

# SUBMISSION

To the

Senate Economics Reference Committee

Inquiry into the GROCERY choice Website

Prepared by:

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The WA Independent Grocers Association represents some 400 independently owned grocery retail outlets through the state of Western Australia. Our membership has a combined turnover of \$2.4 billion per year and employs in excess of 20,000 people.

The introduction of the Grocery choice website caused our membership a lot of concern as in the main there was little if any consultation or advice of what was proposed and subsequently happened.

All our members are independent businesses owned by individuals who may be a member of our Association but still run their businesses in their own way. As such in some cases the first store owners knew of any web site was when individuals turned up at their door step and declared that they were there to collect pricing data that could take them up to 8 hours to complete. In some cases they were small country stores with little or no competition and extremely high costs of delivery to their store especially in the case of fresh produce.

When the results were first put on the web site the vast majority of independent store owners in WA felt that they had not been fairly dealt with.

There was negative press to independently owned stores and this went across not just large bannered independent supermarkets but also specialist fruit and vegetable retailers as well as mixed businesses.

No one in the industry in WA thought that the data collection was done correctly, were confused as to whether specials were taken into account, and did not have faith in any comparison of fresh produce. There was also concern in the way that house brands were being included as house brands can differ greatly in retail price according to country of manufacture as well as specifications of manufacturer. In many instances independents in WA will retail branded products in price sensitive categories such as milk and bread below house brands of other retailers. Quality of meat products and fruit and vegetables were also of concern as many retailers will stock up to three or four grades of produce at different prices.

Store owners originally were unsure if the people in their stores had any legal right to be there and did not know if they should put a staff member with them for the whole day that they were there or leave them alone or ask them to leave without collecting the data.

The only positive thing to come out was the total lack of interest that customers showed to the results that the website had. In my business we serve about 30,000 customers a week and not one of them mentioned the website or the results of the surveys that did receive a lot of media coverage. This was no doubt due to the fact that the website did not deliver any benefits to consumers and not give them any information that was useful to the way that they shopped for groceries.

When it was announced that Choice were to take over the website and we became aware of their requirement for an individual business to upload on a weekly basis pricing information owners became even more confused as to what was to happen.

I attended meetings of owners that are held regularly to discuss many matters and the topic of Choice and the website did come up at those meetings. There was not one retailer who held the

information in a form that would be able to be transferred to Choice and not one who was willing to do it if the information was to be made available at a cost to the individual owner.

As was pointed out to Choice earlier, all independent stores in WA run their own point of sale system that primarily complies with the collection of GST and as such has costs and sells in the file for the calculation of GST and the running of weekly specials which are the life blood of the grocery retail industry. All of this information is of course highly confidential and no business owner would want to share this with competitors or for that matter consumers. Also none of the systems are connected to the internet for data transfer as each system picks up required data on a once a week basis by traditional dial up modem.

Each system uses different product numbers to identify items, and in some cases different descriptions, so there is not even a common thread to the information available in each system

Simply the data requested by Choice was not available from independents in WA who make up in excess of 30% of the market. So to proceed with such a website and think that it would contribute anything was in our opinion not realistic.

To do so at a cost to the taxpayer was not an effective use of taxes.

The Grocery choice website has at best caused an irritation to business owners in WA and not delivered any meaningful benefit to consumers. The independent sector does not hide pricing with each store spending probably in the vicinity of \$50,000 to \$100,000 per year to ensure that the customer is given as much accurate pricing information that they can with the technology available.