

Wholesale Supply Inquiry

Closure Report

7 July 2026



Whakarāpopotonga matua Executive summary

- X1. This report sets out our decision to close our Inquiry into the wholesale supply of groceries (**Inquiry**). This report is not a Draft or Final Inquiry Report under s 59 of Grocery Industry Competition Act 2023 (**GICA**). The Commission initiated this Inquiry and we have the discretion to pause or stop at any time. If we re-open the Inquiry and consider whether additional regulation should apply, we would consult with stakeholders as required under s 59.
- X2. We commenced the Inquiry in September 2024 due to our concerns that wholesale offers by the regulated grocery retailers (**RGRs**) were not delivering improved access or competitive outcomes, and to assess whether additional regulation was needed to promote the purpose of Part 3 of the GICA.¹
- X3. Our understanding of many aspects of wholesale supply has deepened during the Inquiry and we have observed industry make some incremental improvements. As part of the Inquiry, we released a Preliminary Findings Paper in June 2025, followed by an open letter to industry and a fact sheet in November 2025.² These set out our position that the most efficient way of addressing wholesale supply issues is through industry-led changes to wholesale offerings that align with our expectations.
- X4. Woolworths New Zealand has taken the most comprehensive approach to strengthening its wholesale offer, including establishing a dedicated wholesale business and implementing a wide range of initiatives to improve access and customer support. Foodstuffs North Island has made more incremental improvements, while Foodstuffs South Island has been slower to act. On the supplier side, progress has mainly focused on improving wholesale access terms (for example, delivery arrangements or minimum order requirements) and expanding product range through direct supply to retail competitors.
- X5. However, on the whole, the information we have received led us to conclude that competition remains weak on wholesale pricing, range and access across wholesale supply channels. This means wholesale offerings are not consistent with the offerings in a competitive wholesale market. Wholesale pricing is the primary barrier, with limited access to rebates, discounts and payments (**RDPs**) constraining wholesale customers' ability to obtain competitive prices. Range and access issues also persist, including gaps in key products, constrained private label access, and availability limitations.

¹ Grocery Industry Competition Act 2023, pt 3.

² Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf and Commerce Commission 'Open letter to participants in New Zealand's wholesale grocery market – our expectations and next steps for wholesale supply' (10 November 2025), <https://www.comcom.govt.nz/assets/Uploads/Open-letter-to-participants-in-New-Zealands-wholesale-grocery-market-10-November-2025.pdf>.

- X6. We remain particularly concerned about the treatment of RDPs and their impact on wholesale competition. RDPs are paid by suppliers to RGRs. We have identified over 50 different types of RDPs and RGRs benefit from around \$6 billion of RDP payments from suppliers annually, representing around 26% of combined RGR retail sales revenue.³
- X7. RDPs on this scale enable RGRs to significantly reduce their retail prices, which is beneficial to consumers. However, very few RDPs are received by wholesale customers.⁴ This directly affects the price at which wholesale customers can access products and is a major contributor to wholesale pricing not being set at competitive levels.
- X8. We consider that improving wholesale pricing should be the immediate priority over range and other access issues. This is because, even if an ideal range of products was on offer through the wholesale market, this won't drive retail competition if those products are not competitively priced.
- X9. We are therefore prioritising a targeted assessment of compliance with the Grocery Supply Code rules related to RDPs and GICA provisions concerning RGRs' pass-through of RDP benefits to wholesale customers. These issues raise substantive and potentially systemic compliance concerns. In parallel, we are progressing guidance to support compliance.
- X10. Our aim is to ensure that the RDPs paid to the RGRs are compliant with and not prohibited by the Grocery Supply Code. This includes ensuring that promotional payments are reasonable with clear benefits that accrue to the supplier. We believe that there is likely to be scope to simplify and make clear what RDPs are for, and to reduce the overall number and value of RDPs made by suppliers to the RGRs, with cost reductions reflected in the wholesale prices paid by both RGRs and wholesale customers, rather than retained as additional margin by the RGRs.
- X11. Reducing RDPs also has the potential to reduce the administrative burden on RGRs and suppliers. We consider there is likely to be scope to create efficiencies through the reduction in and simplification of the RDPs which would lead to savings for RGRs, suppliers and consumers, consistent with the purpose of GICA to promote competition and efficiency in the grocery industry.⁵ At the same time, under s 46 of GICA, we want to ensure that RGRs are not unlawfully preventing or restricting wholesale customers from receiving the RDPs which are compliant with the Grocery Supply Code.

³ Commerce Commission 'Annual Grocery Report 2025' at p. 1.

⁴ Commerce Commission engagement with suppliers and analysis of industry information. See Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) a para B56 https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

⁵ Grocery Industry Competition Act 2023, s 3.

- X12. We recognise that suppliers are key stakeholders in efforts to improve wholesale pricing so we will also continue to work with them to encourage them to pass on RDPs to other (non-RGR) wholesale customers, whether supplied directly or via the regulated wholesale system.
- X13. In light of the insights gained through the Inquiry, we consider that a targeted focus on promoting and enforcing compliance with existing obligations is the most appropriate next step, before reassessing the need for additional regulation. We expect that, when the regime operates as intended, competition will improve.
- X14. While we are not recommending additional regulation at this stage, we may recommence work on this in the future. For now, our immediate focus is on ensuring compliance with the existing law and Grocery Supply Code, as this represents the most proportionate approach, enabling timely, targeted outcomes while avoiding further regulatory burden at this stage and preserving flexibility to intervene further if required.
- X15. We consider that range and other access issues are, for the time being, better advanced through encouraging industry-led improvements that we monitor and report on. This reflects the early stage of the regime, the role of suppliers in driving these outcomes, and emerging signs of improvement. Ranging issues in particular are materially impacted by suppliers and we will continue to work with them to improve offerings to wholesale customers whether that is through the wholesale regime or direct supply.
- X16. A summary of industry insights and improvements to wholesale supply since our Preliminary Findings Paper are set out in **Attachment B** to this report.
- X17. We thank participants for their constructive input into the Inquiry process, which provides a strong foundation for the next phase of our work, focused on monitoring, compliance, and enforcement. We remain open to engaging with industry stakeholders and welcome receiving any additional feedback and information to inform our next steps.

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Key findings from the Inquiry

1. This report sets out our decision to close our Inquiry into the wholesale supply of groceries. This report is not a Draft or Final Inquiry Report under s 59 of GICA. The Commission initiated this Inquiry and we have the discretion to pause or stop at any time. If we re-open the Inquiry and consider whether additional regulation should apply, we would consult with stakeholders as required under s 59.
2. We commenced the Inquiry in September 2024, under s 55(1)(b) of GICA, after observing that the wholesale supply regime established under GICA was not delivering the intended outcomes, with limited improvement in access to products and wholesale supply for wholesale customers.⁶ The purpose of the Inquiry was to assess whether additional regulation was needed to promote the purpose of Part 3 of GICA.
3. As part of the Inquiry we released a Preliminary Findings Paper in June 2025. More information about the context and background to the Inquiry is provided at **Attachment A**.
4. The Inquiry information so far has confirmed that competition is weak in wholesale pricing, range and access. As a result, the wholesale market is not functioning effectively and is not delivering the competition outcomes we would expect for consumers and market participants. This is particularly the case for wholesale customer access to RDPs and the impact RDPs have on wholesale pricing.
5. The Inquiry has given us a more detailed understanding of the competition issues affecting wholesale supply, particularly in relation to pricing, product range, and access across supply channels. It has confirmed that limitations in these areas can restrict wholesale customers' ability to compete effectively and constrain their growth. It has also helped us develop a more complete picture of alternative channels of supply to the RGR wholesale offers (for example, direct supply).

RDPs are a fundamental issue for wholesale competition

6. Current wholesale pricing settings are limiting effective competition, as smaller retailers are often unable to source groceries at prices that allow them to compete with RGRs. Many regulated wholesale SKUs are priced at or above retail levels or do not provide sufficient margin for retail entry and expansion to be viable.⁷

⁶ Commerce Commission 'Annual Grocery Report 2024' (4 September 2024) at p. 91 https://www.comcom.govt.nz/assets/pdf_file/0019/362305/Annual-Grocery-Report-2024.pdf.

⁷ Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' at p. 71 (table B2), https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

7. A key driver is the treatment of supplier-funded RDPs. In our recent anonymous survey of grocery suppliers, 59% of respondents reported that the terms and conditions between them and RGRs were ‘worse’ than with other retailers.⁸
8. Further, data that we have previously collected on select top-selling SKUs from a sample of suppliers indicated that non-RGR retailers rarely receive the lowest net prices.⁹ Other retailers have also reported these are made available at levels significantly below those provided to RGRs (typically 1%–10% of sales revenue).¹⁰
9. The scale of RDPs currently in place with RGRs is significant, and likely results from their market power. Collectively, RGRs benefit from around \$6 billion of RDPs annually. This represents around 26% of combined RGR retail sales revenue.¹¹ Given this scale, a lack of equivalent access by non-RGR wholesale customers is a fundamental and systemic constraint on wholesale offerings.
10. A key argument raised by industry participants through engagement is that, if a retailer of significant scale and sophistication were to enter the market, they would have the negotiating power to deal with suppliers directly to mitigate this issue.¹² This mitigation could be for supply in general or specifically for RDPs and could be in parallel to the customer obtaining the products from a wholesale channel. However:
 - 10.1. The purpose of GICA’s wholesale regime is not limited to enabling retailers of a certain scale to enter the market, it is also intended to support smaller retailers seeking to expand; and
 - 10.2. GICA also creates a specific category of RDPs that RGRs must not prevent or restrict wholesale customers from receiving the benefits of (that is, scale and efficiency-related RDPs).¹³

⁸ Commerce Commission ‘Grocery Supplier Survey Report 2026’ (2 June 2025) at p. 53 <https://www.comcom.govt.nz/assets/Uploads/Grocery-Supplier-Survey-Report-2026-2-June-2026.pdf>.

⁹ Commerce Commission ‘Wholesale Supply Inquiry Preliminary Findings Paper’ at B71

¹⁰ Commerce Commission analysis of industry information.

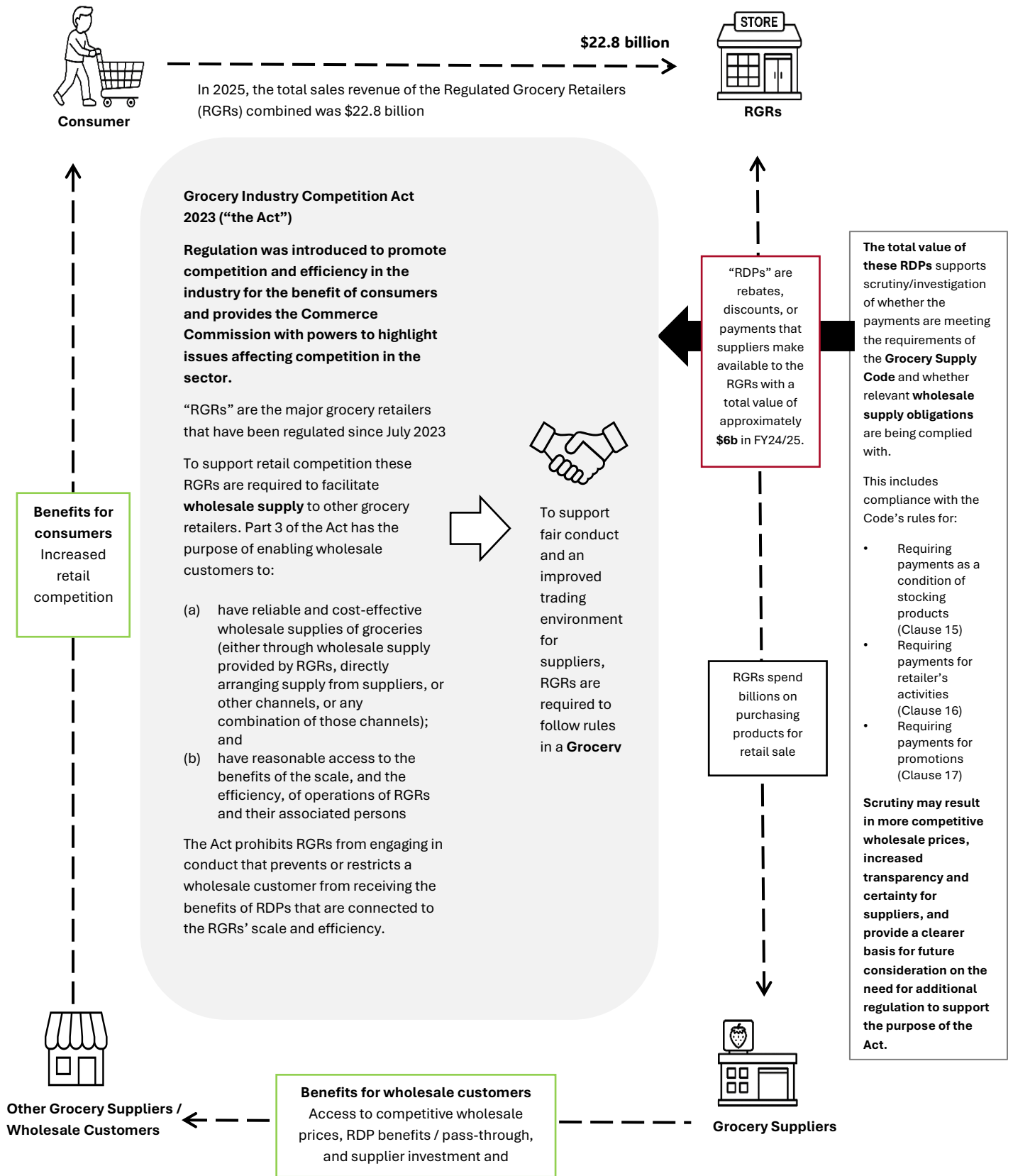
¹¹ Commerce Commission ‘Annual Grocery Report 2025’ at p. 1

<https://www.comcom.govt.nz/assets/Uploads/Annual-Grocery-Report-2025-2-June-2026.pdf>.

¹² Commerce Commission engagement with industry participants.

¹³ Grocery Industry Competition Act 2023, s 46.

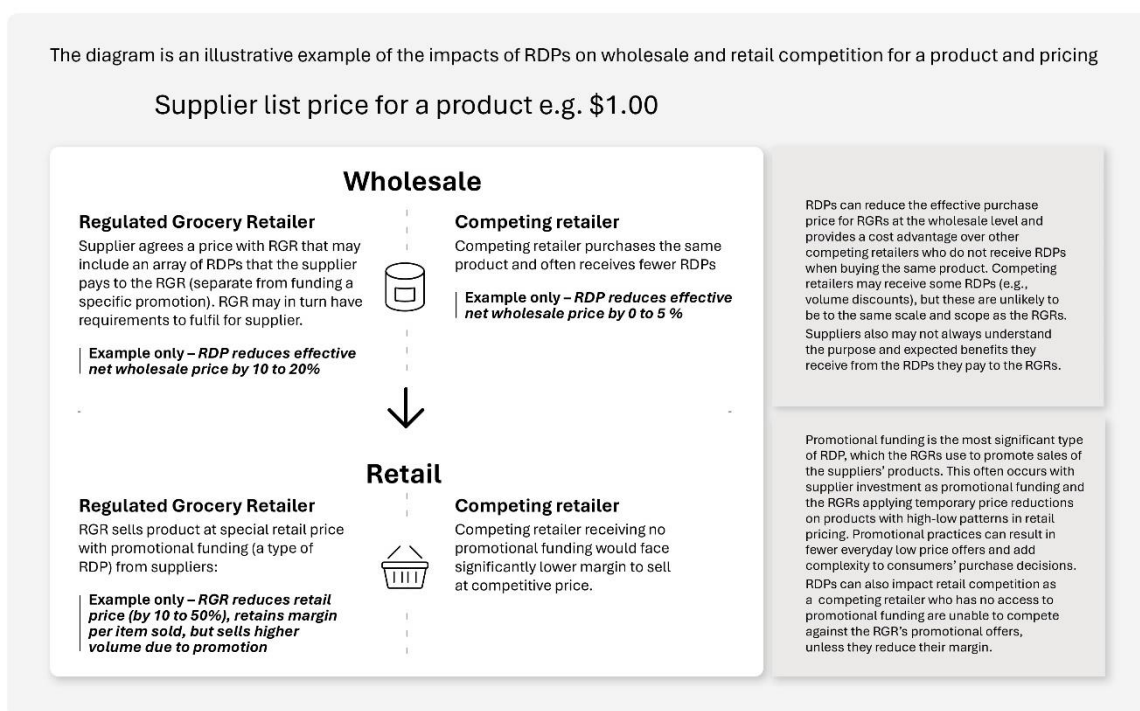
Figure 1 - Billions of dollars flow through the NZ Grocery industry each year



Figures sourced from analysis for Annual Grocery Report 2025.

11. We have identified over 50 types of RDPs,¹⁴ highlighting the complexity of the system, and many suppliers have told us they do not understand what all the various payments they make are for.¹⁵ The scale and complexity of RDPs, together with our observation that few retailers outside of the RGRs appear to receive RDPs (through RGRs' wholesale offers or directly), underscore the importance of enforcing the GICA provisions on pass-through of scale and efficiency-related RDPs. This would benefit not only the wholesale market but also the broader grocery sector, where simplifying RDP structures and making them transparent would improve efficiency and deliver benefits for both consumers and businesses.
12. A key aspect of this relates to promotional funding payments, which make up a large proportion of total RDPs.¹⁶ As noted in our Preliminary Findings Paper, the scale of promotional activity underscores its significance and without their scale, RGRs would not have access to the level of promotional funding they currently enjoy.¹⁷

Figure 2 – How RDPs impact grocery competition at wholesale and retail



¹⁴ Commerce Commission analysis of industry information.

¹⁵ Commerce Commission engagement with industry.

¹⁶ Commerce Commission analysis of industry information.

¹⁷ Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) at para 63, https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

13. Woolworths New Zealand (**WWNZ**) has acknowledged that RDPs categorised as promotional funding constitute a significant component of final pricing and, as a result, wholesale pricing is unlikely to be competitive with their retail operations.¹⁸
14. RGRs maintain that issues relating to promotional funding primarily sit with suppliers.¹⁹ However, this overlooks the extent to which RGRs are involved in the design, structure and application of RDPs. Our compliance and monitoring work has identified compliance concerns relating to how the Grocery Supply Code RDP provisions are being applied by RGRs.
15. We are also aware that some suppliers may feel pressured to agree to promotional funding. For instance, in our anonymous supplier survey 72% of respondents who reported providing RDPs reported doing so to “meet retailer requirements”.²⁰ In this context, it is not accurate to characterise concerns regarding promotional funding as arising solely from supplier behaviour. Suppliers have also expressed concerns to us about their visibility over how RDPs are applied when products are sold through RGRs wholesale offers.²¹
16. Following the publication of the Preliminary Findings Paper, we also received significant feedback on the reasons suppliers invest in promotional funding arrangements with RGRs, including concerns that comparable returns on investment would not be achieved from smaller retailers.²² Some suppliers also highlighted the importance of receiving information on the execution and performance of promotions, which they may not be able to obtain from other retailers.²³
17. However, we have been informed of some instances of RGRs facilitating wholesale customer access to promotional funding.²⁴ As set out in **Attachment B**, some suppliers have also shown a willingness to provide promotional support and explore pricing approaches for other retailers, where this is commercially viable and where promotional support is traceable.

¹⁸ Woolworths New Zealand “Submission on Wholesale Supply Inquiry Preliminary Issues Paper” (8 November 2024) at para 10.4

https://www.comcom.govt.nz/_data/assets/pdf_file/0020/363332/Woolworths-New-Zealand-Submission-on-Wholesale-Supply-Inquiry-Preliminary-Issues-Paper-8-November-2024.pdf.

¹⁹ Foodstuffs North Island and Foodstuffs South Island “Submission on Wholesale Supply Inquiry Preliminary Issues Paper” (8 November 2024) at para 5.3 and 33-40,

https://www.comcom.govt.nz/assets/pdf_file/0020/363323/Foodstuffs-North-and-South-Island-Submission-on-Wholesale-Supply-Inquiry-Preliminary-Issues-8-November-2024.pdf’ and

Woolworths New Zealand “Submission on Wholesale Supply Inquiry Preliminary Issues Paper” (8 November 2024) at para 10.3(b),

https://www.comcom.govt.nz/_data/assets/pdf_file/0020/363332/Woolworths-New-Zealand-Submission-on-Wholesale-Supply-Inquiry-Preliminary-Issues-Paper-8-November-2024.pdf.

²⁰ Commerce Commission 2026 Supplier Survey at p. 56.

²¹ Commerce Commission engagement with suppliers.

²² Commerce Commission engagement with suppliers.

²³ Commerce Commission engagement with suppliers.

²⁴ Commerce Commission analysis of industry information.

18. We also note that the retail pricing mechanics associated with RDPs, including promotional funding, are complex and do not necessarily result in a clear or direct transfer of value back to suppliers. In combination with limited visibility, this can weaken the link between retail and wholesale pricing, making it difficult for wholesale customers to assess and access RDP benefits.
19. Our expectation is that RDP benefits are accessible on workable and transparent terms to support effective competition, and that the RDP transaction mechanisms are deployed that do not hinder the pass-through of scale and efficiency benefits to wholesale customers.
20. If RGRs cannot make arrangements that allow wholesale customers to receive the scale and efficiency benefits of promotional funding (including if this is because such arrangements would not meet supplier expectations), then promotional funding should be reduced or discontinued. Promotional funding could then be replaced with simpler and more transparent pricing structures and greater investment in non-promotional pricing (that is, lower everyday prices that flow through to consumers). A shift towards lower, more consistent pricing that reduces reliance on complex promotional arrangements would be positive.
21. Accordingly, our focus in addressing wholesale supply issues is on RDPs. This is because of their structural nature, significant impact on market outcomes (shaping access to both wholesale supply and downstream retail competition), and their complexity.
22. Based on our assessment of the options, we have concluded that our priority at this stage is to use existing tools to improve pricing. We consider this approach is more timely, proportionate, and flexible, minimising unnecessary regulatory burden while building on early signs of industry improvement, particularly given the significant lead times required to implement additional regulation.
23. We set out our proposed next steps for addressing issues with pricing and RDPs below from paragraph 45.

Product range and other barriers also limit wholesale access

24. Exacerbating issues related to wholesale pricing is the fact that the RGRs' current wholesale product range is limiting effective competition, as smaller retailers are often unable to access a sufficiently broad and relevant range of products to compete with RGRs.

25. Wholesale offerings do not align with retail ranges and exclude key products such as high-demand SKUs, with private label access particularly constrained despite its importance for price competitiveness.²⁵ RGR wholesale range is also largely driven by RGRs' retail strategies rather than wholesale customer needs with suppliers noting that RGR retail ranging does not reflect their full range.²⁶
26. Alternative supply channels do not fully address these gaps, as direct supply is often restricted by commercial factors such as volumes, costs, and pricing.²⁷
27. Access to a comprehensive product range is further limited by constraints such as inconsistent availability, limited visibility of range changes, delays in accessing new products, as well as supplier behaviour and contractual arrangements, including exclusive supply and pricing clauses.²⁸ Suppliers may also be reluctant to supply competing retailers on comparable terms due to commercial risks.²⁹
28. Barriers beyond pricing and range also continue to restrict access to wholesale groceries, particularly for smaller retailers. These include operational constraints such as delivery arrangements and schedules, limitations in ordering systems, and minimum order requirements that can exclude smaller customers. While wholesalers can help aggregate demand and improve access, these constraints still limit the ability of many retailers to source products on competitive terms.
29. Limited visibility also remains an issue, with suppliers lacking clarity on how their products are on-sold and whether benefits like RDPs are passed through, and wholesale customers lacking clear information on product availability and pricing.³⁰

²⁵ Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) at Table B3, https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

²⁶ Commerce Commission engagement with suppliers; Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) at para B180.3, https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

²⁷ Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) at Table B3, https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf; Commerce Commission engagement with industry participants.

²⁸ Commerce Commission engagement with other retailers, Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) at paras B204-B222, https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

²⁹ Commerce Commission engagement with suppliers.

³⁰ Commerce Commission engagement with industry participants.

30. Together, these factors reduce access to products, limit participation in wholesale channels, and prevent smaller retailers from benefiting from the scale and efficiencies of RGRs. This undermines competition and is inconsistent with the objectives of GICA. Improving access by addressing these practical barriers and increasing transparency would promote competition and better consumer outcomes.
31. While these range and access issues remain important constraints on effective wholesale competition, they are closely linked to the underlying pricing dynamics discussed in the previous section.
32. From paragraph 69, we set out our next steps in addressing range and access issues. For now, additional regulation is considered disproportionate, given the early stage of the regime, costs, risks, signs of improvement, and current levels of demand. Instead, the Commission will monitor range and access.

Emphasis on industry-led approach

33. Following the publication of our Preliminary Findings Paper, we published an open letter to industry and fact sheet in November 2025.³¹ These publications set out our position that the most efficient way of addressing wholesale supply issues is likely to be industry-led, and that suppliers and RGRs have incentives to change their behaviour to meet our expectations.³² At this time we noted that behaviour changes by RGRs and suppliers could mitigate the need for additional regulation.
34. To support an industry-led approach, from November 2025 we carried out further engagement with industry participants, including retailers/wholesale customers, suppliers and RGRs. This engagement sought feedback on wholesale operations across different channels, barriers to access, the development of wholesale indicators as a tool for tracking progress in the market, progress made to date, and willingness for suppliers and RGRs to further improve wholesale supply.

³¹ Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf and Commerce Commission 'Open letter to participants in New Zealand's wholesale grocery market – our expectations and next steps for wholesale supply' (10 November 2025), <https://www.comcom.govt.nz/assets/Uploads/Open-letter-to-participants-in-New-Zealands-wholesale-grocery-market-10-November-2025.pdf>.

³² Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025), https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf and 'Open letter to participants in New Zealand's wholesale grocery market – our expectations and next steps for wholesale supply' (10 November 2025) <https://www.comcom.govt.nz/assets/Uploads/Open-letter-to-participants-in-New-Zealands-wholesale-grocery-market-10-November-2025.pdf>.

35. However, the response from industry participants to an industry-led approach was uneven and unsatisfactory. Considering this, we proposed a structured approach where RGRs and suppliers could make commitments on actions they had taken, or intended to take, to improve wholesale supply. This approach was intended to provide structure to an industry-led solution and what it could achieve and was a way that improvements could be committed to without the danger of collaboration.
36. Participants raised some concerns about the commitment approach, including novelty and commercial sensitivity. Considering this feedback, we have chosen to capture industry feedback in **Attachment B** on the progress achieved, actions currently being undertaken, and improvement plans, rather than pursuing a commitment-based approach at this time.
37. More detail about our engagement with RGRs and suppliers is set out in **Attachment B**. This engagement work has provided the foundation for assessing whether current arrangements – including both statutory obligations and potential industry-led initiatives – can deliver more effective competition, or whether additional regulatory change is needed.

Outcome of industry-led approach

38. As summarised in **Attachment B**, our industry engagement through the Inquiry process indicates there is growing recognition of a need to improve wholesale supply arrangements. There are clear areas of alignment with the Commission’s expectations, including on the importance of a competitive wholesale market and preference for industry-led solutions. We have also observed an increased willingness to improve access, transparency and engagement for wholesale customers.
39. As explained in **Attachment B**, Woolworths New Zealand has implemented a range of initiatives aimed at improving customers’ access and supporting the growth of its wholesale offer, most significantly including the establishment of a separate wholesale business. Foodstuffs North Island has also undertaken a range of actions to support the wholesale regime, including testing a new web-based customer portal, commissioning supplier and customer surveys, and engaging with suppliers. While Foodstuffs South Island has participated in the Inquiry process, it has been slower to take action to improve its wholesale offer.
40. On the supplier side, progress has been incremental and uneven. We have identified a range of practical actions to improve outcomes, with progress observed in relation to wholesale access and range, including enhanced customer engagement, investment in direct supply capability, and expanded product availability through both direct supply and RGR wholesale channels.

41. Overall, we have observed relatively greater progress in relation to wholesale access and product range than in wholesale pricing, where progress has been limited in scale. In general, progress observed has been slow, limited and uneven. While some practical improvements have been observed, these changes are not of sufficient scale or consistency to materially improve competition across the wholesale market.
42. The plans for improvements received to date reinforce this assessment. Supplier plans (to the extent we received them) are generally high-level, conditional and focused on improvements within existing commercial frameworks. Similarly, the initiatives put forward by RGRs are also conditional and dependent on supplier participation. While these could be positive signs of intent and momentum, they have not yet been fully tested.
43. Our industry engagement through the Inquiry has also reinforced the differing views on the causes of access, range and pricing issues. These issues, combined with hesitancy to make firm commitments regarding improvements, and co-ordination problems seem likely to continue to constrain industry-led change.
44. While there is a foundation for further progress, the current trajectory of industry-led action is unlikely, on its own, to deliver the scale of change required to support a workably competitive wholesale supply market. The next steps for addressing issues associated with pricing, RDPs, range and access barriers are detailed in the following pages.

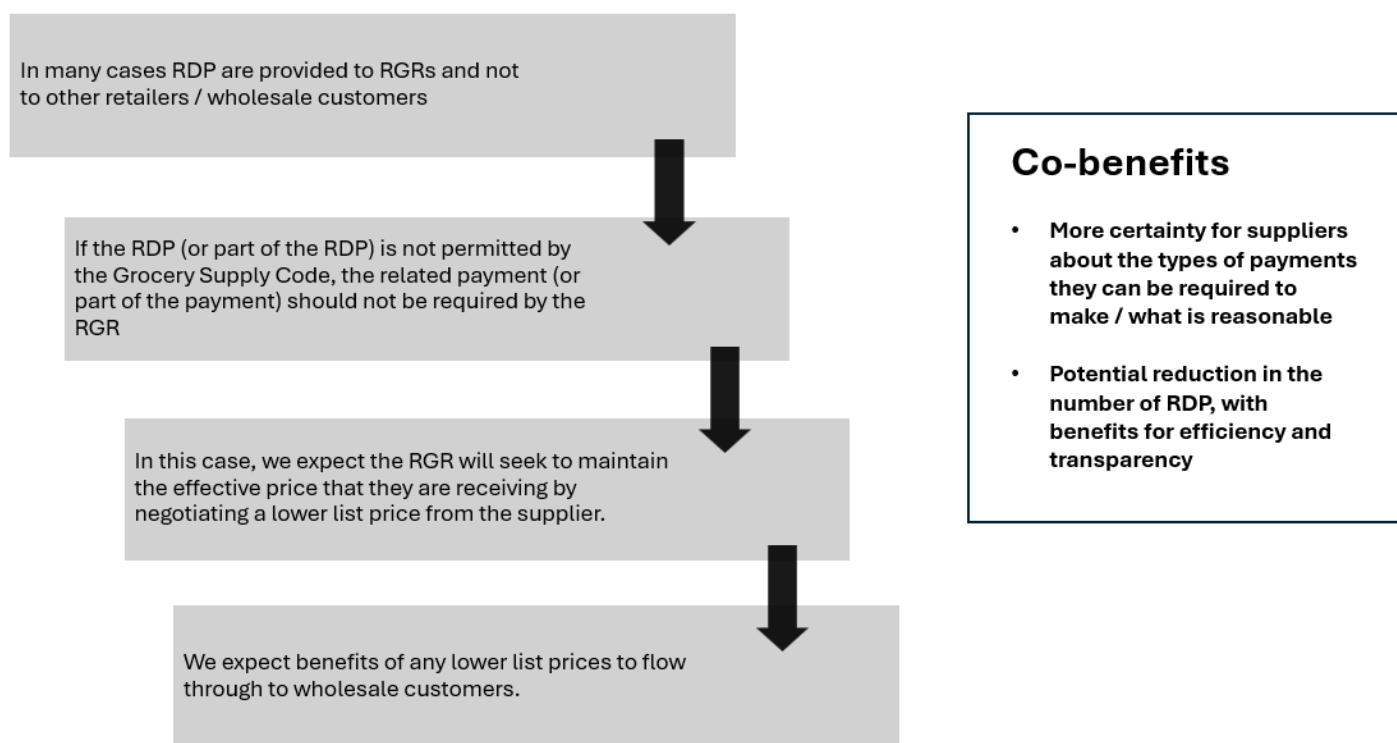
Pricing and RDPs: next steps

45. The evidence of the extent of RDPs we have identified through the Inquiry, and the general failure to pass these on to wholesale customers, raise potentially systemic compliance concerns in relation to s 46 of GICA. This provision prohibits RGRs from preventing or restricting wholesale customer access to the scale and efficiency benefits of RDPs, as well as existing RDP-related obligations under the Grocery Supply Code.
46. The nature and consistency of these issues indicate that they are unlikely to be isolated or inadvertent. Rather, they likely reflect real underlying barriers to RDP pass-through.
47. The proliferation and diversity of RDP arrangements contribute to administrative cost, including where suppliers face difficulty understanding and managing a large number of RDP types. It appears to us that over time, RGRs have found a wide variety of new reasons to request RDPs, and we have found widespread concern consistent with this view. We consider there is significant scope to realise efficiencies, on both supplier and RGR sides, by simplifying RDPs, which could reduce complexity and administrative burden.

48. These concerns are substantive rather than technical, reinforcing the need for targeted and robust intervention. Accordingly, we consider enforcing compliance under the existing regime should come before reassessing whether additional regulation is required. This work may result in a more streamlined and transparent framework which would support greater efficiency in logistics and back-office accounting functions.³³ In time we may also consider the merits of GICA or Grocery Supply Code changes to simplify or standardise RDP arrangements.
49. Our aim is to ensure that the RDPs paid to RGRs are compliant with and not prohibited by the Grocery Supply Code, including that any promotional payments are reasonable with clear benefits that accrue to the supplier. Simplifying and making clear what RDPs are for and reducing the number and value of RDPs made by suppliers to the RGRs, should result in cost reductions reflected in the wholesale prices paid by both RGRs and wholesale customers, rather than retained as additional margin by the RGRs.
50. Our approach will combine guidance and enforcement (if required), with guidance clarifying our expectations and enforcement addressing non-compliance where necessary.

³³ Commerce Commission 'Review of the Grocery Supply Code: Draft report, decisions and reasons' (5 June 2025) at para X30, p. 7, https://www.comcom.govt.nz/assets/pdf_file/0028/366643/Grocery-Supply-Code-Draft-Report-Decisions-and-Reasons-5-June-2025.pdf.

Figure 3 – Why is compliance with the Grocery Supply Code relevant to broader issues with wholesale supply?



51. We have a range of enforcement powers we can use, and breaches in the grocery sector are a priority enforcement area for us. The maximum penalty under GICA for contravening or attempting to contravene provisions relating to RDPs in the context of wholesale supply is \$500,000 for an individual, or in other cases, the greater of \$10 million or three times the commercial gain derived from the contravention.³⁴ If the commercial gain cannot readily be ascertained, the alternative maximum is 10% of the turnover of the person liable to pay the penalty and all its interconnected bodies corporate in each accounting period in which the contravention occurred. The maximum penalty under GICA for contravening or attempting to contravene provisions relating to RDPs in the context of the Grocery Supply Code is \$200,000 for an individual, or in other cases the greater of \$3 million or the commercial gain derived from the contravention.³⁵ If the commercial gain cannot readily be ascertained, the alternative maximum is 3% of the turnover of the person liable to pay the penalty and all its interconnected bodies corporate in each accounting period in which the contravention occurred.

³⁴ Grocery Industry Competition Act 2023, s 126(3).

³⁵ Grocery Industry Competition Act 2023, s 127(3).

Range and access barriers: next steps

52. While range and access issues persist, they are secondary to the fundamental issue of pricing, including access to RDPs, which remains our highest priority. We recognise the close interrelationship between pricing and range; for example, products may be available under the wholesale regime, but not on competitive pricing terms. While range-related issues (including narrow RGR offers, supply gaps, and difficult-to-source products) have a material impact on competition, we consider a sequential approach – prioritising pricing issues first – will be the most effective way forward.
53. We have determined that the most proportionate and effective approach at this stage is to actively monitor wholesale range. We will be tracking access to and availability of key products through wholesale channels over time and conducting targeted follow-up and deeper analysis where needed. To support this, we expect to collect information from some industry participants, engage with other retailers, and monitor progress against both existing and planned industry-led improvements (as summarised in **Attachment B**). We intend to report on wholesale range, alongside other core wholesale market metrics, in our annual grocery reports.
54. This monitoring approach is underpinned by concepts within the wholesale indicators, developed with industry input. It includes measures of product availability within RGR wholesale offers, supplier participation, reasons for non-supply, as well as retailer feedback on access and information transparency.
55. While our primary focus is on RDPs, we continue to expect industry participants to lead and deliver improvements to wholesale pricing, range and access – we will be keeping track of this progress.
56. We do not consider additional intervention to be proportionate at this time, given the associated costs and risks, and evidence of improving conditions. However, we will keep this under review and will consider targeted additional regulation if progress stalls, including where our monitoring shows persistent gaps in access, limited supplier participation, or lack of improvement in key product categories.
57. Overall, we are confident that this approach will allow us to assess whether range and access conditions are improving over time, and to identify where more targeted intervention is required.

We are closing the Inquiry but may consider additional regulation in the future

58. We are closing the Inquiry, having developed a clear and robust understanding of the key issues, which we consider can be most effectively addressed through targeted compliance, enforcement and monitoring actions.
59. At this stage, we consider this is the most effective way to promote the purpose of Part 3, rather than introducing additional regulation. This approach allows us to fully leverage and enforce existing law and regulation, ensuring compliance with current obligations before introducing new ones. It also supports a proportionate response, avoiding unnecessary regulatory burden.
60. We are mindful of the lead times, complexity, and uncertainty associated with regulatory change, and consider that enforcing compliance and monitoring can deliver more timely and targeted outcomes. We have also considered potential unintended consequences raised by stakeholders. This includes risks of entrenching RGR market power, reducing competitive tension through increased pricing transparency, disrupting existing alternative supply channels, and increasing costs and uncertainty across the supply chain. We consider that a compliance and monitoring approach better manages these risks at this stage.
61. We also note that there has already been some shift in industry behaviour, including early improvements, which supports a sequential approach that builds on existing momentum before considering further intervention. This is reinforced by feedback from independent retailers (for example, Paddock-to-Pantry and Kai Co), who report that the wholesale regime has worked well to date, improving their ability to access core groceries at reasonably competitive prices.³⁶
62. While we are not recommending additional regulation of the wholesale supply regime at this time, we will keep this position under review and may revisit the need for additional regulation if warranted, including where further investigation or intervention becomes appropriate considering evolving market conditions. This may involve moving directly to determining wholesale frameworks and/or a wholesale code under subpart 4 of Part 3 or undertaking a more narrowly focused inquiry if we consider non-discriminatory terms or specified access regulation may be appropriate.
63. As outlined above, the Inquiry has been valuable in clarifying wholesale supply issues and confirming that the market is not yet functioning effectively. It has also deepened our understanding of the challenges facing wholesale customers and the underlying commercial dynamics of supply.

³⁶ Commission engagement with industry.

64. We thank all parties we have engaged with for their constructive input, which has given us a strong foundation to support our next phase focused on monitoring, compliance and enforcement. We welcome ongoing engagements with industry stakeholders and will be open to receiving any feedback or additional information to inform our work and next steps.

Attachment A: Context and background to the Inquiry

Wholesale access regime

- A1. Our 2022 Market Study identified limited access to wholesale grocery supply as a key barrier to entry and expansion in the retail grocery sector, restricting competition. The Market Study found that retailers were constrained by a lack of access to a full range of grocery wholesale options.³⁷
- A2. To address this, Part 3 of GICA establishes a wholesale access regime aimed at promoting competition and efficiency in the grocery industry for the long-term benefit of consumers, by enabling wholesale customers to have reliable and cost-effective wholesale suppliers of groceries and reasonable access to the benefits of the scale and efficiency of RGR operations.
- A3. The wholesale regime requires RGRs (Woolworths New Zealand, Foodstuffs North Island, and Foodstuffs South Island) to establish systems to facilitate wholesale supply to other grocery retailers. By addressing the limited access to wholesale supply in New Zealand, it aims to enable wholesale customers to enhance their retail offerings and compete more effectively for the long-term benefit of consumers.
- A4. The wholesale regime is designed to ensure RGRs' wholesale offerings reflect outcomes expected in a workably competitive market. It sets out requirements for RGRs, including that they must consider requests in good faith, maintain transparent pricing, establish clear wholesale supply terms, and establish systems and processes for wholesale supply.³⁸
- A5. The wholesale regime also prohibits RGRs from structuring their wholesale agreements and engaging in certain conduct to hinder or obstruct wholesale customer/supplier trading relationships or prevent or restrict wholesale customers from obtaining the benefits of scale and efficiency-related RDPs.³⁹

³⁷ Commerce Commission 'Market Study into the retail grocery sector final report' (8 March 2022) at p. 189, https://www.comcom.govt.nz/_data/assets/pdf_file/0024/278403/Market-Study-into-the-retail-grocery-sector-Final-report-8-March-2022.pdf.

³⁸ Grocery Industry Competition Act 2023, s 34-44.

³⁹ Grocery Industry Competition Act 2023, s 45-46.

- A6. As well as facilitating commercial agreements for wholesale supply, Part 3 of GICA establishes a regulatory backstop to help ensure a more competitive wholesale market. It includes additional regulatory tools – such as a wholesale framework and code, non-discriminatory terms, and specified access regulation – that can be applied where needed to support the regime’s purpose. We can also make a determination under s 49 of GICA prescribing how a person must comply with duties under Part 3, including duties relating to RDPs.⁴⁰

Inquiry purpose

- A7. We commenced the Inquiry in September 2024 after observing that the wholesale supply regime established under GICA was not improving outcomes for wholesale customers. The purpose of the Inquiry was to assess whether additional regulation was needed to promote the purpose of Part 3 of GICA.
- A8. Consistent with the Inquiry Terms of Reference, we examined whether current wholesale grocery supply arrangements are working well enough to support stronger competition and better long-term outcomes for consumers.⁴¹ In particular, we have assessed whether the wholesale offers made by the RGRs reflect the kinds of outcomes that would be expected in a more competitive market. This includes considering whether competing retailers can obtain access to products on fair and workable terms, including in relation to pricing, product range and supply reliability.
- A9. In examining whether wholesale offerings are consistent with those in a competitive wholesale market we also examined wider features of the market. This included looking at rebates, promotional mechanisms, supplier incentives, wholesale systems and processes, and alternative channels of supply.

Inquiry process

- A10. Our approach to the Inquiry has combined analytical work with extensive engagement. As part of our Inquiry process, we released the following key documents:

A10.1 Terms of Reference – September 2024;

A10.2 Preliminary Issues Paper – September 2024;

A10.3 Preliminary Findings Paper – June 2025;

⁴⁰ Grocery Industry Competition Act 2023, s 49. See also Commerce Commission ‘Wholesale Supply inquiry and stronger regulation options’ (April 2026) at p. 4
<https://www.comcom.govt.nz/regulated-industries/projects/wholesale-supply-inquiry2/?section=documents>.

⁴¹ Commerce Commission ‘Wholesale Supply Inquiry Terms of Reference’ (4 September 2024)
https://www.comcom.govt.nz/assets/pdf_file/0021/362307/Terms-of-Reference-Wholesale-Supply-Inquiry.pdf.

A10.4 Open Letter to industry and Fact Sheet – November 2025; and

A10.5 Draft wholesale indicators – March 2026.

- A11. To supplement these key documents and our industry engagement, we also published a range of supporting materials, including about the stronger regulation options, a webinar, and responses to frequently asked questions.
- A12. Our starting point, as set out in the Preliminary Issues Paper, was the summary of our findings set out in our First Annual Grocery Report.⁴² This indicated that, while some aspects of the wholesale regime were functioning for certain retailers, significant constraints remained.
- A13. These findings suggested that the regime was not yet supporting sufficiently broad or durable competitive outcomes, and that further examination of wholesale market performance was warranted.
- A14. As noted above, our Preliminary Findings Paper, followed by the Open Letter to industry and Fact Sheet, set out our position that behaviour change from industry would be the most cost-efficient way of addressing wholesale supply issues.

⁴² Commerce Commission 'First Annual Grocery Report' (4 September 2024) at p 91-103, https://www.comcom.govt.nz/_data/assets/pdf_file/0019/362305/Annual-Grocery-Report-2024.pdf.

Attachment B: Summary of industry feedback

Executive summary

- B1. This document has been developed as part of the Wholesale Supply Inquiry (**the Inquiry**), to bring together what we have heard about industry progress and plans to improve wholesale supply through an industry-led approach.
- B2. The Inquiry was initiated in September 2024 to assess whether regulated grocery retailers' (**RGRs**) wholesale offers are supporting effective competition and to determine whether further regulation under the Grocery Industry Competition Act 2023 (**GICA**) is required.
- B3. Through the Inquiry the Commerce Commission (**Commission**) has confirmed that key issues persist across three areas: price, range and other barriers to access.
- B4. Pricing (and access to rebates, discounts and payments (**RDPs**) in particular) has been identified as the fundamental barrier to a competitive wholesale market and is therefore the most important issue to address.
- B5. We have signalled a preference for industry-led actions to address these issues, emphasising their flexibility, lower cost and ability to leverage industry expertise. This document consolidates what we have heard from industry participants about progress in these areas and the plans made to improve wholesale supply.
- B6. Engagement with industry participants has been central to the Inquiry process. This has ensured we understand market realities, has shaped our expectations for the wholesale market, and has enabled us to encourage behavioural changes.
- B7. The engagement has revealed broad alignment with our expectations, including support for a competitive wholesale market and a preference for industry-led change. Participants generally acknowledge the complexity of wholesale pricing and show an openness to making improvements and participating in our monitoring. The key role of commercial considerations in wholesale supply was emphasised, including cost-to-serve and return on investment.
- B8. This engagement also reinforced several key challenges. There are divergent views on the causes of some issues, ongoing concerns about pricing complexity and RDPs, and inconsistencies in supply criteria. Participants have also been hesitant to make formal public commitments due to commercial sensitivity concerns.

- B9. Overall progress in the wholesale supply market has been incremental and uneven. Since the Inquiry commenced, suppliers have highlighted progress made on access and range, through investments in direct supply, broader product availability and improved customer engagement. Pricing improvements remain limited, and steps to better understand cost-to-serve and RDP pass-through are small in scale and not well evidenced.
- B10. Similarly, RGRs have introduced initiatives for wholesale customers such as customer portals, field support and reporting. Progress varies in pace and scope.
- B11. Written submissions were received from nine suppliers, as well as from Woolworths New Zealand (**WWNZ**), Foodstuffs North Island (**FSNI**) and Foodstuffs South Island (**FSSI**) setting out their plans and/or intentions regarding wholesale supply. These generally focus on improving access, increasing transparency, and enhancing engagement with wholesale customers within existing commercial frameworks. While these are a good signal of intent and momentum, they are generally high-level, conditional, and do not address the significant structural issues affecting wholesale pricing and RDP access. The New Zealand Food and Grocery Council also made a submission, which broadly set out its concerns about different aspects of the Inquiry process.
- B12. We continue to expect industry participants to lead and deliver improvements to wholesale pricing, range and access.
- B13. Our next steps for addressing issues relating to pricing, range and access are detailed in the Wholesale Supply Inquiry Closure Report.

Introduction and context

- B14. This summary document has been prepared as part of the Inquiry, which commenced in September 2024 due to concerns that the RGRs' wholesale offers were not delivering improved access or competitive outcomes, and to assess whether additional regulation was needed to promote the purpose of Part 3 of GICA.
- B15. This document summarises the progress and plans made by industry participants, to provide a clear view of the industry-led approach to improving wholesale supply. It brings together individual actions and commitments, grouping them into common themes to highlight areas of alignment. These reflect general perspectives across participants, and specific individual views may differ. It does not include commercially sensitive information.

Emphasis on industry-led solutions

- B16. In the Inquiry’s Preliminary Findings Paper (**PFP**), published in June 2025, we signalled our preference for industry-led solutions rather than the introduction of additional regulation. This position was reinforced in November 2025 through an open letter and factsheet, which further clarified our expectations for the wholesale supply market. Both documents are available on our [website](#).
- B17. Industry participants were invited to respond by adapting their behaviours, either by enhancing their wholesale offerings to better meet the expectations set out in the PFP and Open Letter, or by demonstrating how their existing practices already align with those expectations.
- B18. The response from industry participants to this invitation was slow and uneven. Considering this, we proposed an ‘industry roadmap’ and commitment/plans approach to provide structure to an industry-led solution and what it could achieve.
- B19. At the time, an industry-led approach was preferred as it offers a lower-cost, more flexible and innovation-driven way to address wholesale supply issues. It also enables solutions to be informed by industry expertise, while supporting improved competition outcomes.
- B20. Given the limited level of industry participation in making commitments, we have not prepared an ‘industry roadmap’. Instead we have focused on summarising insights gathered through the inquiry process, highlighting observed progress to date and plans for further improvements.

Engagement with industry participants

- B21. We have engaged with a range of industry participants as part of the Wholesale Supply Inquiry. This engagement has been a key mechanism for understanding the commercial realities associated with wholesale supply, as well as understanding progress and encouraging meaningful changes in behaviour and practices.
- B22. This engagement has taken place through meetings as well as through the publication of supporting information and guidance, including illustrative examples of potential commitments. These examples were intended as guidance only. Consistent with an industry-led approach, and informed by ongoing engagement, we have not prescribed how individual businesses should respond or improve their practices.
- B23. We had in-depth discussions with 17 other retailers and survey responses from others, together representing around 42% of RGR wholesale sales value.⁴³ The engagement covered a wide range of retail formats, including independent supermarkets, convenience stores, niche retailers, and online retailers.

⁴³ Commerce Commission analysis of industry information.

- B24. We held a webinar open to all suppliers, engaged with the New Zealand Food and Grocery Council and reached out to a targeted selection of individual suppliers. We identified 25 suppliers, based on criteria including product demand, size and product categories, and conducted detailed interviews with 19 of them (representing around 21% of the RGRs' grocery purchases).⁴⁴
- B25. We also held discussions with the three RGRs about their wholesale operations and our proposed draft wholesale indicators.

Priority areas for improvement

- B26. Our 2022 Market Study identified that reliable and cost-effective access to groceries is a key barrier to stronger competition in the grocery industry.
- B27. To address this, the wholesale access regime set out in Part 3 of GICA aims to promote long-term competition and efficiency for consumers by ensuring wholesale customers have reliable, cost-effective supply options and reasonable access to the scale and efficiencies of RGRs, thereby strengthening retail competition.
- B28. In our PFP we assessed the RGRs' wholesale offers and concluded that these offers were not supporting effective competition.⁴⁵ At a high level, our preliminary findings can be grouped into the below areas:
- B28.1 **Price** – wholesale prices are often uncompetitive, including because they exceed retail prices, leaving insufficient margins for other retailers to compete effectively. In addition, access to promotional funding is a significant barrier, with supplier-funded RDPs significantly lowering RGR retail prices but mostly not passed on to wholesale customers, which disadvantages them.
- B28.2 **Range** – RGRs' wholesale offerings do not include many key products, which means wholesale customers miss out on scale efficiencies and **pricing** benefits for these products (as intended under GICA). In particular, there is limited access to low-cost products, including private label products, reducing competitive options for retailers.
- B28.3 **Other barriers to access** – operational constraints (including minimum order requirements and delivery arrangements/schedules) make wholesale offers less accessible for smaller retailers that lack scale or bargaining power. In addition, a lack of visibility and transparency from RGRs do not enable suppliers to confidently participate in the RGRs' wholesale offers.

⁴⁴ Commerce Commission analysis of industry information.

⁴⁵ Commerce Commission 'Wholesale Supply Inquiry Preliminary Findings Paper' (5 June 2025) https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf

B29. Since publication of the PFP, our ongoing engagement and analysis has confirmed that price, particularly access to RDPs, is the most significant issue affecting wholesale supply. Accordingly, addressing pricing concerns is our highest priority.

Industry perspectives

What we've heard through the Inquiry

Areas of alignment

B30. Despite some differences in perspective, there are several areas where the suppliers and RGRs we engaged with are broadly aligned with our expectations for the wholesale supply market.⁴⁶ These are summarised below:

B30.1 **Support for a competitive wholesale market** – there is general recognition of the importance of a well-functioning and competitive wholesale market, including its role in supporting retail competition and improving outcomes for consumers.

B30.2 **A shared preference for industry-led solutions** – both suppliers and RGRs broadly favour industry-led change over prescriptive regulation, viewing it as more practical and efficient. Some participants also pointed to improvements that have already been made through this approach.

B30.3 **Commercial viability as a key driver of wholesale supply decisions** – wholesale supply decisions were consistently described as being driven by commercial considerations. These include decisions about channel-specific strategies, pricing and range decisions, whether to 'opt in' to RGR wholesale offers, minimum order requirements, delivery frequency, cost-to-serve, creditworthiness and return on investment. While many suppliers indicated their product range is available to other retailers, some acknowledged that smaller retailers may face restricted access where they do not meet commercial thresholds or where costs are higher. The use of alternative distributors and wholesalers was noted by some suppliers as a way of helping to mitigate these constraints, by providing another channel wholesale customers can purchase certain products through, including where direct supply is not efficient. For some suppliers, unique products are available to non-RGR wholesale customers.

⁴⁶ Note that all information in this document is based on Commerce Commission engagement with industry participants, including information provided to the Commission.

B30.4 **Acknowledgment of complexities in pricing and RDPs** – industry participants broadly agreed that pricing structures, particularly RDPs, are complex and not always transparent. However, views differed on how RDPs are applied in practice, where the fundamental issues lie, and their impact on wholesale customers.

B30.5 **Acceptance of monitoring** – most suppliers and RGRs accepted the intent of indicator-based monitoring, while noting concerns about administrative cost and burden, and commercial sensitivity.

B30.6 **Openness to improvement** – a number of suppliers and RGRs indicated they are willing to make changes to improve wholesale outcomes. However, very few formal written submissions outlining these changes have been received by us to date.

B31. Overall, this alignment, particularly the shared recognition of the complexity regarding wholesale pricing and the need for improvements, and the preference for industry-led approaches provides a foundation for further progress. It also reinforces the importance of the commercial considerations that underpin wholesale supply decisions.

Key barriers and concerns

B32. We also recognise the concerns raised by industry participants regarding the commercial realities of wholesale supply. While perspectives differ in some areas, a broadly consistent set of issues has emerged. These include:

B32.1 **Divergence in views on the drivers of some issues** – there remains a fundamental disagreement about the causes of limited wholesale access. Some RGRs attribute constraints to supplier decisions, particularly relating to pricing and product range. Suppliers point to the underlying economics of servicing smaller customers, including higher cost-to-serve and lower returns.

B32.2 **Pricing complexity and access to RDPs** – pricing structures are complex, with RDPs forming a significant but not always well understood component. Some suppliers questioned whether wholesale customers can effectively execute promotions and expressed reluctance to extend RDPs without a clear return on investment. Other suppliers also highlighted the need for greater clarity around the value they receive in return for RDPs negotiated with RGRs, and whether this value is reasonable. At the same time, wholesale customers reported limited access to RDPs.

- B32.3 **Uncertainty and inconsistency in access criteria** – while some suppliers indicated they apply clear and defined criteria when deciding whether to supply customers, others do not. This contributes to uncertainty and increases the risk of inconsistent or opaque access decisions for retailers seeking wholesale supply.
- B32.4 **Unclear problem definition** – some industry participants have also expressed concern that the problems the Commission is seeking to address are not clear, including the consumer benefits being sought.⁴⁷
- B33. Taken together, these concerns point to a combination of operational and structural barriers (particularly in relation to wholesale pricing) that limit the effectiveness of the current wholesale supply market.
- B34. Across industry participants there were also concerns raised about the Inquiry process and the effect of potential additional regulation:
- B34.1 **Concerns about regulatory intervention** – participants identified several potential risks or unintended consequences associated with regulatory intervention. These include the possibility of reinforcing RGRs’ market power, disrupting existing supply models, increasing administrative burden and compliance costs, and creating risks associated with information sharing. Some concerns were also raised about timing of the Inquiry and associated decisions, citing uncertainty associated with the conflict in the Middle East.
- B34.2 **Hesitancy around making formal commitments** – some suppliers and RGRs also expressed concern about making formal commitments, citing the novelty of the process, a lack of clarity, potential conflicts with commercial interests and that they may be anti-competitive. Some participants noted that the potential of additional regulation made public commitments appear not to be genuinely voluntary. Some suppliers also indicated a preference to align with any coordinated commitment led by the New Zealand Food and Grocery Council.
- B35. Despite the efforts to clarify our expectations, throughout the Inquiry process we continued to encounter concerns from some industry participants about the roadmap and commitment approach.

⁴⁷ Note that the identified problem areas for improvement are summarised at paragraph 28.

Progress observed

B36. Since commencing the Inquiry in September 2024, our ongoing engagement with a range of industry participants indicates that incremental improvements are being made across the wholesale supply market. This engagement has also highlighted areas where current practices are broadly consistent with our expectations, with some of these practices developed by industry participants over a long period of time. These observations are summarised below.

RGRs

B37. Since GICA was enacted in July 2023, RGRs' wholesale sales have continued to grow.⁴⁸ However, we have observed varying levels of effort, uneven in scope and pace, from RGRs to improve their wholesale offers over this period.

B38. WWNZ has implemented a range of initiatives aimed at improving customers' access and supporting the growth of its wholesale offer. Most significantly this includes the establishment of a separate wholesale business. In addition, other practical actions include the launch of an online ordering portal, the introduction of a wholesale card to enable smaller customers to purchase in-store, the introduction of a national pricing framework to improve consistency, transparency and efficiency, the establishment of a dedicated field team role to support wholesale customers directly, and publication of a monthly customer newsletter to share updates. WWNZ accounted for 78% (\$17.6 million) of the total reported RGR wholesale sales between July 2023 and August 2025.⁴⁹

B39. Similarly, FSNI has undertaken a range of actions to support the wholesale regime. These include testing a new web-based customer portal, commissioning of supplier and customer surveys, and engagement with 'top suppliers'. FSNI accounted for 21% (\$4.8 million) of the total reported RGR wholesale sales between July 2023 and August 2025.⁵⁰

B40. While FSSI has participated in the Inquiry process, they have been slower to take action to improve their wholesale offers and accounted for only 1% (\$0.3 million) of the total reported RGR wholesale sales between July 2023 and August 2025.⁵¹

Suppliers

B41. Through our targeted engagement with suppliers, we have identified a range of practical actions being implemented to improve outcomes in the wholesale market. Examples of these actions are outlined below.

B42. Progress observed regarding wholesale access and range includes:

⁴⁸ Commerce Commission '2025 Annual Grocery Report' (2 June 2026) at p. 15-16
<https://www.comcom.govt.nz/assets/Uploads/Annual-Grocery-Report-2025-2-June-2026.pdf>.

⁴⁹ Commerce Commission analysis of industry information.

⁵⁰ Commerce Commission analysis of industry information.

⁵¹ Commerce Commission analysis of industry information.

- B42.1 **Enhanced customer engagement** – several suppliers have strengthened and/or simplified their customer outreach processes, including establishing or planning dedicated teams and recruiting additional staff to manage relationships with non-RGR retailers;
- B42.2 **Investment in direct supply capability** – some suppliers have made significant investments in direct supply infrastructure, including logistics networks and sales forces, to better service non-RGR wholesale customers;
- B42.3 **Introduction of onboarding KPIs** – some suppliers have introduced performance measures focused on onboarding new customers, supporting more accountable expansion of wholesale access;
- B42.4 **Expanded direct supply range** – greater availability of product ranges through direct supply channels, where commercial thresholds are met;
- B42.5 **Expanded range via RGR wholesale channels** – increased availability of product ranges through RGR wholesale offers, providing broader access for wholesale customers; and
- B42.6 **Working with distributors** – including connecting wholesale customers with alternative distributors, to mitigate access constraints. Some suppliers have also worked with distributors to develop programs that best support the distributors’ customer bases, including regarding pricing and access to RDPs.
- B43. Overall, we have observed relatively greater progress in relation to wholesale access and product range than in wholesale pricing.
- B44. With respect to pricing-related issues we have seen limited progress from a few suppliers, which includes:
- B44.1 **Improving cost-to-serve understanding** – developing a more granular understanding of the cost-to-serve different customer segments, with the aim of ensuring wholesale pricing more accurately reflects these differences; and

B44.2 **Increasing pass-through of RDPs** – taking initial steps to increase the extent to which RDPs are passed through to RGRs’ wholesale customers, with one participant introducing a ‘scan-back’ process.⁵² However, this observation is based on stakeholder engagement and remains largely anecdotal, as we have not yet received sufficient data to quantify the extent or impact of these practices.

Industry plans for further improvements

B45. In June 2025 we invited suppliers and RGRs to make commitments/set out their plans, as part of an industry-led solution to the issues we had identified with the wholesale supply. As at early-June 2026, we had received submissions about plans from nine suppliers, WWNZ, FSNI and FSSI. These nine suppliers represent approximately only 14% of combined RGR expenditure on suppliers.

RGRs

B46. We received forward plans, varying in pace and scope, from WWNZ, FSNI and FSSI.

B47. At a high level, WWNZ’s forward plans relate to five areas:

B47.1 Deepening supplier engagement and expanding range;

B47.2 Investing in platform capability and customer experience;

B47.3 Expanding national field-based support for wholesale customers;

B47.4 Enhancing confidence through transparency; and

B47.5 Improving operational accessibility for wholesale customers.

B48. Collectively, WWNZ’s five focus areas aim to increase product range and promotions (via suppliers), improve platform functionality and access, and build scale and capability over time. They depend on supplier participation, phased conditional investment and wholesale customer uptake.

B49. FSNI has developed a structured programme of improvements, focused on wholesale access, transparency and competition. It includes gradual scaling of pilots to implementation and then monitoring, some initiatives are complete or currently underway, while others have not yet started.

⁵² Scan-back enables the retailer to claim a rebate from the supplier based on volume of products sold (ie, ‘scanned out’) at retail. We understand that many rebate arrangements are structured this way, including supplier-funded promotional pricing, and that this is one of the highest value forms of RDP. The lack of access to these rebates for wholesale customers has been identified as a factor limiting their ability to compete on price.

- B50. At a high level, FSNI's plans relate to launching a new web-based customer portal; reviewing data from supplier and customer surveys; considering the development of supplier reporting regarding pass-through of discounts; and supporting processes that improve wholesale customers' ability to compare available products and services. FSNI has also noted that it will continue to negotiate for better wholesale terms with suppliers (for its wholesale offer).
- B51. FSSI's plans relate to willingness to participate in collaborative initiatives regarding improving wholesale supply, and continued engagement with us throughout the Inquiry process.
- B52. While the steps being taken to improve wholesale supply are positive, in particular by WWNZ and FSNI, the three RGRs' overall package of initiatives appears unlikely to address fundamental structural issues, especially those relating to pricing and access to RDPs. We also note that several of these structural issues appear to be self-imposed, for example, agreeing to the design of RDP arrangements.

Suppliers

- B53. The main themes of the plans received are summarised below:
- B53.1 **Improving access and pathways to supply** – they set out an openness to supplying a broad range of customers with a wide product range, including smaller retailers, where commercial conditions are met. Some suppliers have already, or have committed to, establishing dedicated teams for non-RGR retailers to expand access and improve onboarding support.
- B53.2 **Focus on transparent commercial criteria** – they emphasise that supply decisions will be guided by transparent, commercially-based criteria (eg, volume, creditworthiness, cost-to-serve), with some suppliers committing to clearer documentation of these requirements.
- B53.3 **RGR wholesale offers** – they describe the RGR wholesale offers as being viewed as complementary or transitional pathways to direct supply and set out that suppliers will work with the RGRs to improve the wholesale offers.
- B53.4 **Promotional and pricing improvements** – they set out willingness to provide promotional support and explore pricing approaches for non-RGR retailers, where this is commercially viable and where promotional support is traceable.
- B53.5 **Ongoing monitoring** – they set out suppliers' willingness to participate in monitoring, subject to appropriate handling of commercially sensitive information.

- B54. Generally, these suppliers are willing to improve access and transparency within existing commercial constraints, with a focus on clearer pathways, targeted investment and collaborative engagement.
- B55. However, while welcome, the suppliers' plans are generally conditional and high-level in nature, and whether they will translate into material improvements (particularly in relation to wholesale pricing and RDPs) is not clear. In addition, the feedback we have received is from only a small proportion of suppliers.

Next steps

- B56. The next steps for addressing the issues summarised in this document are detailed in the Wholesale Supply Inquiry Closure Report.
- B57. We expect industry participants to continue leading and delivering improvements to wholesale pricing, range and access. We will undertake proportionate monitoring to capture and track progress made through industry-led initiatives.
- B58. We thank industry participants for their time and constructive engagement with the Inquiry. These valuable insights will continue to inform our future work. We offer particular thanks to the industry participants who submitted written submissions and acknowledge their efforts to improve the wholesale market.