

Economic Structure and Performance of the Australian Retail Industry
Productivity Commission
PO Box 1428
Canberra City ACT 2601

12 March 2011

Dear Sir/Madam,

**Economic Structure and Performance of the Australian Retail Industry
Submission**

I wish to make a submission to the above enquiry.

I am a keen runner and buy new running shoes approximately every 6 months. The particular shoes that I buy are made by a company called 'Brooks' and are manufactured in China. They can be bought in a number of sports shops in my local area and cost \$220.00 in every shop.

Over the last few years, I have been purchasing the same shoes online through United States based online retailers. The last pair of shoes cost me A\$109.00, delivered to my door. This was the total cost charged to my credit card and included the bank fees for a foreign currency transaction and US\$30 payable in respect of airfreight to have the shoes shipped to my home where they were received 3 days after they were dispatched from the retailer (shipping charges would have been nil, had the shoes been shipped to a United States address). The shoes were not on special, this was the standard selling price. I have paid similar amounts for previous purchases.

I acknowledge that 10% Australian GST was not payable in respect of this purchase.

I acknowledge that online stores must surely have lower overhead and staff costs than retail stores. However, for my shoes to be less than half the price (even after air freight shipping to my door) it begs the question as to who is making that significant margin in respect of domestic sales of those shoes to Australian consumers.

Yours sincerely,

Bradley Mortimer