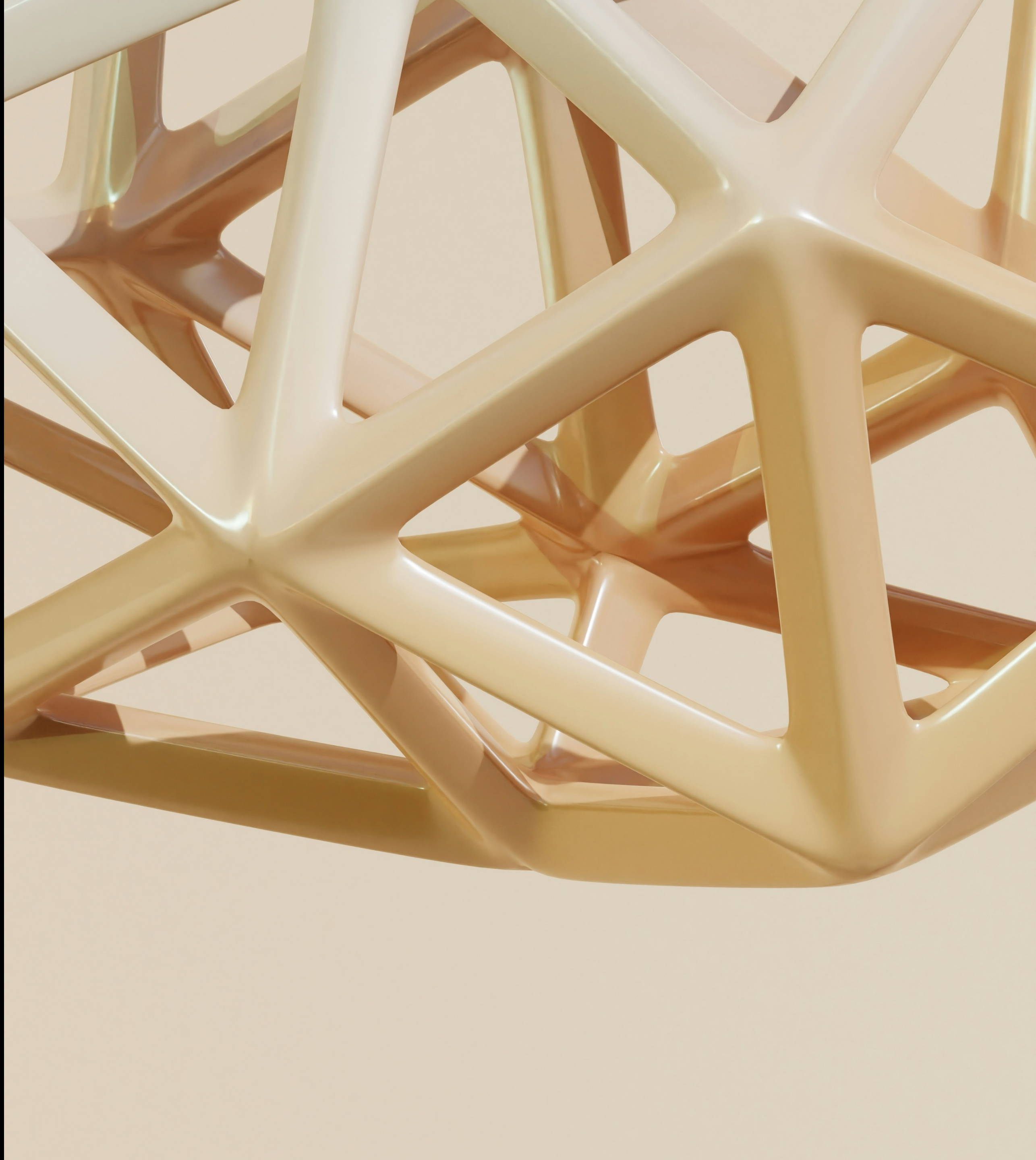
TRA x Commerce Commission Grocery Supplier Survey

January 2025



Background

The Commerce Commission has responsibilities to monitor and regulate the grocery sector under the Grocery Industry Competition Act 2023, with the aim of ensuring long-term benefits for consumers.

As part of this role, the Commission wants to engage with a diverse range of suppliers in the grocery sector. To facilitate this, online surveys were tested as a method to gather insights from a broader group of suppliers.

A current focus is to obtain feedback on the conduct between regulated grocery retailers and their grocery suppliers. The regulated grocery retailers include the major grocery retailers subject to the Grocery Supply Code – Woolworths New Zealand, Foodstuffs North Island, and Foodstuffs South Island.

Additional questions were included in the survey to explore other topics of current interest such as rebates, discounts, and payments provided by suppliers to retailers, as well as their experience supplying wholesale groceries.

Research objectives

- Understand suppliers' recent interactions with regulated grocery retailers
- Evaluate suppliers' awareness of the Grocery Supply Code, the Grocery Industry Dispute Resolution Scheme, and the Commission's Anonymous Reporting Tool
- Examine the prevalence and satisfaction levels of rebates, discounts, and payments in supply agreements, and compare terms between regulated grocery retailers and other retailers
- Gather feedback on the Grocery Supply Agreements issued over the past year, including suppliers' views on the fairness and clarity of these agreements
- Explore suppliers’ involvement in wholesale arrangements, including with regulated grocery retailers
- Collect respondent characteristics to identify potential correlations between these characteristics and survey responses
- Test the effectiveness of online surveys in obtaining feedback from a broad range of grocery suppliers

Methodology

A 10-minute online survey was conducted to engage both current and prospective grocery suppliers.

Fieldwork took place from 11th November to 2nd December 2024.

The survey was promoted by the Commerce Commission, which included emailing over 4,000 supplier contacts. This list was provided by the regulated grocery retailers, who were required to share details of all their suppliers. The email contained a link to the TRA survey, and a follow-up reminder was also sent. While businesses were not instructed on who should complete the survey, respondents were asked to indicate their role within the organisation.

562 participants completed the survey.

All data was collected and analysed by TRA using their survey platform.

The survey results have a margin of error of +/-4.1% at the 95% confidence level, meaning that if the survey were repeated multiple times, the results would fall within this range 95% of the time. This margin of error is based on a sample size of 562 participants. All findings were statistically tested at the 95% significance level.

Written comments provided by respondents have been provided to the Commerce Commission and will be analysed for relevant projects.

All survey questions were made optional to allow respondents to answer only those they felt comfortable with. Where respondents did not answer a relevant question, their response is recorded as “rather not say”. Results are aggregated to support anonymity of respondents. Due to rounding, the sum of percentages shown in a chart may differ from what is expected by +/-1%.

Respondents were also asked for comments about the survey process which will be considered in future Commerce Commission projects.

Contents

Characteristics of respondents

1

TRA

We heard from a range of different suppliers across various different businesses

We heard from a diverse range of suppliers across various business types and sizes, representing a broad range of suppliers. The results in this report reflect the profile of the suppliers who responded to the survey, rather than all suppliers.

Supplier profile

FTE size	
Less than 5	30%
6-19	24%
20 – 49	16%
50 – 99	10%
100 or more	12%
Rather not say	7%

Company tenure	
Less than 3 years	4%
3 to 10 years	18%
More than 10 years	70%
Rather not say	7%

Company stage	
Actively growing	33%
Trying to grow	35%
Stable	18%
Shrinking or winding down	6%
Rather not say	9%

Company turnover	
Less than $500k	14%
Between $500k – $999k	10%
Between $1m – $4.9m	19%
Between $5m – $19.9m	16%
Between $20m – $49.9m	9%
$50m or more	13%
Rather not say	19%
Don’t know / Not sure	1%

Business type	
Grower	13%
Manufacturer	48%
Importer	10%
Distributor	12%
Other	8%
Rather not say	9%

TRA

Supplier business profile questions. How many full-time employees, including yourself, does the company have? How long has the company been operating? What stage is the business at? What’s your company’s annual turnover? What type of business are you? Base: Total sample n=562.

We also saw a variety in the types of products suppliers offer and the number of SKUs they supply

Types of products supplied

Ambient packaged foods	27%
Alcoholic drinks	14%
Chilled foods, dairy products or eggs	13%
Fresh produce (e.g. fruit and vegetables)	11%
Frozen foods	10%
Household and cleaning	8%
Non-Alcoholic drinks / Beverages	7%
Health and beauty	7%
Bakery	6%
Delicatessen	5%
Pet care including food	4%
Fresh meat and meat products	3%
Seafood	3%
Pharmaceuticals	1%
Other	13%
Rather not say	4%

Note: Suppliers had the option to select multiple product categories.

Number of SKUs supplied (among those currently supplying products)

	Foodstuffs North Island	Foodstuffs South Island	Woolworths New Zealand
5 or less	27%	25%	31%
6-10	16%	20%	22%
11-20	16%	14%	12%
21-50	17%	17%	13%
More than 50	20%	20%	18%
Rather not say	4%	5%	3%

TRA

What products do you supply to grocery retailers and/or wholesalers? Base: Total sample n=562.
How many SKUs do you supply to [INSERT RGR ONE AT A TIME]? Base: Currently supplying to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths New Zealand n=381.

We can look at the profile of respondents by business size, as it plays a key role in shaping how suppliers engage with the market

Throughout this report, the term "smaller businesses" refers to those with fewer than 20 full-time equivalents (FTE). We observed that responses from these businesses often differed from those of larger businesses. Additionally, smaller businesses typically had lower turnover, shorter tenure, were less likely to provide private label products and were more likely to identify as "trying to grow."

	Business size (FTE)		
Company turnover	**Less than 20**	**20-99**	**100 or more**
Less than $500k	24% ▲	0% ▼	3% ▼
Between $500k – $999k	18% ▲	1% ▼	1% ▼
Between $1m – $4.9m	29% ▲	10% ▼	0% ▼
Between $5m – $19.9m	13%	33% ▲	0% ▼
Between $20m – $49.9m	3% ▼	20% ▲	12%
$50m or more	1% ▼	19% ▲	57% ▲
Rather not say	9% ▼	17%	22%
Don't know / Not sure	1%	1%	4%

	Business size (FTE)		
Supply private label products (among currently supplying)	**Less than 20**	**20-99**	**100 or more**
Foodstuffs North Island	30% ▼	39%	48% ▲
Foodstuffs South Island	26% ▼	40% ▲	44%
Woolworths New Zealand	18% ▼	33%	48% ▲

	Business size (FTE)		
Company tenure	Less than 20	20-99	100 or more
Less than 3 years	8% ▲	0% ▼	1%
3 to 10 years	29% ▲	3% ▼	3% ▼
More than 10 years	61% ▼	94% ▲	91% ▲
Rather not say	2% ▼	3% ▼	4%

	Business size (FTE)		
Company stage	**Less than 20**	**20-99**	**100 or more**
Actively growing	29%	39%	49% ▲
Trying to grow	40% ▲	33%	26%
Stable	20%	21%	15%
Shrinking or winding down	8% ▲	3% ▼	3%
Rather not say	3% ▼	4% ▼	7%

▲▼ Significantly higher/lower than all other groups

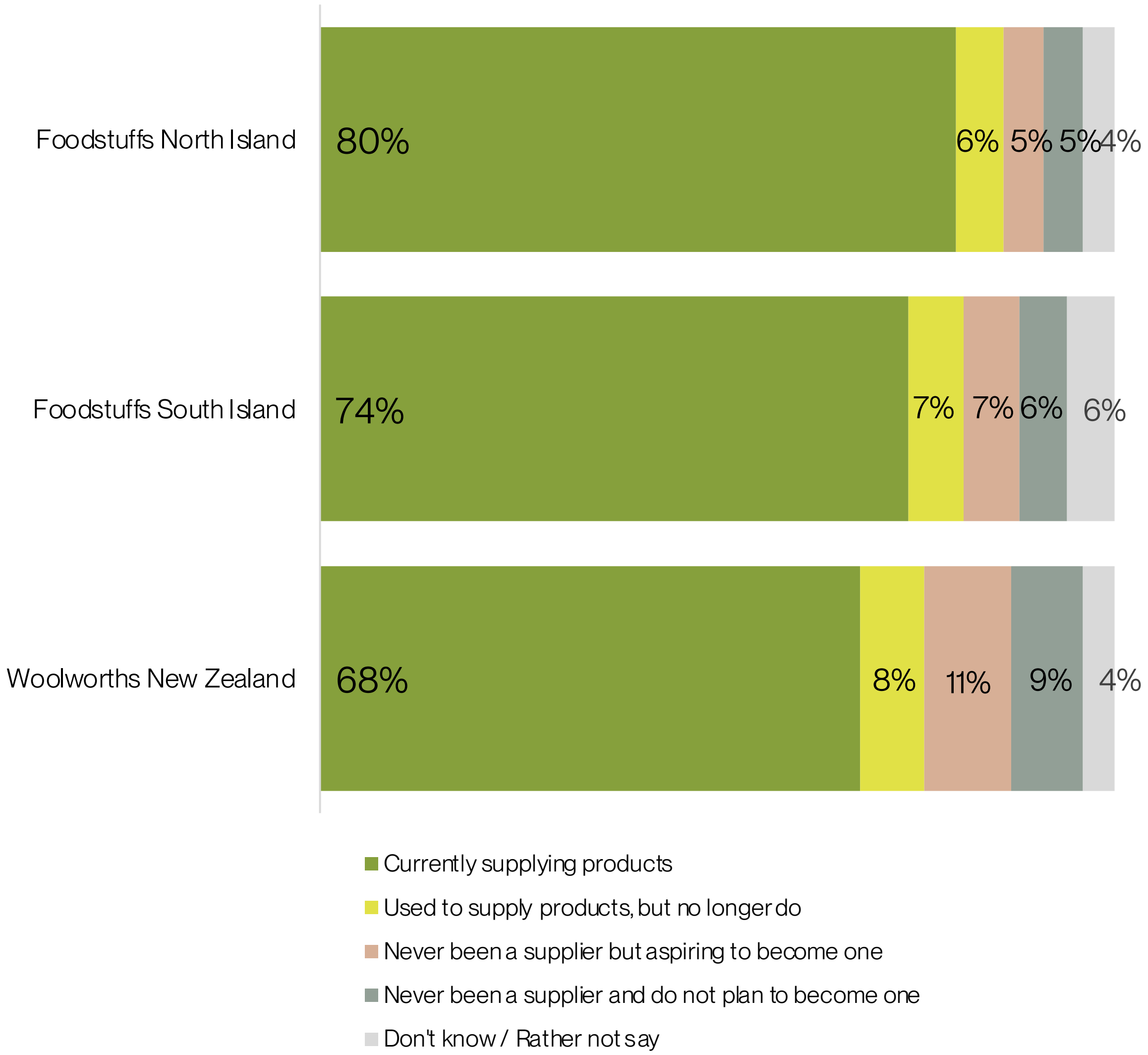
Supplier business profile questions. Base: Total sample n=562, less than 20 FTE n=303, 20-99 FTE n=150, 100 or more FTE n=68, rather not say not shown.
Do you supply private label products to... Base: Currently supplying products to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths New Zealand n=381 (less than 20 FTE n=174-232, 20-99 FTE n=127-135, 100 or more FTE n=58-60.

Many of the suppliers we heard from have established relationships with regulated grocery retailers

The majority of suppliers we heard from are actively supplying products to a regulated grocery retailer, with only a small percentage having stopped.

For each of the regulated grocery retailers there was a small number of suppliers who indicated they have not and do not intend to supply that retailer.

Current relationship with regulated grocery retailer



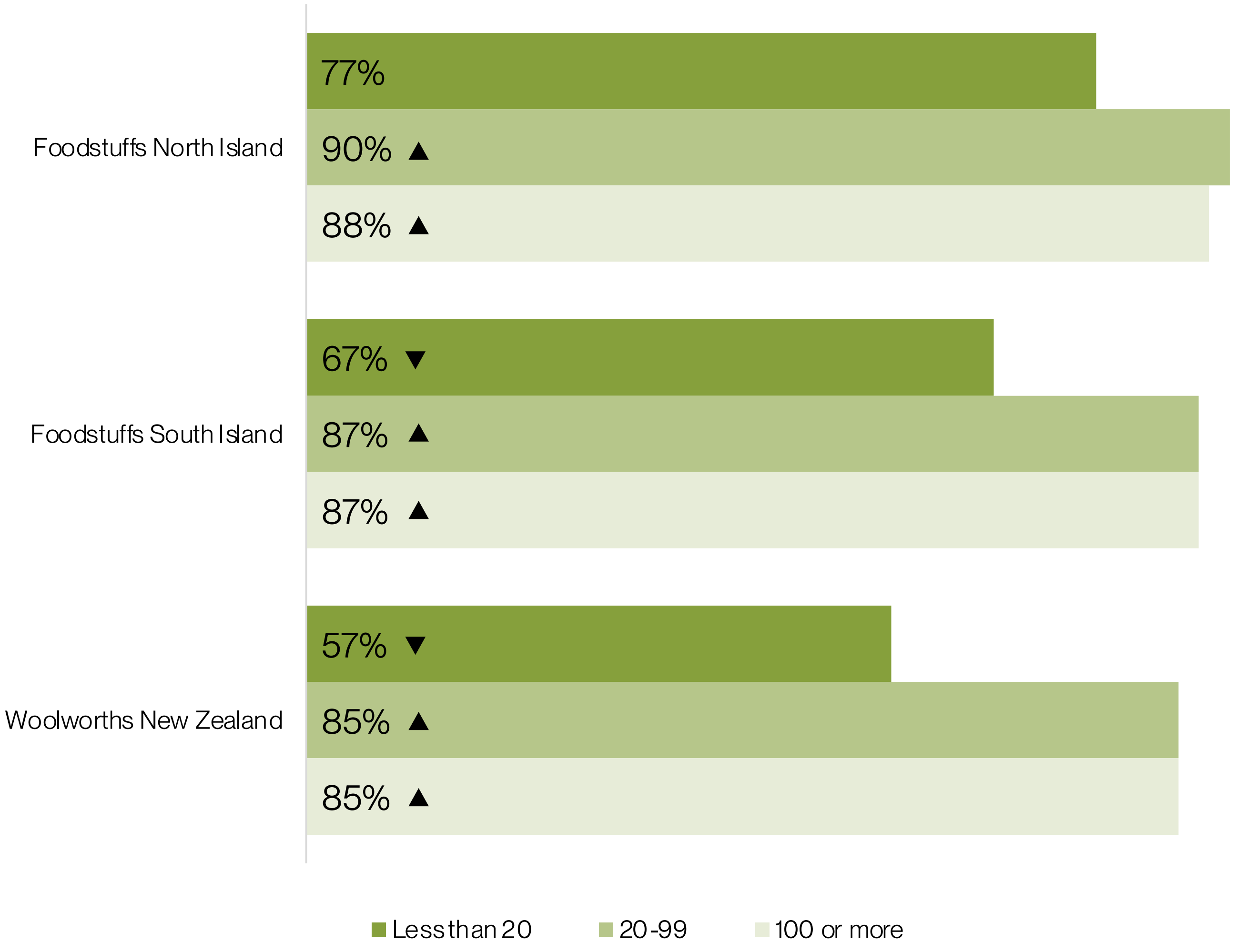
Which of the following best describes your current relationship with....
Base: Total sample n=562.

Relationships with regulated grocery retailers (as a current supplier) vary by business size, with smaller businesses that we heard from being less likely to supply them

The data suggests that a lower proportion of smaller businesses (under 20 FTE) that we heard from are supplying regulated grocery retailers compared to larger businesses.

Among smaller businesses, fewer supplied Woolworths New Zealand compared to Foodstuffs North Island and Foodstuffs South Island.

Currently supplying to regulated grocery retailers
Business size (FTE)

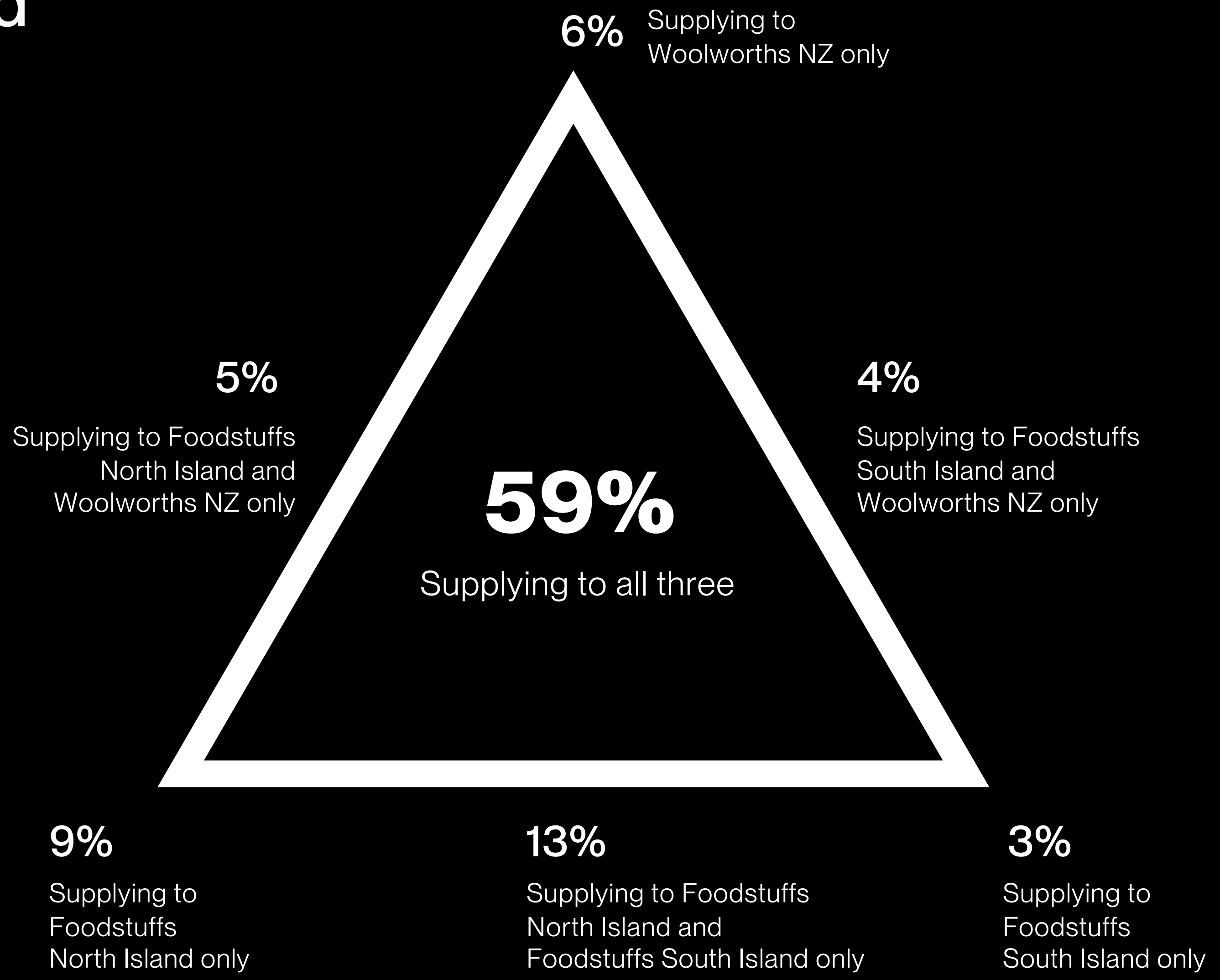


▲▼ Significantly higher/lower than all other groups

Which of the following best describes your current relationship with...
Base: Total sample n=562, less than 20 FTE n=303, 20-99 FTE n=150, 100 or more FTE n=68, rather not say not shown.

The majority of suppliers we heard from work with multiple retailers, with over half supplying all three regulated grocery retailers

Regulated grocery retailers supplied to:



Most suppliers work with all three RGRs, while a small number supply to only one or two retailers.

Which of the following best describes your current relationship with...
Base: Currently supplying to a regulated grocery retailer n=517.

Larger businesses we heard from are more likely to supply all three regulated grocery retailers, while smaller businesses have more limited supply relationships

Smaller businesses are less likely to supply all three, while larger businesses are more likely to do so.

Regulated grocery retailers supplied to

	Business size (FTE)		
	Less than 20	20-99	100 or more
Supplying to Foodstuffs North Island and Foodstuffs South Island only	16%	10%	13%
Supplying to Foodstuffs North Island and Woolworths NZ only	6%	4%	3%
Supplying to Foodstuffs South Island and Woolworths NZ only	5%	3%	1%
Supplying to Foodstuffs North Island only	16% ▲	3% ▼	0% ▼
Supplying to Foodstuffs South Island only	6% ▲	1% ▼	0% ▼
Supplying to Woolworths NZ only	5%	5%	9%
Supplying to all three	47%▼	73% ▲	73% ▲

▲▼ Significantly higher/lower than all other groups

Which of the following best describes your current relationship with...
Base: Currently supplying to a regulated grocery retailer n=517, less than 20 FTE n=277, 20-99 FTE n=149, 100 or more FTE n=67, rather not say not shown.

Within each regulated grocery retailer, suppliers tend to supply to multiple different banners

Which retail banners do you supply products to?
Base: Currently supplying to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths NZ n=381.
Base: Currently supplying products less than 20 FTE n=174-232, 20-99 FTE n=127-135, 100 or more FTE n=58-60, rather not say not shown.

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Banners supplied to (among those currently supplying products)

Foodstuffs North Island

New World	88%
Pak'nSave	79%
Four Square	75%

Foodstuffs South Island

New World	90%
Pak'nSave	79%
Four Square	76%
Raeward Fresh	50%
On the Spot	23%

Woolworths NZ

Fresh Choice	85%
Woolworths/ Countdown	80%
Supervalue	67%

Business size (FTE)

Average number of banners supplied to

	Less than 20	20-99	100 or more
Foodstuffs North Island (out of 3)	2.2	2.7	2.7
Foodstuffs South Island (out of 5)	2.9	3.4	3.7
Woolworths NZ (out of 3)	2.1	2.5	2.7

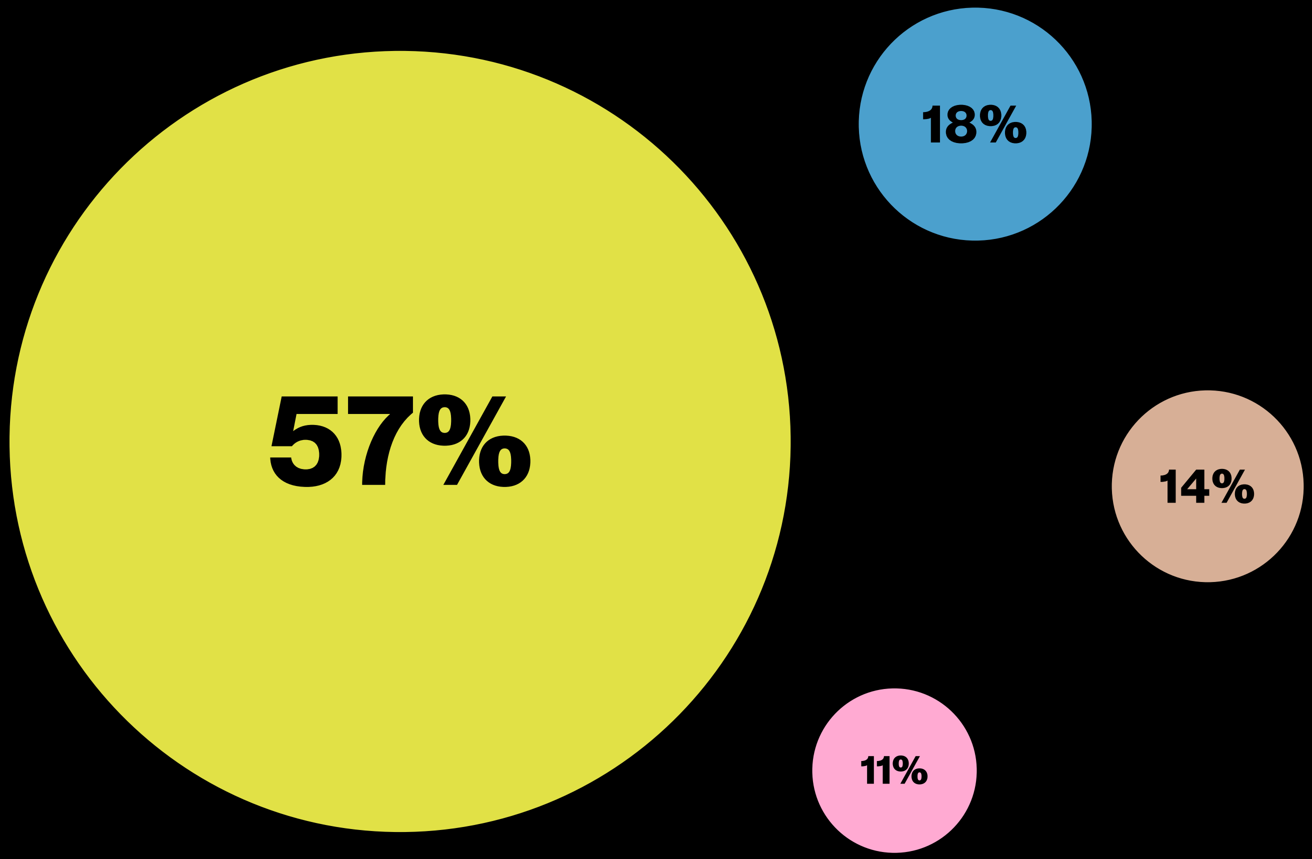
This data shows varying levels of supply across different banners, with New World being the most commonly supplied.

Larger businesses tend to supply more banners on average compared to smaller ones.

Regulated grocery retailers have a key role in supplier sales, on average accounting for over half of supplier sales, based on suppliers we heard from

Overall share of sales – Average across suppliers

On average, 57% of supplier sales come from regulated grocery retailers.



- Regulated grocery retailers
- Other retailers
- Other wholesalers
- Other (e.g. exports, hospitality)

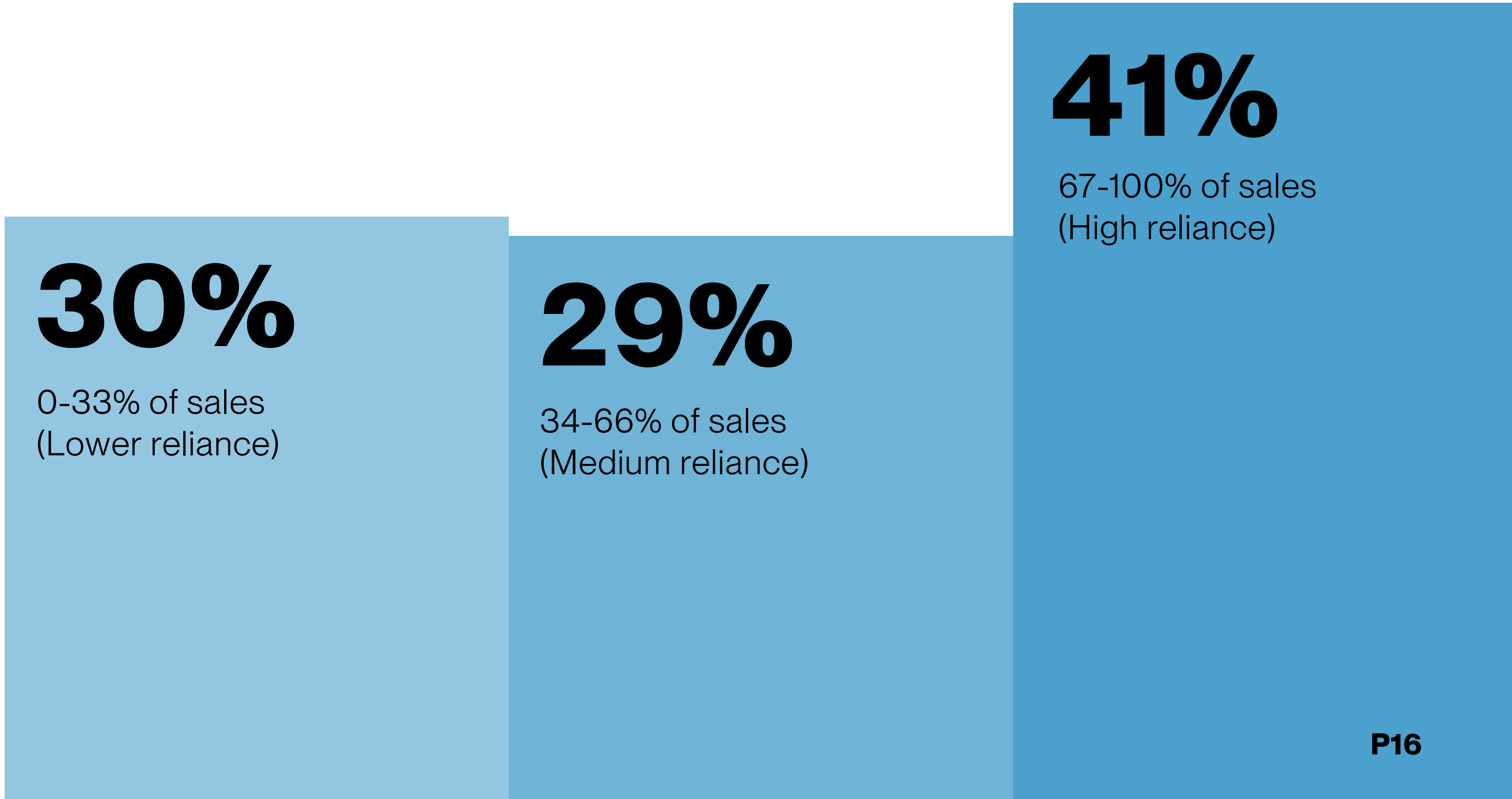
Approximately, what percentage of your total product sales are to regulated grocery retailers versus others?
Base: Those who chose to provide an answer n=438.
Note: Turnover is factored in the share percentage.

Suppliers have varying levels of reliance on regulated grocery retailers. 4 in 10 suppliers we heard from depend on these retailers for the majority of their sales

Share of sales to regulated grocery retailers

41% of suppliers we heard from report that at least two thirds of their sales come from regulated grocery retailers, indicating a strong reliance on these retailers.

Additionally, **5%** state that 100% of their sales go to regulated grocery retailers.



Approximately, what percentage of your total product sales are to regulated grocery retailers versus others?
Base: Those who supply to regulated grocery retailers and chose to provide an answer n=419.

While the level of reliance on regulated grocery retailers varies by business size, it remains high across all

Around 40% or more of suppliers we heard from, regardless of size, get more than two thirds of their sales from regulated grocery retailers.

Share of sales to regulated grocery retailers

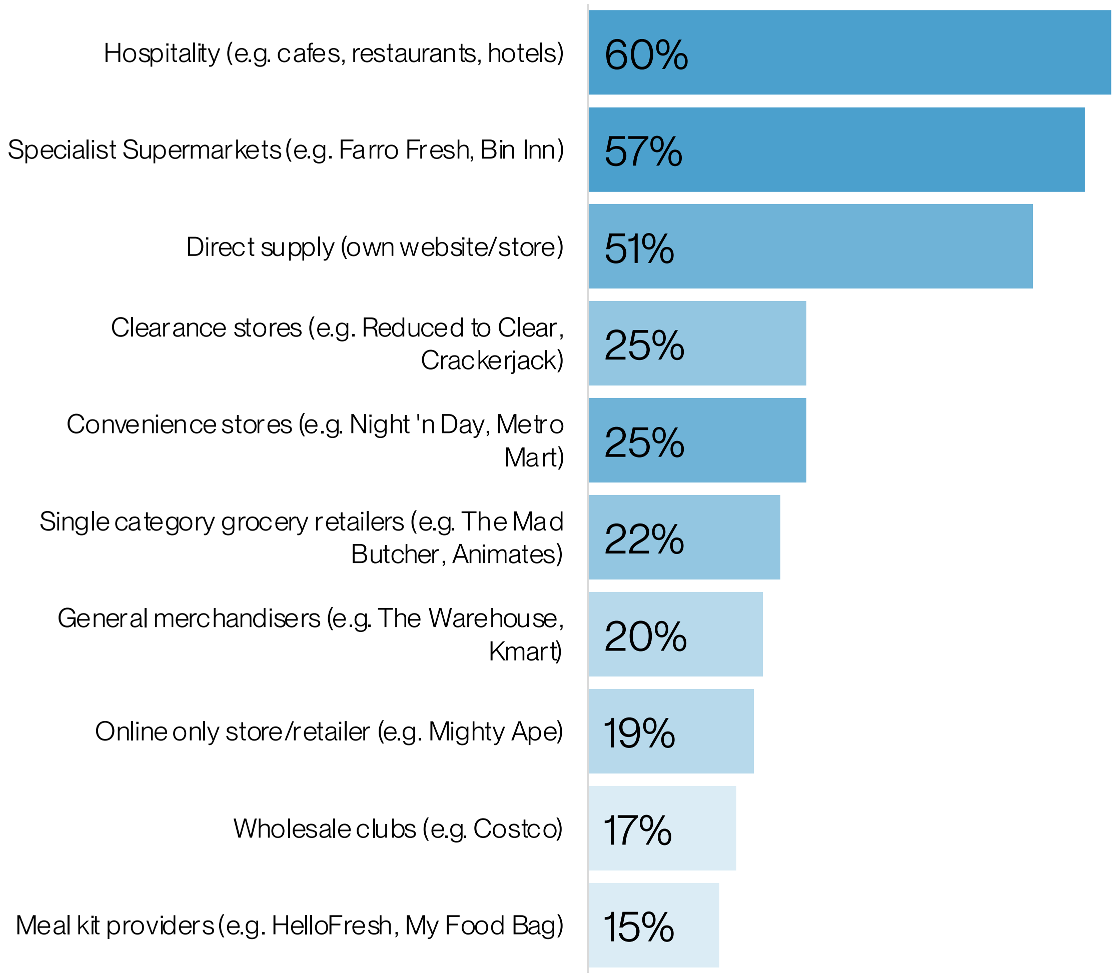
		Business size (FTE)		
	Total	Less than 20	20-99	100 or more
0-33% of sales (Lower reliance)	30%	35% ▲	23% ▼	27%
34-66% of sales (Medium reliance)	29%	27%	34%	25%
67-100% of sales (High reliance)	41%	38%	43%	48%

▲▼ Significantly higher/lower than all other groups

Approximately, what percentage of your total product sales are to regulated grocery retailers versus others?
Base: Those who supply to regulated grocery retailers and chose to provide an answer n=419, less than 20 FTE n=228, 20-99 FTE n=126, 100 or more FTE n=52, rather not say not shown.

Suppliers we heard from are also providing products outside of the major supermarket chains, including hospitality, specialist supermarkets, and through their own websites or stores

Other retailers supplied to



Other than the major supermarket chains, what other retailers do you supply products to?
Base: Those who supply to other retailers n=347.

Key takeaways

1 Many suppliers we heard from have established relationships with regulated grocery retailers, with these relationships varying by business size. Smaller businesses are less likely to supply regulated grocery retailers compared to larger businesses.

2 Regulated grocery retailers are a crucial source of sales for suppliers, with many we heard from relying heavily on these retailers for a significant portion of their sales. The level of dependence on regulated grocery retailers varies by business size, but remains high across all sizes of suppliers.

Understanding suppliers experience with regulated grocery retailers

2

Overall, suppliers we heard from have had both positive and negative experiences with regulated grocery retailers in the last year

Woolworths leads in experience ratings, with the highest positive rating across overall experience, ease of dealings, and fairness, followed by Foodstuffs South Island. Foodstuffs North Island lags behind, with negative ratings outweighing positive across all measures.

Experience with regulated grocery retailer

	Foodstuffs North Island		Foodstuffs South Island		Woolworths New Zealand	
	Positive*	Negative**	Positive*	Negative**	Positive*	Negative**
Your overall experience with [retailer]	30%	35%	39%	17%	40%	19%
The ease of dealing with [retailer]	28%	36%	38%	21%	43%	20%
The fairness in how [retailer] treats me	27%	34%	36%	17%	39%	24%

*"Positive" is the combined total of "Very positive" and "Quite positive" responses.
**"Negative" is the combined total of "Negative" and "Very negative" responses.

Thinking about the past year, how would you rate [retailer]...
Base: Those who supply to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths NZ n=381.
Note: Percentages do not add to 100% because 'neutral', 'don't know' and 'rather not say' responses are not shown.

Larger suppliers generally report more positive experiences

Foodstuffs South Island shows a relatively consistent experience rating across suppliers of all sizes.

Experience with regulated grocery retailer (Positive)

	Foodstuffs North Island Business size (FTE)			Foodstuffs South Island Business size (FTE)			Woolworths New Zealand Business size (FTE)		
	Less than 20	20-99	100 or more	Less than 20	20-99	100 or more	Less than 20	20-99	100 or more
Your overall experience with [retailer]	26% ▼	33%	43% ▲	37%	45%	32%	34%	42%	52% ▲
The ease of dealing with [retailer]	25%	33%	37%	37%	40%	41%	38%	43%	55% ▲
The fairness in how [retailer] treats me	25%	26%	42% ▲	37%	39%	31%	34%	40%	50%

▲▼ Significantly higher/lower than all other groups

TRA

Thinking about the past year, how would you rate [retailer]...
Base: Those who supply to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths NZ n=381.
Less than 20 FTE n=174-232, 20-99 FTE n=127-135, 100 or more FTE n=58-60, rather not say not shown.

Supplier experiences vary, but common themes emerge across all regulated grocery retailers

Reasons for overall experience rating

Positive Themes:

Responsive and collaborative relationships:
Suppliers appreciate responsiveness and a collaborative approach. This involves quick replies, active problem solving, and working together to improve processes or resolve issues.

Clear communication and transparency:
Across all regulated grocery retailers, suppliers we heard from highly value clear communication and transparency in their interactions.

Negative Themes:

Unfair negotiations and power imbalance:
Suppliers express frustration with negotiation tactics and a perceived power imbalance, feeling pressured into unfavourable terms or product delisting.

Lack of transparency and communication:
Inconsistencies in communication and a lack of transparency around pricing, terms, and decision-making processes create challenges for suppliers.

There's a notable difference in how large suppliers and smaller suppliers are treated, with smaller suppliers often feeling neglected or sidelined in favour of larger, more established players.

And why would you rate your overall experience with [retailer] [rating]? Open ended
Base: Those who supply RGRs and provided an experience rating and reason why - Foodstuffs North Island n=336, Foodstuffs South Island n=297, Woolworths NZ n=290.

Most suppliers we heard from reported being offered new or updated agreements in 2024; however, these agreements are widely perceived as favouring the retailer

Has [regulated grocery retailer] offered you a new/updated supply agreement this year?

	Foodstuffs North Island	Foodstuffs South Island	Woolworths NZ
Yes	69%	66%	53%
No	14%	17%	28%
Don't know	13%	14%	15%
Rather not say	4%	4%	4%

Feedback on supply agreements – themes from open ended responses

Common themes emerged across all three regulated grocery retailers, including:

Perceived unfairness: Many felt the terms favoured the retailer, with limited negotiation space and unfavourable clauses such as chargebacks, high rebates, and insufficient supplier protections, creating an unequal partnership.

Complexity: Respondents noted the agreements' complexity and legal jargon, often requiring legal advice to understand, with many feeling the process overwhelming and the agreements offering little value.

Has [regulated grocery retailer] offered you a new/updated supply agreement this year? Base: Those who supply to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths NZ n=381. What are your thoughts on the supply agreement offer made to you? Base: Those who have received a new/updated agreement and provided their thoughts Foodstuffs North Island n=251, Foodstuffs South Island n=219, Woolworths NZ n=163.

Supplier confidence in negotiating with regulated grocery retailers is generally low, with fewer than half of suppliers feeling confident for each regulated grocery retailer

Confidence in negotiating

	Foodstuffs North Island	Foodstuffs South Island	Woolworths NZ
Total Confident (Very confident + quite confident)	30%	39%	39%
Total Not Confident (Not confident + not confident at all)	44%	27%	31%

Note: Percentages do not add to 100% because 'neutral', 'don't know' and 'rather not say' responses are not shown.

Results indicated that confidence in negotiating with regulated grocery retailers increases as business size grows, with larger businesses we heard from feeling significantly more confident in their dealings.

However, smaller businesses we heard from appear to face greater challenges in negotiations, as reflected by their consistently lower confidence levels.

Total Confident

	Business size (FTE)		
	Less than 20	20-99	100 or more
Foodstuffs NI	25%▼	33%	45%▲
Foodstuffs SI	38%	38%	49%
Woolworths NZ	34%	40%	55%▲

▲▼ Significantly higher/lower than all other groups

How would you rate your level of confidence negotiating with [retailer]? Base: Those who supply to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths NZ n=381. Less than 20 FTE n=174-232, 20-99 FTE n=127-135, 100 or more FTE n=58-60, rather not say not shown.

Key takeaways

1	Overall, suppliers we heard from have mixed experiences with regulated grocery retailers. Larger suppliers tend to report more favourable experiences than smaller suppliers.
2	While many suppliers reported receiving new or updated agreements in 2024, these are widely seen as favouring the retailer, leaving suppliers with limited leverage and a sense of unequal negotiation power.
3	Supplier confidence in negotiating with regulated grocery retailers is currently low, with less than half of suppliers we heard from feeling confident in their ability to negotiate with retailers.

Most suppliers we heard from have agreed to terms involving rebates, discounts, or payments to regulated grocery retailers

Rebates, discounts or payments

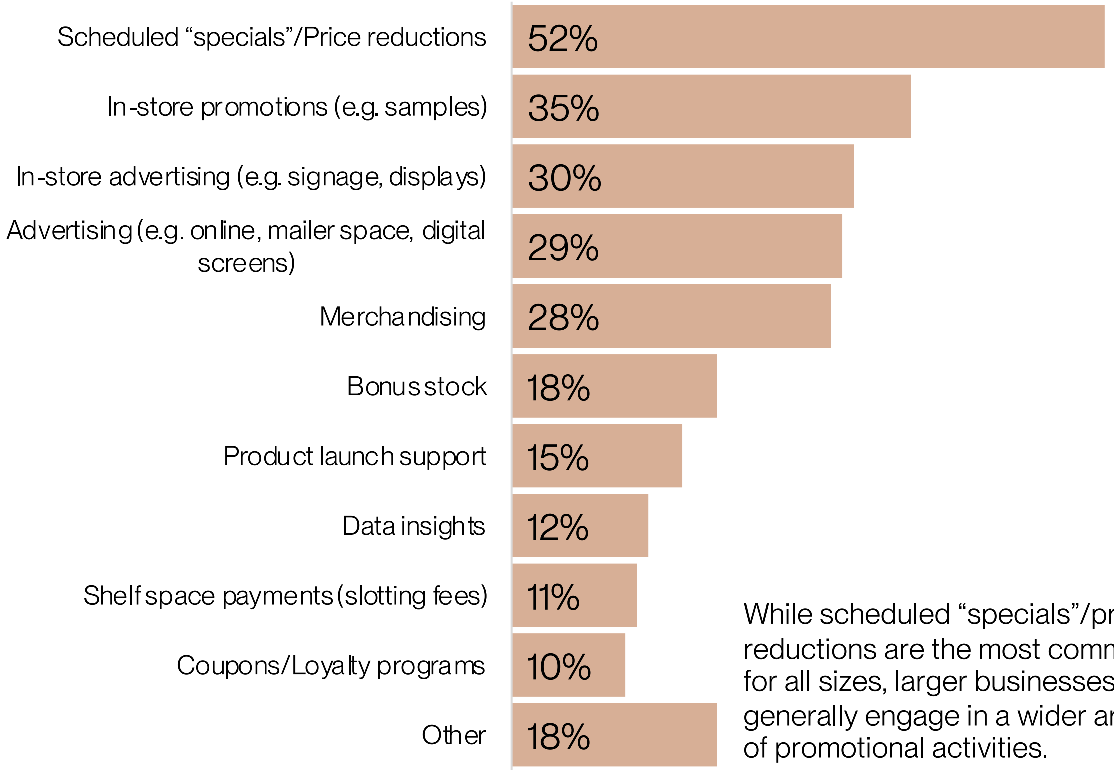
75%

of suppliers state that they have agreed to some form of rebate, discount or payment arrangement with retailers from the list of examples we provided

Business size (FTE)	
Less than 20	76%
20-99	83%▲
100 or more	82%

▲▼ Significantly higher/lower than all other groups

Types of rebates, discounts or payments agreed with retailers



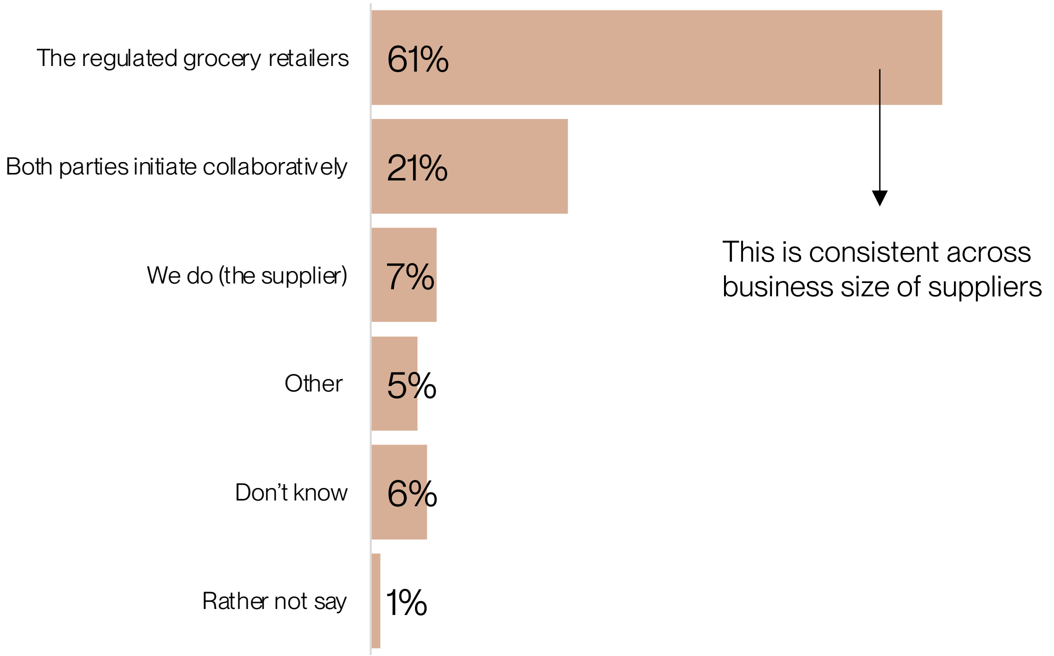
While scheduled "specials"/price reductions are the most common for all sizes, larger businesses generally engage in a wider array of promotional activities.

What types of the following rebates, discounts or payments have you agreed to with retailers?
Base: Total sample n=562, less than 20 FTE n=303, 20-99 FTE n=150, 100 or more FTE n=68, rather not say not shown.

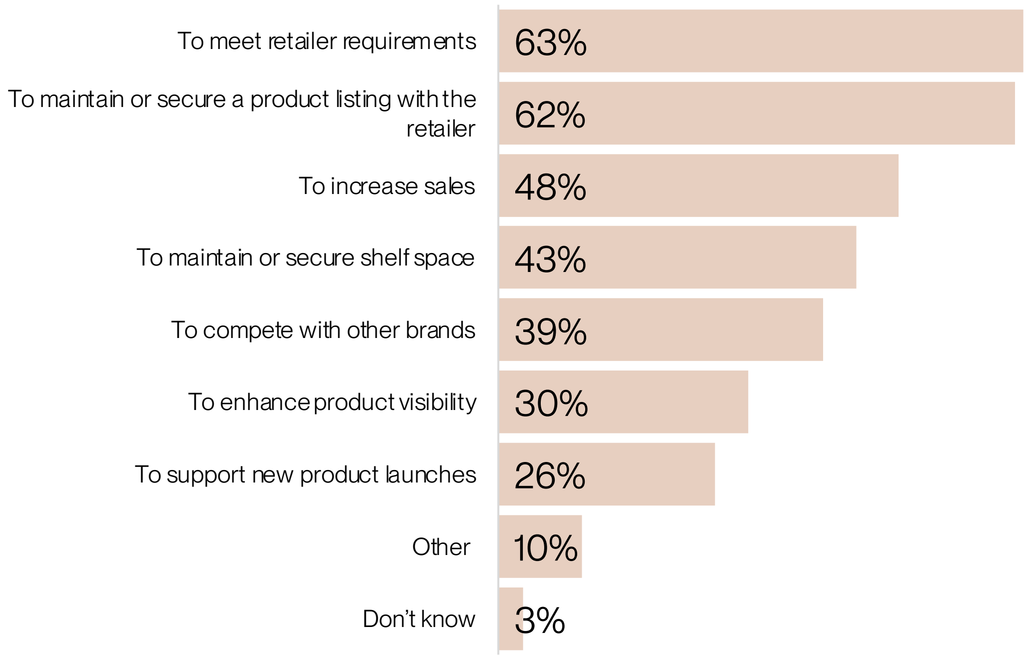
Over half of the suppliers we heard from identified that agreements for rebates, discounts and payments were typically initiated by regulated grocery retailers

The data shows that the initiation and terms of rebates, discounts, and payments are primarily driven by the regulated grocery retailers. We heard that suppliers are often agreeing to these conditions to meet requirements, secure listings, or increase sales.

Initiation of rebates, discounts or payments with retailer



Reason for rebates, discounts or payments with retailer

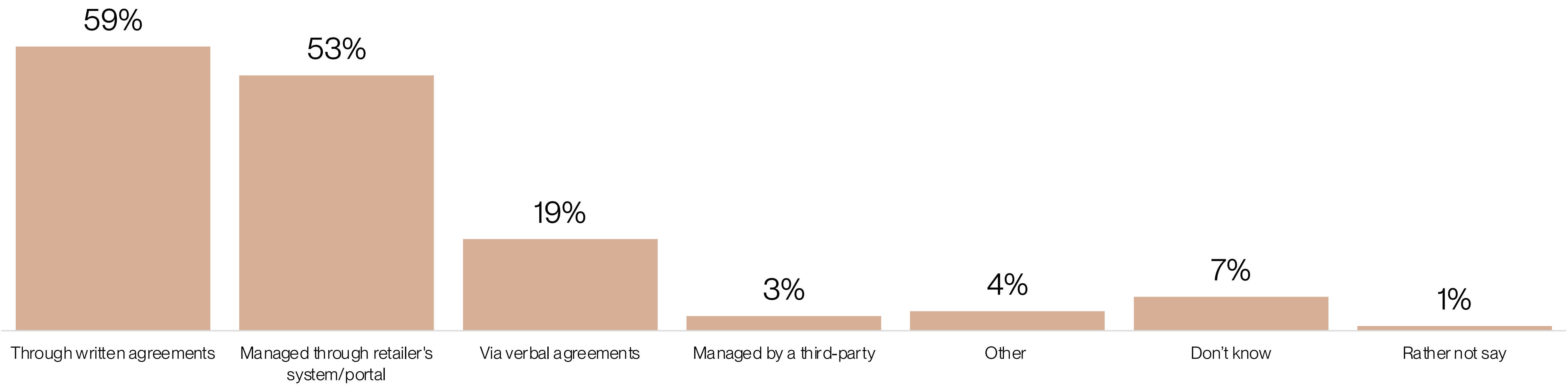


Who typically initiates rebate, discount and payment agreements with regulated grocery retailers?
What are the main reasons you agree to these rebate, discounts or payments with regulated grocery retailers?
Base: Suppliers who have agreed to some form of rebate, discount or payment arrangement with retailers or don't know n=442.

Majority of rebates, discounts, or payments to retailers from suppliers we heard from are managed formally through written agreements or retailer systems

Management of rebates, discounts or payments with regulated grocery retailer

However, the use of verbal agreements and the uncertainty around how these terms are managed highlight potential gaps in formality.



How are rebates discounts and payments to regulated grocery retailers typically managed?
Base: Suppliers who have agreed to some form of rebate, discount or payment arrangement with retailers or don't know n=442.

As business size increases, the use of formal management channels for rebates, discounts, and payments becomes more prevalent

Management of rebates, discounts or payments with regulated grocery retailer

	Business size (FTE)		
	Less than 20	20-99	100 or more
Through written agreements	53% ▼	59%	84% ▲
Managed through retailer's system/portal	48% ▼	64% ▲	51%
Via verbal agreements	20%	16%	16%
Managed by a third-party	3%	2%	2%
Other	5%	2%	2%
Don’t know	10% ▲	4% ▼	0% ▼
Rather not say	1%	1%	0% ▼

The results indicated larger businesses are more likely to have written agreements compared to smaller businesses.

Small businesses are less likely to use formal agreements for rebates, discounts, and payments.

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How are rebates discounts and payments to regulated grocery retailers typically managed?
Base: Suppliers who have agreed to some form of rebate, discount or payment arrangement with retailers or don’t know n=442.
Less than 20 FTE n=240, 20-99 FTE n=132, 100 or more FTE n=57, rather not say not shown.

▲▼ Significantly higher/lower than all other groups

Dissatisfaction with rebates, discounts or payment terms typically outweighs satisfaction

While Foodstuffs South Island and Woolworths NZ show relatively higher satisfaction rates than Foodstuffs North Island, there appears to be considerable room for improvement across all retailers.

Satisfaction with level of rebates, discounts or payments

	Foodstuffs North Island	Foodstuffs South Island	Woolworths New Zealand
Total: Satisfied (Very + quite satisfied)	18%	29%	25%
Neutral	36%	38%	35%
Total: Dissatisfied (Dissatisfied + very dissatisfied)	40%	28%	33%

Satisfaction with value you receive for payments of rebates, discounts or payments

	Foodstuffs North Island	Foodstuffs South Island	Woolworths New Zealand
Total: Satisfied (Very + quite satisfied)	15%	21%	23%
Neutral	36%	43%	36%
Total: Dissatisfied (Dissatisfied + very dissatisfied)	43%	28%	35%

The results indicate satisfaction with rebates, discounts, and payment terms is consistently low and that suppliers feel dissatisfied with the current arrangements.

Note: Percentages do not add to 100% because 'rather not say' responses are not shown.

How satisfied are you with the level of rebates, discounts and payments with [retailer]?
How satisfied are you with the value you receive for the payments made towards the rebates, discounts, or payments with [retailer]?
Base: Those who supply to Foodstuffs North Island n=447, Foodstuffs South Island n=414, Woolworths NZ n=381.

Key takeaways

1

Most suppliers we heard from have entered into agreements involving rebates, discounts, and payments with regulated grocery retailers. These terms are largely initiated by retailer demands.

2

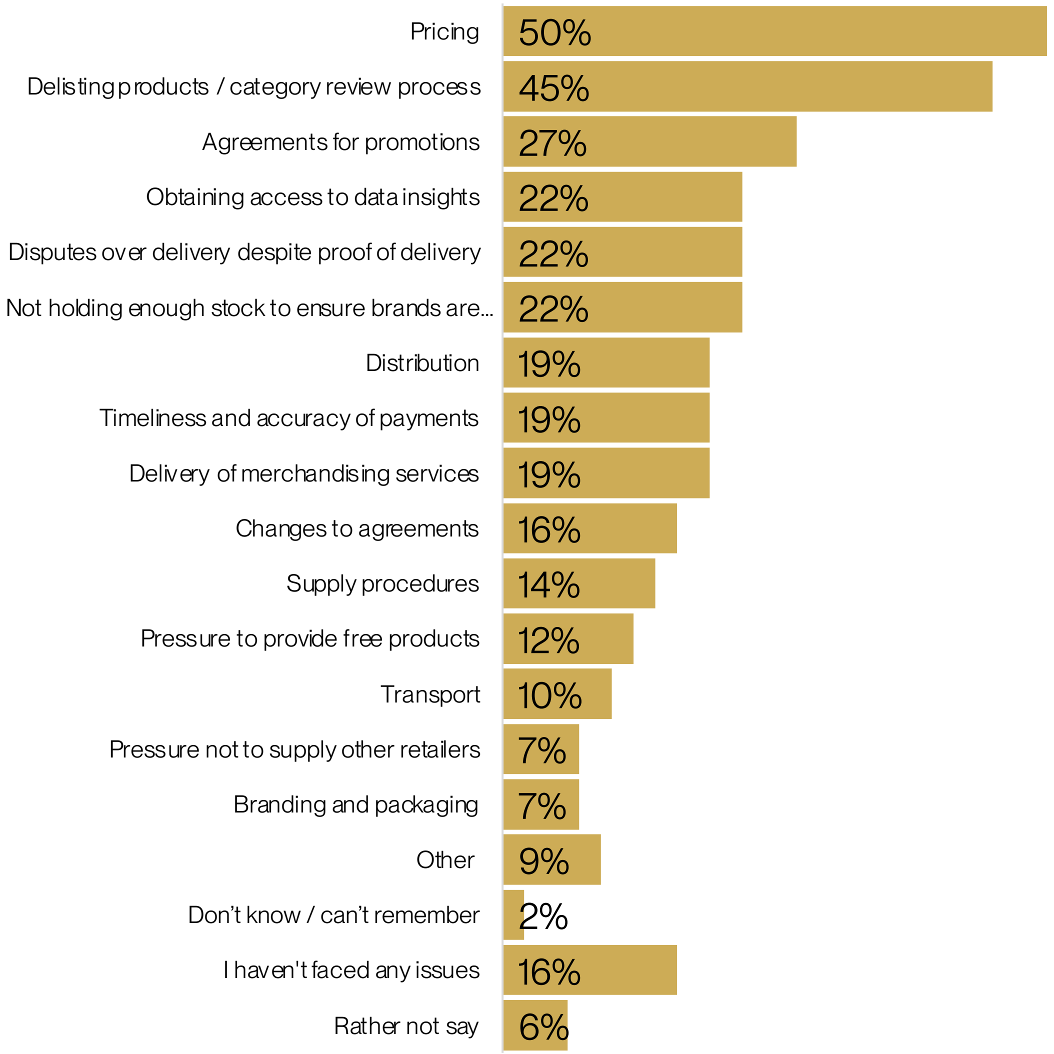
Suppliers typically express greater dissatisfaction than satisfaction with the level of, and value obtained from rebates, discounts, and payments.

Nearly all suppliers we heard from have encountered issues over the past year, highlighting widespread challenges in their relationships with regulated grocery retailers

75% of suppliers state that they have faced an issue with a regulated grocery retailer over the past year

Less than 20 FTE	79%
20-99 FTE	81%
100 or more FTE	71%

Issues faced



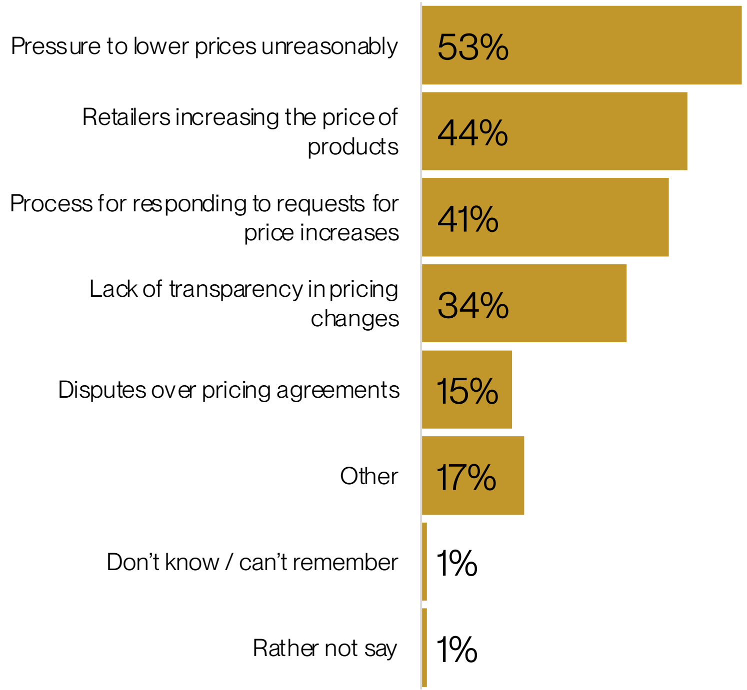
Pricing and delisting are the most frequently reported issues, affecting suppliers regardless of their size.

Thinking about the past year, have you faced any of the issues related to the following?
Base: Total sample n=562, less than 20 FTE n=303, 20-99 FTE n=150, 100 or more FTE n=68, rather not say not shown.

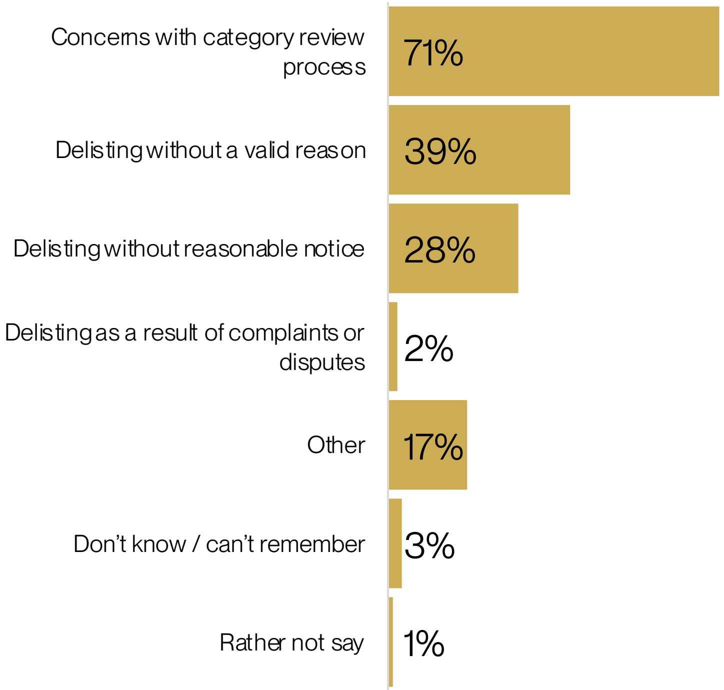
Follow-up questions enabled further definition of the top issues

Details of Issues related to...

Pricing



Delisting and Category Reviews



Pressure to reduce prices, retailers increasing product prices, and challenges in responding to requests for price increases were the most frequently reported pricing issues.

The majority of respondents who had selected delisting and category reviews as an issue, identified the issue being to do with the concerns with category review process.

You mentioned you faced an issue with pricing, what was this issue to do with? Base: Those who faced an issue with pricing n=281.
You mentioned you faced an issue with delisting and category reviews, what was this issue to do with? Base: Those who faced an issue with delisting and category reviews n=254.

Follow-up questions enabled further definition of the top issues

Details of Issues related to…

Changes to agreements

Issues with contract renewals	30%
Changes to agreements after being agreed upon	22%
Changes in terms without prior notice	18%
Other	32%
Don't know / can't remember	16%
Rather not say	1%

Timeliness and accuracy of payments

Payments made later than agreed terms	55%
Issues with payment processing	52%
Deductions from invoices without consent	40%
Other	17%
Don't know / can't remember	1%
Rather not say	0%

Agreements for promotions

Pressure to pay for promotions	55%
Being required to pay for promotions that seem unreasonable	40%
How a promotion has been delivered	33%
Not allowed to do promotions	29%
Not being provided with information on the delivery or details of promotions	29%
Failure to deliver an agreed promotion	25%
Cancellation or reduction of promotion orders without notice	21%
Other	19%
Don't know / can't remember	3%
Rather not say	2%

Supply procedures

Problems with inventory management	30%
Delays in order fulfilment	20%
Changes to supply chain processes without notice	19%
Other	33%
Don't know / can't remember	13%
Rather not say	3%

You mentioned you faced an issue with changes to agreements, what was this issue to do with? Base: Those who faced an issue with agreements n=90.
You mentioned you faced an issue with timeliness and accuracy of payments, what was this issue to do with? Base: Those who faced an issue with payments n=106.
You mentioned you faced an issue with agreements for promotions, what was this issue to do with? Base: Those who faced an issue with promotions n=154.
You mentioned you faced an issue with supply procedures, what was this issue to do with? Base: Those who faced an issue with supply procedures n=79.

While the majority of suppliers we heard from have attempted to address issues with a regulated grocery retailer before, satisfaction with the resolution is low

We heard that across all three regulated grocery retailers, a significant number of suppliers attempt to resolve issues, but satisfaction with the responses or actions taken is low. The results indicated Foodstuffs North Island has the highest resolution attempts but the lowest satisfaction.

	Ever tried to resolve an issue (out of those who faced an issue)	Satisfied with response / action
Foodstuffs North Island	77%	23%
Foodstuffs South Island	57%	40%
Woolworths New Zealand	68%	34%

Have you ever tried to resolve an issue with [retailer]…
Base: Those who had an issue AND supply to Foodstuffs North Island n=354, Foodstuffs South Island n=333, Woolworths New Zealand n=310.
How satisfied were you with the response / action to issues raised with the retailer?
Base: Those who also tried to resolve an issue Foodstuffs North Island n=271, Foodstuffs South Island n=190, Woolworths NZ n=210.

A higher proportion of larger businesses reported having attempted to resolve issues with retailers, but satisfaction with the resolution is generally low across all supplier sizes

While larger businesses more frequently raised issues with retailers, satisfaction with how these issues are handled remains low across all supplier types.

Ever tried to resolve an issue (out of those who faced an issue)

	Business size (FTE)		
	Less than 20	20-99	100 or more*
Foodstuffs North Island	73%	77%	87% ▲
Foodstuffs South Island	52%	57%	76% ▲
Woolworths New Zealand	61% ▼	70%	82% ▲

Satisfied with response/action

	Business size (FTE)		
	Less than 20	20-99	100 or more*
Foodstuffs North Island	16% ▼	26%	38% ▲
Foodstuffs South Island	44%	35%	41%
Woolworths New Zealand	38%	27%	42%

▲▼ Significantly higher/lower than all other groups

Have you ever tried to resolve an issue with [retailer]? Base: Those who had an issue AND supply to [retailer]. Less than 20 FTE n=145-184, 20-99 FTE n=107-113, 100 or more FTE n=44-45.
How satisfied were you with the response/ action to issues raised with the retailer? Base: Those who also tried to resolve an issue with [retailer]. Less than 20 FTE n=86-134, 20-99 FTE n=63-87, 100 or more FTE n=34-39. *sample size less than 50

Key takeaways

1. Nearly all suppliers we heard from report encountering challenges in their relationships with regulated grocery retailers over the past year, indicating the potentially widespread nature of these issues across the sector.

2. While the majority of suppliers attempt to resolve an issue, low satisfaction with the outcome is common.

3. Larger suppliers more frequently reported addressing issues with retailers compared to smaller suppliers, but their satisfaction with the resolution process remains low, suggesting that size does not guarantee better outcomes in issue resolution.

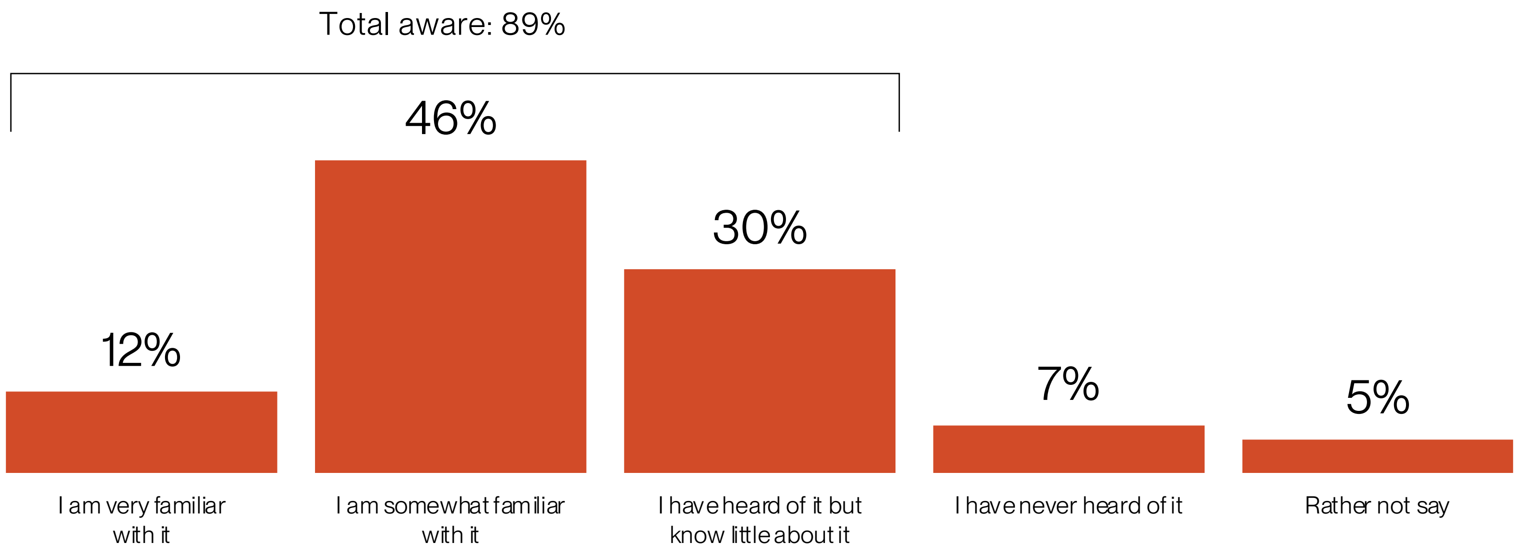
Awareness and understanding of the Grocery Supply Code, Grocery Industry Dispute Resolution Scheme and the Commission’s Anonymous Reporting Tool

3

The majority of suppliers we heard from are aware of the Grocery Supply Code, but their depth of knowledge remains limited

A very high proportion of suppliers are aware of the Grocery Supply Code, indicating that it is a well-known concept within the industry. While awareness is high, only 12% of suppliers report being very familiar with the Grocery Supply Code. This suggest that while suppliers know about the code, a deeper understanding is lacking.

Depth of knowledge of the Grocery Supply Code



While awareness of the Grocery Supply Code is high across all supplier sizes, larger businesses tend to have a deeper understanding, whereas smaller businesses are more likely to have heard of the code but lack detailed knowledge.

	Business size (FTE)		
	Less than 20	20-99	100 or more
Total aware	91%	95%▲	91%
I am very familiar with it	8%▼	15%	24%▲
I am somewhat familiar with it	42%▼	55%▲	59%▲
I have heard of it but know little about it	40%▲	25%	9%▼
I have never heard of it	8%	4%	6%
Rather not say	1%▼	1%▼	3%

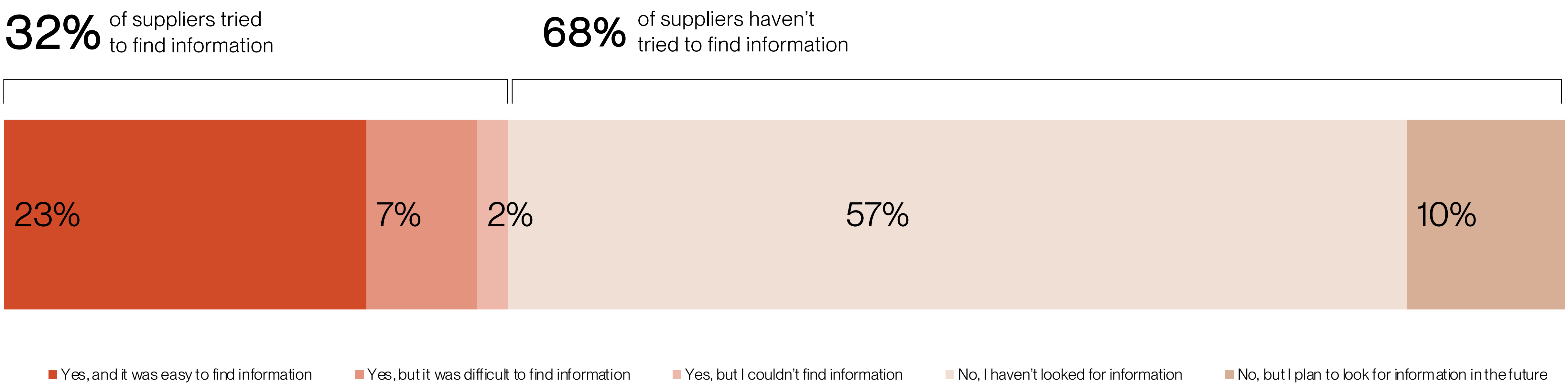
▲▼ Significantly higher/lower than all other groups

How familiar are you with the Grocery Supply Code?
Base: Total sample n=562. Less than 20 FTE n=303, 20-99 FTE n=150, 100 or more FTE n=68, rather not say not shown.

Most suppliers we heard from who know of the Grocery Supply Code, aren’t actively looking for information about the Grocery Supply Code

Most suppliers we heard from who know of the Grocery Supply Code, aren’t actively looking for information about the Grocery Supply Code, and while majority of those who did attempt to find information were successful, there is a group that found it difficult or couldn’t find the information.

Searched for information on The Grocery Supply Code (among those aware)



Have you tried to find information or guidance on the Grocery Supply Code on the Commerce Commission’s website?
Base: Those aware of the Grocery code n=498. Note: Percentages in chart may not add to exactly 100% due to rounding.

Smaller businesses who know of the Grocery Supply Code are less proactive in seeking information about the Grocery Supply Code

While larger businesses are more engaged, overall engagement remains low across all sizes.

Searched for information on The Grocery Supply Code (among those aware)

	Business size (FTE)		
	Less than 20	20-99	100 or more
NET: Tried to find information	27% ▼	39% ▲	37%
Yes, and it was easy to find information	17% ▼	29% ▲	32%
Yes, but it was difficult to find information	8%	8%	5%
Yes, but I couldn't find information	2%	1%	0%▼
No, I haven't looked for information	65% ▲	48%▼	45%▼
No, but I plan to look for information in the future	7% ▼	13%	18%

▲▼ Significantly higher/lower than all other groups

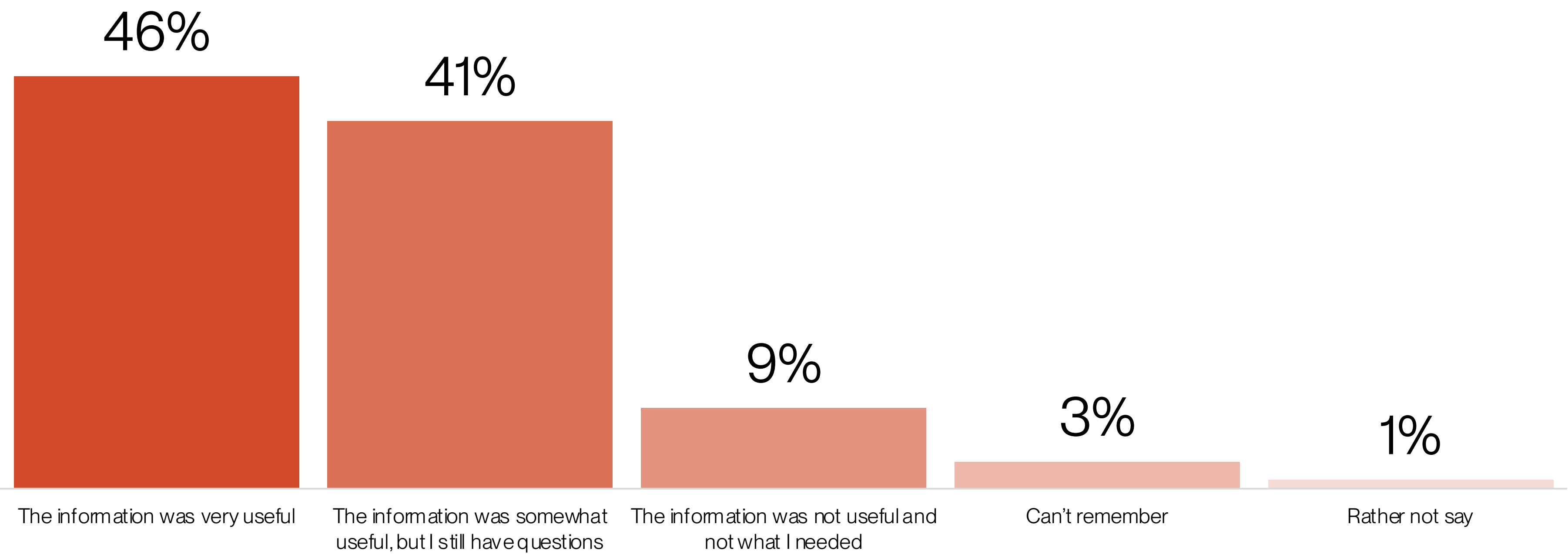
Have you tried to find information or guidance on the Grocery Supply Code on the Commerce Commission's website?
Base: Those aware of the Grocery code - Less than 20 FTE n=275, 20-99 FTE n=143, 100 or more FTE n=62, rather not say not shown.

Around half of suppliers that are aware of and have used the Grocery Supply Code found the information very useful, however many still have questions

This suggests that while the information is helpful, there is a need for more detailed or clearer guidance.

These results are consistent across business size.

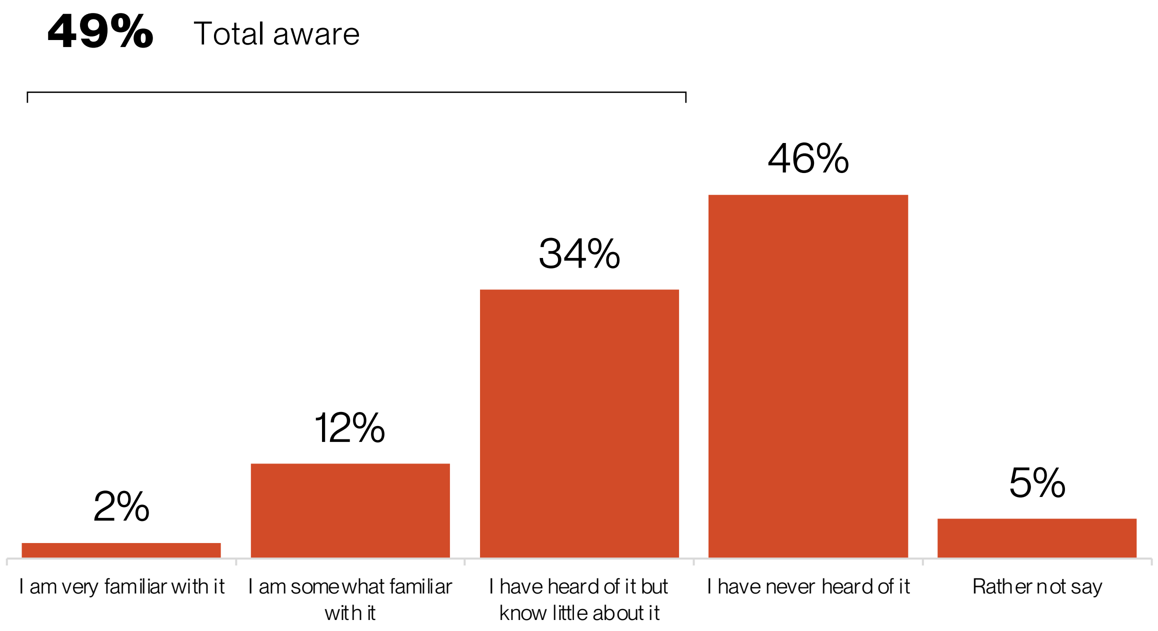
The Grocery Supply Code Information Quality (among those aware and used)



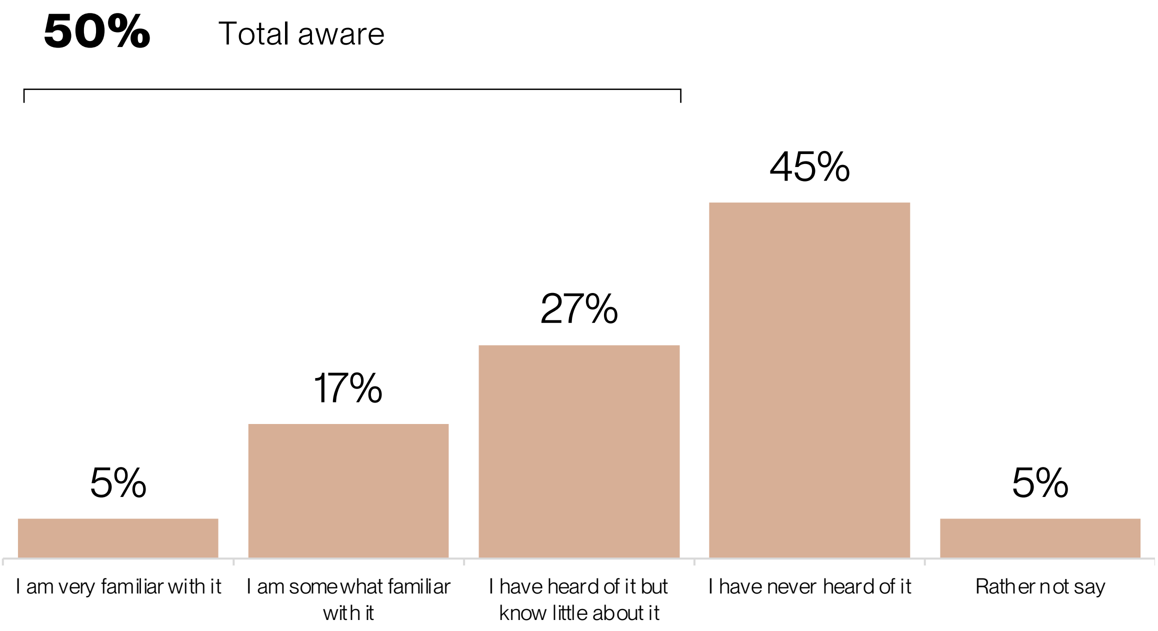
How useful was the Commerce Commission's information or guidance on the Grocery Supply Code?
Base: Suppliers who are aware of and used the Grocery code n=149.

Half of the suppliers we heard from are aware of the Grocery Industry Dispute Resolution Scheme and the Commerce Commission's Anonymous Reporting Tool, but familiarity with these tools is limited

Awareness of Grocery Industry Dispute Resolution Scheme



Awareness of Anonymous Reporting Tool



How familiar are you with the recently established Grocery Industry Dispute Resolution Scheme?
How familiar are you with the Commerce Commission's Anonymous Reporting Tool for anonymously reporting issues to the Commerce Commission for possible investigation?
Base: Total sample n=562.

Awareness of dispute resolution and the anonymous reporting tools increases with business size, but familiarity remains low overall, particularly among smaller businesses

Awareness of Grocery Industry Dispute Resolution Scheme

	Business size (FTE)		
	Less than 20	20-99	100 or more
Total aware	44%▼	58%▲	66%▲
I am very familiar with it	1% ▼	4%	4%
I am somewhat familiar with it	9% ▼	15%	26% ▲
I have heard of it but know little about it	34%	39%	35%
I have never heard of it	56% ▲	40%	29% ▼
Rather not say	0% ▼	2% ▼	4%

Awareness of Anonymous Reporting Tool

	Business size (FTE)		
	Less than 20	20-99	100 or more
Total aware	40%▼	64%▲	74%▲
I am very familiar with it	4%	6%	9%
I am somewhat familiar with it	11% ▼	25% ▲	32% ▲
I have heard of it but know little about it	25%	33%	32%
I have never heard of it	59% ▲	33% ▼	24% ▼
Rather not say	1% ▼	3% ▼	3%

▲▼ Significantly higher/lower than all other groups

How familiar are you with the recently established Grocery Industry Dispute Resolution Scheme?
How familiar are you with the Commerce Commission's Anonymous Reporting Tool for anonymously reporting issues to the Commerce Commission for possible investigation?
Base: Total sample n=562. Less than 20 FTE n=303, 20-99 FTE n=150, 100 or more FTE n=68, rather not say not shown.

Key takeaways

1	While most suppliers we heard from are aware of the Grocery Supply Code, their understanding remains limited, with smaller businesses showing less engagement. Suppliers generally aren't actively seeking information, and there's a need for clearer, more detailed guidance.
2	Around half of suppliers we heard from that are aware of and have used the Grocery Supply Code find the information useful, but many still have questions, suggesting a gap in clarity or depth of the content provided.
3	Half of suppliers we heard from are aware of the Grocery Industry Dispute Resolution Scheme and the Anonymous Reporting Tool. However, familiarity and understanding of these tools are limited, with awareness increasing with business size but remaining low across the board.

Other results

4

Most suppliers we heard from stated that there is a difference in the agreements/terms and conditions between regulated grocery retailers and other retailers

The suppliers we heard from highlighted price and payment terms as the main differences.

Extent of Difference in Agreement/Terms and Conditions with Regulated Grocery Retailers vs. Other Retailers

	NET: Differ	They differ a lot	They differ a little	There is no difference	Don't know	Rather not say
Foodstuffs North Island	87%	54%	33%	7%	5%	1%
Foodstuffs South Island	84%	44%	40%	9%	5%	1%
Woolworths New Zealand	81%	46%	35%	11%	7%	1%

Differences in Agreements/Terms and Conditions with Regulated Grocery Retailers vs. Other Retailers

Price	76%
Payment terms	68%
Delivery requirements	49%
Merchandising	47%
Product range	46%
Minimum order quantity	23%
Other	20%
Rather not say	1%

To what extent does the agreement/terms and conditions between you and [retailer] differ from those with other retailers (e.g., retailers and wholesalers that are not regulated grocery retailers)?
Base: Those who are currently supplying to Foodstuffs North Island and other retailers n=334, those who are currently supplying to Foodstuffs South Island and other retailers n=310, those who are currently supplying to Woolworths New Zealand and other retailers n=296.
In which ways do the agreements/terms and conditions between you and regulated grocery retailers differ from those with other retailers you supply?
Base: Those who stated that the agreement/terms and conditions differ n=338.

Around half of suppliers we heard from supply products to a wholesaler

The main differences are price and payment terms

Wholesale supply

Yes	49%
No	37%
Don’t know	8%
Rather not say	5%

Wholesalers supplied to (among those who supply wholesale)

Foodstuffs North Island – Gilmours	55%
Foodstuffs South Island – Trents	42%
New Zealand Grocery Wholesalers (Woolworths New Zealand)	26%
Fresh produce wholesaler	22%
Foodstuffs North Island – Wholesale offering	21%
Foodstuffs South Island – Wholesale offering	20%
Other	42%
Don’t know	3%
Rather not say	2%

Reasons for not supplying products to a wholesaler (among those who do not supply wholesale)

Insufficient margins	39%
We have our own distribution network	34%
Preference for direct retail relationships	32%
Pricing issues	20%
Lack of demand	18%
Logistical challenges	12%
Brand and marketing	10%
Quality control	7%
Operational challenges	6%
To maintain control over exports	4%
Contractual obligations with other retailers	2%
Other	11%
Don't know	6%
Rather not say	1%

Do you supply products to a wholesaler (including to a retailer that then on-sells through a wholesale offer)? Base: Total sample n=562.
Which wholesalers do you supply to? Base: Those who supply to a wholesaler n=277.
What are your main reasons for not supplying products to a wholesaler? Base: Those who do not supply to a wholesaler n=210.