

Gull/NPD - further data analysis

Report for Webb Henderson and A&B
Competition Lawyers

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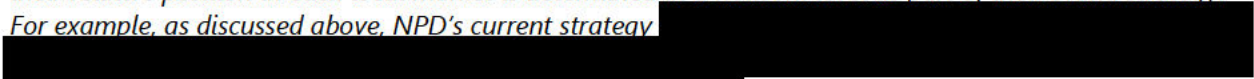
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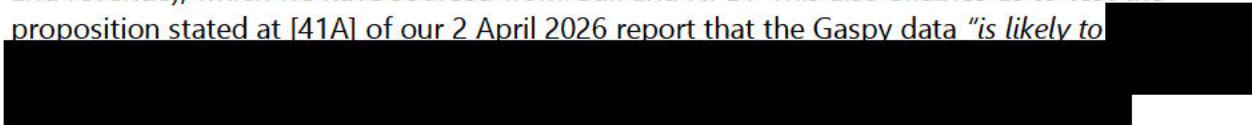


1. Introduction

1. The Commerce Commission (“**the NZCC**”) issued a statement of issues in respect of the proposed Gull/NPD merger, dated 16 March 2026 (“**the SOI**”). In a report dated 2 April 2026, we commented on five issues raised by the SOI.
2. In this report, we carry out further data analysis. This is against the context of [89.3] of the SOI, which sits in a section of the SOI titled “*Unilateral effects in a broader national retail market – loss of existing competition*”. [89.3] states (footnote omitted):

Our assessment of prices within the local markets where the Parties overlap suggests that NPD is often a price aggressive player in the market, whereas Gull is no longer the price-leader that it once was. We typically find that across the local markets assessed, NPD’s unstaffed sites regularly have the lowest price in the market, although there are other unstaffed sites which often price similarly to NPD. In contrast, we find that Gull consistently prices higher than NPD and other unstaffed rivals, however this is typically still lower than the price of staffed sites. We consider that while fuel sites respond to competition in local markets, their relative position in each local market is determined at a network level as part of their brand strategy. For example, as discussed above, NPD’s current strategy



3. Our understanding is that the NZCC’s pricing analysis is based on Gaspys data.¹ In section 2 of this report, we test whether the NZCC’s findings stand when using actual sales data (volume and revenue), which we have sourced from Gull and NPD. This also enables us to test the proposition stated at [41A] of our 2 April 2026 report that the Gaspys data “*is likely to*”
4. In section 3 of this report, we use the Gaspys data to test the proposition that there are several low-cost providers in New Zealand, the set of which includes Gull, NPD, and non-merging parties – neither Gull nor NPD are unique. We do this because while the SOI acknowledges the

¹ Footnote 49 of the NZCC’s SOI.

existence of other unstaffed players, their role is under-emphasised and there is a theme that NPD in particular is somehow unique.

2. Analysis of actual Gull and NPD data

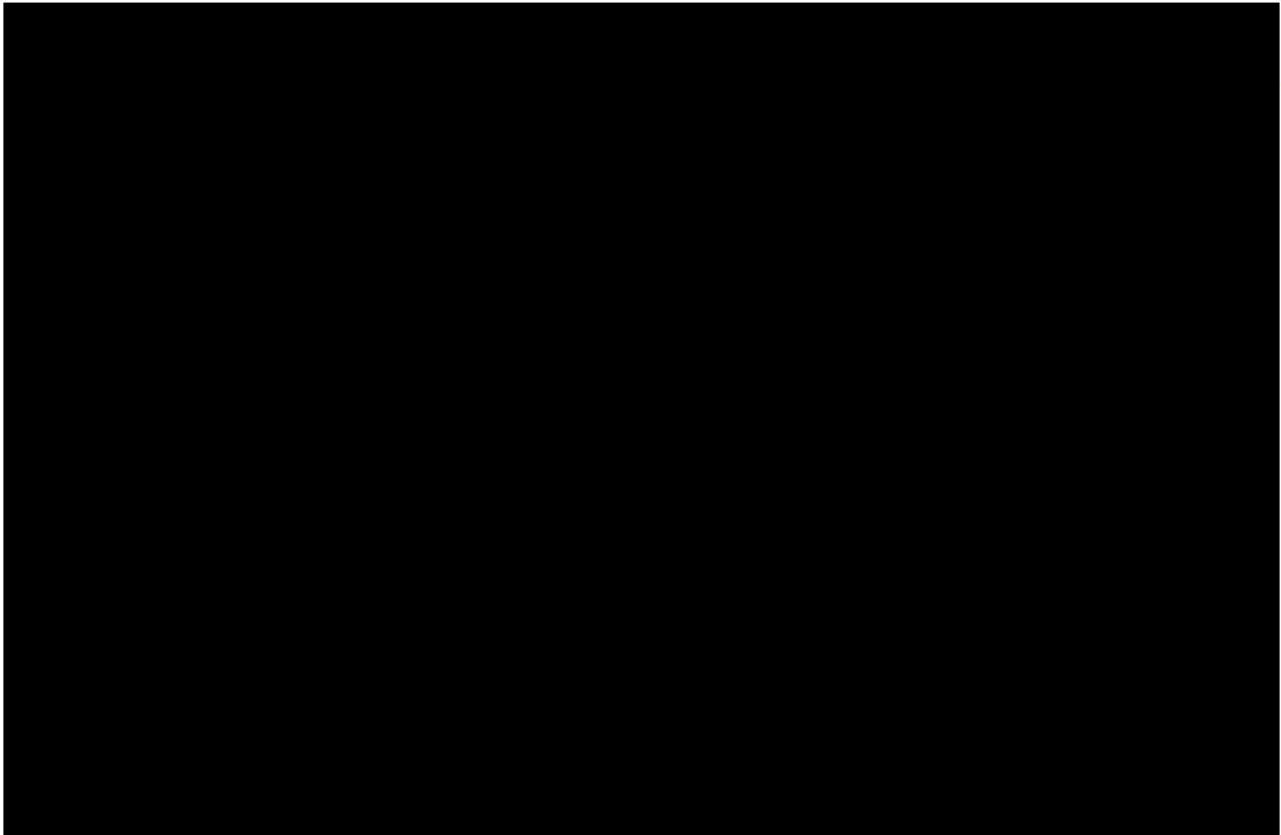
5. In our 2 April 2026 report, we described several limitations of the Gaspy data, including incomplete reporting, errors inherent to the crowdsourcing of data by users, and exclusion of off-board discounts.²
6. To address these issues, Gull and NPD have each supplied us with daily revenues³ and volumes of fuel sold for the sites for which the NZCC has sourced volume data from the parties. We use revenues and volumes for Regular 91 fuel for this analysis.
7. We understand the revenue figures provided by NPD include GST in the data, while Gull's data excludes GST. We understand that Gaspy data also includes GST as it is board prices. To harmonise, we adjusted the Gull revenue upwards by 15%. Throughout this report, any references to Gull's revenue, or prices derived from that revenue, use this harmonised figure.
8. To compare pricing between Gull and NPD, we restrict our analysis to only those sites and weeks for which:
 - A. We have revenue and volume data for a Gull site in a particular week, and
 - B. We have revenue and volume data in that particular week for an NPD site that is within 2km of the Gull site.
9. To calculate the values for the solid lines in Figure 1 below we work on a weekly basis (making the analysis comparable with the weekly Gaspy data analysis). For each week, we take the subset of Gull (NPD) stations that satisfied the conditions described in the preceding paragraph (these are listed in Appendix A to this report), and sum the daily volume and daily revenue reported by all of those Gull (NPD) stations that week. We calculate the weekly volume-weighted average price by dividing the total revenue by the total volume for each week.⁴

² See [41] of our 2 April 2026 report.

³ Revenues are net of all on- and off-board discounts.

⁴ This is mathematically equivalent to the volume-weighted daily average. The weighted average is calculated by first calculating each day's weight as V_{Day}/V_{week} or $V_{Day}/\sum_{i=1}^7 V_i$, where the bottom of the fraction is the sum of daily volumes over the 7 days of the week. Then we find each day's effective price by dividing the day's revenue by the day's volume as R_{day}/V_{day} , multiply by the volume weight and sum those values across the week. This gives $\sum_{i=1}^7 \frac{R_i}{V_i} \frac{V_i}{\sum_{i=1}^7 V_i}$ which reduces to $\frac{\sum_{i=1}^7 R_i}{\sum_{i=1}^7 V_i}$, or the sum of all revenues for the week divided by the total volume over the course of the week.

10. Figure 1 plots the weekly average board prices and the volume-weighted average prices for Gull and NPD in these markets.

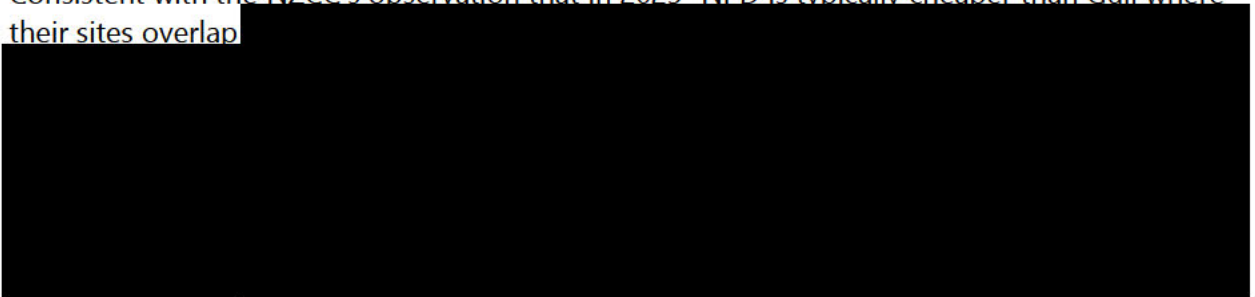


Source: NERA analysis of Gaspy data and Gull and NPD revenue and volume data

11. The difference between the dashed (average board price) lines and the solid (volume-weighted average price) lines is made up of two distinct differences:
- A. The dashed line is based on reported board prices, and so excludes any off-board discounts and includes any potential reporting errors associated with crowdsourced data.
 - B. The dashed line represents the average price at which fuel is available for sale, and the solid lines represent the average price of the fuel that is actually sold.
12. As prices of fuel vary throughout the week, the most price sensitive consumers are likely to shift fuel purchases towards days with lower prices. As a result, the average price at which fuel is offered for sale (an un-weighted average of the daily board prices) is likely higher than the

average price actually paid by customers (a volume-weighted average of the price at which fuel is sold).

13. To elaborate on point [11B] above, this means that the dashed lines answer the question, "Subject to the caveats of point A, what should a consumer expect to pay for a litre of fuel at Gull or NPD on a randomly chosen day?" The solid lines answer the different but related question, "What was the average price of a litre of fuel sold that week by Gull or NPD?"
14. Consistent with the NZCC's observation that in 2025⁵ NPD is typically cheaper than Gull where their sites overlap



15. We also make the point that competitiveness should not be measured purely on price. While each grade of fuel is effectively homogeneous, other factors valuable to consumers, such as the location, convenience, and general experience of purchasing fuel between stations, might account for differences in price.

3. Further analysis of Gaspys dataset

16. To test the proposition that there are several low-cost fuel retailers in New Zealand, we identify where each brand tends to sit in relation to the average weekly board price in its own markets.
17. For example, if a Gull station is located in a market⁶ with a Z, a Waitomo, and an NPD, we calculate Gull's price difference from the market average as:

$$\text{Gull Price} - \frac{\text{Gull Price} + \text{Z Price} + \text{Waitomo Price} + \text{NPD Price}}{4}$$

18. The Gull line in Figure 2 below is then calculated by averaging the result found in the equation above across all Gull stations nationally.
19. It can be seen from this example equation that the national average results are sensitive to the composition of the local markets that a given brand competes in. A low-cost brand that generally competes in markets with other price-aggressive competitors will have a higher

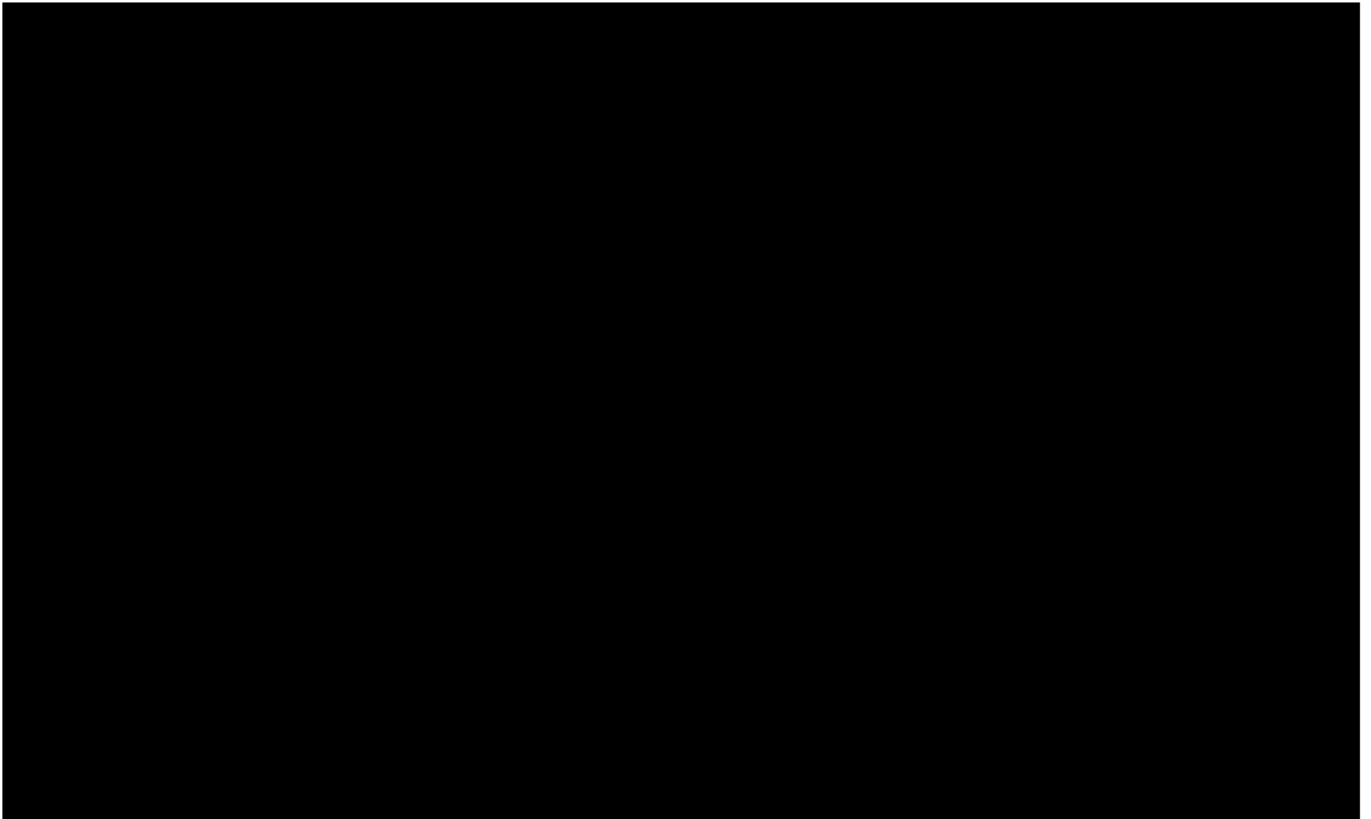
⁵ The first sentence of footnote 49 of the SOI states, "The price analysis was completed using Gaspys data over the period January 2025 to December 2025, focusing on the price of Regular 91 fuel."

⁶ For which we use a radius of 2km around that station.

relative price position in its markets compared to a low-cost brand that generally competes against full-serve stations, even if they price at the same level.

20. For this reason, we note that Figure 2 cannot be relied upon to accurately compare one brand to another.⁷ However, Figure 2 is useful to illustrate that there are multiple brands that regularly price below their markets' average.

Figure 2: Price difference from local market average

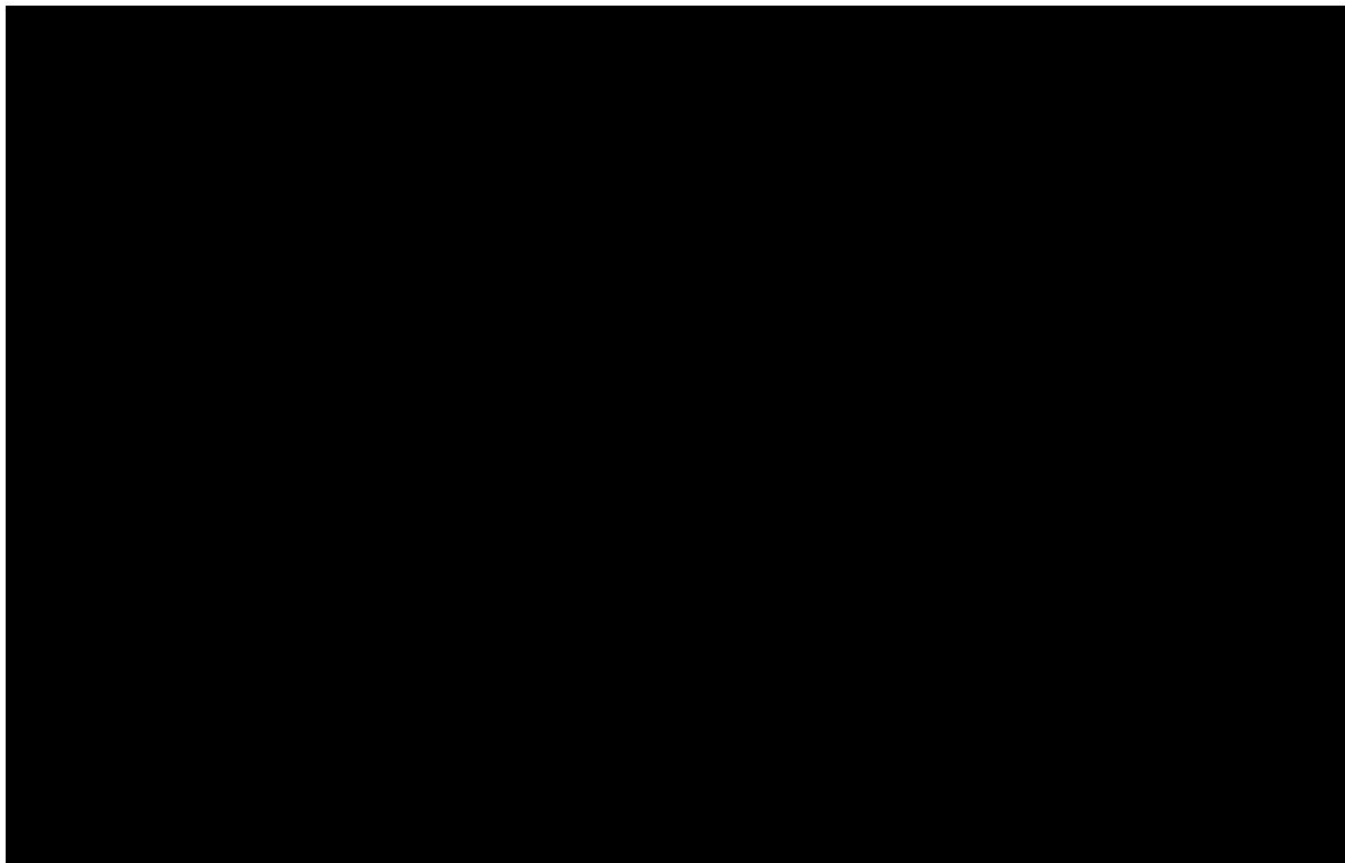


21. In addition to the above analysis, we have been asked to replicate Figure 3 from our 2 April 2026 report for each of Allied, Waitomo, the supermarkets, McKeown, Tasman Fuels, and U-

⁷ A further limitation of the Gaspy data is that over time the mix between staffed and unstaffed sites has changed for a set of the retailers graphed. For example, we are instructed that NPD staffed sites [redacted] and the staffed/total site ratio has dropped from [redacted] over this time series.

GO.⁸ The results are presented in Figure 3, Figure 4, Figure 5, Figure 6, Figure 7, and Figure 8 respectively.

Figure 3: Relative price position of Allied in local markets



⁸ The methodology is the same as for Figure 3 of our 2 April report, but the scale of the y-axis for the graphs is different due to the focus in Figure 3 on the relative position around a specific event.

Figure 4: Relative price position of Waitomo in local markets

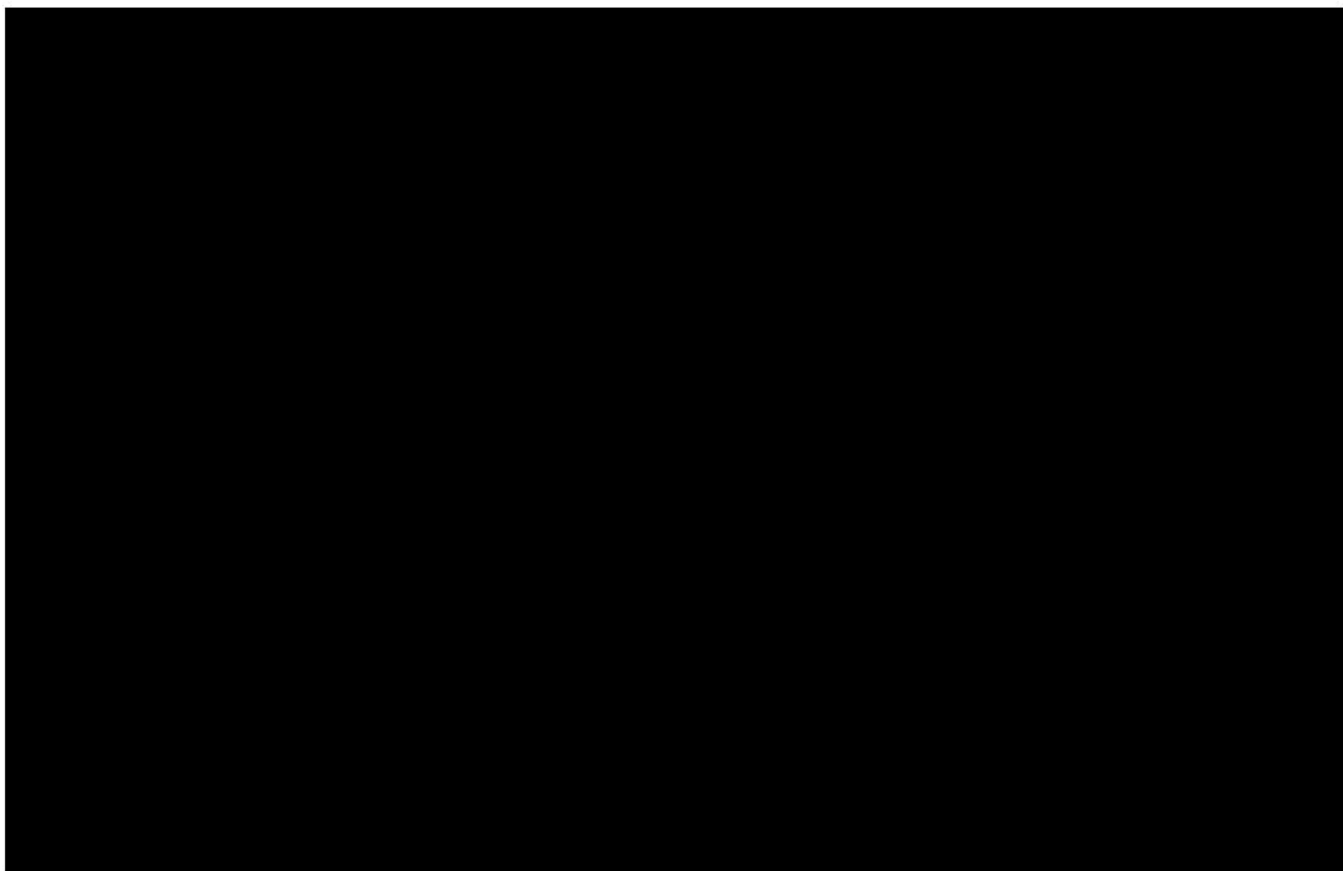


Figure 5: Relative price position of New World and Pak 'n Save in local markets

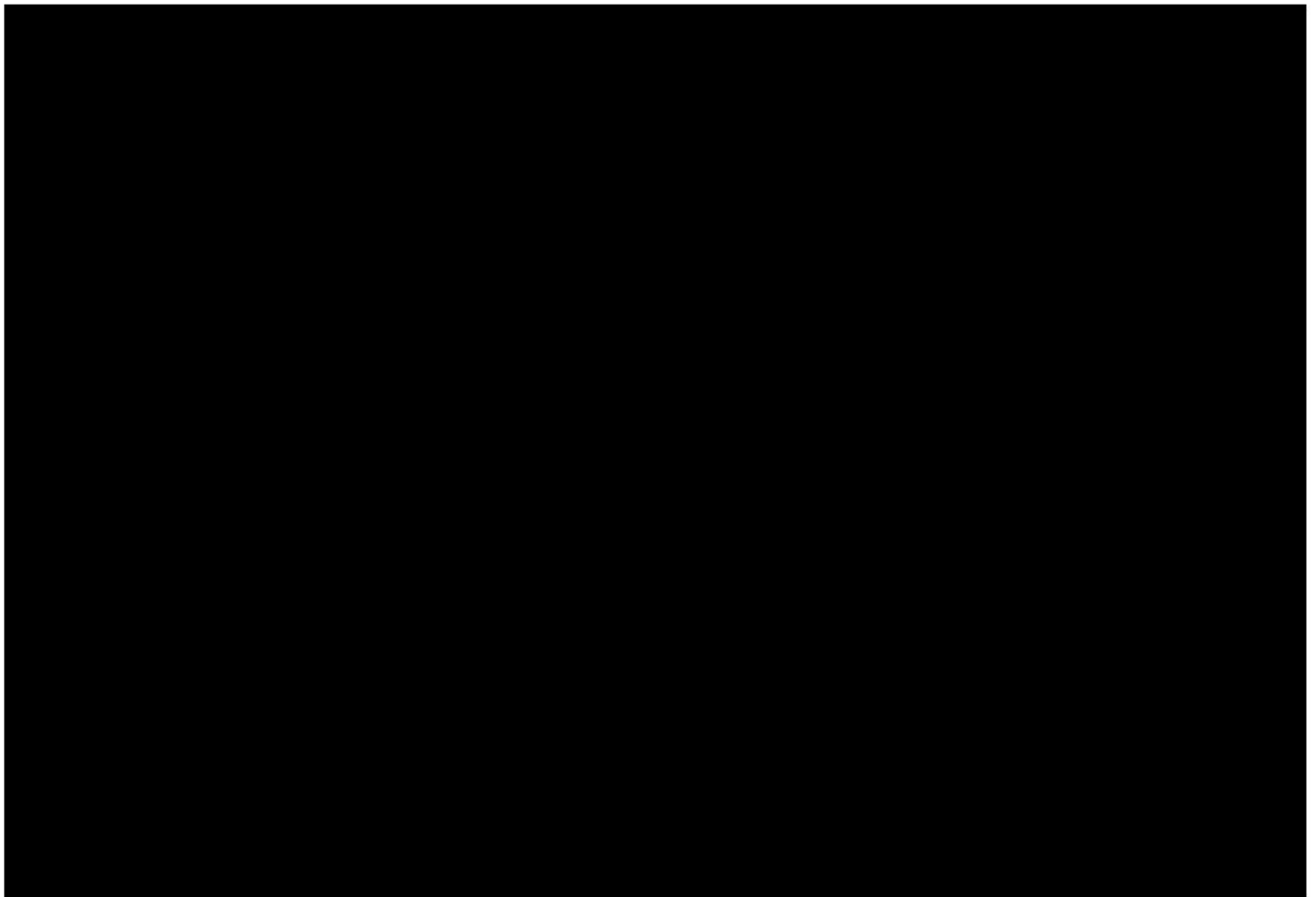


Figure 6: Relative price position of McKeown in local markets

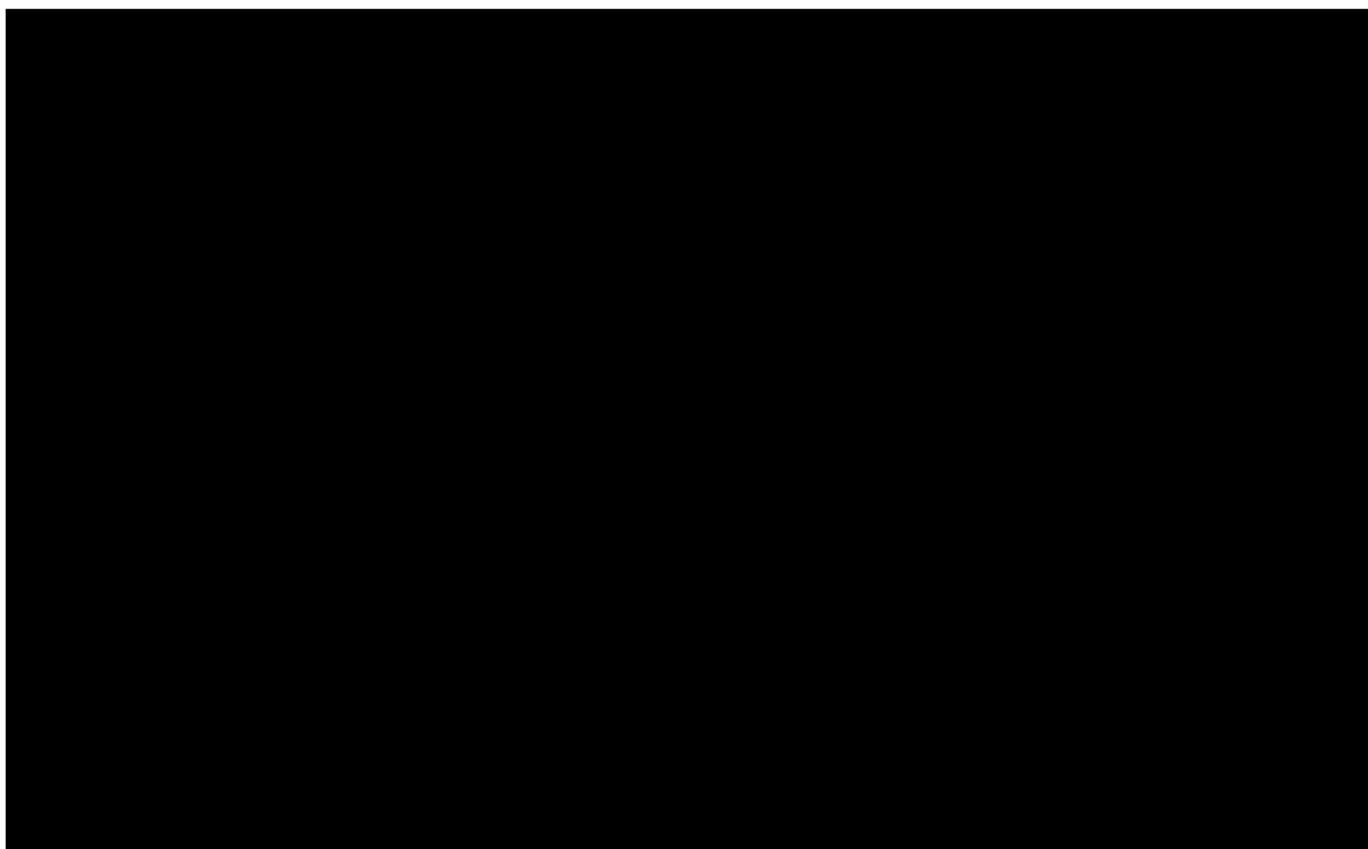
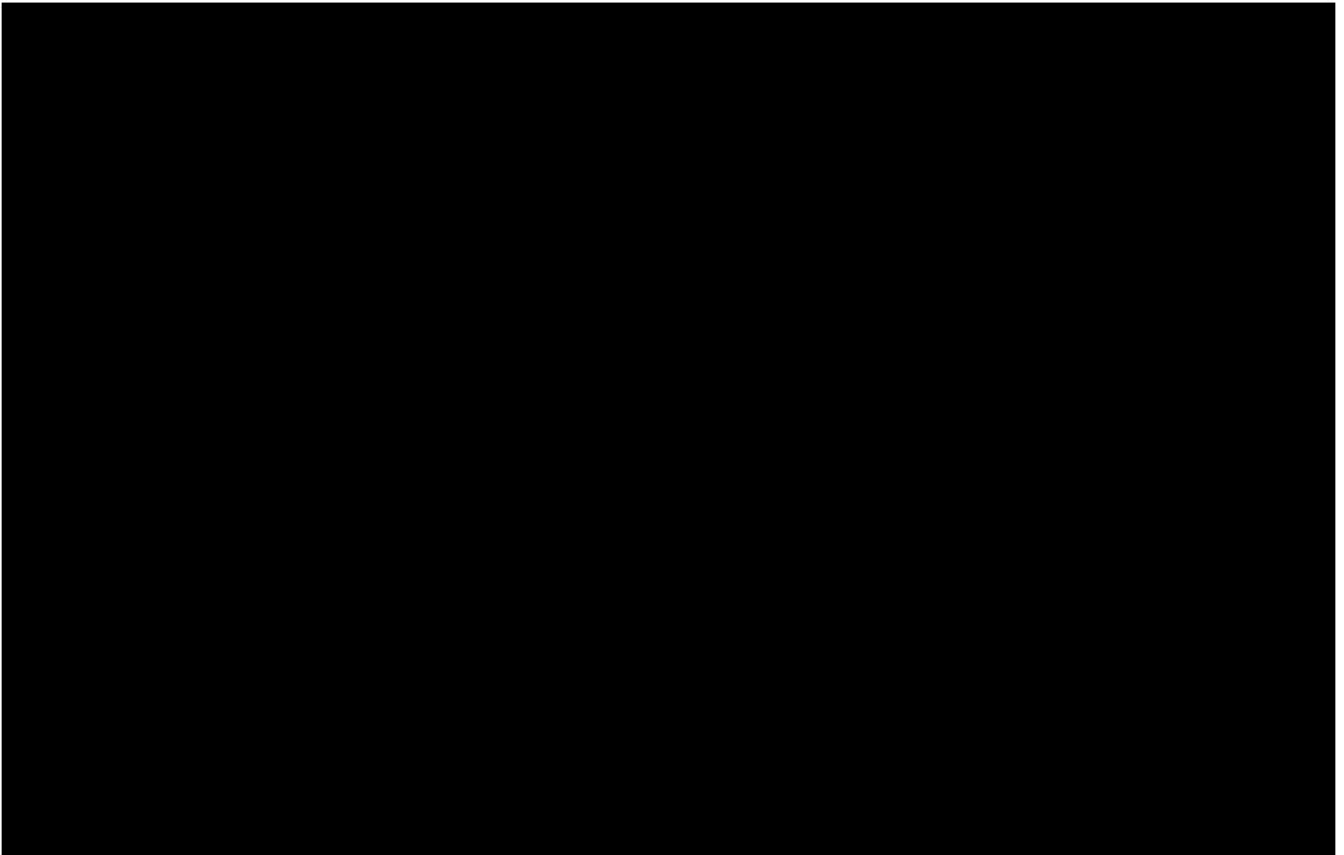
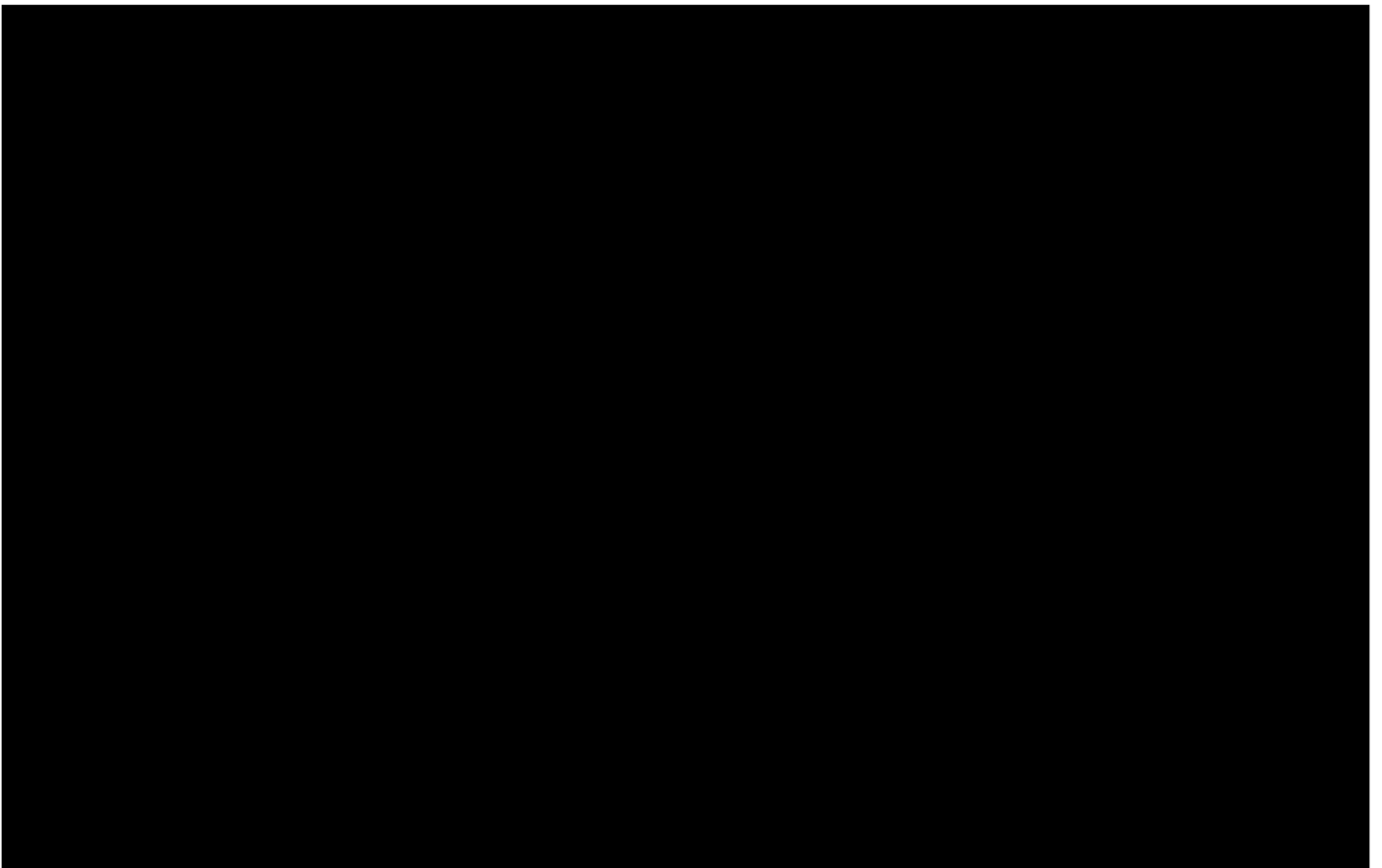


Figure 7: Relative price position of Tasman Fuels in local markets



22. Tasman Fuels is a relatively new entrant into the market, and so Figure 7 is based on fewer than five Tasman Fuels stations prior to 2025, and only a single station prior to December 2023. When calculating the relative price position of a brand, in markets with only two stations, each station will have a market position of 1 or 0, which creates statistical noise that is smoothed by averaging across a larger number of stations in later periods. In the earlier data, where Tasman Fuels has fewer stations, the noise predominates, producing the pattern observed here.

Figure 8: Relative price position of U-GO in local markets



23. The analyses in this section illustrate that there are several low-cost fuel retailers in New Zealand, the set of which includes Gull, NPD, and non-merging parties – neither Gull nor NPD are unique.

Appendix A. Overlap sites used in analysis

Table 1: Pairs of overlap stations used in analysis of volume-weighted prices

