

Wholesale Supply Inquiry

Preliminary Issues paper

This feedback form has been developed to assist with the making of submissions in response to the “Wholesale Supply Inquiry - Under section 55 of the Grocery Industry Competition Act 2023 - Preliminary Issues Paper” paper released on 24 September 2024.

If you would like to make a submission using this form, please fill in the boxes on the following pages.

You can choose to respond to any or all of the questions.

Alternatively, you can:

- Email a submission to grocery.regulation@comcom.govt.nz;
- Submit an anonymous report using the Commission’s Anonymous Reporting Tool at: <https://report.whistleb.com/en/comcom-grocery>; or
- Post to:
Grocery Regulation
Commerce Commission
PO Box 2351
Wellington 6140
New Zealand

Submissions are due by 5pm Friday .

Please note:

- If you wish to provide commercially sensitive information in a submission, we request that you provide, as necessary, confidential and public versions of your submission. Within the confidential version, please remember to provide reasons alongside any confidential information as to why it is confidential or commercially sensitive.
- There is a 4000 character limit per question. If you would like to provide a longer response, then we recommend providing a written response through the other channels listed above.

General questions

1. Name

██████████

2. Email

████████████████████

3. Is this an individual submission, or is it on behalf of a business or organisation?

On behalf of a business

4. Business or organisation name, if applicable

████████████████████

██████████

5. Would you like to be added to our distribution list to receive updates on grocery regulation?

Yes

6. Is this a public or confidential submission?

Confidential

7. Who do you think the wholesale regime should service? For example, what types of customers and what market share?

Dairies, Petrol Stations, Institutions eg: schools.

Geographically diverse customers where there is a high cost to serve of freighting small amounts to remote locations.

8. Please describe any experiences you have had regarding different forms of wholesale supply, inside or outside the wholesale regime. We are interested in the experiences of both wholesale customers and suppliers.

Two Comments:

1. [REDACTED] The issue versus distributors in say the USA, is lack of visibility of who is buying our products via them. In the US each distributor has a portal providing visibility of the customers buying via the distributor. This enables us to work directly with the customer to provide promotional support / instore activity etc. There are mechanisms for the customer to charge back agreed promotions via the distributor.

2. [REDACTED]
[REDACTED]
[REDACTED] unfortunately they were unable to help due to minimum order sizes and health and safety requirements for delivering pallets. We are now supplying direct using parcel delivery. This experience led me to wonder whether an organisation set up to ship pallets to their own retail stores is able to switch their business to smaller quantities and have the flexibility to supply smaller customers. Given how small NZ is there really a role for Wholesalers, eg: a smaller chain of stores located in major cities, what is the advantage of going via wholesale, when we can ship product direct negotiating pricing directly with them.

9. Do you have any additional comments about the wholesale supply regime?

The concept of Wholesale is to provide smaller grocery retailers the ability to source products at competitive pricing. The competitive pricing is driven by two main factors;

(1) buy price and yes scale of major grocers achieves this

(2) delivery efficiency, the two major Grocers are set up to ship large quantities by pallet/truck from highly efficient DC's. Smaller customers want small quantities /mixed pallets or even parcels - it seems like trying to force something that inherently doesn't work is building cost into the system or simply not achievable.

Are there other solutions, could other distributor networks be utilised, that are more fit for purpose? The price competitiveness comes down to suppliers truly supporting other channels.

[REDACTED]

10. Please describe your experiences of wholesale pricing in the grocery industry.

As a supplier do not transparency to see what wholesale price is being charged via wholesalers.

11. Please describe your views and provide evidence on the costs to wholesale customers of retailing grocery products. For example, what margin between wholesale and retail prices is required to recover the costs of retail activities.

Again there is a lack of visibility in NZ, taking the US example the margins retailers buying via distributors are anywhere between 30% to 51% though I'm sure this varies by category.

12. Please describe your experience and awareness of the types and value of rebates, discounts and payments (RDPs). How does this affect you as a wholesale customer (eg, retail pricing) or supplier? For example, what types of RDP between suppliers and wholesale customers have you used, and what impact did this have on margins? Please provide evidence if available.

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13. What is your view on the types of RDP that should be passed on to wholesale customers to reflect the RGRs' benefits of scale and efficiency?

The net buy price, prior to promotional spend plus an allowance for distribution.

