



Inquiry into IT Pricing

Dear Committee,

I am making my submission as a public consumer of IT products. Presently, many of my purchases are online, mostly from Australian businesses that typically bypass local distributors to directly import from overseas, some of my purchases are also from international businesses. The reason for this is primarily the large price differential experienced with local retail outlets versus online suppliers.

This large price differences do not in my experience stem from a retail outlet having to pay for a "bricks and mortar" shop front, as this appears in my experience to only add 5 -10% to a products price. The greatest difference appears to be that set by the original equipment manufacturers themselves. As an example of this I would like to show you a simple comparison available to anyone with internet access. (Prices compared as at 14/06/2012)

Dell Laptop Comparison (Australian & USA Web sites)

Dell Alienware M18x: \$3,299 base model (Australian Pricing)

<http://www.dell.com/au/p/alienware-m18x-r2/fs>

Dell Alienware M18x: \$1,999 base model (USA Pricing)

<http://www.dell.com/us/p/alienware-M18x-r2/pd.aspx>

Price Difference: \$1300

Dell XPS 13: 3 models in the range \$1299, \$1,599, \$1799 (Australian Pricing)

<http://www.dell.com/au/business/p/xps-13-1321x/fs>

Dell XPS 13: 3 model in the range \$999, \$1299, \$1499 (USA Pricing)

<http://www.dell.com/us/p/xps-13-1321x/pd#Services>

Price Difference: \$300 across the range

Dell Inspiron 14z: \$799 base model (Australian Pricing)

<http://www.dell.com/au/p/inspiron-14z-5423/fs>

Dell Inspiron 14z: \$499 base model (USA Pricing)

www.dell.com/us/p/inspiron-n411z/pd.aspx?~ck=anav&~ck=mn999999

Price Difference: \$300

Generally the price differences are greater the higher the specification of machine that is compared. As these machines are manufactured in South East Asia I can see no reason why shipping would be an influencing factor.

This pricing comparison has been completed based on a single day over just 3 laptop models, however I have compared these prices often over the last 5 years. Over these years the Australian dollar has risen and spent many months above parity with the US dollar and I did not see any corresponding drop in the pricing structure across Dell's range of laptops. Unfortunately this pricing practice is not limited to Dell as many other technology manufactures like HP, CISCO & Lenovo also price higher in Australia for no apparent reason, except to possibly retain the high profits of their Australian distributors.

In my opinion this older style distribution model only profits the very few. The benefits to the Australian public of more affordable technology and all that may represent for business, education and government cannot be realised until this pricing system is abolished.

Sincerely

Stuart Kenyon