

Summary of submission received on a confidential basis¹

- KitchenAid products are not just a tool, they sit on the kitchen bench and become part of the kitchen. It is important for retailers to stock KitchenAid products as they act to draw customers to a store based on their brand profile. KitchenAid products are unique in appearance and brand, consumers are less sensitive to the price. Consumers like the image associated with the KitchenAid mixer.
- Given the interested party's experience with consumers that want to buy a particular brand, image and appearance associated with KitchenAid mixers, the interested party disagrees with Peter McInnes' submission that all mixers are in the same market. The interested party considers the KitchenAid products are more appropriately categorised as being in a premium or high-end mixer market.
- A very significant portion of the interested party's mixer sales (in dollar terms) are KitchenAid.
- Some consumers want the entire suite of matching KitchenAid products. People are very interested in the range of colours.
- There are few other mixers that fall into that segment. The interested party stocks other mixers, such as Kenwood, and notes that Kenwood sales are significantly lower than KitchenAid sales. Kenwood products have a more contemporary look and are generally stored out-of-sight in the customer's kitchen.
- The interested party's experience is that customers who come to the store to purchase a KitchenAid mixer rarely consider purchasing a different brand. However customers who come to the store looking for a mixer (without having a brand in mind) will most likely end up purchasing a KitchenAid mixer if the interested party's staff are able to up-sell on the product.
- The interested party's experience is that in relation to products valued at less than around \$1,000 that are portable (such as KitchenAid products), consumers will research the item online and will expect bricks and mortar (B&M) stores to match online prices. Where consumers need the product within a short timeframe they tend to buy at a B&M store. If they don't require the product for a couple of weeks, they are much more likely to consider purchasing online. The interested party states that it must therefore compete with prices available for KitchenAid products online. Online sales are important and if

¹ The ACCC notes that the views expressed in the summary of this submission are the views of the interested party.

there is a retailer discounting, these prices need to be matched, despite the lower margins associated with this. It should not be a concern to Peter McInnes because it still obtains the same wholesale price.

- A number of submissions made by interested parties in support of the conduct fail to take into account the reality of retail in Australia which is that online sales are a reality and bricks and mortar stores need to be able to compete with online sales for products of the type that consumers research and shop for online.
- The interested party submits that if it could no longer sell KitchenAid products online this would have devastating consequences on its business, not just because of the loss of margin associated with the product, but because customers expect retailers to stock certain brands when they sell mixers and KitchenAid is one of them. Retailers selling high-end products need to offer a range of high-end products.
- The interested party submits that the conduct is likely to result in higher prices of KitchenAid products. The interested party cannot identify any benefits associated with the conduct.
- Peter McInnes is already demonstrating its concern for discounting and the notified conduct will enable Peter McInnes to effectively prevent retailers from facing the reality of retailing and offer the Kitchen Aid products on-line at a discounted price.