



From: Stuart Skena
To: [Committee, IC \(REPS\)](#)
Subject: IT pricing submission
Date: Wednesday, 27 June 2012 3:08:04 PM

To whom it may concern,

I would like to make a submission based on my experience as a consumer of video games and video game related products. My submission is outlined below under each term of reference. My submission is based on personal experience and as such does not contain references. However, where possible I will provide examples.

The Committee will inquire into and report on:

(a) Whether a difference in prices exists between IT hardware and software products, including computer games and consoles, e-books and music and videos sold in Australia over the internet or in retail outlets as compared to markets in the US, UK and economies in the Asia-Pacific

- There is a large difference. However, stores such as Harvey Norman and JB Hi-Fi are now selling imported games at similar prices to international retailers online. On many occasions I have purchased products from sites based in the UK who specifically aim at an Australian customer base such as www.ozgameshop.com. I believe these retailers circumvent some import costs and as such sell at an equivalent international retail cost. In many cases a retail store in Australia will have a new release game priced \$100 - \$110, an imported game sold in an Australian store such as JB Hi-Fi, will be priced \$60-\$70 but will not be available on the release date, an online store based in Australia will be priced \$75-\$80 plus postage in many cases while the UK store aimed at Australian consumers will be priced \$50-\$60 with free postage.

(b) Establish what those differences are

- The example above outlines a major discrepancy between Australian designed games and imported games sold in Australia. The two games for, for example, sold in JB Hi-Fi retail store have a difference of up to \$30 based on whether they were designed for an Australian or international market. I'm unsure why the price difference is so huge but I would suggest it is external to the retailer and may lay with the publisher, import taxes or any number of external factors.

- All retailers are not the same either. I will not purchase from EB Games because the price difference between their store and JB Hi-Fi has always been around \$20. It is common knowledge amongst gaming enthusiasts that EB Games sells to third parties such as grandmothers or mothers as gifts for gaming enthusiasts, they aim at people with little to no knowledge of the industry and the relative prices they should be paying. In this case the responsibility of this price difference lies with the retailer. Furthermore, a recent visit to a Harvey Norman retail store had me discussing why a three year old game had a new release price tag on it. The sales clerk told me the person in charge of pricing didn't have any product knowledge of the games industry. Again this responsibility falls on the retailer.

(c) Determine why those differences exist

- As mentioned above, I don't believe this is a retail issue in many cases. Somewhere prior to the arrival of the game instore is inflating the price, possibly many factors influence this slightly and the final result creates a huge discrepancy. For example: a small profit is added at each point of contact and a couple of small taxes with the final result being a \$30 discrepancy in prices.

(d) Establish what the impacts of these differences might be on Australian businesses, governments and households

- I would say a conservative guess of my own practices would have 80% of my money being spent in offshore retailers for gaming products including large pieces of hardware. A recent purchase had me import a 2kg flight controller from the UK for \$80 including postage. The same product retailed in Australia for \$150. Majority of EBay purchases of games and gaming related products are through international stores. That being said, majority of purchases not gaming related are also from international stores as in many cases we get the same or similar product delivered at up to 50% cheaper. I do not think this is exclusive to electronics and IT. This applies to most retail products and a wider investigation should be made if the true depth of the issue is to be addressed. Unrelated example would be new release paperback books, Australian price \$30 vs UK price \$12.

(e) Determine what actions might be taken to help address any differences that operate to the disadvantage to Australian consumers

- As mentioned in the last post, this is a retail wide issue. I believe targeting the issues that create the wider problem such as import and distribution taxes and incorporated costs would drop prices on retail products on the whole. Related to gaming, targeting publishers costs would be the next step in lowering prices.

Thank you and I hope this submission helps,

Stuart Skene