

# Caravan Trade & Industries Association Queensland (CTIAQ) – Exclusive dealing notification

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CTIAQ's Response to Submissions by Australian Events Marketing Pty Ltd and  
Exhibitions and Trade Fairs Pty Ltd

31 January 2020

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# Caravan Trade & Industries Association Queensland – Exclusive dealing notification

## 1. Executive Summary

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CTIAQ has lodged an application with the ACCC, notifying its intention to establish a loyalty program in relation to CTIAQ owned and operated trade shows and events for the sale by exhibitors to the general public of caravans and motor homes. Specifically, CTIAQ intends to offer a discounted exhibition fee to those of its members who participate exclusively in CTIAQ events. Members who participate in events operated by alternative suppliers will not be eligible to receive the discount (the **Proposed Conduct**).

It is proposed that the additional loyalty discount be applied to the annual end of year event; Let's Go Brisbane Caravan & Outdoor Expo. CTIAQ members that participate exclusively in CTIAQ events in a calendar year, would receive a 50% reduction off their site fees for this event only. Any CTIAQ members that choose to attend a combination of CTIAQ events and non-industry owned and operated events, will still be eligible for the standard discount which will remain unchanged.

It should be noted that the current discount structure and rate structure will remain unchanged on all CTIAQ events. No CTIAQ member will pay any more for the CTIAQ events they participate in, irrespective of how many non-industry events they participate in.

The loyalty program has the potential to generate some flow on benefits to consumers.

## 2. Public Benefit

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The below potential benefits to the public were also outlined in the CTIAQ's original application.

Benefits to the consumer:

- 2.1 Businesses that participate in CTIAQ events are subject to compliance audits conducted by the Caravan Industry Association of Australia. Products identified as non-compliant cannot be exhibited at future CTIAQ events or advertised for sale to the general public at CTIAQ events, unless and until the non-compliance is rectified.
- 2.2 Revenue generated from CTIAQ events is used substantially to fund CTIAQ's free caravan safety check program and other educational programs for consumers and industry staff. The program is available, free of charge, to owners of caravans, motorhomes and other recreational vehicles, and is designed to ensure compliance with the Australian Design Rules and Road Safety Guidelines.  
  
A strong, successful industry event will result in more revenue being directed to programs such as this which are a direct safety benefit to the general public.
- 2.3 CTIAQ members may choose to exhibit at fewer events and will, therefore, be able to invest more time and resources into their exhibits, improving the experience for the consumer.
- 2.4 Members will also be able to spend more time improving the experience at their dealerships, creating greater consumer trust and confidence.
- 2.5 CTIAQ can use the revenue created from their events to create and improve industry accreditation and educational programs for CTIAQ members.

## 3. Loss of Competition

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The CTIAQ submits that there will be no substantial loss of competition in the Recreational Vehicle Event market if the Proposed Conduct was to be initiated.

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- 3.1 CTIAQ members are free to choose where and when they exhibit their products. It is possible that not all CTIAQ members will see benefit in reducing the number of events they attend. Their business may be structured in a way where it performs more effectively and profitably by attending multiple events.
- 3.2 CTIAQ is the only event operator in Queensland that operates events with the sole purpose of promoting and showcasing recreational vehicle products. The parties opposing the Proposed Conduct operate events that cross over into multiple markets. It could be argued that as they represent multiple markets, they are not direct competitors to CTIAQ. This is demonstrated clearly in the name of the respective events owned and operated by those parties. Some examples are:
- National 4x4 Outdoors Show, Fishing & Boating Expo - ETF
- The Queensland Outdoor Adventure & Motoring Expo - Australian Events
- South Queensland Caravan, Camping, Boating & Fishing Expo - Australian Events
- There are also not as many CTIAQ members participating in some of the non-industry events as claimed by the opposing parties in their Submissions. These events cater for multiple markets and are not so reliant upon the Recreational Vehicle industry as claimed by the opposing parties. CTIAQ has provided a more accurate figure in the response below.
- 3.3 There is no reason why other event organisers could not offer similar loyalty discounts to exhibitors at their events which would in turn strengthen competition.

## 4. The Proposed Conduct is not a penalty.

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CTIAQ rejects the claims of the the opposing parties that the program is a penalty. The Proposed Conduct is simply an acknowledgment of loyalty to CTI A Q. CTIAQ members are free to choose where and when they exhibit their products. If they choose to display solely at CTIAQ owned and operated events, then this program rewards those particular members for making this choice.

It is important to note, that all CTIAQ members will still be entitled to the same member discounts being offered at all CTIAQ owned and operated events. These discounts will remain unchanged. The allocation process will also remain unchanged, with preference for sites granted to CTIAQ Members considering the length of their membership of the CTIAQ. Any rate increases are driven CPI increases and apply to all rates and exhibitors, irrespective of which shows they decide to participate in.

The CTIAQ have in place a generous discount structure, which as mentioned previously will still be available to all members, irrespective of the events that participate in. An example of the discounted rate structure applied to the June Supershow is provided below:

	<b>Membership Category</b>	<b>Applicable Space Rate</b>
1.	Non - Member	Base Rate
2.	Probationary Member	Base Rate less 5%*
3.	Member – Associate	Base Rate less 15%*
4.	Full Member	Base Rate less 20%*
5.	National Contributor Member – Associate	Base Rate less 25%*
6.	National Contributor Full Member	Base Rate less 30%*

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The CTIAQ are a not for profit industry association and as such have no intention to increase rates in the future. There is no prior conduct or precedent in the past for the opposing parties to assert this would eventuate.

It is also illogical to assume that CTIAQ would intentionally penalise the very members that it represents and that in fact “own” the Association. The CTIAQ exists to serve those members and assist in improving their businesses, not penalise them.

## 5. HWL Ebsworth – Australian Events Submission

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The CTIAQ understands Australian Events opposes the proposed conduct. It does not agree with the position taken by Australian Events and has attempted to address some of their concerns below.

### 5.1 Not Enough Base Line Information

- (a) An indication of the size of discount proposed was included in the original application. CTIAQ proposed a 50% discount off the total cost of a site at the end of year event for those that participate in CTIAQ events only. This will only apply to the regions where CTIAQ operates events.

The CTIAQ own & operate the following events:

Let's Go Gold Coast Caravan & Outdoor Expo

Let's Go Queensland Caravan & Camping Supershow

Let's Go Sunshine Coast Caravan & Outdoor Expo

Let's Go Brisbane Caravan & Outdoor Expo

The requirement to only participate in CTIAQ events does not apply to any non-industry events held from the Fraser Coast (Harvey Bay) through to Cairns as CTIAQ does not offer an industry owned and operated alternative in these regions.

Therefore, a CTIAQ member could participate in an event in Bundaberg and still be eligible for the loyalty program.

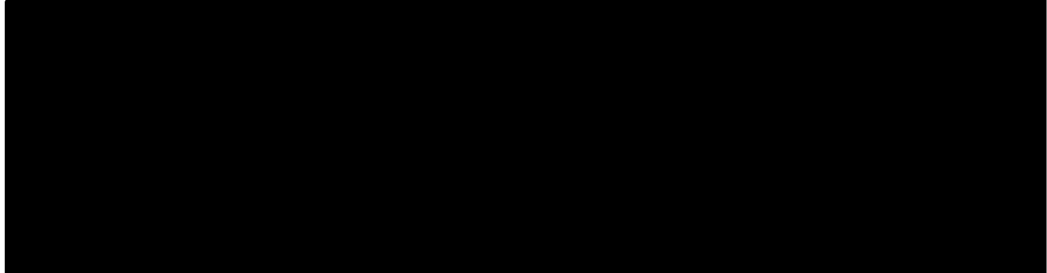
CTIAQ also proposed to subsidise 50% of the National Conference registration fees for the annual conference on the Gold Coast operated by the Caravan Industry Association of Australia.

- (b) CTIAQ can confirm and have indeed mentioned numerous times throughout this submission that:
- (1) It is not CTIAQ's intention to increase visitor attendance fees to any of the events owned and operated by CTIAQ
  - (2) It is not CTIAQ's intention to increase fees to exhibit in the events owned and operated by CTIAQ (apart from standard CPI increases).
- (c) It is not the intent of the Proposed Conduct to reduce the number of trade shows in Queensland. If this were to occur, it is logical to expect that fewer trade shows will increase the demand to attend those trade shows remaining in the marketplace. Exhibitors participating in the remaining trade shows would need to put more effort into their displays and offerings to ensure they "stand out" from the rest. This will ultimately benefit the consumer as the exhibitors will be pressured through competition to invest more into a display that is inviting, comfortable and professional.

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This will not lead to an increase in exhibition fees, nor attendance fees. These events are owned and operated by the very Board Members and General Members that participate in them. Even if CTIAQ Management proposed increases, these would need to be passed by the CTIAQ Board. It is highly unlikely that the Board would agree to higher rates that could potentially increase the members' fees to exhibit at their own industry events.

(d)



(e) Regional Members. As outlined below, no one is being penalised.

In considering the Proposed Conduct, the Australian Events Bundaberg example is irrelevant, as CTIAQ Members that take part in the loyalty program, are welcome to attend any non-industry event from Bundaberg / Fraser Coast north as the CTIAQ do not provide alternative events in these regions.

CTIAQ have no plans to extend their event portfolio beyond South East Queensland, unless requested to by members.

Australian Events contradict their "Community Event" argument as they currently operate events throughout Queensland in direct competition to community events such as the Rotary Club of Bundaberg event. Australian Events operate an event in Maryborough which is less than 90 minutes' drive from Bundaberg.

(f) The CTIAQ questions the relevance of stakeholder "Market Share" and the estimates supplied by Australian Events in their submission.

Based on current production numbers of approximately 23,000 units (sourced by the Caravan Industry Association of Australia), the estimated market share by brand is as follows:

Brand	%
Jayco	48%
New Age	4%
Crusader	2%
Essential	3%
Concept (Includes: Franklin/Newlands/Viscount)	3.50%
Avan	5%
JB	3%
Supreme	3.50%

In 2019 the following brands chose to only participate in industry owned & operated events in South East Queensland. These were Jayco, Crusader, Essential, Franklin and JB. Conservatively, in 2019, over 60% of manufacturers chose not to support

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non-industry events in South East Queensland, choosing instead to support industry owned and operated events and focus on driving more business through dealerships.

CTIAQ has many recent examples of members that have invested more into their displays at industry owned and operated events as a direct result of attending fewer trade shows. Not all these members have agreed to be named in this submission response, however CTIAQ has been granted approval by the following member:

Kratzmann Caravans – In 2019, Kratzmann introduced new Customer Experience lounges at the Sunshine Coast Caravan & Outdoor Expo and the Let's Go Brisbane Caravan & Outdoor Expo. As a direct result of investing in fewer shows, Kratzmann invested \$100,000 into an upgraded delivery/training area, new owner lounge and an off road showroom at all existing dealerships.

## 5.2 Proposed Conduct is a Penalty

The proposed conduct is not a penalty. CTIAQ is a not for profit member-based Industry Association. The Association is owned by and exists to serve the very members that the opposing parties claim will be penalised. It would be counterproductive and conflict with the Association's Constitutional objects to implement a scheme designed to penalise CTIAQ members.

The proposed conduct is an acknowledgment of members' loyalty to CTIAQ. CTIAQ members are free to choose where and when they exhibit their products. If they choose to display solely at CTIAQ owned and operated events, the intention is to simply reward / thank them for making this choice.

All CTIAQ members are still entitled to the same member discounts being offered at all CTIAQ owned and operated events. This discount structure will remain unchanged, irrespective of the proposed conduct. The only increases on rates being occasional CPI increases which apply to all rates irrespective of which shows they decide to participate in. The CTIAQ has in place a generous discount structure, which was included in its Notification and will still be available to all members, irrespective of the events that participate in.

CTIAQ submits that there is no difference between the Proposed Conduct and other exclusivity agreements between a manufacturer and a retailer.

For example, a white goods manufacturer could offer a better wholesale rate on certain products if the retailer they are doing business with chooses to sell in their products exclusively. Other retailers who sell multiple brands could still purchase and on sell the products, but it would not receive the same incentives as an exclusive retailer.

## 5.3 Proposed Conduct will prevent or deter competition

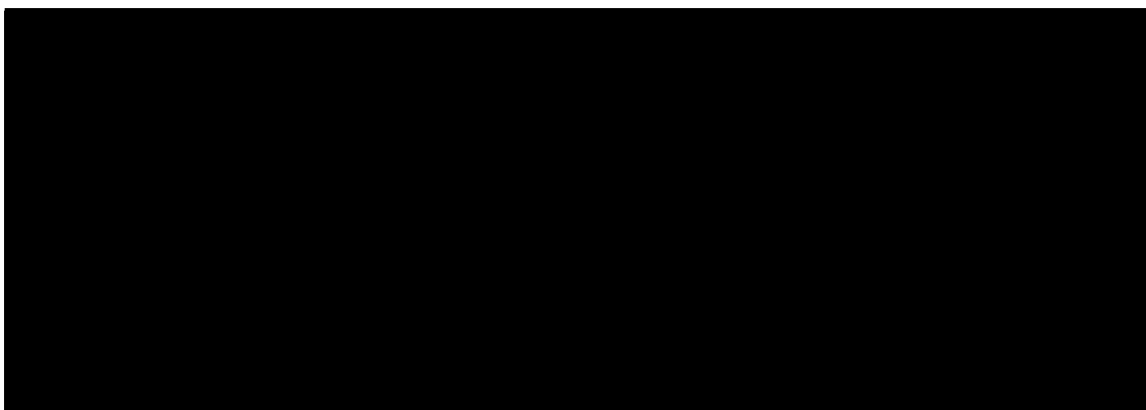
CTIAQ disputes this assertion. There is ample competition in the Recreational Vehicle event space CTIAQ members are free to choose where and when they exhibit their products. CTIAQ Members will need to consider whether any potential loyalty discount would outweigh the possible benefits of attending additional non-industry events. It is very clear that there is no requirement for CTIAQ Members to participate in the loyalty scheme. Their choice will have no impact on the price they currently pay for exhibition space at CTIAQ owned and operated events now and into the future.

There is no reason why other event operators could not implement a similar loyalty program or amend their discount structure to reward participation in their events, creating stronger competition.

## 5.4



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## 5.5 Concentration of Market Power

The intent of the proposed conduct is not to increase any perceived market power, it is to recognise and reward loyalty. As a result, CTIAQ questions the relevance of this claim.

Even though it is not the intent, if for some reason this were to eventuate, there has been no precedent or any examples of the CTIAQ using its influence or position within the Recreational Vehicle marketplace to increase attendance prices or exhibition fees unreasonably.

The visitor entry fee for CTIAQ events on the Gold & Sunshine Coasts, are the same as its competitors. It has no intention of increasing this fee.

In fact, the CTIAQ has decreased the entry fee for the Queensland Caravan Camping & Touring Supershow from \$20 per adult to \$16 per adult.

## 5.6 Long Term Adverse Effects on the Leisure Vehicle Trade Show Market

In assessing any potential long- term adverse effect on the leisure vehicle trade show market, accurate market share figures are important.

Australian Events have attempted to provide an estimate (Point 3.3 of their submission) on total exhibitor numbers and the number of CTIAQ Members that participate in their events. This seems to have been provided to demonstrate the alleged concentration of CTIAQ Members that attend their events. These estimates are inflated and inaccurate. These "estimates" potentially mislead the reader into thinking that Australian Events shows are more heavily supported by CTIAQ Members than is in fact the case.

CTIAQ have conducted a review of a selection of Australian Events Show from 2019 to provide a more accurate assessment of the number of CTIAQ members that participated<sup>1</sup>.

Event Name	CTIAQ Members Present at each 2019 Event	
	Australian Event Count	CTIAQ Count
2019 Moreton Bay Caravan Camping, Boating & 4x4 Expo	125	59
2019 South QLD Caravans, Camping, Fishing & 4x4 Expo	90	34
2019 Gold Coast Expo	90	35

<sup>1</sup> Information sourced from <https://issuu.com/australianevents>



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Event Name	CTIAQ Members Present at each 2019 Event	
	Australian Event Count	CTIAQ Count
2019 QLD Outdoor Adventure & Motoring Expo	120	51
2019 Rockhampton Expo	80	44
2019 Sunshine Coast Expo	60	27

## 5.7 Market Overlap

The market overlap is minimal and is not as significant as Australian Events claims. CTIAQ operate Recreational Vehicle specific events Section 13 of its contract conditions, show rules & regulations provides as follows:

*"Exhibits must fall within the scope of the Show. No other exhibit or products except those nominated on the application for space and accepted by the Organisers are to be displayed without prior written consent of the Organisers."*

The other operators cater for the RV, Motor Vehicle, and Home & Lifestyle markets. They will accept applications from a range of businesses, including Pool & Spa, Boating, Overseas Holiday Operators, Jet Skis and Home Renovation Businesses etc.

If some CTIAQ members choose not to participate in non-industry events, that particular event organiser could fill the space with a business from another industry that falls within the scope of the relevant show.

## 5.8 Counterfactual, Australian Events point 4.2

CTIAQ submits that diminishing foot traffic into yards is a direct result of the proliferation of shows within the South East Corner of Queensland, driven by the expansion of Australian Events.

## 6. Thomson Geer - Exhibition and Trade Fairs (ETF) Submission

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The Caravan Trade & Industries Association of Queensland understands ETF opposes the proposed conduct. We do not agree with ETF's position and have addressed some of their concerns below.

### 6.1 Market Definition

ETF raises a concern surrounding the geographical scope of the Proposed Conduct. If successful, CTIAQ will engage in the Proposed Conduct the south east Queensland locations identified above.

CTIAQ clearly states that to be eligible for the loyalty discount, members must choose to participate in CTIAQ owned and operated events only. This does not apply to events from Fraser Coast / Bundaberg north to Cairns, as CTIAQ does not provide an alternative in these regions.

For example, a CTIAQ member would still be eligible for the loyalty discount if it participated in an event in Bundaberg or Rockhampton, as CTIAQ does not provide an alternative in these regions. CTIAQ events are located within the South East Corner of Queensland.

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ETF claims that CTIAQ could increase attendance fees to recoup any loss associated with a loyalty discount. As mentioned above, CTIAQ has no intention to increase attendance fees nor exhibition fees beyond the standard CPI increases.

## 6.2 Concern Regarding Conduct

### (a) Reduction in Competition (ETF Point 3.1)

CTIAQ disputes this claim. There is ample competition in the Recreational Vehicle event space. CTIAQ members are free to choose where and when they exhibit their products.

CTIAQ Members will need to consider whether any potential loyalty discount would outweigh the possible benefits of attending additional non-industry events. CTIAQ considers that many CTIAQ members will continue to support multiple events as their business structure has been geared towards this formula.

It is very clear that there is no requirement for CTIAQ Members to participate in the loyalty scheme. They are free to choose which events they attend. Their choice will have no impact on the price they currently pay for exhibition space at CTIAQ owned and operated events.

There is also no reason why other event operators could not implement a similar loyalty program or amend their discount structure to reward participation in their events. The Proposed Conduct has the potential to increase competition.

### (b) Leverage of Supershow (ETF Point 3.2)

CTIAQ agree with ETF that the Supershow is the most critical event of its type for the Recreational Vehicle Industry in Queensland.

CTIAQ have mentioned previously that the Loyalty Discount will be offered at the Let's Go Brisbane Caravan & Outdoor Sale. The Supershow pricing and discount structure will remain unchanged.

### (c) Reduction of Quality of non-CTIAQ trade shows (ETF Point 3.3)

CTIAQ does not agree that any potential reduction in recreational vehicle exhibitor numbers from non-industry events will have an impact on the quality of that particular show.

As mentioned previously, CTIAQ operates recreational vehicle specific events. All other event operators in Queensland (in particular ETF & Australian Events) operate events within a variety of markets or in completely different markets.

For example, ETF specialises in the 4x4 market and the event it operates in Brisbane is the National 4x4 Outdoors Show, Fishing & Boating Expo. It would be highly unlikely that any of ETF's larger exhibitors would be affected by the Proposed Conduct as they are 4x4 related businesses.

If other event operators were to see a reduction in recreational vehicle exhibitors, they could simply replace these lost exhibitors with businesses from other market segments that the relevant event promotes itself to or caters for. The quality of the event would not be negatively impacted.

Attendees' expectations when visiting CTIAQ events is that they will have access to a large variety of Recreational Vehicles because that is the scope of the event. When

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visiting non-industry events, with multiple market segments on display, visitors would expect to see a range of varying product types from differing industries.

- (d) Risk of increased prices to Attendees (ETF Point 3.4)

CTIAQ has no intention to increase attendance fees to its events. There is no occasion when this has occurred in the past. CTIAQ has in fact reduced entry fees in the past.

CTIAQ also repeats and relies upon point 5 in the Australian Events response above.

- (e) Purported public benefits flowing from Conduct (ETF Point 4)

It is logical to assume that if CTIAQ members choose to participate in fewer events, then they will be saving money.

It is also logical to assume that any savings would be directed into strategies designed to provide further benefits to potential customers and to attract more customers to their normal place of business or their temporary place of business at a trade show. There is clear evidence (details provided in Australian Events response Point 1, A-F) of CTIAQ members redirecting savings into initiatives designed to improve the buying experience for their customers.

Some other strategies could include:

- (1) Modern, more comfortable facilities for their customers at their normal place of business or their temporary place of business at a trade show.
- (2) Training for their staff to better inform or service customers
- (3) Educational programs for customers, for example: towing seminars, off-road driving education etc.

- (f) Purported benefits relating to compliance and safety (ETF Point 4.1)

ETF correctly note that CTIAQ is not a regulator. However, as the Peak Industry Body in the State of Queensland, CTIAQ does have an important role in ensuring all products on display at its shows and ultimately sold to the general public comply with all relevant Australian Design Rules. CTIAQ provides this as a free service to members and this is a direct benefit to consumers, ensuring peace of mind and confidence.

CTIAQ strongly rejects the claim that its "Safety" and/or "Certification" related activities at its shows primarily serve a marketing function. All recreational vehicles must comply with stringent safety rules; however, manufacturing recreational vehicles is a complicated, hands on process. It is not uncommon for some recreational vehicle manufacturers to unintentionally misinterpret these complicated design rules and standards. CTIAQ's compliance check program, in conjunction with Caravan Industry Association of Australia, at events serves as further education and training for manufacturers of recreational vehicles.

This process assists in ensuring product delivered to the general public is compliant and safe. This is without doubt a benefit to any consumer purchasing from a CTIAQ owned and operated event.

CTIAQ's commitment to the caravanning public's safety is further demonstrated through its Caravan Safety Check program. This is a free service to consumers

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delivered across the state in partnership with the Queensland Government's Department of Transport.

ETF's claim that all recreational vehicles must undergo annual safety inspections is incorrect in so far as Queensland is concerned. Safety certificates are required in Queensland when:

- (1) a registered light vehicle is offered for sale in Queensland, or
  - (2) transferring registration to a new owner, or
  - (3) when transferring to Queensland registration from another state or territory, or
  - (4) when re-registering an unregistered vehicle<sup>2</sup>
- (g) Purported benefits relating to CTIAQ members attending at fewer trade shows (ETF Point 4.2)

ETF claims that CTIAQ markets its shows on the basis of safety and certification only. This is incorrect. CTIAQ also promotes diversity of product on display (more recreational vehicle brands than any other like event), expert advice from industry professionals, and educational demonstrations and seminars.

- (h) Purported benefits relating to discounts offered to CTIAQ members (ETF Point 4.3)

This point is irrelevant and should be disregarded. The proposed loyalty discount is a benefit to the CTIAQ member that qualifies for the discount, not the general public.

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<sup>2</sup> See Queensland Government "Safety Certificate" (Web Page), <https://www.qld.gov.au/transport/registration/roadworthy>