give key insights like whether they are running low on inventory. We give them access to online tools providing data analytics about their own sales, the number of customers viewing the products they sell, and their conversion rates. Amazon Australia also offers a wide range of APIs which enable the programmatic transfer of data to and/or from third party developers (or Seller Partners themselves). Developers 'integrate' with Amazon's APIs through software applications (e.g. multi-channel listing software) that enable Seller Partners to automate various elements of their online store, including: selection, inventory, pricing, customer notifications, and other aspects of their business in the Amazon Australia store and beyond.

In addition, we offer Amazon Brand Analytics to provide brand owners with information on popular search terms and comparable products, and the Seller University portal that helps Seller Partners find relevant educational content. In addition, through Seller Central, Amazon Australia offers Seller Partners personalised guidance about additional selling programs and features that they can experiment with to accelerate their growth. Each recommendation includes rich educational content (including Seller University videos) to help Seller Partners learn more about the programs.

We go further than any other retailer and tell the world what is selling well in our stores. Every single product lists its sales rank on its product page, and we make lists of best sellers publicly available. This transparency is part of what makes the Amazon store a great place to launch or grow a brand. We also recognise Seller Partners and brands have many other sources of data including insights into the world of shopping that happens outside our store. In Australia, as in other parts of the globe, the majority of retail purchases happen in physical stores, and sellers often turn to third-party business intelligence firms like Nielsen, NPD, ScanData, and many segment-specific data providers, to get insights to grow their businesses. These firms aggregate shopping behaviour across stores, providing broad insights into entire industries so that sellers can find detailed data like average sales prices, total units sold, and revenue for tens of thousands of the most popular products.

6. Where marketplaces also supply their own products on the platform, the impact that these sales and associated practices may have on competition with third-party sellers

Amazon Australia's focus is to offer the widest available selection. However, there are many products available in popular retail outlets that cannot be found on the Amazon Australia store, or that Amazon Australia cannot source or sell itself. In order to enhance the attractiveness of the Amazon Australia store as a whole, we work hard to close the selection gap between the selection offered in the Amazon Australia store and the selection offered by other retail stores. In this context, our relationship with Seller Partners is incredibly important to Amazon Australia and to our customers. Seller Partners help us provide vast selection and great prices to customers. Globally, our retail business has offers for less than 5% of products in our stores that have a featured offer.⁴⁸ In turn, we work hard to help Seller Partners reach millions of customers, develop their brand and grow their business.



By providing a large number of great offers in the Amazon Australia store, Amazon Australia helps to meet customers' expectations that they will find what they are looking for, at competitive prices, when they visit the store. Seller Partners benefit from the selection provided by Amazon Australia, which makes the store more attractive to customers, and both benefit from the competition between one another on the store. This form of competition is vigorous and demanding but is not a zero-sum game. When customers have great experiences, are offered great prices and decide to return to the Amazon store for future purchases, this creates opportunities for both Seller Partners and Amazon Australia. We have a strong, long-term incentive to ensure vigorous and fair competition amongst Seller Partners, as well as between Amazon Australia and Seller Partners. That intra-marketplace competition is itself an important part of the experience that the Amazon Australia store offers to customers as we compete against the myriad of other retail channels described above.

7. The impact of terms and conditions and functionality, offered by the marketplace, on the pricing strategies of sellers and on the final prices consumers pay

To increase the attractiveness of the Amazon Australia Store to Seller Partners, we offer them competitive terms and conditions. Seller Partners set their own prices in our store. If we see pricing practices on our store that harm customer trust (e.g. setting misleading reference prices or attempts at price gouging), we may remove an offer, or in serious or repeated cases, suspend or terminate selling privileges. We do this in accordance with our Marketplace Fair Pricing Policy. For example, throughout the COVID-19 pandemic, we have utilised a range of methods to locate and remove unfairly priced items in high demand such as protective masks and hand sanitiser. If we find a price that violates our policy, we remove the offer and take swift action against bad actors engaged in demonstrated misconduct, including suspending or terminating their selling accounts. We have also clearly communicated with Seller Partners to ensure they understand our expectations and long-standing policies to help ensure fair pricing.⁴⁹

We also don't want to disappoint customers, so if we or our Seller Partners don't have a good offer that we're confident will preserve customer trust in our store, we won't feature an offer at all. We would rather the customer not buy that product from Amazon than have a poor shopping experience and lose trust in Amazon Australia. Of course, even when we choose not to feature a particular offer, customers can still view all the available non-featured offers for that product. When customers trust Amazon Australia's store, they come back and shop more often, buying more from Seller Partners and Amazon Australia.

8. The impact of practices engaged in or facilitated by marketplaces to influence consumers to purchase goods

Amazon only works if customers have a great shopping experience and return for future purchases. To deliver that experience, our product search results and the offers we feature have to surface the products that "best fit" the customer based on factors like customer actions (such as how frequently an item was purchased by other customers), the product's price, delivery speed, what's selling well and new, and measures of post-purchase satisfaction like return rates. These are factors we know customers care about most, whether products are sold by a Seller Partner or by Amazon Australia.



We also have promotional spaces in our store - just as physical retailers have promotional spaces like end caps, shopfront windows, or products stacked high at the front of the store. For example, a physical retailer might be compensated by a brand to stack an item at the front of a store, or it might promote one of its own brand labels it thinks is great value for its customers. We make similar choices about promotional space in our store, and we use that space to promote products we think customers will love. We also offer a variety of optional advertising services to brands owners, manufacturers and Seller Partners which help draw attention to products that are of interest to customers.

Like many retailers, Amazon runs promotions and special offers. For example, we run special deals in a range of seasonal sales events, including New Year's, Back to School and Black Friday/Cyber Monday. These events often feature offers from both Amazon Australia and Seller Partners and drive significant sales. We have also brought sales opportunities to Australia that did not exist previously in the form of Amazon's annual Prime Day event. In 2021, Amazon Australia's Prime Day was a 65-hour shopping event that marked the two biggest days for Australian small businesses on Amazon.com.au. This sales event has become well-known to Australian consumers, not only for the great deals available from Amazon Australia and our Seller Partners, but also because several retail competitors have aligned their own special offers on the same day. The result is more competitive offers for Australian customers, along with opportunities for sellers and other retailers to promote their own sales.⁵⁰

9. The role marketplaces play in protecting consumers

Earning and maintaining customer trust

As a customer-centric company, we work hard to earn and maintain customer trust. We offer customers an easy returns process, whether they purchase from Amazon Australia or a Seller Partner. In addition, Amazon Australia offers customers who purchase items sold and fulfilled by a Seller Partner an A-to-z Guarantee, so if they don't receive a product, or have another problem with a product they purchase, Amazon will solve the customer's concern, just like we would if the product were sold by Amazon Australia. We provide Seller Partners with information about the A-to-z Guarantee and assist Seller Partners understand their obligations under the Australian Consumer Law (ACL) by providing them with educational content. We want customers to shop with confidence and if ever a customer has a concern, they can contact Amazon Australia customer service and we will investigate.

We also work hard to earn the trust of customers and brands by providing products that meet their expectations. Product reviews are a part of that shopping experience, helping customers in their purchase decisions and providing a way for them to differentiate their products from other similar items. We devote significant resources to preventing fake or incentivised reviews from appearing in our store. Over many years, we have continued to invent, deploy, and continually improve sophisticated technology powered by machine learning and have coupled that with expert human investigators to proactively prevent fake reviews from ever being seen in our store. We realise that we're not perfect, and we also provide customers with the ability to report fake reviews that we may have missed.



Proactive consumer protections

Amazon Australia recognises compliance issues undermine customer trust and bad actors have no place on Amazon. For these reasons, in 2020 we invested more than USD\$700 million globally and employed more than 10,000 people to protect our stores and our customers and Seller Partners from fraud and abuse and built robust programs to help ensure products offered are safe and compliant. We leverage a combination of advanced machine learning capabilities and expert human investigators to protect our stores proactively from bad actors and bad products. We are constantly innovating to stay ahead of bad actors and their attempts to circumvent our controls. In 2020, these initiatives enabled us to prevent over six million attempts to create new selling accounts, stopping bad actors before they offered products for sale, and we blocked more than 10 billion suspected bad listings before they were published in our stores.

While Seller Partners are responsible for ensuring their products comply with all applicable laws pursuant to the terms and conditions they accept before selling on Amazon, we also take steps to identify non-compliant products and prevent them from being offered in the Amazon Australia store. In addition, to help Seller Partners understand their obligations, we provide educational content about Australian product safety and regulatory requirements as well as information about our policies and Seller Partner compliance obligations.

We also support efforts to continuously improve product safety measures and frameworks. We want these measures and frameworks to be ambitious, relevant and appropriate to tackle the changing demands of 21st century retail. We are a proud founding signatory to the ACCC's Product Safety Pledge. We act quickly to remove unsafe or recalled products from the Amazon Australia store, and support initiatives to improve recall processes to ensure all Australian consumers are better protected.

Powerful tools for brands to deliver customers authentic products

Our customers expect when they make a purchase through the Amazon Australia store - either directly from Amazon Australia or from Seller Partners - they will receive authentic products. Amazon Australia strictly prohibits the sale of counterfeit products and we invest heavily in both funds and company energy to ensure our policy is followed. We work with and empower brands through programs like Brand Registry and Transparency to ensure only authentic products are sold in our stores. As a result of our efforts, in 2020, 99.9% of all products viewed by customers on Amazon did not have a valid counterfeit complaint.

In order to detect bad actors and potentially counterfeit products, we make significant investments in machine learning and automated systems. We employ dedicated teams of software engineers, applied scientists, program managers, and investigators to operate and continually refine our anti-counterfeiting programs. Amazon's systems automatically and continuously scan numerous data points related to Selling Partners, products, brands, and offers to detect activity that may indicate a potentially counterfeit product and immediately block or remove it from our store.

Brand Registry - Any rights owner can enrol in Amazon Brand Registry to get access to a set of powerful tools that help them manage and protect their brand and intellectual property rights in our store. Brand Registry is a free service and globally more than 350,000 brands are already enrolled. These brands are

able to report suspected infringement and ensure product information displayed on detail pages is accurate so customers can make confident, informed purchasing decisions on Amazon. Brands in Brand Registry on average are finding and reporting 99% fewer suspected infringements than before the launch of Brand Registry.

Transparency - Transparency is an item-level tracing service where brands serialise each unit they manufacture with a unique code. Amazon then scans these codes and verifies the authenticity of the product before it reaches a customer. Customers can also scan the Transparency code via a mobile app to confirm authenticity and learn more about the product, such as usage instructions, ingredients, and expiration date. Globally, more than 10,000 brands of all sizes have enrolled their products in Transparency.

10. The effectiveness of the marketplaces' complaints handling and dispute resolution processes

As indicated above, we offer customers a range of options in addition to their ACL rights to address any problems with their purchases, whether from Amazon Australia or a Seller Partner. Customers can return most new, unopened items fulfilled by Amazon Australia within 30 days of receipt of delivery for a full refund of the price, including for change of mind. Where there is a problem with a product fulfilled by Amazon Australia, the customer can contact Amazon Australia customer service outside the return window for an appropriate remedy. Products can also be returned under the 90-day A-to-z Guarantee if the customer purchased a product sold and fulfilled by a Seller Partner and did not receive the product or if they have another problem with the product. We provide Seller Partners with information about our A-to-z Guarantee and also assist Seller Partners to understand their obligations under the ACL by providing them with educational content. Where a customer complaint is not resolved, customers can contact Amazon customer service through any of several channels and we endeavour to resolve all complaints in a timely manner.

We also focus on responsive communications with our Seller Partners. With this in mind, we provide Seller Partners with chat and email support so they can share feedback, trouble shoot, or raise concerns. Amazon's Selling Partner Support team handled more than 60 million global contacts from Seller Partners in 2020, and we strive to respond to and resolve every contact expeditiously. Globally, more than 90% of emails were responded to in under 12 hours; more than 90% of phone calls and chats were answered in under 90 seconds; and more than 80% of all seller issues are fully resolved in under 24 hours.

We also prioritise fairness with our Seller Partners, and have long-standing mechanisms for Seller Partners to appeal the enforcement of our policies if they think we've made a mistake. In addition, Amazon's Account Health Support team provides Seller Partners with personalised consultation regarding issues leading to suspension and an opportunity to proactively appeal/correct the issue and avoid suspension altogether.

¹ GlobalData, *Omnichannel Retail: observations on the Australian retail sector*, 15 April 2021, p. 3

² See <https://www.aboutamazon.com/news/how-amazon-works/zero-to-60-the-acceleration-of-independent-sellers-in-our-store>

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- ³ See <https://www.aboutamazon.com/news/how-amazon-works/fact-check-sizing-up-amazon>
- ⁴ See <https://www.ibisworld.com/au/sector-profiles/retail-trade/>
- ⁵ See <https://www.statista.com/statistics/932646/australia-number-retail-trade-businesses/>
- ⁶ GlobalData, *Omnichannel Retail: observations on the Australian retail sector*, 15 April 2021, p. 2
- ⁷ GlobalData, *Omnichannel Retail: observations on the Australian retail sector*, 15 April 2021, p. 2
- ⁸ Australia Post, *Inside Australian Shopping*, 2021, p. 5
- ⁹ See <https://www.shopify.com.au/plus/solutions/omnichannel-commerce>
- ¹⁰ GlobalData, *Omnichannel Retail: observations on the Australian retail sector*, 15 April 2021, p. 3
- ¹¹ See <https://www.shopify.com.au/plus/solutions/omnichannel-commerce>
- ¹² GlobalData, *Omnichannel Retail: observations on the Australian retail sector*, 15 April 2021, p. 2
- ¹³ GlobalData, *Omnichannel Retail: observations on the Australian retail sector*, 15 April 2021, p. 8
- ¹⁴ Shopify hosts over 1.7 million businesses worldwide. See <https://www.shopify.com.au/about>
- ¹⁵ See <https://www.shopify.com.au/enterprise/unite>
- ¹⁶ See <https://www.booktopia.com.au>
- ¹⁷ See <https://www.mwave.com.au>
- ¹⁸ See <https://www.adorebeauty.com.au>
- ¹⁹ See <https://www.appliancesonline.com.au>
- ²⁰ See <https://www.finder.com.au/click-and-collect-stores-australia>
- ²¹ GlobalData, *Multichannel retail and COVID-19*, 15 September 2020, p. 6
- ²² See: <https://www.ebay.com.au/>
- ²³ See <https://www.mydeal.com.au/>. MyDeal first launched in 2011.
- ²⁴ See <https://www.kogan.com/au/>
- ²⁵ See <https://www.catch.com.au/>. In 2019, Wesfarmers acquired Catch Group. Founded in 2006, Catch is one of Australia's largest daily deals sites.
- ²⁶ See: <https://www.fishpond.com.au/>
- ²⁷ See: <https://www.grays.com/> and <https://www.grays.com/aboutus/default.aspx>
- ²⁸ See <https://www.groupon.com.au/>. Since launching in Australian and New Zealand in 2011, Groupon works with more than 26,000 merchants. See: <https://www.groupon.com.au/merchant/about-us>.
- ²⁹ See <https://www.gumtree.com.au/>
- ³⁰ See: <https://www.etsy.com/au/>
- ³¹ See: <https://www.theiconic.com.au/>
- ³² See <https://www.newegg.com/global/au-en/> and <https://www.newegg.com/sellers/>
- ³³ See <https://www.myer.com.au/content/sell-on-myer>
- ³⁴ See <https://insideretail.com.au/business/woolworths-launching-marketplace-offer-invests-in-marketplacer-202104>
- ³⁵ See <https://marketplacer.com/>. Marketplacer supplies systems for retailers to build their own marketplace and offers a range of support services, such as APIs to integrate with third-party sellers or dropship services.
- ³⁶ See: https://www.wish.com/au?hide_login_modal=true
- ³⁷ See <https://en-gb.facebook.com/business/shops>
- ³⁸ See <https://www.facebook.com/business/m/marketplace-ecommerce>
- ³⁹ *The Economist*, 'Facebook eyes a future beyond social media,' 29 July 2021.
- ⁴⁰ See <https://www.woolworths.com.au/shop/discover/everyday-market>; <https://www.afr.com/companies/retail/woolworths-joins-online-marketplace-gold-rush-20210422-p571du>
- ⁴¹ See https://www.woolworthsgroup.com.au/page/media/Latest_News/woolworths-group-venture-capital-arm-w23-invests-in-australian-startup-marketplacer-ahead-of-marketplace-launch
- ⁴² See <https://www.bunnings.com.au/bunnings-marketplace>
- ⁴³ See <https://www.myer.com.au/content/sell-on-myer>; <https://www.cmo.com.au/article/630782/myer-debuts-online-marketplace-amazon-threat-looms/>

⁴⁴ See <https://www.finder.com.au/how-to-sell-on-gumtree>

⁴⁵ See https://www.etsy.com/au/market/australian_sellers. Etsy lists thousands of “Australian Sellers”.

⁴⁶ See <https://www.aboutamazon.com/news/how-amazon-works/zero-to-60-the-acceleration-of-independent-sellers-in-our-store>

⁴⁷ See <https://www.aboutamazon.com/news/how-amazon-works/how-customers-get-to-pick-the-winners-in-amazons-store>

⁴⁸ See <https://www.aboutamazon.com/news/how-amazon-works/how-customers-get-to-pick-the-winners-in-amazons-store>

⁴⁹ See <https://www.aboutamazon.com/news/company-news/price-gouging-has-no-place-in-our-stores>

⁵⁰ *The Australian*, [‘Amazon Prime Day can also help the wider retail sector,’](#) 21 June 2021.