

## **ANONYMOUS SUBMISSION**

### **Review of the Grocery Supply Code**

Request for views paper

#### **Date received**

11/09/2024

#### **Submitter**

#### **Submitter contact:**

#### **Submission on behalf of**

#### **SUBMISSION BEGINS:**

*Do you consider the code currently effective in supporting the objectives set out in paragraph 21?*

1. No

*Following on from Question 6, are there certain objectives within paragraph 21 that you wish to comment on?*

2. Most of them

*Are there any issues with the content of the Code that may be impacting the Code's effectiveness in supporting the objectives in paragraph 21.*

3. It doesn't go far enough to limit the behaviours of the retailers, particularly in the use of their market power and threat of deletions.

*Are there any opportunities for improving the content of the Code to support the objectives in paragraph 21?*

4. See below.

*Are there any issues with the way the Code is being operated or implemented that may be impacting its effectiveness in supporting the objectives in paragraph 21?*

5. I have been operating in this industry [REDACTED] and very little has changed since the code was implemented. About the only thing I have noticed more awareness of, is when deleting a product, they are a 'little' more helpful in moving stock through their system so we aren't left with obsolete or dating stock we can't find a home for. But when I say a little, they'll make an effort for a 2-3 months, but after that you are on your own, yet we are expected to carry more stock than this, particularly on a long lead time imported product.

*Do you have any suggestions about steps to include within the review process to support input into the review?*

6. You need to find a way to stop them constantly grabbing more and more margin. The levels they are demanding are becoming absurd. They have found new and inventive ways to take more margin through terms such as the [REDACTED] which we have seen no benefit whatsoever, yet we were railroaded into it (before the code came into effect).
7. They constantly index market pricing (which we don't control) and then demand further discounts to meet their competitor pricing, with the threat of deletion the penalty for not coming to the party. Yet they are often making more margin than their competitor anyway.
8. They demand key products come into DC's at higher costs to us but have little consideration for the impact that has to Direct to Store deliveries for the remainder of our portfolio. These become too expensive to for us to deliver in smaller quantities.
9. Despite merchandising services being ruled out by the Code as suppliers' responsibility, many stores still think it is their right to demand merchandising from us or charge for it. If we remove or reduce merchandising services, we face the threat of deletion.

*Do you have any other comments you would like us to consider when planning this review process?*

10. Blunt and heavy measures are required to break this duopoly up. Force Foodstuffs to break out PNS as a separate entity. Force the sell off of stores. Enforce the reconcentration of stores - limit banner numbers by geography and population. Increasing competition and supplier options is the only way to improve margin opportunities for suppliers and to keep these retailers honest.
11. The growth of Private Label is scary and killing suppliers in many categories. The market is now 20% (volume) private label and growing much faster than branded products. Put a cap on the level they are allowed to control in each category. Also make private label more obvious to consumers and eliminate private label disguised as regular supplier brands.
12. Bigger picture, the ongoing shift in power away from brands is limiting R&D and Brand Building, because we just don't have the margin left in our value chain to support brands with any sort of marketing or product development.