

Grocery Supply Code Review - Cross-submission

11 October 2024

There is a lot of emphasis in the submissions on all the power is with the retailers. Obviously the submitters are talking about those retailers directly aligned to Foodstuffs and Woolworths. The independent grocery retailer has no such power and it is in fact quite the reverse. Unfortunately, the power is with the biggest suppliers along with the RGRs.

Comments on individual submissions:

1. Anonymous B:

a) They make the point that the only way to enforce change is to break up the duopoly. I suspect they are correct, but I would suggest that it may require one further step and that would be separating both WW and Foodstuffs wholesale from their retail supply. However caution is needed as the result may not be as clear-cut as it might seem. I would also agree that there needs to be a splitting up of the retail side, again as previously outlined with an element of caution to avoid unintended consequences.

b) They make the point regarding private label. From our point of view it means we cannot access these products through FSNI and I believe there is only limited opportunity through WW. As an independent grocery retailer it doesn't just mean, that we have to sell higher priced items, in some cases it means that the product is not actually available.

From the above (Anonymous A indirectly really sums up the entire issue). **Which raises the question: how is an operator supposed to operate a supermarket with half the essentials missing off the shelves.** This then raises the wider issues for the Grocery Commissioner to address.

2. Woolworths:

a) Their main concern appears to be they want reviews to be 5 years down the track. Considering they have had it too easy for a very long time, there needs to be a lot more urgency in bringing changes to fruition.

b) Promotional funding (Pt 3.6). While there is some truth in WW submission, it is largely a play on words, as the consideration needs to be, does this create an artificially high wholesale price and does this coincide with the time that smaller suppliers wish to sell their products.

c) I agree to some extent that good faith negotiations should be reciprocal. I would however add the rider along the lines of "where the supplier is the same or similar size to either the RGR umbrella in which the supermarket comes under or in the case of independent supermarkets a scaled down version. (regarding independents) it is more about getting suppliers to act in good faith as from our experience, most suppliers act in anything but good faith when they are dealing with us as a minnow in the market. There needs to be additional constraints on suppliers who dominate a particular segment. Some products that come to mind would be Diamond pasta's, DYC vinegar, Wilcox Potatoes. While neither of these products totally dominates their segment, they do have the size in their segment that raises issues.

3. Anonymous D

- a) They make the point anti-competitive behavior should be penalized. We concur with this, but also suggest price gouging by suppliers should be penalized also. In recent times we have seen this happen to some degree with the supply of fruit juice. Apparently there is a shortage, but this should not allow large disparities in the price of this commodity depending on who it is being supplied to.

Conclusions: While I haven't addressed every single point, the general theme appears to be that the regime isn't working as anticipated. There needs to be some serious action by the Grocery Commissioner to redress the imbalance of power that still exists.

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For and on behalf of: Edgumbe Supermarket Ltd