
From: Scott Fitchett <scottf@aasmartfuel.co.nz>
Sent: Thursday, 25 July 2019 9:56 AM
To:
Subject: Feedback on working paper – Focus areas [CCNZ-iManage.FID262402]

Hi Lauren see below revised paper.

Scott

We wish to provide some feedback on the working paper “Focus areas” (published 18 April 2019).

In particular we offer some additional context on paragraphs 48 & 49 relating to loyalty and rewards programmes.

We observe that the wide range of loyalty and rewards programmes from across the retail fuel sector is an illustration of intensive competition amongst fuel retailers for customers. All of the major retail brands and some smaller brands offer some form of loyalty programme:

- BP and Caltex: AA Smartfuel
- Challenge: My Challenge and discounts for SuperGold card holders
- Mobil: Smiles
- Z Energy: Pumped
- Other brands also offer discounts for branded fuel card holders (which can be obtained by ordinary consumers)

In addition, the two main supermarket chains also offer discounts on the price of fuel via either supermarket dockets or loyalty or rewards programmes.

We suggest that this illustrates that consumers in virtually every part of NZ have the ability to obtain discounts on fuel prices, by availing themselves of one of the many loyalty or rewards programmes on offer. Further, they have a choice of a loyalty or rewards programmes which provides consumers with their choice of fuel retailer or supermarket. This is beneficial when some retailers are offering special discounts not offered by competitors. When customers provide a contact email address, they can receive emails advertising when a special discount is being offered, although they can also obtain this information from the retailers’ website to help them shop around and compare offers (paragraphs 49.1 & 49.2). Consumers are happy to opt into this

We note paragraph 49.4 suggests that these programmes could discriminate against consumers that do not belong to them. In respect to this the AA Smartfuel programme is open to all consumers and accessed by a free card given away at all our Fuel and Retail partners. Note that we have over 2.6 Million registered cardholders so we believe there are no barriers to belonging to a programme.

Notwithstanding our comments above about a very broad nationwide coverage, AA Smartfuel acknowledges that our programme requires a minimum \$40 fuel purchase to obtain a discount. This means that potentially some consumers, including moped or motorcycle owners, are unable to obtain a discount from their fuel spend (although this does not preclude them from earning AA Smartfuel discounts from our other partners like Countdown & Contact Energy then redeeming it on any fuel purchase up to a maximum of 50 litres). However, we note that consumers have other options outside of AA Smartfuel available to them that do not require a minimum fuel purchase.

Our Fuel partners are aware of market competition and customer engagement which will always be the main driver of the level of spend and the amount of fuel discount they offer. A great example of this is our fuel partners used to have an everyday offer of 4cpl on \$40 spend this is now 6cpl on \$40 spend with now up to 2 days a week offering 10cpl on \$40 spend. We would be happy to discuss this with the Commerce Commission further.

Regards

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