

FAIR FARE NZ - AN INTRODUCTION



Fair Fare NZ is an initiative that:

- Applies an **existing innovative technology stack** from Frugl to fuel Duopoly competition
- Uses the power of data and analytics to **rebalance market structure**
- **Reduces consumer costs** and improves healthier alternative choices



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Fair Fare NZ by Frugl: Available Now

Frugl Group is a publicly listed (ASX:FGL) company, headquartered in Perth but operationally based in Brisbane, Australia. We are the authors of an existing live Australian grocery comparator app Frugl Grocery that empowers Australian consumers to easily find and compare grocery deals and the healthiest alternatives from Our Australian Duopoly.

We are proposing that Frugl Grocery be adopted into the NZ market context as “Fair Fare NZ”, and that the ensuing benefits be made available to New Zealand consumers immediately in the form of cheaper, healthier groceries.

Being live and available today, we can move very quickly to bring competition to the aisles of the Duopoly and transfer immediate value from the Duopoly to The Consumer through weekly grocery savings.

Together with the ability to compare and save, we also offer consumers the ability to compare and contrast products based on personal dietary, nutritional or allergen preferences.

In summary we offer consumers the cheapest price on their preferred groceries and the ability to nutritionally compare the quality of comparable alternative product offers.

Duopoly: Regulation Required

Participation in Fair Fare NZ would be legislated as compulsory for The Duopoly.

Assuming a stance that the store price of a product and what’s in that product are nothing other than an already required public consumer disclosure obligation, The Duopoly is legislated to provide that public information, as it changes, for all stores and locations to The Ombudsman. Fair Fare Fair NZ fosters Duopoly competition by making offers not only compare-able but also directly transactable. The sole additional obligation is that The Duopoly must enable consumer sub-lists being taken through to transaction.

Optional participation as a Retailer in Fair Fare NZ will also be offered to Ombudsman approved Competitors or New Market Entrants.

The Duopoly are simply obliged to share their already public data for public comparison, operate under a public and regulatory automated spotlight, and service and fulfil consumer orders where they offer the best ‘deal’ be that cost or ‘quality’.

Statistically Representative Duopoly Insight

With sufficient nationwide adoption of Fair Fare NZ's abilities to find and compare comparable grocery offers, and to shave consumer savings from retailer profits and directly transact, we have also have immensely powerful statistically representative insight into Duopoly sales and marketing operations, tactics and strategies:

- With Ombudsman approved access to these Duopoly sales and marketing insights, Fair Fare NZ can strategically advantage Competitors, New Entrants or Suppliers.
- Fair Fare NZ also offers the Ombudsman both daily market purview and the historical record needed to regulate, investigate and control.
- Public health policy would be greatly informed by the depersonalised, statistically relevant, consumer nutritional and consumption insights

Interim Step to Duopoly Divestment and Separation

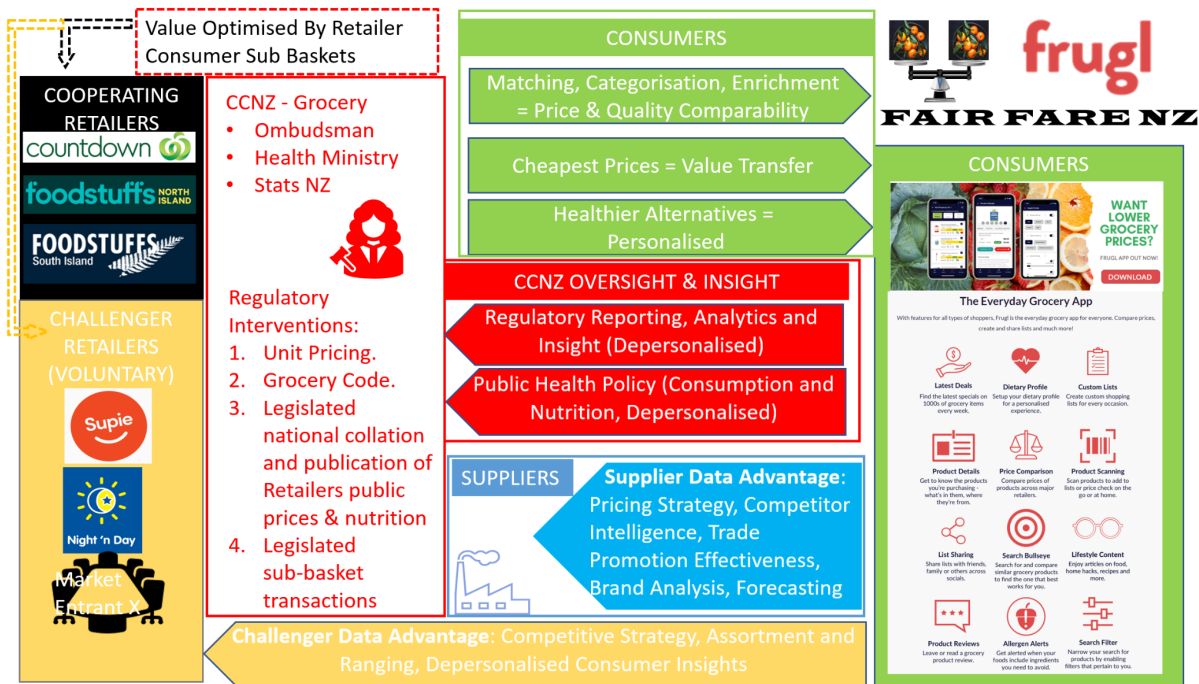


Whilst the more drastic interventions of divestment and separation may still have their place, they do carry significantly higher economic / political risks and costs. Fair Fare is positioned as an interim degree of regulation that will better inform forward regulatory strategy as well as offer better answers to some still vexing questions



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- How profitable is the Duopoly really?
- How big is the opportunity for challengers?
- What's the best competitive entry strategy?
- Are the Duopoly "pocket pricing"?
- Are the Duopoly forcing suppliers to perpetual discount?
- Are there effective regional monopolies?
- Are the Duopoly competing?
- Who are they competing against?
- What product innovations have happened?
- What types of shop or missions are there?
- Should CCNZ invoke more drastic interventions?

Solution Schematic



Fair Fare Addresses CCNZ Draft Recommendations

Market Studies Findings and Feedback	Fair Fare NZ Will Deliver
<p>Retail Grocery Market Study – Draft Findings</p> <p>Competition in the retail grocery sector is not working well for consumers. If competition was more effective, retailers would face stronger pressure to deliver the right prices, quality and range to satisfy a diverse range of consumer preferences.</p>	<p>Fair Fare NZ enables consumers to easily compare and evaluate competing Duopoly offers in their neighbourhood on price, nutrition and more.</p> <p>Fair Fare NZ will offer Consumers the best product deals and the healthiest / cheapest alternatives.</p>
<p>Market observations</p> <p>NZ grocery prices appear high by international standards.</p> <p>The two major grocery retailers have persistently high profits.</p> <p>The level of innovation in the sector is modest by international standards.</p> 	<p>Frugl Grocery has deep insight into Woolworths Australia inventory, pricing and promotion history.</p> <p>We are ideally placed to offer a real time AU/NZ nutritional, pricing or promotional comparative perspective on Woolworths / Countdown.</p>
<p>Issues facing consumers</p> <p>The complexity of the major grocery retailers' pricing strategies, promotions and loyalty programmes can confuse consumers and make it difficult for consumers to make informed purchasing decisions.</p> <p>Consumers are generally not aware of how much personal data they are giving away and how it is used when signing up to loyalty programmes.</p> 	<p>NZ “Price per” labelling regulation supports the primary consumer criteria, cost vs value evaluation. Comparability by “price per” (kg, litre, each etc) is core and critical app functionality. Until a legislated requirement, however, Fair Fare NZ can offer an estimated, calculated interim “price per” consumer comparison attribute.</p> <p>Fair Fare NZ enables consumers to simply and easily compare competing offers based on cost, value and nutrition.</p>

Issues facing suppliers

Competition in the wholesale purchasing of groceries is **not working well** for many suppliers.

Many suppliers are **reliant** on the two major grocery retailers.

This allows the major grocery retailers to **push excess costs, risks and uncertainty** onto suppliers, with **fears of delisting** if they do not agree to their terms.

This can reduce the ability and incentive for suppliers to **invest and innovate**, reducing choice for consumers.



Fair Fare NZ can **manifest competitive advantage** for “Smaller Aspiring NZ Suppliers” or “Potential Major Market Participants” through the provision of **Duopoly competitive reports and insights**:

- Inventory Ranging / deranging
- Pricing and promotion strategies
- Promotional predictor
- Homebrand growth and penetration
- Nutritional product profiling
- Category strategy
- Basket size and constitution, cost or nutrition focus.

We offer an **existing, developed and deployed backend AWS / Snowflake tools, portals and infrastructure** that automatically aggregates data and offers analysis across multiple retailers already today.

Conceptually Fair Fare NZ could be extended to offer a range of app features offering supplier assistance in **New Product Development, market trials, surveys, pricing, launch and subsequent targeted promotions**.

Competition issues

Competition for a consumer’s main shop is dominated by **two major retailers**:

FOODSTUFFS



WOOLWORTHS NZ



While there is an increasingly diverse **fringe of other retailers**, they have a **limited impact on competition** as they are **unable to compete** with the major grocery retailers on price and product range in order to satisfy the consumer demand for a **main shop** at a **single store**.

Competitors wanting to **enter or expand** face **significant challenges** including:

- A **lack of competitively priced** wholesale supply.
- A **lack of suitable sites** for store development.

The major grocery retailers **avoid strongly competing** with each other on **price** and generally do **not** have **lower prices** even when there are **other supermarkets** nearby.








Frugl Grocery was conceived in the remarkably similar Australian market Duopoly. (Coles / Woolworths in AU vs Foodstuffs / Woolworths in NZ)


By enabling simple and easy consumer comparison of competing neighbourhood Duopoly retailer offers, consumers are empowered to find the best offers across their whole shop this week. Fair Fare NZ becomes the **facilitator of consumer competitive compare-ability**.

With an authoritative record of all duopoly pricing and promotions, both current and historic Fair Fare NZ can **maintain market purview and administrative insight** into Duopoly pricing and promotion behaviours (e.g. Supplier claims of being forced into

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	<p>perpetual, promotional buying or “Pocket Pricing”) can be easily identified, data explored, researched, validated and actioned.</p>
<p>Options to increase competition and benefit consumers</p>  <p>We believe the best options for improving competition are those that enable an increase in the number of businesses directly competing against Foodstuffs and Woolworths NZ for a consumer’s ‘main shop’.</p>	<p>Fair Fare NZ is a strong and varied source of market data and commercial Duopoly insights. Through advanced analytics drawing on Artificial intelligence, Machine Learning and Image recognition techniques, such insights can be tailored to offer competitive advantage to other businesses competing for “the main shop”.</p>
<p>Make it easier for new competitors to enter and existing independent retailers to expand by:</p>  <p>Increasing wholesale access to a wide range of groceries at competitive prices.</p>	<p>Fair Fare NZ can measure, report and offer deep insight into the potential profit opportunity for new competitor entrants or aspiring growth independents.</p>
<p>Coming soon</p>  <p>Making land more available through changes to planning laws and limiting the use of restrictive covenants.</p> <p>Other possible options to help boost competition include:</p>	<p>With eCommerce integration, Fair Fare NZ can feed Retailer or even New International Potential entrants with eCommerce transactions, click and collect or home delivery warehouses relieving some of the planning and other limitations associated with deploying physical vs virtual “local” stores.</p>
<p>Strengthening suppliers’ bargaining power by:</p>  <p>Introducing a mandatory industry Code of Conduct.</p> <p>Allowing collective bargaining on behalf of suppliers.</p> 	<p>Fair Fare NZ data insights have a potential supporting data role informing collective bargaining with pricing and promotion insights.</p>

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<p>Making it easier for consumers to make informed purchasing decisions and enhance competition at the retail level by:</p> <p>Simplifying pricing and promotional practices. Making terms and conditions for loyalty programmes clearer.</p>  <p>Introducing mandatory unit pricing.</p>	<p>Whilst unit pricing remains non mandated in New Zealand, Fair Fare NZ may be able to offer interim calculated “price per” values to facilitate this important consumer “value” criterion.</p> <p>Fair Fare NZ thoroughly informs consumer decisioning across cost, value and nutritional criteria to enable choice of the most competitive neighbourhood Duopoly offer, including “loyalty club pricing”.</p>
<p>Example “Public health and wellbeing type” responses to the Draft Report:</p> <ul style="list-style-type: none"> • Auckland Regional Public Health Service (ARPHS) • Health Coalition Aotearoa • Coeliac New Zealand Incorporated 	<p>Whilst adjacent to the core focus of the commission, the price of healthy, nutritious food is a key factor in people being able to maintain a healthy diet.</p> <p>In addition to cost, Fair Fare NZ informs consumers of the relative product health and enables search, reporting, comparison and filtering of products based on nutritional panel content data including standard nutrition content, allergens, diet applicability and ingredient labelling. Fair Fare NZ drives down consumer cost whilst also improving public nutrition choices.</p> <p>Consumer basket analysis and category analysis at a Nutritional level is a potential source of statistically relevant insight and measurement for Public Health nutrition and regional supply and consumption data initiatives.</p>

Stakeholder Benefit Summary

CCNZ

- Grocery Ombudsman (Regulatory Record, Market Oversight and Insight)
- Health Ministry (Regional and National Health Policy, Consumption, Nutrition Reporting and Insights)
- Stats NZ (Grocery pricing, CPI, Consumption)

DUOPOLY

- Business As Usual
- Under A Spotlight of Public Visibility
- Avoiding more drastic intervention, for now

SUPPLIERS

- Get Data Advantage (Pricing Strategy, Competitor Intelligence, Trade Promotion Effectiveness)

CHALLENGERS

- "The Size of The Prize" – Detailed Financial Insight
- Inform Competitive Entry Strategy

CONSUMERS

FAIR FARE NZ

The graphic features a central scale of justice with two baskets of oranges on either side. To the left, there are logos for 'COOPERATING RETAILERS' (including Countdown and Foodstuffs North Island) and 'FOODSTUFFS South Island'. At the bottom, a shopping basket is shown with the words 'CLOSEST', 'CHEAPEST', and 'HEALTHIEST' written across it in a stylized font.