

Submission for Market study into grocery sector

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Please note the following are my personal opinions and may not necessarily reflect the views of my employer.

I commend the Commerce Commission for conducting this much needed study into the duopoly of the supermarket sector in NZ. The current situation contributes to the high cost of living and subsequently reduces wellbeing in vulnerable communities.

I have briefly read the report and exec summary and like some of the ideas proposed. Essentially, making it easier for competitive entry and legislating retailer business practice.

However, a third option, about which I have only heard informally, is the idea of a 'Kiwishop'.

I think this would be a fantastic idea, similar to Kiwibank, which came about through the need to address similar competition issues, or lack thereof.

However, I believe The Kiwishop would have even more potential to positively impact the morale and wellbeing of our nation.

First, The Kiwishop should be more of a warehouse and distribution centre than an actual retail shop. This reduces fixed costs and would permit large warehouses to be set up in lower cost real estate areas. For example, in rural communities where much of the grocery staples are grown nearby.

Second, being a distribution centre also aligns with online retailing trends. So, customers should be able to order online in order to click and collect or mid-sized delivery trucks could group and deliver a number of orders at designated pick up points, perhaps near Kiwibank parking lots. There should still however be a small 'front room' displaying the products available 'out back', either on shelf or in the form of catalogues or digital kiosks, or both. So, people without access to online retail could still pop in and shop physically.

Third, the staffing and running of Kiwishops including the delivery truck drivers, shelvers, till operators, pay roll, warehouse manager, property managers, marketers, website maintenance, group managers, etc, etc, should all be recruited from existing clients of WINZ. Welfare payments could be contingent on fulfilling job roles/tasks at the Kiwishop or bonus payments could be added to existing welfare payments. The Kiwishop would be a fantastic training centre for vocational upskilling.

Fourth, other aspects of welfare could be structured in a way so as to provide more 'bang for buck' at the Kiwishop. For instance, a proportion of the family assistance package could be converted into more valuable credit at the Kiwishop (e.g. if a family currently gets \$400 in money from WINZ, this should be converted to \$450 Kiwishop credits) so families are essentially rewarded for purchasing healthy staples from the KiwiShop.

Fifth, suppliers could be incentivised to sell first to the Kiwishop, rather than overseas markets, since the Government have a number of levers to pull, e.g. tax credits in exchange for stock and guaranteed minimum orders. This is all possible because the government would have a guaranteed market of end consumers (through affiliation with WINZ).

Sixth, we have all heard how hard it is for innovative niche players to enter the market due to the saturated retail scene. Here, Kiwishops would actually be incentivised to provide shelf space and test

markets for innovative new Kiwi products. Successful products would then be directed to NZTE hopefully creating new export products to bring in more money for the nation.

Finally, the Kiwishop needs to operate like any other public service. The point is not to make a profit. The point is to utilise/leverage taxpayers' money to create infrastructure that benefits and elevates the well-being of the entire country.

For the majority of people already paying tax wouldn't you like to see more of it being used to create real value for everyone?