



BLACKMARKET  
research

PROJECT: NZFGC  
HEXIS QUADRANT: NZFGC MEMBERS SURVEY

FEBRUARY 2021

# PRESENTATION & FLOW



LOGISTICS



MEMBER ORGANISATIONS



RELATIONSHIP FACTORS



PAYMENT TERMS



AGREEMENT STATEMENTS



IMPLICATIONS



LOGISTICS



# DESIGN LOGISTICS

Research approach and methodological details...

## SURVEY LOGISTICS

- **Online Members Survey:**
  - N=159 New Zealand FGC Members
  - N=10 mins duration
  - Conducted: January 2021

## MEMBERS INVOLVEMENT

- **Members Involvement:**
  - Invited via direct email
  - Unique/confidential survey link
  - Data aggregated and anonymized

## SURVEY FOCUS

- **Survey Focus:**
  - Capture members level of agreement to specific statements
  - Statements constructed by retail experts
  - Five point (5pt) agreement scale deployed (full spectrum scale)

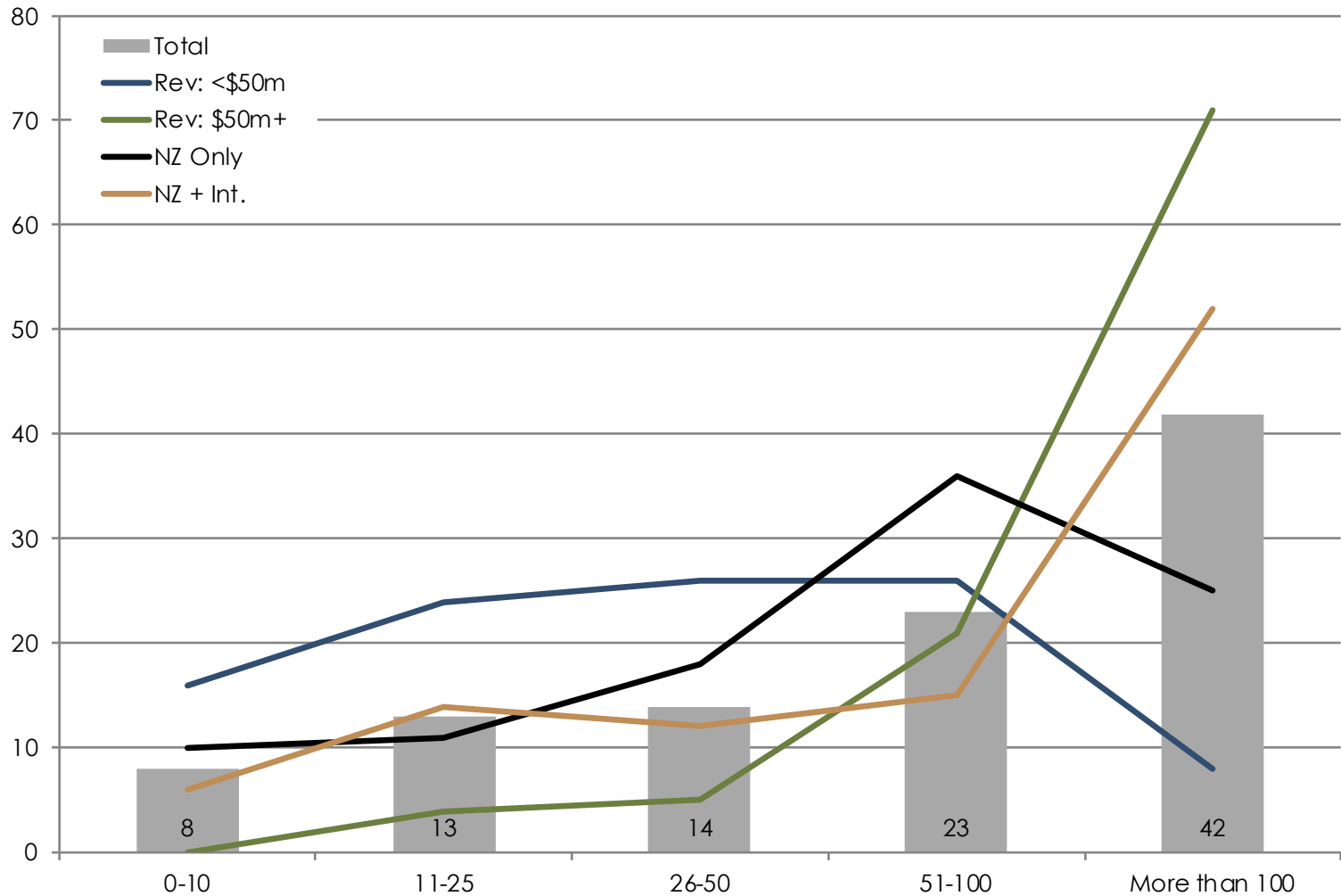
INDEPENDENT  
CAPTURE OF  
MEMBERS NZ  
RETAIL TRADING  
EXPERIENCE.

NZFGC MEMBER  
ORGANISATIONS



# NZ ORG: No. EMPLOYEES

Number of **employees** re: NZFGC Member Organisations (%)...



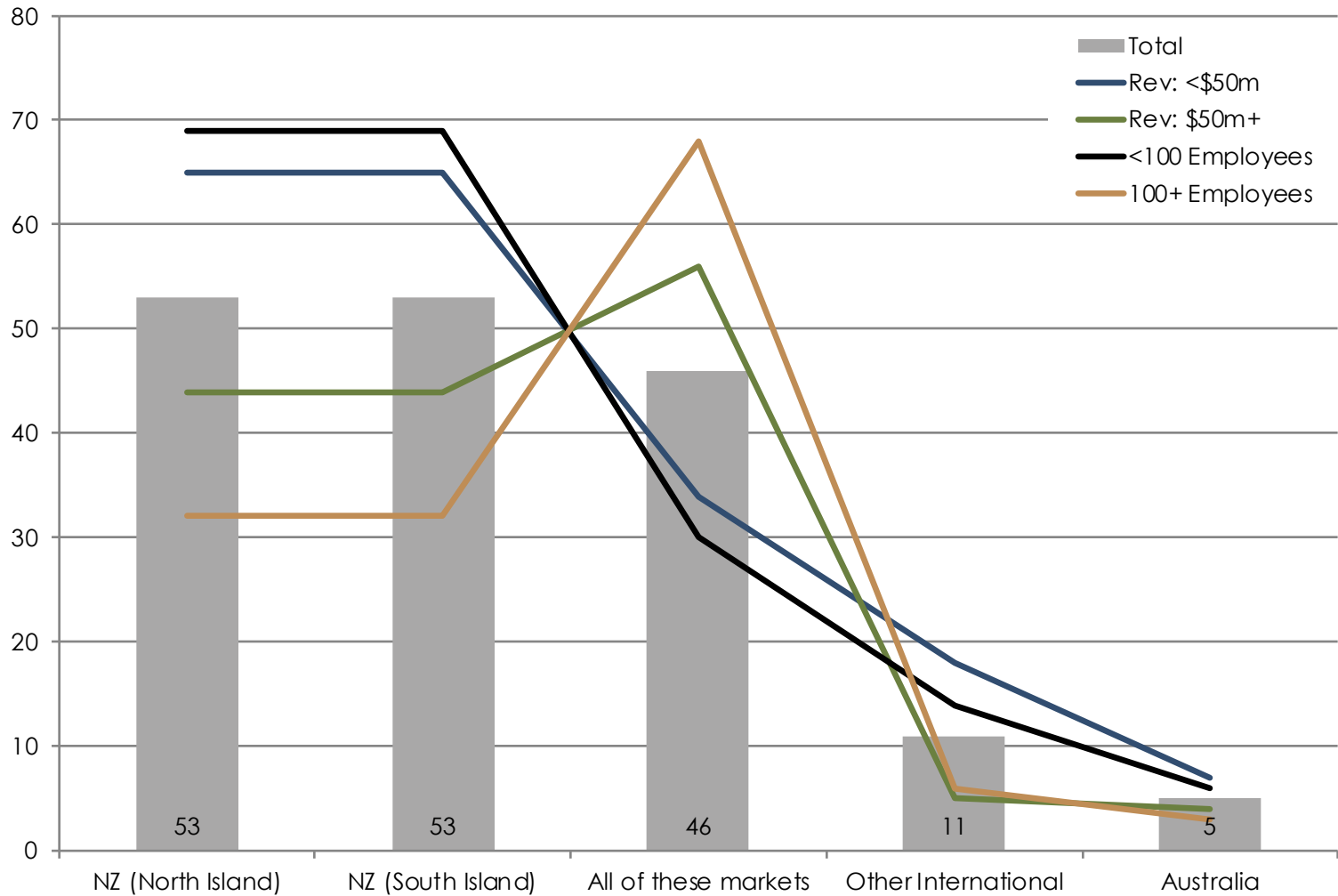
2 - 1 N - 3  
ORGANISATIONS  
HAVE MORE THAN  
50 EMPLOYEES.

ORGANISATIONS  
WITH REVENUE  
ABOVE \$50M  
HAVE MORE  
EMPLOYEES.

NZ Only = Only trade in NZ.  
NZ + Int. = Trade in NZ and  
Internationally.  
NZFGC Members: N=159.

# NZ ORG : MARKETS

Markets company **supply** to re: NZFGC Member Organisations (%)...



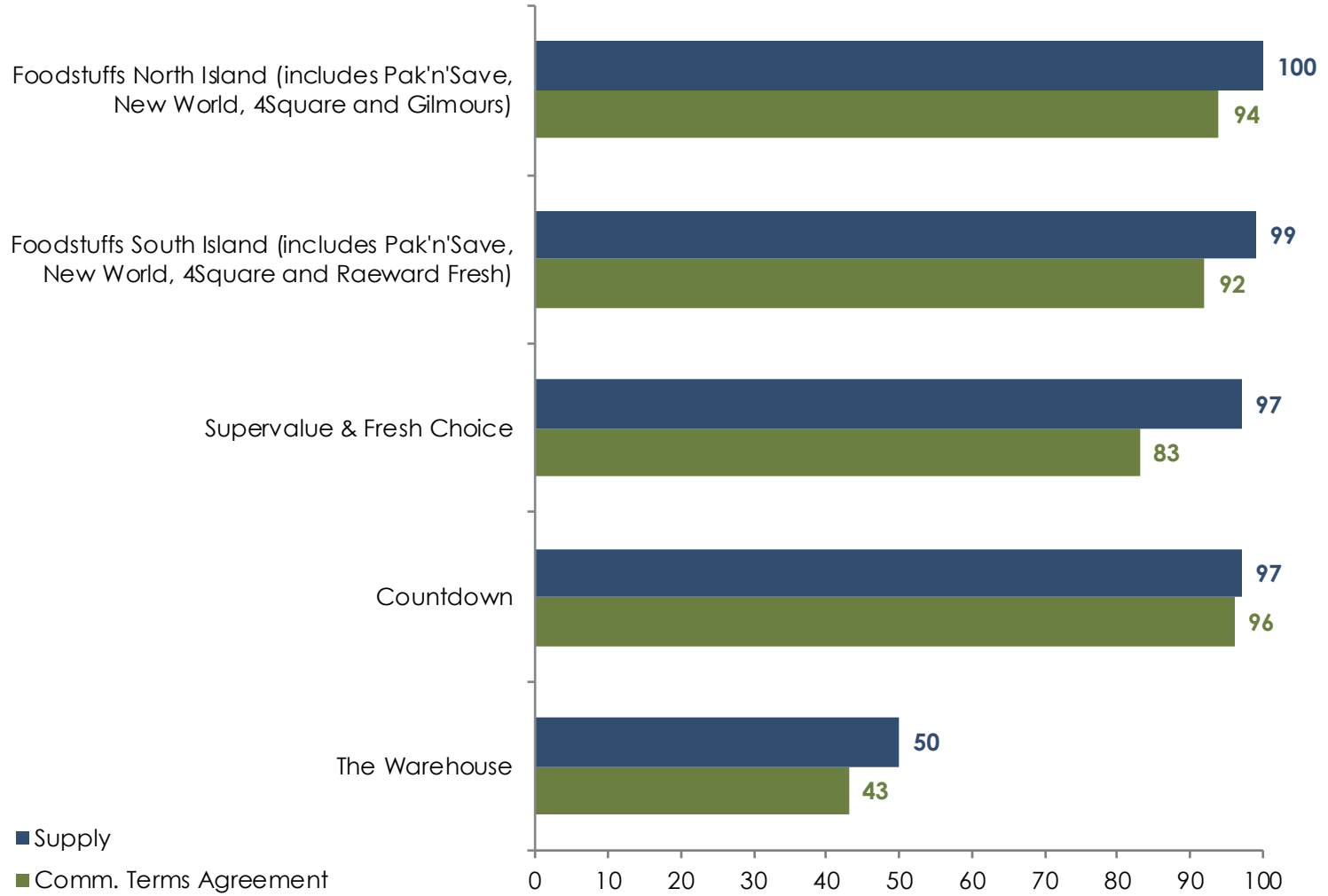
ALMOST HALF  
SUPPLY  
PRODUCTS TO  
ALL MARKETS  
LISTED - NZ,  
AUSTRALIA AND  
OTHER  
INTERNATIONAL  
MARKETS.



# NZ ORG : CUSTOMERS

Customers of NZFGC Member Organisations (%)...

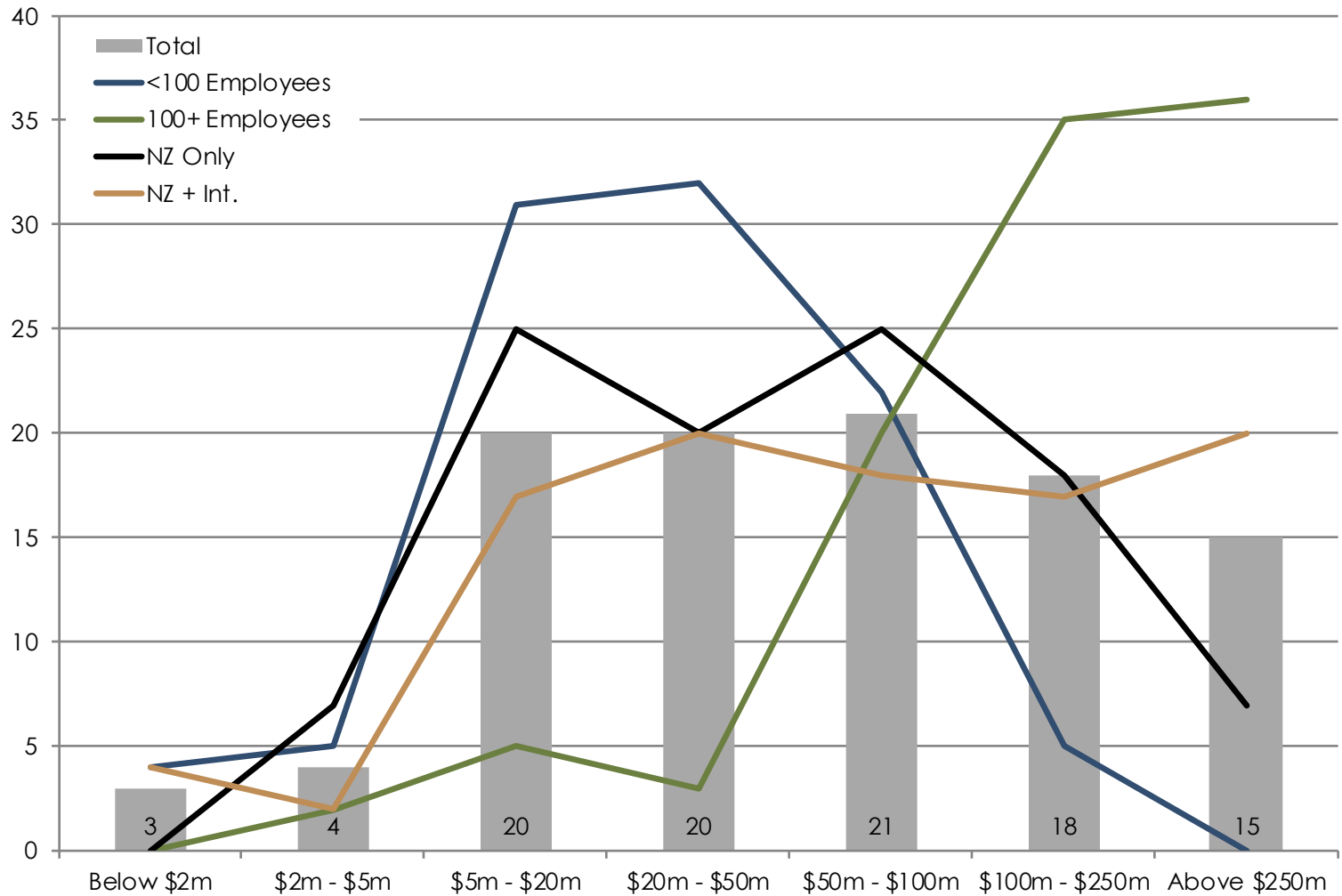
MAJORITY  
SUPPLY TO TOP  
FOUR  
CUSTOMERS .





# NZ ORG : REVENUE

NZFGC Member Organisations annual revenue (%)...



1-IN-3 REPORT  
REVENUE ABOVE  
\$100M.

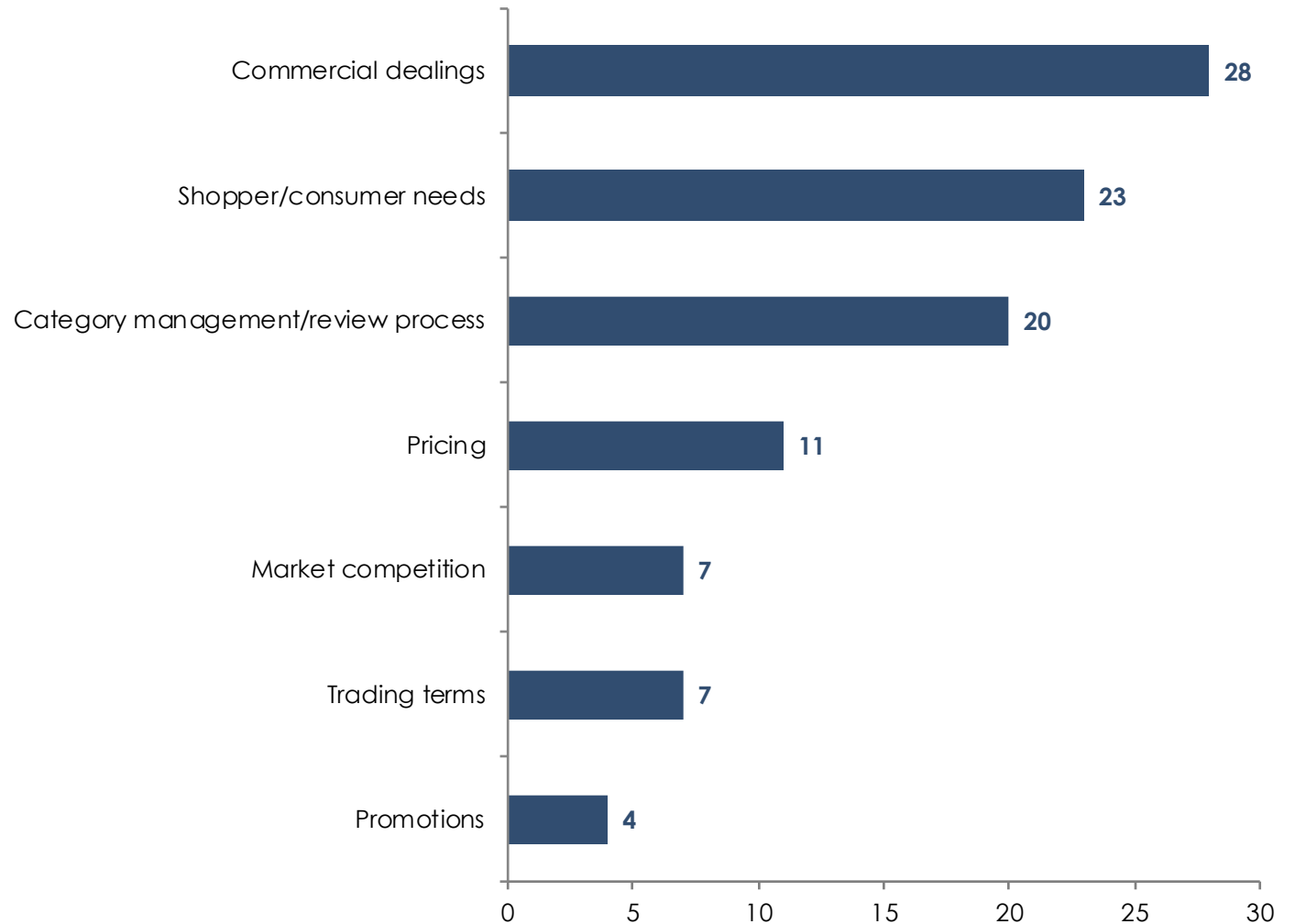
Annual Revenue in NZ million dollars.  
 NZ Only = Only trade in NZ.  
 NZ + Int. = Trade in NZ and  
 Internationally.  
 NZFGC Members: N=159.

SUPPLIER-  
CUSTOMER  
RELATIONSHIPS



# RANKING : IMPORTANCE

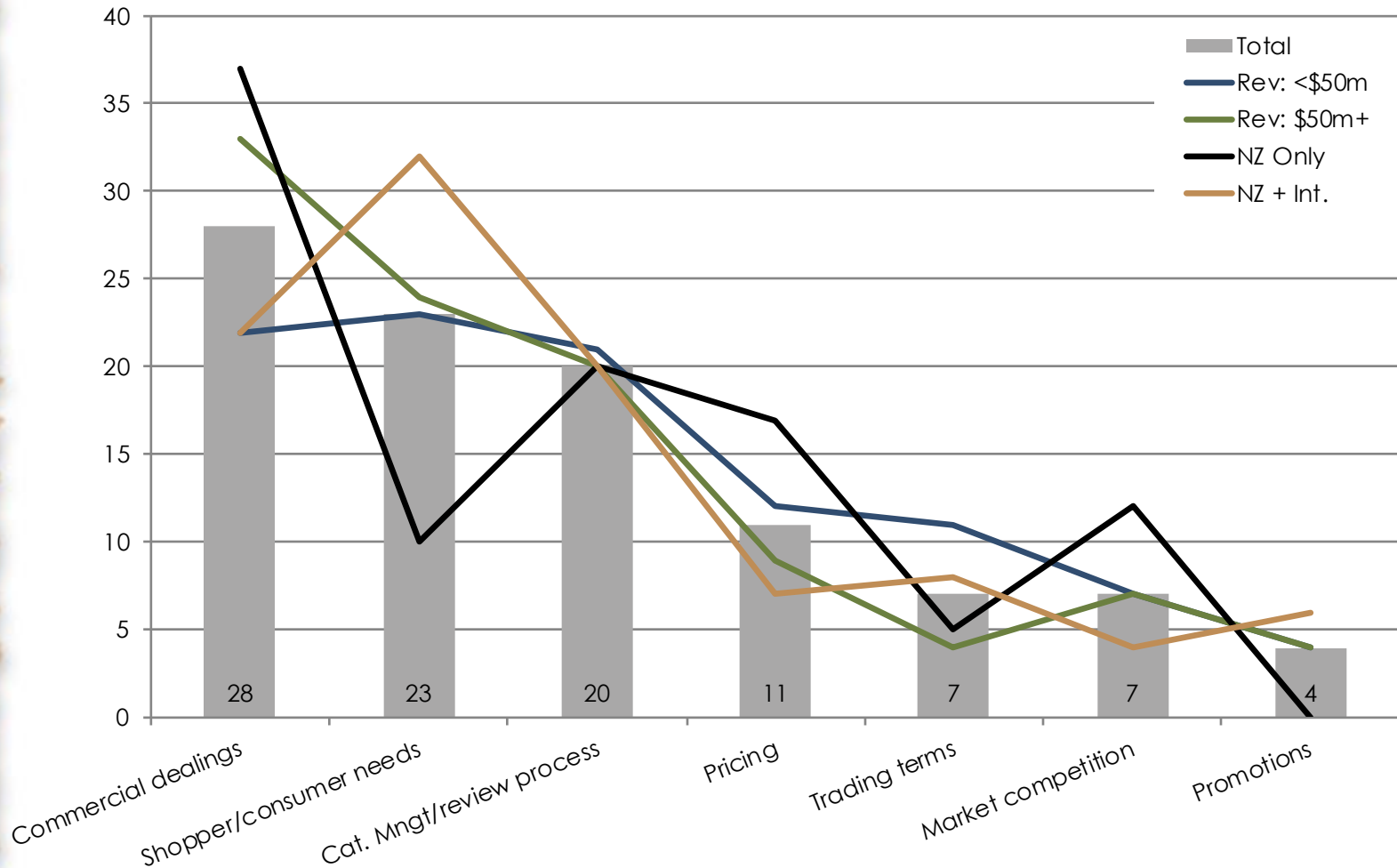
Supplier-customer relationship factors re: ongoing stability and performance (%)...



COMMERCIAL  
DEALINGS THE  
MOST IMPORTANT  
FACTOR FOR  
MEMBERS.

# RANKING: IMPORTANCE

Supplier-customer relationship factors re: ongoing stability and performance (%)...



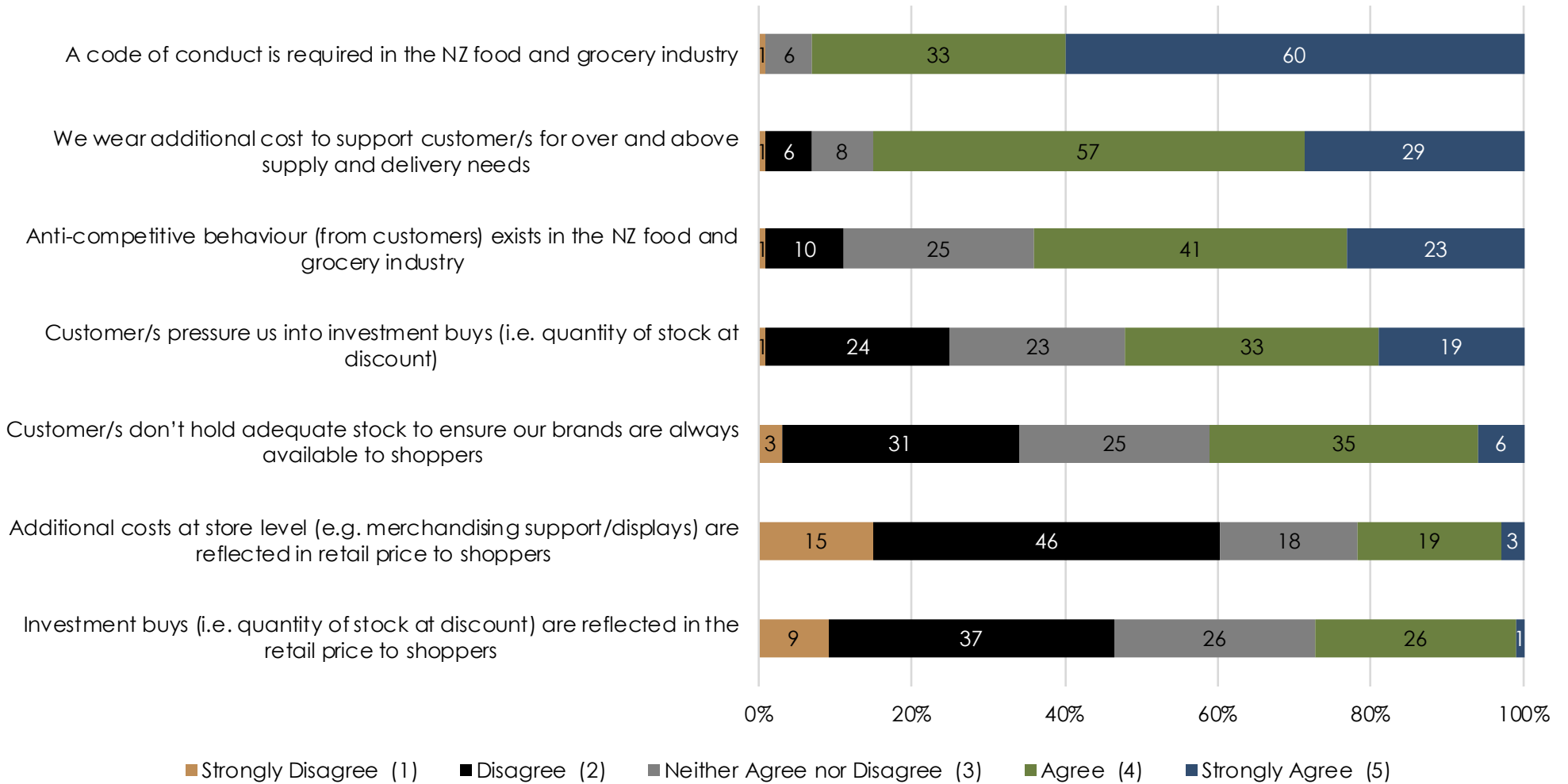
COMMERCIAL DEALINGS MORE IMPORTANT TO NZ ONLY (TRADING) SUPPLIERS AND MEMBERS WITH \$50M+ REVENUE.

AGREEMENT  
STATEMENTS



# AGREEMENT: COMMERCIAL DEALINGS

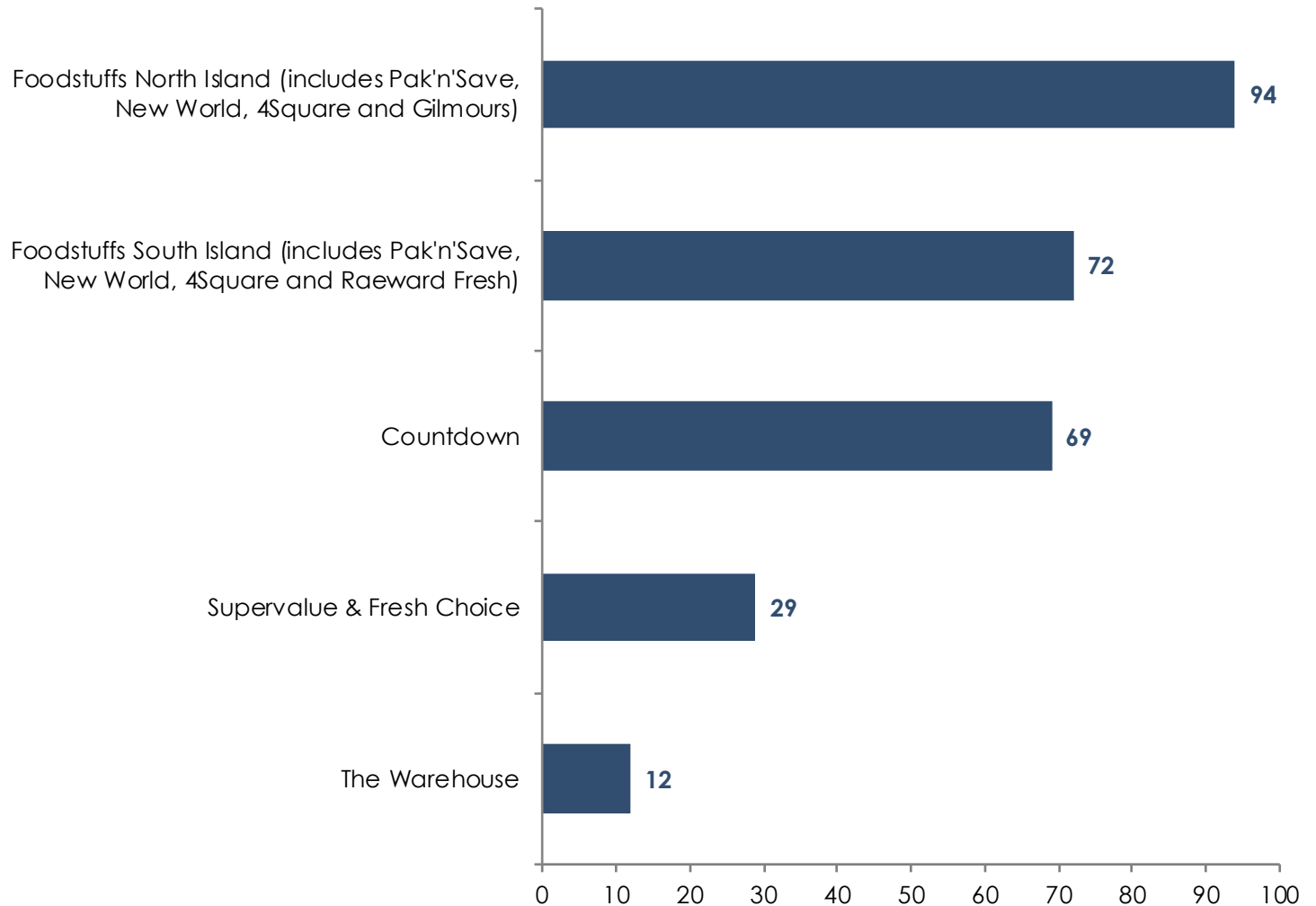
Level of agreement re: **commercial dealings** (%)...



9 - IN - 10 AGREE A CODE OF CONDUCT IS REQUIRED IN NZ.

# AGREEMENT: CUSTOMERS

Customers which relate to **agreed** statements (T2B) re: **commercial dealings** (%)...



9 - IN - 10  
MEMBERS RELATE  
COMMERCIAL  
DEALING  
'CHALLENGES'  
WITH  
FOODSTUFFS  
(NI).



# VERBATIM: COMM. DEALINGS

Verbatim re: members issues with customers re: **commercial dealings...**

*Settlement terms are incredibly excessive in this low interest rate environment. We are considering removing this incentive as the benefit of the payment term is tiny compared with the cost. Note: all retailers pay on time and to their terms, the issue is the value not adherence. Retailer category review dates and timelines are very hit and miss. Ideally categories are reviewed at the same time by all retailers so suppliers can line up innovation and category adjustments across the market. Retailers language around price, price indexing, recommended retails blurs the lines. Retailers need to be reminded of the boundaries here and that they may need to invest themselves to compete"*

*"There is very limited competition in NZ grocery market, and this is evident by FSNI behaviour in the last 2 years where they implemented unfair changes and threatened supplier with delisting or reduction in facings if they don't agree to the new terms or ways of working. In my 17 years in the industry I have never seen behaviour that bad from one of the chains"*

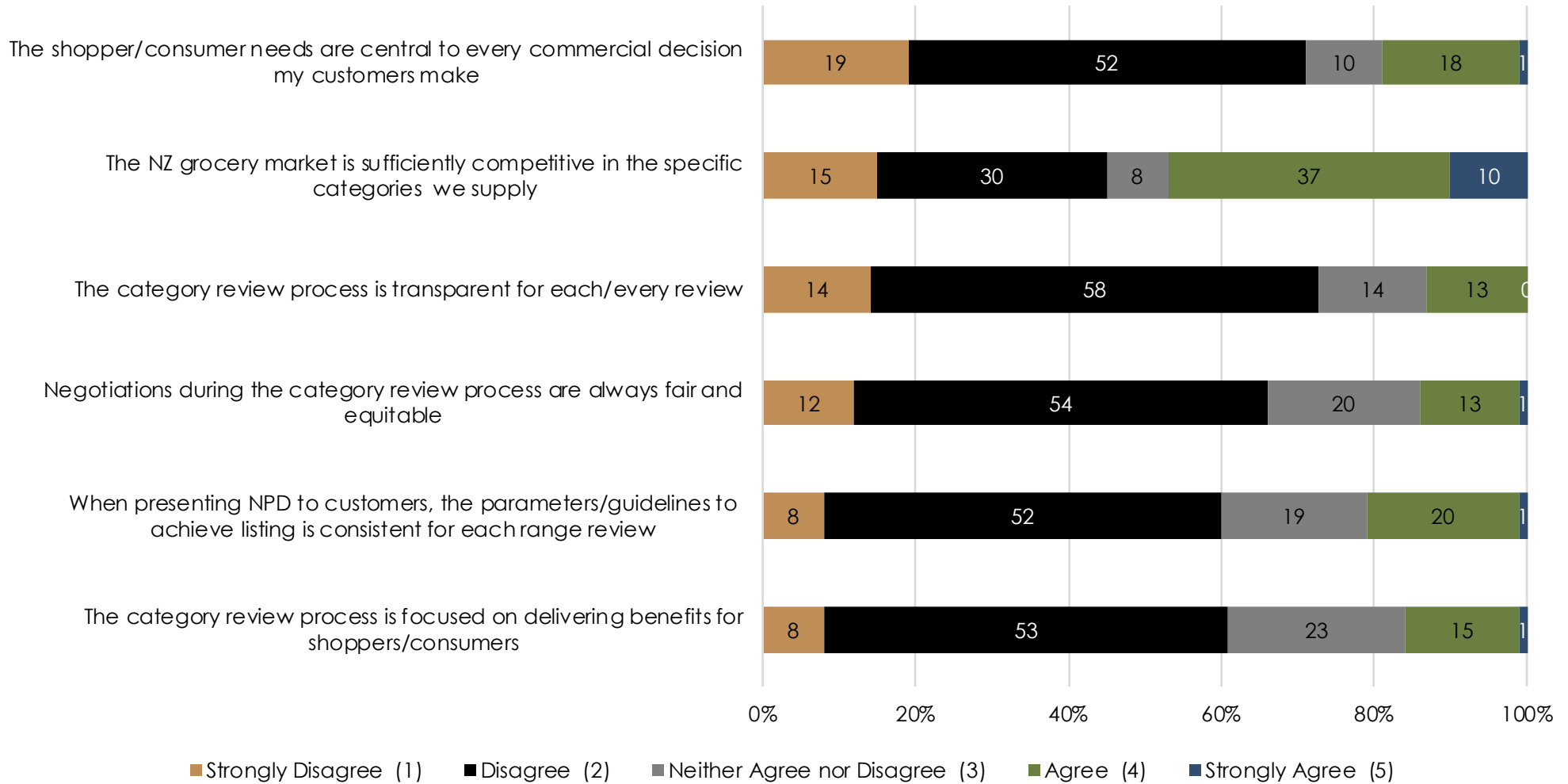
*"Pak n Save stores are a law unto themselves and they do support anti competitive behaviour through the adoption of 'store level joint business plans' with some suppliers that clearly exclude other competitor brands being ranged'. They claim everything is done under the commitment to provide 'the best price for the consumer' but the investigation must look behind this generic statement and get a clear understanding of the real structure of how these Pak n Save businesses operate. Another example is restricting supply to consumers via out of stocks if the supplier will not continually sell into the store 'on a promotional deal'. In Pak n Save NI - the wins are big for successful suppliers, but the door is firmly closed for others who are not playing the game their way! Yes the shelf prices may be low, but the supplier is funding the cost of this through price and merchandising support to ensure a number of store owners are on the NZ Rich List!"*

*"Foodstuffs north are negotiating with a win or whatever mentality with no regard for partnerships or financial viability if suppliers. Both foodstuffs south and progressive are continuing to act with integrity and a partnership adding value mentality"*

MEMBERS  
CONCERNS RE:  
COMMERCIAL  
DEALINGS .

# AGREEMENT: CATEGORY/CONSUMER

Level of agreement re: **shopper/consumer, category management/review process (%)...**

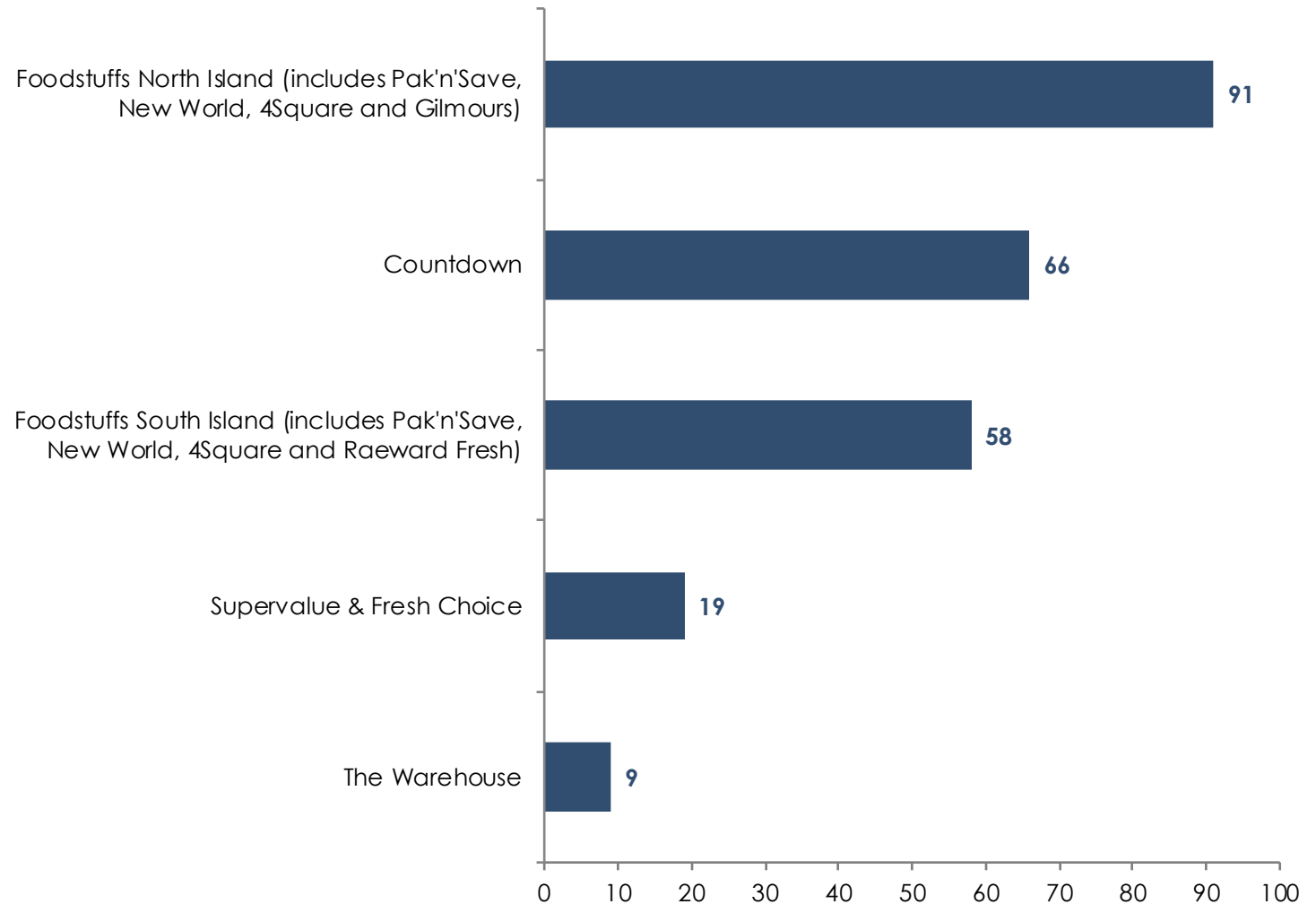


LOW LEVEL OF AGREEMENT WITH MOST CATEGORY/CONSUMER STATEMENTS

RE: CUSTOMER EXPERIENCE.

# DISAGREEMENT: CUSTOMERS

Customers which relate to **disagreed** statements (B2B) re: **category/consumer** (%)...



9 - IN - 10  
MEMBERS RELATE  
CATEGORY/  
CONSUMER  
'CHALLENGES'  
WITH  
FOODSTUFFS  
(NI).

# VERBATIM: CATEGORY/CONSUMER

Verbatim re: members issues with customers re: **category/consumer...**

*"The FSNI business is doing it tough at the moment as they are using the range review process to generate some stronger commercial outcomes from suppliers. There is occasionally a disconnect between the negotiating bulldogs and the actual category team. This gap needs to be bridged. The way FSNI have held the assortment tool back from suppliers is poor.*

*Our DH payments (cost is significant) excludes the substitutability data which is the big stick that they are using in the reviews.*

*It is a poor approach to shopper / customer led data and doesn't engender trust / transparency. I believe this is a mistake on behalf of FSNI. Easy to fix but I don't think they have the integrity to do so"*

*"Customers are selling their data, at additional cost to the supplier, with the underlying threat of not knowing your business will result in 'less of a partnership' - obviously a fear that this will result in less turnover with the customer"*

*"The supplier-retailer trust factor has been severely damaged by retailers suggesting / implying their decisions are shopper centric-focused when the reality the decisions are margin driven with faux consideration for the shopper. Data insights are being used / massaged by inexperienced category managers to justify decisions that lack common sense at times. No ownership of the decision by individuals as it is easier to blame the data when the results do not go as suggested"*

*"The category review process at Countdown has deteriorated significantly with reasons for deletions and changes being very obscure. Top level relationships with all retailers are good, but things can fall apart at buyer level. This has been evident in Countdown"*

MEMBERS  
CONCERNS RE:  
CATEGORY  
/CONSUMER.

# AGREEMENT: PRICING & PROMOTIONS

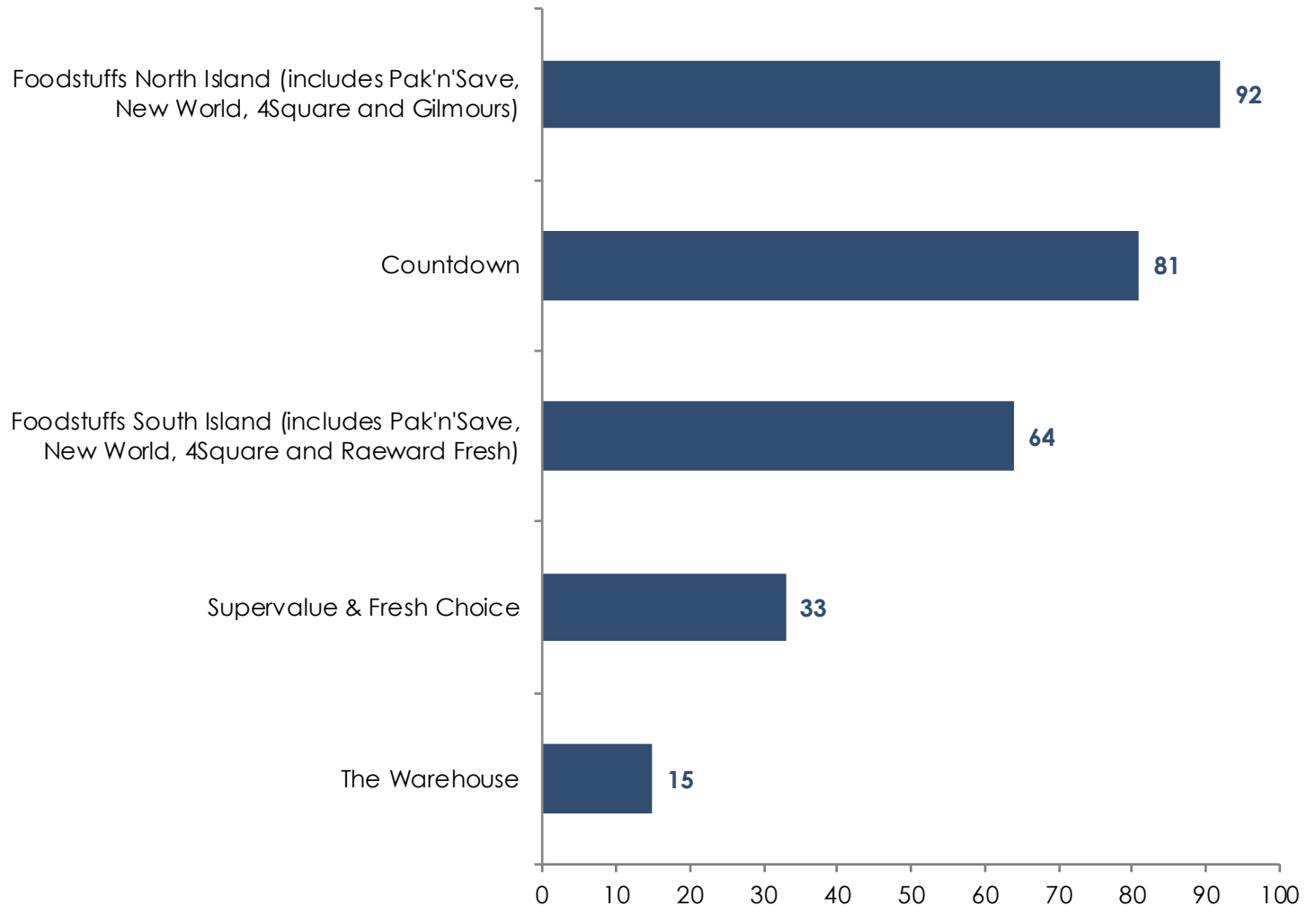
Level of agreement re: **pricing and promotions** (%)...



JUST OVER 1-IN-4 AGREE WITH IMPLEMENTING PRICE INCREASES STATEMENT.

# DISAGREEMENT: CUSTOMERS

Customers which relate to **disagreed** statements (B2B) re: **pricing & promotions** (%)...



9 - IN - 10  
MEMBERS RELATE  
PRICING &  
PROMOTION  
'CHALLENGES'  
WITH  
FOODSTUFFS  
(NI).

# VERBATIM: PRICING & PROMO

Verbatim re: members issues with customers re: **pricing and promotions...**

*Net Net pricing and the lose of planned promotional activity unless they are over and above the net net format”*

*“FSNI New World tender process for grocery categories has been handled poorly. Unrealistic margin demands and mixed messages about tender volumes (original documents quote total volume if successful as sole mainstream brand, followed by subsequent documents with significantly reduced volumes.... while asking for even lower costs). 12 month fixed price request is not reasonable for commodity products, particularly if imported in foreign currency. Net net cost request with no firm commitment on promotional frequency and price points. Delays in tender completion. Threat of deletion from total banner if unsuccessful which obviously has significant ramifications for business”*

*“Suppliers need to have control over their commercial spend. Trading terms now geared to give control of funds to the retailer. IE Net/Net Pricing Suppliers will be disadvantaged/penalised if they do not align with Retailer strategies/demands. Suppliers paying to keep prices down not retailers. (Maintaining margin)”*

*“Acceptance of price increases by Countdown has become an issue over the last few years. They delay for what ever reason they can and we had an experience a couple of years ago where they took 6 months to finally accept the increase. Then when they did accept the increase they didn't raise their retail pricing?? PnS stores in the North Island have deleted our products as we could not meet their margin expectations. It is difficult to achieve this when they want to have a price advantage and an unreasonably high margin expectation Foodstuffs in particular talk about their shopper insight driven range etc yet at store level it all boils down to the margin & the retail price”*

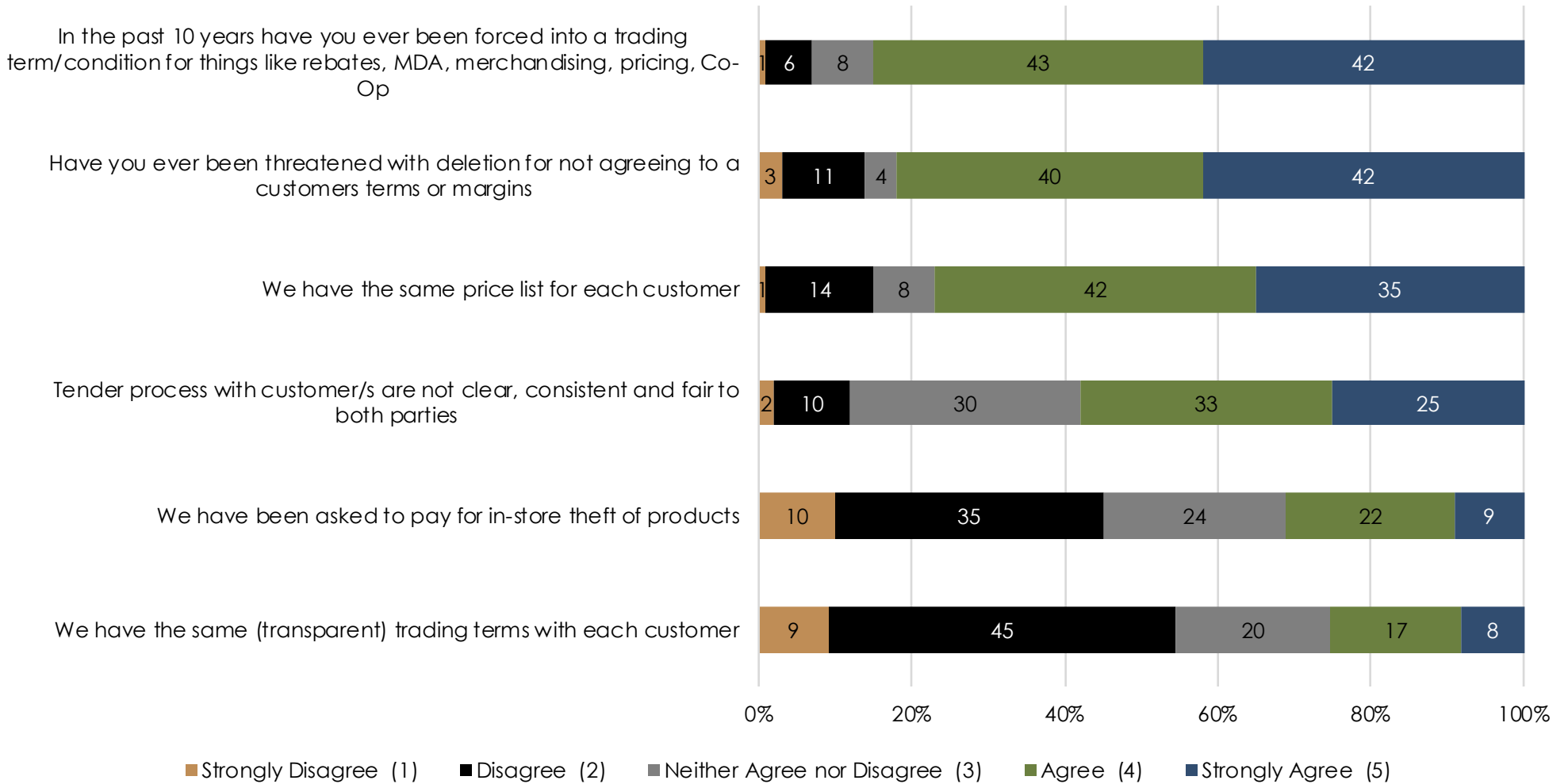
*“Refusal to accept price increases when evidence is supplied that supports cost input increases to the manufacturer/supplier. Foodstuffs benchmarking NW and PNS prices off Countdown prices, reducing margins on products to the stores resulting in stores declining to support these products due to reduced margins”*

MEMBERS  
CONCERNS RE:  
PRICING.



# AGREEMENT: TRADING TERMS

Level of agreement re: **trading terms** (%)...

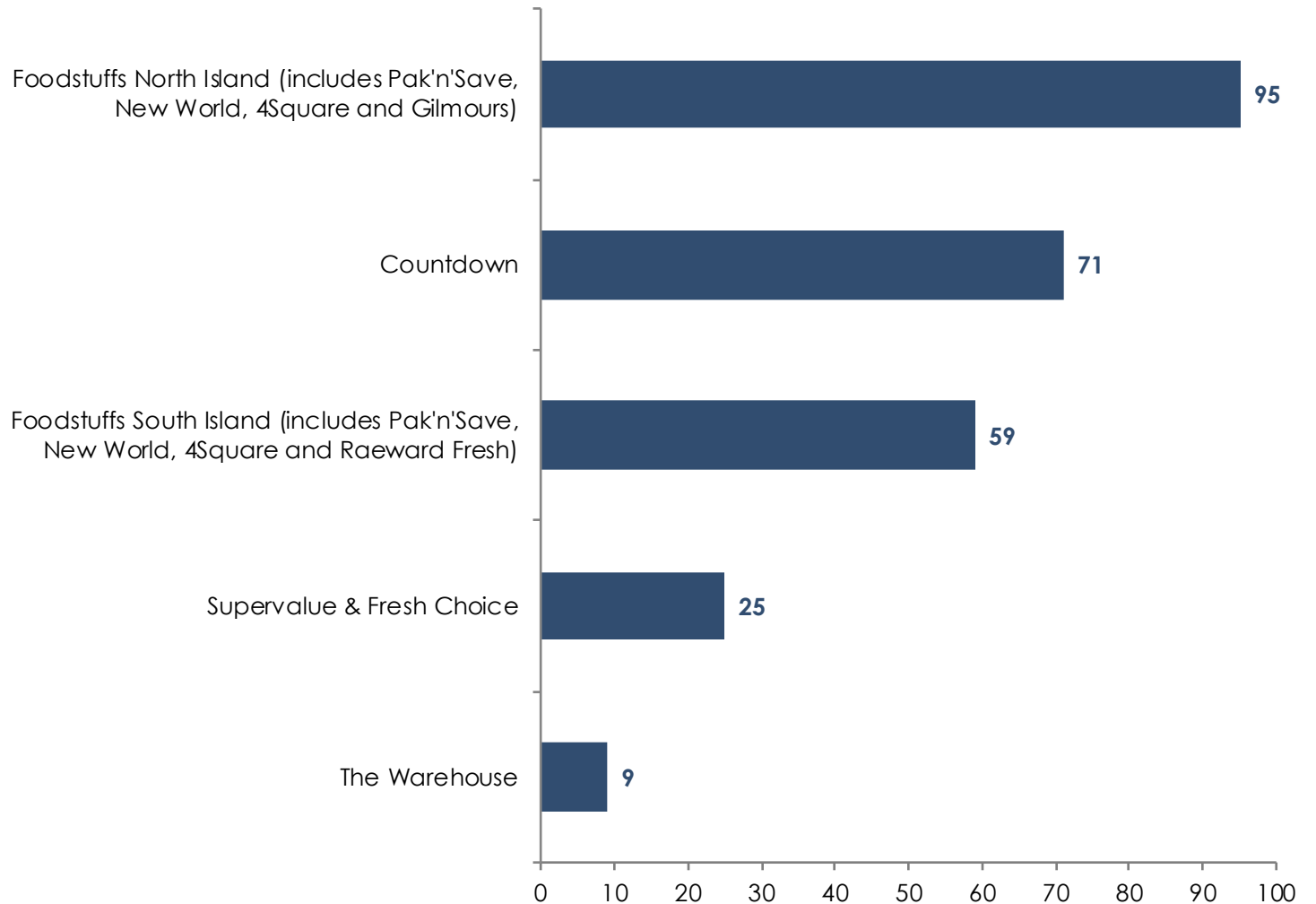


MAJORITY AGREE WITH 4 OF THE 6 STATEMENTS

RE: TRADING TERMS.

# AGREEMENT: CUSTOMERS

Customers which relate to **agreed** statements (T2B) re: **trading terms** (%)...



9 - IN - 10  
MEMBERS RELATE  
TRADING TERMS  
'CHALLENGES'  
WITH  
FOODSTUFFS  
(NI).

# VERBATIM: TRADING TERMS

Verbatim re: members issues with customers re: **trading terms...**

*The level of brinkmanship behaviour at FSNI currently as they move to centralised buying model (do it or be deleted). Margin grab, no promise of compliance at store level. Management of PNS owners as they move forward with this model. Talking 'consumer' - eg category mgmt/range etc, but reality is different"*

*"Our business is DSD (direct store delivery). Gaining supply to large Foodstuffs North Island stores requires payment of rebates direct to store owners on top of (sometimes 7 day) merchandising, one off payments and deep discounts. We are seeing more and more of this. Countdown continues to want better pricing to maintain retail pricing relativity with Pak n Saves but with larger GP margins expectations"*

*"New trading terms and conditions are often described as being in the end users best interests, when in fact are a pure grab for more margin from the supermarkets. Opt out options are a joke"*

*"Retailers range reductions and currently unfair to smaller players leaf terms and outcomes. Margin grab from suppliers while we are all dealing in uncertain conditions. FSNI clearly not listening to suppliers and staying on a course that only benefits them and the owner network. They say it's Consumer focused but all extra terms we have had to agree to have not lead to lower retails they have gone to retailer margin so question is how does this benefit consumers?"*

*"The approach for Foodstuffs North Island to move us onto 'project leaf' for New World was bullish. In short, we were told during the negotiation if we did not move to their CoOp of x% of RSV (not GSV) we could not participate in promotions- which would disadvantage consumers by having zero promotions, and also our sales compared to competition who did participate and executed promotions. Its also causes major admin as we get a weekly report claiming these new Co Op charges versus monthly costing more time and money to administer"*

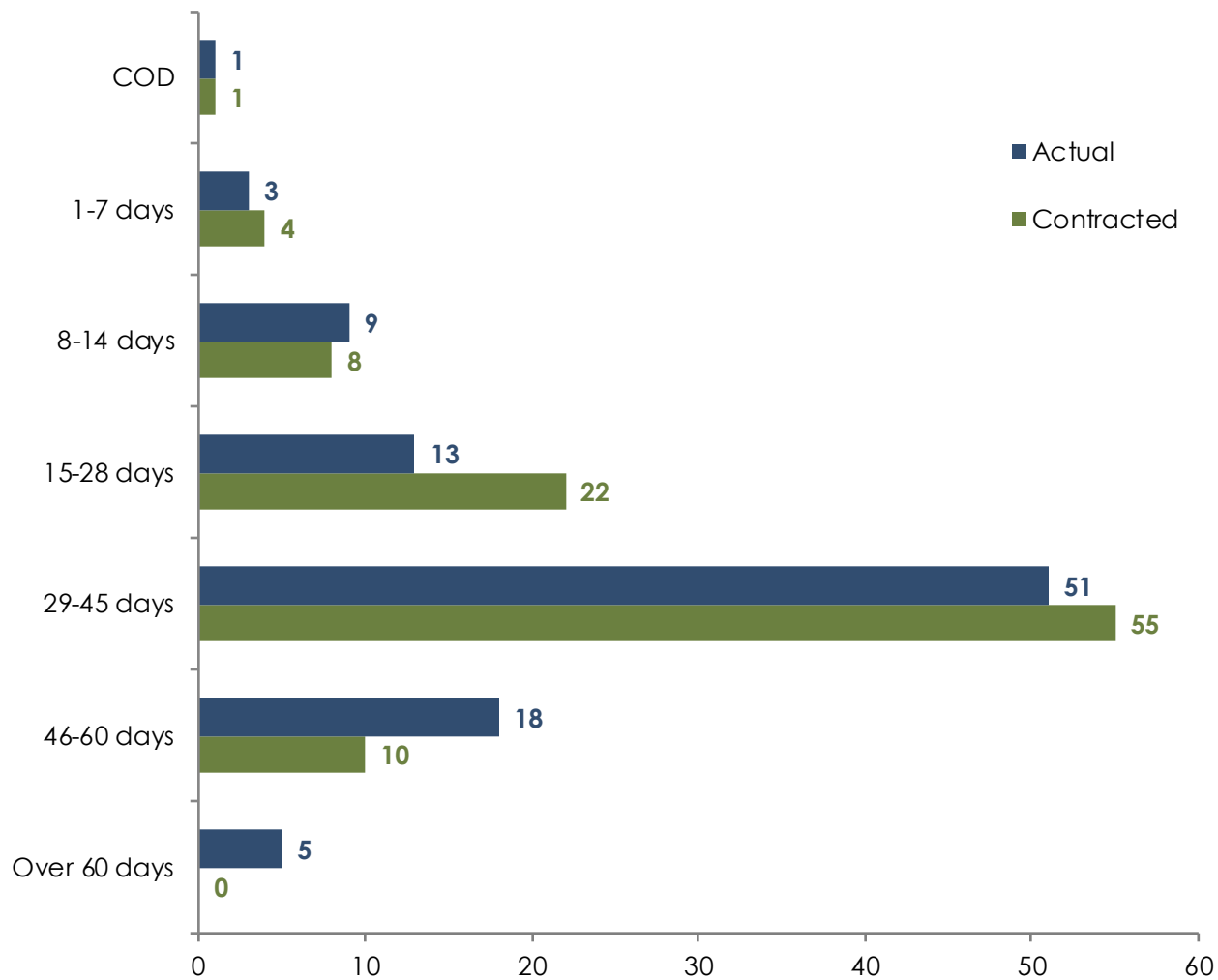
MEMBERS  
CONCERNS RE:  
TRADING  
TERMS.

PAYMENT  
TERMS



# PAYMENT TERMS: CUSTOMERS

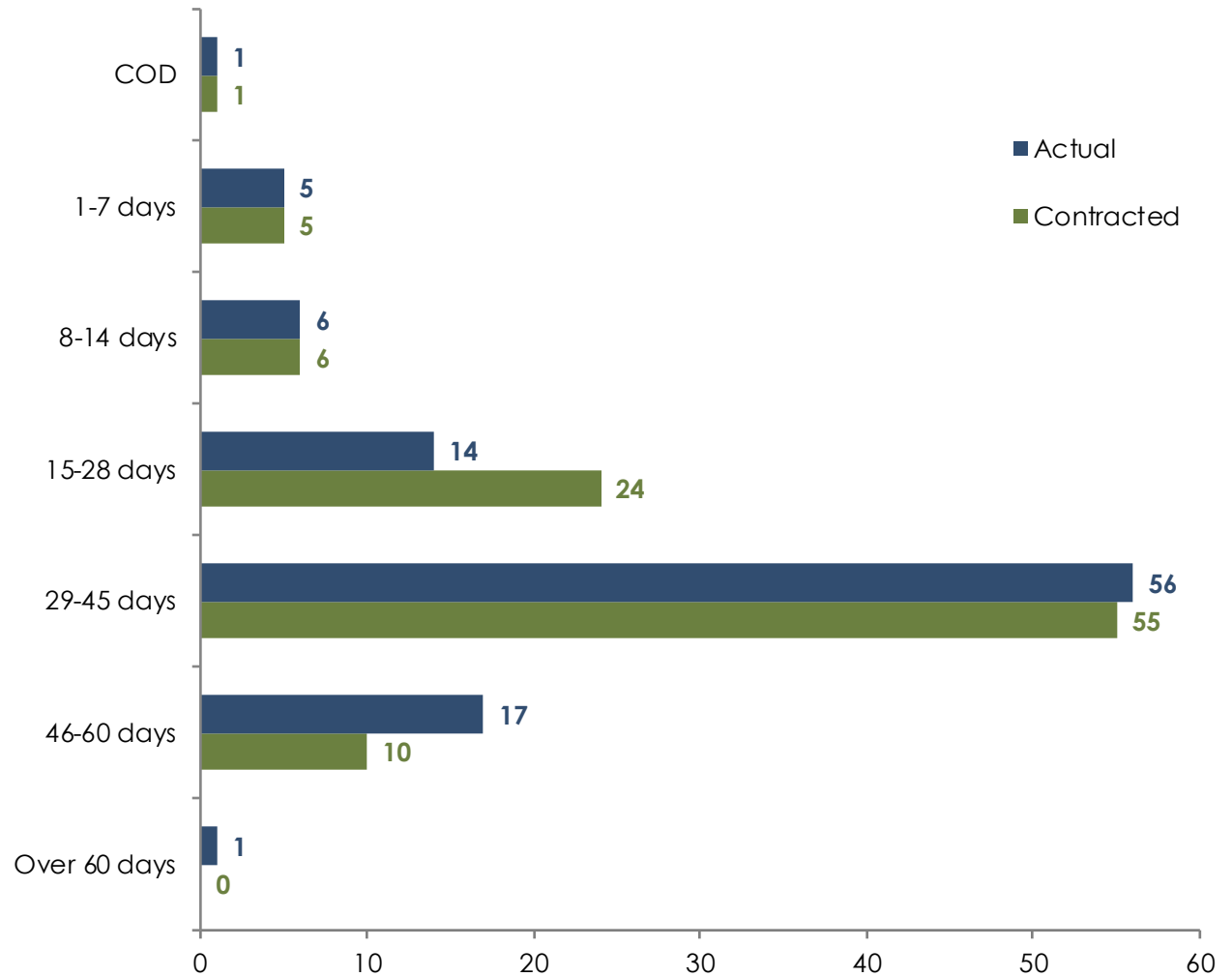
Payment terms re: Countdown (%)...



29-45 DAYS  
MOST COMMON  
FOR COUNTDOWN.

# PAYMENT TERMS: CUSTOMERS

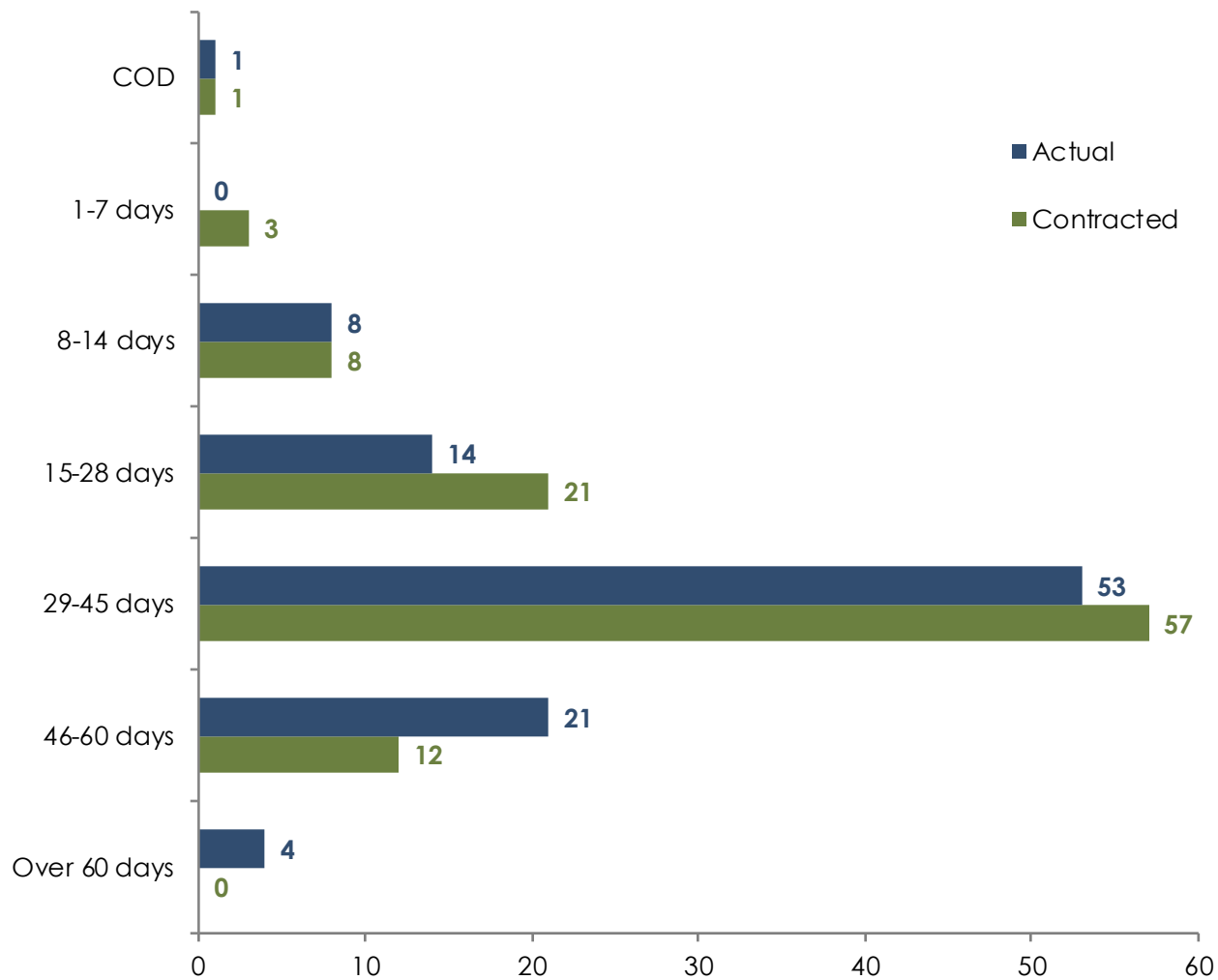
Payment terms re: Supervalu & Fresh Choice (%)...



29-45 DAYS  
MOST COMMON  
FOR SUPERVALUE  
& FRESH  
CHOICE.

# PAYMENT TERMS: CUSTOMERS

Payment terms re: Foodstuffs – North Island (%)...

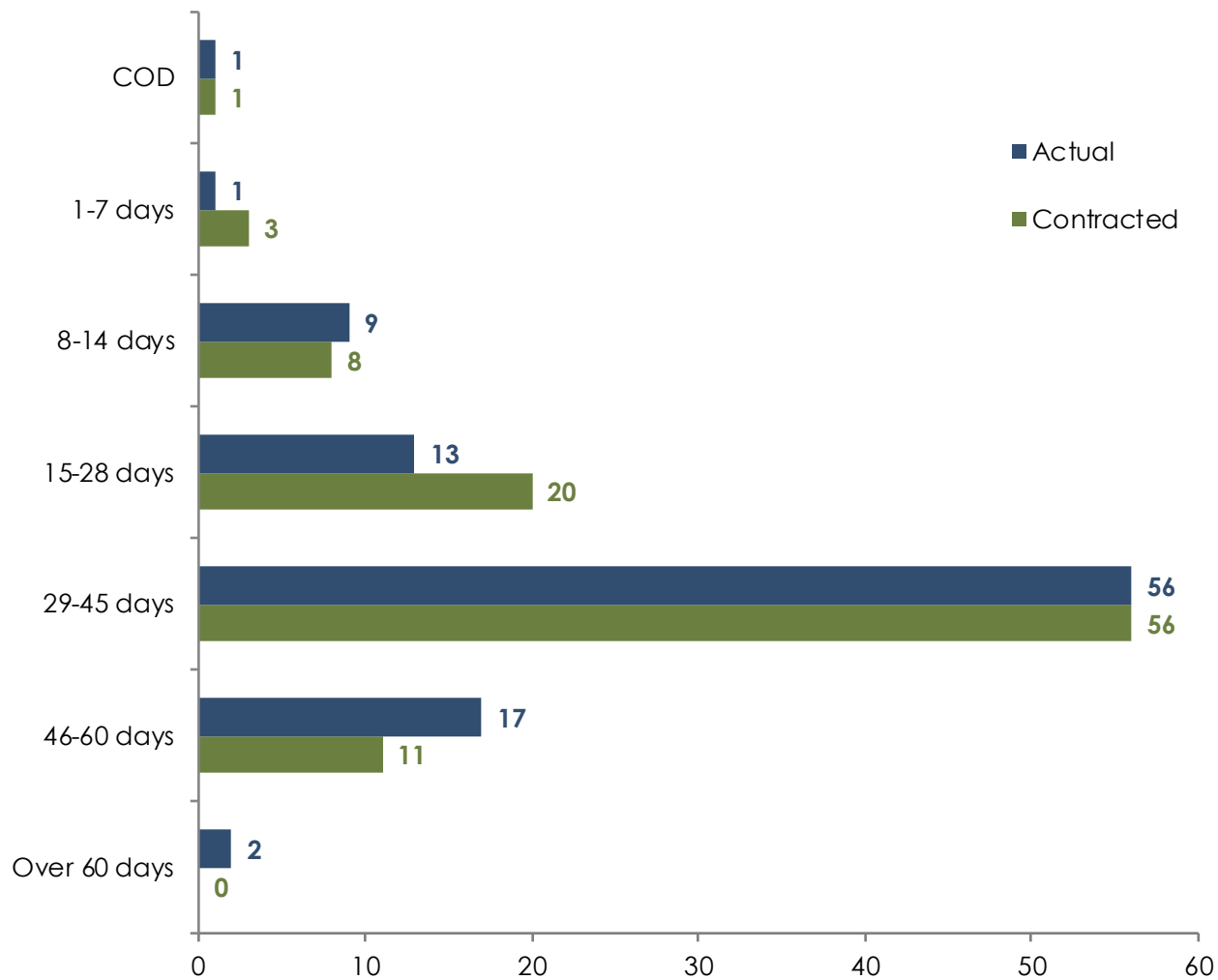


29-45 DAYS  
MOST COMMON  
FOR FOODSTUFFS  
- NI.



# PAYMENT TERMS: CUSTOMERS

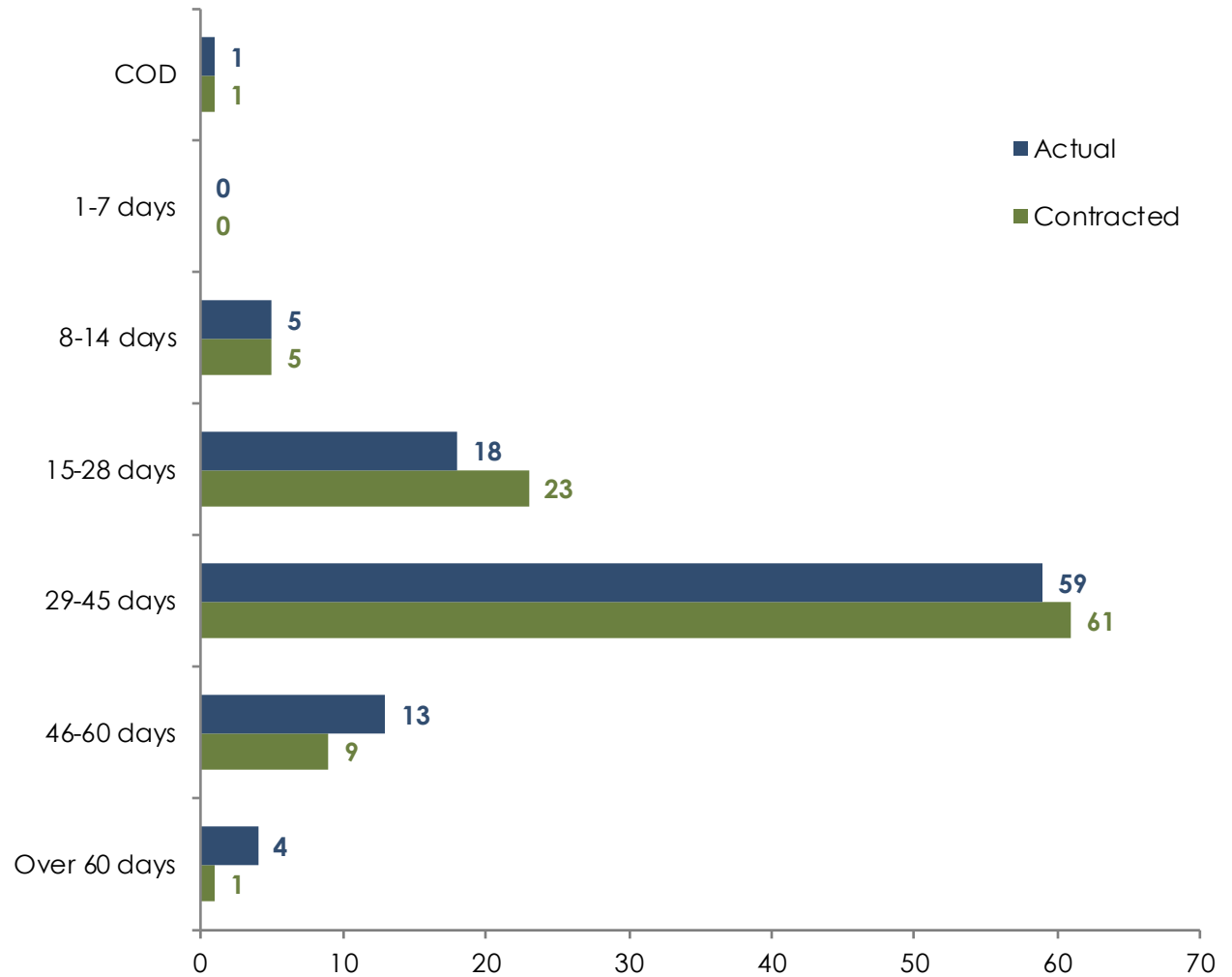
Payment terms re: Foodstuffs – South Island (%)...



29-45 DAYS  
MOST COMMON  
FOR FOODSTUFFS  
- S I .

# PAYMENT TERMS: CUSTOMERS

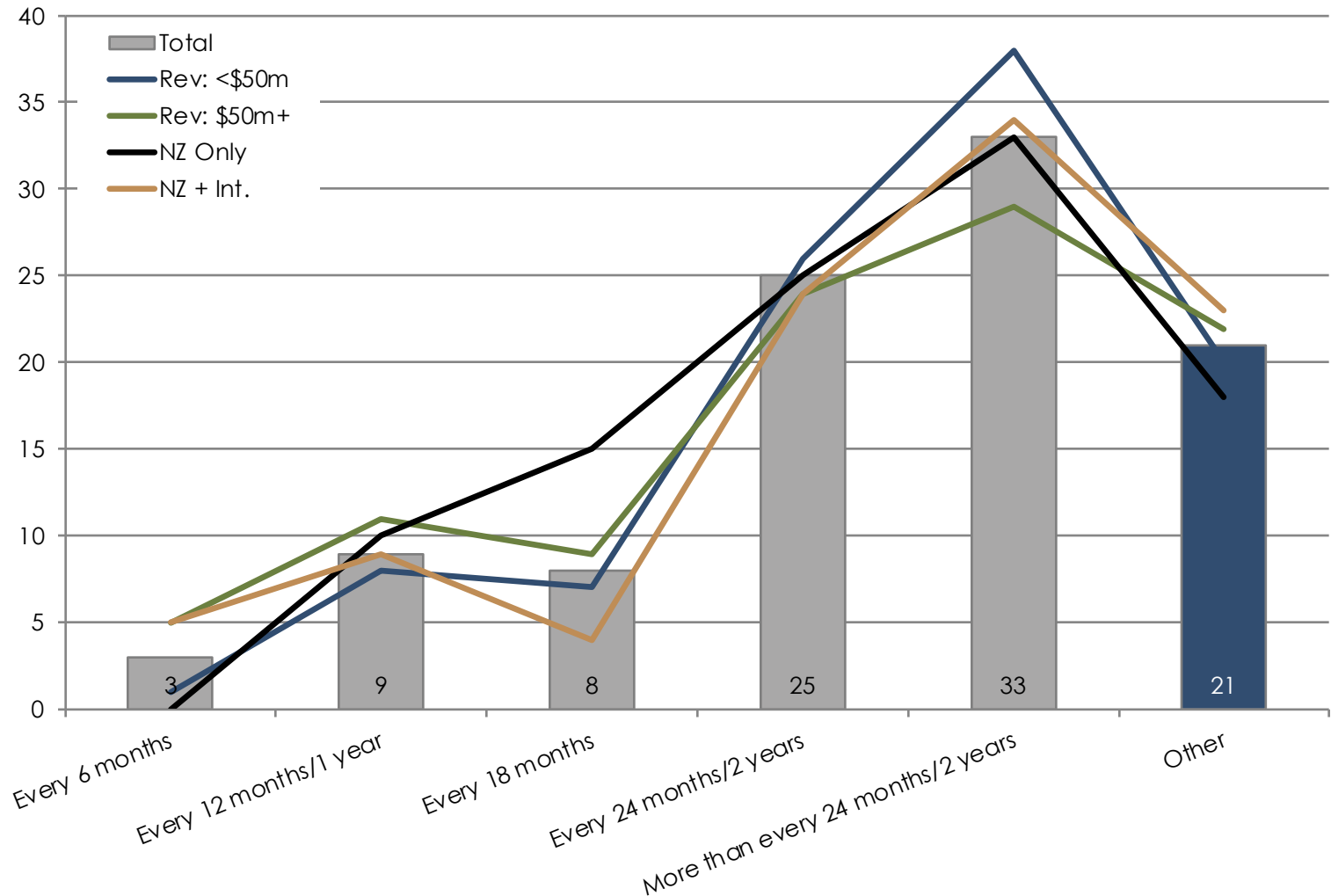
Payment terms re: The Warehouse (%)...



29-45 DAYS  
MOST COMMON  
FOR THE  
WAREHOUSE.

# PRICE INCREASES: PLOY

Successfully implementation of **price increases** over past 10 years (%)...



1-IN-3 MEMBERS CLAIM PRICE INCREASES MORE THAN EVERY 2 YEARS ON AVERAGE.

# VERBATIM: PRICE INCREASES

Verbatim re: members issues with customers re: **price increases...**

*"Never... always had to drop"*

*"3-5+ Years"*

*"2 times in 12 years"*

*"Almost never in general, only for specific skus"*

*"Price increases to date have been very infrequent and we have absorbed a lot of the additional cost of goods from our suppliers"*

*"One product range had just had the first price increase in 10 years"*

*"Infrequently. Very difficult to get price increases accepted with out threatened deletion. Exception is for very strong brand strength. Countdown is worse than Foodstuffs"*

*"Once in he last 4-5 years"*

*"Three times in 10 years"*

*"We had the same prices for a long period if time 8 years or more, recently done a review to change that"*

*"Haven't had one since being with the company for 3 years"*

MEMBERS  
'OTHER'  
RESPONSES RE:  
PRICE  
INCREASES.

IMPLICATIONS



# RAP SHEET: NZ FGC

New Zealand Food Grocery Council (NZ FGC) **members response** for the record...

## INTEL

- Members agreement to key statements:
  - Only 14% agree negotiations during the cat. review process are always fair and equitable
  - 64% agree anti-competitive behaviour (from customers) exists in the NZ food and grocery industry
  - 82% agree have been threatened with deletion for not agreeing to a customers terms or margins
  - 93% agree a code of conduct is required in the NZ food and grocery industry

- Majority of members indicate these 'challenges' relate more to Foodstuffs (NI) relative to other customers

## IMPLICATION

- The supplier-customer relationship dynamics experienced by members of NZFGC indicate substantial and concerning challenges currently exist

- Given the consistent response from members, further investigation is required re: Foodstuffs (NI)



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APPENDIX  
ALL VERBATIM







P4. Any other factors or concerns or issues	Categorised
<p>NWNI state their goal is to be the most shopper centric retailer in the world but the NWNI Tender Process is at odds with this as the Tender disregard what NWNI shoppers want and they are looking to significantly rationalise number of brands in each category ranging products where they have screwed the suppliers down to minimal margins which is not sustainable. NWNI are using their market power (a result of the Foodstuffs Auckland and Wellington Merger being allowed to occur) and threatening deletions if suppliers don't meet their margin expectations which are in many cases over triple the trading margin they have historically made. This is not about making prices cheaper for New World Shoppers it is about making Foodstuffs Owner Operators even more wealthy than they already are!</p>	Commercial Dealings
<p>Settlement terms are incredibly excessive in this low interest rate environment. We are considering removing this incentive as the benefit of the payment term is tiny compared with the cost. Note: all retailers pay on time and to their terms, the issue is the value not adherence. Retailer category review dates and timelines are very hit and miss. Ideally categories are reviewed at the same time by all retailers so suppliers can line up innovation and category adjustments across the market. Retailers language around price, price indexing, recommended retails blurs the lines. Retailers need to be reminded of the boundaries here and that they may need to invest themselves to compete.</p>	Commercial Dealings
<ol style="list-style-type: none"> <li>1. Tender Process by FSNI is grossly unfair - Key issue here is that terms for a particular tender were changed by FSNI after competitive prices had been submitted by suppliers i.e. tender volumes reduced &amp; margin benchmarks increased after initial tender document issued. Also very doubtful ranging status (another deliverable as part of the tender) could ever be enforced in return for supplier pricing submitted as part of their co-operative model.</li> <li>2. FSNI Commercial Model - FSNI by their own admission are unable to enforce deliverables all of the stores particularly with the Instore Display Terms where the onus is on suppliers to secure displays and achieve compliance - Head Office has no control and never has had here this yet its factored into term monies that are being billed each week.</li> <li>3. Price Increases - when often presented to WWNZ some of their Category Managers (CM) respond by asking suppliers: 'how are they going to mitigate this increase?' More recently a CM asked 'had we considered deletion?' in response to a modest price increase proposal - previous increase for this product was processed 6 years ago!</li> <li>4. Category Average Margins - both FSNI &amp; WWNZ are continually requesting our Key Accounts team to meet 'category average margins' for which we have no control as retailers set the Retail pricing. This is grossly unfair as different products that are measured in this category have different quality &amp; price positioning (premium vs budget) and different manufacturing processes as well as sourcing dynamics etc. It is even doubtful if this category average margin is weighted on volumes and the % is never substantiated - also it continues to increase year after year. Private label is usually included here which drives up the category average as retailers make a higher margin on these brands. Failure to meet category average margins often results in ongoing threats to reduce ranging, shelf space/positioning and even deletion.</li> <li>5. 'Price Indexing' - this retailer metric is used in tandem with Category Average Margins by WWNZ and FSNI. Retailers survey competition for a particular item (Often core brand) and if RRP's are above their competitor then they ask suppliers to subsidise the wholesale price down to meet this. Major issue is that suppliers have no control over Retailer margin expectations as Retailers set RRP's and the margins are of course different by each retailer so again this is grossly unfair. If these RRP's cannot be 'addressed' by a supplier then retailers will often threaten reductions in ranging or shelf space/position or even deletion. Even if the price index issue is overcome, this often triggers the other retailer to drop their RRP and then ask the supplier to in turn 'address' their indexing issues</li> </ol>	Commercial Dealings

P4. Any other factors or concerns or issues	Categorised
<p>You only need to look at the Forbes rich list to know that significant money is being made in the retail part of the supply chain through to consumers. The screws continue to tighten on suppliers, costing manufacturing jobs and stifling NPD. NZ consumers ultimately miss out, as tough price negotiations are not passed on, and NPD is more focused on cost out rather than great innovation.</p>	<p>Commercial Dealings</p>
<p>There is a distinct lack of consistency within each retail customer's way of doing category reviews and in the way that each treats various issues: this variation occurs within a customer... eg. different category manager's at Countdown, Foodstuffs North Island and Foodstuffs South Island seem to have different criteria they use in making decisions. For example, within one week recently, we were told that Countdown would be deleting one of our brands products because they didn't sell well enough and another said that they may delete them because their retail pricing wasn't in the appropriate range versus their competitor: these were very similar products and similar circumstances but at the end of the day it is confusing to have different rules for different category managers. For Foodstuffs North Island, where [REDACTED] have signed up for Project Leaf and In Store Display Coop, we were told by Head Office that we couldn't get displays in stores if they didn't sign up to both: now we're being told by the New World North Island stores that to get a discretionary display, you have to be in their mailer... the rules continually change with no notice, warning or official communication advising suppliers of this... suppliers have signed on to this trying to maintain or increase their sales with Foodstuffs North Island and the Brand Owners are finding it harder than ever to achieve this due to poor compliance by the stores: so the suppliers have guaranteed that Foodstuffs North Island get the Project Leaf money and In Store Display money and now the suppliers have to push hard with the category managers and stores just to get what was promised to them. As far as Foodstuffs South Island is concerned, their product ranging process is still very difficult to deal with... case in point is the market leading brand in a large category who makes its product in the South Island has recently agreed with Foodstuffs to increase Foodstuffs South Island's store margin since it couldn't get the ranging it deserved as NZ market leader only to be told in the recent category review 'sorry, but we've had to delete 2 of your products to get 1 additional one of your products ranged'... this has been a mess for years to deal with Foodstuffs South Island on this and it still is... if you escalate the issue to the next level and to the most senior level, nothing seems to change leaving the Brand Owner scratching their head and wondering how do I do business with them: it shouldn't be this way. I've been a supplier to NZ Supermarkets for 30 years so have seen almost everything there is to see but I believe that now is the most difficult time for suppliers I have ever seen since the rules keep changing and in some cases you can't work out the rules and are left guessing.</p>	<p>Commercial Dealings</p>
<p>There is very limited competition in NZ grocery market, and this is evident by FSNI behaviour in the last 2 years where they implemented unfair changes and threatened supplier with delisting or reduction in facings if they don't agree to the new terms or ways of working. In my 17 years in the industry I have never seen behaviour that bad from one of the chains.</p>	<p>Commercial Dealings</p>

P4. Any other factors or concerns or issues	Categorised
<p>In relation to the new New World Buying model. I do not disagree with the concept, and what they are working towards. Centralised buying makes sense, and is more efficient for both supplier and retailer. What I do not agree with is their bolshie approach to the process. Foodstuffs have always been the nice guys up against Countdown when it comes to supplier relationships, but the tables have well and truly turned.</p> <ol style="list-style-type: none"> <li>1. There is key messaging coming from leaders that their mission it to become the most customer driven retailer in the world, yet will happily delete products (key brands that are household staples) if suppliers are not willing to hand over margin and play their game. How is that customer led?</li> <li>2. Like many suppliers, we source product from around the world, and pre-covid, lead times were a minimum of 12 weeks (which are 16 weeks + now, post covid) yet the lead time for roll out has been 3-4 weeks. We cannot turn this around and support with stock on uplift, and on the reverse, when we are deleted out of stores completely, we have stock on the water. Particularly as about [REDACTED] SKUs we ONLY sell to NWN. High risk for value of inventory, packaging, etc.</li> <li>3. We have agreed to increase margin on a range from [REDACTED] (costing us ALOT!) in exchange for a Core Range SKU which will be on the mainstream aisle planogram in 95% of NW stores. When execution comes round and stores will not move the product from a specialty area into mainstream, it has been escalated through Head Office with the response from the Category Manager that they believe as long as it is in store, it is compliant. They believe the planogram to be irrelevant. Not what we agreed, very disappointing that the escalation process was checked prior to the agreement.</li> </ol>	<p>Commercial Dealings</p>
<p>at present the Project Leaf centralised buying model is being rolled out by FSNI and trialed by FSSI. Whilst the concept of a net net price to remove inefficiencies is applaudable the execution has been sloppy and inconsistent. Also the compliance at store level has been patchy at best and very poor at worst. A recent change' has been t allow in the SAP system for stores to order free 'bonus stock' at times without approval from supplier. as the stores can no longer charge Co op for displays and promotions directly (as these are theoretically covered by Leaf) some stores are now demanding free stock to supplement their lost ability to charge Co op. When refused we get stores threatening to delete lines. Also we signed up to Leaf and were promised mandatory ranging and yet 8 months later we still have New Worlds refusing to carry these lines.</p>	<p>Commercial Dealings</p>
<p>There is clearly a move from Foodstuffs North Island to become a 'Centralised' model yet they are reluctant to give supplier the advantages of that centralised model but happy to take the extra terms / \$ that come with having a 'ticket to the game'. Even after signing Store Co-Op the goalposts changed further and impacted our Christmas trading significantly and yet it is hard to get in front of Foodstuffs to air these concerns. I'm also worried about how quickly Foodstuffs North Island are going to implement Centralised Buying. Just prior to Christmas we received a note saying Pak'N Save would now be included with 4 Square &amp; New World on frozen - again it feels like the goal posts and comms to suppliers change at short notice to suppliers which appear to only advantage Foodstuffs themselves. I'm also concerned about what the impact this will have on supplier dealings with Foodstuffs South Island as any net pricing agreements will surely be asked for by them too? Recently we've also had customers (both CD &amp; FSNI) add in promotions at their discretion without consultation and is always a battle to get the removed. I feel they are doing this to be devious as they want to add in more promotions and say their margins are low and then demand a lower net price from suppliers to fund this and threaten deletion if they don't get the \$ I don't feel that Foodstuffs North Island are being transparent when it comes to their Range Reviews - at supplier updates they say these categories are 'coming soon' without fixed dates and then we suddenly get an email with a spreadsheet on to submit net net pricing [REDACTED] category which was completely inappropriate. This is happening far too often and whilst we get the occasional 'oppsâ€¦ sorry that wasn't meant to be sent or be interpreted like that' there are no ramifications for the retailer</p>	<p>Commercial Dealings</p>

P4. Any other factors or concerns or issues	Categorised
<p>For Countdown: They need to realise that it is the supplier who sets the price of goods to them, and if we need to pass on increases this is our right to do so. In a number of cases we have had price increases rejected, but Countdown then increase the retail shelf price because we have demonstrated that a retail price increase can be sustained due to our list price increase - they take the margin increase off the shopper and the supplier gets nothing -</p> <p>Foodstuffs South Island: A good business with high levels of integrity - don't be too influenced by the behaviour of FSNI -</p> <p>Foodstuffs North Island: This banner justifies a commerce commission investigation on its own. The issue start at the top of this business and result in middle management having to revert to bullying behaviour from Merchandise Managers to force through commercial terms changes with suppliers through the direct threat of restrictive consequences by not signing - they are being forced to implement the plan.</p> <p>Pak n Save stores are a law unto themselves and they do support anti competitive behaviour through the adoption of 'store level joint business plans' with some suppliers that clearly exclude other competitor brands being ranged'. They claim everything is done under the commitment to provide 'the best price for the consumer' but the investigation must look behind this generic statement and get a clear understanding of the real structure of how these Pak n Save businesses operate. Another example is restricting supply to consumers via out of stocks if the supplier will not continually sell into the store 'on a promotional deal'. In Pak n Save NI - the wins are big for successful suppliers, but the door is firmly closed for others who are not playing the game their way! Yes the shelf prices may be low, but the supplier is funding the cost of this through price and merchandising support to ensure a number of store owners are on the NZ Rich List!</p>	<p>Commercial Dealings</p>
<p>Promotional programmes Different margins/mark up in same category Co-op Fees Project leaf High excessive margins and therefore exorbitant profiteering</p>	<p>Commercial Dealings</p>
<p>Ensuring negotiation between both parties are held in good faith and the power imbalance does not disadvantage Supplier base.</p>	<p>Commercial Dealings</p>
<p>Main issue in the current NZ market is the way FSNI interacts with suppliers and taking a very 'bully' approach</p>	<p>Commercial Dealings</p>
<p>The ranging of new products is always a challenge, especially with the reduced support for the retailers head office teams. NPd is slow to get on board and there are always threats of deletion if you don't agree to their terms. Also their promotional compliance is poor. You pay for a promotion and the uptake is generally very low. Unless you are a major supplier you are often ignored or overlooked.</p>	<p>Commercial Dealings</p>
<p>Inequity of relative bargaining power. Recent FSNI Supplier interaction behaviour.</p>	<p>Commercial Dealings</p>
<p>We talk about anti-competitive behavior but within Foodstuffs North Island this really drills down to PNS and at a store level. Tendering categories out or having so called Joint Business Plans is always one sided with ever the consumer in mind. I agree there is an opportunity to review categories and range at a total level to reduce to a more balanced and sustainable category but sole supplier contracts which are in place and will continue on need to be addressed.</p>	<p>Commercial Dealings</p>
<p>Ongoing/Upcoming direction of where FSNI is heading with Category reviews. Pro-actively wanting to go on Net-Net pricing for a cooperative model is a very complex thing to implement and get right. What will be the implication if we do not give a Net-Net Price for our products?</p>	<p>Commercial Dealings</p>
<p>Foodstuffs north are negotiating with a win or whatever mentality with no regard for partnerships or financial viability if suppliers. Both foodstuffs south and progressive are continuing to act with integrity and a partnership adding value mentality.</p>	<p>Commercial Dealings</p>

P4. Any other factors or concerns or issues	Categorised
Lack of retailer competition in NZ based on the current duopoly. Long standing unrealistic expectations in Foodstuffs around merchandising, sales rep service, credits, coop, discounting on purchases (not scanned sales). They are unspoken, but they are unfair and firmly based on their unbalanced amount of power in the market.	General
Our industry is changing - foodstuffs is one big part of that change but not the only change, but there is many more changes in the way shoppers will interact with our brands and we need to support suppliers in navigating these changes - the impacts are far reaching from commercial capabilities to talent & the future of our work in our industry. I fear we are too focused on one element and not preparing the industry for the change. A more holistic view to help suppliers navigate change is needed. I totally understand the need to ensure Foodstuffs North Island change is clear, transparent & fair but we also need to acknowledge that what they are doing in centralising & reducing range is no different to the other major players already in the market. So how do we navigate that with open, honest dialogue and also education for members. the bigger challenge here is not their model change but the lack of alternatives for companies to deal with if impacted negatively in that model. How do we recognise the benefits the change could bring - there is significant industry efficiencies to be had from Foodstuffs model move. this again requires education but also acknowledgement there will be impacts. there is a concern around our highly consolidated market - but which government is going to be bold enough to suggest a significant change to the retailer set-up. Cannot see anyone suggesting a break-up of Foodstuffs banners for example. Is the latest Com Com study broad enough to understand the broader dominance of these retailers beyond just groceries (e.g. influence on wholesale, foodservices etc) and other sectors of food	General
Things need to change but there is real fear of commercial retaliation if some of the industry concerns are put out for all to see. There is covert pressure being applied to members of the industry who choose to speak out as a result of the com com review	General
Margin (gross profit) share between the retailer and manufacturer. I.e. the retailer makes 30% GP on a an average retail price of \$3.33, or 87 cents after GST. The Manufacturer is paid \$2.02 and makes 24%, or 48 cents per unit equivalent to 55% of the retailers GP per unit. The effect of the duopoly buyer power is a seemingly skewed result where the retailer makes 2/3 of the margin whilst the supplier who develops the product and brand and takes the greater share of risk only earns 1/3 of the total margin available.	General
Increasingly aggressive demands from Countdown for increased margins at each range review and ranging/deletion decisions not based on scan performance or consumer demand ... at times it feels like the Category Manager's personal favourites are the products of choice Foodstuffs North Island one-sided negotiations (with threats of deletion or lack of support for non signatories) have now been followed up with a lack of delivery on their side ... we're paying significantly more for a lot less and from what I hear we are not the only ones	General
Pak n Save banner behaviour at individual store level particularly in the North Island. Unrealistic demands and requests Any called out behaviour appears to be whitewashed by FSNI when bought up. This is why there needs to be a code. Also the ability to get price increases through in a timely fashion some in the past have been held back while 'systems' process it. If the 6 weeks notice is adhered to then it must be 6 weeks. Agreed promotions in some accounts sometimes unilaterally cancelled with no communication. This adds cost to a supplier who is bringing product in on agreed promotional activity. Current commercial changes in progress in FSNI has put pressure on its own team and also as a result doing business is not as smooth as it could/ should be. While FSNI have been good at communicating the changes there is still a lot of ambiguity across the detail.	General
With regard to the additional Merchandising trading term, how will the stores have visibility of who has paid this fee and who hasn't and how will this be managed instore using a combination of both instore staff merchandising and external merchandising services. Logistically this seems impossible to have a mixture of both, so will FSNI enforce this charge on ALL suppliers. In the confectionary category they have said if the merchandising term was paid it would only relate to everyday lines and not seasonal or event lines, does this mean we have to send in merchandisers just for seasonal and event display times ?	General



P4. Any other factors or concerns or issues	Categorised
<p>Please - look at the FULL margins that are being earned by the supermarkets. The margin earnings by (especially smaller, NZ based manufacturers) vs what the supermarkets are earning is way out of balance. There are many 'hidden/extra' charges in the trading relationship - e.g. trading terms, (obligation) promotion spend both to head office and the 'funding per unit sold', volume discounts, settlement discount (for the privilege of being paid on time!), distribution charges to name just some of the charges. In essence, a simple calculation is what the product costs to produce vs what the consumer is paying - there is much \$ sitting between the two points and most of it goes to the supermarket.</p>	General
<p>Abuse of power. With such a saturated and uncompetitive market we have seen centre of store profits increase from an average of 6% to around 12% since Woolworths Australia purchased Progressive and Hong Kong Dairy. At the same time we have been forced to support promotions through centre or store co-op to the point where we are struggling to make a profit when supplying Countdown and PAKnSAVE. This unconscionable behaviour in the PAKnSAVE stores is coming directly from the strategy set by Foodstuffs North Island senior management. I have tackled store owners, store managers and senior management directly and they are unapologetic. It wouldn't be so tragic if profits were shared but the Foodstuffs North Island team only seem to pay lip service to this statement. In my view, they have become as immune to the New Zealand suppliers wants and needs as Woolworths/Countdown have become.</p>	General
<p>Lack of focus on Consumer Choice. This is touted as the cornerstone of all Customer decision-making - and phrases like 'the data shows you are substitutable' which is code for you are now fighting for your ranging 'SKU rationalization'. If this was truly the case they they should just delete the products that are substitutable rather require the need to go through a submission process. The Customer benefits in two ways 1/ Increased Margin 2/ Reduced Operating Costs and Working Capital. There is no incremental benefit to the supplier - other than to the supplier who is not deleted as they would arguable getting more sales but at the cost of delivering increased % margin. As always the process will happen again in the next year or two, so any security that the incumbent may have is temporary with the business being put out for 'tender' again for a new (or previously deleted) entrant on improved terms. The threat of a of loss of business (for any reason) by a major account is catastrophic in a small market like New Zealand where we are subject to Minimum Order Quantities (from factories around the world), Limited Date Life, etc. If products are deleted from a major Customer, invariably it has to be deleted from total market - meaning a supplier is not only impacted by the offending Customer but the potential viability for the entire business is at risk. I cannot see how this is not a limiting factor for Consumer Choice - as many products will not even make it to market because of a lack of scale. I believe that the the retailers use Small Innovative Domestic Suppliers as leverage. In almost all the entrepreneurial/innovative suppliers that I have seen they are struggling to make a profit based on the scale in the New Zealand market alone. Firstly they have to pay the price of entry (typically more than the market 'multi-national' leader) which is almost impossible as they cannot achieve the manufactured costs of the multi-nationals with large-scale automated manufacturing. When they do gain some share, the multi-nationals are brought to the table to leverage for more margin to re-gain ranging or share. As the small suppliers cannot make money in New Zealand they are then forced to seek profitability in 'Blue Sky' initiatives by exporting to Australia and China. The challenge is however if you do not have a strong NZ business (buffer) you cannot absorb any issues such as deletions or rejected orders in those markets - placing the supplier at significant financial viability. I cannot see the continued range rationalization, initiatives (such as Leaf - where Display allocation is based on actual sales) - is going to be good from a Consumer Choice perspective. Foodstuffs NI where new start-ups could tactically sell in the stores that fitted their demographic and could invest in those stores through display activity to build a business - have this now taken away from them through centralized ranging, buying and in-store display activity. The whole concept of localization under a Foodstuffs model is gone. The selective use of Data as the driver of all Customer decisions is flawed - even if a products is 60% substitutable, if deleted 40% of brand loyal customers no do not have this choice. This is only leaning to less choice. Based on inside knowledge - if terms like 'Cliffing' and 'Spider-Webbing' (or variations of these in different guises) are used as strategies combined with the imbalance in power - Suppliers and Brands do not stand a chance.</p>	General
<p>ensuring that the real costs of running supermarkets such as large PNS and NW stores, is not being 'sponsored' by suppliers, who are are now also being asked to contribute a greater portion of costs via central warehousing. It is the right move, as long as the retailer can guarantee a greater level of compliance and the stores then refrain from insisting on 'extra funds' to ensure their support . If that happens, it is just another version of cost transfer to the supplier and will be perceived as 'in bad faith'. FSNI retailers must ensure compliance if this is to work.</p>	General

P4. Any other factors or concerns or issues	Categorised
How to deal with material but temporary market factors. Seafreight and Logistics costs have spiralled recently. Market perceives this is a temporary but significant issue. As per AU market how does NZ put in place a provision to deal with material temporary issues without the retailers simply expecting suppliers to absorb or put in place a long term price increase.	General
The lack of competition has created an environment where the power is all with the stores and head offices. The number of people leaving the industry and failure to attract new talent aligns with an increase in bullying including threats of delisting which has increased in recent years. Foodstuffs inability to agree a definition of their MDA has enabled stores to continue claiming credits. I believe this is a deliberate action by FSNI head office and the same as the non-specific Project Leaf terms and tender process being forced on suppliers.	General
Competitor NPD seems to be openly discussed in the Trade and then 'leaks' out. This would not be accepted in other industries or countries. In fact the NPD would not be disclosed if not held with strict confidentiality. In addition, some individual stores may not have the level of professionalism to keep supplier confidential information confidential.	General
No surprise here. FS Nth honouring 100% every week what we are paying for with the elements of centralized buying . currently they aren't and there is no financial remedy for suppliers FS Nth honouring their NPD process and review process to time to remove poor performers	General
The centralisation of buying is inevitable in market, how retailers conduct themselves in executing this agenda will define relationships with the supplier community, and in turn the extent to how successfully the industry serves NZ shoppers.	General
Both the major retail chains make a lot of their apparent support of suppliers in their annual supplier meetings. However, the reality is quite different in that we are openly told in one-on-one meetings about their primary need for the 'appropriate margin' for a particular product/category otherwise we're delisted. Re payment, Countdown were previously awful (2-3 years ago) but are now paying fairly well according to agreed terms. However, Foodstuffs has descended into what feels like a deliberate spiral to delay payments and make it difficult to talk to anyone since they change staff so frequently. They have unilaterally taken up credits they are not entitled to despite having received all documentation and their lack of response is appalling.	General
Forced urgency, making us respond in an unrealistic time period to requests. Suppliers get the short end of the stick. They give us a week and then they take months. Always under pressure to accept all credits no matter the reason. Always under pressure to discount products. They live in a fantasy world and believe that suppliers have large margins to work with. On top of trading terms, they expect free merchandising and other services.	General



P4. Any other factors or concerns or issues	Categorised
<p>Foodstuffs North Island The NZ Supermarket industry is a Duopoly.</p> <ol style="list-style-type: none"> <li>Total Market size of NZ Supermarket Retail is \$ \$21.6 Billion ( to March 2020). This represents a spend of over \$12,500 per NZ household. Another comparison is that NZ GDP = \$300 billion so this is 7.2% of total GDP.</li> <li>Woolworths Australia reported 5% profit at the EBIT level indicating that the industry profit generation in NZ is around \$1.2 billion.</li> <li>A one percent increase in profit margin (or prices) results in a \$200 million increase in profit or cost recovery to the sector.</li> <li>Foodstuffs and Countdown combined market share is close to 98% of retail supermarket grocery spend. ( this excludes ethnic supermarkets and convenience stores). NZ has a duopoly with Foodstuffs Group have 52% market share and Countdown Supermarkets having 46%.</li> <li>New Zealand has possibly the most concentrated grocery supermarket markets in the world. Australia by comparison has over 5 supermarket groups (Coles, Woolworths, Aldi, IGA, Foodworks, Costco)</li> <li>Foodstuffs NI has about 50% share of the North Island market and work in conjunction with Foodstuffs South Island have about 56% market share.</li> <li>Foodstuffs banners include 4 Square, New World, Pak n Save, Gilmours and Trents. Duopoly™s (especially essential industries) have a social responsibility to behave ethically in relations to all stakeholders; viz, employees, community, customers, suppliers, shareholders and government. NZ is a food based, export led nation and many of the successful companies now exporting were once fledgling business supplying a few supermarkets. Value add is critical to a stated goal of moving NZ exports away from commodities. New Zealand supermarkets are vital to developing a strong FMCG manufacturing food base. However, when supermarkets use their monopolistic powers to diminish power of one stakeholder the upshot is a restrictive less competitive and efficient marketplace, that affects other stakeholders too:                     <ol style="list-style-type: none"> <li>Increase prices</li> <li>Reduced range of product offered to consumers.</li> <li>Reduced need for price specials from reduced competition.</li> <li>Disincentive for small business start ups.</li> <li>Inefficient retail system that is funded by higher prices as Retailers move to cost plus model.</li> </ol>                     Foodstuffs NI and SI Grocery Coop The writer has been a supplier to the Foodstuffs Group for almost 40 years. There have been significant changes overtime, viz:                     <ol style="list-style-type: none"> <li>The role of the coop Head Office has changed from a "service" to a "control". In the past head office supplied services to the stores in terms of store development: (store design, layout, IT, distribution, and coordinated advertising.) In this format the market power was devolved to individual supermarkets.</li> <li>The role has evolved to the extent that the head office now control almost all strategic decisions such</li> </ol> </li> </ol>	General
trans tasman pricing and supply risks - NZ market risks becoming a sales arm if customers look to take supply control	General
Retailers are so powerful and have so much of the grocery market tied up with the 2 major companies as a supplier you have little to no negotiation power. The retailers know this and install people into positions where their entire job is to meet the demands of the upper management. They aren't there to negotiate, they are there to implement, and in order to achieve that they will threaten, bully, coerce in order to meet their own KPI's as they will be without a job should they fail.	General
Foodstuffs North Island has considerably softened its stance on Merchandising - it is now stated as a medium/long term intention where it might benefit both parties!	General
Duopoly means that every significant negotiation is make or break. Retailers understand this and leverage to their advantage	General
Yes, I would like the FGC to stop making generalized media statements with regard to our NZ customers alleged behavior as it does not foster a harmonious industry model. Our customers have the absolute right to define their own market strategy and it is not the role of the FGC to lobby against their push to implement those changes. In terms of how those strategies are executed, it is generally those companies that do not want change or others who may simply have no real purpose in the categories they participate in who push for such underhanded lobbying. I would like the FGC to clearly define their purpose, have transparent and equitable representation on the board and focus on the matters that truly impact the members.	General
Inconsistent business practices across each store in the Foodstuffs net work.	General
Having FSNI stores not listen and do something contrary to agreements at HO...then FSNI HO both ignoring it and then leaving it to us to fix	General
Completing the code of conduct process	General
Market power as related to fair range reviews and innovation listings Roll up terms influencing ranging decisions	General



P4. Any other factors or concerns or issues	Categorised
The our way or highway approach from retailers	General
Incremental costs going into supplier businesses as retailers change their strategies ie. Capability, training, IT, supply chain.	General
Not enough competition in NZ, complete duopoly with retailers able to bully suppliers.	General
This survey does differentiate between Foodstuffs Head office and individual store attitudes and behaviors	General
Transparency	General
Visibility of the key strategic initiatives and success outputs of the FGC would be good.	General
lack of Transparency regarding PL and Braded positioning and pricing	General
Health and Safety within stores.	General
The words support local need to be taken seriously. Also the amount of overseas products we have in our local stores needs to be looked at	General
Success is measured on individual and collective benefits & results. Retailers dictating terms because we're in a duopoly is neither healthy for manufacturers non consumers.	General
Current changes to FS operating model has been disruptive to the industry (which isn't by definition bad, however, the way in which 'negotiations' have been dealt with is) Our industry has battled with attracting talent and these changes will exacerbate that challenge.	
The key is we all need each other to achieve positive outcomes for the consumer. Everyone needs to respect that each business has targets i.e. Sales & Margin to achieve when going through any commercial negotiations. WIN/WIN needs to be the desired outcome so we can all share in the success. Continuing to develop new product opportunities based on market trends/consumer demand is critical - this does require a significant amount of time and investment. Overall respect with dealings is key.	General
[REDACTED]	General
- Campaigns ran and designed for NZ suppliers only (Ie: Buy NZ in New World) can be unfair to some suppliers - Lack of leadtime/visibility on additional promotion/campaign (Ie: Little Garden, SMEG). Lead time not long enough for suppliers to plan the investment when planning for following year	General
Seems to be a fair level of inaccuracy around the rhetoric we hear on what 'other' retailer margins are and therefore what 'we' should be getting. This should be confidential to start with, but really does drive a lot of the decisions on ranging and layouts I believe ahead of true customer insight. There is a bit of rhetoric vs. reality here and is playing out in the decision process fairly actively.	General
Code of conduct and independent arbitrator of the code for each group is important for confidence in the NZ FMCG environment.	General
Generally, there are good open discussions with the key grocery retailers, that are positive and constructive. It is also a very competitive arena and pleasing to see these leading retailers using more facts, data, insights, trends, analysis to help make their commercial decisions, making it a fairer and more transparent playing ground. Regardless having a code of conduct for the grocery channel would be beneficial to help set expectations between suppliers and retailers on an ongoing basis.	General
Grocery retailers are moving to data driven category decision (using different platforms such as dunhumby). Also. they are looking at different ways of working with suppliers via using this platform. It would be great to know the implications of such platform/WoW for suppliers. It seems dumhumby is used elsewhere such as UK. Are there any learnings from UK Grocery or any other market?	General
The behavior of retailers in NZ indicate that a Code of Conduct is much needed. Foodstuffs in particular have behaved unconscionably in recent times, and tend to use their market power to drive their agenda on rolled up trading terms, promotions and ranging. It is becoming increasingly difficult to do business in NZ which will impact sustainability in the long term, and potentially drive commercial decisions to divest from the NZ market.	General
not enough competition that when a retailer deletes or doesn't accept a produce. it is not viable to service a small portion of the market. Foodstuffs decentralized model helps this 'BUT' changing this will reduce competition	General
I believe there is a serious need for 3 large players in the market to make it viable to be able to survive as a small to med size business in grocery	General
the competitive forces within the supermarket sector and how to create a landscape for another supermarket	General



P4. Any other factors or concerns or issues	Categorised
FSNI with their multiple charges make it very hard to understand net return - almost like they are trying to confuse. Also very slow response times. Have neither of these problems with FSSI. Countdown are not offering adequate choice to customers, and force suppliers into uncomfortable price drops to stay listed.	General
This is not a level playing field with only 2 retailers and hundreds of suppliers . This is very anti competitive !	General

P4. Any other factors or concerns or issues	Categorised
In store treatment of field staff, particularly within the North Island Foodstuffs network, waiting times, disrespect of the individual etc.	Instore
In store conduct by retailer staff members. We have had examples that we have raised with both major grocery retailers of unprofessional conduct and harassment of our sales and merchandising employees. There should be zero tolerance of this behaviour in our industry and a code of conduct should cover this type of behaviour as well. I suspect others are experiencing it but the visibility of this is low. We will support are teams first and foremost and have reinforced this commitment by giving our team full discretion to not call on stores that display inappropriate conduct. I would rather our team feel safe than the store be serviced.	Instore
Cost to Service is not recognised by PAK' n SAVE NI owners, this should really be built in to their system with a value added to understand the investment made by suppliers. Second to this is store display co-op keeps going up yet stock weight for displays go down. You are targets for spend wuithout return of investment.	Instore
In store bullying with regards to sales Reps. There is a PNS in Hamilton where the buyer refuses to see sales reps.	Instore
With Foodies, the issues is less so about the Head Office, but the rogue PNS stores - of which a larger number are falling into this group - they are the problem, the good work been done at head office is undone by a group of stores	Instore
There is considerable activity in market where brands are paying to be exclusive in a category, or paying for our brands to be removed from stores. It is incredibly aggressive, short/no notice and definitely not in the category/consumer's best interest. It would be great to have the code of conduct clearly deal with what is and what isn't okay when this happens.	Instore
Some Pak N Save Stores in the North Island are behaving especially anti-competitive and one sided in their negotiation. I.e. deleting products when not paying enough money (set by each store without consultation or transparency) for in-store displays and readily threateninhg deletion when not meeting ever-increasing demands for coop payments in store.	Instore
The auctioning off of shelf space. Competitors are able to block your access to consumers by dropping price and having you excluded from a store. More of a Foodstuffs issue. Aggressive and unreasonable buyers at a Foodstuffs store level create environments of bullying that are out of place in society.	Instore
Legality of Pak n Save North Island stores using banner reports to compare cost prices of the same SKU across different stores & then negotiate supplier down to the lowest cost when Pak n Save stores are independently owned/operated & individual deals are negotiated? Situation where deal given to a Foodstuffs store and it never passed onto the consumer (either at all or in full) Ever increasing retailer margins (e.g. a few years ago 15-25% GP was standard for in our category whereas 25-35% GP is now standard) Full understanding of some of the FSSI DC terms & how they are calculated (e.g. 'Advanced Handling Fee' & 'Margin to Market' - both which add to the Net into Store cost and therefore cost to the consumer but are outside the control of the supplier)	Instore
Buyer conduct with reps. It would be good to see buyers having a minimum training on how to treat their suppliers.	Instore
Treatment of merchandisers in store at Pak N Saves	Instore
I still believe that in some Pak n Saves, mainly the North Island, suppliers are being bullied. An example of this is during lockdown we were unable to supply having lost 1/3 of our production staff. As a result we adjusted our promotions and a few Pak n Saves threatened deletion. Absolutely no understanding for our predicament. They expect to investment buy and will simply refuse to buy at full price, even when they are still making good margin.	Instore
PaknSave North Island arrogant/bullying stores of which there are a lot, Head Office don't want to know or do anything about it. The way they treat suppliers is disgusting in many cases, they have no rules of engagement or behaviour standards, its actually embarrassing to the industry.	Instore
Obviously with Foodstuffs, the decisions made are different at head office to what happens at store level- whatever changes the new model is bringing are still to be implemented, so its too hard to guess. With new stores the amount of free stock given is quite staggering, as is the expectation of free NPD stock in existing stores. There are many buyers in Foodies North Island that are very good at 'extorting' although to be honest, much of it still comes back to communication ability, and dare I say it personality.	Instore
Instore behavior would be good to have an opportunity to comment both from retailer and suppliers in an independent environment	Instore

P4. Any other factors or concerns or issues	Categorised
Net Net pricing and the lose of planned promotional activity unless they are over and above the net net format.	Pricing & Promotions
FSNI New World tender process for grocery categories has been handled poorly. Unrealistic margin demands and mixed messages about tender volumes (original documents quote total volume if successful as sole mainstream brand, followed by subsequent documents with significantly reduced volumes.... while asking for even lower costs). 12 month fixed price request is not reasonable for commodity products, particularly if imported in foreign currency. Net net cost request with no firm commitment on promotional frequency and price points. Delays in tender completion. Threat of deletion from total banner if unsuccessful which obviously has significant ramifications for business.	Pricing & Promotions
Suppliers need to have control over their commercial spend. Trading terms now geared to give control of funds to the retailer. IE Net/Net Pricing Suppliers will be disadvantaged/penalised if they do not align with Retailer strategies/demands. Suppliers paying to keep prices down not retailers. (Maintaining margin)	Pricing & Promotions
Acceptance of Price Increases due to market conditions need to be addressed. To often we are told no increases accepted due to index comparisons against the other market chains. The margins each customer decides to make is different hence suppliers are required to fund and then get blamed due to price index issues when the retailers are choosing the margins they wish to make. It is a race to the bottom due to the retails DNA, 'NZ lowest everyday prices' reduced margins against corporate expectation of X margin however price index is well out.	Pricing & Promotions
Anti-competitive relationships between larger suppliers and grocery retailers preventing smaller suppliers from entering market. Expectations of price relativities between banners when we don't set pricing. Behaviours around reviewing and accepting price increases with outright refusal to accept and threats of deletion if prices increase. Acceptance of price increase results in margin gouging from retailer. Implications of price increases impact on other completely unrelated lines in different categories. NPD not considered as a result. Commercial operating model in Foodstuffs NI is not transparent and clear as to how it will evolve - brands and businesses left on tender hooks not knowing outcomes or not included in process.	Pricing & Promotions
Acceptance of price increases by Countdown has become an issue over the last few years. They delay for what ever reason they can and we had an experience a couple of years ago where they took 6 months to finally accept the increase. Then when they did accept the increase they didn't raise their retail pricing?? PnS stores in the North Island have deleted our products as we could not meet their margin expectations. It is difficult to achieve this when they want to have a price advantage and an unreasonably high margin expectation Foodstuffs in particular talk about their shopper insight driven range etc yet at store level it all boils down to the margin & the retail price	Pricing & Promotions
Refusal to accept price increases when evidence is supplied that supports cost input increases to the manufacturer/supplier. Foodstuffs benchmarking NW and PNS prices off Countdown prices, reducing margins on products to the stores resulting in stores declining to support these products due to reduced margins.	Pricing & Promotions
Unfair / Unreasonable demands made during Category Reviews, i.e. WWNZ demanding that all NPD be funded as Net Net and then not accepting any NPD when we disagree despite them not being willing to formally notify suppliers that Net Net is where they want to go FSNI Store Co-op demands are massive and not achievable	Pricing & Promotions
Concern over Customer pressure to fund promotional pricing seen in other retailers, when the pricing decision lies with the individual retailers themselves. There should be no discussion about what other customers are doing in any conversation to avoid suppliers being placed in a difficult and potentially anti competitive or compromised position with implied threats regarding ongoing range and support / relationship.	Pricing & Promotions
You are covering the core ones. On the pricing questions the answers are a bit black and white eg. agree payment terms vs actual payment terms - it misses if that actual terms are sometimes tardy but often as agreed ...	Pricing & Promotions
what role can suppliers play in the % sold on discount. Even when we try to move away from this our customers drive us to maximize promotional weeks	Pricing & Promotions
When errors are made by customers loading products and pricing often the time to have these corrected can be months in which time there is damage to the brand or strategy y products being loaded incorrectly.	Pricing & Promotions
lack of compliance from promotional exaction	Pricing & Promotions

P4. Any other factors or concerns or issues	Categorised
The FSNI business is doing it tough at the moment as they are using the range review process to generate some stronger commercial outcomes from suppliers. There is occasionally a disconnect between the negotiating bulldogs and the actual category team. This gap needs to be bridged. The way FSNI have held the assortment tool back from suppliers is poor. Our DH payments (cost is significant) excludes the substitutability data which is the big stick that they are using in the reviews. It is a poor approach to shopper / customer led data and doesn't engender trust / transparency. I believe this is a mistake on behalf of FSNI. Easy to fix but I don't think they have the integrity to do so.	Shopper, Consumer & Category
Customers are selling their data, at additional cost to the supplier, with the underlying threat of not knowing your business will result in 'less of a partnership' - obviously a fear that this will result in less turnover with the customer.	Shopper, Consumer & Category
After a product has been developed, presented to a CM, accepted and selling through based on the KPI's set by the CM, a product should or brand should not be able to be deleted at the whim of a CM (unless these KPIs are not being met)	Shopper, Consumer & Category
The supplier-retailer trust factor has been severely damaged by retailers suggesting / implying their decisions are shopper centric-focused when the reality the decisions are margin driven with faux consideration for the shopper. Data insights are being used / massaged by inexperienced category managers to justify decisions that lack common sense at times. No ownership of the decision by individuals as it is easier to blame the data when the results do not go as suggested.	Shopper, Consumer & Category
The category review process at Countdown has deteriorated significantly with reasons for deletions and changes being very obscure. Top level relationships with all retailers are good, but things can fall apart at buyer level. This has been evident in Countdown.	Shopper, Consumer & Category
Foodstuffs north Island describe the changes to the operating model as " <i>a customer and insight business transformation to become one of the most customer-driven retailers in the world</i> ". By definition this statement would require customers to be able to make choices and to drive the ranging decisions of the retailer. With reference to procurement, in order for the customer to be able to make choices it is necessary for them to have the choice of products from which to make those choices.	Shopper, Consumer & Category
The current procurement practices focus on the " <i>deal</i> " and the " <i>terms</i> " offered to the retailer. If these are not acceptable to the retailer then the products are not ranged for stocking and are not therefore available as a choice for consumers. This, of course, is and should be the prerogative of the retailer but the current model changes mean that all existing products must undergo a review process and if the retailers demands are not met then those products risk exclusion or deletion from the available range. When existing products that have been chosen by the consumer are excluded or deleted from available range based on not meeting new commercial demands this must constitute the exercise of market power in procurement practices.	
For example we represent a New Zealand brand that has a majority market share in its segment. On a SKU ranking basis (All SKU's in the segment ranked by unit or value sales across all stores) the product range ranks very well in New World stores (indicating customer choice). After unsuccessful " <i>negotiations</i> " around the new business model the brand has been advised that half of the SKU's currently ranged in New World stores had been " <i>blocked</i> " for purchase and the remaining SKU's had been significantly disadvantaged in shelf position and facings.	
On another occasion a represented product was advised to stores as " <i>out of stock</i> " in the Foodstuffs North Island Distribution center and stores were advised that they could purchase the newly available same equivalent product to retail instead. The product was not actually unavailable either at the Foodstuffs distribution centre or at the supplier. Understanding. Foodstuffs North Island giving Suppliers a few days to submit tenders then taking months to do their work. Re confectionary review suppliers have to submit in 2x weeks, Foodstuffs then take 6 months. Continual expectation that retail prices must come down, but the supermarket margin must increase.	Shopper, Consumer & Category
<span style="background-color: black; color: black;">[REDACTED]</span> category reviews in Countdown keep being cancelled. promised review has not taken place in over 2,5 years. the issue of tendering branded categories as recently demonstrated by FSNI is a real concern. It makes no allowance for brand equity and differentiation, it inhibits consumer choice and it could ultimately impact the viability of all smaller branded suppliers who do not have the scale to be price competitive with large multi national suppliers. I think this will have a significant impact on the capability of NZ suppliers to compete	Shopper, Consumer & Category Shopper, Consumer & Category

P4. Any other factors or concerns or issues	Categorised
The level of brinkmanship behaviour at FSNI currently as they move to centralised buying model (do it or be deleted). Margin grab, no promise of compliance at store level. Management of PNS owners as they move forward with this model. Talking 'consumer' - eg category mgmt/range etc, but reality is different.	Trading Terms
Our business is DSD (direct store delivery). Gaining supply to large Foodstuffs North Island stores requires payment of rebates direct to store owners on top of (sometimes 7 day) merchandising, one off payments and deep discounts. We are seeing more and more of this. Countdown continues to want better pricing to maintain retail pricing relativity with Pak n Saves but with larger GP margins expectations.	Trading Terms
FSNI and Project Leaf pressure which will now go market wide. Companies will need to release staff at the coalface except customers will still require merchandising support	Trading Terms
New trading terms and conditions are often described as being in the end users best interests, when in fact are a pure grab for more margin from the supermarkets. Opt out options are a joke.	Trading Terms
Retailers range reductions and currently unfair to smaller players leaf terms and outcomes. Margin grab from suppliers while we are all dealing in uncertain conditions. FSNI clearly not listening to suppliers and staying on a course that only benefits them and the owner network. They say it's Consumer focused but all extra terms we have had to agree to have not lead to lower retails they have gone to retailer margin so question is how does this benefit consumers?	Trading Terms
The approach for Foodstuffs North Island to move us onto 'project leaf' for New World was bullish. In short, we were told during the negotiation if we did not move to their CoOp of x% of RSV (not GSV) we could not participate in promotions- which would disadvantage consumers by having zero promotions, and also our sales compared to competition who did participate and executed promotions. Its also causes major admin as we get a weekly report claiming these new Co Op charges versus monthly costing more time and money to administer.	Trading Terms
The Project Leaf terms discussion I felt was not well managed and despite significant push back and questioning it left us feeling it was their way or the highway! The Store Display Coop piece is not working and requires further investigation, we are def not getting what we signed up for. The reliance on Dunhumby data infers we will need to pay for this data which will be an additional cost to the business over and above the IRI data we already invest in.	Trading Terms
Serious concerns over parts of FSNI (and later FSSI) new commercial model (tenders, net pricing, new margin targets, etc..) where the sole objective is to bank more margins from suppliers and take control over the category promotional and pricing strategy. Shopper centricity is used as an excuse.	Trading Terms
The Unilateral change to trading terms that Foodstuffs North Island have imposed on Suppliers with NO room to negotiate	Trading Terms
Our organization is being automatically charged (x% of retail sales) for Displays (as per the agreement in Project Leaf 2) by Foodstuffs North Island, but we are not getting value for money in terms of Quantity & Quality of Displays. This is a big issue - as we lose and our retail partner wins - not fair.	Trading Terms
volume terms seems to be creeping into supply of Private label products with Foodstuffs Own brands.	Trading Terms
Changes to commercial terms in recent years have generally being equitable and provided efficiency for both supplier and customer - in the case of Foodstuffs NI rolled up terms have eliminated individual store inequities. The Foodstuffs NI model is now more aligned with Countdown - suppliers have lost some of the control they used to have when dealing directly with individual stores - this loss has been offset by efficiencies with the new system	Trading Terms
Foodstuffs SI pushing house brands, NPD has been presented to them and when we refuse to pack as Pams they have copied the idea and got some one else to produce.	



P4. Any other factors or concerns or issues	Categorised
<p>NWNI state their goal is to be the most shopper centric retailer in the world but the NWNI Tender Process is at odds with this as the Tender disregard what NWNI shoppers want and they are looking to significantly rationalise number of brands in each category ranging products where they have screwed the suppliers down to minimal margins which is not sustainable. NWNI are using their market power (a result of the Foodstuffs Auckland and Wellington Merger being allowed to occur) and threatening deletions if suppliers don't meet their margin expectations which are in many cases over triple the trading margin they have historically made. This is not about making prices cheaper for New World Shoppers it is about making Foodstuffs Owner Operators even more wealthy than they already are!</p>	Commercial Dealings
<p>There is very limited competition in NZ grocery market, and this is evident by FSNI behaviour in the last 2 years where they implemented unfair changes and threatened supplier with delisting or reduction in facings if they don't agree to the new terms or ways of working. In my 17 years in the industry I have never seen behaviour that bad from one of the chains.</p>	Commercial Dealings
<p>In relation to the new New World Buying model. I do not disagree with the concept, and what they are working towards. Centralised buying makes sense, and is more efficient for both supplier and retailer. What I do not agree with is their bolshie approach to the process. Foodstuffs have always been the nice guys up against Countdown when it comes to supplier relationships, but the tables have well and truly turned.</p> <ol style="list-style-type: none"> <li>1. There is key messaging coming from leaders that their mission it to become the most customer driven retailer in the world, yet will happily delete products (key brands that are household staples) if suppliers are not willing to hand over margin and play their game. How is that customer led?</li> <li>2. Like many suppliers, we source product from around the world, and pre-covid, lead times were a minimum of 12 weeks (which are 16 weeks + now, post covid) yet the lead time for roll out has been 3-4 weeks. We cannot turn this around and support with stock on uplift, and on the reverse, when we are deleted out of stores completely, we have stock on the water. Particularly as about 40 SKUs we ONLY sell to NWNI. High risk for value of inventory, packaging, etc.</li> <li>3. We have agreed to increase margin on a range from [REDACTED] (costing us ALOT!) in exchange for a Core Range SKU which will be on the mainstream aisle planogram in 95% of NW stores. When execution comes round and stores will not move the product from a specialty area into mainstream, it has been escalated through Head Office with the response from the Category Manager that they believe as long as it is in store, it is compliant. They believe the planogram to be irrelevant. Not what we agreed, very disappointing that the escalation process was checked prior to the agreement.</li> </ol>	Commercial Dealings
<p>at present the Project Leaf centralised buying model is being rolled out by FSNI and trialed by FSSI. Whilst the concept of a net net price to remove inefficiencies is applaudable the execution has been sloppy and inconsistent. Also the compliance at store level has been patchy at best and very poor at worst. A recent change' has been t allow in the SAP system for stores to order free 'bonus stock' at times without approval from supplier. as the stores can no longer charge Co op for displays and promotions directly (as these are theoretically covered by Leaf) some stores are now demanding free stock to supplement their lost ability to charge Co op. When refused we get stores threatening to delete lines. Also we signed up to Leaf and were promised mandatory ranging and yet 8 months later we still have New Worlds refusing to carry these lines.</p>	Commercial Dealings

P4. Any other factors or concerns or issues	Categorised
<p>There is clearly a move from Foodstuffs North Island to become a 'Centralised' model yet they are reluctant to give supplier the advantages of that centralised model but happy to take the extra terms / \$ that come with having a 'ticket to the game'. Even after signing Store Co-Op the goalposts changed further and impacted our Christmas trading significantly and yet it is hard to get in front of Foodstuffs to air these concerns. I'm also worried about how quickly Foodstuffs North Island are going to implement Centralised Buying. Just prior to Christmas we received a note saying Pak'N Save would now be included with 4 Square &amp; New World on frozen - again it feels like the goal posts and comms to suppliers change at short notice to suppliers which appear to only advantage Foodstuffs themselves. I'm also concerned about what the impact this will have on supplier dealings with Foodstuffs South Island as any net pricing agreements will surely be asked for by them too? Recently we've also had customers (both CD &amp; FSNI) add in promotions at their discretion without consultation and is always a battle to get the removed. I feel they are doing this to be devious as they want to add in more promotions and say their margins are low and then demand a lower net price from suppliers to fund this and threaten deletion if they don't get the \$ I don't feel that Foodstuffs North Island are being transparent when it comes to their Range Reviews - at supplier updates they say these categories are 'coming soon' without fixed dates and then we suddenly get an email with a spreadsheet on to submit net net pricing in fats / oils / pasta category which was completely inappropriate. This is happening far too often and whilst we get the occasional 'oopsâ€¦ sorry that wasn't meant to be sent or be interpreted like that' there are no ramifications for the retailer</p>	Commercial Dealings
<p>Main issue in the current NZ market is the way FSNI interacts with suppliers and taking a very 'bully' approach</p>	Commercial Dealings
<p>Inequity of relative bargaining power. Recent FSNI Supplier interaction behaviour.</p>	Commercial Dealings
<p>We talk about anti-competitive behavior but within Foodstuffs North Island this really drills down to PNS and at a store level. Tendering categories out or having so called Joint Business Plans is always one sided with ever the consumer in mind. I agree there is an opportunity to review categories and range at a total level to reduce to a more balanced and sustainable category but sole supplier contracts which are in place and will continue on need to be addressed.</p>	Commercial Dealings
<p>Ongoing/Upcoming direction of where FSNI is heading with Category reviews. Pro-actively wanting to go on Net-Net pricing for a cooperative model is a very complex thing to implement and get right. What will be the implication if we do not give a Net-Net Price for our products?</p>	Commercial Dealings
<p>Foodstuffs north are negotiating with a win or whatever mentality with no regard for partnerships or financial viability if suppliers. Both foodstuffs south and progressive are continuing to act with integrity and a partnership adding value mentality.</p>	Commercial Dealings
<p>Pak n Save banner behaviour at individual store level particularly in the North Island. Unrealistic demands and requests Any called out behaviour appears to be whitewashed by FSNI when bought up. This is why there needs to be a code. Also the ability to get price increases through in a timely fashion some in the past have been held back while 'systems' process it. If the 6 weeks notice is adhered to then it must be 6 weeks. Agreed promotions in some accounts sometimes unilaterally cancelled with no communication. This adds cost to a supplier who is bringing product in on agreed promotional activity. Current commercial changes in progress in FSNI has put pressure on its own team and also as a result doing business is not as smooth as it could/ should be. While FSNI have been good at communicating the changes there is still a lot of ambiguity across the detail.</p>	General
<p>With regard to the additional Merchandising trading term, how will the stores have visibility of who has paid this fee and who hasn't and how will this be managed instore using a combination of both instore staff merchandising and external merchandising services. Logistically this seems impossible to have a mixture of both, so will FSNI enforce this charge on ALL suppliers. In the confectionary category they have said if the merchandising term was paid it would only relate to everyday lines and not seasonal or event lines, does this mean we have to send in merchandisers just for seasonal and event display times ?</p>	General



P4. Any other factors or concerns or issues	Categorised
Abuse of power. With such a saturated and uncompetitive market we have seen centre of store profits increase from an average of 6% to around 12% since Woolworths Australia purchased Progressive and Hong Kong Dairy. At the same time we have been forced to support promotions through centre or store co-op to the point where we are struggling to make a profit when supplying Countdown and PAKnSAVE. This unconscionable behaviour in the PAKnSAVE stores is coming directly from the strategy set by Foodstuffs North Island senior management. I have tackled store owners, store managers and senior management directly and they are unapologetic. It wouldn't be so tragic if profits were shared but the Foodstuffs North Island team only seem to pay lip service to this statement. In my view, they have become as immune to the New Zealand suppliers wants and needs as Woolworths/Countdown have become.	General
ensuring that the real costs of running supermarkets such as large PNS and NW stores, is not being 'sponsored' by suppliers, who are now also being asked to contribute a greater portion of costs via central warehousing. It is the right move, as long as the retailer can guarantee a greater level of compliance and the stores then refrain from insisting on 'extra funds' to ensure their support. If that happens, it is just another version of cost transfer to the supplier and will be perceived as 'in bad faith'. FSNI retailers must ensure compliance if this is to work.	General
The lack of competition has created an environment where the power is all with the stores and head offices. The number of people leaving the industry and failure to attract new talent aligns with an increase in bullying including threats of delisting which has increased in recent years. Foodstuffs inability to agree a definition of their MDA has enabled stores to continue claiming credits. I believe this is a deliberate action by FSNI head office and the same as the non-specific Project Leaf terms and tender process being forced on suppliers.	General
No surprise here. FSNI not honouring 100% every week what we are paying for with the elements of centralized buying. Currently they aren't and there is no financial remedy for suppliers. FSNI not honouring their NPD process and review process to time to remove poor performers.	General
Foodstuffs North Island has considerably softened its stance on Merchandising - it is now stated as a medium/long term intention where it might benefit both parties!	General
Inconsistent business practices across each store in the Foodstuffs net work.	General
Having FSNI stores not listen and do something contrary to agreements at HO...then FSNI HO both ignoring it and then leaving it to us to fix	General
This survey does differentiate between Foodstuffs Head office and individual store attitudes and behaviors	General
Success is measured on individual and collective benefits & results. Retailers dictating terms because we're in a duopoly is neither healthy for manufacturers nor consumers. Current changes to FS operating model has been disruptive to the industry (which isn't by definition bad, however, the way in which 'negotiations' have been dealt with is). Our industry has battled with attracting talent and these changes will exacerbate that challenge.	General
The behavior of retailers in NZ indicates that a Code of Conduct is much needed. Foodstuffs in particular have behaved unconscionably in recent times, and tend to use their market power to drive their agenda on rolled up trading terms, promotions and ranging. It is becoming increasingly difficult to do business in NZ which will impact sustainability in the long term, and potentially drive commercial decisions to divest from the NZ market.	General
FSNI with their multiple charges make it very hard to understand net return - almost like they are trying to confuse. Also very slow response times. Have neither of these problems with FSSI. Countdown are not offering adequate choice to customers, and force suppliers into uncomfortable price drops to stay listed.	General
In store treatment of field staff, particularly within the North Island Foodstuffs network, waiting times, disrespect of the individual etc.	Instore
The auctioning off of shelf space. Competitors are able to block your access to consumers by dropping price and having you excluded from a store. More of a Foodstuffs issue. Aggressive and unreasonable buyers at a Foodstuffs store level create environments of bullying that are out of place in society.	Instore



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<p>Obviously with Foodstuffs, the decisions made are different at head office to what happens at store level- whatever changes the new model is bringing are still to be implemented, so its too hard to guess. With new stores the amount of free stock given is quite staggering, as is the expectation of free NPD stock in existing stores. There are many buyers in Foodies North Island that are very good at 'extorting' although to be honest, much of it still comes back to communication ability, and dare I say it personality.</p>	<p>Instore</p>
<p>FSNI New World tender process for grocery categories has been handled poorly. Unrealistic margin demands and mixed messages about tender volumes (original documents quote total volume if successful as sole mainstream brand, followed by subsequent documents with significantly reduced volumes.... while asking for even lower costs). 12 month fixed price request is not reasonable for commodity products, particularly if imported in foreign currency. Net net cost request with no firm commitment on promotional frequency and price points. Delays in tender completion. Threat of deletion from total banner if unsuccessful which obviously has significant ramifications for business.</p>	<p>Pricing &amp; Promotions</p>
<p>Refusal to accept price increases when evidence is supplied that supports cost input increases to the manufacturer/supplier. Foodstuffs benchmarking NW and PNS prices off Countdown prices, reducing margins on products to the stores resulting in stores declining to support these products due to reduced margins.</p>	<p>Pricing &amp; Promotions</p>
<p>The FSNI business is doing it tough at the moment as they are using the range review process to generate some stronger commercial outcomes from suppliers. There is occasionally a disconnect between the negotiating bulldogs and the actual category team. This gap needs to be bridged. The way FSNI have held the assortment tool back from suppliers is poor. Our DH payments (cost is significant) excludes the substitutability data which is the big stick that they are using in the reviews. It is a poor approach to shopper / customer led data and doesn't engender trust / transparency. I believe this is a mistake on behalf of FSNI. Easy to fix but I don't think they have the integrity to do so.</p>	<p>Shopper, Consumer &amp; Category</p>
<p>Foodstuffs north Island describe the changes to the operating model as "a customer and insight business transformation to become one of the most customer-driven retailers in the world". By definition this statement would require customers to be able to make choices and to drive the ranging decisions of the retailer. With reference to procurement, in order for the customer to be able to make choices it is necessary for them to have the choice of products from which to make those choices.</p> <p>The current procurement practices focus on the "deal" and the "terms" offered to the retailer. If these are not acceptable to the retailer then the products are not ranged for stocking and are not therefore available as a choice for consumers. This, of course, is and should be the prerogative of the retailer but the current model changes mean that all existing products must undergo a review process and if the retailers demands are not met then those products risk exclusion or deletion from the available range. When existing products that have been chosen by the consumer are excluded or deleted from available range based on not meeting new commercial demands this must constitute the exercise of market power in procurement practices.</p> <p>For example we represent a New Zealand brand that has a majority market share in its segment. On a SKU ranking basis (All SKU's in the segment ranked by unit or value sales across all stores) the product range ranks very well in New World stores (indicating customer choice). After unsuccessful "negotiations" around the new business model the brand has been advised that half of the SKU's currently ranged in New World stores had been "blocked" for purchase and the remaining SKU's had been significantly disadvantaged in shelf position and facings.</p> <p>On another occasion a represented product was advised to stores as "out of stock" in the Foodstuffs North Island Distribution center and stores were advised that they could purchase the newly available Pams equivalent product to retail instead. The product was not actually unavailable either at the Foodstuffs distribution centre or at the supplier</p> <p>The current procurement practices of Foodstuffs North Island are clearly based on a take it or leave it approach and accompanied with subtle threats of disadvantage to any supplier that is not willing to co-operate.</p>	<p>Shopper, Consumer &amp; Category</p>

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Understanding. Foodstuffs North Island giving Suppliers a few days to submit tenders then taking months to do their work. Re ██████████ review suppliers have to submit in 2x weeks, Foodstuffs then take 6 months. Continual expectation that retail prices must come down, but the supermarket margin must increase.	Shopper, Consumer & Category
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The level of brinkmanship behaviour at FSNI currently as they move to centralised buying model (do it or be deleted). Margin grab, no promise of compliance at store level. Management of PNS owners as they move forward with this model. Talking 'consumer' - eg category mgmt/range etc, but reality is different.	Trading Terms
FSNI and Project Leaf pressure which will now go market wide. Companies will need to release staff at the coalface except customers will still require merchandising support	Trading Terms
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<p>Unfair / Unreasonable demands made during Category Reviews, i.e. WWNZ demanding that all NPD be funded as Net Net and then not accepting any NPD when we disagree despite them not being willing to formally notify suppliers that Net Net is where they want to go FSNI Store Co-op demands are massive and not achievable The category review process at Countdown has deteriorated significantly with reasons for deletions and changes being very obscure. Top level relationships with all retailers are good, but things can fall apart at buyer level. This has been evident in Countdown.</p>	Pricing & Promotions opper, Consumer & Cate
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