



FILE NOTE			
Matter name:	A91335 - Narta International Pty Ltd – authorisation application		
ACCC parties	Imogen Hartcher-O'Brien, Tanya Hobbs, Jasmine Tan, Yen Tran, Lin Johnson		
TRACKIT No	49757	File No.	C2012/840
Other parties	Eshani De Silva Retail Services Director GfK Retail & Technology	Note book Ref.	
		Date / Time:	14/03/2013 at 3pm
Phone to <input checked="" type="checkbox"/>	Phone from <input type="checkbox"/>	Meeting <input type="checkbox"/>	Other <input type="checkbox"/>

1. IHO thanked ES for making the time to talk to the ACCC and indicated that we were seeking to understand how GfK collected the data Narta had provided to the ACCC (**Narta's GfK data**) and to understand how we can use the data, i.e. limitations of the data etc. IHO outlined Narta's application and the process so far.
2. By way of background, ES noted that GfK collects point of sale data from panel members. The GfK retail panel is made up of approximately 90 different retailers including major retailers. As in any market measurement, there are retailers who are missing from the panel. GfK has a method for estimating for those retailers who aren't on the panel. This estimation is based on the retailer's business structure and analysing retail trends using mathematical modelling.
3. Suppliers buy the data and can validate it on a regular basis. The financial agreements are between GfK and the supplier. GfK has an arrangement with retailers regarding collection of the data, and in return provides a benchmark to those retailers as to where they sit in relation to the market as a whole. GfK does not provide retailers with a comparison against each individual or specific retailer.
4. IHO asked ES to explain a number of the abbreviations/terms used in Narta's GfK data. IHO asked whether all Narta members were on the panel. ES noted that three Narta member retailers are no longer on the panel, leaving 27 Narta members on panel members. In terms of providing a full set of data, for those missing Narta members, GfK uses its estimate tool.
5. IHO asked whether GfK can differentiate its data in terms of online and bricks & mortar (B&M). ES noted that in Australia it is unable to supply this data in a disaggregated way since not all retailers provide the data to GfK in this way.

6. ES indicated that GfK undertakes verification of the data with Narta but also with suppliers. GfK verifies with suppliers on a regular basis. It collects that data weekly and then publishes weekly and monthly market reports.
7. In response to questions about the market and the use of exclusives by suppliers, ES noted that exclusives or private labels are not unique to Australia, but use is cyclical and can be observed in overseas markets.
8. As an example of the changes in the market, ES noted that the effect of price erosion can be seen in recent experience in the flat panel TV segment of the market(s). With any new technology categories, there is the initial price erosion of the category. Second stage of average price decline was when the small screen TV sales increased with consumers purchasing additional TV sets, while the main large screen TVs reached maturity once the CRT TV establishment base was replaced. In more recent months, the rate of TV market average price decline is slowing down, as the next wave of premium-large screen TVs enter the market. ES noted that approximately 16 million TV sets have been sold in Australia in the last 6-7 years to approximately 8.8 million households.
9. ES indicated that it is in the feature-rich premium branded televisions that lend themselves to particular kinds of exclusive supply arrangements within B&M stores who are able to provide interactive in-store displays and sales staff advice.
10. ES also noted that online sales of electrical goods currently in Australia tend to be, but are not always, price-led, and that B&M stores still account for larger portion of premium products sold, with a few exceptions. She noted that there is not a large number of pure online stores for electrical goods currently in Australia, compared to some of the other developed economies. Also, the range of products offered currently in Australia is often smaller online.
11. When asked whether online negotiation occurs in Australia, ES said that it happens, but that it is not very common. Developments in online pricing strategies in Europe show an interesting new trend of higher average prices online. There is a segment of consumers who only shop online and are therefore only comparing prices of online retailers.
12. ES also indicated that suppliers are unable to see online and B&M prices separately given the way that GfK is currently able to provide data and therefore this aspect of pricing is opaque to them.
13. ES then provided an explanation for certain terms used in Narta's GfK data.
14. JT asked ES whether there were any GfK panel members that were online only. ES noted, for example, that Appliances Online (a Narta member) and OO were online only. Other examples of online only retailers in Australia are Deals Direct, Kogan etc.
15. In addition, ES noted that other Narta members that have an online presence that is branded differently to the B&M store include: Snapit (Ted's Cameras), Savvy Appliances.
16. TH asked ES if the conclusions from the data were due to the previously discussed trends in the consumer market for televisions, and if she could clarify.
17. ES clarified that this is due to the mix of product offered online vs offline and current trend for consumers is that they are buying premium televisions in the current market cycle for reasons previously discussed. Online stores generally do not have a large range of premium televisions

available and even if they did, consumers do not generally negotiate selling price down from advertised price online, unlike B&M stores where consumers are in a position to negotiate the price down. JT asked ES whether GFK data provided to Narta for December televisions was a statistical outlier, and not generally representative of average sales figures compared to other months.

18. ES replied yes, December is the biggest month for retail sales and that average prices tend to drop for the month of December, due to the type of products purchased during the gift giving season. There tends to be a decline in price across most categories in December.

The phone call ended at approximately 4:04pm.