

# Sting a song for sixpence? Not likely

by

Joshua Gans

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This week saw the launch (finally) of the Australian iTunes music store. At long last the thousands of Australians, who had purchased iPods, had a legal means of putting music on them rather than buying CDs and going through the laborious process of importing their songs.

But to me the launch isn't so much interesting for this as for what it reveals about pricing practices. Let's start with the basics. If you wanted to purchase a song such as Madonna's newest single (Hung Up) you would fork out \$1.69 on the Australian site. This is compared with the US price of US\$0.99 which at current exchange rates translates to about \$1.30; a 23% discount! To put this in perspective, the Australian Competition and Consumer Commission gets alarmed at practices that involve a mere 5% price rise.

Is there any justification for this differential? It could be about the GST but again this will hardly explain a 23% differential. A natural culprit might be costs which from an actual resource point of view can't be any different across countries. But the costs to Apple may be as Australian copyright owners may exercise more monopolistic pricing on royalties. Even so, the usual reason to price higher in one market than another is to take advantages of wealth and income differences. But can it really be the case that the average music consumer in Australia is that much richer than ones in the US (especially given that we have lower average incomes overall)?

With all of the discussion about the US-Australian free trade agreement and Australia having to give more power to copyright owners, the practice here suggests that instead a weakening of their power might be in order.

Perhaps it all has to do with the fact that I picked a US artist. Let's look to local talent. If you want to find Midnight Oil, you'll only find a greatest hits package available and only on the US site. INXS's album *Shabooh Shoobah* that over 20 years ago sold almost entirely in Australia is again 23% cheaper on the US store than the Australian one. But it gets worse. This week's ARIA winner Missy Higgins has her album, *The Sound of White* (tantalisingly labelled as the 'Australian Version') for sale at US\$9.90. But buy it on iTunes Australia and you can't buy the album at all. Instead, you will need to purchase each of the 13 song separately for \$1.69 a piece (totalling \$21.97). This amounts to 122% more!

Now precisely what sort of message are we sending to our teenagers with this type of thing? We want them to stop downloading so as to give our artists the royalties they deserve. But then apparently, we have to tell them that Australians have to contribute more. How can we enlist a moral imperative with so much seeming unfairness.

Now let's turn to audio books. The first Harry Potter book sells here for \$32.95 and in the US for US\$39.95. At last the Australian store strikes an advantage. But not for long. Go to the latest Harry Potter and it sells in the US for US\$49.95 and here for a whopping \$99.99 (50% more with the exchange rate adjustment). And if you want the previous *Harry Potter and the Order of the Phoenix* you will pay \$114.99. It seems they charge by the minute on those ones.

Of course, as has been well documented, there are lots of things that are simply not available here. The whole of Sony/BMG but also the TV shows. It is hardly surprising that the new episodes of *Lost* and *Desperate Housewives* can't be downloaded prior to being shown here but this only exposes the strange fact of life that Australians have to wait at all for such things. Many have to keep off international sites for months so as to avoid revelations being revealed. But even so, why aren't the old episodes of these shows available as they are in the US?

What is most interesting of course and surely foretelling is that the US television network ABC felt comfortable releasing ad free versions of these shows one day after airing in the US. The cost was only US\$1.99. Is this the value of advertising to people or what people are willing to pay to avoid using their VCR or DVR to record and then skip over ads? In either case, the whole broadcasting model appears to be under challenge even more so than music.

However, I'll steer clear for the rest of that 'Hot Potato,' which by the way is available as a Wiggles song on the US site but not here. Bad luck again for those wanting to placate the kiddies.

*Joshua Gans is Professor of Management (Information Economics) at the Melbourne Business School, University of Melbourne.*