

3379

COMMISSION DETERMINATION

15 APR 1982

Members: Bannerman (Chairman)  
Gilbert (Deputy Chairman)  
Grant  
Willis

TRADE PRACTICES COMMISSION

APPLICATION FOR AUTHORIZATION - LODGED  
ON BEHALF OF THE RETAIL LIQUOR STORE OWNERS  
ASSOCIATION

Registration No.

A90351

File No.

A80/40

The Commission prepared a draft determination in this matter dated 19 February 1982. The draft determination and the reasons for determination were sent to the persons concerned in accordance with the provisions of section 90A of the Act.

2. There were no requests for a pre decision conference and the provisions of section 90A have thus been complied with. The Commission now makes its final determination in accordance with the draft and gives as its reasons for determining the summary of reasons sent with the draft. The authorization application A90351 is therefore granted.

3. This determination together with the draft determination and summary of reasons have been placed on the public register.

## TRADE PRACTICES COMMISSION

Draft Determination and  
Summary of Reasons

Date: 19 FEB 1982

RETAIL LIQUOR STORE OWNERS ASSOCIATION (RLSOA)  
"EASIPRICE" SCHEDULE*Members: Bannerman  
Gilbert  
Grant  
Willis*Registration No.

A90351

File No.

A80/40

The Application

The RLSOA has sought authorization to prepare and distribute an "Easiprice" schedule (copy attached) which is designed to assist members calculate a retail price for bottled wines and spirits. The schedule does not recommend any particular mark-up but allows each member to calculate his own desired bottle selling price.

2. To use the Easiprice schedule the retailer selects his desired margin on a scale of 10% - 50% and multiplies or divides the cost price by the given factors. For example, if the retailers purchase price for a dozen bottles of Australian wine is \$50 and the retailer requires a total margin of 35% (to cover his operating costs and profit), the relevant multiplication factor is 0.1282. Applied to the cost per dozen price, it provides a selling price per bottle of \$6.41. The selling price per dozen is  $\$6.41 \times 12 = \$76.92$ . As the cost is \$50.00 per dozen, the mark-up equals \$26.92 which is a margin of 35% on selling price ( $76.92 \times 35\% = 26.92$ ).

3. A similar calculation is used for Spirits and Imported Wine but the relevant factor in that column of the 'Easiprice' schedule includes provision for sales tax at 15%. Using the same base information as in paragraph 4 above, the relevant factor is 6.782.  $\$50.00$  divided by 6.782 =  $\$7.37$  per bottle. The selling price per dozen is  $\$88.45$  (including sales tax of 15%). Without the sales tax component, the selling price per dozen is  $\$76.92$  which provides the desired margin of 35%. At the time of preparing this draft determination, the Association was preparing new factors to take into account the Government's increase in sales tax.

#### Competition

4. The schedule to be distributed to members states that there is no obligation to use 'Easiprice' and that it is not produced with the intention to create uniform prices. It is designed to assist retailers in their pricing calculations; the members themselves determine the mark-up they require.

5. Given that each retailer is free to adopt his own mark-up according to his own circumstances, the Commission considers that the use of the schedule (in the manner described by the applicant) is not an arrangement which is likely to have an effect on competition. Indeed the Commission would encourage associations to provide members with such information which contributes in some way to their efficiency and does not attempt to control or limit market competition in the interests of their members, efficient or not.

#### Public Benefit

6. The applicant has submitted that the use of the 'Easiprice' system will save time for retailers which can be converted to service time. The Commission accepts that there is a benefit to the public in a system which reduces the

workload for retailers thereby providing greater time for the provision of service to customers or attending to other tasks associated with the business.

Determination

7. For the reasons stated, the Commission proposes, subject to any pre-decision conference that may be requested pursuant to section 90A of the Act, to grant authorization to the preparation and distribution of the Association's 'Easiprice' schedule. However, in so doing, the Commission wishes to make it clear that in its opinion the publication of such information by an Association does not place the Association at risk of contravening the Act and consequently (in terms of protection from action under the Act) does not require authorization.

EASIPRICE

WHAT IS EASIPRICE - Easiprice is designed to assist retailers in pricing stock.

HOW TO USE EASIPRICE - (1) Select the markup you desire,  
(2) divide or multiply the wholesale price per dozen by the factor given in the chart below and a single bottle price will be arrived at,

i.e. require 30% markup on spirits wholesale cost \$93.40.

\$93.40 divided by 7.3045 = \$12.78 per bottle.

require 25% markup on wine wholesale cost \$11.39.

*multiplied*  
\$11.39 divided by .1111 = \$1.26 per bottle.

Desired % on sale	Australian Wine Multiply Dozen price by given factor.	Spirits & Imported Win Divide wholesale (not including sales tax) price by
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10	.0926	9.3905
12	.0947	9.1820
15	.0980	8.8695
17	.1003	8.6605
20	.1041	8.3470
22	.1068	8.1390
25	.1111	7.8260
27	.1141	7.6170
30	.1190	7.3045
33 1/3	.1249	6.9565
35	.1282	6.7820
37	.1322	6.5730
40	.1388	6.2592
42	.1436	6.0519
45	.1514	5.7385
47	.1572	5.5295
50	.1670	5.2170

N.B. There is no obligation to use easiprice and it is by no means produced with the intention to uniform prices. It is designed to assist retailers who independently will decide the markup they require.

\* Date as 8/12/00 the wine factors have to be adjusted to give exact percentages.