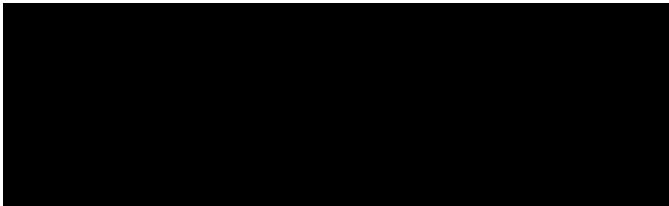



31 October 2024



Kia ora 

Official Information Act #24.079

Thank you for your Official Information Act request of 9 October 2024 regarding the Commerce Commission's first Annual Grocery Report. Specifically, you requested:

"The report notes on page 49 that "The New World, Pak'nSave and Countdown banners have all experienced an increase in price-cost margins ... products with average price-cost margins in the highest quartile are general merchandise, bread (excluding in-house bakery), cooking needs (eg, flour, eggs, oil, herbs), health products and toiletries. Those in the lowest quartile are baby products, beverages, biscuits, breakfast (cereals and spreads), confectionery and tobacco", with a footnote that this breakdown comes from a ComCom analysis of industry info.

I'm wondering if this analysis would be available to read?"

The Commission can advise that, in undertaking our price-cost margin analysis for the report, we requested information from Woolworths New Zealand, Foodstuffs North Island and Foodstuffs South Island (the three Regulated Grocery Retailers, or RGRs), on revenues and costs for non-fresh products. Different RGRs use different categorisation for products. To enable comparisons, the Commission created a set of "common categories" for the report.

The common categories were created by mapping different product categories across Woolworths New Zealand, Foodstuffs North Island and Foodstuffs South Island to create one common list of non-fresh categories.

Our common categories covered non-fresh grocery products. Some departments, such as café, florist, pharmacy, bulk food and services, were excluded because of products not being standard, or data quality issues.

The table below summarises the 2023 average price-cost margin for categories by quartile:

	Price-cost margin % range	Categories
First quartile	Below 13.6%	Baby, Beverages, Biscuits, Breakfast, Confectionery, Tobacco
Second quartile	13.6% to 17.3%	Chilled & frozen, Canned foods, Prepared foods*, Snacks, Liquor
Third quartile	17.3% to 19.6%	Cleaning, Condiments, Other foods**, Paper goods***, Pasta & rice, Pet
Fourth quartile	Over 19.6%	General merchandise, Bread, Cooking needs, Health, Toiletries

* 'Prepared goods' captures food such as soups and ready to go meals.

** 'Other foods' captures international and ethnic foods along with seasonal foods like Easter confectionery.

*** 'Paper goods' captures goods such as facial tissues, toilet paper, and paper towels.

I trust that you will find this information useful. If you have any questions about this response, please do not hesitate to contact us at uia@comcom.govt.nz.

If you are not satisfied with our response, section 28(3) of the OIA provides you with the right to ask an Ombudsman to investigate and review this response. Information about how to do this can be found at www.ombudsman.parliament.nz.

Yours sincerely



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