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Commerce Commission
WELLINGTON
By email

Dear Commissioners

GROCERY MARKET INVESTIGATION: SEQUEL TO MY PRESENTATION TO THE HEARING BY COMMISSIONERS ON 1 NOVEMBER 2021

This note follows my presentation to the Commissioners, of a public opinion survey showing public attitudes relevant to the Commission's investigation of the grocery market, possible market failure, and potential remedies. Our company was commissioned by Monopoly Watch NZ to undertake that survey, a report on which has been provided to the Commission separately.

First, having listened to the kinds of evidence the Commission had sought, I would acknowledge the primary roles of expertise in the fields of economics, law, planning, business and other disciplines that are needed to guide the Commission's decision-making on recommendations for this market.

However I would also urge the Commission to give due weight (though I agree this should be less weight) to public opinions about this market.

To me it was a very striking finding of my company's survey for Monopoly Watch NZ that the public of New Zealand were virtually unanimous in their view that the prices of goods in New Zealand supermarkets are too high. That result was 92%, compared with just 7% who thought supermarket pricing was about right, and not a single person out of the thousand covered by the survey thinking prices of supermarket goods were too low.

While it could be argued that that pattern of results merely reflects self-interest, as suggested to the Commissioners by a representative of the Woolworths group, I would refer instead to the old and trusted adage that "you can fool some of the people all of the time, and all of the people some of the time, but you can't fool all of the people all the time" (attributed to Abraham Lincoln). Many political and business leaders have learnt that lesson, either proactively, or with remorse after some unfortunate event. (That extends to lessons famously learnt in New Zealand by the then CEO of Telecom, the one-time manager of the Foodstuff's representative at the Commission's hearings, when discussing mobile call pricing plans.)

In my opinion and experience, while the public may have opinions on matters of national interest that are not necessarily well informed, it pays to listen carefully to their views even so. The unanimity of public opinion that the prices of goods in supermarkets in New Zealand are too high should not be lightly dismissed.

Secondly, I would reiterate the other important finding of my company's survey, of strong support by the public for splitting up the two existing supermarket groups (70% of the general public, or 77% among those who had been aware of the Commission's draft report before they did the survey). That is another instance of public opinion so strong that it would be a mistake for the Commission not to take that into account.

I was surprised to learn that (as far as I could tell) no other public opinion research had been conducted to present to the Commission's hearings. One interpretation of that gap would be that the incumbents may have

commissioned such research but found its results so unhelpful that they did not present it to the Commission. Another possibility is that they estimated in advance that any public opinion research would not show them in good light.

I would welcome a more detailed scrutiny of public opinion on this matter, and had anticipated when my company did this research that we could find other similar evidence being presented, and possible minor differences being resolved to give the Commission an even fuller understanding of public opinion. Assuming the absence of that, it would appear to me that the Commission will need to rely on my survey for the vital public-opinion-based component of information to weigh up, i.e. that **the public of New Zealand strongly supports unbundling of the two supermarket chains to create more competition.**

Yours sincerely



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