



Submission for the Inquiry into IT Pricing.

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Many Australians are aware of a price discrepancy between software goods sold in Australia and overseas, though much discussion on the subject takes place on the internet. Among those who are aware of it, there is a universal dissatisfaction with this state of affairs. On the internet, the issue of pricing is raised on a variety of forums. Often, when American customers complain in a forum about overly expensive computer games, an Australian will reply to the effect of "be glad you are not in Australia!"

I am primarily aware of pricing discrepancies of computer games, so I cannot comment on the other IT products mentioned by the Terms of Reference.

To summarise:

- A difference in pricing definitely exists, both over the internet and in retail stores, between video games sold in Australia and in the US and the UK.
- Specific prices vary depending on the publisher of the game, but the differences can be higher than 50% (\$60 in the US versus \$90 in Australia).
- I do not know exactly why these differences exist, but the general perception on the internet is that this is due to higher average incomes in Australia, and game publishers believing that "Australians are willing to pay more", and so they can charge higher prices. I recall that the price difference existed several years ago, when the Australian dollar was significantly weaker, and at the time the difference was only a little more than that of a currency conversion. However, the Australian dollar has remained close to parity for some time now, while the prices have not changed.
- The difference costs Australians money, and drives consumers to look for ways to obtain video games from overseas (postage costs are often far less than the price difference, while for digital delivery there is no cost at all).

Actually, that summary probably addresses most of what I would like to say. I can provide some more specific examples here:

A wide variety of games are priced higher in Australia than in the US, despite the similar value of the currency. A similar issue actually exists in the UK and in Europe, though Australian prices are usually even higher. There have been websites created to draw attention to the issue and to address it.

I can illustrate the difference with the two bestselling games of 2011.

Please note that EBGames is actually owned by GameStop, so these are prices essentially being offered by the same company. Steam is the market leader in digital delivery of games, and enforces region pricing by checking credit card information. AU prices are in AUD for EBGames, but USD for Steam.

Call of Duty: Modern Warfare 3 (Prices are standard prices, not temporary sale prices)

Retailer	Country	Platform	Price	URL
EBGames	Australia	PC	\$79.68	http://www.ebgames.com.au/pc-153351-Call-of-Duty-Modern-Warfare-3-PC
EBGames	Australia	Xbox 360	\$99.68	http://www.ebgames.com.au/xbox360-153352-Call-of-Duty-Modern-Warfare-3-Xbox-360
EBGames	Australia	Playstation 3	\$99.68	http://www.ebgames.com.au/ps3-153354-Call-of-Duty-Modern-Warfare-3-PlayStation-3
GameStop	US	PC	\$59.99	http://www.gamestop.com/pc/games/call-of-duty-modern-warfare-3/91053
GameStop	US	Xbox 360	\$59.99	http://www.gamestop.com/xbox-360/games/call-of-duty-modern-warfare-3/91051
GameStop	US	Playstation 3	\$59.99	http://www.gamestop.com/ps3/games/call-of-duty-modern-warfare-3/91052
Steam	Australia	PC (download)	\$99.99	http://store.steampowered.com/app/115300/
Steam	US	PC (download)	\$59.99	http://store.steampowered.com/app/115300/?cc=us

The Elder Scrolls V: Skyrim

Retailer	Country	Platform	Price	URL
EBGames	Australia	PC	\$59.56 ¹	http://www.ebgames.com.au/pc-155093-The-Elder-Scrolls-V-Skyrim-PC
EBGames	Australia	Xbox 360	\$99.68	http://www.ebgames.com.au/xbox360-155089-The-Elder-Scrolls-V-Skyrim-Xbox-360
EBGames	Australia	Playstation 3	\$99.68	http://www.ebgames.com.au/ps3-155091-The-Elder-Scrolls-V-Skyrim-PlayStation-3
GameStop	US	PC	\$59.99	http://www.gamestop.com/pc/games/the-elder-scrolls-v-skyrim/89143
GameStop	US	Xbox 360	\$59.99	http://www.gamestop.com/xbox-360/games/the-elder-scrolls-v-skyrim/89141
GameStop	US	Playstation 3	\$59.99	http://www.gamestop.com/ps3/games/the-elder-scrolls-v-skyrim/89142
Steam	Australia	PC (download)	\$89.99	http://store.steampowered.com/app/72850/
Steam	US	PC (download)	\$59.99	http://store.steampowered.com/app/72850/?cc=us

¹This price was around \$88 at release (November 2011)

Prices in the Steam store for various countries can be viewed by varying the text after the “?cc=” (au for Australia, though Australian prices should come up by default when connecting from Australia). However, although other prices can be viewed, you cannot purchase at those prices unless you have a credit card registered to a US address, which I presume would be illegal.

The website <http://www.steamprices.com/au> is dedicated to automatically showing price differences for games on Steam between various regions. It is focused primarily at consumers in the European Union and in Australia. The website also provides some information on the issue.

It should also be noted that Valve, the owners of Steam, are not **directly** responsible for these prices. Instead, they allow the publisher of the game to choose what price they want the game to be sold at. In particular, games that Valve itself publishes are always sold at fair prices in the US and in Australia.

It is also worth noting that Steam prices are unaffected by GST and it costs almost nothing to produce a purely digital copy, so it makes even less sense for them to be higher.

There is a price difference in the UK as well. There is a website in the UK, <http://www.365games.co.uk/>, that sells games for fair prices. They have opened an Australian version, <http://www.ozgameshop.com>, and they physically send games here via the cheapest, slowest postage available. Their prices are significantly lower than prices available from Australian retailers.

As I wrote in the summary, I do not know why prices are higher, but to me personally it seems that they were reasonable prices when the Australian dollar was weaker, but have since failed to adjust.

Here is an example of the kind of thing that I have read on the internet many times:

<http://www.gameskyrim.com/why-skyrim-much-more-expensive-the-t139360.html>

This forum thread was started by an American, but the very first reply was by an Australian:

Take a glance at Australian prices some time.

This is just one example, but literally almost every forum thread started by a consumer in the US complaining about prices (as consumers often do) will include a reply by people from Australia retorting that the US consumer should be glad they are not over here.

I get the impression that Australians who are aware of it are widely dissatisfied with the price difference, and actively look for ways to avoid the high prices offered by Australian retailers. This is easier with PC games than with Xbox 360 and PS3 games, because PC games can be downloaded directly, so acquiring them from overseas incurs no postage costs. PC games also cannot be region locked like Xbox disks. Steam allows the "gifting" of games, so many people look for a trusted person in the US who is willing to buy a game and gift to them, perhaps for a few dollars as a tip (which is made up for by the large savings). People also attempt to create what are essentially fraudulent credit cards or Paypal accounts in the US. I myself have attempted this, but it did not work. Luckily, I have relatives in Russia who I can trust, and I contact them to buy games instead. I used to buy from EBGames, but have not done so in at least two years.

Here is a typical discussion about Australian game prices:

<http://www.gamefaqs.com/boards/997930-/62262059>

Title: Once again Australia gets ripped off for this game.

ebgames has it listed for \$88. LOL.

<http://ebgames.com.au/ps3-154003-Silent-Hill-Downpour-PlayStation-3>

Any sensible person would go to ozgameshop and get it for \$55 with free shipping.

And a later post:

JB is absolutely NO cheaper than EB. Besides we can't complain, the reason our games cost more is because we make more. In terms relativity we pay the same as the U.S. We make almost twice as much as they do. So we pay twice as much.

Next post:

Which means if we Aussies import for half the price, we actually save much more money.

Gaming in Australia >>> Gaming anywhere else. Banned games don't matter if you just import everything anyway.

This kind of discussion repeats over and over again in a variety of places. The explanation most commonly suggested by consumers is that Australian incomes are higher, and this explains the prices. Everyone then agrees that Australia is a bad place for gaming in general. Another common reason given is just that game publishers think that they can get away with it, and in fact do, since if people didn't buy the games the prices ought to have dropped by now.

Unfortunately, I do not know what can be done about this, but I am very glad that this issue is being looked into. It doesn't directly concern me that much anymore, since I buy games via Russia now, but I would nevertheless like to be able to have fair prices here in Australia too.

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