

## 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](mailto: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 25 October 2024.**

**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  
[REDACTED]
2. Email  
[REDACTED]
3. Is this an individual submission, or is it on behalf of a business or organisation?  
On behalf of Kennerley Gourmet Grocery Ltd
4. Business or organisation name, if applicable  
Kennerley Gourmet Grocery Ltd
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?  
[REDACTED]

**Wholesale supply regime**

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

[Redacted]

Public

I don't believe market share is relevant because a new entrant would have 0% market share, however its at the early stages of building a Supermarket offer that the Wholesale regime is likely to be the most beneficial to any new RGR competition. Bringing about lower grocery prices for NZ is unlikely to result from 1 single new operator, but a combination of regional operators (eg Farro's, Moore Wilson), Online Operators (Paddock to Pantry) and Specialist operators (Asian Supermarkets) in addition to new entrants (both large and small, domestic or international, for instance The Warehouse or a buyer of The Warehouse).

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

Public

The current Wholesale regime is too restrictive, both WW (Woolworths) and FS (Foodstuffs) only offer delivery once per week. Most wholesalers offer delivery 5-6 days with orders closing off the night before. Delivery to customers of the Wholesale regime should be no different to WW or FS internal customers, or at least similar. If a wholesale customer can meet the RGR's minimum order volume, they should be able to order at anytime and get delivery within 48 hours at least Monday to Friday, or even Sunday to Friday.

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

**Wholesale pricing**

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

[Redacted]

[Redacted]

[Redacted]

- 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.

[Redacted]

[Redacted]

[Redacted]

- 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.

The value of RDP's is significant, the shelf price may be set by the Suppliers Wholesale Price less trading terms, however most volume is sold on promotion. Promotional prices are funded by the supplier via co-op (paying for a shelf, stack or end), or additional trading terms for a period of time often to deliver a retail price (via additional off invoice discounts/rebate

for that store/banner). A hidden discount is the merchandising funded by suppliers but provided to RGR's.

[Redacted]

- 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?

**Public**

To compete selling the same brands supplied to the RGR's, RDP's need to be passed on in some shape or form into the wholesale supply regime. There are a number of categories where the shelf price is irrelevant, as the category is on promotion consistently with the retailer moving between suppliers to obtain RDP's to fund ongoing promotional pricing. The challenge for the commission is 'how' to achieve this without unintended consequences (manipulation of the instore price).

- 14. Do you have any additional comments about wholesale pricing?

[Redacted]

**Range of products**

- 15. Please describe your experience of accessing popular retail grocery products (or appropriate substitutes), including via Regulated Grocery Retailers (RGRs) and through direct supply.

[Redacted]

[Redacted]

- 16. Please describe your experience of using alternative channels of supply - eg, wholesalers, direct supply and/or "off the retail shelf"

Public

We purchase from the Produce Markets, Direct, we don't purchase any goods from other retailers.

[Redacted]

- 17. Please describe your experience of supplying wholesale groceries to retailers.

NA

- 18. Please describe your experiences/relationships with suppliers and/or retailers.

- 19. Do you have any additional comments about range of products?

[Redacted]

**Systems and processes**

- 20. Please describe your experience regarding the effectiveness of systems and processes for wholesale grocery supply.

- 21. Please describe whether you have experienced differences between the RGRs' and alternative channels' systems and processes? If yes, please comment on the effect of these differences.

Public

Wholesalers typically supply 5-6 days a week, the RGR's supply 1 day a week. This means anyone being supplied needs to carry additional stock to be in-stock for their customers.

- 22. Do you have any additional comments about systems and processes?

[Redacted]

**Terms and Conditions**

23. Please describe your experience of terms and conditions for wholesale grocery supply.

Public

I have no issue with the terms and conditions (other than only being able to get supply once per week).

24. Please describe whether you have experienced differences between the RGRs' and alternative channels' terms and conditions. If yes, please comment on the impact of these differences.

25. What is your opinion on the findings of this progress assessment? Is there anything we have not mentioned in this paper that you consider is relevant? Please explain.

26. Do you have any additional comments about terms and conditions?

**RGRs' wholesale offers**

27. Do you consider we have identified the most important issues affecting the RGRs' wholesale offers? Is there anything we have not mentioned in this paper? If yes, please identify and explain.

28. Is there any information or analysis that we have not mentioned in this paper that you consider relevant? If yes, please identify and explain.

29. Do you have any additional comments about RGRs wholesale offers?

**Direct supply**

30. Do you consider we have identified the most important issues affecting the direct supply of wholesale groceries? Is there anything we have not mentioned in this paper? If yes, please identify and explain.

[Redacted text block]

[Redacted text block]

31. Is there any information or analysis that we have not mentioned in this paper that you consider relevant? If yes, please identify and explain.

32. Do you have any additional comments about direct supply?

[Redacted]

**Potential solutions to the issues**

33. Please describe your views on the additional regulatory options.

[Redacted]

34. Are there other actions not described in this paper that you think would help? If yes, please identify and explain.

[Redacted]

35. Do you have any additional comments about potential solutions to the issues?

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]