

Review of the Grocery Supply Code

Request for Views paper

The following is a summary of points raised in two reports received via the Commerce Commission's Anonymous Reporting Tool (ART) in response to the request for views on the [Review of the Grocery Supply Code](#). The tool (and information about it) can be accessed at <https://report.whistleb.com/en/comcom-grocery>.

General

1. ART Submitter One submits:
 - 1.1 Overall, the Grocery Supply Code does not provide strong protection because regulated grocery retailers still hold a position of power and legal resources are required to navigate grocery supply agreements;
 - 1.2 Grocery supply agreements at a store level are complex;
 - 1.3 Concerns about eligibility for store displays being linked to retailer's merchandising requirements.
2. ART Submitter Two submits:
 - 2.1 Clarification of "good faith" would support the operation of the Grocery Supply Code;
 - 2.2 Interactions with all regulated grocery retailers focus on margin expectations and pricing;
 - 2.3 More specific detail should be provided by all regulated grocery retailers on the performance metrics used for assessing performance and informing category reviews.

Foodstuffs North Island and Foodstuffs South Island

3. ART Submitter Two submits:
 - 3.1 It has become harder to do business with Foodstuffs North Island and Foodstuffs South Island since the Grocery Supply Code was introduced;
 - 3.2 When interacting with Foodstuffs North Island and Foodstuffs South Island responses can be slow or not provided, but they expect timely responses from suppliers;
 - 3.3 There are limited opportunities for engagement in category reviews undertaken by Foodstuffs North Island and Foodstuffs South Island – more engagement and face to face discussion would support good faith bargaining.

Foodstuffs North Island

4. ART Submitter One submits:
 - 4.1 The Cost Price Template process places pressure on suppliers;
 - 4.2 Display terms are delivering less displays than what would have been received through direct store negotiation;
 - 4.3 The best price in the market can be requested for promotional deals;
 - 4.4 Onus is on the supplier to reject merchandising terms rather than it being an exception and favour is given to those that accept.
5. ART Submitter Two submits:
 - 5.1 Merchandising term discussions should be separate from the category review process.

Foodstuffs South Island

6. ART Submitter Two submits:
 - 6.1 The Foodstuffs South Island practice of setting target margins per SKU does not provide opportunity for negotiation.

Woolworths New Zealand

7. ART Submitter One submits:
 - 7.1 The Woolworths New Zealand grocery supply agreements refer to documents that have not been provided.
8. ART Submitter Two submits:
 - 8.1 It has become easier to do business with Woolworths New Zealand since the Grocery Supply Code was introduced.