

UltraTune

Auto Service Centres

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8th October 2020

Dear Sirs,

Submission in response to Mitsubishi Motors Australian Limited (MMAL) exclusive dealing notification RN10000433.

I refer to the above notification by MMAL.

I am the franchisee for Ultra Tune Belmont in Perth Western Australia since May 2016

I have been in the automotive industry for 10 years in various capacities, I have worked for large Dealerships as well as small independent operators before buying my franchised store.

The auto service market here in Western Australia is extremely robust and very competitive, about 25% of my customers use my services whilst their car is still under new car warranty and they do this for a number of reasons:

1. Competitive pricing,
2. Convenience,
3. Better service,
4. Bad experience with the dealership,
5. Choice

If MMAL's application is accepted, this will without doubt give the green light for other new vehicle manufacturer's to follow suite therefore lessening competition and reducing servicing choice for consumers.

MMAL proposed warranty effectively creates a monopoly on their new cars for the first 10 years and this will invariably increase prices for servicing, repairs and parts, lower customer service standards and subsequently and more importantly reduce freedom of choice.

Customers misunderstanding and or confusion of warranty and service requirements.

Open to abuse of power by the dealer when selling/promoting their vehicles. I submit that:

- Not all information regarding warranties may be brought to the attention of the consumer at the time of sale.
- Customers are likely to only hear that they have a 10 year warranty and not that the warranty is only valid if servicing is carried out by the dealer, which incidentally is not the case in the first 5 years of the warranty period covered by MMAL's proposal, like all things the devil is in the detail.

- Customers may also believe that they have to have any repair work done by the dealer in order to keep their extended warranty, which is factually incorrect.
- Customers are unable to compare the benefits to independent car servicing against the additional 5 years as MMAL have not provided the cost of service pricing, already a very high number of car buyers have their car serviced by the dealer while under warranty because of the belief they have to and in some cases they are totally misled by the dealers sales people.
- Their warranty does not provide any substantial benefit above the existing Australia Consumer Law, Yet MMAL's conduct will promote customer fear or pressure of losing the 10year warranty which we say does not really offer any substantial benefit to the customer. As I've previously stated my customers come to me for better servicing, customer experience and pricing.

The proposal does not improve customer quality vehicle servicing due to MMAL exercising significantly greater control over its Dealer network and services centres. We on the other hand


- Provide independent and very cost effective servicing.
- We provide a more personalised service because we are a small local family business and not a huge conglomerate, many customers leave dealers because of high costs or bad customer service.
- Manufacturers will exert undue influence on the dealer by insisting on them using only genuine parts which are substantially more expensive, we offer customers the choice of using top quality aftermarket parts or original parts, 95% of the time my customers opt for the cheaper alternative which are of equal quality, especially in the current climate as covid 19 has decimated the economy, it's times like this where consumers could come unstuck if this type of proposal was allowed to happen.

Also please take into account the potential loss to small independents workshops of fleet vehicle servicing of Mitsubishi vehicles, fleet managers will be very reluctant to use independent workshops if there's the slightest chance of voiding a long warranty, MMAL have claimed that their market share of the Australia new vehicle market is only 7.8%. however, their proposed new warranty will in effect capture all new Mitsubshi vehicles sold in Australia should their application be accepted then this will exclude my business from the market.

This proposal by MMAL is an attack on small independent mechanical workshops by forcing customers to stay with the dealer network by stealth, it reduces customers choice and borders on cartel behaviour, more importantly it sets a dangerous precedent, if this proposal is accepted it will open the floodgates for other car manufactuers to follow suite and in the long term has the potential to decimate the independent automotive industry which will lead to less choice for consumers resulting in higher prices and the lowering of service standards.

I urge the ACCC to reject this application.

Yours sincerely, //


Perry Heynen
Franchissee.