

PUBLIC VERSION

**From:** [ ]  
**Sent:** Thursday, April 7, 2022 8:33 PM  
**To:** [ ]  
**Cc:** [ ]  
**Subject:** THL / Apollo: Confidential

Hi [ ]

I hope is all is well.

We are emailing as we assume you may have seen the **attached** article from the New Zealand Herald ("**NZH**") yesterday, in which Jucy said it expected shortages of rental vehicles to persist for some time, including due to the difficulties in getting delivery of vehicles as a result of current supply chain issues (noting "*Replenishing this fleet will take us at least two years and in the interim we can expect prices to rise*").

Also - our client has read the most recently published THL submission and cross-submission, and is concerned to ensure that the Commission has the most accurate information before it in making its decision. Accordingly, our client wanted to provide the following additional information to the Commission, on a confidential basis, to assist the Commission's process.

#### **Distinction between campervans and motorhomes**

Our client agrees with the Commission's preliminary view that there are separate product markets for motorhome and campervan rental services. The Commission's view reflects the practical reality of the industry. Our client does not agree with THL's submission that there is no basis for this distinction:

- First, our client does not agree with THL's submission that the terms "campervans" and "motorhomes" are used interchangeably. While THL's submission refers to a Discovery Campervan website as being evidence the terms are used interchangeably, that website in fact makes clear there is a distinction (under the heading "*The More Official Meanings*"). That there is this well-known distinction is made clear on Apollo's own website (see extract **attached**). That is also consistent with Camplify's own website (again see website extract **attached**).
- Second, it is not in any event necessary for the two terms to have a consistent meaning in demand side marketing for the distinction to be relevant for the purposes of market definition. Consumers may not initially appreciate the difference in marketing (and suppliers inevitably try to appeal to as broad an audience as possible). But when consumers come to the point of making a purchasing decision by comparing photos, specifications and price of vehicles this difference is important. E.g. "I didn't just want a van with a bed in the back, I need a vehicle with a separate sleeping area, kitchenette etc." This will be the case, even if there may be different ways of describing each product market in marketing materials [ ].
- Third, beyond demand side marketing, our client sees the supply side distinction between motorhome and campervan categories as even more significant. It is more difficult and requires greater capital to enter or expand in the motorhome segment than campervans. [ ] new campervan suppliers enter with lean operations, renting cheap "sleepervan" conversions targeting the budget segment. But very few new entrants break into the 4-6 berth motorhome market. Entering or expanding in the motorhome market requires either access to bespoke manufacturing or the purchase of expensive bespoke vehicles, in addition to significant ongoing investment in specialist personnel, equipment, parts etc to operate and maintain those vehicles.

#### **Vehicle manufacturing and supply**

While there are suppliers of newly manufactured RVs/motorhomes in NZ, many sell new vehicles at a premium price point (e.g. well over \$200,000 NZD). A new entrant may find it difficult to acquire a sufficient number of these high-end vehicles to build a sizeable operation in NZ at a reasonable cost.

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THL and Apollo are responsible for a significant portion of the sales of new or near new motorhomes in NZ. Our client does not agree with the merging parties' estimate of 14,500 total new and used motorhome sales in NZ annually. This seems far too high to our client, particularly as a comparison for the type of motorhomes sold by THL and Apollo. Our client's research shows there are currently only 147 results for a Trade Me search for new motorhomes. While there are more second-hand listings, our client considers few of these would be suitable for a commercial rental operator to acquire, for the following reasons:

- many vehicles are actually towable caravans, campervans or "home-converted" regular vans; and
- of the genuine second-hand motorhome sales, many are old and poorly maintained models (e.g. some no longer even drive), and are unlikely to be suitable for commercial rental.

Our client considers that the 1,125 motorhomes sold by THL, and 211 sold by Apollo, in FY21 make up a large proportion of vehicles that would be available to a competitor looking to enter or expand into the motorhome rental market.

THL has its own NZ based manufacturing facility. Apollo has closed its NZ based manufacturing facility during the pandemic, but can still import vehicles to NZ from its Australian plant. Both companies also appear to buy additional vehicles from other manufacturers.

Demand for new (or near new) 4-6 berth motorhomes for rental is likely to increase significantly over the next 2-3 years as international travel returns. All rental operators have significantly reduced their fleets to survive the pandemic and will be unable to satisfy demand as international tourists return without new vehicles:

- THL stated in its FY21 investor presentation that *"Subject to supply constraints and based on the rate of the return of international tourism, we expect that we will re-fleet to 5,000 – 6,000 vehicles at some point in FY24."* (See final bullet point on page 21. <http://www.thlonline.com/FinancialInvestorInformation/Documents/AnnualResultsDocs2021/thl-FY21-investor-presentation-annual-results.pdf>)
- That is likely to mean THL manufacturing/purchasing at least another 785-880 new or near new motorhomes in NZ (perhaps more if THL has sold further vehicles since its annual results).
- Apollo would likely also require at least an additional 200 new or near new vehicles in 2024 (just to return to 2019 inventory levels).
- The number of new or near new motorhomes sold in NZ suitable for commercial rental is small. It is further constrained by supply chain difficulties affecting all vehicle manufacturers (see the NZH article). Purchases of this scale will have a significant impact on price and availability.
- A rental operator looking to acquire a fleet of new or near new 4-6 berth motorhomes is likely to have difficulty sourcing the necessary number of vehicles at the exact time when re-entry is most likely (i.e. in 1-2 years as demand has returned – again see the NZH article).
- The increase in demand from rental operators combined with ongoing supply constraints will likely result in: (i) delays or difficulties in acquiring sufficient vehicles to enter or expand in the commercial rental markets; and (ii) a significant increase in the price for these vehicles (see the NZH article). This will further raise the already significant barriers for entry/expansion.
- THL sees the acquisition of Apollo's manufacturing capability and control of third party brands as a key benefit of the merger for this reason. For example:

*"The merger represents an opportunity for thl to significantly increase its fleet base at a lower cost than through purchasing new RV's directly – made even more*

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*compelling against a constrained RV supply chain through the COVID recovery phase.”*

*“Apollo is a material beneficiary of the current strength in the Australian vehicle sales market due to its distributed vehicle sales network. The network offers significant scale benefit, while sales of third-party brands lends an element of downside protection.”*

(See: THL Investor Summary, “Proposed Merger of thl and Apollo” dated 10 December 2021

<http://www.thlonline.com/FinancialInvestorInformation/Documents/Announcements2021/211210-Investor-Presentation.pdf>, p17).

- Because of THL and Apollo’s vertically integrated businesses and the scale of their manufacturing operations (when compared to the volumes sold by others in NZ), our client considers that the merged entity will be less affected by the demand driven price increases and supply chain difficulties. As rental demand increases, the merged entity could dramatically reduce motorhome sales and use its combined manufacturing capacity primarily to supply its own fleet.
- As the merged entity withdraws motorhomes (at least those of a suitable type for commercial rental) from sale, it will likely further increase the price and difficulty of sourcing those vehicles. Raising the barriers to entry to any competitor looking to expand or enter even further.
- The ability to use its vertically integrated operations to mitigate difficulties in re-acquiring fleet will also likely see the merged entity increase its market share over this period.

### **Peer-to-peer**

Our client does not agree with THL’s submission that “peer to peer platforms will provide increasing (and significant) constraint on the merged entity”. Our client disagrees with the Commission’s preliminary view that motorhomes rented via peer-to-peer (“P2P”) platforms are rented in the same market as traditional rental operators”. Our client considers that Commission should instead adopt the alternative suggested in paragraph 58 of the Statement of Issues that the P2P rental market be excluded from the traditional rental operators market.

THL’s submission refers to the disruption caused by P2P businesses in the accommodation and taxi markets. However, our client does not consider that it follows that because of AirBnB and Uber, every attempt to establish a P2P business model should be assumed to succeed in disrupting every market in which it is attempted. Our client’s view is that in many ways accommodation and taxi services are uniquely well suited to a P2P marketplace business, and attempts to replicate this success elsewhere have not always been successful.

For example, there are also many relevant examples of a P2P business model *failing* to have a significant impact on an existing industry. Our client considers it is a case of “survivorship bias” to only consider those industries where P2P has been attempted and succeeded without acknowledging the many cases where it has been tried and failed.

One important example to consider is peer-to-peer lending, which ten years ago was expected to disrupt the existing banking and finance system. However, our client’s observation is that the sector has failed to gain the traction initially expected (after many early comparisons to AirBnB and Uber). In the last few years, many commentators have eventually concluded that “Peer to peer lending failed” (see: <https://www.axios.com/lending-club-peer-loans-ad9e335d-236a-4a21-aafd-ea6522781236.html>) or “Peer to peer is dead. It was never going to work...” (see: <https://ex.substack.com/p/long-take-why-peer-to-peer-models?s=r>). Many of the businesses have failed, others have sold or moved to traditional banking operations (See: <https://www.ft.com/content/b26ecf08-fd2f-4c7f-93ce-f6d55888da83>). While some P2P finance businesses continue to exist in NZ and elsewhere, our client does not consider that they could be said to currently pose a significant constraint on the main retail banks.

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Our client would urge the Commission to critically examine any claims that because there is a P2P competitor it is automatically destined to be a significant player in that industry. It is important to look at the actual evidence of the impact of that P2P business in the relevant market to determine this. Our client notes that P2P motorhome rental is at a much more fledgling stage than P2P lending and its success is far from guaranteed.

When you look closely at P2P motorhome rental in NZ, our client does not consider that the evidence supports P2P being a significant constraint on large scale vertically integrated rental operators such as THL or Apollo. NZ has not had the same growth in P2P motorhome rental as other offshore markets. Even the recent growth in offshore markets is likely to be as a result of pandemic disruption to international travel, and will not necessarily be sustained when international tourism returns.

Our client also considers that NZ is not well suited to the P2P business model. P2P targets a different type of customer and is unlikely to be suitable for many international tourists, who make up a higher proportion of the motorhome rental market in NZ. NZ is also not an ideal location for P2P motorhome rental due to geographic factors and low rates of motorhome ownership.

Our client's view is that P2P should be assessed as outside the motorhome rental market in which THL and Apollo operate. Whether determined by the Commission to be inside or outside the relevant market though, our client expects P2P to decline in importance in NZ as the pandemic recedes – P2P poses a weak constraint now and will pose an even weaker one as international tourism returns over the next 1-3 years.

Our client considers that it is particularly important when assessing the constraint provided by the P2P sector not to calculate its impact by comparing P2P website listings with commercial operator fleet sizes. P2P sites often include towable caravans (in addition to campervans) in the same category as motorhomes. The same vehicle can be listed on multiple sites at the same time (and are therefore double counted) and each vehicle will generally have much lower utilisation than commercial operators.

We trust the above additional information is useful for the Commission, but please let us know if you have any questions for our client.

Regards

[ ]



Your adventure starts here

Campervan

Car

Pick Up Location

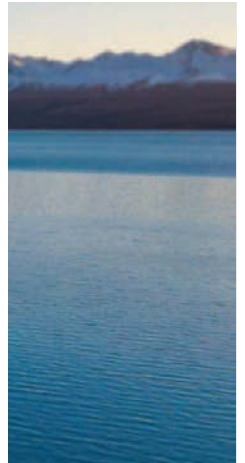
Same as Pick Up

Pick Up Date

Drop Off Date

Driver's Licence  
Select issuing country

Driver Age 21+



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# What's The Difference Between a Motorhome and a Campervan?

Campers, Motorhomes and Caravans



Image: Apollo Euro Deluxe

To those outside the self-drive holiday industry, terms describing rental vehicles can be confusing. Words such as camper, motorhome, campervan, RV (recreational vehicle) and caravan can all be used to describe different vehicle types available for hire.







## RV (Recreational Vehicle)

RV is an umbrella term popular in North America used to describe motorised vehicles used for camping. RV can be used to refer to both motorhomes and campervans.

Check out our [North America rental fleet](#)



Image: CanaDream Motorhome

## Camper

Another generic term for a motorised vehicle. See definition of RV above.

## Motorhome

Motorhomes are larger 2 to 6 berth vehicles, generally built on a long-wheel base. Motorhomes usually include kitchen and bathroom facilities, as well as other features typically found in a home (e.g. television, DVD player, air conditioning).

The [Apollo Euro Deluxe](#) is an example of a motorhome.







Image: Apollo Euro Deluxe

## Campervan

The term campervan usually refers to a smaller 2 to 3 berth vehicle. While many campervans include bathrooms and kitchens, they are typically more compact than the average motorhome.

The Apollo Hitop is an example of a campervan.



Image: Apollo Hitop Camper

## Caravan

A caravan (also known as a trailer or mobile home) is generally an unpowered vehicle, pulled by a powered vehicle.

Apollo doesn't currently rent Caravans, but they can be purchased from [Apollo dealerships](#). The [Windsor Genesis 220MD](#) is an example of a caravan.



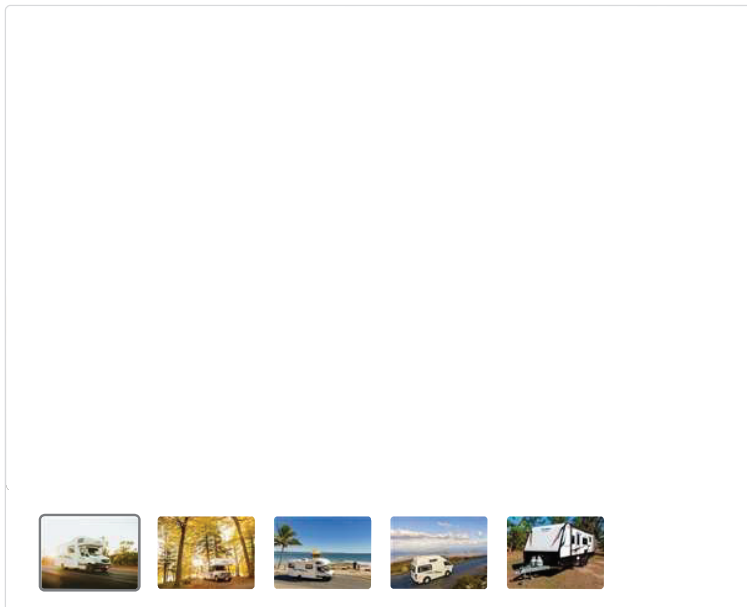


Image: Windsor Genesis 220 MD

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Tags: Apollo Camper



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CAMPING GUIDES

# Campervan vs Motorhome - What's The Difference?

1 Jul 2021    [Camplify Team](#)

More and more Kiwi's are choosing to travel around NZ in recreational vehicles. That said, many have trouble choosing the right one for their needs and want to know which is better when choosing between a campervan vs motorhome.

Generally, campervans are better for couples or small families who do not re... es.  
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- Whether a campervan or a motorhome is better suited to your needs.

## Campervan vs Motorhome

### Campervan

#### What is a Campervan?

A campervan is a commercial/work van that has been converted to include accommodation in the rear. Generally, the accommodation in a campervan includes a bed, a kitchen and a dinette area. Campervans don't normally have a bathroom (although some have portable toilets and showers).

Most campervans have sufficient space for 2 to 3 people to sleep and live in. Generally, they are smaller than motorhomes but this makes them easier to drive.

#### What Are the Benefits of a Campervan vs Motorhome?

##### More Compact and Easier to Drive

Campervans are much smaller than motorhomes and are therefore easier to drive. If you are used to driving a car, you will have no problem driving a campervan. Further, the compact size of a campervan means you will have few issues trying to access low-roofed spaces (e.g. car parks) that motorhomes can sometimes not access.

##### More Acceleration Than a Motorhome

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smaller than motorhomes and provide the driver with a clear line of sight



Most campervans are privately converted, as opposed to motorhomes which are mass-produced in a factory. This means that many hire campervans (or glampervans) have personal touches that can make your road trip a lot more memorable and unique.

### Lower Costs

The cost of hiring a campervan is lower on average than hiring a motorhome. This is because they are generally smaller and have fewer features - perfect for travellers on a budget who only want the essentials!

## Who Should Hire or Buy a Campervan?

Campervans are best suited to travellers who do not require all the space that a motorhome provides. They are also great for people wanting to travel on a budget.

### The following people may prefer a campervan vs motorhome:

- Couples or small families with young children.
- People who plan on spending most of their time outside of their accommodation.
- People who are happy to rely on campsite amenities.
- People who aren't comfortable driving large vehicles.
- People who want to go on a quick getaway (e.g. weekend beach trips).

## The Best Campervans in New Zealand

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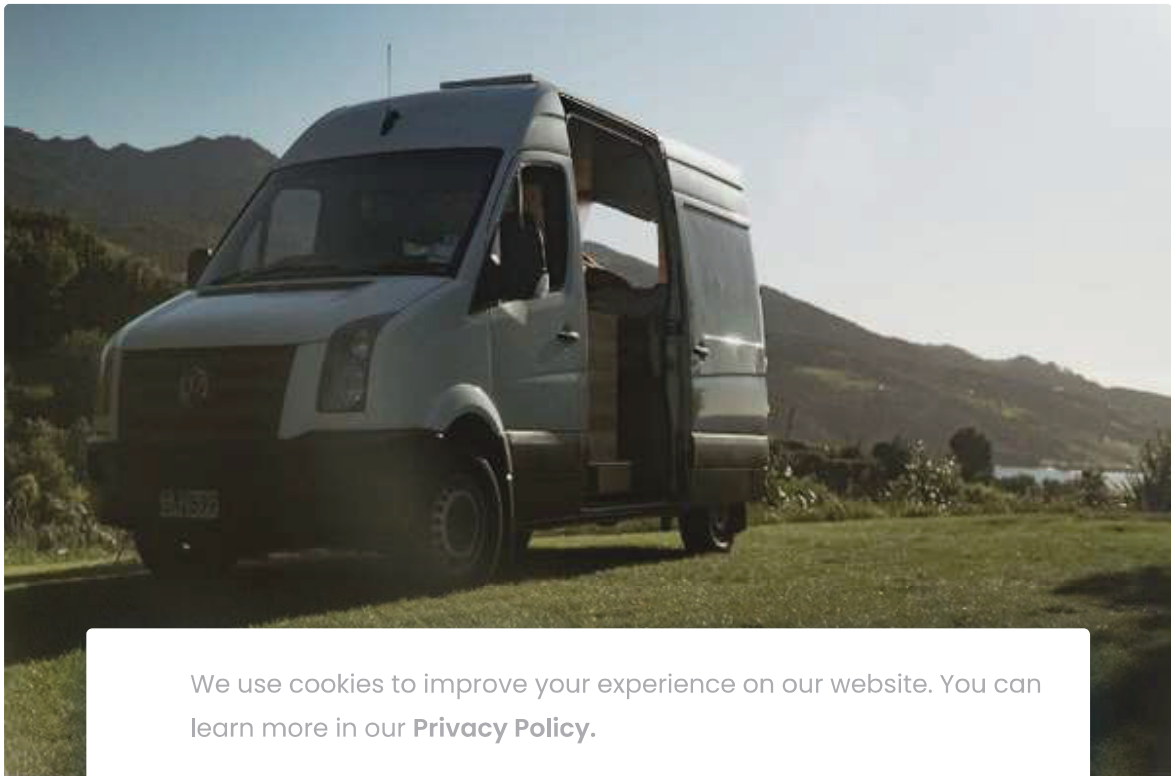
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**Andrew and Laura - owners of Obi Van Kenobi on Camplify**

- **Bernie** (Auckland - Sleeps 2)



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**Bernie**

- **Sandy** (Hawkes Bay - Sleeps 2)

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### Bonzo - a campervan available on Camplify

- **RocketVan** (Auckland - Sleeps 2)
- **The Thinkers Van** (Kaiapoi - Sleeps 2)

## Motorhome

### What is a Motorhome?

A motorhome is a vehicle that is purpose-built to accommodate travellers in a living module. Motorhomes provide more internal living space and amenities than a campervan - generally including a bedroom, kitchen, dinette, bathroom and additional bedding.

Motorhomes can usually sleep anywhere from 2 - 6 people. They are larger than campervans but still easy to drive and maneuver.

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living

cook, wash and eat. This is more comfortable if you expect to be

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shower and use the toilet in their own vehicle. They are fully self-contained and perfect for freedom camping. Plus, you will likely find that the manufacturer uses the extra space inside a motorhome to include additional features like a TV, oven, microwave, etc.

## Privacy and Separate Spaces

Motorhomes provide more privacy than campervans because the accommodation module is divided into separate spaces. For example, a separate bathroom means that you can shower or use the toilet in peace without others watching you! In a campervan, you will likely have to rely more on the amenities block provided at your campsite.

### More Storage

Motorhomes often feature large dedicated storage solutions which you may not find in a campervan. Once you arrive at a campsite in a campervan, you are often forced to leave some of your stuff outside so that there's enough room to move around inside the van. With a motorhome, however, you can store your large and bulky goods in dedicated storage areas so that they're safe, secure and out of your way.

## Who Should Hire or Buy a Motorhome?

Motorhomes are best suited to travellers who want more living space than a campervan can provide. They provide added comfort and extra features at an affordable cost.

The following people may prefer a motorhome vs campervan:

- Couples or families who want plenty of living and sleeping space.

- Tall people who want extra roof clearance

- People who like to sleep on a slide

- Road trippers (i.e. long distance travellers for weeks or months).

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- **Kiwi Burrow** (Tauranga - Sleeps 6)



**Kiwi Burrow - a motorhome with heaps of storage (available on Camplify)**

- **Your Perfect Getaway** (Pukekohe - Sleeps 6)
- **Zeffe** (Waimate - Sleeps 6)

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### ZeffeR – a motorhome on Camplify

- [Alba Adventures](#) (Bulls – Sleeps 6)
- [Mercedes](#) (Auckland – Sleeps 6)
- [The Boss's Luxury](#) (Auckland – Sleeps 6)



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Comparatively, motorhomes are better suited to couples or large families who want a lot of living space in a fully self-contained vehicle. Motorhomes are better designed for long road trips where you will be spending substantial amounts inside your vehicle.

If you are considering buying a motorhome or campervan, you should **sign up** for Camplify. Hiring out your camper when it is not in use is a quick and easy way to earn a return on your investment. To calculate how much passive income you could generate each year from a campervan vs motorhome, try our **earnings calculator**.

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*for all*

## Stay up to date



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### Terms & conditions

Camplify was founded and built in the city of Newcastle, Australia, situated on the traditional country of the Awabakal and Worimi peoples.

We respect and acknowledge their cultural heritage, beliefs and their continuing relationship with the land. We also pay respect to their Elders past, present and future and recognise that they are the proud survivors of more than two hundred years of dispossession.

Camplify is committed to supporting the growth of the Indigenous tourism sector. We encourage our adventurous community in seeking opportunities to share and enjoy Australia's rich Indigenous history, culture and traditions whilst acknowledging and respecting each individual country on which we travel.

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