

Record of oral submission

Phone to 🗆	Phone from □ M	Meeting □	Other 🗵
Time	10am		
Date	Wednesday, 31 May 2023		
Other parties	TRADEgear Pty Ltd: Frazer Tong, Managing Director		
TRACKIT No	RPN10000461		
ACCC parties	David Hatfield, Jaime Martin, Gemma Smith		
Matter name	Graco Australia RPM Notification		

The ACCC team visited TRADEgear Pty Ltd's (**TRADEgear**) premises in Hallam, Melbourne. During the site visit, TRADEgear provided the following information:

Background

TRADEgear is an Advanced Distributor of Graco paint sprayers and mainly supplies the painting and decorating sector.

TRADEgear has a unique business model. It has specially designed vans that go direct to work sites to 'take the shop to the customer'. TRADEgear demonstrates Graco Paint Sprayers, runs training events for end users and picks up equipment for maintenance. While meeting its minimum stock requirements to become an Advanced Distributor, TRADEgear does not display a big range of Graco paint sprayers within its premises and does not currently have a service centre due to lack of space. TRADEgear would have to carefully consider whether it would be worth investing in a service centre in any future premises.

TRADEgear considers its Graco business is growing because of its business model of putting TRADEgear sales representatives in front of the trade at their own sites.

Paint sprayer market

TRADEgear considers there are two main spray painter manufacturers in Australia – Graco and Wagner. Graco is the market leader for the contractor sector.

TRADEgear considers paint sprayers are technical equipment that require explanation about their use and maintenance. However, it considers that Graco and Wagner products are very similar and once you know how to use a paint sprayer, you can use any brand.

Pricing and online sales

TRADEgear noted that there is large volume of online videos which demonstrate how to use paint sprayers, their varied uses and how to maintain sprayers. Ongoing maintenance is a significant issue for all paint spraying equipment.

TRADEgear has not observed a lot of tradespeople showing discounted Graco products on their phones and asking for price matching. Instead, they often quote a price that they get from Dulux and ask for the best price that TRADEgear can offer.

Sales process and services

For TRADEgear a typical sales process involves asking a series of questions to 'grind down' to the size of the machine that the tradesperson will need for the type of job and volume of paint used. Tradespeople are most interested in getting the best price, not a demonstration.

Impact of the minimum advertised price (MAP) policy

TRADEgear considers that based on its experience, it is unclear how effective Graco Australia will be in monitoring the general distributor requirements and proposed MAP under its distributor program.