

## Online delivers niche for logistics

By David Porter

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With more people shopping online and the Government considering imposing GST on international online purchases, the number of small e-commerce companies entering the market could grow.

A Bay of Plenty company is already carving out a business-to-business niche in servicing the growing number of small-scale e-commerce retailers who do not have the resources or space to effectively manage the day-of-day process of dispatching orders.



Monique Russell is co-owner with husband Warren of TADS. Photo / Andrew Warner

Monique Russell, co-owner with husband Warren of TADS (Tauranga Logistics), believes the changes being considered by the Government could result in even more demand for the service they provide.

Ms Russell believed a change would have a huge impact on the volume of products and the prices for individuals currently importing directly from overseas sites and fuel further growth in the number of domestic online companies.

PwC GST expert and partner Eugen Trombitas, commenting on the Government's discussion document, said foreign sellers would need to take note of the new proposals.

"Local businesses will have an improved playing field, while consumers will still have choice, but offshore sellers may revisit their pricing."

The Russells got into e-commerce after they bought Biogrow, a horticultural business specialising in providing fertile, biodegradable pots to commercial growers, in 2013.

Ms Russell said Biogrow initially dealt in commercial quantities, then saw opportunities in also selling directly to retail consumers online.

However, when they investigated storage and distribution options, they realised there was a niche in offering a service to small e-commerce companies and set up TADS.

"There's been a huge increase in people starting up part-time, working from home," she said. "When we looked at the cost and practicalities of leasing smaller storage units, it was not sustainable and did not take into account the time and disruption to travel to them, or the extra expense when stocks are low.

"Then there is the hassle of hiring part-time staff to help with dispatching when volumes can vary largely from season to season."

Ms Russell said in their experience large freight-based companies preferred bulk goods and were not prepared to take on smaller clients with smaller individual items.

TADS is not tied to any one freight or courier company and has been able to negotiate competitive

volume rates.

The company's services include helping with importation, Ministry of Primary Industries container clearances, storage, logistics and distribution.

"Tauranga is an incredible place to base a logistics and distribution business as it has the best container port in the country and fantastic transport links.

"People are contacting us nationwide and from overseas."

Derek Roser, director of Circle Management Services, who provides advisory services to the Tauranga Chamber of Commerce, said there was place for TADS.

"They've identified a niche market that isn't being serviced," he said.

"They provide support for the growing number of small importers without major logistics departments who require a small amount of flexible storage and in-country distribution."

Brennan Sexton, the founder and managing director of Melbourne-based online retail store network Niche Now, uses TADS to distribute its Universal Remote Controls.

The company initially successfully test launched its product, using a courier to ship express from Australia to New Zealand.

"We then decided to go into an agreement with TADS to distribute our products, which costs about 10 per cent of what it was costing during the soft launch."

## Spending

- \* New Zealand's online retail spending now exceeds \$3 billion a year.
- \* More than 50 per cent of New Zealanders now shop online.
- \* Domestic online sales make up 58 per cent of purchases by New Zealanders.

Source: BNZ Online Retail Sales Report

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