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03/02/2021

Commerce Commission
PO Box 2351
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New Zealand

RE: Preliminary Issues Paper, Market study into retail grocery sector

Duopoly

A duopoly is a kind of oligopoly: a market dominated by a small number of firms. In the case of a duopoly, a particular market or industry is dominated by just two firms (this is in contrast to the more widely-known case of the monopoly when just one company dominates).

Prior to 2009 the mobile phone telecommunications sector within NZ was controlled by two large companies Vodafone and Spark who controlled all the mobile market (on prepaid plans text messages cost \$0.20c and phone calls were approx. \$1 per min) prices only significantly dropped when 2Degrees mobile came onto the market.

At present the majority of New Zealanders has essential products that everyone needs controlled by a Duopoly that is Progressive Enterprises and Foodstuffs.

While I am awaiting submissions to be opened from the finding of the market study, I am writing today to encourage the Commerce Commission to ensure they look at the following areas during the study:

The effects of the loss of competition on low income families

Would low income families been in a better position to afford groceries if there was more competition? What impact has the duopoly had on low income families and their ability to obtain nutritional dense food security? (as opposed to only being able to afford cheap nutritional lacking food)

The effects of the loss of competition on the general public

Would New Zealanders have been better off financially and have a more robust and competitive market if the duopoly had not been allowed to form?

Deceptive Pricing, loyalty schemes and privacy

The example I have included shows a bottle of sunscreen at a New World store (image taken with a Samsung Galaxy S9 phone at approx. 1 meter distance) this is prime example of deceptive pricing as its not easy for an individual to ascertain the price and certainly for those with visual disabilities this would put them at a distinct disadvantage.

While anecdotal there appears to be good evidence that supermarkets often display one price on

shelf and 'forget' to update their pricing system, on the theory some people will complain others may not check at the time of purchase.

Additionally there seems to be a push to force individuals to choose between their privacy and affordable groceries, such as you get the lower price if you give up your shopping data and habits.

Coupled with encouraging people to install loyalty applications on their mobile phones this gives supermarkets unprecedented amounts of information on shoppers as once a mobile app is installed its easy to pair Bluetooth beacons and visual ID tracking to monitor shoppers every step, pause, and glance within the store.

Effects on suppliers and producers

Experience from Australia has shown that duopoly supermarkets had a devastating effect on farmers and other suppliers manufactures who in order to sell their product had to incur greater and greater price discounts on their produce in order to ensure they could be in business.

The study should ensure the effects of suppliers famers and manufactures is taken into account

Wastage and environmental concerns

With little to no competition there is little incentive for companies to make the most of the products that have and in some cases it may even be beneficial to throw away produce rather than allow it to be sold (such as ugly fruit or damaged packing)

Will the Commerce Commission ensure that the study makes sure supermarkets are not wasting food for the sake of competition? as with a third major player they may have well sold ugly fruit at a discount.

I look forward to the results of the study and submission public submission

Thank you for your time

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