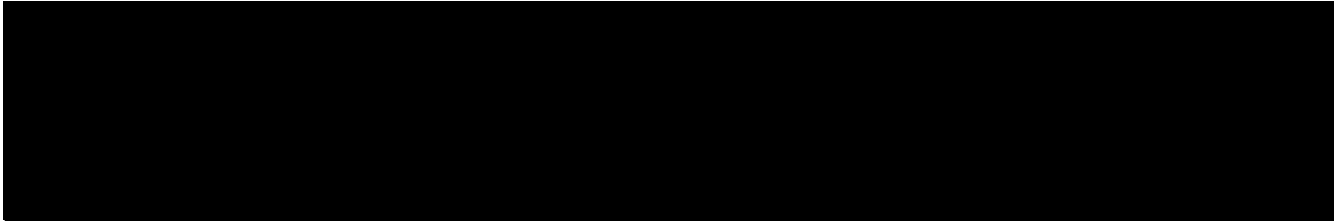


# Briefing note - Australian Automobile Association Board Meeting

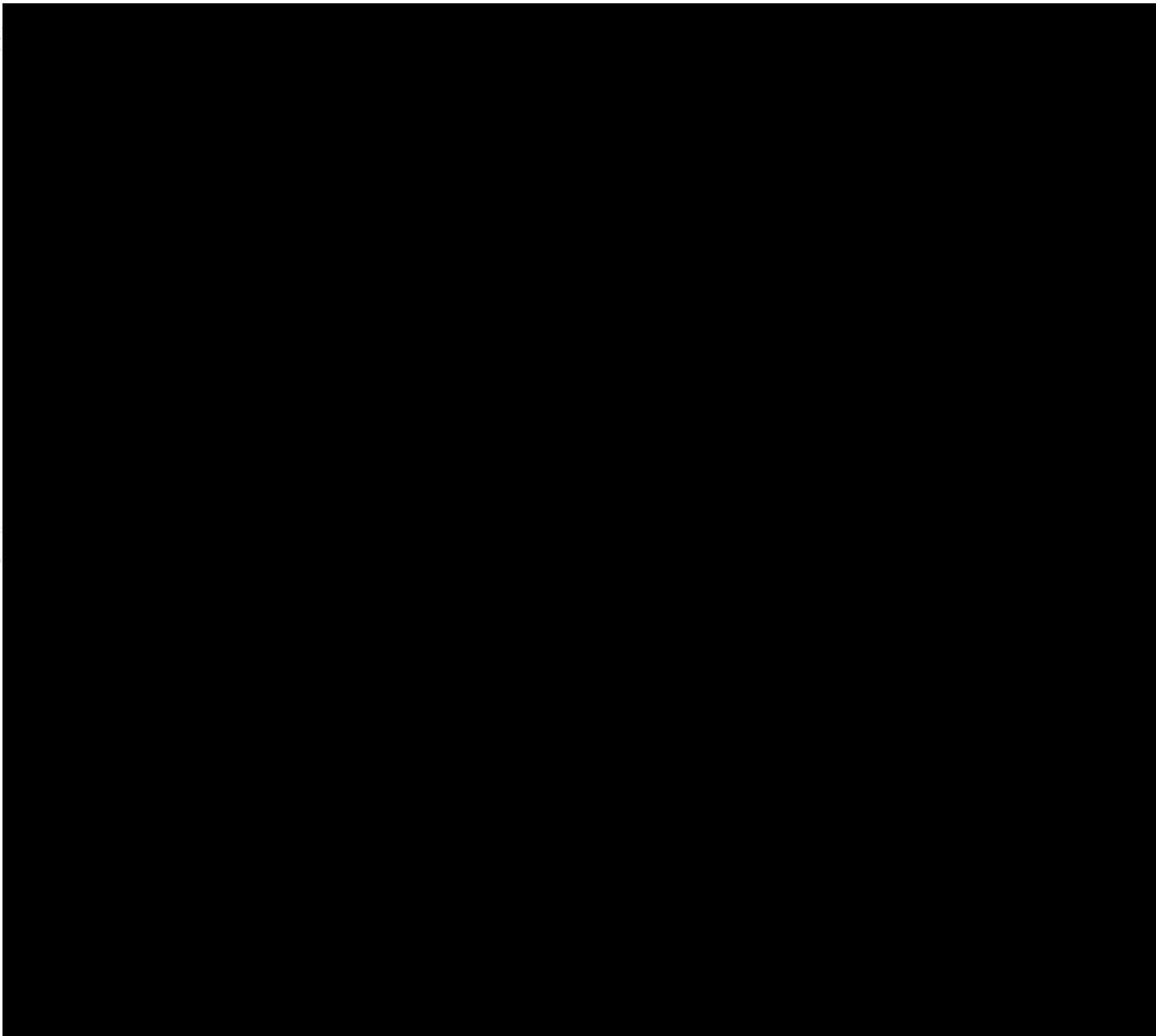
Parliament House, Room 1S6

11.30am, 14 March 2012

## Issues



3. **Shopper docket**s - the AAA argues that shopper docket s have increased retail fuel margins and have lengthened price cycles





### 3. Shopper dockets

- In its recent report, the AAA raised a number of issues relating to shopper docket discounts:
  - Margins increase when 8.0 cpl shopper docket discounts are offered
  - Shopper dockets have caused a lengthening of price cycles
  - Concerns that the supermarkets offering the discounts may be engaging in predatory pricing conduct.

#### Possible ACCC considerations

- Gross indicative margins vary from month to month. A longer term perspective needs to be taken when looking at margins.
- ACCC analysis shows that there is no apparent relationship between margins and shopper docket discounts:
  - During the last 16 months there have been three periods during which 8.0 cpl shopper docket discounts were offered (totalling 9 months duration)
  - During these offer periods, margins fluctuated both above and below the average margin.
  - Average margins during the offer periods were 7.6 cpl, 6.7 cpl and 8.5 cpl while the average margin was 7.8 cpl.
- Although price cycles did increase in duration from Nov 2011 – Feb 2012, this is not a new phenomenon. The duration of price cycles has been increasing since mid-2010.
- The ACCC is currently considering the competition and consumer protection concerns that may arise from the trend of discount offers above 4.0 cpl for longer periods with a particular focus on whether the practices raise concern under the predatory pricing or more general misuse of market power provisions under the Act.
  - In its 2007 inquiry report the ACCC said it would consider developments relating to shopper dockets and their effect on competition as they arise

- In 2009 the ACCC raised concerns regarding 40.0 cpl shopper docket
  - At the end of 2011 it put a retailer on notice that its 8.0 cpl promotion would give rise to an ACCC examination on any issues under the Act
  - The ACCC is working with key industry representative groups on their concerns regarding shopper docket discounts
  - It is important that the ACCC assess these matters carefully and extensively which will require some time.
- As a result of amendments to the Act in 2007, notification of shopper docket is not required for related entities.

