

Blanch, Belinda

From: Julie Russell [REDACTED]
Sent: Wednesday, 15 August 2012 1:52 PM
To: Adjudication
Subject: Notification N95877 Peter McInnes interested Party

To Whom It May Concern,

As small business owners we are 100% in support of Peter McInnes proposed changes in order to gain statutory protection.

We are a locally owned and operated small retail business which has been operating for the past ten years in Broome, Western Australia. Like many others, we are feeling the effects of internet sales more than ever. It has become more and more evident that "bricks and mortar" retailers are becoming little more than FREE showrooms for the internet seller. You can go to a retail store, find your product, touch it, feel it, talk about it with trained people, then go and buy it on line. If you need help once you make your internet purchase, go and see a local bricks and mortar retailer because the internet site you bought it from either doesn't care, can't help because it doesn't know or just doesn't have the expertise to deal with it.

We have been selling KitchenAid and other brands from Peter McInnes for the past three years and during that time have spent a great deal of time and money training staff to the level required that can justly represent quality merchandise such as KitchenAid. We do not just sell KitchenAid product, we offer a service that best provides the customer with the skills and the tools to properly use the product. We offer problem solving for our customers and we are the point of contact for warranty and repairs. Internet sellers just can't deliver the same service as face to face, bricks & mortar retailers do.

Our business spends countless hours giving advice to people about problem solving for products they have purchased on line and that have failed to live up to expectations because they have NOT been given the appropriate operating instructions or care instructions. There are many high end kitchen items in the market place that will not perform to the products potential if the customer is not given the correct information about the product. The reputation of these quality products are suffering because customers are not receiving sufficient advice about the products they are buying and it is our experience that this is predominantly an issue created by internet sales where customers get no advice about the products at the point of sale.

The most important thing about making a purchase, particularly with high end products, is obtaining sufficient information to make a proper informed decision. The information on a web site can be very limited. There is no point buying a \$150 fry pan if you are going to treat it like a \$30 fry pan because you don't know any better. You may as well have just purchased the \$30 one.

Brands are suffering purely because people are not receiving the required service and advice at the point of sale. We are aware of several internet customers in our area that have had issues with KitchenAid products due to their negligent use of the product. These are issues that could have been avoided if they had purchased the items from a bricks and mortar retailer. As a result high end products are being unfairly judged by customers who knew no better because they were not given sufficient advice at the point of sale.

The cost of providing this service is what sets bricks and mortar retailers apart from internet retailers. They have a different rent structure because they are predominantly in retail zones whereas internet retailers mostly are not. Bricks and mortar retailers have to be where the customers are, internet retailers do not. Bricks and mortar retailers need to train staff and have extra staff to provide the level of customer service that is expected by customers and required to survive in an ever competitive market. Internet retailers do not. Bricks and mortar retailers conduct

in store demonstrations so customers can touch, feel and experience a product. Internet retailers do not.

The result of this a completely unbalanced and unfair trading advantage, in the favour of the internet retailer. Add to this the cost of doing business in remote areas and you start to wonder why you bother. Stock comes mainly from Melbourne, Sydney and Queensland. In our case it has to be shipped to our on forwarder in Perth. Sometimes freight is FIS to Perth, but then has to be freighted, at our cost, 2500kms north to us. We are then expected to provide a service which satisfies our customers and provide products at a price that is competitive to Perth, Melbourne and Sydney. As a result our margins are much smaller than could be expected elsewhere in less remote areas.

The most worrying issue for us as remote bricks and mortar retailers is that the internet retailers not only slash recommended retail prices to a level that we cannot compete with, they offer free freight regardless of where you live. It is a double edged sword that is wiping bricks and mortar retailers out of the market place.

What will the internet sellers do when their FREE showrooms are closed because of the completely unfair advantage they have? The Coles and Woolworths path is the obvious answer.

I would also like to point out that retailers such as ourselves not only give local employment opportunities but we also support many of our local non profit organisations, clubs & fundraising events through very generous donations. The support in donations we see from retailers etc in our community is huge and when we are gone who is going to support these important community groups etc??? It definitely won't be the internet sellers who are bastardising quality products to make a quick dollar.

Yours faithfully

Julie & Cliff Russell
Owners of:

MONSOONAL BLUES *gifts & homewares*

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