

Pfitzner, Laura

From: Paul Holm [prh@anzarut.com.au]
Sent: Tuesday, 18 December 2012 3:40 PM
To: Hartcher-O'Brien, Imogen
Cc: Tan, Jasmine; Hobbs, Tanya; Chadwick, Richard; Xiluva Lynch
Subject:

Imogen,

I have further discussed the role of on-line price advertising in the market with my client. I am instructed that on-line sales of electrical goods are in single percentage figures. JB HIFI (Narta's largest member) reports that less than 1% of their sales are on-line and that the on-line experience is substantially about researching the best deal with the purchase usually being made in-store or by phone.

I understand that the reasons for this include:

- These are often significant purchases and therefore customers are reluctant to make a decision without inspecting the product;
- Customers almost invariably 'shop around' either on-line or generally;
- There is no international on-line sites offering product, because in order to supply in Australia electrical product must meet Australian specifications and the shipping costs of small volumes are uneconomic;
- Consumers understand that they may be able to negotiate a better deal in store, or on the telephone.

In our view the effect of a MAP being applied to on-line advertising will therefore not be to 'fix' the price at which Narta members sell product. Actual pricing will continue to be driven by negotiation either at point of sale, on-line or over telephone.

Please do not hesitate to call me to discuss, or if you would be assisted by further information.

Best wishes

Paul Holm
Director

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