
From: James White | ADDLER [REDACTED]
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To: Adjudication
Subject: RPN10000454– Weldclass – Submission

Categories: Submission

Hello Simon,

As requested, this is our situation regarding welding machines sales;

Our target market is metal fabricators and as such you would normally expect a supplier like ourselves to stock, promote and offer a range of welding machines.

Recently we made the decision to stop stocking welding machines and avoid selling them, even when our customers ask for them. This is because prices in the market have been driven down to the point that we cannot make a profit.

For example;

One of our main welding suppliers is Cigweld (we have been an authorised distributor of Cigweld for many years). We found time and again that after quoting a customer what we believed was a very fair price for the machine (certainly always less than RRP), we would later find out that our customer bought the exact same Cigweld machine from another dealer at a price that was very close to (and sometimes even less than) our cost!

We felt this situation often affected our reputation such that the customer was put off doing business with us on all our products, not just machines.

Even on the rare occasion that a customer would choose to buy a machine from us, if they later found a significantly lower price advertised elsewhere their assumption was that we had not looked after them.

It's important to note that the margin made on a machine sale "on paper", is never the true profit. Being a technical product, machines sales also typically involve a lot more time and therefore more cost. The customer often has many questions/request that involve time for us to research and respond to, to help them determine if the machine is what they are looking for.

On top of the pre-sales work, after-sales is also more costly with any technical/electrical product as there is more to 'go wrong'. This means we also have to factor in a cost for helping the customer with any trouble-shooting issues they have or processing the occasional warranty claim, arranging return of the machine to a repairer, paying for freight, etc, etc.

Whilst we would love to be able to offer our customers a range of welding machines (and yes we still frequently get asked for them), at the end of day all we would achieve is to tie up a lot of our capital in stock that has virtually zero return on investment.

I would be happy to answer any questions. Enjoy the rest of your day!

Kind Regards,

James White | Purchasing Coordinator



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