Consumer behaviour and preferences in the New Zealand retail grocery sector

Consumer study report

July 2021

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Note: Photographs used in this report were taken during the individual interview shop-along discussions. They are used to illustrate the behaviour and themes discussed with participants.

1.0 Introduction

As part of the Commerce Commission's Market study into the grocery sector, the Commission sought a piece of qualitative research to inform its understanding of consumer behaviour and perceptions in regard to the NZ grocery retail sector.

1.1 Purpose of the research

The Commission is currently conducting a year-long study into the retail grocery sector in New Zealand. The study is looking at whether competition is working well for consumers, and if not, what can be done to improve it.

The Terms of reference for this study were set by the Minister of Commerce and Consumer Affairs to include a review of:

- the structure of the grocery industry
- the nature of competition within the industry
- the pricing practices of major grocery retailers
- the grocery procurement practices of major grocery retailers
- how price, quality, choice, and service offerings are being delivered to retail customers

The Commerce Commission commissioned research to help build understanding of consumers' behaviours and perceptions when they shop for groceries. This report presents these from the perspective of New Zealand shoppers. This includes understanding consumers' current perceptions of how the grocery industry works in New Zealand and why they make certain purchasing decisions.

1.2 Focus of this report

This report is an aggregate of the research participants' behaviours, perceptions, and feedback. Individual consumers were recruited to take part in this research to reflect New Zealand's population by age, gender, ethnicity, and region. They participated by submitting a grocery diary and attending an in-depth interview or a focus group. They are referred to in this report as 'participants'.

The summary of the discussion presented in this report offers an overview of what participants talked about. It is important to note that it is not necessarily representative of the views of all New Zealanders but offers insight into a range of perspectives that elaborates on the findings of other streams of the market study process. This report is not an exercise in measuring public opinion regarding the grocery retail sector, nor does it represent the final findings of the Commerce Commission's full market study.

2.0 Methodology

Participants for this research were recruited to reflect a mix of New Zealanders by region, lifestyle, age, gender, and income. Eight focus groups and eight individual interviews and 'shop-alongs' were conducted during 1–26 March, 2021.

Each participant was also asked to keep a grocery diary in the week leading up to their participation in the in-person discussion. Individual interviewees also took the researchers on an accompanied grocery shopping journey for their weekly shop. This allowed for both perceived or self-reported behaviour and actual in-the-moment decision-making processes to be captured and explored.

2.1 Research approach

This research was conducted to delve further into NZ consumers' shopping behaviours, perceptions, and awareness around the retail grocery sector. Qualitative research was identified as the preferred method for this study, as it allowed for an exploration of themes and a comparison between reported and actual behaviours. This method also enables potentially richer and more nuanced insights than could be achieved through quantitative methods.

Ipsos conducted the fieldwork across seven cities around New Zealand. The shop-along elements involved interviewing consumers in their home, travelling with them to their preferred grocery shopping location, and then observing them during an 'everyday' shop. This covered the entire experience, from travelling to and arriving at the store, all the way through to paying for the goods at the checkout. The researcher's role during the shop-along was to act as an observer of natural shopping behaviour. Immediately after the 'shop', a follow-up interview was conducted to explore key themes and areas of interest.

Table 1 – Participant breakdown by location

	# attendees at focus groups	**# of individual interviews**
Auckland	12 (across two groups)	2
Wellington	6	2
Christchurch	7	1
Dunedin	8	1
Whangarei	7	1
Nelson	6	1
Palmerston	4	
TOTAL	**50**	**8**

All participants were invited to complete a one-week diary of their grocery habits in advance of the face-to-face fieldwork. Of these, 49 diaries were collected and analysed. This included a small description of when and where they shopped, as well as some questions to prompt the participant to reflect upon their grocery shopping behaviour, including the types of grocery stores they shopped at, the locations of these stores, shopping frequency, and any factors that influenced their choices / behaviour either in or out of store. A copy of the diary format shared with participants is in ***Appendix C***.

Both the focus group discussions and individual interviews were guided along major themes of the review. The discussion started as a review of the diary homework, followed by a discussion of the types and places that each participant shops. A copy of each of the discussion guides is in ***Appendix A***.

2.2 Sample profile

Ipsos recruited a wide cross-section of New Zealanders from different backgrounds to participate in the in-person focus groups and shop-along interviews. They were recruited using a recruitment questionnaire (see ***Appendix B***) to ensure a good variety of perspectives on grocery shopping and types of shops visited.

Table 2 – Focus group participant breakdown by demographics

		Total			**Total**
Gender	Male	22	**Household Composition**	Live alone	11
	Female	35		Share house	10
	Gender diverse/Other	1		Couple/single no kids	8
Ethnicity	NZ European	34		Couple/single with kids	21
	Māori	18		Live with parents	2
	Pasifika	7		Empty nest	6
	Indian	5	**Household Income**	Less than 40 k	15
	Other	8		40–70 k	21
Age	18–34	17		70–120 k	12
	35–54	20		120+ k	10
	55+	21	**Area**	Urban	25
Employment	Full-time	17		Rural	6
	Casual/seasonal	3	**Suburbs**	Northern suburbs	11
	Student	5		Southern suburbs	10
	Retired	4		Central suburbs	15
	Stay-at-home parent	6		Western suburbs	12
	Unemployed	5		Eastern suburbs	10

Across the sample we also included a mix of participants in terms of the extent to which they enjoyed the shopping experience.

Table 3 – Participants' report enjoyment of grocery shopping

		Total
Enjoyment	Don't enjoy (1–2)	9
	No opinion (3)	14
	Really enjoy (4–5)	27

A koha was offered to participants for their time.

2.3 Limitations of the study

This research is a qualitative study. Unlike quantitative data, which is measured, qualitative data represents words, insights, perspectives, attitudes, and behaviours.

As noted previously, by design, the sample sought to include participants with a range of grocery shopping behaviours and attitudes and cannot be considered statistically representative of the NZ public's views.

The discussion outlined within this report is reflective of those who participated in the qualitative research discussions. While every effort was made to ensure representation of a variety of participants, each New Zealander has unique circumstances and perspectives. A qualitative approach is subject to those who are willing to participate in research.

This report is a descriptive summary of what the participants expressed during focus groups and interviews. It is not an exhaustive review of all experiences of New Zealanders with the grocery sector.

3.0 Key findings at a glance

The qualitative nature of this research allowed us to expand upon the attitudes and behaviour amongst our participants and to explore views on the grocery sector and the drivers of purchase decisions in depth. The following summarises the key observations to emerge from the research based on what was heard and observed from the research participants.

3.1 Summary of key observations

Grocery shopping expenditure is considered a significant portion of most New Zealanders' weekly outgoings. It is a category that most are engaged with on at least a weekly basis.

- Major supermarkets are the most popular destination for regular grocery shopping. They are typically viewed as being most convenient and overall considered less expensive for many product categories when compared to other grocery retailers.

Participants described an established shopping routine and a preference to shop for their grocery needs in a single store and location rather than visit multiple stores.

- Participants typically reported a repetitive, habit-based, or routine approach to grocery shopping in terms of location and banner, the time of day they shop and the products they purchased.
- Participants tended to avoid visiting multiple locations due to time constraints, perceived inconvenience, and concerns around stress associated with visiting different / unfamiliar stores. However, very few reported purchasing their groceries only at a supermarket.
- Participants reported different forms of shopping missions that they engaged in each week. These included a main shop, a secondary smaller shop, and the occasional top-up shop, sometimes at smaller retailers. Each of these prioritised different drivers for store selection.
- A lot of participants valued the in-store shopping experience to the extent that they continue to prefer to purchase their groceries in a physical store rather than shop solely online.
- Most reported that they travel less than 7 km for groceries and that they did not need to travel far to access alternative stores. Most felt that they had some alternatives available within 5 km. Rural participants often had to travel further (up to 40 minutes) and therefore needed to plan these larger shops more carefully.

Overall participants felt that they had options available to them in terms of where they could do their grocery shopping.

- Most participants reporting having options available to them in terms of the supermarket they choose in which to do their regular grocery shopping.
- Even amongst participants in more rural areas, such as Palmerston, there was the option to travel to access a range of grocery stores beyond what was available in their immediate location.
- Despite this, there was not an overwhelming feeling of choice amongst participants. Most reported that they felt like they only had single-options available to them that specifically met their priorities in terms of their key drivers of choice.

Other stores were viewed as a secondary shop to prioritise quality or pricing on a product category (e.g. meat).

- Most participants felt they had access to other stores if required, but time and a desire to do a 'one stop shop' hindered their usage.
- Many described using other retailers for top-up shops that focused on specific items for special occasions, emergencies, and other smaller basket shops.
- These speciality shops and other retailers were often described by participants as destinations for top-up shops or supplemental to their main grocery shop.
- A few felt it important to continue to support these small retailers even if it was potentially more expensive for the same item at the supermarket.

Convenience and price are the major drivers of store selection.

- Shopping routines and store selection are mainly driven by a sense of convenience – i.e. proximity and a need for routine and familiarity.
- Specific store choice can also be influenced by a range of secondary factors, including store atmosphere or 'feel', quality and value, and the range of products available. For example, if a consumer knows a store is more likely to a) have that product they need and b) have a greater range of options available for that product, they may be more likely to visit that store.
- Perceived quality of the available products also acts a driver of store selection. While some were willing to compromise on quality over price, others strongly preferred products of a certain quality and chose their store(s) accordingly.
- Some participants often had a scheduled, much smaller secondary shop to allow them to take advantage of the perceived quality of one retailer and the

pricing of another. For example, some found it difficult to find quality meat and produce in the same location as inexpensive grocery items and would seek those at an alternative store.

- Perceived price of goods is an important driver of choice, however making assessments around overall value can be challenging at times for consumers.

Price comparison of products between stores is important but was considered difficult and time consuming for many participants.

- Given that grocery shopping is such a significant outgoing for New Zealanders, there is a high level of engagement in the category.   Price is therefore a popular focus for many consumers, especially when it relates to what are considered essential products and services.
- The current pricing strategies and rationales used by the supermarkets caused frustration among participants.
- Participants generally found it hard and time consuming to compare prices, consequently they ended up doing this is in an unstructured and restricted fashion by referencing circulars, advertising, online communications and through word of mouth.
- While some put in a lot of effort in to finding the best value or least expensive options across stores (by necessity and choice), many chose their main grocery store based on convenience and an overall perception of the pricing overall at that store (based on a combination of experience and intuition).

‘Specials’ have broad appeal to a range of consumers, but there is uncertainty around the extent of savings that consumers are making.

- Finding an item on special makes consumers feel good at the time and creates a sense that that they are getting value.
- However, several reported feelings of frustration with the constancy of ‘specials’ and the inability to clearly discern whether a price represented good value, even when presented with visual tools such as unit pricing.
- During the shopping trips we observed that many participants relied on instore displays to identify which products were discounted. Consequently, there was some frustration associated with products labelled as ‘on special’ that had savings of only 1 or 2 cents.
- Most viewed ‘value aisles’ or ‘reduced to clear’ sections as positive elements of their grocery shopping experience and valued the convenience of bringing all the ‘good deals’ together in one part of the store.
- Some perceived there to be a structure around the way in which specials are

assigned. For example, if a product is not on special at their preferred store this week, they felt it was likely that it will be on special at their preferred store in coming weeks or in a competitor store either now or in the immediate future.

- The perception amongst many is that within a specific category there will always (e.g. every week / every main shop) be a brand or product on 'special'. Where decisions are based mainly on price or value, most consumers were happy to switch between brands to benefit from savings. Where there is a product or brand preference, participants were more likely to still buy their preferred choice, whilst some may wait for this product to come on 'special' in the future.
- There was also some confusion around what constituted a 'special' and how these were different from advertised 'everyday low value prices'.
- While not all participants were cost conscious or bargain shoppers, many were still influenced by perceived savings through loyalty programmes, price specials, promotions, and other pricing promotions and strategies.

Unit pricing displays can be extremely useful in establishing a sense of value; however, it needs to be better and more consistently applied.

- While most participants expressed that they found unit pricing useful, they believed it needed to be more consistently and better / more easily communicated in store so that they were able to make more informed choices and understand the value benefits.
- Participants reported that it can sometimes require complicated mental arithmetic while in store to fully understand and benefit from unit pricing.
- The value of products needed to be calculated by the shopper based on signage to compare products with different sizing. Not all shoppers do (or are able to do) this mental calculation, consequently some make more spontaneous choices and take 'special' pricing on face value alone.

There is a sense of satisfaction when making savings through supermarket loyalty programmes, however savings are not always understandable and overall, they are considered confusing.

- Most participants were members of at least one supermarket loyalty programme. Many expressed an emotional connection to collecting the points associated with supermarket loyalty programmes and satisfaction at receiving a special members discount.
- Whilst some did follow their points balance closely, most were generally unaware of the extent of the discount they received and had limited knowledge of the value associated with the points they earned.

- Overall, loyalty programmes are generally considered to be confusing. Many participants expressed a desire for more honesty and transparency in the pricing available through the loyalty programmes.
- Many recognise the retailer benefits of loyalty programmes and that it can provide them with a means to contact and target promotions to consumers. However, not all are aware of this or had reflected on it initially prior to the discussion.
- Upon prompting, it did raise some questions around how this data is used by supermarkets and some saw this as an opportunity to improve the personalisation of the overall shopping experience.

The frequency, timing and planning that goes into a grocery shop can depend on the participant's enjoyment or comfort level with the shopping experience / environment overall.

- Some describe grocery shopping as a stressful or emotionally tasking event, while others describe it as being enjoyable and something they look forward to. This is due to a combination of the social environment, customer service they receive, layout/store design and frustration with perceived high prices.
- Some chose the time and environment, as well as products, for their shop based on their mood at that time.
- There are several other factors that can make shopping stressful for consumers, including being on a tight budget, being time poor (particularly for families) and those with challenges associated with physical and/or mental health. Stress can also be caused by change of routine (e.g. shop layout) amongst those that have a strong preference structure and control during their shopping experience.
- Covid-19 had a tangible impact of grocery shopping routines, particularly in terms of reducing time spent in store, reducing social contact, and limiting the touching or interaction with produce. This experience led to some increasing or adopting online grocery shopping for the first time. Although most had returned to their previous shopping behaviours, the experience has brought about a greater understanding of and willingness to use online grocery shopping.

Participants often reported a desire and/or pressure to purchase more locally sourced, environmentally sustainable, and healthier products.

- However, many felt it was hard sometimes to make these choices due to a lack of available options and the fact that their preferred choice was not always the most cost-effective option.

- Own-brand or store-brand products were often seen as comparable in certain categories to name-brand products.
- Many welcomed them as an addition to their shop because they were more accessible for those on a set budget and provided additional choice. Others worried about preferential treatment of own-brand products in pricing and promotions.
- With an increased desire to purchase local and more sustainable products, there was some concern about pricing of locally produced goods compared to internationally imported goods.

Some participants had trialled meal kit boxes and online grocery delivery, but most still favoured an in-person retail grocery experience. Meal kit boxes did not remove the need to conduct a regular grocery shop.

- Many had tried meal kit services during the initial Covid-19 lockdowns, but few were regular users.
- It was felt that meal kit delivery services had been widely promoted, and while consumers found them viable solutions, many did not continue to subscribe to them due to price and the perceived additional time to prepare recipes.
- Meal kits were not considered a substitute for supermarket shopping and those that had tried them, reported that they still needed to continue to do a regular grocery shop for essentials.
- Online grocery ordering was viewed as convenient and easier for price comparison, however delivery costs and lack of ability to physically evaluate products like produce and meat, dissuaded many from being regular users.

Most participants were at least somewhat aware of perceived issues relating to competition within New Zealand's retail grocery sector.

- Most were aware that there are two major owners of supermarket banners in New Zealand. While some participants took this as evidence of some competition, others described this as a 'duopoly' and hoped increased competition would lower prices in the future.
- Participants described feeling like they have a clear choice available to them between the major retail banners in terms of the shopping experience, but many were uncertain about whether it was driving genuine value for consumers. They described making a trade-off in the choices they make involving price, quality, range of available products and the in-store experience.
- There was a general perception from participants that pricing and offers or

‘specials’ across supermarkets seemed ‘coordinated’ or ‘structured’ on the basis that if a preferred product was not on ‘special’ on a particular week in a preferred store it would be available soon or in an alternative store.

- Participants were frustrated by the perceived imbalance between New Zealand owned stores and produced products with international options. They struggled to understand why New Zealand products might be comparatively expensive and not as widely available as similar products from overseas.
- Some noted that a perceived high price of groceries in New Zealand and that this had not become apparent to them until they travelled overseas and saw food prices much lower in markets such as Australia, the United Kingdom, or the United States.

Whilst this research was conducted across New Zealand’s regions, overall there was little variation in the needs or behaviour of participants.

- Participants from Palmerston in New Zealand’s South Island noted some additional need for planning due to local availability of certain stores, the distance they needed to travel to visit larger grocery shops and the lack of availability of rural deliveries. However, their overall experiences and perceptions were similar.
- As well as a sense that the overall price of groceries is high in New Zealand, there were discussions in some groups about how the prices in their regions seem higher than in others.
- Auckland participants reported some differences in the availability of specific products across stores in different suburbs and how they might travel to stores in other suburbs to get the product they need.
- The perspective of ‘local’ also varied by region. Whilst participants in the North Island tended to focus on a definition of ‘local’ as being New Zealand made, some in the South Island had a narrower version and wanted to see more producers from their specific region.

4.0 What we heard from New Zealanders

The following section outlines the different types or personas of grocery shoppers in New Zealand:

- How these consumers shop for groceries
- Their perceptions of the grocery sector in New Zealand as it is stands at the time of this research
- How they make purchasing decisions in store
- Their perceptions of how the grocery sector might change or should change in the future

While this research was conducted across New Zealand's regions, there was little variation in the discussions between these areas. Participants from Palmerston in the South Island noted some additional need for planning due to local availability of certain stores and the distance they needed to travel to visit larger grocery shops. However, their overall experiences and perceptions were similar.

4.1 How consumers shop for groceries

Many participants described a repetitive, habit-based or routine approach to grocery shopping in terms of location and banner time of shop, and the products they purchased. They also varied in their attitudes towards shopping and their approach to planning a shop.

Participants in this research differed in terms of shopping patterns and what influenced their decisions. There were cost-conscious shoppers on a tight budget and bargain hunters who enjoyed taking time to find a deal or best value on certain items. Participants also varied in their approach to planning for the shop. Some had a set routine and would visit the same store at a specific time each week and typically purchased a consistent list of groceries. Others were more spontaneous and shopped when they needed a specific item, going more frequently. The locations that these different types of shoppers visit, the frequency with which they shop, what they purchase, and why they make these choices also varied. Given that most of the participants' grocery shopping was done at the major banners, a lot of the discussion focused on their experiences shopping at those locations.

The following section will explore the variation between participants in the types of shopping missions, planning, distance travelled, budgets, frequency of shops, mode (in person vs online), and attitudes towards grocery shopping. This will be followed by a description of various shopper personas that were identified as common patterns in these variations between the shop-along interviews and focus groups.

4.1.1 Types of shopping missions

Participants described different forms of shopping missions that they engage in each week. The distinction between these types of shopping missions is important for understanding participants' shopping behaviours and the drivers of store and product choice among consumers. The types include a main shop, a secondary smaller shop, and the occasional top-up shop at smaller retailers.

- **The main shop** – Participants described this as typically happening in the same store each week. It is based on the convenience of one location to get all necessities in one place.
- **The secondary shop** – Some participants described visiting a second store to shop for specific products, often a greengrocer or other retailer with a reputation for better pricing of quality fresh produce and/or meat.
- **The top-up shop** – This is a quick shop for a small number of items but can be conducted for a range of reasons across a range of retailers.

Each of these prioritised different drivers for store selection. A range of drivers influence shoppers' decision in different ways. Generally, participants choose to do their grocery shopping invariably at a supermarket. The specific store selection for their **main shop** was a decision made at some time in the past and were now routinely visiting the same specific supermarket store. They were typically very loyal to these locations. Most participants preferred the convenience of shopping in one location and getting their full basket at once. A few placed a greater emphasis on price and were willing to spend more time and effort and travel a greater distance to save on specific products. A smaller still group of participants noted changing locations for their main shop based on pricing and specials that week. This may be at a supermarket or at other grocery providers.

The **secondary shop**, in which participants described visiting a second store to shop for specific products, was similar. Some participants described routinely stopping at a second location to purchase a specific product category (important to note that this was not a behaviour seen across all participants). This shop was often timed in conjunction with the main shop. This tended to be based on a tiered priority – if their main shop was mostly for price, then the secondary one was for quality or to source a specific product. Others preferred to shop at a higher-priced store for pantry goods and pick up their meat and produce at an alternative retailer.

The **top-up shop** was typically described as a means of purchasing extras, and the store was chosen based on convenience or a benefit for a specific item (better quality for a special occasion, supplement main shop). It might be a planned or unplanned stop, but with a typically smaller basket and specific goal. The store was chosen because it was en route or close by, convenient, and was flexible week to week.

Table 4 – Participants' shop frequency

		Total
Shop Frequency	Daily	0
	2–3 times a week	23
	Once a week	30
	Fortnightly +	4

4.1.2 *Drivers of store selection*

Supermarkets are the most popular destination for regular grocery purchases. While different shopper personas or types preferred visiting different locations, the factors that influenced these decisions remained common across most participants.

Overall, across different shopping mission types, six key drivers of store selection were identified:

- Type of shop
- Value
- Convenience
- Quality
- Product offering
- Store atmosphere

The individual preference or order for these drivers varied by shopper, shopping mission, and many other factors. The 'type of shop' references the goal of the excursion and the length of the list, and often influences the importance of the other drivers in selecting a store.

Most participants reported that price was a key factor for their main shop location choice, followed by convenience. Some may choose a secondary shop location to find a better price on certain items at a similar quality than at their main shop. Top-up shops tended to place convenience or quality ahead of other drivers.

The 'value' driver refers to the overall perception of how much consumers pay for their grocery shopping relative to the quality of the products they purchase. This includes the price of individual products as well as a general perception of the overall cost of products within a store. It can also refer to the cost of specific products and the shopper's evaluation of the price of that product in comparison to other options presented. While some participants preferred to shop based on the lowest-cost option, others felt they got better value for their money by spending a bit more and having a greater focus on quality.

The 'convenience' driver refers to the ease of access across choices, timing, and logistical considerations such as availability of parking, while 'quality' indicates the overall perceived quality of the products provided.

'Product offering' refers to the range of products within the store, and 'store atmosphere' represents the in-store experience in terms of layout, décor, and customer service.

Each of these are further detailed below.

Value

Participants described the relative value of the different retailers they visit based on their internal feeling of the store's prices. Many were informed by past experiences across different retailers and the strategies across stores. Many assumed there will always be discounts available, whilst others actively looked for specific deals, such as pricing promotions and direct price comparisons between available products. They used store catalogues, online or circular mailers, or the online 'special' section to make these decisions. This tended to happen in store and/or within 24 hours of a main shop. Most were unable to give a specific value to the savings they made.

"PAK'nSAVE is my usual grocery store not only because it is closer to me geographically, but also because I find the prices quite low compared to Countdown or New World." – Focus group, Auckland

"I think PAK'nSAVE is cheaper for bulk items – like eggs/milk/store cupboard and but in saying that, New World has great deals that are often cheaper than Countdown or PAK'nSAVE." – Focus group, Christchurch

"Countdown have 3 for $20 meat deals." – Focus group, Wellington

Participants indicated they wanted to limit the number of stops or stores they visit during their grocery shop. As noted above, most choose one location for their main shop and return based on routine. A few described how the different supermarket chains advertise their pricing strategies, with some retailers' ads focusing on promoting themselves as having the lowest prices.

"We are pawns with no options – we are time poor and we don't want to drive around to different providers." – Focus group, Dunedin

"Although PAK'nSAVE is not my first choice of supermarket, because of its closeness from Countdown and the specials previously advertised on TV, I made the effort to have a look." – Focus group, Auckland

Most participants noted that comparing prices between supermarkets and other retailers was time consuming and difficult, because there is no easy way to compare products across retailers. Most referenced an internal sense of the 'going rate' for specific products informed by experience, advertising, and word of mouth.

"I mean butter, you get the cheapest one, as long as it's the same weight, you think about what is within range of what you normally pay." – Focus group, Auckland

"You have a fair idea of what meat is per kilo based on experience." – Focus group, Wellington

Some mentioned third-party apps available internationally to assist with this, such as *Grocery Getter* in Australia, which they had not found to be available in New Zealand.

"It would be good to have something like Price Spy for groceries – to know what's the going rate." – Focus group, Auckland

"I know there is an app in Australia that compares Coles and Woolies." – Focus group, Wellington

Again, different shopper personas used different strategies for comparing prices. Most participants did not spend a lot of time thinking about price comparison in advance or in store. They noted that they went to the nearest store that was the least frustrating to get to and emphasised convenience. Their price comparison came from experience when they purchased an item or saw something at a lower price elsewhere after their shop and made a mental note for future shops. However, most consumers would not change store based only on the price of a single item, but this might influence whether they buy that specific product.

Some participants indicated their understanding of the prices was based on circulars, social media, or store-specific scheduled deal days or weeks. A few were members of social media groups that share pricing on grocery items. For example, a member might post a weekly deal that they saw at a specific location to share with others. Others noted following specific grocery chains or stores on social media in order to keep up to date with their specials. These offers could sometimes influence store choice either for a main or top-up shop.

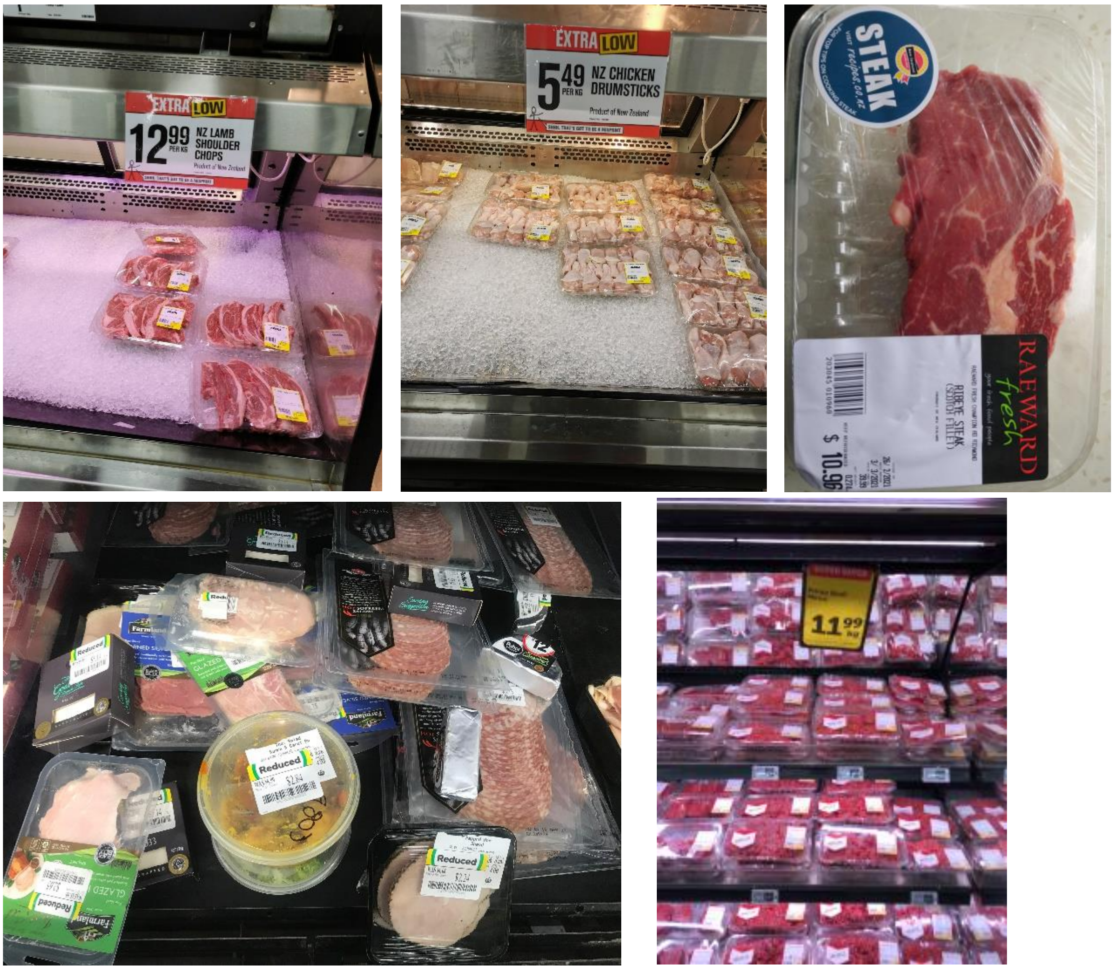
"PAK'nSAVE are cheaper, I think, from experience and from the ad they have on TV promoting that they are cheaper than Countdown. I think they are." – Depth interview, Dunedin

"I'm part of several mums' groups (on social media) and someone will post if there is a good special on somewhere." – Focus group, Christchurch

Some participants also noted that they would use specific products to do a general price comparison between stores. For instance, some used an indicator product such as beef mince and the price per kilo to determine which store had the better value. Other products used as indicators were bread and produce, but it was often a common grocery staple item they would purchase each week.

Other participants fell more into the bargain hunters and cost-conscious personas and had sophisticated strategies for identifying specials and deals. These types of shopper regularly compared mailers, emails, and specials or had flexible meal plans prepared that could change based on what was the best deal in store. For instance, one described selecting the meat for their weekly family pasta night based on what was available in store and on special. These participants may shop across multiple locations and were knowledgeable about regular deals to get their overall grocery bill down.

Figure 1 – Pictures taken during consumer shop-alongs showing a range of meats on special at the supermarket



Convenience

Convenience was an important driver for many shoppers in choosing the location for their main, secondary, and top-up shops. This includes considering the amount of time the shop takes and their schedule, how close it is to their existing routine, and the availability of parking. Another consideration in some of the provincial areas was the hours of operation for the store, as many shut earlier, and the distance and time required to travel to the larger supermarkets.

"New World is our usual out of convenience because it is so close to where we live." – Focus group, Dunedin

"As I was wanting to visit the shopping centre, this was the right option for me, alternatively I would have had to make another drive to another supermarket." – Focus group, Auckland

"Countdown – it's very close to home, so we go for our evening walks and grab top-up items on the way back. (satisfied)" – Focus group, Whangarei

Quality

Quality of the products available was also discussed as a driver of store selection. While some were willing to compromise on quality for price, others strongly preferred products of a certain quality and chose their store(s) accordingly. Some participants noted having a scheduled secondary shop to allow them to take advantage of the quality of one retailer and the pricing of another. This was especially linked to meat and produce. The reasons for splitting a shop would be perceived quality and/or value of the products on offer. However, those under time pressure and those who preferred a one-stop shop solution were less likely to be influenced.

Referencing a top-up shop

"Only noticed cheap(ish) price of courgettes and mushrooms and the quality was more decent than usual (the quality caught my eye first), so I bought some as an impulsive top-up." – Focus group, Auckland

Referencing an online main shop

"The freshness, direct from the farmer and the quality. Quick, effortless and exactly what I want and need." – Focus group, Auckland

Supporting smaller local retailers

While some participants preferred to solely shop at the major supermarkets, some expressed interest in supporting small local retailers. The grocery shopping that happens in the smaller local retailers was reported to be of a smaller size than a main grocery shop, with most purchasing only a few items at these stores. However, many noted that price was an important factor in their ability to do this.

Some participants noted that they tried to avoid purchasing from certain retailers because they are not NZ owned. Some also stated that if they could afford to, they would visit a local butcher for a specific item even if it may be cheaper at the supermarket due to their desire to support local businesses.

"I could get my products at a supermarket and they would be cheaper, but I feel like I should support my local retailer." – Focus group, Auckland

Some participants were concerned about the ongoing viability of locally owned specialty shops where they purchase specific items. They noted that the main supermarkets have started stocking similar products at lower prices (for example, South African specialty items in Auckland). A few felt it important to continue to support the small retailer even if it was potentially more expensive than the same item at the supermarket.

"I try to support local, these are more speciality products, but the supplier might be more ethical, or they might have products not available elsewhere." – Focus group, Auckland

"Some things are not available [at the supermarket], you go there, and the shelves are all empty." – Focus group, Nelson

There was a feeling among many participants that it is more difficult to purchase NZ-made goods or that they are being pushed away from this by the supermarkets. Participants identified cost, time, and convenience as barriers to shopping for NZ-made goods. Some expressed concerns around misleading labels such as 'grown' compared to 'packed' or 'processed' products. They were concerned about the products being more expensive, the time to confirm products are locally sourced, and the convenience of purchasing all their grocery basket in one location (at the supermarket). Others noted a preference to purchase their produce at greengrocers because they could be more confident it is local rather than imported.

Product offering

Many participants preferred certain products or product lines available at specific supermarkets or grocers. They often sought these options out and made their store selection based on the store's product offering. Some also suggested going to a different supermarket (more likely to be another major banner) if they were tired of the same food and wanted some inspiration. Participants also visited specific stores that have preferred brands, quality, or availability, to mark a specific occasion.

"Small range of coleslaw, so I had to get what was there [Four Square]." – Focus group, Palmerston

"I go to Countdown for the things that they stock that New World doesn't. Biscuits from the UK, a brand of washing powder, this and that." – Focus group, Whangarei

"There are two Countdowns here and they are radically different, one seems pretty good and seems to have a wide range of products, but it's not until you go shopping at the other one that you realise that the range is actually quite limited." – Focus group, Nelson

Store atmosphere and layout

The atmosphere or 'feel' of the stores was another key driver of choice. Participants described the in-store experience in terms of layout, décor, and customer service.

Some made their choice based on familiarity with the layout, to minimise the amount of time spent shopping. Most suggested their routines would be disrupted by changes to in-store layouts, which were frustrating or confusing. Others may not visit specific locations (typically major banners) because of the emotional toll or presence of stressors due to the layout changes described previously.

"It's my usual store and it's close by. Because I have been going there from long time, I know where they put all their products." – Focus group, Christchurch

"I could go to PAK'nSAVE, as it is cheaper. But it is aggravating. I get panic attacks when I go there, as it's so frantic. I get panic attacks in Countdown too, and I try to avoid picking up my shopping personally, especially since Covid." – Depth interview, Wellington

"I find the Stoke Countdown is always out of things, the Nelson Countdown is my favourite because of the specials, plus I know the layout and the staff." – Focus group, Nelson

In-store hygiene was also mentioned as an element of this – some stores were felt to be cleaner than others. This was especially important to some participants in the context of the changing COVID-19 restrictions at the time of the fieldwork.

"Avoid PAK'nSAVE if I'm tired and don't have time, go to NW if I want a 'beautiful' experience, CD when it's important to know my way around." – Focus group, Palmerston

"Farro is divine, it's so expensive, but if I want to entertain, I will go there" – Focus group, Auckland

"New World is brilliant, it's clean, tidy and the staff are brilliant." – Focus group, Nelson

Customer service and staff friendliness were also noted as contributing to the store atmosphere.

"The staff at Meadowbank Countdown have a fabulous attitude. They have a beautiful selection and going there is like a treat." – Depth interview, Auckland

"For me it's the people – you get a friendly welcome in the small stores, but often in the big supermarkets customer service doesn't exist." – Focus group, Auckland

"I like it when staff are able to give you in store help to do a better shop – that they have the knowledge and the consistency to be able to do so." – Focus group, Wellington

While these drivers influence store selection, some participants expressed frustration relating to finding balance in the current grocery landscape. Each store was viewed to have a set benefit for one of the drivers. For example, some found it difficult to find quality meat and produce in the same location as inexpensive grocery items.

Figure 2 – Examples of in-store atmosphere that encourages participants to pay attention to products they might not have planned to purchase

Supporting New Zealand producers

Many participants expressed a desire to support NZ producers, growers, and retailers over international chains. They described a greater emotional investment in locally made products and locally owned retailers and noted the environmental and economic recovery impacts for the local economy. Some felt that NZ-made products should be less expensive than imports due to their local availability and proximity. One participant suggested that the best fresh produce is sold to overseas buyers.

Although there was no discernible variation in behaviour across regions, the definition of locally produced tended to vary. Whilst participants in the North Island tended to focus on a definition of 'local' as being New Zealand made, some in the South Island had a narrower version and wanted to see more producers from their specific region.

4.1.3 In person vs online

Most participants continue to purchase their groceries in a physical store; however, some had started using online delivery or click-and-collect services provided by the major supermarkets. Two of the in-depth interviews were with shoppers who used online deliveries for their main grocery shop. The availability in the South Island for these services is more limited than in the North Island.

> *"My online shop is delivered to me in a trolley by the front door, it's so well set up, unbelievable customer service." – Depth interview, Auckland*
>
> *"I don't think you CAN get it delivered down here?" – Focus group, Dunedin*

Habit, the desire to personally select products, and lack of exposure to an online shopping experience, are all reasons why some participants did not shop online. Many wanted to avoid the delivery fee and pick their own fresh produce. Participants noted that they would get to compare the quality of products more easily in person and could do visual comparisons on size and pricing. While a few mentioned purchasing specific goods from online retailers, such as pet food or alcohol, most continued to purchase most of their grocery products in person. A few also noted that they could walk to the grocery store and use their own produce bags and containers, which is more environmentally friendly.

“I don’t like online, I like going in store, you can’t pick your own fruit and veges and meat, and I think there is a delivery fee.”– Focus group, Dunedin

“I didn’t use online, the time I spend shopping in the store is my break from the kids and time to be alone.” – Depth interview, Christchurch

Online shopping had been used by several participants and this increased during the COVID-19 lockdowns. Not all who had tried it in the past chose to continue, while others had already moved to online shopping prior to the pandemic due to mobility issues and continued to use the service as they had done before.

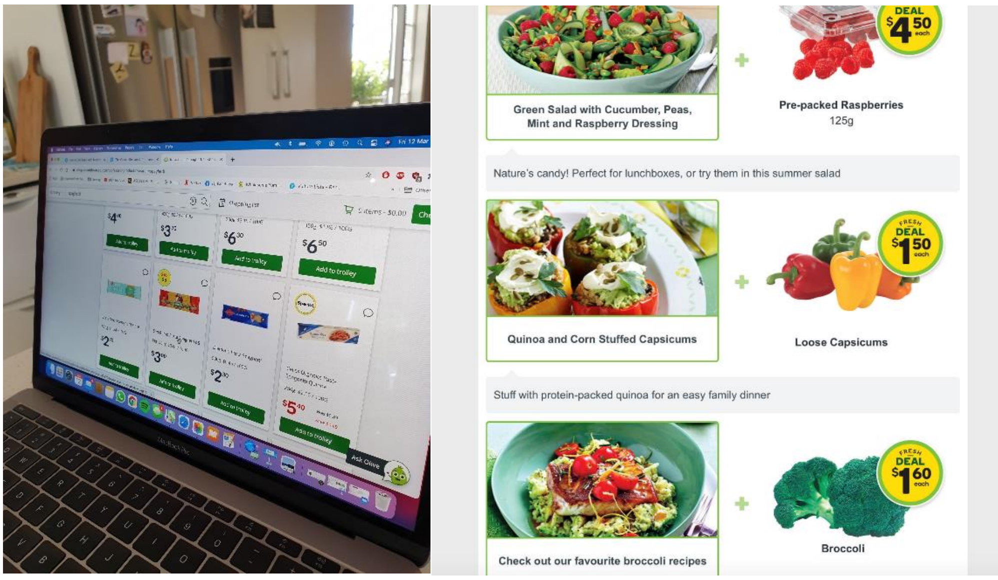
“I did shop online for groceries during Covid, used a debit card and did pick-up – they won’t deliver out here, same with some of the meal kits.” – Focus group, Palmerston

“During Covid I did more online buying, other people did it and gave good feedback.” – Focus group, Auckland

Most online shoppers described using online for their main shop but also doing an in-person top-up shop later in the week (we did not speak to any participants who solely shopped online for groceries). They appreciated that a delivery driver could bring it to the door for them, thus avoiding having to carry it in from the car. They liked that the website had online specials all in one place, but that they could also see them when browsing by product category, and, in some instances, there were meal ideas linked to the products on special. One online shopper was on a budget and appreciated the filter-by-price option and that the site saved a list of their regular purchases. In the groups as well, some noted that online shopping and click and collect can save a lot of time and is typically more convenient.

“Online shopping allows you to more easily compare products and find recipes linked to products that are on special.” – Depth interview, Wellington

Figure 3 – Screen shots and images of online shopping experience



The availability of delivery times was typically not an issue, but the lockdowns made it more difficult for some. Some checked the available delivery times of the two main supermarkets (Countdown and New World) that offer delivery and chose the one that was the most convenient before ordering their shop. Convenience in the context of online shopping is related to the amount of time saved from travelling to and from a store and the amount of time spent in store.

"It was hard to get a slot or any availability for delivery during Level 3 lockdown." – Depth interview, Auckland

"My online shop is delivered to me in a trolley by the front door, it's so well set up, unbelievable customer service." – Depth interview, Auckland

The cost of delivery was discussed by a few participants. Some were concerned that the delivery price took away a portion of their overall budget. Others subscribed to a delivery service at a monthly rate rather than a delivery charge per purchase, as this lowered the overall delivery cost.

Some participants did their shopping online due to the sheer convenience of being able to get groceries delivered direct to their door at a convenient time. However, they noted the minimum order size could be challenging for those on a low budget.

Others mentioned specialty online shops for pet food or specific produce that allowed direct home delivery. These were selected for convenience or quality and value.

"We buy cat food on repeat order, it's cheaper and I can change the date if I need to." – Depth interview, Auckland

4.1.4 Pre-shop planning

There were several different approaches to planning grocery shops described by participants. Many referred to these as mental lists of what they need based on a rough meal plan or existing stock in their cupboards. Those on a set budget had a strict plan and compared prices across stores to ensure the best location was chosen to meet their needs. Overall, participants found it hard and time consuming to compare prices; they did this in an unstructured and restricted fashion via referencing circulars, advertising, online communications, and word of mouth.

Some consumers had a more structured approach when planning their main shop, with a running list of needed items that they add to during the. A few noted using lists as a way of focusing their attention and as a reminder to set expectations for how big a shop they needed to do or how much they were anticipating spending on groceries. Many of these 'planners' also mentioned flexibility once they reached the store based on availability and specials. Product choice based on pricing will be further discussed in section 4.2, but it is important to note that each type of shopper indicated some flexibility related to the in-store or online specials and pricing.

Online shoppers noted that it was helpful that when using the service, they were presented with products previously purchased. This can reduce time spent shopping, help with the planning process, and serve as a reminder of products needed.

"I try hard to keep within my shopping list for the week as I was short of money." – Focus group, Whangarei

"When in the supermarket, I work from a list and generally look to buy products that are on special but not house brands. I do browse but generally only for the things on my list." – Focus group, Dunedin

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One online shopper noted that their list could be generated based on previous shops, prompted with frequently purchased items. The list could become very specific, but some variation would occur due to availability of products in the order. Another stated that they used their online order to identify products for the coming week as they are needed and then reviewed their cart against their budget and available deals.

The degree of planning for the shop was different for participants in rural regions with farther to travel to the larger supermarkets. They described a longer time between shops and needing to be more prepared so as not to forget items.

Figure 4 – An example of a participant's informal shopping list

4.1.5 Distance

Most reported that they would travel less than 7 km for groceries and did not need to travel far for a variety of choices. Most had some options within 5 km.

Participants might travel farther to get a better price or a more amenable parking situation. Others based in rural areas might need to plan larger shops carefully because of the distance they are required to travel. Participants living in a main centre tended to always have a range of grocery store options available within 5 km. However, in more rural areas where there is no main banner supermarket available, most would travel up to 40 mins to conduct a main shop. Top-ups in rural areas tended to be carried out in local independent retailers.

“In Ellerslie there’s a huge range. There are fresh grocers, a Four Square, organic places, petrol stations…They’re not always particularly cheap, but they’re easy to walk to and convenient.” – Focus group, Auckland

“Our local 4 Square is a top-up shop, it’s expensive and there isn’t a lot of variety. Not much fruit.” – Focus group, Palmerston

When discussing why travelling for shop

“It’s 52 km to Dunedin, so you are spending gas and time.” – Focus group, Palmerston

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4.1.6 Budget

Grocery budget also influenced how participants shop for groceries. The range reported by participants in their diaries was from $35 to $200 per week. This varied by life stage, income, personal product preferences, as well as upcoming special occasions and other needs for specific categories.

The biggest part of the weekly grocery budget for many households was fresh meat. They would mitigate this by purchasing meat when on special (most mentioned) and adopting more plant-based protein meals to supplement the cost of fresh meat.

“Having a budget, I have to admit, that’s quite important. Coming to New Zealand I had to adjust from monthly to weekly or fortnightly pay.” – Focus group, Auckland

“PAK’nSAVE’s $2 week makes a huge difference to my bottom line.” – Focus group, Auckland

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4.1.7 Frequency

When reflecting on the grocery diary, many participants were surprised by how often they were shopping. When reporting on their own behaviour at the start of the study, most participants indicated they would shop 2–3 times a week or once per week. However, upon reflection with the diary entries and discussion in groups, some did note that they shopped more regularly, while others were limited to once every two weeks (due to financial and dietary controls).

4.1.8 Attitude towards grocery shopping

Grocery shopping is something that most households need to include in their regular schedule. Participants had different attitudes towards its place in their lives. While most indicated that they enjoyed shopping in some way, when probed further to explore this in more detail in discussions, it was apparent that many did not have strong feelings about it or found it to be a necessary but mundane chore. Others enjoyed grocery shopping for its social atmosphere and ability to browse the aisles in store.

A few participants also described grocery shopping as a stressor or a challenge, due to the mental and emotional effort to plan, budget, and visit the store. These negative evaluations of grocery shopping were also related to the social atmosphere in some stores, the number of other customers in the store at the time, signage, and financial restrictions.

"I don't like crowds, so I do a once a week straight in and out shop." – Focus group, Wellington

"I go shopping because I have to. It's inconvenient." – Depth interview, Dunedin

4.2 The NZ grocery consumer

As an element of this study included a grocery diary as well as shop-along discussions, the research team has developed summaries of the types of shoppers or 'shopper personas' observed. These personas shed some light on the different factors that influence purchase behaviour as reported by participants.

Table 5 – Shopper personas

	The Online Shopper	The Bargain Hunter	The Cost-Conscious Hunter	The Spontaneous Shopper	The Habitual Shopper
Description	Prefers to shop online for their main order.	Pays close attention to flyers & deals. Focuses on value-propositions (quality at discounted price).	Stays to a strict budget & focuses on cost-efficient solutions (least-costly option).	Shops throughout the week, not driven by meal plan or lists, more likely to be influenced by immediate needs & wants.	Likely to shop at the same store (or selection of stores) – driven by structure & routine.
Top driver of store choice	Delivery options & cost.	Price & overall value proposition.	Price & overall value proposition.	Quality & range.	Convenience & comfort in routine.
Price comparison strategy	Easy to compare between websites & within retailers' offering.	Uses mailers, social media & advertisements to identify specials.	Lowest-cost options selected.	None or very limited.	Know by routine based on regular basket.
Supermarket most likely to regularly use	Countdown or New World – linked to the availability of online shopping	Range – choice more linked to the availability of specials within their local area	PAK'nSAVE and Countdown	Countdown or New World – choice heavily linked to perceptions of quality and range	Range – linked to most convenient

Shopper persona #1 – The online shopper

- **Degree of advanced planning:** Online shoppers like the fact that this method of grocery shopping can mean a) they can build their shop/cart throughout the week for a main grocery shop, adding things as they come to mind or are required; or b) they can set up automatic repeat orders, e.g. a monthly delivery of pet food. Online grocery shopping does require advanced planning to consider delivery or pick-up times.
- **Price comparison strategy:** Customers reported that it is reasonably easy to make price comparisons while shopping on a supermarket website – there are clearly labelled specials and discounts and one can choose to see options within a category/ product on one page. When doing a one-off online shop, customers appear to research prices prior to making a purchase by visiting websites and comparing prices.
- **Types of shops:** Countdown, New World for main shops, independent retailers such as Nespresso for one or two top-up items.
    - From home, on laptop/tablet/phone, at a time that is convenient to them.
    - While online shoppers tend to do a main grocery shop online, this does not necessarily limit their physical visits to other grocery stores, as there will often be items forgotten, required for a specific need such as a meal or for additional guests, etc.

"I'm an online shopper, but I'm also in store nearly every day on the way home for something I need, want or have forgotten." – Focus group, Christchurch

- **Drivers of choice:** Can shop at a time that suits me; can see what I have previously purchased, so I don't have to 'think' as much; can get items delivered or picked up by me/family members, thereby minimising my time spent on this task or chore; reduces chance of forgetting items as prompted to see previous purchases.
- **Barriers to choice:** Delivery not available in my area; cost of delivery; like to go in store to select fresh produce to my specifications; like to go in store to see people and enjoy grocery shopping in person; can't provide own containers for more eco-friendly shopping; not comfortable using technology or limited access to technology; if unavailable, products can be substituted unsatisfactorily; may have had previous issues with incorrectly inputting quantity.

"With online shopping your list is filled for you and it shows what is discounted. I don't mind giving my data if it makes it more convenient." – Focus group, Dunedin

Shopper persona #2 – The bargain hunter shopper

This shopper is driven by value and enjoys investing the time in finding a 'good deal'.

- **Degree of advanced planning:** Bargain hunters may not plan <u>what</u> to buy, but they do put time and effort into considering <u>where and how</u> to buy. Because they are exposed to a greater variety of retailers in their hunt for a bargain, they have a good idea of what constitutes good value.
- **Price comparison strategy:** Bargain hunters may read mailers/compare weekly emails from retailers to determine who has the best offer on each product OR individual items. They take note of signage outside stores, and social media posts from groups they may be part of and retailers themselves.
- **Types of shops:** Because they are looking for 'good deals', they are more likely to visit a wide range of stores including supermarkets and independent retailers such as fruit and vegetable stores or butcheries. Bargain hunters tend to shop throughout the week in order to reach a range of locations and deals. Most of their grocery shopping is still in a supermarket.
- **Drivers of choice:** Good prices, multi buys (savings made from buying multiples of the same product), word of mouth.
- **Barriers to choice:** No availability of specials.

"I always look in the Reduced To Clear section, I'm looking for the special and the ones that are marked down because they are close to their use by date." – Focus group, Dunedin

"If I'm going into town I might stop at the Mad Butcher, it's amazing, you can buy in bulk, it's not processed, and the kids enjoy it. At the Mini Mart they have coconut oil for $10-15 a bucket. That is a really good price" – Focus group, Palmerston

Shopper persona #3 – The cost-conscious shopper

This shopper is looking for low-budget items out of necessity. They tend to be more driven by price and see a bigger impact when prices rise.

- **Degree of advanced planning:** Variable – some will plan due to financial necessity, others who are less financially savvy will do all value assessments in store.
- **Price comparison strategy:** Choices are often driven by the lowest price, but again, can be variable. More savvy shoppers will make an informed value assessment based on quality, quality, and price, whilst those less savvy will often just revert to the lower price (and not make a value assessment).
- **Types of shops:** Prepared to travel to shop to ensure they achieve value and shop within their budget. More likely to conduct less frequent, larger shops and more likely to bulk buy (often driven by 'specials' based on value and freeze/store products at home). These shops may be supermarkets or fresh produce retailers as well as stores known for price savings, either on specific products or overall (e.g. *"Veges Direct have fresh produce available at all times with low prices" – Focus group, Christchurch*).
- **Drivers of choice:** Options within a category to ensure value choices are available. Driven by price savings and 'specials' that support bulk buying behaviour.
- **Barriers to choice:** High prices, limited range in stores that focus on low prices rather than a range of products.

"I'm boring and controlled, my diet and my budget control everything. Food is discretionary in terms of spend. Rent is not. The main thing is specials – I try buy as much as I can on special and, if it isn't urgent, I'll buy an item next time when it's on special." – Focus group, Christchurch

"I shop for bargains; I know that home brands are just the same thing in a different packet. I was brought up by a parent on their own and taught not to buy for labelling." – Focus group, Palmerston

Shopper persona #4 – The spontaneous shopper

Spontaneous shoppers tend to be driven by needs associated with specific occasions and influenced by perceptions of quality and range. All their shops are varied, and they visit a wider range of stores due to the less structured approach to buying groceries. This type of shopper is much more likely to make purchases based on short-term need (i.e. what they need for this evening's dinner) and consequently is likely to make multiple store visits across an average week.

- **Degree of advanced planning:** Less likely to be structured in their approach, can be heavily influenced by in-store displays and offers.
- **Price comparison strategy:** Less likely to have a budget in mind, more likely to spend to fulfil needs.
- **Types of shops:** Weekly main shops, but more likely to supplement these several times a week to fulfil needs as they emerge.
- **Drivers of choice:** More driven by needs associated with specific occasions and range of products available for those occasions. Will generally be more impulsive in store. Because the decision around what and when to buy is spontaneous, the range of stores visited for a spontaneous shopping occasion covers all types of locations, from supermarkets, dairies, or convenience stores, to independent retailers.
- **Barriers to choice:** Quality, range, and lack of inspiration in store.

"I shop once a fortnight for a main shop, but I seem to do daily top-ups, there is always something I've forgotten, or I will do things like pick up a hot chicken for dinner." – Focus group, Palmerston

"I go to the shops a lot, I'm so close to them that I can be spur of the moment." – Focus group, Wellington

Shopper persona #5 – The habitual shopper

These shoppers are most likely to visit the same location(s) each time they do a main shop. They value consistency and structure to their shopping experience. Shopping at the same location(s) ensures they complete shopping missions in a controlled and timely manner.

- **Degree of advanced planning:** Habitual nature means they tend to know where everything this and what they need each week. May write a weekly list to help with meal planning.
- **Price comparison strategy:** Very structured, spend is consistent each main shop. Look out for pricing deals and have a good understanding of value.
- **Types of shops:** Weekly main shops at supermarkets are likely to fulfil all needs. Supplementary shops may take place for fresh produce at independent retailers or, again, in a supermarket.
- **Drivers of choice:** Convenience and comfort in routine. A habitual approach to grocery shopping allows these customers to manage their spend, as they are familiar with the pricing in their usual store/s. Price is less of a driver for this type, they are generally more indifferent to price changes.
- **Barriers to choice:** Change of layout and store environment.

"I feel like I am habitual in both what I purchase and in terms of my visits – I'm a boring repeat purchaser." – Focus group, Wellington

"I noticed a lot of repetition in my grocery shopping, I make the same sorts of meals each week." – Focus group, Auckland

4.3 Consumer views on retail grocery options

4.3.1 Retail brands/banners

Across the groups and interviews, participants compared grocery brands based on who they felt their target market might be by price, location, and quality of offering. Most participants tended to shop at the major retailers (i.e. New World, Countdown, PAK'nSAVE, Four Square). Some participants felt that each major supermarket brand had chosen to focus on different pieces of the market and that they did not directly compete on their main brand promises. Through more detailed discussion and probing, consumers felt that each major retailer aimed to appeal to a specific demographic, due to several factors – advertising/brand positioning, perceived pricing strategies, in-store look and feel, and overall range of products available.

Participants described having a clear choice between the major retail banners in terms of the shopping experience, but many were uncertain about whether it was driving value for consumers. They described a trade-off between price, quality, range of available products, and the in-store experience.

"Although PAK'nSAVE is not my first choice of supermarket because of its closeness from Countdown and the specials previously advertised on TV, I made the effort to have a look." – Focus group, Auckland

"When I moved here 18 months ago, I tried a FreshChoice, as I had shopped at one in Auckland. But FreshChoice Roslyn is way too posh and expensive for me. I felt more at home in Countdown Mailer Street and have stayed there ever since." – Focus group, Dunedin

There is good awareness of the operating structure in the category, and most participants were aware of the parent companies for all the major supermarket chains. New World was viewed as a more expensive option but with better quality meats and vegetables, Countdown as average in terms of quality and pricing, and PAK'nSAVE the preferred choice for overall value.

Retailer brand perceptions

Each major retailer was viewed to target a different shopper and appealed to different shopper personas.

New World	Countdown	PAK'nSAVE	Four Square
• Higher prices • 'Indulgent' • Wider aisles • Looks nicer • Better quality • Specialty & local items	• Average prices • Common denominator • Average quality	• Inexpensive • Warehouse style • Poorer-quality meats & vegetables	• More expensive • Limited ranges
Raeward Fresh	**FreshChoice**	**Convenience/Dairy**	
• Feels independent (like a market) • Greater value • Greater choice	• Fresh-quality fruits & vegetables • Mid-range prices • Good value	• More expensive • Limited range • May be familiar with staff in a local area	

"New World is high quality, well presented and enjoyable. It is open, bright and they pack your bags. It's for people with a high disposable income." – Focus group, Christchurch

"Each supermarket has a target audience, like PAK'nSAVE is for big families." – Focus group, Auckland

"PAK'nSAVE is by far the cheapest. There might be a few things at Countdown that will be cheaper, but overall PAK'nSAVE will be." – Focus group, Auckland

In the recruiting stage we specifically requested a sample of respondents who shopped at the above stores, so it is important to note here that this is by construction and is not representative of New Zealand shoppers generally.

Very few participants shopped for groceries only at a supermarket; most participants also used a full range of grocery locations including Saturday markets and Asian food stores. In Table 6, the breakdown of use of different grocery shop locations is tallied based on the participant's response to the recruitment screener question regarding places they mainly do their grocery shopping. Many indicated more than a one-shop type as places they mainly do their grocery shopping.

During the discussions and interviews, most participants noted having a single main shop at a major supermarket and visiting these locations to supplement their full grocery order or as a top-up if they ran out of something. A small number also described growing their own vegetables or raising their own animals.

Table 6 – Participants' regular grocery shop locations

		Total
Locations of main shop	Countdown	34
	PAK'nSAVE	30
	New World	25
	Butcher	10
	Fruit & vegetable store/greengrocer	10
	General merchandise store, e.g. The Warehouse, Kmart	6
	FreshChoice	5
	Four Square	5
	Bakery	5
	Petrol station	4
	Farmers markets	3
	Dairy	3
	Raeward Fresh	2
	Ethnic or speciality food stores, e.g. Tai Ping, Japan Mart, Yogiji's Food Mart	2
	Bulk foods, e.g. Bin Inn, Gilmours	2
	Organic or fair trade, e.g. Huckleberry or Commonsense	2
	Subscription-based meal kits, e.g. HelloFresh, My Food Bag	2
	SuperValue	1
	Online store, e.g. The Honest Grocer	1
	Other grocery stores, e.g. Farro Fresh, Moore Wilson's	0

Please note: *Participants were asked where they do their 'main shop' and could select multiple responses. Therefore, the responses do not match the number of participants that participated in the research.*

Participants also mentioned other retailers they regularly visited for grocery items:

- Local Butcher
- Harbour Fish
- Mini Mart (specialty foods)
- PGG Wrightson
- Frozen Direct for meat/vege/party foods
- Ethnic/specialty foods, e.g. Yan's, Yogiji's
- Grow own vegetables
- Bin Inn/bulk bins
- Huckleberry (organic retailers)
- Moore Wilson's
- Farro Fresh

The top-up shop showed the most variation in terms of store, drivers of selection, and products. Many of these shops were described as event driven. For instance, some may be planned for a specific thing that was not available or forgotten on an earlier shop. Others may be more spontaneous, because the household ran out of a staple item; as such, store choice will be driven by convenience and product availability.

"[The local Four Square] is pricey, I couldn't afford to do all my shopping there with 4 kids. Maybe it's for people at a different life stage." – Focus group, Palmerston

"Farro is organic, artisanal." – Focus group, Auckland

"I tend to shop less frequently and have more stuff at home. I sometimes go to FreshChoice because PAK'nSAVE doesn't have what I want. For example, it tends not to have herb teas or nice oils, I can get those from FreshChoice on the way back from PAK'nSAVE." – Focus group, Nelson

Some participants also described going for a top-up shop on a 'bargain day' at a specific retailer to get a product that is on special on a specific day. Special occasions also prompted the need for a small specific shop. A few participants also noted that sometimes they would go grocery shopping because they were bored or lonely, as a fun activity, to socialise and to browse the shelves.

"I know all the staff there (at Countdown), we always have a chat and it's really nice. If I just need to get out of the house, I like to just go out to the supermarket and get a few things that I might not have thought I need. That ritual is important to me." – Focus group, Auckland

Choice of retailer

Many participants would choose one location for their main shop for convenience, and a few expressed a desire to have the best deal for their whole grocery order in one location. Most avoided visiting multiple locations due to stress and time constraints. Major supermarkets were felt to be best positioned for a main grocery shop, as they have a wider selection of products in one location. However, some participants felt that this does limit their ability to choose based on price. The ideal solution for most consumers would be a one-stop shop where they could consistently get the value they demand and everything they need in one shop and not have to make multiple visits to different retailers.

"I shouldn't have to drive between supermarkets to get a good deal." – Focus group, Christchurch

"Prices are a main driving factor, especially if both Countdown and PAK'nSAVE are only a short drive away from each other. If one store was significantly further, I wouldn't shop at both places." – Focus group, Dunedin

"I'm limited in my choices as I don't have a car." – Focus group, Wellington

"I do my weekly shop at Countdown. I know where things are, and I don't get disorientated. I don't want to be there too long." – Focus group, Palmerston

This applied even to participants in rural areas or smaller centres. They viewed having options for grocery shopping positively; however, it was described differently than larger urban centres such as Auckland. In Palmerston, participants still felt they had options because they could drive to Dunedin to visit the major supermarket chains and other grocery retailers. Others in Palmerston expressed a desire for more local options, feeling the high price was linked to a lack of competition. Auckland participants described the differences in availability of the supermarkets by suburb and how some would travel to different suburbs to visit a specific retailer.

"I wish there were more options here, the prices are high." – Focus group, Palmerston

"We only have a small supermarket. It's pricey, as I guess it can be due to the fact there's no competition." – Focus group, Palmerston

Participants also discussed the range of retailers available to them. Some felt that because there was more than one banner available and, in many areas, they could visit a range of stores, they did have some choice in terms of products and store selection. This was noted as the availability of more than one option for groceries in their area.

"Could have gone to Stoke (New World or Countdown), which would be slightly closer, or Countdown/FreshChoice in town. In the habit of going to New World and think that it has a nicer feel sometimes." – Focus group, Nelson

"I'm close to NW and Countdown and Yan's is a 20-minute walk away." – Focus group, Wellington

"There are plenty of choices, people just get stuck in their ways." – Focus group, Palmerston

Other participants raised questions and concerns around the extent and nature of choice and competition in the category. Most were aware that the big banners are owned by two companies and questioned whether this constitutes genuine choice. While they had options to shop at one of the major retailers' banners, a third option that met their core drivers of value, convenience, and quality for main shops was viewed as lacking. Some felt that it may be causing increased cost for consumers.

"I feel like the whole grocery industry is controlled by 2 or 3 people." – Focus group, Wellington

"They work together and just rotate specials." – Focus group, Auckland

"Choice doesn't convince me that they will be competitive. No, they just work together at rotate (deals)." – Focus group, Auckland

4.3.2 Choices other than supermarkets

There is a general perception that consumers have options available beyond the major banners to fulfil the full range of their grocery shopping needs. However, on the basis that grocery shopping behaviour is driven by price, habit, and convenience, these options are not easily utilised. Consequently, participants were unsure whether this was providing value for them.

Some of the additional options described were butchers, greengrocers, and other retailers, and they were viewed more as supplemental to the existing major supermarkets. A small group of participants also mentioned exploring alternatives such as food box or meal kit deliveries. These speciality shops and other retailers were often described as destinations for top-up shops or supplemental to their main grocery shop. They visited or utilised these when they needed something for special occasions or specific products that were perceived to be of better quality. They were also used when purchasing in bulk, to provide greater convenience, where there was a need for local products, and/or they wanted a more positive customer experience.

"Some things are not available [at the supermarket], you go there, and the shelves are all empty." – Focus group, Auckland

"I've got a superette and a dairy really close by that I am in all the time…I really should buy bulk…" – Focus group, Wellington

"I'm going to Farro's for the quality of the goods." – Focus group, Auckland

"GoodFor is the only shop I know that stocks the brand of shampoo bar that I like, it's plastic free." – Depth interview, Nelson

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Greengrocers and butchers

Some participants described shopping at greengrocers or butchers for their secondary or top-up shops. The benefits of the greengrocer mentioned were that their produce is fresh, could be trusted to be locally sourced, and at times is less expensive than the equivalent product at major supermarket banners. Similarly, butchers were selected for quality and specialty cuts that are not available in the major banner supermarkets. Those who did not shop at greengrocers or butcheries on a regular basis were more likely to be shoppers who prefer a 'one-stop shop' and are happy to accept the quality and range on offer in a major supermarket,

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"My top-up would be things like meat. I would go to the butcher, and it might not be every fortnight or every week, it might be once a month that I stock up on certain things." – Focus group, Auckland

"Fresh stuff, something that comes directly from the farms in the area directly into the greengrocer rather than your PAK'nSAVE, often you get better prices and there's more markets as well that have fresh produce that makes for buying better quality." – Focus group, Auckland

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Ethnic supermarkets

Ethnic supermarkets were a regular stop for participants who had a connection to a specific place or culture. Most of these visits were for specific products available in these stores or a specific brand or varieties of products within a category not normally available at the major banners. These customers still visited supermarkets for other groceries, and we did not speak with consumers who used an ethnic supermarket as their main shop.

"It's a cultural thing for me, I'll go to a South African shop because they're local, small business, they need to survive. I'll do it because of the friendly service, the people, the conversation." – Focus group, Auckland

"I go to Thai, South African stores for biltong, I do everything really, Korean stores for ramen because we don't just stick to one specific thing, I like to cook lots of different things." – Focus group, Auckland

Specialty supermarkets

Specialty supermarkets, such as those focused on sustainable or organic groceries, were also mentioned by some participants. These, again, were chosen typically only for very specific products, such as ethical brands, and/or for offering specific health benefits.

"They [Huckleberry] do more organic stuff, they've got eco products. I go because they're the only stockist of bodywash stuff that I can't get anywhere else." – Focus group, Auckland

Bulk and discount stores

A small number of participants also mentioned shopping at specialty bulk or discount stores available in their region. They indicated that these stores provided more value for the products due to reduced product price, or better value in terms of a lower overall price per unit.

"[Gilmours] that's for bulk buying if I want to buy laundry powder that I'll use for the next 3 months, or dishwashing liquid." – Focus group, Auckland

"There are not many places that I can buy in bulk, there is a Gilmours around here, but you need to be a member or a business to use it." – Focus group, Nelson

"There's a new place I found in East Tamaki, 'Why Not', it's cheap and some of the use-by dates have expired, but it's half price." – Focus group, Auckland

Other stores (e.g. pharmacist, chemist, variety stores)

Many participants indicated that they would shop for other items that were a part of a routine shop, such as toiletries and other sundries, at pharmacies, chemists, or variety stores (such as The Warehouse). These were chosen mainly due to price, but also because of an increased range in these specific categories.

"I buy a lot of things like toiletries. They often have better prices on things like toilet cleaners and household cleaners." – Focus group, Auckland

Food box deliveries

While some participants mentioned they had tried a food box delivery service in the past, only a handful were regular users. A lot of the uptake for food box delivery was driven by appealing pricing promotions and the fact they provide variety, choice, and simple, convenient solutions. However, the overall financial commitment required to regularly subscribe to these food boxes and the fact that they do not fully remove the need to conduct some grocery shopping (due to the fact that the kits provide the ingredients for only one main meal a day), meant that a lot of consumers will trial, but are much less likely to adopt them as a long-term solution.

The overall benefits of these services were time saved on meal planning and preparation, as well as new variety and portion control. However, most participants that had used them, found meal kits to be more costly than a typical grocery order and often time consuming to prepare. Users felt that it had not stopped them from doing a regular grocery shop, as other meals and non-food grocery items still need to be purchased.

"I was desperate for an easy meal… no thinking!! I last ordered from them in 06/2020 and decided to get another lot… so easy." – Depth interview, Auckland

"Getting home late and cooking what's right in front of you and it's new, different and mostly tasty, that's a WIN." – Depth interview, Auckland

"In lockdown a friend gifted me HelloFresh…I do it every 2 weeks and it's purely to keep me to my last the rest of the time, not overbuy." – Focus group, Auckland

"It makes sure you try something different, something healthy. You still need to buy everything you need from the supermarket." – Focus group, Nelson

Food boxes were seen to have more competition than traditional grocery retailers due to the number of brands competing in this space and the aggressive promotional behaviour. Participants felt that price and choice were available in this segment of the market, as this was viewed as less 'structured' than the supermarkets.

"Meal kits compete with each other, you can choose HelloFresh, Woop, etc., and they can offer you different prices for the same thing." – Focus group, Palmerston

4.3.3 Participant reflections on influence of options

Throughout the discussions, participants reflected on the current overall New Zealand retail landscape and commented on some specific issues relating to the availability and cost of food in New Zealand.

Perceptions of supermarket locations

Some participants felt that the large banners select store locations based on the demographics in that area. This was viewed as potentially negatively affecting consumers' choice. For example, several participants noted that PAK'nSAVE stores tend to be in lower-income areas. Some felt that these supermarket brands price products differently in stores in different areas. They felt this resulted in many travelling farther to get to a store that is thought to prioritise what they are most interested in (price, environment, range, quality).

"They have target audiences, like PAK'nSAVE is where there are lots of people with big families." – Focus group, Auckland

"They put supermarkets in special areas for demographics and the same brand supermarket can have different prices depending on where it is, and they don't all have the same stock." – Focus group, Christchurch

One respondent noted that they would drive 15–20 minutes to visit a similar store in a more affluent neighbourhood because they felt that overall quality of experience at that location would be better.

"It seems to be cheaper in the more educated areas like Botany, I go out of Otahuhu to do shopping, just the prices are cheaper, I don't know what it is, it's the same with petrol." – Focus group, Auckland

"In Ellerslie there's a huge range. There are fresh grocers, a Four Square, organic places, petrol stations…They're not always particularly cheap, but they're easy to walk to and convenient." – Focus group, Auckland.

"In Wainui Countdown the shelves are empty, and the products aren't there, the specials are not there." – Focus group, Wellington

"We may have done it [price comparison] once, and now we're relying on that one historical occasion. At some point we decided PAK'nSAVE was cheaper." – Focus group, Nelson

Cost of food in New Zealand

In most interviews and group discussions respondents raised the issue of what they felt was the generally high cost of grocery items in New Zealand compared to other countries. This perception was based on the comparable cost of items overseas and a belief that locally produced items such as meat, dairy, and produce should cost less than they currently do in New Zealand.

"Food is expensive in New Zealand. Is it about distance from suppliers? Is it about us exporting most of our dairy and meat?" – Focus group, Christchurch

"A lot of our food is expensive, and this impacts my quality of life because of the cost of living. I'd love to go and buy fresh fruit if I had more money." – Focus group, Wellington

Apart from the sense that the overall price of groceries is high in New Zealand, there were discussions in some groups about how the prices in their regions seem higher than in others.

"Nelson prices are higher than some other places in the country…I don't like it." – Focus group, Nelson

4.4 How consumers make purchasing decisions once in store and their awareness of this process

During discussions, many participants expressed surprise by the frequency of their grocery shopping after completing the homework assignment. They also discussed deals and specials that they found with pride. Participants said that finding an item on special made them feel good and that they were getting the best value, even if, upon reflection, they may not. The emotional investment in grocery shopping was again brought up, as it related to pricing and seeking out value based on preferences.

The shop-along portion of the individual interviews allowed for some in-the-moment discussion of participants' purchasing decisions and, in turn, for further reflection on the pricing strategies employed in the retail setting.

There was also some frustration shared by participants for products labelled as being on special with 'savings' of only 1 or 2 cents. However, during the shop-along, many relied on in-store displays to identify which products were discounted. Some participants felt that these products may not actually provide the best value, but most said that they felt better about buying a product that was discounted. A few participants suggested that they needed to check that the specials were cheaper than the usual price, as they felt that sometimes they could cost more than they might normally pay for the same product.

4.4.1 Loyalty programmes

Many participants mentioned being members of more than one supermarket loyalty programme. They joined because of the discounts given only to members or the points available. Many expressed an emotional connection to collecting the points and satisfaction with receiving a special members discount. However, most consumers were generally unaware of the extent of the discount they received and had limited knowledge of the value associated with the points they earned. Although they were aware that at some point they would receive a benefit (e.g. a voucher), there was limited understanding of how that was earned.

Some participants used their loyalty programmes regularly and followed their points balances very closely normally by logging into their online accounts or tracking their balance on receipts. Participants who engaged in this behaviour found it easy to do so, but most did not know how to or relied on communication from retailers to alert them to when they have earned a reward.

The majority were more casual loyalty programme users, who had the card because it was offered to them and they would shop there anyway. Many participants struggled to express a tangible benefit to some of the programmes or compare their benefits across retailers. Many viewed the discount vouchers or point balances as surprise additional discounts when they became available. A few mentioned that they had not joined the loyalty programmes because it was a hassle to remember to bring the card.

While in the minority, one interviewee noted having switched supermarkets due to points unexpectedly disappearing from their account. They were frustrated by the lost perceived value and sought out an option they felt had a transparent direct dollar benefit.

Overall, loyalty programmes are generally considered to be confusing. Many participants expressed a desire for more honesty and transparency in the pricing available through the loyalty programmes. Some disliked that the price depicted on in-store signage may be a 'members only' or 'club' price and differ from the actual product price. This was seen by some participants to be 'unfair' and misleading.

"You see the price and then at the checkout you get charged more. In the small print it says that it's for loyalty card members." – Focus group, Auckland

"There seem to be different levels of special for everyone, they catch you out when you are paying, and I don't understand them." – Focus group, Wellington

"I've been caught out before when the price they are advertising it for is the club price. I'm not sure this is about honesty of pricing or transparency." – Focus group, Dunedin

There was a sense of exclusivity for some, who enjoyed choosing the product where they would receive a bigger discount (that non-members would not be entitled to).

Figure 5 – Examples of 'members-only' price promotions in store

The retailers' benefit is seen to be increased spend amongst new customers and loyal customers and being able to track what people buy. It also provides them with a means to contact and target promotions to you (via email). However, not all were aware of this or had reflected on it initially prior to the discussion. Awareness and understanding of this are limited, certainly not top of mind for most. Upon prompting, some did raise questions around what retailers do with their data, but some also saw this as an opportunity to improve the personalisation of the overall shopping experience.

"I'd like targeted special of value to me…would make me feel more valued as a customer." – Focus group, Wellington

"They make people think they are getting more for their money, but it's actually data farming, every email you get is premeditated based on what you've bought." – Focus group, Wellington

"For us we get a discount or cheaper prices, for the retailer they get the sale and also information to build their database." – Focus group, Dunedin

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Price comparison within the store

Most indicated they would compare prices between products in store more often than between different stores. Some noted that products in the same category were not always grouped together. For example, one participant noted that nuts in a package may be in an aisle, but a similar nut was also available in the bulk bin at a different price. This mirrors online shoppers' preference for using the delivery or in-store pick-up services, as when they shop for a specific item, they can view all products across a certain category in one place.

The price sticker or card was used by many participants to evaluate the value of a product based on its weight or size. Others searched for products with specific marked-down or reduced-to-clear prices, such as produce or meat nearing its best-before dates.

Other pricing tactics discussed were the use of 99 cent pricing and stickers.

Figure 6 – An example of meat bought on special and frozen as it neared its best before date

Participants mentioned several price strategies and promotions used by supermarkets, as well as different approaches to how these strategies were communicated with consumers. They mentioned bulk pricing or multi-buys where the price per product was discounted if the shopper purchased more than one. They also mentioned special promotions, how the prices are shown in store, and where products on special are placed in store. There was also some discussion about how supermarkets might choose which items would go on special.

Bulk pricing and multibuys

As mentioned above, many participants noted bulk pricing promotions in store for purchasing more than one item within a category or brand. They stated this sometimes encouraged them to buy more at once.

One participant mentioned that because they have storage space, they would buy multipacks when they were on special. During COVID-19 bulk buying behaviour increased and for some this type of shopping behaviour has become more normalised.

> *"I bought some things I don't usually buy, and I managed to get some bulk items for cheaper." – Focus group, Christchurch*
>
> *"When in store, my shopping is significantly influenced by what is on sale. This doesn't usually cause me to buy things that I wouldn't normally buy but does encourage me to buy things in bulk or top up supplies before we have run out." – Focus group, Nelson*

While some participants took a multipack or bulk pricing deal on face value, others noted that this could make it more difficult to determine value.

"You have to think about whether it's better to buy an 8 pack of toilet rolls or 2 4 packs. Whether you should buy a twin pack of biscuits or 2 single packs, when I might not need two packs. It makes me feel like I am being manipulated regarding economies of scale." – Focus group, Dunedin

"I saw that gingernuts were cheaper in the twin pack than at the 2 for $5 special promoted. To me this is false advertising and they are trying to catch you out." – Depth interview, Auckland

Figure 7 – Example of bulk purchases made to maximise value – single household with way more eggs than they felt they needed

Bulk bins

Bulk purchasing was also discussed in relation to bulk bins (i.e. where the product is loose in a larger container and the consumer scoops it into bags or another smaller container). The 'per 100 g' pricing for these bins could make them difficult to compare to the pre-packaged products. Returning something to these self-serve bins might be difficult if a deal was found elsewhere in the store. One participant noted being too embarrassed to return a bulk bin selection to the bin, so they would end up purchasing the more expensive option in this case.

In-store promotions

Participants discussed different promotions available across the major banners, such as collecting stickers to be redeemed for certain products. Initially, most participants felt these promotions did not impact their store selection or purchase decisions. However, during the discussion, a few noted having switched supermarkets or adding things they did not need to their orders to reach the necessary points/spend thresholds for these promotions.

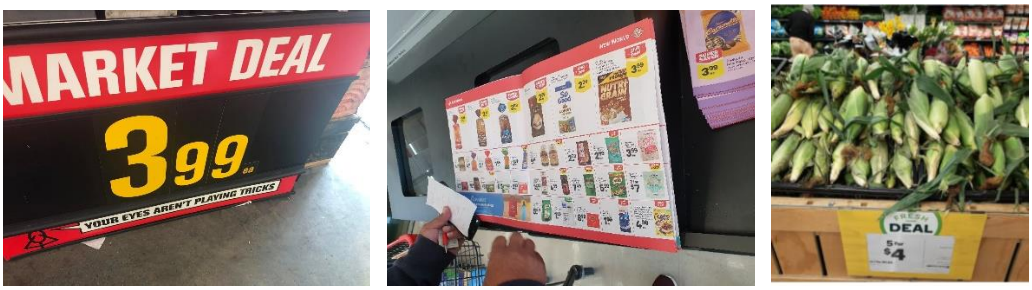
"I changed to New World when they had the knives! I just really wanted them." – Focus group, Auckland

"It depends on what's on offer, something that the kids like, like miniatures might sway me to go somewhere." – Focus group, Christchurch

Others noted that fuel promotions linked to specific purchases also influenced their behaviour, especially when the discount was higher than the routine 6-cent discount. Another attractive promotion was better delivery pricing for members at some retail and grocery stores.

"I usually shop at PAK'nSAVE because it's close geographically and cheap. Just before Christmas, New World was having this thing about knives. I went crazy and I really wanted those knives. So, when those specials were going on, it was New World. And last year Countdown did something with Disney, and my daughter loves Disney, we went there for that time." – Focus group, Auckland

Figure 8 – Examples of in-store promotion signage



In the images above, in-store promotional signage reflects different approaches to labelling that improve or hinder readability on the part of the shopper. In the image on the left, the shop-along participant was easily able to identify the price and product. The centre image represents a flyer with specials clearly outlined that acted as a reference book or map of what to get while at the store. The right image reflects a promotional display with clear offering identified (# for price).

Pricing labelling and unit pricing

Participants found that some of the labelling and special signage in store is simple to read and immediately understand, while others require some mental arithmetic. The value of products needs to be mentally calculated by the shopper based on signage to compare products with different sizing. Not all shoppers do this mental calculation, some make more spontaneous choices and take 'special' pricing on face value.

When discussing value, many noted looking at the unit pricing on signage, such as price per kilogram or gram for meat and produce. Others mentioned having to compare product labels to identify value by looking at other features (such as package/serving size, quantity, and ingredient quality). One participant noted looking for the length of the toilet roll when comparing product options. A few stated that the unit pricing (by weight or volume) can be hard to find, as different brands do not have the same form of measurement. Unit pricing works best when it provides a clear comparison of a cost for a specific unit or amount across similar products. This allows the consumer to make an informed value decision beyond just price alone.

In addition to placement, not all products in store had unit pricing displayed. During the shop-along as well as during the discussions, participants noted they were frustrated with the inconsistency of unit pricing, where some have the unit price clearly labelled, while others do not. They felt this makes people spend more time reading labels and make decisions based on price alone.

Overall, regarding unit pricing, many consumers would use unit pricing to assess value; however, some participants were frustrated with the inconsistency of how this is presented.

Figure 9 – Examples of unit pricing inconsistencies between products in a category compared to unit pricing that made a value-driven purchase easier

Inconsistently applied by volume

The images on the left reflect signage observed during the shop-along interviews.

The right-hand one has no unit pricing, in contrast to the left-hand one – this makes it hard to make a comparison on value.

Per unit pricing consistency

This set of images has a good comparison of the unit pricing available.

However, it is very small and during this visit the consumer was unaware of what it meant. It was suggested to have a larger indicator with more explicit instructions.

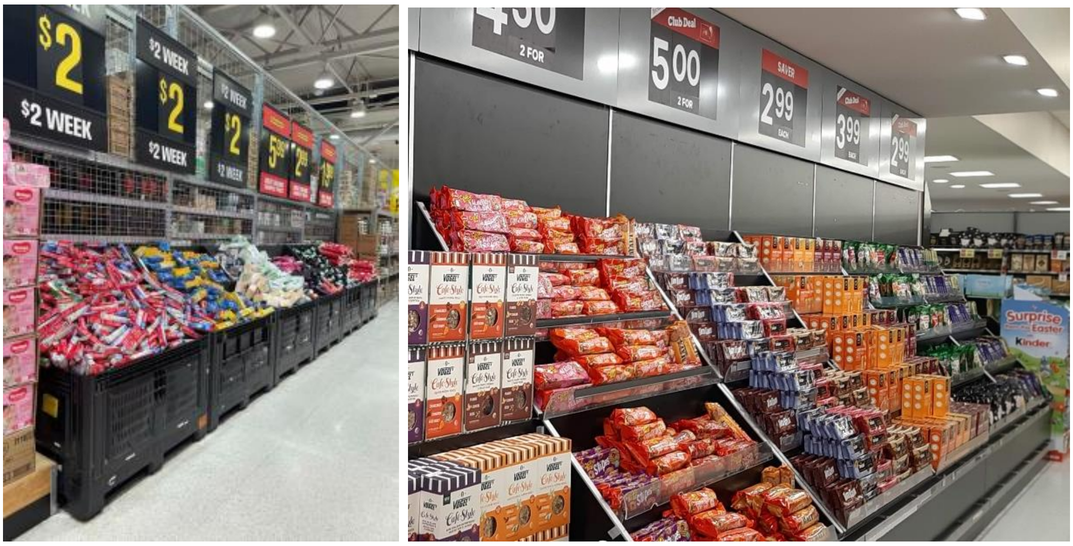
The colours and amount of signage in store also varied. For instance, one group used the Chemist Warehouse and PAK'nSAVE as examples of where the sale signage is colourful, plentiful, and loud, but did not have a sense that it influenced their shopping overtly, as they were more focused on the price in terms of the products they were looking for.

Store layout and displays

Many participants also mentioned the front of store 'specials' sections available in each of the supermarket banners Overall these were viewed as positive elements of their grocery shopping experience and several noted looking there before proceeding with their shop. While most participants were positive about these displays, one noted that they did encourage more spending on things that may be not on their list or essential. They mentioned their partner would celebrate with them when they passed the aisle without picking up a product.

> *"My husband actually high fived me the other day when we were shopping – he said, 'We made it through that aisle without buying anything!' – Focus group, Christchurch*

Figure 10 – Examples of value aisles at the front of stores where specials are on display



Shoppers also mentioned the aisle endcaps and displays as places where specials were often on display and attracted their attention while moving through the store. During the shop-along interviews, one participant noted the high demand for an 'on sale' chip variety and suggested they would put additional stock in one of these locations rather than on the shelf. A few participants and interviewees also visited the 'reduced to clear' sections of the store as well, looking for products nearing their expiration date.

The location of items on the shelf within the aisles was also discussed as a driver of purchase behaviour while grocery shopping. Some participants indicated that they felt the store placed cheaper products lower down on the shelf, while products with higher margin were at eye level. Some indicated that they had to hunt for the typically less expensive store-branded products.

How retailers choose which items are on special

During the focus groups, some participants explored the potential drivers from the retailer's perspective of which products might go on special. A few participants observed that the specials at their supermarket were on a cycle and would wait until the product is again on special to purchase.

The consumer perception is that within a specific category there will always (e.g. every week/every main shop) be a brand or product on 'special'. Where decisions are based mainly on price or value, most consumers will be happy to switch between brands to benefit from perceived savings. Where there is a product or brand preference, consumers are more likely to still buy their preferred choice; some may wait for this product to come on 'special' in the future.

> *"Supermarket specials are really predictable. Take Marmite or honey, for example, if it's not on special in Countdown, it will be on special in New World. And if it's not in special in either of them, it will be on special somewhere in the next 2–3 weeks." – Focus group, Nelson*

Many participants also could not identify a rationale for pricing strategies in store. They felt that sometimes there were three sizes of the same product and the middle size was often cheaper than the larger or smaller sizes. Consumers can be left feeling confused on these occasions, as price does not always reflect the quantity of the product.

Participants were used to supermarkets using phrases such as 'everyday low prices' etc. and this was another way of identifying good deals. However, there was some confusion around what constituted a 'special' price and how this was different to everyday low pricing strategies. This served to increase uncertainty around the rationale for 'special' pricing.

Reflecting on why a product might be on sale before purchasing it adds time to their grocery shop, and few mentioned this level of consideration in store.

Figure 11 – Examples of in-store specials, reduced items, and clearance across stores

The images to the left illustrate some in-store specials and reduced items on display during the shop-along visits. In some cases, the reduced items are easy to spot among other 'regularly' priced items.

In the first image all products in this section have a red price tag; however, the text within them and conditions are very small.

In the second image, a large 'Clearance' sign can be seen with many items in front of it.

4.4.2 Brands and packaging

Each supermarket or supermarket banner has its own set of own-branded products. Participants saw these as offering affordability, but some also expressed concerns around their country of origin or quality. For instance, one participant suggested that the ‘off-brand’ products were nutritionally poorer than others – containing more fat or sugar than other versions of the same product. Others felt that while they used to be concerned that these products were of lower quality, they had found through word of mouth and personal experience that many can be high-quality products minus the packaging. Some mentioned rumours that their contents were often identical to the ‘brand name’ labels, for example, milk and canned vegetables.

A few of the cost-conscious and budget shoppers noted keeping a look out for these products or focusing on them exclusively because of the perceived price/volume value. Others stated that they looked for them in certain categories, such as tomato paste, where recipes would benefit from additional flavour, but avoided them in categories where they felt the quality was inferior, such as cereals, bread, or biscuits.

Figure 12 – Examples of store brand products and promotions markers

The images above represent different store brands and how they are displayed on the shelf. In some cases, participants noted they look like ‘specials’ but are listed as ‘Everyday value’ or ‘Extra LOW’. The details may also be hard to read in small font or being close to the floor.

> *“It allows us to spend less and they are cheaper, but they don’t look as nice. And where are they coming from?” – Focus group, Auckland*
>
> *“I think it’s fine to buy staples like rice or tinned tomatoes, but things like the ‘copy’ biscuits, like copies of branded ones have different taste.” – Depth interview, Auckland*
>
> *“Own brands can be nutritionally poorer, e.g. the home brand Nutrigrain has more sugar, the cream cheese has more fat.” – Focus group, Dunedin*
>
> *“The availability of a store brand like Pams shows they want to cater for all budgets.” – Depth interview, Christchurch*

A few participants felt that store brands could be pushing out other suppliers, and if only the home brand is available, then it is about pricing out competitors. They worried that in the future they might lack choice and indicated that they did not want to be pushed to purchase only the store-brand product.

4.4.3 Consumer reflections on in-store purchase decisions

Participants reflected on the discussion around pricing and what it means about their product choice in the retail market. While many had expressed that value was a key driver for them when making purchase decisions, a lot of this discussion was focused on price and quantity over quality. Several participants were frustrated that the pricing tactics were persuading them to purchase certain goods and expressed a feeling of being manipulated by the process. Whilst promotions can deliver a sense of value, the consumer can be left feeling that they are being forced to purchase a specific brand or product (outside of their repertoire) to achieve this value.

> *"They humour us with the illusion of discounts and specials – but the only ones winning are the owners." – Focus group, Dunedin*

Many noted an emotional investment in grocery shopping – the ways this investment is rewarded had an impact on the perception of value to consumers. Some described barriers to determining value, such as small pricing labels, products in the same category in different parts of the store, and a lack of consistency in application of unit pricing. A few participants placed importance on special membership to a programme or scheme. Others were persuaded by the concrete benefits of promotional campaigns (e.g. knives or containers) to reward their grocery spend.

> *"At the end of the day it's not the individual supermarket that decides what goes on special, it's their parent company that does it." – Focus group, Nelson*

4.5 How consumers perceive the retail grocery offering overall in New Zealand generally

Most participants felt that although they had the opportunity to shop at different retailers, overall, the choice available to them felt inhibited due to the limited number of supermarket banners operating in the market. They perceived that many consumer behaviours and options are dictated by retailers. From their perspective, having several options available in terms of supermarket retail brands does not necessarily constitute healthy competition or bring immediate benefits to the consumer.

Price was a key driver for most participants in discussing value. While not all participants were cost-conscious or bargain shoppers, many were still influenced by perceived savings through loyalty programmes, specials, promotions, and other pricing promotions and strategies. Smaller or locally owned retailers were seen by some as having a stronger connection with the local community and placing a higher investment in their customers. This discussion was quite emotional for some participants, who were frustrated by a lack of transparency and accountability around price increases. Participants felt more positively about those who, according to them, were active in the community and were giving something back.

Most participants were unaware of how supermarkets deal with suppliers and producers. One had the impression that these relationships were strained, and suppliers were often taken advantage of.

4.5.1 How has it changed?

Participants were asked to reflect on how grocery shopping in New Zealand had changed in recent years. Some noted trends that moved towards more environmental sustainability, like bulk buying, reusable containers, the elimination of plastic bags and other plastic packaging, as well as other eco choices in store. Other trends mentioned were around innovative technology shifts including online ordering, personal shopper systems, self-scanning, self-checkouts, and other digital tools. Most were positive about these changes; however, some felt that plastic and packaging avoidance was becoming a nuisance. Ready-made products available in store were also mentioned.

Participants reflected that during the COVID-19 pandemic, they had eaten more meals made from scratch and had a stronger desire to buy NZ-made and local products.

4.5.2 Overseas price comparisons

Figure 13 – An example of garlic from overseas being cheaper than NZ- grown garlic

There was some awareness of the global markets influence on pricing in New Zealand. Participants noted that they had become aware of the price New Zealanders pay for groceries following trips abroad to Australia or the United States, where they felt food was priced lower. This was frustrating for many, as they felt that New Zealanders were being taken advantage of with retail pricing and access to locally made products. They had noted that similar products made in New Zealand are more expensive than imported versions of the same product (e.g. pork). Others felt that NZ-made products were more affordable overseas than domestically, suggesting that these products were being reserved for export rather than for local consumption.

Some participants commented products on special can have a country of origin with different quality standards than New Zealand. Participants were generally frustrated over the perceived lack of access or focus on New Zealand owned or made products. The focus of specials on international goods added to this frustration.

Participants discussed having seen more choice and options available to them when visiting Australia.

"The impact of not having enough competition is higher prices. There isn't competition – you only need to look across the Tasman to see that there isn't. This may be due to the size of the population." – Focus group, Dunedin

The perspective on local also varied by region. While participants in the North Island focused on NZ made, some participants in South Island communities had a narrower version of local and wanted to seek more producers from their region.

4.5.3 What participants would like to see in the future

Participants were asked what changes they would like to see in the future. Most suggested store-based service changes such as better access to customer service, more small-basket cash registers, and improved friendliness and training of staff. The importance of personal interaction in shopping and the connection to others was a common theme across the discussions.

When reflecting on the grocery industry and the purpose of the market study, participants reiterated the themes of honesty, transparency, and corporate social responsibility. Some reflected on the imbalance in the industry between the supermarket chains and smaller retailers and suggested more assistance to help the other retailers grow to encourage more choice. A few participants also suggested pricing controls and supported the exploration of the industry's pricing strategy.

"There are no struggling supermarket owners." – Focus group, Dunedin

"Retailers have been making a killing – they need to give back to the community and customers – you were supported during Covid – give back." – Focus group, Auckland

Others discussed how pricing decisions impact customers who may struggle due to financial literacy and/or health-related issues. They suggested that consumers need to be better educated about budgeting and healthy eating, as well as encouraged by the grocers to shop smarter through pricing and seeking out value. Participants noted that unhealthy foods tend to be the ones on specials and that often vegetables can seem unaffordable.

"It's what they make available at low prices that people buy – make it easy." – Focus group, Auckland

"I should be able to go to one place to get what I need and what is healthy." – Focus group, Christchurch

5.0 Appendix

5.1 Appendix A: Discussion Guide

1. Warm-Up and Introductions (5 mins)

Purpose: Explaining process and getting to know the participant and their background

Thank you for giving up your time to me. My name is xxx and I work for a research company called Ipsos.

Settle respondent and explain process…

- We are here to talk about grocery shopping
- There are no right or wrong answers tonight, we're interested in your thoughts…
- The discussion will last about 2 hours, there is a lot to get through and it will be quite fast paced, so please forgive me if I sometimes cut you off…
- Before we start there are a few things you need to know, e.g. recording, please turn phone off, etc.
- Please be aware that this is a confidential process

We are recording the sessions (audio), but your full names will not be used (first names only) Before we get into the tasks and the broader discussion, I would like to know a little bit more about you…

- Can you tell me about:
    - Name/job/what keeps you busy during the day/living situation/hobbies/interests
    - Something you are looking forward to at the moment.

2. Diary reflections (5 mins)

Objective: *Top of mind responses and observations from respondents re diary entries*

Thank you for completing the diaries in advance of the group. The first thing I would like to do is reflect on some of things you observed about your own behaviour.

- What do you learn about how you shop? *(probe around occasions, missions, factors influencing store choice)*
- What surprised you?
- What did it tell you about the places you like to shop?
- What did you learn about the choices you make and what influences them the most?
- What did you notice about what is important to you when grocery shopping?

3. Shopping Behaviour (10 mins)

Objective: *To understand types of missions and the considerations around each – how and when are they planned for?*

The following questions are about your grocery shopping habits. By groceries we mean a range of food and drinks, including meat, fruit and vegetables, spices, canned goods and dairy products. Groceries also include a range of other household products, like toilet paper, cleaning products and pet food.

Let's start by thinking about the different types of grocery shopping trips or missions that we do This might also include online grocery shopping. You can refer to your diary, but others may come to mind as we work through it.

- When
- Where? How come?
- Is this the same time each week/fortnight? When does it change? How come?
- How far do we travel? How come? How do we feel about this travel?
- For those who don't – What stops us travelling further?
- For those who do – when might we do this, what are the benefits?
- How often
- What kinds of stores (brands) suit this kind of shop? How come?
- What's important when it comes to this type of shop (location, price, variety/range, service quality, promotions, etc.)
- How do you measure these things? E.g. how do you know if something is cheap, or if there is a good variety? Do we compare different outlets?

When we look at this list – how do you think the way you shop for groceries has changed over time? In the last 5 years?

Now that we have looked at the different kinds of shops we do, let's think about how and when you plan your shop for these trips.

For each type of shopping trip

- What prompts this kind of trip?
- What kinds of things are we thinking about?
- What is important to consider?
- Do we write a list? How come?
- What influences the choices that you make?
    - Do you consider any promotional material like ads, mailers, etc? Where do we see this information? What are we looking for?

4. Store Selection (10 mins)

Objective: *To understand the factors that influence store selection*

Now we have talked about the kind of grocery shopping we do, I want to focus now on **where and how** we do it.

- Do you usually go to the same store when doing a certain type of shop? Why/why not?
- How do you select where you are going to do our particular shopping trips that you listed?
- What kinds of things do you consider? *(Probe price, brand, range etc if not mentioned, ensure we understand what these things mean)*
- *How much time/effort do we put in when it comes to these decisions? Does it vary by shop type?*
- What about places other than supermarkets, where do we go for groceries – what makes them a good choice? *(Probe online if not mentioned)*
- What kinds of things are important when we consider all the different places we shop for groceries? What kinds of things make this hard? What kinds of things make it easier?

5. In – Store (or online) Shop (30-45 minutes)

Objective: *To understand the factors that influence in-store/online selection processes*

Travel with respondent to their preferred store/stores/Log in to preferred online shopping website

- *Observe behaviour and probe regarding:*
- *Choices between products*
- *What they are noticing in store in terms of price/promotion/shelf layout – how do these impact choices?*
- *How do they determine price/value (e.g. price ticket/volume/pack size?)*
- *What do they notice or consider when it comes to brands?*
- *Do loyalty programmes/offers impact the shop at all?*
- *Take photos where appropriate to illustrate*

Return to respondents' home

If not covered in shop and previous conversation – to discuss – refer to behaviours in store where appropriate.

While it's fresh in our minds: Was there anything you wanted today that you couldn't buy? What did you do instead? - it could be a brand or product.

6. Price Comparison (5 mins)

Objective *To understand how consumers compare prices between products*

Some of these points may have previously been covered, if not ensure this section covers:

- Do we compare prices when we grocery shop? How come?
    - How do you do this?
    - At what point (before, during, after shop)?
    - What are you comparing?
    - Where do you get this information? *(Probe unit pricing, different pricing methods)*
    - How easy or hard is it to do? What makes it easy/hard?
    - What have you noticed when doing this? What makes grocery shopping easy? What makes it harder?

7. Loyalty Programmes (5 mins)

Objective: *To understand the awareness, impact and understanding of loyalty programmes on the grocery shopping experience*

Thinking of all the places we shop for groceries, are we members of any loyalty programmes?

Capture on whiteboard

For each

- How/When did we join?
- What motivated us to join?
- How does it work? What do you give to the store in terms of information? How do they use this information?
- How often do we use the card/programme? How come?
- What are the benefits for the customer? For the retailer?
- What are the drawbacks? How could it be improved?
- How does a loyalty programme influence where or how we shop? Can you give me some examples? *(Probe FlyBuys, OneCard, Club card, etc.),*
- At what point does it come into the decision-making process around where we shop?

8. Price Strategies and Promotions (10 minutes)

Objective: *To understand the awareness and impact of pricing strategies and pricing promotions on the grocery shopping experience*

- Do you pay attention to specials and other pricing labels when we grocery shop? Why?
    - What different types of pricing or 'pricing strategies' have you noticed? *(probe everyday low prices, multibuys, etc.)*
    - What do you understand these different labels to mean? What are the differences between them?
    - Do they have an influence on how you shop? If so, how? *(chosen product? quantity? Price paid?)* Do these labels make it easier or harder to find the best product for you?
    - Do you find you get better value when you buy products on special? Why/why not?

9. Brand (5 mins)

Objective: *To understand the awareness, impact and usage of brand on the grocery shopping experience*

Thinking about the brands we choose when shopping for groceries:

- When is brand important? What kinds of purchase and occasions?
    - Provide some example of where brand is important? How does it compare to other factors that influence your choices?

What about supermarkets own brand products – how do we buy these? How come?

- How do they influence the choices that you make (use examples)?
- If we didn't have them how would our shopping be different?

10. Retail Grocery Offering (15 mins)

Objective: *To explore general perception of the grocery offer in New Zealand and retail brand perceptions*

Options/choice (if not already covered)

Thinking about the options for buying groceries in your area:

- What are the choices that you make?
- How do you feel about these choices?
- How do they influence how we shop and what we buy?

Retail brands/banners

We've mentioned a few retail brands in our conversation tonight: *For each one cover:*

- Perceived strength and weaknesses
- Perceptions of price, range and choice
- Who this brand caters for best?
- Type of grocery shop it caters for
- Loyalty programmes (if not already covered)

Changes

What changes have we noticed in our grocery shopping behaviour?

- What caused these changes?
- *If Covid-19 not mentioned:* What impacts if any have Covid 19 had on your grocery shopping behaviour?
- Do you think these changes will be permanent? Why/why not?

Future

What would the perfect grocery sector look like for you?

- What would you like to see from grocery retailers?
- What would change?
- What would stay the same?
- What would be the benefits of these change for customers?

11.Wrap-Up/Summary (5 mins)

Objective: *Identify areas/opportunities to enhance ideas*

Thinking about everything we have spoken about today:

- What is the one key thing you think the Commission should take away from this study?

And finally:

- The Commerce Commission is commissioning this research to help it understand consumers' behaviour when they are shopping for groceries. This includes understanding their preferences and why they make certain purchasing decisions.
- The Commission is currently conducting a year-long study into the retail grocery sector in New Zealand. The study is looking at whether competition is working well for consumers, and if not, what can be done to improve it. This research will help the Commission to identify key themes and behaviour, informing its understanding of potential competition issues in the grocery sector.
- Is there anything else you would like to add?

5.2 Appendix B: Recruitment Screener

Hello, my name is ______________ from Prime Research. We are calling on behalf of Ipsos, a market research company who are conducting some research for The Commerce Commission who want to understand consumers' behaviour when they are shopping for groceries. This includes understanding their preferences and why they make certain purchasing decisions.

The Commission is currently conducting a year-long study into the retail grocery sector in New Zealand. The study is looking at whether competition is working well for consumers, and if not, what can be done to improve it. This research will help the Commission to identify key themes and behaviour, informing its understanding of potential competition issues in the grocery sector.

To say thank you for taking part, you will receive **$110 ($30 for the homework, $80 for attending the group)**. Before I can ask you to participate, I need to ask you a few questions:

Q1. Do you or anyone you know well (e.g. family, close friends) currently work, or have recently worked in any of the following?
Note: multiple responses allowed

Hospitality industry	1	Continue
Banking/finance company	2	Continue

Retail	3	Continue – go to Q1a
Journalism/media	4	Thank & terminate
Marketing/market research	5	Thank & terminate
Advertising/public relations	6	Thank & terminate
Product management	7	Continue
A telecommunications company	8	Continue
Grocery/supermarket	9	Thank & terminate
Prefer not to say	10	Thank & terminate
None of the above	11	Continue

Q1a. You mentioned you work in retail, do you work in any of the following?
Note: only ask if Q1=3 (works in retail), multiple response

New World	1	Thank & terminate
Countdown	2	Thank & terminate
PAK'nSAVE	3	Thank & terminate
FreshChoice	4	Thank & terminate
Four Square	5	Thank & terminate
SuperValue	6	Thank & terminate
Raeward Fresh	7	Thank & terminate
Butcher	8	Thank & terminate
Fruit & vegetable store/greengrocer	9	Thank & terminate
Farmers markets	10	Thank & terminate
Bakery	12	Thank & terminate
Other grocery stores, e.g. Farro Fresh, Moore Wilson's	13	Thank & terminate
Dairy	14	Thank & terminate
Petrol station	15	Thank & terminate
Ethnic or speciality food stores, e.g. Tai Ping, Japan Mart, Yogiji's Food Mart	16	Thank & terminate
Bulk foods, e.g. Bin Inn, Gilmours	17	Thank & terminate
Organic or fair trade, e.g. Huckleberry or Commonsense	18	Thank & terminate
Subscription-based meal kits, e.g. HelloFresh, My Food Bag	19	Thank & terminate
Online store, e.g. The Honest Grocer	20	Thank & terminate
General merchandise store, e.g. The Warehouse, Kmart	21	Thank & terminate
Prefer not to say	22	Thank & terminate

Q2. How long have you been a resident in New Zealand for?
Note: must have lived in NZ for 1+ years

Less than a year	1	Thank & terminate
1–2 years	2	Continue
3–4 years	3	Continue
5 years or more	4	Continue
Prefer not to say	5	Thank & terminate

Q3. How would you describe your ability to speak English?
Note: must have good conversational English

I am not confident speaking English at all	1	Thank & terminate
I am not very confident in speaking English	2	Thank & terminate
I am okay at speaking English	3	Thank & terminate
I can speak English fine	4	Continue
English is my first language and I am confident speaking it	5	Continue
Prefer not to say	6	Thank & terminate

Q4. Record gender:
Note: recruit mix

Male	1	Continue
Female	2	Continue
Gender diverse	3	Continue

Q5. I identify my ethnicity as:
Note: recruit mix

NZ European or Pākehā	1	Continue
Māori	2	Continue
Samoan	3	Continue
Cook Island Māori	4	Continue
Tongan	5	Continue
Niuean	6	Continue
Chinese	7	Continue
Korean	8	Continue
Japanese	9	Continue
Vietnamese	10	Continue
Indian	11	Continue
European	12	Continue
Some other ethnic group (please type in)	13	Continue
Prefer not to say	14	Thanks & terminate

Q6. Which of the following age brackets do you fall into?
Note: recruit mix between 18+

18–20	1	Continue
21–35	2	Continue
35–44	3	Continue
45–50	4	Continue
51–55	5	Continue
56–60	6	Continue
60–64	7	Continue
65–75	8	Continue
76+	9	Continue
Prefer not to say	10	Thank & terminate

Q7. What is your current employment status? Are you…
Note: recruit mix

Working full-time	1	Continue
Working part-time	2	Continue
Working on a casual basis	3	Continue
Working on a seasonal basis	4	Continue
Student	5	Continue
Retired	6	Continue
Unemployed	7	Continue
On a benefit	8	Continue
Prefer not to say	9	Thank & terminate

Q8. Which of the following best describes the composition of your home?
Note: single response, recruit mix

Living alone	1	Continue
Share house/housemates	2	Continue
Couple, no kids	3	Continue
Single, no kids	4	Continue
Household with young kids (majority aged 0–10 years)	5	Continue
Household with school aged kids (majority aged 6–14 years)	6	Continue
Household with older kids (majority aged 15–18+)	7	Continue
Living with parents/at home	8	Continue
Empty nester	9	Continue
None of the above	10	Thank & terminate

Q9. Thinking about your annual household income from any source, which of the following ranges does your household income fit into … ***READ OUT***

Less than 30 k	1	Continue
30–39 k	2	Continue
40–59 k	3	Continue
60–70 k	4	Continue
70–100 k	5	Continue
100–120 k	6	Continue
120+ k	7	Continue
Refused	8	Thank & terminate

Q10. Which of the following areas do you live in?
Note: only recruit those from Auckland, Wellington, Chch, Dunedin, Nelson, Whangarei, Palmerston

Auckland	1	Continue
Hamilton	2	Thank & terminate
Wellington	3	Continue
Christchurch	4	Continue
Whangarei	5	Continue
Bay of Plenty	6	Thank & terminate
Nelson	7	Continue
Dunedin	8	Continue
Palmerston	9	Continue

Q11. Which of the following best describes the area you live in?
Note: recruit mix

Urban	1	Continue
Suburban	2	Continue
Rural	3	Continue
Prefer not to say	4	Thank & terminate

Q12. Thinking of the city/town you live in, would you say you live in…
Note: recruit mix

Northern suburbs	1	Continue
Southern suburbs	2	Continue
Central suburbs	3	Continue
Western suburbs	4	Continue
Eastern suburbs	5	Continue
Prefer not to say	6	Thank & terminate

READ OUT: The following questions are about your grocery shopping habits. By groceries we mean a range of food and drinks, including meat, fruit and vegetables, spices, canned goods and dairy products. Groceries also include a range of other household products, like toilet paper, cleaning products and pet food. These products can usually all be purchased at a supermarket but are often available through a range of other shops as well.

Q13. Are you the main grocery shopper in your household?
Note: must be main or joint shopper

Yes	1	Continue
I share this task equally	2	Continue
No	3	Thank & terminate
Prefer not to say	4	Thank & terminate

Q14. And do you decide when and where you do the grocery shopping?
Note: must be main or joint decision maker

Yes	1	Continue
I share this task equally	2	Continue
No	3	Thank & terminate
Prefer not to say	4	Thank & terminate

Q15. Which of the following places do you typically shop for your groceries?
Note: randomise variables, multiple response

New World	1	Continue
Countdown	2	Continue
PAK'nSAVE	3	Continue
FreshChoice	4	Continue
Four Square	5	Continue
SuperValue	6	Continue
Raeward Fresh	7	Continue
Butcher	8	Continue
Fruit & vegetable store/greengrocer	9	Continue
Farmers markets	10	Continue

Bakery	12	Continue
Other grocery stores, e.g. Farro Fresh, Moore Wilson's	13	Continue
Dairy	14	Continue
Petrol station	15	Continue
Ethnic or speciality food stores, e.g. Tai Ping, Japan Mart, Yogiji's Food Mart	16	Continue
Bulk foods, e.g. Bin Inn, Gilmours	17	Continue
Organic or fair trade, e.g. Huckleberry or Commonsense	18	Continue
Subscription-based meal kits, e.g. HelloFresh, My Food Bag	19	Continue
Online store, e.g. The Honest Grocer	20	Continue
General merchandise store, e.g. The Warehouse, Kmart	21	Continue
Other (please tell us where…)	22	Consult with researcher
Prefer not to say	23	Thank & terminate

Q15a. And for each of the grocery stores selected, do you shop online or in store?
Note: randomise variables, multiple response, only show respondents selections from Q15

Store	**Online (including Click & Collect)**	**In store**	
New World			Continue
Countdown			Continue
PAK'nSAVE			Continue
FreshChoice			Continue
Four Square			Continue
SuperValue			Continue
Raeward Fresh			Continue
Butcher			Continue
Fruit & vegetable store/greengrocer			Continue
Farmers markets			Continue
Bakery			Continue
Other grocery stores, e.g. Farro Fresh, Moore Wilson's			Continue
Dairy			Continue
Petrol station			Continue
Ethnic or speciality food stores, e.g. Tai Ping, Japan Mart, Yogiji's Food Mart			Continue
Bulk foods, e.g. Bin Inn, Gilmours			Continue
Organic or fair trade, e.g. Huckleberry or Commonsense			Continue
Subscription-based meal kits, e.g. HelloFresh, My Food Bag			Continue
Online store, e.g. The Honest Grocer			Continue
General merchandise store, e.g. The Warehouse, Kmart			Continue
Other			Continue

Q16. And which of the following is how you <u>mainly</u> do your grocery shopping?
Note: randomise variables, multiple response, recruit mix

New World	1	Continue
Countdown	2	Continue
PAK'nSAVE	3	Continue
FreshChoice	4	Continue
Four Square	5	Continue
SuperValue	6	Continue
Raeward Fresh	7	Continue
Butcher	8	Continue
Fruit & vegetable store/greengrocer	9	Continue
Farmers markets	10	Continue
Bakery	12	Continue
Other grocery stores, e.g. Farro Fresh, Moore Wilson's	13	Continue
Dairy	14	Continue
Petrol station	15	Continue
Ethnic or speciality food stores, e.g. Tai Ping, Japan Mart, Yogiji's Food Mart	16	Continue
Bulk foods, e.g. Bin Inn, Gilmours	17	Continue
Organic or fair trade, e.g. Huckleberry or Commonsense	18	Continue
Subscription-based meal kits, e.g. HelloFresh, My Food Bag	19	Continue
Online store, e.g. The Honest Grocer	20	Continue
General merchandise store, e.g. The Warehouse, Kmart	21	Continue
Other (please tell us where…)	22	Consult with researcher
Prefer not to say	23	Thank & terminate

Q17. How frequently do you do your main grocery shop? We assume there will be occasions where you need to get a few items to top up, please do not include these visits.
Note: multiple response, recruit mix

Daily	1	Continue
2–3 times a week	2	Continue
Once a week	3	Continue
Once a fortnight	4	Continue
Less often	5	Continue
Other (please specify…)	6	Continue
Prefer not to say	7	Thank & terminate

Q18. How do you typically travel to get your groceries?

My car	1	Continue
Motorbike/scooter	2	Continue
Carpooling	3	Continue
Bus	4	Continue
Train	5	Continue
Bike	6	Continue
Walk	7	Continue
Other (please specify…)	8	Continue
Prefer not to say	9	Thank & terminate

Q19. On the scale below, please indicate how you feel about grocery shopping?
Note: recruit mix

It is something I don't enjoy but have to do		No feelings or opinion		I really enjoy grocery shopping	Prefer not to say
1	2	3	4	5	6
Continue					Thank & terminate

Q20. Which of the following statements best reflects your overall opinion and perception of your main grocery store brand?
Note: recruit mix, only show stores respondent selected as where they <u>mainly</u> shop

	I think so poorly of them, I would speak critically without being asked	**I would speak critically of them if someone asked my opinion**	**On balance, I have a neutral opinion of them, seeing both positives and negatives**	**I would speak highly of them if someone asked my opinion**	**I think so well of them I would speak highly of them without being asked**	**I don't know enough about them to have a strong opinion**
New World	1	2	3	4	5	6
Countdown	1	2	3	4	5	6
PAK'nSAVE	1	2	3	4	5	6
FreshChoice	1	2	3	4	5	6
Four Square	1	2	3	4	5	6
SuperValue	1	2	3	4	5	6
Raeward Fresh	1	2	3	4	5	6
Butcher	1	2	3	4	5	6
Fruit & vegetable store/ greengrocer	1	2	3	4	5	6
Farmers markets	1	2	3	4	5	6
Bakery	1	2	3	4	5	6
Other grocery stores, e.g. Farro Fresh, Moore Wilson's	1	2	3	4	5	6
Dairy	1	2	3	4	5	6
Petrol station	1	2	3	4	5	6
Ethnic or speciality food stores, e.g. Tai Ping, Japan Mart, Yogiji's Food Mart	1	2	3	4	5	6
Bulk foods, e.g. Bin Inn, Gilmours	1	2	3	4	5	6
Organic or fair trade, e.g. Huckleberry or Commonsense	1	2	3	4	5	6

Subscription-based meal kits, e.g. HelloFresh, My Food Bag	1	2	3	4	5	6
Online store, e.g. The Honest Grocer	1	2	3	4	5	6
General merchandise store, e.g. The Warehouse, Kmart	1	2	3	4	5	6
Other	1	2	3	4	5	6

HOMEWORK CHECK – recruiter to record answers

Q21. Participating in this research will require you to complete a homework task and bring this along to the focus group. This is expected to take around 5 minutes of your time for 7–10 days. Can you please tell me if you will be happy to complete this prior attending the focus group? You will be paid $20 for completing this.

Yes	1	Continue
No	2	Thank & terminate

Q22. One of our researchers will send you this via email. Can you please let me know if you will need a printed copy sent to your home/work address? You will need to bring a completed hard copy to your group.

I will need a printed copy sent to me	1	Continue
I can use the emailed version	2	Continue

Thank you for your time to complete these questions – we'd love to invite you to contribute to our research by taking part in the 2-hour group with one of our researchers!

If you have any further queries about this research, please do not hesitate to contact Karen Smith of The Commerce Commission at karen.smith@comcom.govt.nz or on +64 924 3863

Book participant for selected date in their area

Date: ________________________ Time: ________________________

Final Confirmation

To assist our researchers in their analysis the interview shall be audio recorded. They may also want to take photos and videos during the interview. Your full name would not be included in this report. All information gathered during the discussions is used for research purposes only. Are you still happy to participate in this research?

Confirm acceptance of this: Yes/No

Remind them of the date and time.

So that we can send you out an email confirmation of this interview, could I please check these details?

Name: ____

Phone: ______________________ (h) ______________________ (m)

Email: ____

Address: ____

Interviewer Signature: ______________________________ Date: ______________

6.4 Appendix C: Diary

Welcome!

Thank you so much for participating in our research! This pre-task is for us to get to know you a little better before we meet you in person.

INSTRUCTIONS:

1. Please make sure you have completed the homework before your interview (as scheduled by your recruiter) and send it through to jade.phillips@ipsos.com.
    - Note the contents of this task will be used for research purposes only and will be kept confidential so as to not identify you individually.
    - If you have any questions about the task, please email jade.phillips@ipsos.com.

All the best with the task – please make sure to use words and pictures and get creative! There are no right or wrong answers.

We look forward to meeting you!

Talking Groceries

- The diary asks some questions about how you buy groceries.
- By groceries we mean **a range of food and drinks, including meat, fruit and vegetables, spices, canned goods and dairy products.**
- We need you to please capture **ANY trip you make to get any kind of groceries from the following types of stores over the next 7-10 days:**
    - Major supermarkets owned by the major supermarket brands (examples: Countdown, New World, PAK'nSAVE, Four Square, SuperValue, FreshChoice, Raeward Fresh) **This might be in store or online shopping.**
    - An ethnic supermarket (eg, Tai Ping, Japan Mart, Yogiji's Food Mart)
    - A specialty supermarket (eg, Farro Fresh, Moore Wilson's, Bin Inn)
    - A single-category store (eg, a butcher, baker, greengrocer or farmers' market)
    - A general merchandiser (eg, The Warehouse)
    - A meal kit provider (eg, Hello Fresh, My Food Bag)
    - An online-only supermarket (eg, The Honest Grocer)
    - A convenience store (eg, a dairy, petrol station, Night and Day)

2

Introduce yourself and your household

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- Tell us about you and who lives in your household…
- How you would describe life and lifestyle?
- How do you spend most your time?
- *Upload an image of you and the members of your household (including fur family)!*

- Add your response here

Add some pictures here

3

Show us inside your Pantry/Fridge/Cupboards!

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We'd like you to take a few snaps of **the places you store your groceries**. Please take your photos in context (where you usually keep them). And please don't worry about cleaning up for us, we'd like to see it as is!

Feel free to add as many photos as you like.

YOUR Pantry/Fridge/Cupboards

What would we be able to tell about grocery shopping in your household by looking at your pantry?

- Add your response here

Add some pictures here

4

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Grocery choices

Now we want to hear a little more about your views around grocery shopping in your area…

Thinking about all the places you can buy groceries from, what do you think about the choices you have in your area when it comes to grocery shopping? What makes it good or bad?

- Add your response here

Do you have a usual grocery store or stores?

Add your response here

What makes your usual grocery store/s your usual? How satisfied are you with it/them?

- Add your response here

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Grocery Diary

Throughout the next 7-10 days can you please keep a grocery diary EACH TIME YOU SHOP FOR GROCERIES, NO MATTER HOW BIG OR SMALL. **Feel free to take pictures of receipts/what you bought and anything you notice in or out of store that influences your choices regarding where and how you shop – this might be prices, promotions, displays, brands etc. Please as detailed as you can – here is an example of a shop one of our staff members completed recently to give you an idea of the detail we are after:**

Date	Grocery Shop/Location	How did you get there?	How long did the journey take?	What made that the best choice of store for this occasion?	Did you have an alternative choice? What made this not the right location for this occasion?	What kind of shop was this? (Main shop/top up etc?)	How much time did you spend in store?	Did you notice any promotional material before you went shopping that influenced your store choices for this shop i.e. ads re collectables, loyalty points offers, mailers, emails 4x fly buys days / fuel discounts etc
Sunday 7 Feb	Countdown 3 Kings	Drove in my car	5 minutes	It's my usual store, it's close by and I know where everything is. They have good quality fruit and veges so I don't need to do a separate shop.	I have 3 Countdowns that are in equal driving distance to my house. It's a 10 minute drive to a Pak n Save or New World. I'd only go to NW if they had a promo I was interested in. Pak N Sav is too big and too far.	Main weekly shop	35-40 minutes	I saw that there were displays for beauty products at the end of aisle – most of these were 25% off but I didn't buy. I only noticed Loyalty Card specials when they came up at the check out. I was able to get some of the promotional points for their giveaways, but I always go to this store anyway and didn't spend more to get them

What kinds of things did you notice in store? How did these impact your shop?

- Didn't like the brand options for handwash refill, but can I be bothered to go to another store?
- Love seeing all the fresh summer produce available and more affordable – treated myself to raspberries
- My normal shampoo wasn't on special but another brand was so I got that

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Grocery Diary

Throughout the next 7-10 days can you please keep a grocery diary. We need to know where you shopped, the occasion etc. **Feel free to take pictures of receipts/what you bought and anything you notice in or out of store that influences your choices – this might be prices, promotions, displays, brands etc. be as detailed as you can.**

Date	Grocery Shop/Location	How did you get there?	How long did the journey take?	What made that the best choice of store for this occasion?	Did you have an alternative choice? What made this not the right location for this occasion?	What kind of shop was this? (Main shop/top up etc?)	How much time did you spend in store?	Did you notice any promotional material before you went shopping that influenced your store choices for this shop i.e. ads re collectables, loyalty points offers, mailers, emails 4x fly buys days / fuel discounts etc

What kinds of things did you notice in store? How did these impact your shop?

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Pictures from the shopping trip

Please take pictures of any things that you noticed that influenced you during your shopping trip, such as promotions, circulars, product displays, offers. You can take a picture of your receipt as well if you like.

Feel free to add as many photos as you like.

What was it about these things that influenced the way you shopped/thought on this trip?

- Add your response here

Did they influence WHERE you shopped or HOW you shopped? How come?

- Add your response here

Add some pictures here

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Grocery choices - Reflection

So now that you have thought a little more about your grocery shopping....

What have you noticed about what influences your grocery shopping?

Add your response here