

## Millie Lynskey

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**From:** Mary Hamilton <mary.hamilton@wilderness.co.nz>  
**Sent:** Saturday, June 18, 2022 12:42 PM  
**To:** Millie Lynskey  
**Cc:** Jeff Hamilton  
**Subject:** Re: THL/Apollo - Update on our Investigation [CCNZ-IMANAGE.FID315077]

Morena Millie

Thanks for your email and the heads up on the thl's cross-submission.

My comments are below. I have highlighted in **red** confidential information:

**3.2 (b) Debt structure cannot be considered in any calculation as it is a subjective decision of each entity as to how it operates.**

While this sounds good in theory and may be relevant when taking a longer term view of markets, the massive disruption of a pandemic changes the dynamics. Businesses such as ours made decisions about debt structure prior to the pandemic that had profound unforeseen consequences due to the pandemic. If we had known there would be a pandemic and the borders would be closed, we would have not made that "subjective decision" to take on a huge debt. The decision to increase our debt was made based on forecasts of strong tourism numbers over the coming few years. However, the border closures changed that and demand crashed. Once you're in the middle of a crisis, such as border closures, making a "subjective decision ... as to how it operates" was a luxury many businesses did not have. You're not in a position to make a good "subjective decision" to fund your business differently e.g. bring in outside equity, when you're on your knees. Even if you could find an equity partner in the middle of the pandemic (which is highly unlikely), you'd have to sell that equity at a substantial discount on its pre- (and post) pandemic value.

**(c) Smaller operators received proportionately greater government support than thl during the pandemic.**

We disagree. Unlike most of the rest of the tourism industry, motorhome and campervan rental operators were ineligible for the bigger lump sum support the government handed out (ground transport was excluded). The only government support motorhome and campervan rental operators received was the same as businesses in non-tourism related industries e.g. wage subsidy. However, because thl is horizontally integrated, it received \$2 million of STAPP funding for its Waitomo operation.

**(e) All operators have had the same opportunity to develop other revenue streams to help offset losses... There is nothing particular to thl's size that has enabled these opportunities...**

We disagree. We attempted to get contracts to provide temporary accommodation and were successful with one very small contract (6 motorhomes for six weeks). We were unable to compete with thl's scale as we didn't have the fleet to provide the hundreds of motorhomes that thl was able to provide.

**3.3 (a) the merged entity will continue to be constrained by other motorhome rental operators, RVs available to rent through peer-to-peer platforms and other travel and accommodation options.**

We strongly disagree with this statement as per the reasons outlined in our submission on 24 March 2022.

**(b) ...There are many suppliers of new motorhomes in NZ and motorhome rental operators can choose to either acquire motorhomes locally or import vehicles direct from overseas.**

We strongly disagree with this statement as per the reasons outlined in our submission on 24 March 2022 and the supporting evidence regarding supply constraints.

**(c) The merged entity will not have the ability to bypass online travel agents and web aggregators... (because) 75% of respondents... looked at two or more websites before they booked.**

We strongly disagree. This statement suggests that an online travel agent's website (or the website of any other competitor) will have an equal chance of being "looked at" during the customer's research phase as the merged entity. However, this fails to take into account that the merged entity will have three websites ([maui-rentals.com](http://maui-rentals.com), [britz.com](http://britz.com), [apollocamper.co.nz](http://apollocamper.co.nz)) that consistently appear on the front page of Google search results for the most popular search terms (Google lists ten results per page). No other entity, as far as we are aware, has more than one website appearing on the front page of Google for the most popular campervan and motorhome rental search terms. If 75% of customers look at two or more websites prior to booking, the merged entity would have a 60% or higher chance of being clicked on and considered in the research phase of 75% of customers.

**(d) The visibility of rival operators on online travel agent and web consolidator websites is likely to improve as a consequence of the Proposed Transaction, which will create opportunities for smaller operators.**

We disagree. Has thl provided any evidence to support this assertion? While we only dealt with online travel agents for less than years, we saw, at that time, doing the opposite of consolidating brands. The biggest online travel agent at that time (Motorhome Republic which has since rebranded as Webjet) added "ghost brands" to expand their offerings.

**3.4 thl also disagrees with the Anonymous Submitter's assertion that the RV rental industry will recover and return to profitability sooner than expected.**

We disagree with thl and agree with the Anonymous Submitter. We assume that the redacted content in thl's submission shows that thl's number of bookings in 2022 was down on the same period in 2019. Our experience has been different. During April and May 2022, Wilderness had an increase of [REDACTED] in the number of transactions compared with April and May 2019. Since the average order value was also higher, the total revenue booked in April and May 2022 was [REDACTED] higher than the same period in 2019. [REDACTED]. It would be interesting to know whether thl also achieved a higher average order value which may have led to higher revenue - even though total number of transactions was lower.

[International travel media](#) is reporting strong demand for travel eg. *With the northern summer travel season now upon us, two things are clear: two-years of border restrictions have not weakened the desire for the freedom to travel. Where it is permitted, demand rapidly is returning to pre-Covid levels.* The NZ government has only just started re-opening the borders and lifting restrictions such as pre-departure testing which has severely limited appetite for travel to NZ. We expect that bookings will continue to be very strong over the next few months.

## 5.1 Relevant market

We strongly disagree with these statements as per the reasons outlined in our submission on 24 March 2022.

Please let me know if you have any questions.

Ngā mihi  
Mary

On Fri, Jun 17, 2022 at 7:59 PM Millie Lynskey <[Millie.Lynskey@comcom.govt.nz](mailto:Millie.Lynskey@comcom.govt.nz)> wrote:

Hi Mary,

I hope this email finds you well. We have had a request to make thl's cross-submission on our SoUI available ahead of our publication date of Monday morning before markets open.