

9 August 2024

Pierre van Heerden
Grocery Commissioner
Commerce Commission
Level 9, 44 The Terrace
Wellington 6011

By email

Dear Pierre,

FOODSTUFFS NORTH ISLAND LIMITED — RESPONSE TO GROCERY COMMISSIONER EXPECTATIONS TO ENSURE CUSTOMERS ARE CHARGED CORRECTLY

1 Thank you for your letter dated 24 July 2024 regarding your expectations relating to customer refund policies and customer complaints. We set out below how we will respond or are already responding to each of those expectations.

Customer refund policy

2 Your letter outlined your expectation that Foodstuffs North Island Limited (**FSNI, our or we**), working together with all its members, should:

2.1 review and amend our retail refund policy to ensure it demonstrates our commitment to pricing integrity and motivates customers to bring any pricing integrity issues to our attention by creating positive incentives (for instance, offering a full refund on mispriced goods); and

2.2 thereafter prominently promote the refund policy, and ensure team members are appropriately trained on the policy and responding to requests for refunds.

3 As noted in your letter, our current policy provides that when a customer is charged more than the advertised price, we or the relevant store refund the difference between the shelf or online price and the price charged. This is simple, legally compliant and puts the customer in the same position they would have been in had the advertised price been charged. The policy is clearly located on our banners' websites.¹ In addition, FSNI has asked our retail members to prominently display the current refund policy in their stores.

4 Since receipt of your letter, we have reviewed our refund policy for our retail stores. This includes comparing the policy, to the extent we were able to, with the policies of some Australian supermarkets and the policy of Woolworths NZ. In this regard, we draw your attention to the following:

4.1 No policies that we have seen offer full refunds (i.e., a refund of the full price paid) on all mispriced goods. Rather, in the case of multiple purchases or multi-buys, it is only the first item that is fully refunded, with subsequent mispriced items charged at the advertised price.

¹ <https://www.foursquare.co.nz/terms-and-conditions/refund-policy-ni>; <https://www.newworld.co.nz/north-island-stores-refund-and-returns-policy>; and <https://www.paknsave.co.nz/terms-and-conditions/refund-policy-ni>

4.2 Each supermarket has different exclusions from their policy. In Australian supermarkets, some products and items over a specified value are excluded from the policy. For example, at Woolworths Australia, it appears that items over \$30 are excluded.

4.3 Woolworths Australia's refund policy does not appear to be currently published on its website (although the website contains a reference to that policy, but not the policy itself).

5 Following the above review, FSNI has commenced a process to update our retail refund policy, having regard to the Commission's expectations. While the operating details of the updated policy are being worked through, the FSNI Board and Executive's agreed intent is that the updated policy will include a full refund of the first mispriced item along the lines of the policies you referenced in your letter (subject to appropriate exclusions).

6 Our updated retail refund policy will be in place as soon as reasonably possible. We will prominently promote this updated policy to our retail customers, and this will include appropriate training for our members and their store teams.

Customer complaints

7 Your letter dated 24 July 2024 also outlined your expectation that we:

7.1 ensure there are comprehensive systems and processes to record and categorise all complaints about pricing and promotional issues (with expectations on minimum complaint information recorded); and

7.2 appropriately train team members in relation to those systems and processes.

8 We agree that capturing complaint information is important, including as a source of information to identify trends and issues.

9 As the Commission is aware, our retail customers can make complaints in-store and/or to our customer service centre. Historically, in-store complaints were recorded solely at store level. Today, our customer complaints process provides for all complaints made to our customer service centre and/or PAK'nSAVE and New World stores to be recorded via a simple customer complaints electronic form.² Details of the complaint recorded by the customer service centre, or the relevant store are then held within FSNI's CRM system.

10 Resolution of complaints occurs at either centre or store level, with complaints received by the customer service centre referred to the relevant store for resolution as appropriate. The CRM system provides for the outcome of the complaint to be recorded.

11 We have benchmarked our process against the expectations set out in your letter. Significant progress has been made. We continue to develop and refine how we record, categorise and learn from customer complaints. This includes:

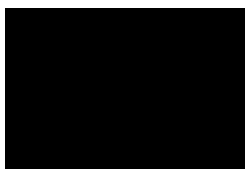
² As at the date of this letter, the new customer complaints process covers most of our PAK'nSAVE and New World stores. The rollout of the process is expected to be completed by the end of August 2024.

- 11.1 implementing further processes to confirm that all information regarding complaints, including outcomes, is consistently being recorded in our CRM system;
 - 11.2 better capturing the steps taken to stop recurrence; and
 - 11.3 improving store team training regarding our processes.
- 12 Considerable work has been undertaken to assess how best to ensure oversight of the processes and how they fit within our broader grocery compliance initiatives. FSNI is very committed to resourcing, developing and managing customer complaint processes in a timely way.

Next steps

- 13 We would be happy to regularly update the Commission on further progress in relation to the matters referred to in this letter, including in the regular meetings that you and I have Pierre.
- 14 Please do not hesitate to contact me if you have any questions regarding this letter.

Yours faithfully,



Chris Quin
Chief Executive Officer

foodstuffs
NORTH
ISLAND



Copy to: Dr Alice Hume, Head of Grocery, Commerce Commission