



# GO Industrial - Graco Australia Pty Ltd & ACCC Comments Submission

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17/03/2023

Good Afternoon Gemma,

Please find below our dialogue and comments regarding the arrangement with Graco Australia Pty Ltd and the Australian Competition and Consumer Commission.

The brick-and-mortar, or retail experience, is an extremely important step of the technical equipment selling process for consumers. Irrespective of industry segment, being a DIYer or Contractor, specifying the correct equipment for the consumer's application is paramount for the consumer's project success and satisfaction with the

distributor's brand, and Graco as a whole. Value to the consumer is added in the face-to-face interaction, and therefore would greatly benefit with the minimum advertised price to incentivise consumers to shop locally and benefit from the experience. Likewise, offering seasonal and/or promotional in-store discounts on Paint Sprayers would prove advantages to distribution to drive sales and awareness to specific models of equipment that would best suit the customer. Consumers will be influenced and encouraged to transact with equipment distributors with elevated customer service and supportive experiences, which GO Industrial strongly believes will benefit the industry as a whole, and reduce instances of equipment misuse and consumer miseducation in relation to the range of paint sprayers.

Introducing a minimum advertised price for the Graco range will encourage a certain segment of the competitive landscape, and fellow distributors to consider additional brands of paint spraying products to fill the pricing interval gaps. A segment of the market, which is entirely price-point driven and not interested with purchasing the correct equipment for their application, will always pivot and purchase paint spraying products that are affordable. An example of this a major competitor of GO Industrial being Inspirations Paint; a major retailer and online Graco distributor of paint spraying products. Inspirations Paint is a subsidiary of Dulux Australia, and have a significant metro and regional presence targeting DIY and trade painters. Bare Knuckle, a brand of paint sprayer that is imported, distributed and marketed by Inspirations Paint is an example of targeting the entry-level price point for painting contractors and trades. Inspirations Paint are aware of the 'throw-away' market segment that will purchase the Bare Knuckle, which is not suitable for a wide range of applications such as applying oil-based paints, roofing membranes, industrial coatings and volume-spraying of water-based acrylics and enamels. Many painters will purchase this machine purely due to price; and in GO Industrial's opinion and experience, it is believed that competition will further investment in direct imported and/or competing lines if Graco successful implement a minimum advertised price for the range of paint sprayers. This is a positive outcome in GO Industrial's opinion, as it creates brand-focus and market differentiation from technical distributors (such as GO Industrial who specialise solely in Graco's premium paint spraying offering), to traditional retailers (such as Inspirations Paint, Paint Place Group) who are focussed on paint supply and distribution, not equipment specialisation.

GO Industrial's main point of difference and unique value proposition is being an equipment specialist; not a generalist in paint or paint equipment. In GO Industrial's 5+

years of operation, specialising in Graco's equipment offering and range has provided significant value to our customers in technical assistance with equipment specification, educating and assisting in application process and procedure, to facilitating preventative and breakdown servicing and support. After-sales support and being an authority of information for the airless spraying movement; which includes significant education for consumers given its not a commonly adopted technology, requires heavy investment and resource from the team. GO Industrial has invested in personnel, online educational resource (YouTube channel, Instagram account, TikTok videos, Facebook account, blogs and trade articles, email series), in-store demonstrations and workshops, to on-site demonstrations and commissioning to push the Graco range of equipment and adoption of airless spraying as a method of paint application. The total sum of our educational and value-adding initiatives is significant for the brand; therefore our service offering and investment derives from product and equipment margin that is provided. A minimum advertised price would regulated opportunists, who do not add the same value or invest in the same resourcing, to simply undercut GO Industrial's market offering and benefit from minimal contribution to the industry overall. Pricing would become less significant in the customer path to purchase, and force competition to differentiate on customer service and overall consumer experience. Introducing a minimum advertised price would enable distributors to invest further in the brand, invest further in educating the consumer base, and raise the bar in overall quality offerings in the airless spraying space to provide an overall improved experience to the consumer.

Operating airless paint spraying equipment requires training, education and post-sales service support in order to safely, efficiently and effectively get the most benefit from the equipment. The nature of paint spraying equipment involves technical machinery, which involves electric/hydraulic/diesel and petrol motors, high pressure piston pumps, and a certain level of artistic technique to achieve the best paint finishes possible. A similar learning curve exists for DIYers and Contractors alike; and in GO Industrial's opinion, is not formally or effectively addressed in a tradesman's formal Painting and Decorating apprenticeship to learn how to properly operate an airless paint sprayer.

The equipment has various safety concerns and implications to the user; such as operating high pressure equipment (pressures of 3000 to 3300 PSI that can cause significant harm to the user), to moving parts of the pumping system and technicalities that need to be properly understood to operate the machine.

There are several steps in the process to setup the airless paint sprayer, dial in the correct settings and identify an effective spray pattern and spray fan, and furthermore

specify the correct paint to match-up with the given equipment. Many technical aspects of paint spraying come into play during the specification stage; paint viscosity, dry-times, chemical make-up of the product and how this effects the length of paint hose required, size of the motor and pump to effectively regulate the product, tip size to apply the correct film build and technique to successfully apply the paint. Without prior training or education to the distributor, who thus holds the duty to teach the customer, can very quickly result in specifying the incorrect equipment, or the consumer misusing the equipment, or achieving unsatisfactory results for the project.

GO Industrial has invested significantly in training with Graco Australia, which includes on-site team training, demonstrations, on-site projects and certification training to responsible distribute, service and warrant the range of equipment.

The customer path to purchase, in GO Industrial's opinion, is dependant on properly educating, questioning and directing the consumer to the right equipment for their project. Skill and education is completely necessary for this step; which it is believed that certain competitors and fellow distributors overlook, or do not effectively invest resourcing in meeting the market expectation for providing this service offering. It is why GO Industrial has proved successful in the market; our investment in education and value to the customer is detrimental to the future of our business.

An example is a DIY customer who is undertaking a weekend project of painting their 4-bedroom, 2-storey home that is clad with timber panels. GO Industrial's online store is full of information for which Graco Magnum (DIY range of airless paint sprayers), will be best suited for the application. The consumer path to purchase begins with viewing the range of Magnum sprayers (refer to Image 1), which immediately a featured banner provides information of which paint sprayer is suited for the DIY project as pictured:

Lightweight Projects	Mid-sized Projects	Major Projects
Up to approximately <b>4-6L in a given day.</b>	Comfortably handle <b>10-15L per day.</b>	Major project sprayers handle <b>10-40L per day.</b>
<ul style="list-style-type: none"> <li>• Suitable for furniture</li> <li>• Small trim-jobs</li> <li>• A small bedroom</li> <li>• Section of fence of brick facade</li> </ul>	<ul style="list-style-type: none"> <li>• Perfect for interiors (2-4 bedrooms)</li> <li>• Interior trim and doors</li> <li>• Garden sheds, decking and fencing</li> </ul>	<ul style="list-style-type: none"> <li>• Perfect for 3-4 bedroom interior and exterior repaints</li> <li>• All of your property's fencing, brick and render walls and everything in-between.</li> </ul>

**Image 1: GO Industrial's DIY Paint Sprayer collection page use-case table.**

Depending on how the user has searched online for the product (Google Search, YouTube search), GO Industrial has intentionally prioritised educating the customer for best-use case across all platforms. For example, GO Industrial has produced and published a video of the Graco Magnum ProX19: is it the best sprayer for you? (refer to image 1.1) (link: [https://www.youtube.com/watch?v=KBtyaLWEkek&t=80s&ab\\_channel=GOIndustrial](https://www.youtube.com/watch?v=KBtyaLWEkek&t=80s&ab_channel=GOIndustrial))



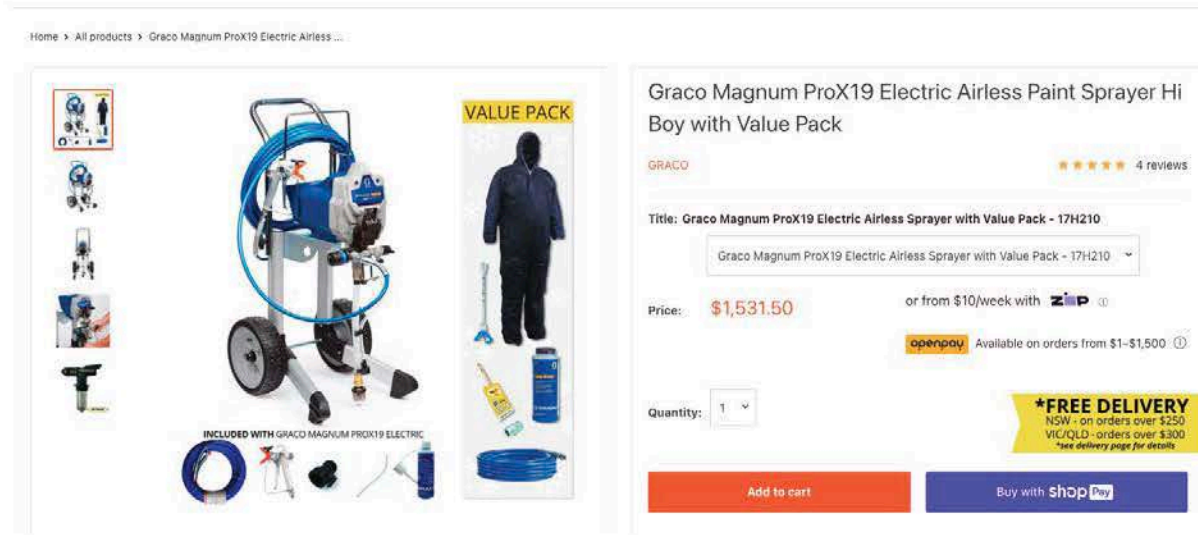
**Image 1.1: YouTube search for paint sprayer to paint large home**

It features a technical deep-dive of the paint sprayer; explaining how paint viscosity, paint hose length, tip size and project size are all interrelated.

The consumer understands to undertake the project, which will require in excess of 10L of paint per day, or which GO Industrial indicates that the 'Major Projects' segment is relevant for the job, will be taken to a specific landing page which details the Magnum ProX19 paint sprayer as a great option. As the consumer lands on the product page, the listing has videos of how to setup the equipment, and use-cases for the paint sprayer. This is also evident in the product description, which easily provides the user with the answers for the questions they may have.

At this point in time, for a consumer not yet educated on airless paint sprayer, or is in the research stage of the interaction, needs a Graco distributor to be properly trained and educated to provide the best advice. Price at this stage should not be a major determining factor of the consumer finding the correct equipment for the correct application which prioritises their best interests of getting the job done, safely and for the right cost associated.

If the consumer was to land on a competing distributor's online store, such as a [REDACTED] (a Graco online distributor) for example, the path to purchase becomes entirely focussed on pricing, not suitability. Distributors and competitors who have not been properly educated, or refuse to invest further in providing value to consumers, ultimately confuse and do not provide value to the consumer.



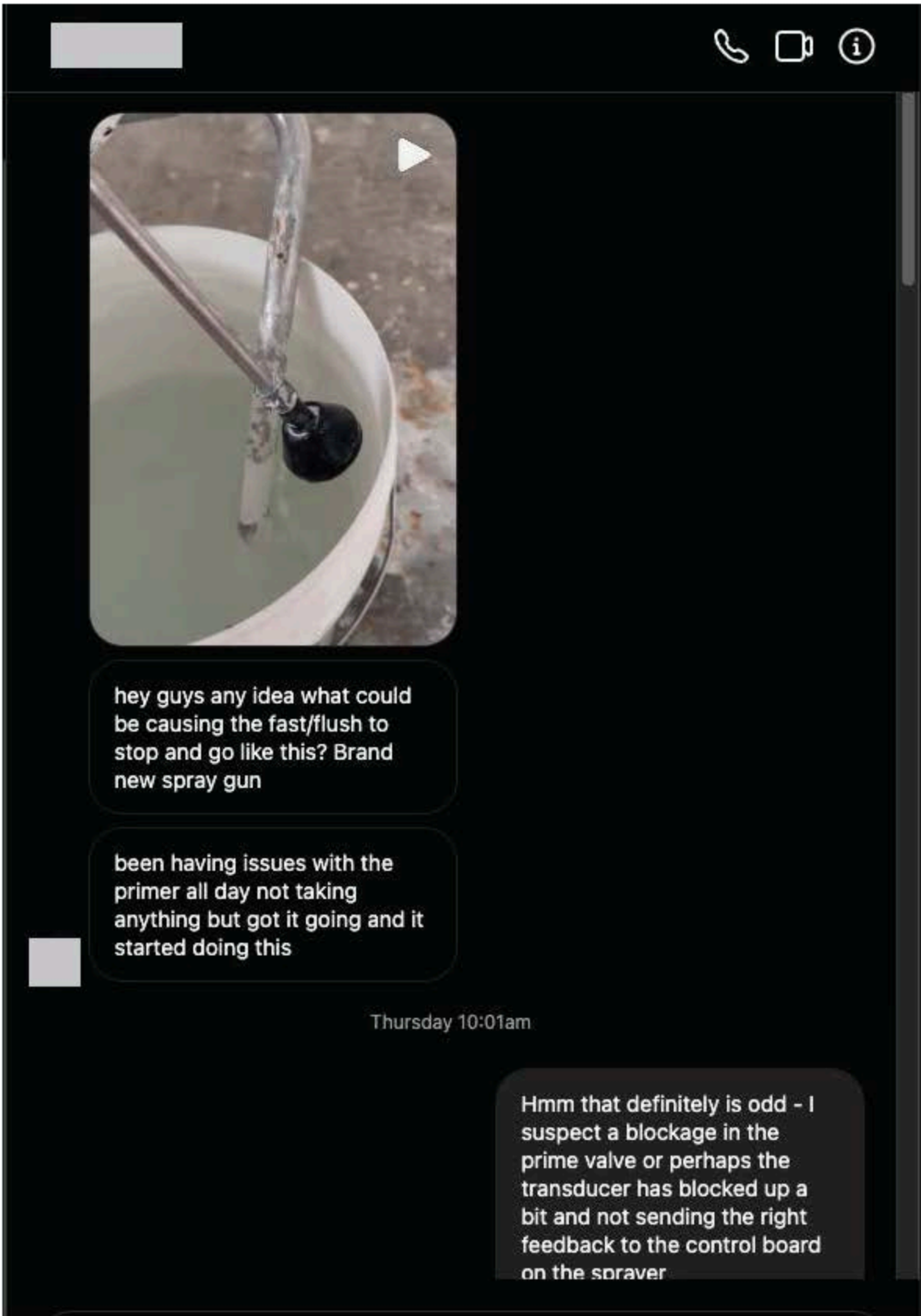
**Image 1.3: Google Search of Graco Magnum Airless Paint Sprayer**

To best service the customer, irrespective of having an online presence, distributors must have stock on-hand, demonstration equipment and provide a reliable and efficient servicing and warranty capacity to best service the range. Post-purchase, if a paint sprayer is to breakdown or malfunction, and due to the nature of paint, the possibility of paint drying and seizing within the sprayer is a frequent occurrence. A certain amount of competition that differentiate purely on price do not offer this service, which leads to customer dissatisfaction, product malfunction and brand damage for Graco Australia and competitors alike. Instances of malfunction can be a mix of warranty-related issues or customer misuse, in which if competition and distributors have no sufficiently educated, or trained to properly service the equipment, are not fit to support the range in GO Industrial's experience and opinion.

Graco paint sprayers require servicing and maintenance. Lack of cleaning and preventative maintenance is a drastic issue within the paint spraying industry and for users, which causes poor experience for tradesman and DIYers, and puts pressure on Graco authorised service and warranty agents to service these consumers. Graco paint sprayers also consist of various consumable parts that wear and fail over time; which includes piston pump packings, seals and o-rings, valves and machined components that experience high-use when pumping and spraying paint. Any consumer who engages in frequent or occasional paint spraying requires an authorised service agent to conduct repair work, or be directed to educational resource to facilitate their own

maintenance. Authorised repair agents require extensive training and experience to learn the fitting and turning of parts and components, conducting servicing and setup of certain more involved equipment.

Not all current Graco distributors are registered or authorised repair agents; some of these competitors are eCommerce or online-focussed distributors who rely on authorised distributors to conduct and provide service for the user-based of paint sprayers. This is often and frequently used to sole online-retailers advantage; where low pricing will undertake the equipment sale, and the online-retailer will rely on the authorised service agent (who has not facilitated the sale of the equipment), to provide after-sales, service and warranty support for the equipment. An example of this is [REDACTED] competitor to GO Industrial who relies on aggressive pricing strategy to acquire customers), who recently supplied a professional Graco airless paint sprayer to a Painting and Decorating customer in Albury, NSW. The customer within short-use of the equipment began to experience a feature of the sprayer (Fast-Flush), malfunctioning and not providing the correct pressure and flow for the paint to effectively flush from the sprayer. The customer [REDACTED] see image 1.4) engaged GO Industrial, due to our education and servicing brand awareness on the Instagram platform, sharing a video of the issue and requesting help, as the customer had no success or positive experience through [REDACTED] due to a lack of training and experiencing in post-sales support of airless paint spraying equipment. Since engaging with [REDACTED] GO Industrial has successfully provided troubleshooting, a warranty-based remedy for replacing the malfunctioning component, and assisted via Video Call (FaceTime) and supervised the replacement of the component. For no additional cost the customer, GO Industrial facilitated the repair in a timely manner, due to the team's service and warranty experience as a direct result from training and specialisation, has provided a positive service experience despite the main piece of equipment not being purchased from the store.



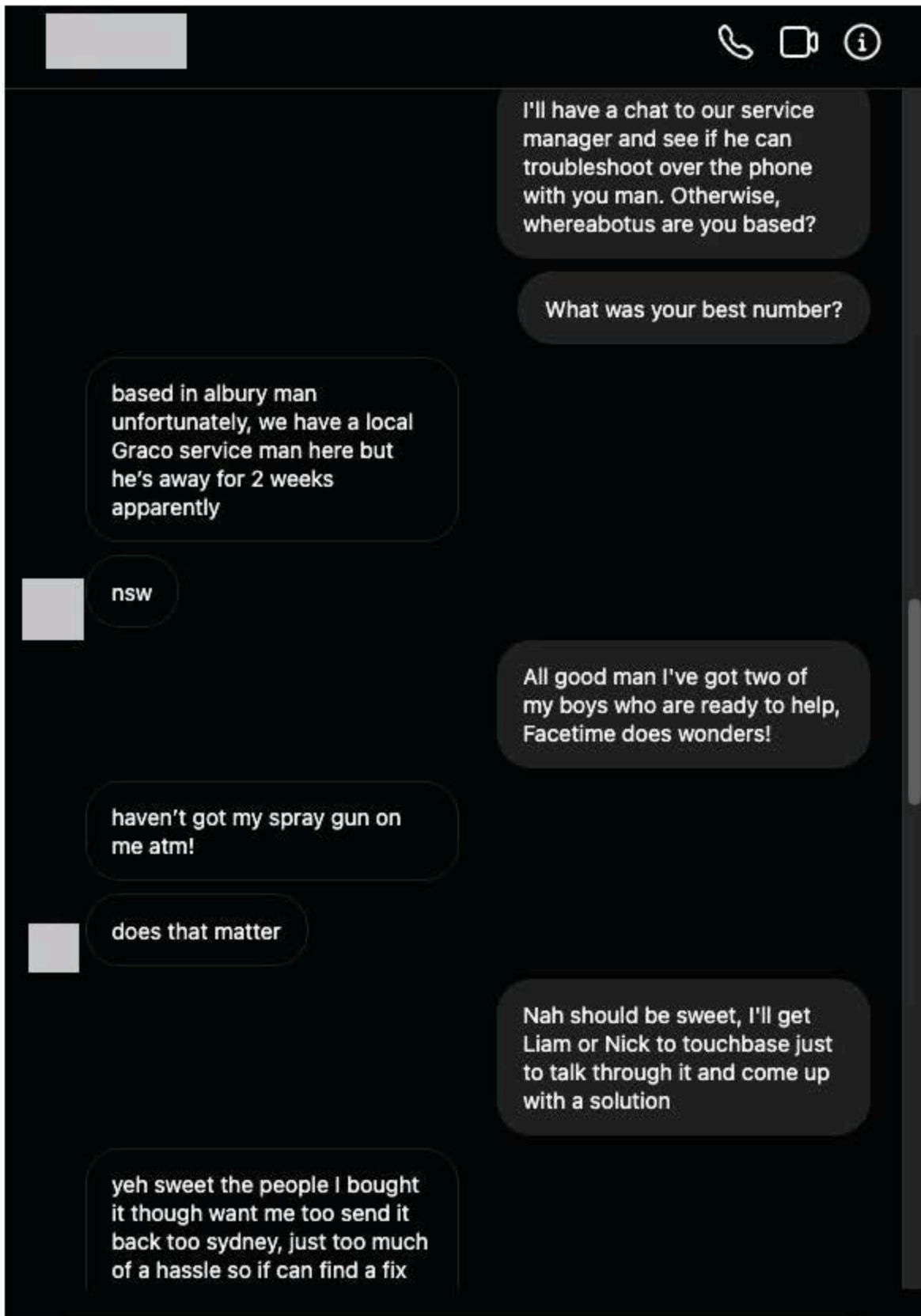
hey guys any idea what could be causing the fast/flush to stop and go like this? Brand new spray gun

been having issues with the primer all day not taking anything but got it going and it started doing this

Thursday 10:01am

Hmm that definitely is odd - I suspect a blockage in the prime valve or perhaps the transducer has blocked up a bit and not sending the right feedback to the control board on the sprayer





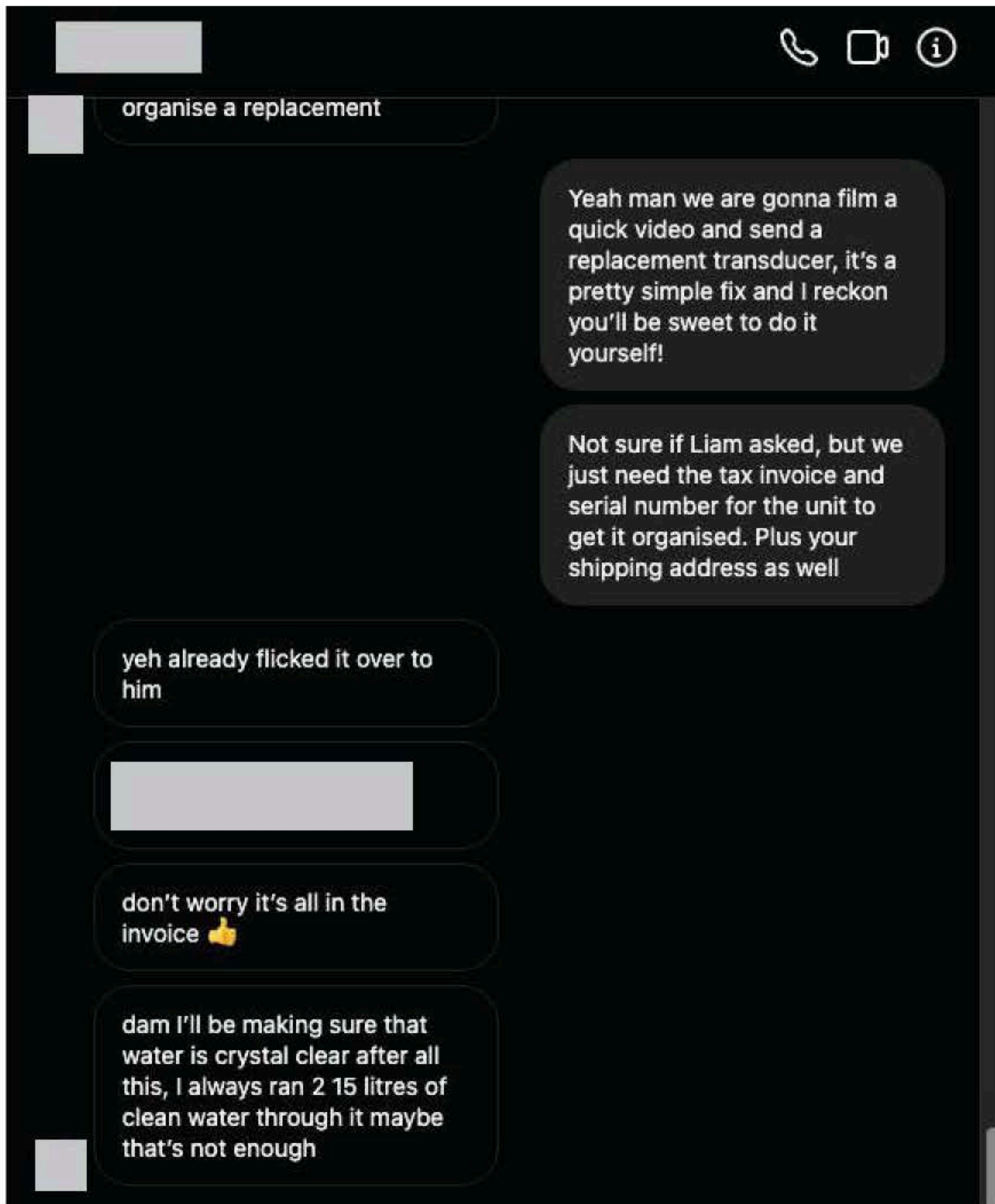


Image 1.4: dialogue with [Redacted] to facilitate warranty repair for an existing [Redacted] customer

# INVOICE

Date created: [REDACTED]  
Invoice No: [REDACTED]

QUANTITY	NAME	DATE	DISCOUNT	PRICE
1 x	Graco Ultra Max II 495PC Pro Electric Airless Sprayer - Lo-Boy Cart - 17E891 Graco Ultra Max II 495PC Pro Lo-Boy Cart	[REDACTED]	0.00	4599.00 AUD

Shipping: 0.00 AUD  
(Incl. H&W ACT)

GST (included): 418.09 AUD

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ORDER ID:	UPDATED AT:	TOTAL PAID:
[REDACTED]	[REDACTED]	<b>4599.00 AUD</b>

♥ Thank you! [REDACTED]

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Image 1.5: Discounted tax invoice from [REDACTED] for purchase of airless paint sprayer.

GO Industrial strongly believes in the notion and regulation of online minimum advertised pricing. As a highly technical product that requires lengthy, and dedicated after-sales service and support, the public would benefit from distributors stepping up to offer greater value during this process. The current state of the competitive market is diminishing in quality and overall service to the customer due to the constant price matching, price comparison to arguable 'price war' to the bottom dollar. With less trading margin made available to skilled distribution who go above-and-beyond to support the technical product, advantageous and opportunistic online businesses stoop to capture customers, and abandon when it comes to service and support.

Often, the equipment purchases are extremely time sensitive, or are a consumer *need*, not a 'nice-to-have' product. For contractors and DIYers alike, these construction projects and renovations have timelines. Uneducated distributors and competitors who are solely price driven will specify incorrect equipment for these projects, or not provide ample information and instruction on the setup and operative procedure for the equipment. This leads to consumer frustration, equipment misuse and ultimately resentment to the Graco brand and equipment.

An enforced minimum advertised price will also protect distributors who heavily invest in a physical brick and mortar presence; consistent of a showroom, warehouse and service/warranty facility. The nature of paint application equipment, being a highly technical and breakdown-prone product, is the need for on-going breakdown and preventative maintenance. GO Industrial has experienced instances of consumers purchasing from online retailers interstate, purely based on cheaper pricing, and relying on GO Industrial's service and warranty centre to provide breakdown servicing to resolve issues. GO Industrial prioritises customer service and therefore suffers from unplanned servicing for customers that have not purchased equipment from the business; however as a brand, GO Industrial goes above-and-beyond to protect the Graco brand and reputation to provide this service. A minimum advertised price will provide protection for distributors like GO Industrial who service the network of competitors and distribution, and facilitate Graco's national servicing and warranty support.

Demonstrations and equipment commissioning is another vital aspect to correctly servicing the DIY and trade market of paint application equipment. As the learning curve to safely, efficiently and effectively operating the equipment is significant, GO Industrial offers equipment demonstrations and commissioning to ensure consumers have the best experience possible; which benefits the consumer, GO Industrial, and Graco's national brand presence and reputation. Instances of opportunistic competitors, who again differentiate purely on price and do not offer a local servicing, demonstration or technical commissioning offer, reap the rewards of the price-cutting strategy. There are several examples of GO Industrial providing equipment demonstrations, consumer education and ultimately invest the time and resources to facilitating the service, for the sale to be lost to an online interstate distributor due purely to undercutting the price of the package; as mentioned in examples prior in the submission.

The impact to competition will be entirely, and solely positive. It is apparent in Graco Australia's distributor agreement that distributors must stock the product, have a capable technical equipment servicing and warranty offering, and act in the best interests of the brand. Price cutting strategies of many distributors has, in GO Industrial's opinion, damaged Graco's brand reputation over time as after-sales and technical support has not been a priority for competitive. Competitors currently rely on strong servicing distribution to set-out fires, deal with technical issues, and figuratively 'wipe their hands clean' of any equipment misuse, breakdowns and after-sales technical support.

To summarise, significant discounting in the online space is not bettering competition, or enhancing the consumer experience. It is detracting from the time and resource investment that current distributors are making in educating their customers and delivery the high-touch after-sales service and support that is required for the technical equipment. Strong distribution who are disadvantaged by aggressive pricing strategies are currently propping-up the industry, and servicing customers who are experiencing dissatisfaction with equipment, or need immediate remedies for problems that occur. Paint spraying equipment simply is not a 'big-box retail' business, the transaction is highly personal, highly involved and requires equipment specialists to holistically understand the consumer path to purchase, and add-value each step of the way.

The future of paint spraying adoption, education and inspiration is dependant on businesses like GO Industrial to continually invest in creating education content, providing above and beyond value to customers and ensure customer success in their projects; whether they are a DIYer or tradesman. With price being the significant

influencing and determining factor for current consumers, and for industry challenges to remain ever-apparent, service and equipment dedication must become a point of difference as a priority. For competition to flourish, amongst current Graco distributors and for competing brands in the paint spraying space, a minimum advertised price will push the industry to do better by the customer; and deliver the intrinsic value that is so desperately required to sustainably run a business in this space.

Jacob Morgan

Head of Brand

GO Industrial

[REDACTED]

[REDACTED]

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