



Record of oral submission

Matter name	Graco Australia RPM Notification		
ACCC parties	David Hatfield, Jaime Martin, and Gemma Smith		
TRACKIT No	RPN10000461		
Bunnings	Ashley Wilson (Buyer – Bunnings Melbourne) Michelle Curran (Head of Group Risk) Adrian Pearce (General Manager – Home and Lifestyle)		
Date	Friday, 9 June 2023		
Time	12 noon		
Phone to <input type="checkbox"/>	Phone from <input type="checkbox"/>	Meeting <input checked="" type="checkbox"/>	Other <input type="checkbox"/>

The ACCC requested a meeting with Bunnings to discuss the likely impact of Graco Australia’s resale price maintenance notification and the sale of paint spraying equipment within Bunnings more generally. The following issues were discussed:

Background – introduction of Graco paint spraying equipment in Bunnings

Bunnings recognises Graco as a leading global brand of paint spraying equipment, and more generally, Bunnings would like to generate commercial growth in its paint spraying business. Bunnings considers consumers are seeking a faster, more efficient method of painting so the segment is in growth.

Bunnings currently sells Wagner paint spraying equipment (in the ‘DIY sector’) in its stores, and Titan (Wagner) equipment for professional contractors in some of its stores. In the last 12 months Bunnings also commenced selling Graco paint sprayers as part of its ‘special order’ service. Bunnings advised that it negotiated a supply agreement with Graco to have access to 3 Graco paint sprayers which are sold by Bunnings online only. The paint sprayers are similar to models available elsewhere but with slightly different specifications (and unique SKUs). This supply agreement between Graco Australia and Bunnings sits outside Graco’s Distributor Program and Bunnings has not signed a Distributor Agreement with

Graco Australia. Accordingly, Bunnings does not currently have any pre- or post- sales service obligations regarding Graco paint sprayers.

Prior to this, Bunnings explained that Graco had previously approached it (approximately 18 months ago) about supplying Graco paint sprayers in store, but Bunnings declined, one of the reasons being that the level of discounting it saw online, combined with its approach of always seeking to offer the lowest price on an item, meant the proposal was not commercially viable for Bunnings.

Bunnings advised that it is still trialling the sale of Graco paint sprayers online and this is likely to go for 12 months. Any decision to expand the Graco product range or to start stocking paint sprayers in store is some time off. In Bunnings' experience, paint sprayers for professional contractors are slow moving stock. If it does expand to in-store sales of Graco paint sprayers, Bunnings considers it would be limited to selected stores only and in the paint section of the store (as opposed to tools). Graco has also approached Bunnings to start selling Graco accessories, but Bunnings has not made any decisions in this regard.

The online only Graco products are currently meeting the internal business expectations and needs. They do not appear to be hampered by being online-only products without in-store support.

Sales process and services

To make a Graco paint sprayer purchase from Bunnings online, customers can elect to have the equipment delivered or pick it up in store. Alternatively, customers can also order Graco sprayers in-store from the dedicated service desk.

Bunnings stated that it cannot comment on the sale process for Graco equipment because it currently only sells these online. Similarly, Bunnings team members do not undertake any of Graco's online training. However, Bunnings noted that Graco has attended Bunnings' trade expos in Melbourne in recent times.

Currently, if a Bunnings customer comes into the store for maintenance or repair of a Graco paint sprayer, Bunnings would seek the support of Graco Australia or one of Graco's network of service agents.

For Wagner/Titan paint sprayers, Bunnings team members undertake Wagner's online training and face to face training to sell those products in store. Bunnings would expect its team members to undertake similar training for Graco paint sprayers if it decided to expand into in-store sales of Graco paint sprayers.

Online discounting and pricing

Bunnings considers that it has not experienced problems with having to price match heavily discounted online prices of Wagner/Titan paint sprayers in store.

Bunnings advised no one has tried to price match the Graco models stocked online.

Impact of the minimum advertised price (MAP) policy

Bunnings considers the proposed MAP policy will have minimal impact on it because it only sells 3 Graco products online. However, should Graco Australia distribute these 3 products to the wider market or if Bunnings were to expand its offer of Graco products, Bunnings may experience challenges if the MAP price is set below its current online price. Bunnings noted that there is currently no 'RRP' on the stock in its current supply agreement with Graco Australia.

Bunnings considers the other requirements under Graco Australia's Distributor Agreement (for example, display and service obligations) would be problematic for Bunnings.