

Submission

To: Commerce Commission

Report: Market study into the grocery sector

Date: 19 August 2021

Foodcom - about us

Foodcom is a consultancy working with organisations, both private and public in the area of health and communications. We support companies (in New Zealand and Australia) to ensure accurate labelling in line with regulations, clear marketing in relation to nutrition and health, and corporate communications. Many of our clients are in the primary sector. Others produce branded packaged foods. We have also completed contracts for MPI, the Health Promotion Agency and the Department of Health in Australia.

This submission is made as Foodcom. The views in this submission are those of Foodcom as professionals working within the food sector, and are not intended to represent the views of any of our clients.

Thank you for the opportunity to comment on this Market Study into the Grocery sector.

Our comments

1. We fully support the review into this sector and are encouraged by the depth of the review and detailed recommendations made on 29 July 2021.
2. We have a strong interest in food security, and equity. We believe all New Zealanders should have access to safe and healthy food, and that food needs to be affordable. New Zealanders do not enjoy a high standard of living and food costs can be a huge burden on many households. We should not have a duopoly situation where the two players collect unusually high profits and yet many households are struggling to afford food. Consumers need more choice. They either need more affordable food through these outlets, or access to more outlets that can offer food at more affordable prices.

*We would like to see greater access to more affordable food for consumers.
We support the introduction of mandatory unit pricing.*

3. Our Retailers enjoy very high profits, over 20%, This is far beyond profits that are seen by many suppliers, who work extremely hard, often in very difficult situations, to supply the products. Many of these suppliers are New Zealanders. Their income plays an important role in the overall prosperity of their families and their

communities. Meanwhile large profits in the retail sector often disappear overseas. We should ensure any profits made through the grocery sector are more evenly spread across the key players including suppliers. Retailers cannot exist without their suppliers. They should not be in a position to reap benefit at their expense.

We would like to see profits shared more evenly among all sectors involved in food production and supply to consumers, to improve livelihoods for many New Zealanders.

We support the introduction of a mandatory industry Code of Conduct.

4. It appears that over time the choice of brands in the grocery sector is diminishing in favour of house brands (retailer owned). We are a small nation producing wonderful food and we should continue to encourage locally grown/sourced foods, and local innovation. Again, both these improve our economic wellbeing.

If companies are 'told' their products will no longer be ranged (although they can supply their product under a retailer brand) they lose their investment made in their own brands. Consumers deserve choice, and food manufacturers should be able to compete in a market where they have control over their own branding.

We would like to see a market where consumers have more choice, where food companies can launch new brands, where importers can bring quality foods from other markets.

We do not support a market where we simply encourage a third large player into New Zealand where this does not ensure prominence of New Zealand brands, and wide choice.

5. It appears that independent retailers are struggling in the market. We would like to see a market where independent retailers can grow and also be profitable. Independent and small chain retailers are vitally important for suppliers as an avenue to sell their products, and for consumers to offer more choice and often, reduce costs.

We support a review of land use and planning laws.

Any queries in relation to this submission, please contact:

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