

*[Received by email]*

Re: Retail price maintenance

I would like to suggest that the above inquiry should take the opportunity to examine "RETAIL PRICE MAINTENANCE".

Introduced many years ago to increase competition at the retail level, my experience suggests that although consumers were supposed to benefit from the legislation, the problems generated by this legislation, outweigh the advantages.

1. Because retailers are able to "sell cheaper" than their competition, there is a continuing stream of new retailers basing their whole business around cheaper prices. This results in a high failure rate of new businesses & subsequent losses to their customers & suppliers. During their short life cycle, they also take business from established retailers, who understand that a level of profit is needed to survive. This even flows through to landlords who lose from unpaid rents. This loss is then factored in when future rentals are calculated. In short good retailers pay for the "fly by nighters".
2. Consumers inevitably suffer when they lose deposits when a firm fails. They also suffer from reduced customer service, as stores have to reduce sales employees, to subsidise lower selling prices. Or pay inflated prices, in between "SALES EVENTS", just to satisfy trade practices requirements.

When recommended retail prices could be enforced by suppliers, retailers had to offer better service and other ways to compete besides price.

I believe that competition still existed, under the old method. It was simply at the wholesale level rather than the retail level.

In extreme cases where there is little competition, there already exists the monopolies act.

If a supplier sets a recommended retail price that is too high, his competition will take the sales, unless there is a justifiable reason to pay a higher price.

Either way, the consumer wins by having a choice between low price or better quality.

There needs to be a better balance between price, quality and profit.

At the moment profit seems to be a dirty word. No profit - no employment !

I have made the above observations based on 40 years in the furniture industry, as both manufacturer and retailer.

I currently manufacture and retail my own products.

I have watched so many good businesses "give-up" and I believe that the above reasons are a major cause.

Yours faithfully,

James Robinson