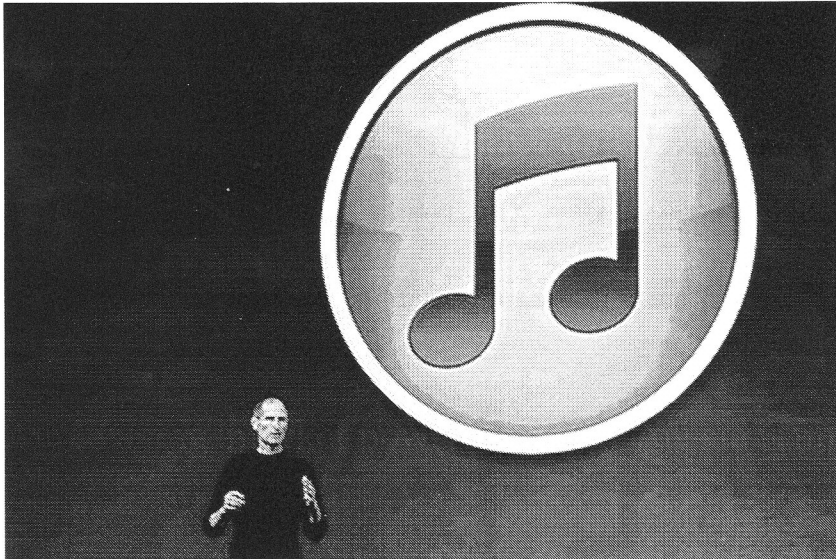


Digital Life

Apple using 'market power' to gouge Aussie iTunes users

Asher Moses

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Choice says Apple CEO Steve Jobs has no excuses for charging Australian iTunes users more. *Photo: Bloomberg*

Consumer group Choice has chastised Apple over its Australian iTunes Store pricing after an analysis found Australians pay more than Americans for a basket of music tracks and apps.

Choice says Apple is using its "market power" to charge users in Australia more but Apple says competitive parity conversions is not relevant.

A recent analysis by Australian blogger Graham Spencer at MacStories.net found Australian's paid 6 per cent more than those in the US and 30 per cent more for the Angry Birds app than US users.

The blog conducted the analysis on 11 different iTunes stores around the world using average exchange rates. In both apps and music the Australian store is the second most expensive.

It conducted a further analysis by looking at a basket of digital goods, including a new release album, the iPad. The blog found Australians paid \$US52.32, while those in the US paid \$US35.80.

The issue stems from the exchange rate Apple uses to determine fixed price levels in stores outside the US, as the Australian dollar has been sitting around parity with the US dollar for months and today is valued at 92 cents.

Many app makers set a global price for their apps - for instance 99 US cents - but the exchange rate affects the price in Australia.

"We believe that if you're buying digital stuff be it software or whatever there should not be outrageous price differences," Choice spokesman Christopher Zinn.

"These big guys say there are local licensing, marketing, taxes that explain the difference but we believe in competitive parity prices for digital products because that's the whole point - it can be delivered around the world at the same price."

Zinn said Apple was not the only culprit, with Windows 7 at one point being sold in international markets. Apple's Music unlimited service, **launched on Friday**, costs Australians \$12.99 a month, while in the US it is \$9.99.

Apple Australia said in response that content was not delivered on a global agreement, so converting "Each iTunes store is relevant to the country within which it resides, i.e content availability and pricing owners in each country," the Apple spokeswoman said.

Zinn acknowledged that sometimes there are different licensing agreements for different countries but "much more to do with market power". Apple earns a 30 per cent cut from sales on its iTunes store.

"It seems hard to believe that publishers in this country are rapacious and have managed to screw me in the world apart from Switzerland," he said.

One solution is for Apple to list all prices in US dollars and do the conversion on-the-fly when a customer visits. This could be preferable to constantly updating international prices to reflect changes in exchange rates which are unstable.

Mexico's iTunes store was found to be the cheapest place to buy music and apps, with Grenade sold Birds 17 per cent cheaper than the US.

Those in Switzerland, however, pay 78 per cent more than Americans for the music track. With apps, paying 40 per cent more for Angry Birds.

Zinn said the price differentials could push consumers to seek help from friends in setting up accounts.

He said Australians traditionally paid more for music and it seemed that this was continuing in the digital age.

"Apple demonstrates a global brand but now they seem to be suggesting that actually we've gone back to the future," said Zinn.

"Surely the excuses of why we paid more for CDs i.e. small market, distance from England, manufacturing costs, etc. are water for digital downloads."



This reporter is on Twitter: @ashermoses

Comments

46 comments so far

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»It's Apple. What else would you expect?«

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Posted By: Campbell | Sydney - February 21, 2011, 11:42AM

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»Great, now choice can you make the price disparity for regions visible on Steam public as well? That'd be great thanks...

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Posted By: Osi | Sydney (today) - February 21, 2011, 11:44AM

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»I like the way choice proved we were forced to pay iTunes for songs (sarcasm). Obviously many people are happy to pay...