



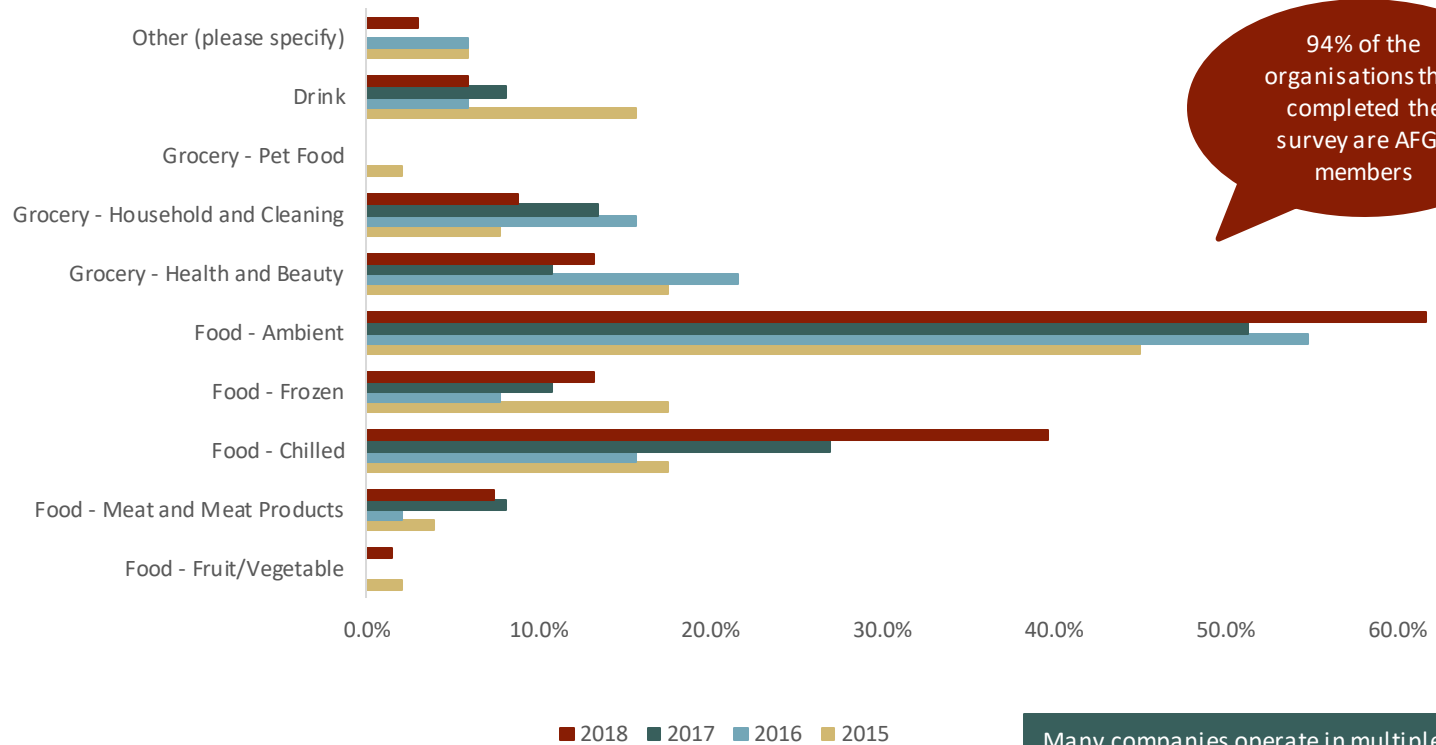
AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

**2018  
Annual  
Food and Grocery  
Code of Conduct  
Survey**

*Sustaining  
Australia*

*Confidential Draft*

- Over 98% of respondents have an understanding of the FGCC.
- Suppliers remain reticent to raise an issue with CCM or ACCC.
- Significant opportunity to improve awareness of the CCM and their role.
- Significant improvement at Woolworths in compliance and buyer knowledge, retail practices remain steady. Minor improvement at Coles in compliance and buyer knowledge, however retail practices have weakened.
- Limited number of FGCC issues at Aldi, some issues recorded at Woolworths, greater number reported at Coles.
- Problematic behaviours:
  - Range review and shelf allocation principles are not clearly articulated.
  - De-listing remains a contentious topic.
  - Request for payments as a condition of stocking or listing a product.
- Strong support for whole of industry to become signatories.
- Non-FGCC issues include price adjustment process and request for margin/profit support.



94% of the organisations that completed the survey are AFGC members

Many companies operate in multiple categories.

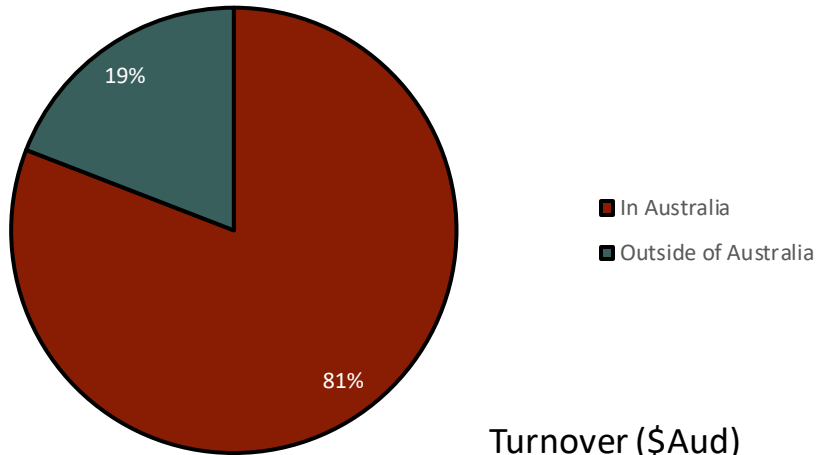
2015 =  
51

2016 =  
53

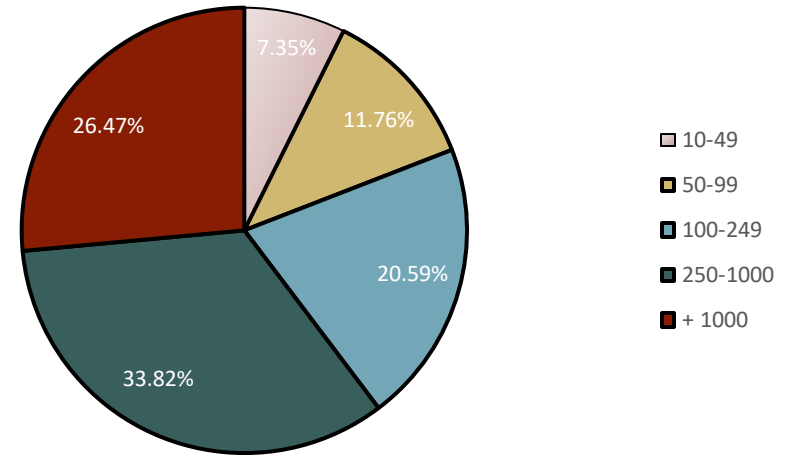
2017 =  
37

2018 =  
68

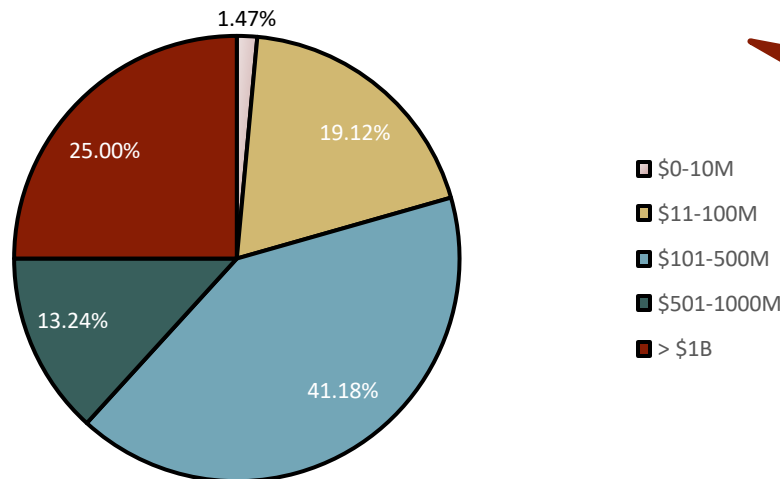
### Head Office Location



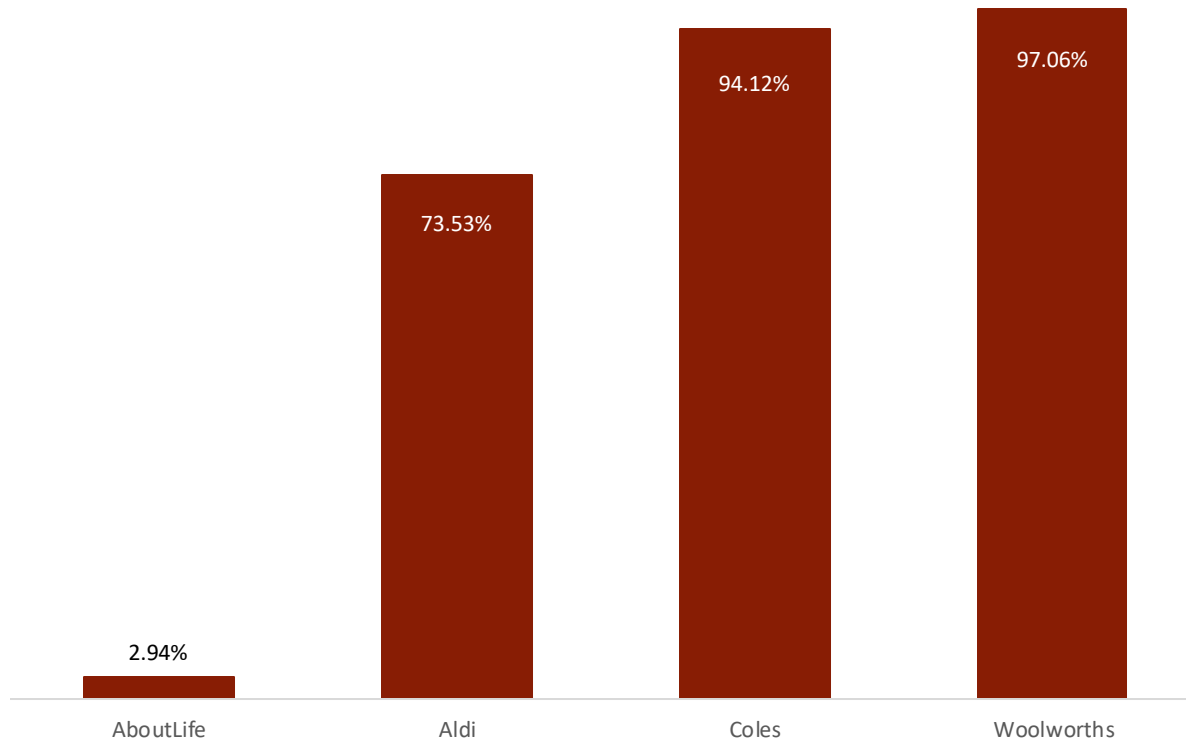
### Number of Employees



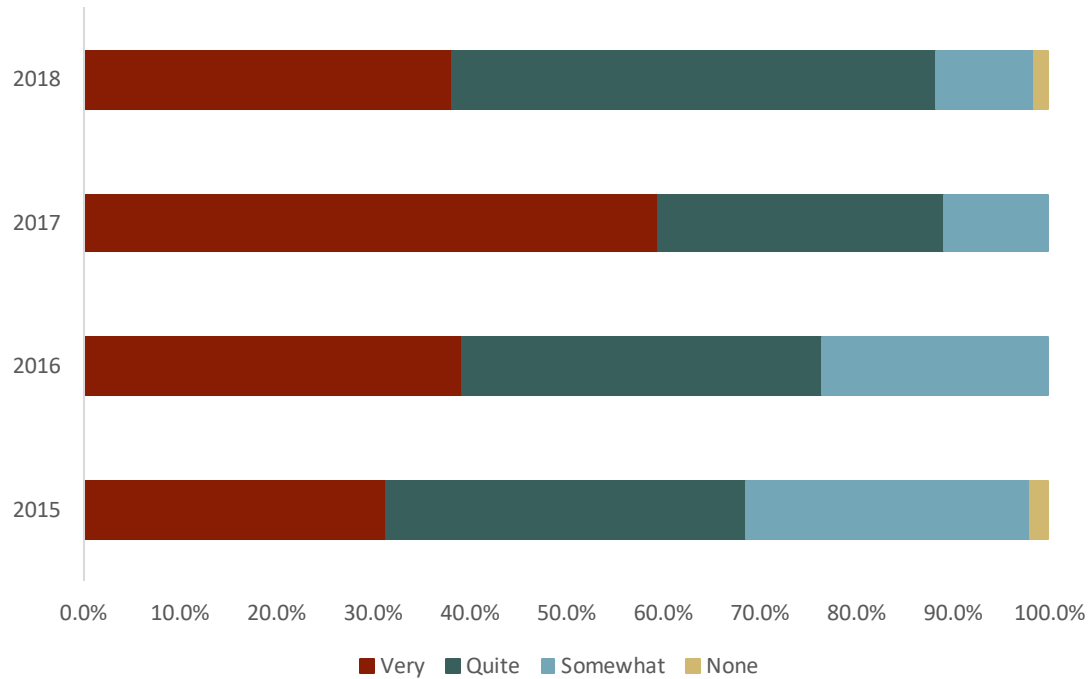
### Turnover (\$Aud)



19% CEO's  
50% Sales Executives  
and  
25% National Account  
Managers  
completed the survey



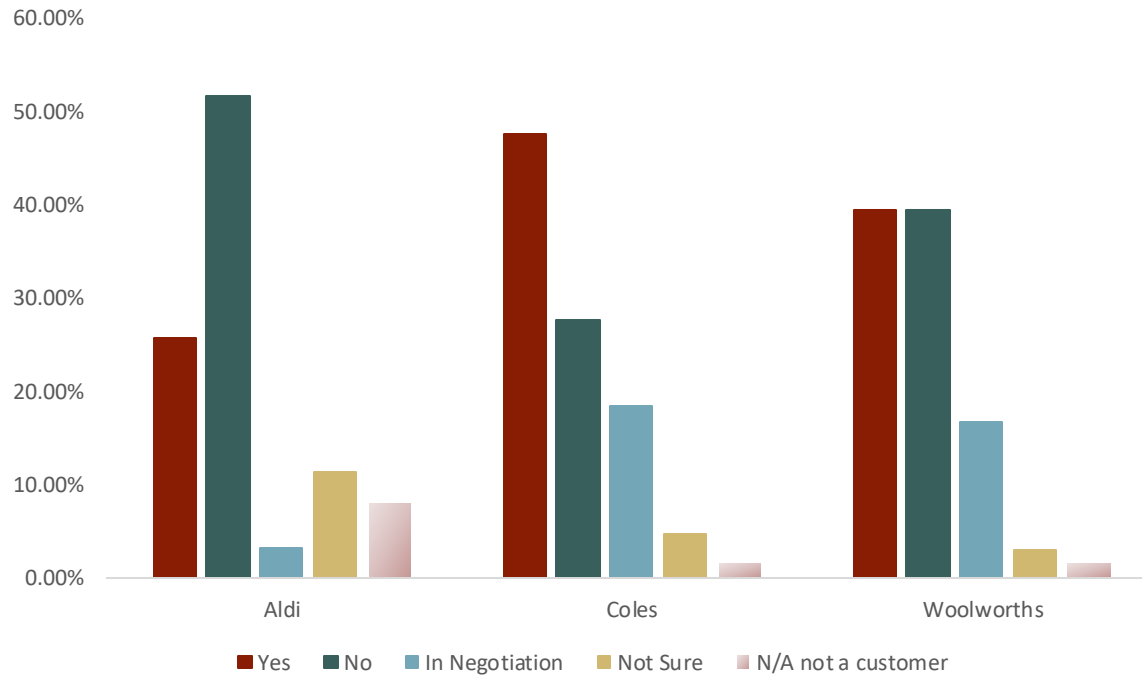
The majority of respondents supply Aldi, Coles and Woolworths

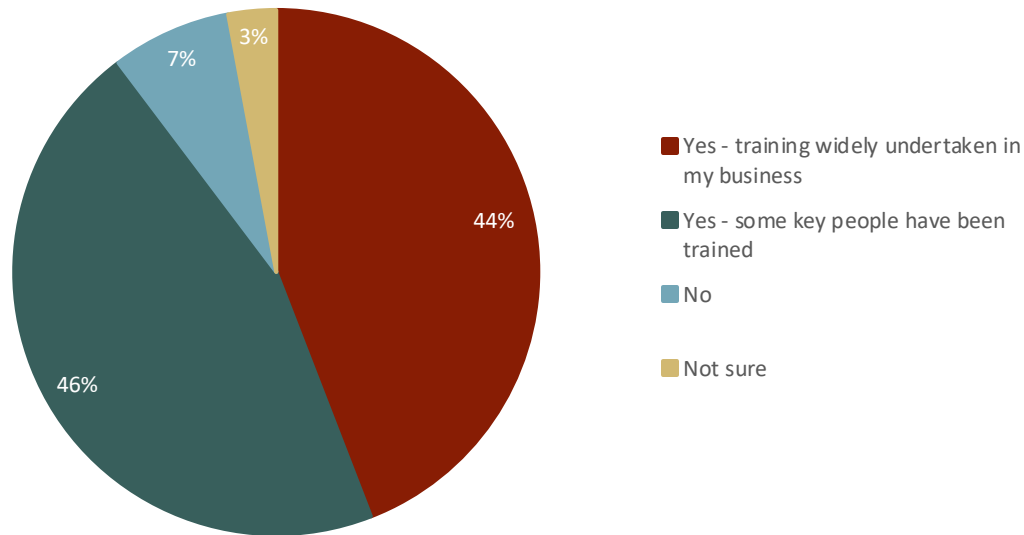


Over 98.5% of respondents are aware of the FGCC.



## Negotiated GSA

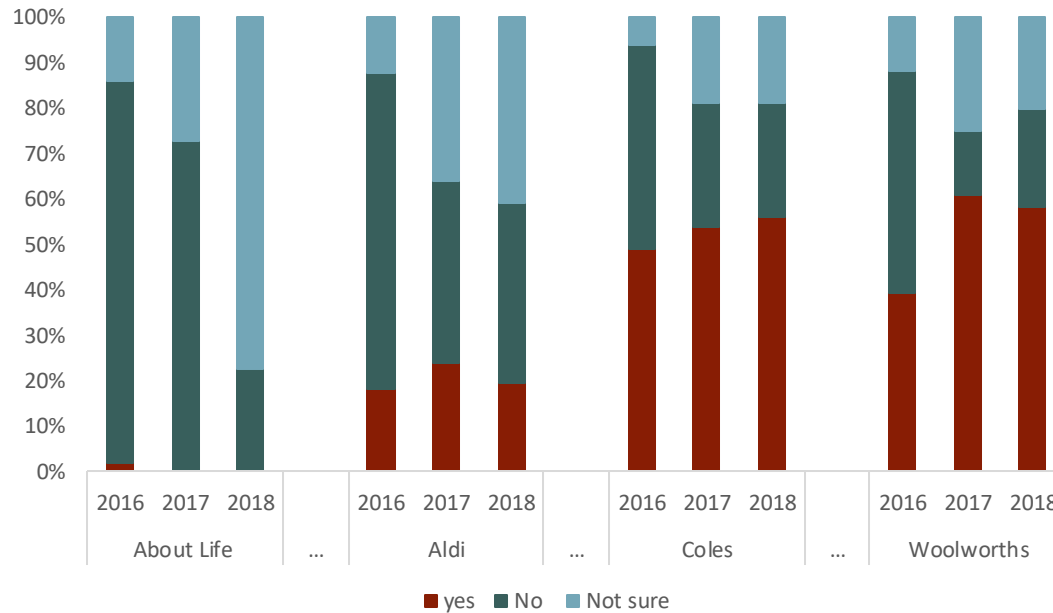




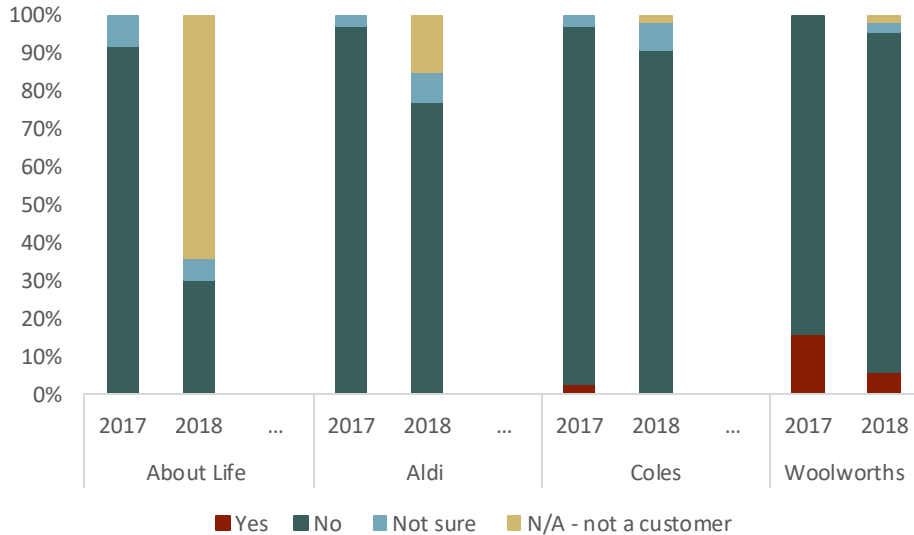
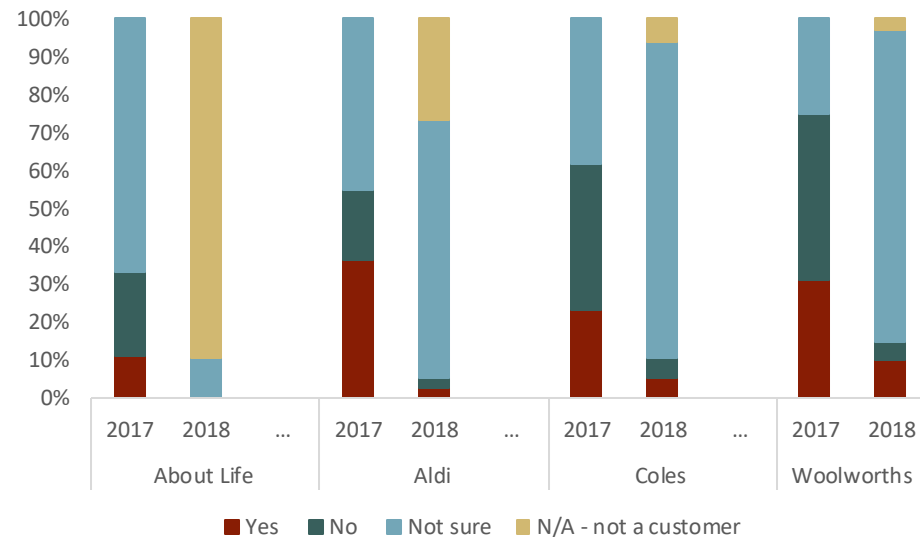
Of the respondents 90% have undertaken training, the majority with AFGC's training partner, NextGen.



# Participants awareness of the Code Compliance Manager (CCM)

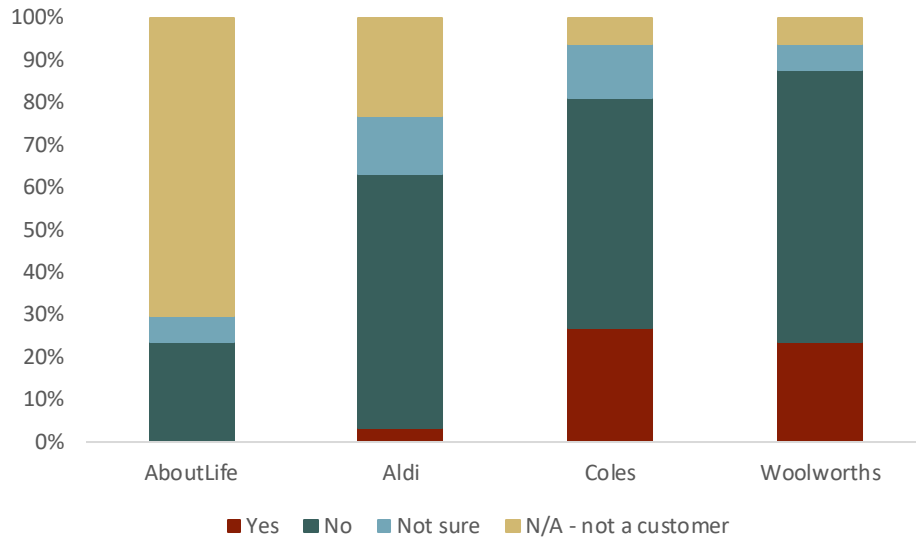


There remains significant room for improvement to ensure suppliers are aware of who the CCM is and how to contact them.

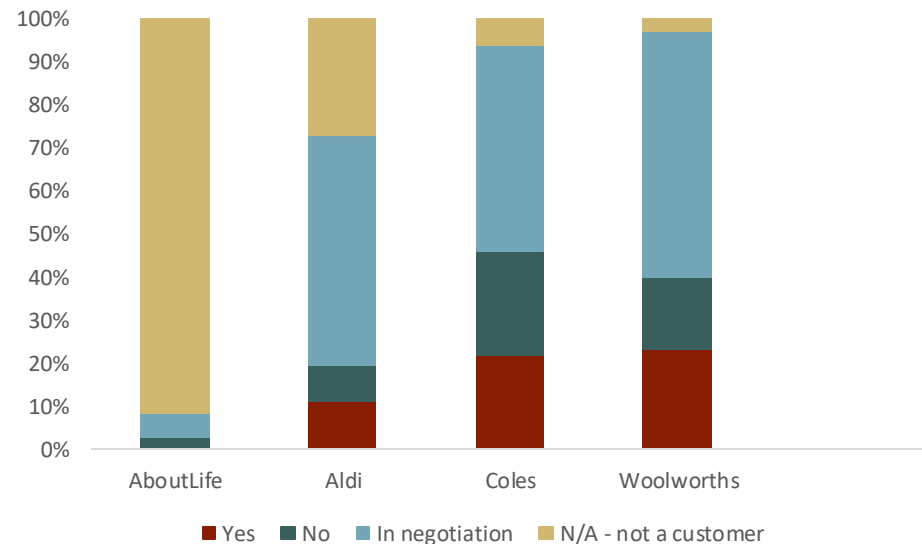
**Raised an issue with the CCM**

**Addressed satisfactorily and in a timely manner**


Suppliers remain hesitant to raise issues with the CCM.

## Raised an issue with the Retail Buying Team



## Addressed satisfactorily and in a timely manner

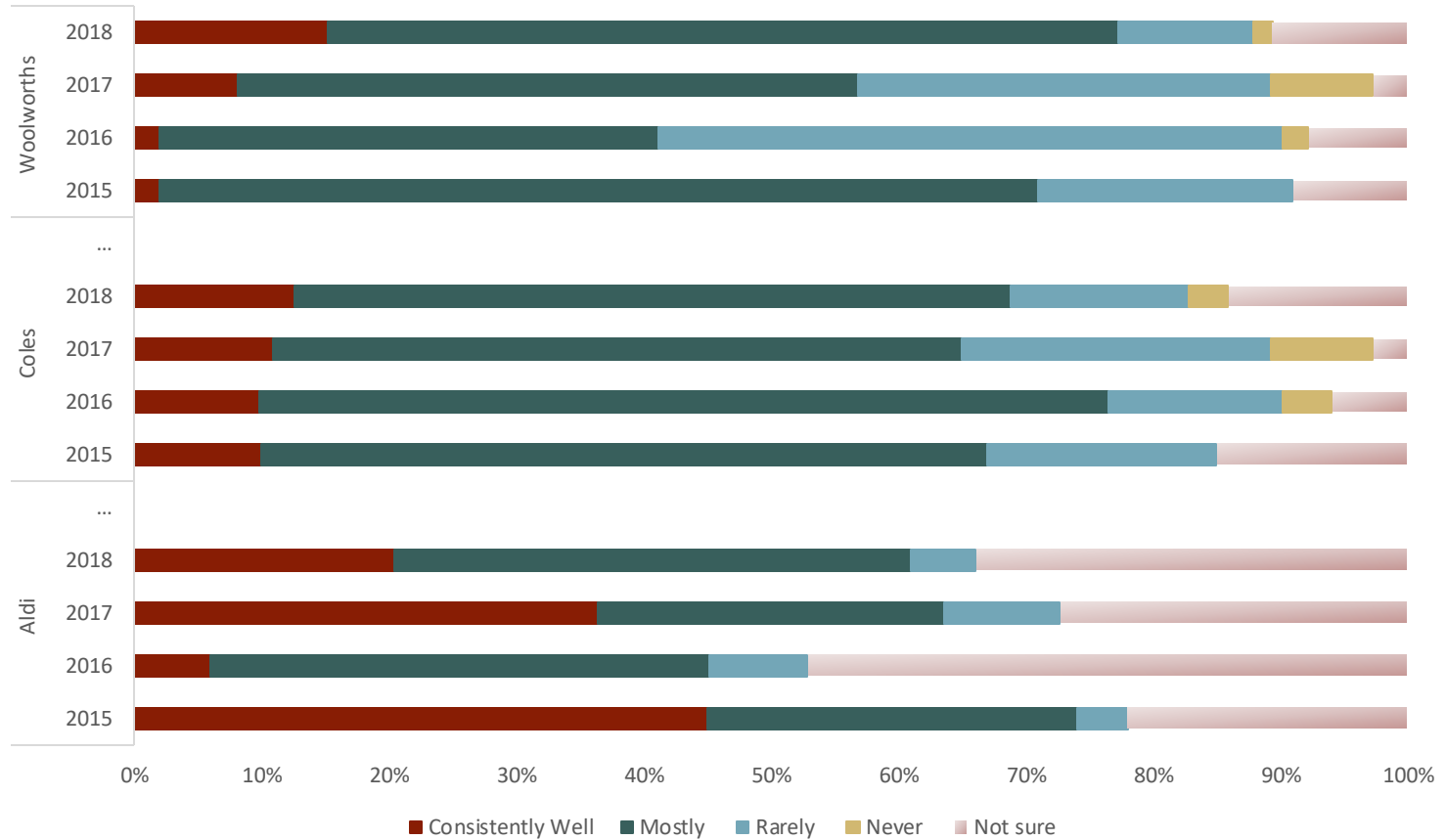


First year this questions was asked. Suppliers more prepared to raise an issue with the retail buying team.



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# Retailers Compliance to FGCC

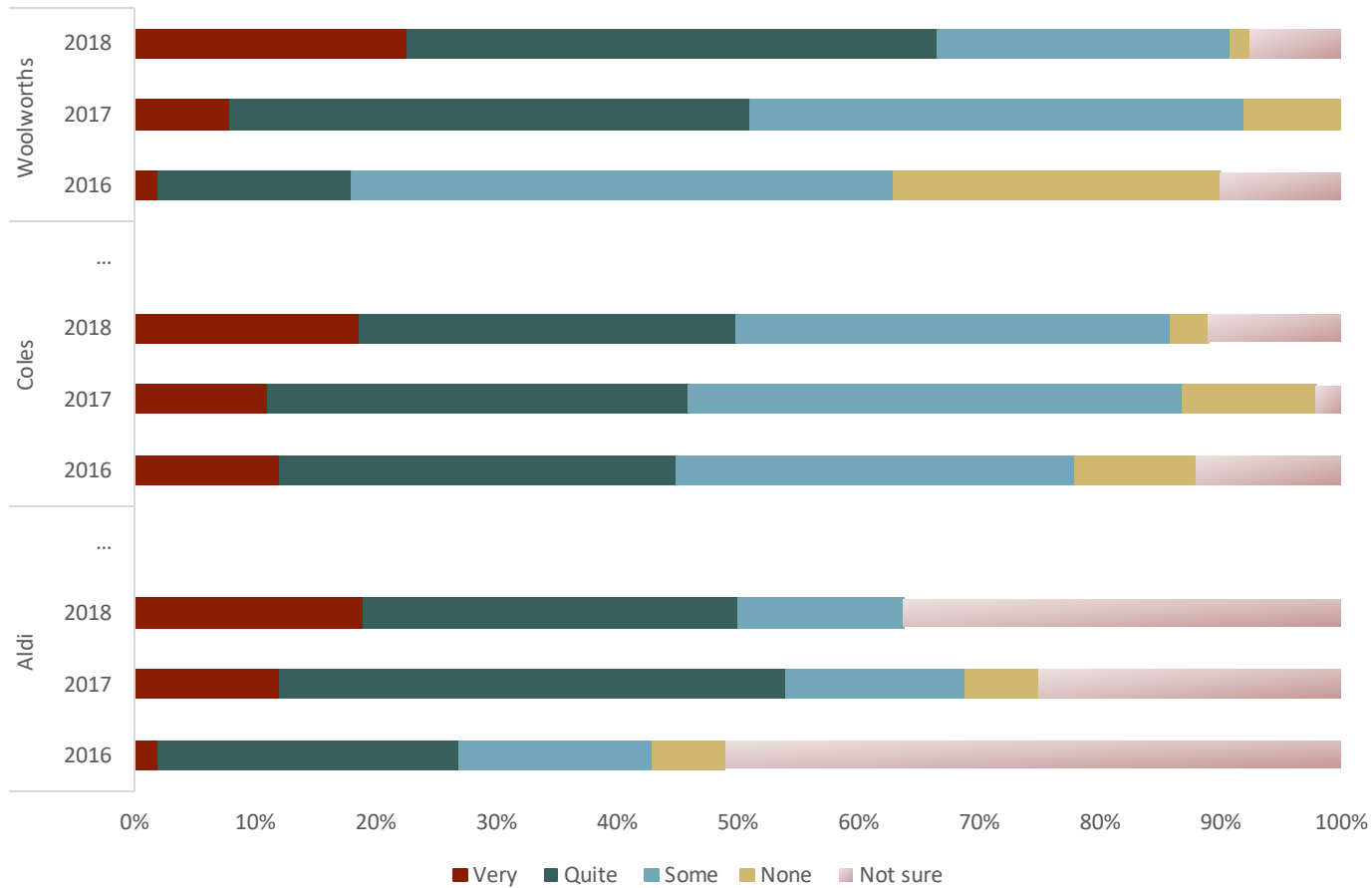


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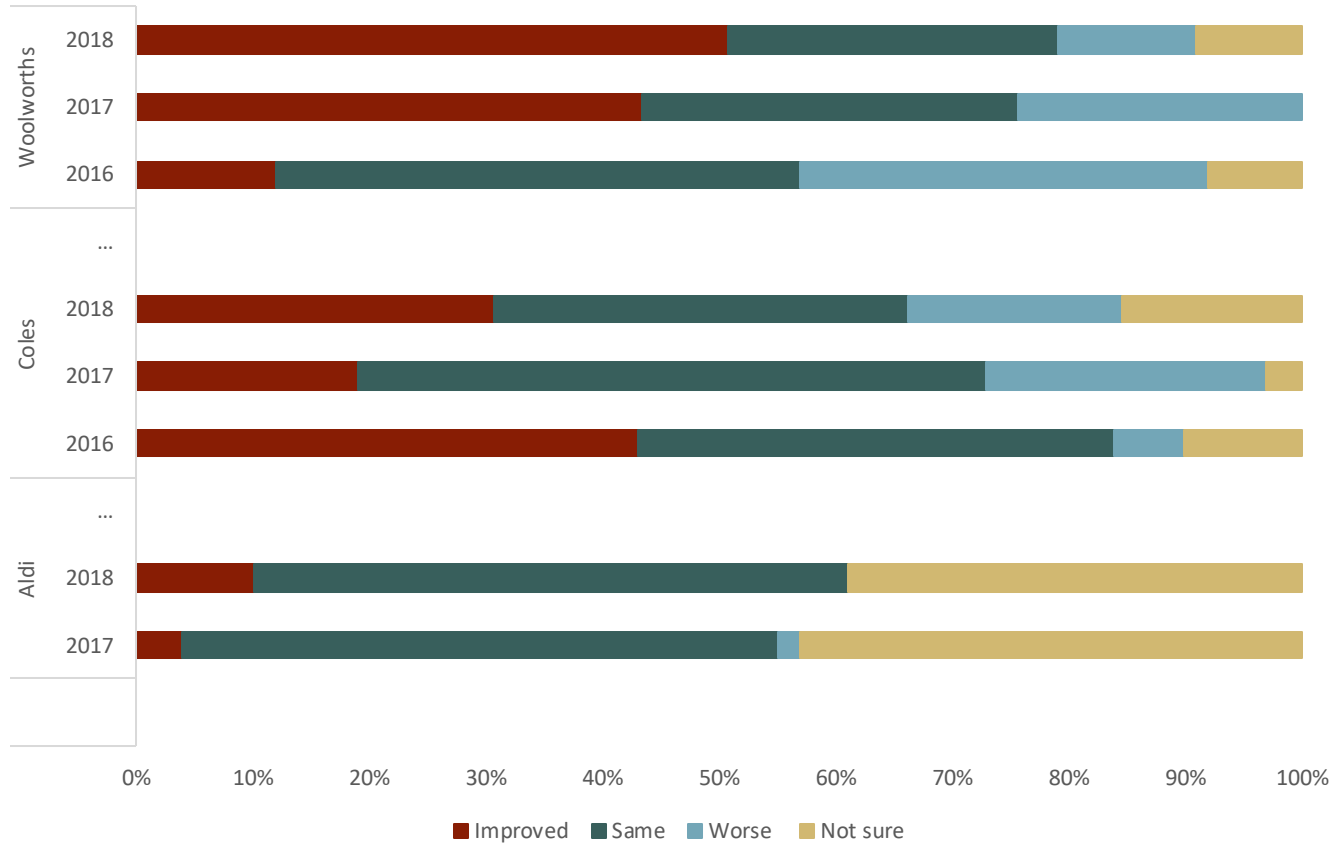
# Buyers Knowledge of FGCC



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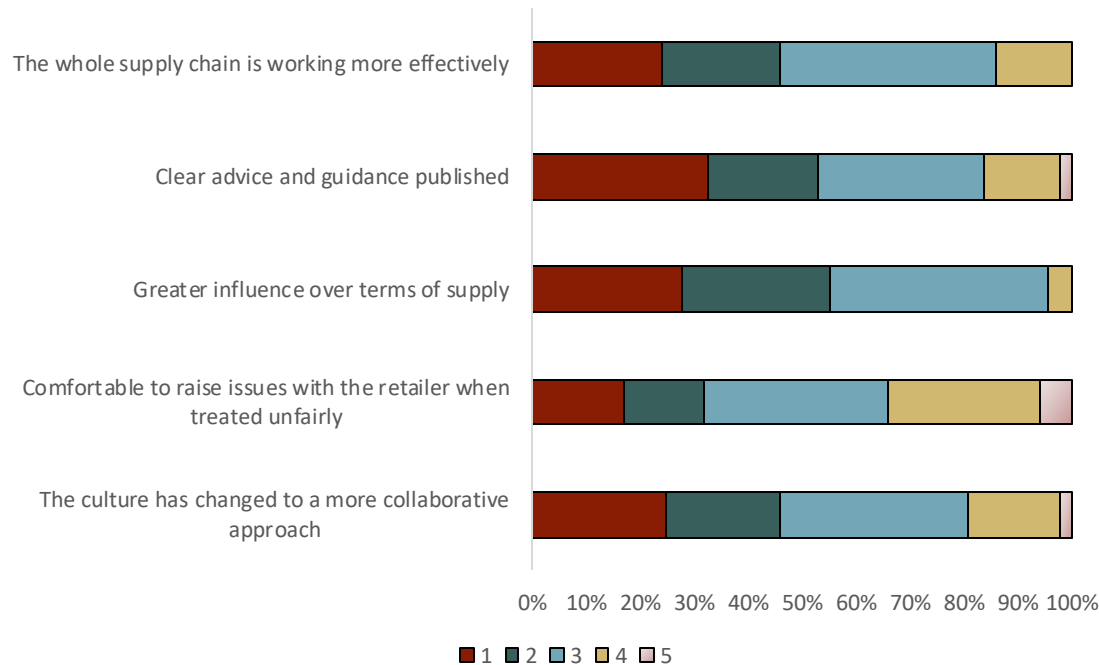


# AFGC Retailer Practices Comply with FGCC

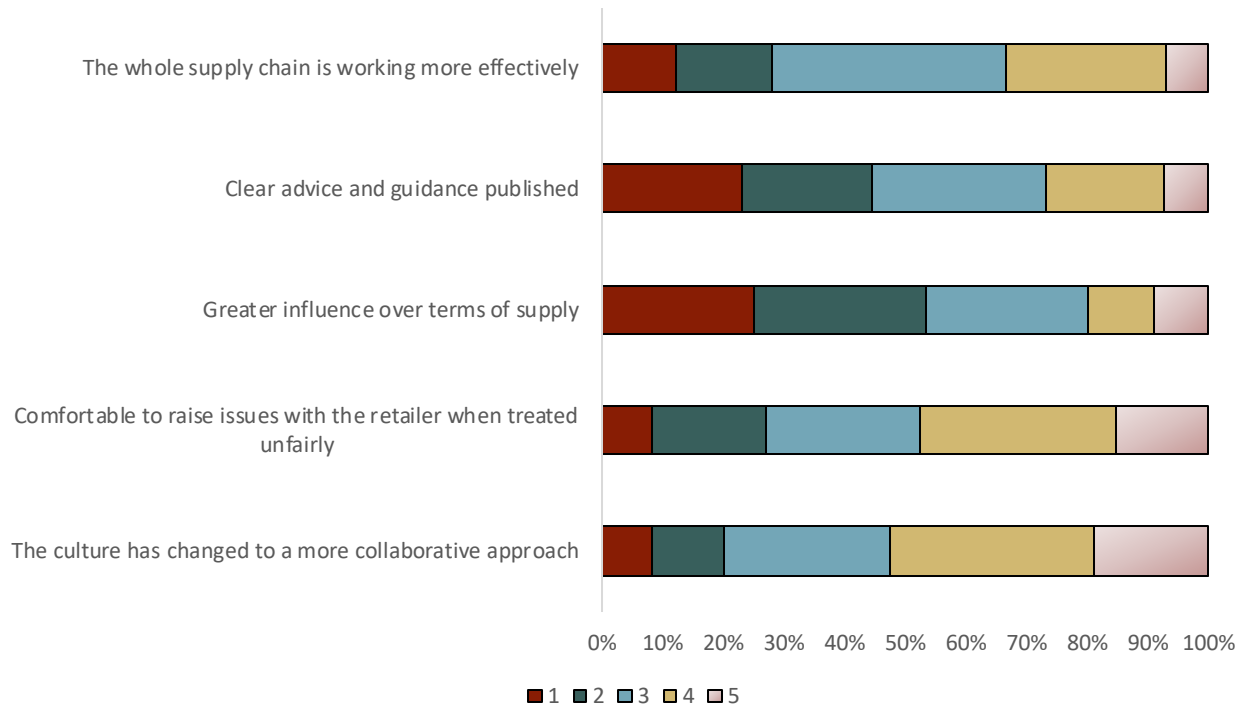


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On a scale of 1 to 5 (with 1 = no improvement and 5 = significant improvement) how would you rate the following critical success factors in your dealings with Coles over the past 12 months?

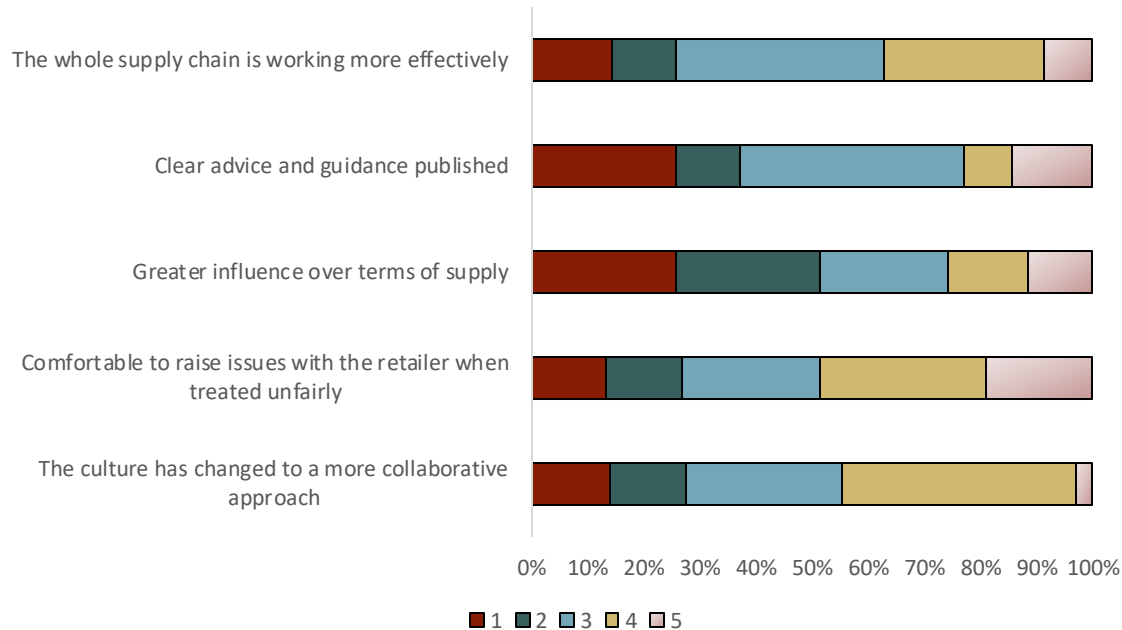


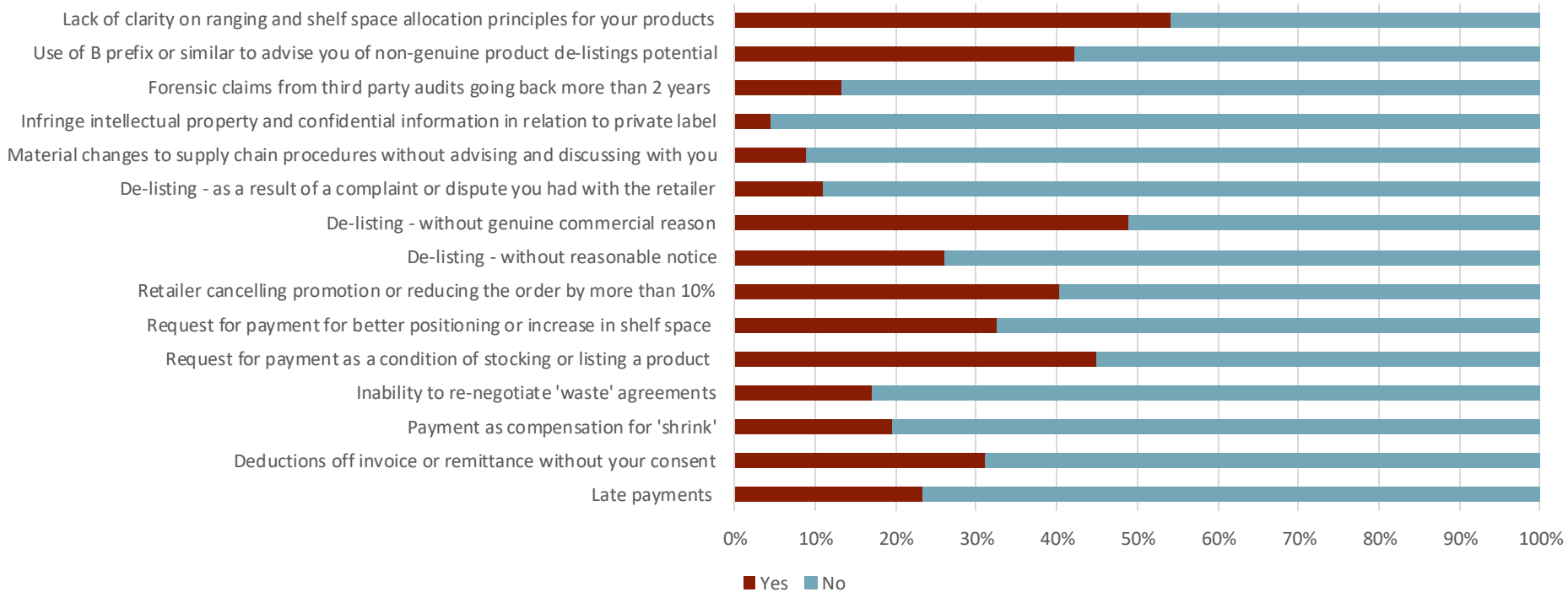
On a scale of 1 to 5 (with 1 = no improvement and 5 = significant improvement) how would you rate the following critical success factors in your dealings with Woolworths over the past 12 months?

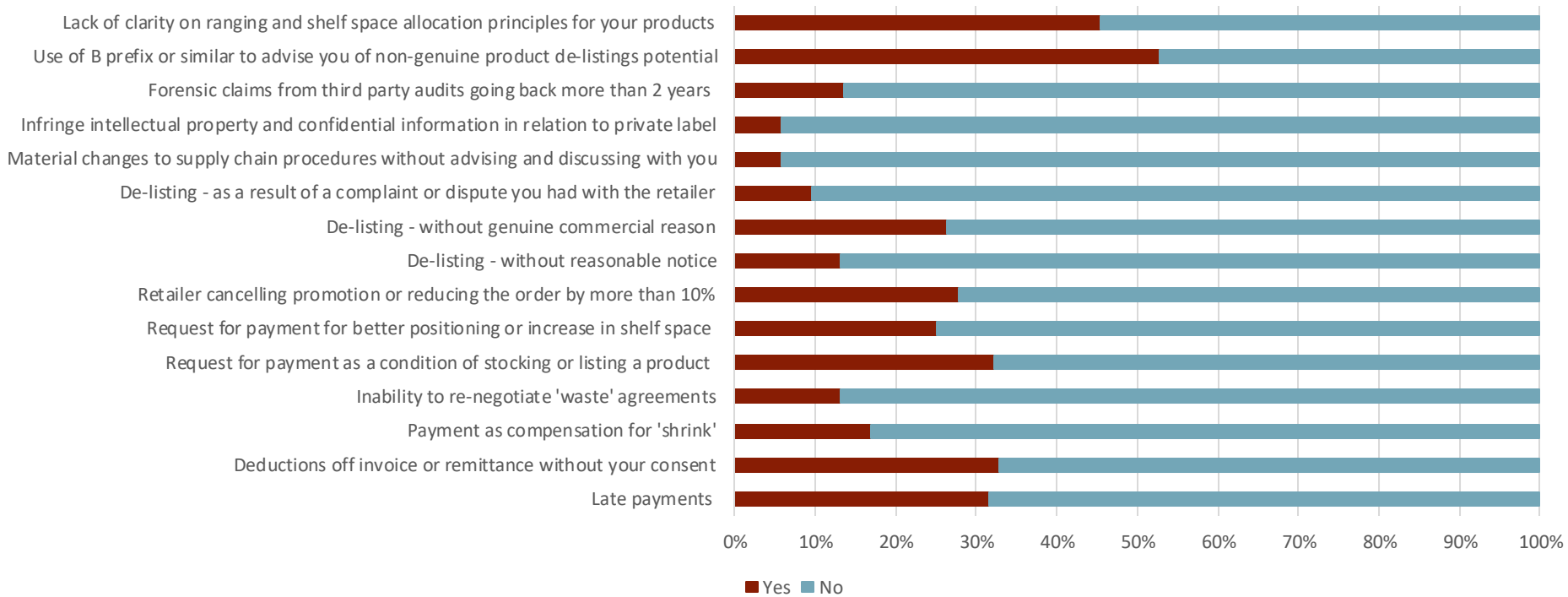


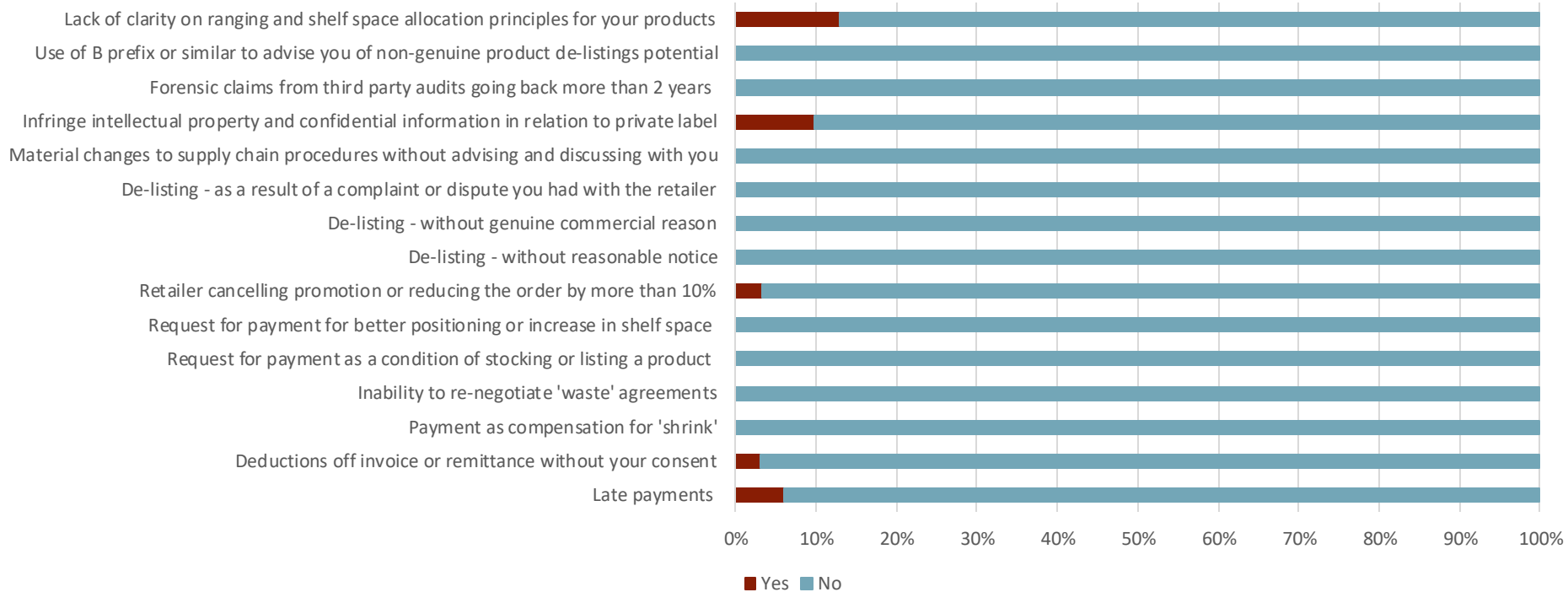


On a scale of 1 to 5 (with 1 = no improvement and 5 = significant improvement) how would you rate the following critical success factors in your dealings with ALDI over the past 12 months?

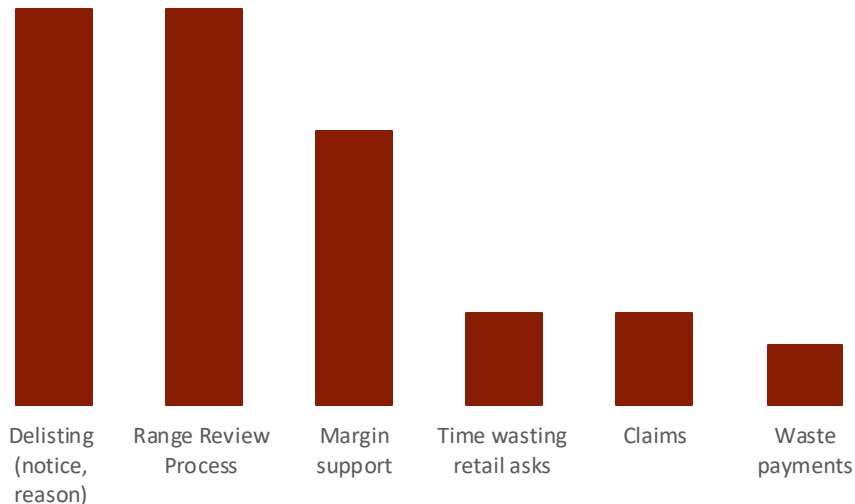








Retailer behaviours that significantly impact business.



“Product deletions used as a negotiation tactic where large portions of a portfolio are listed as potential deletes despite strong performance, margin improvement is then often required to guarantee continued ranging.”

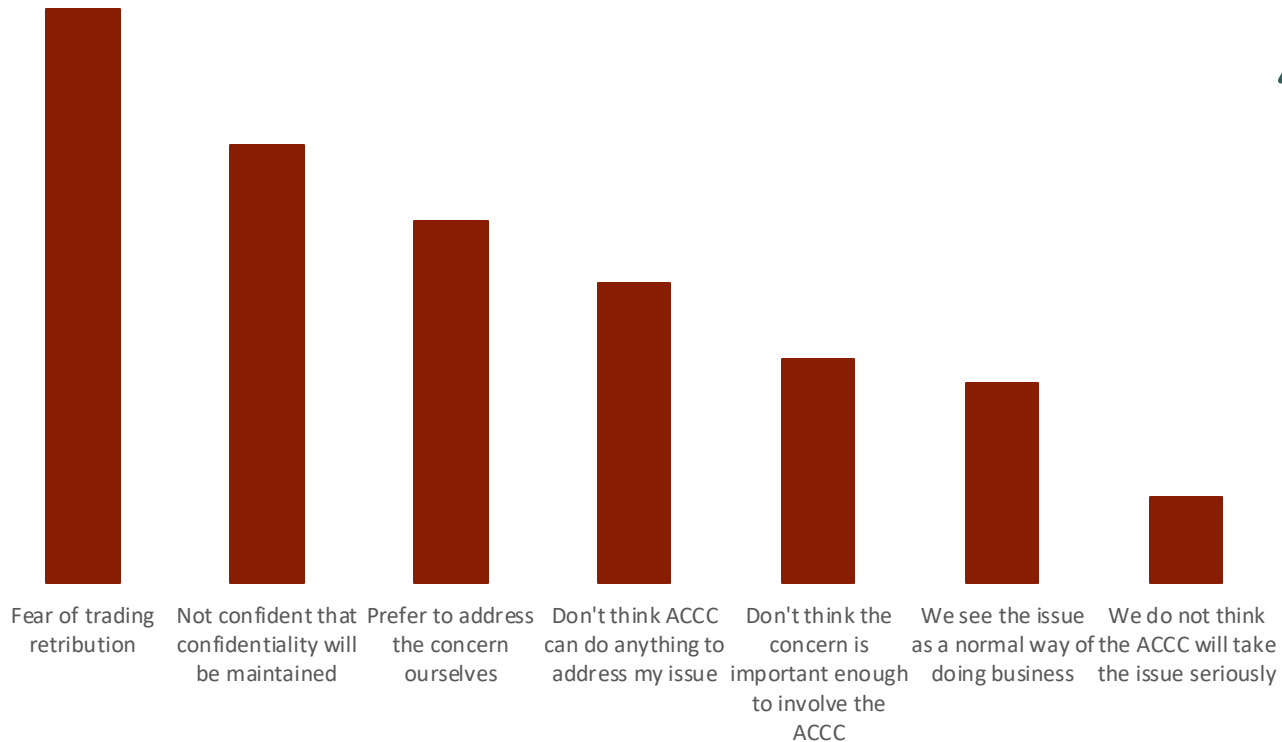
“Range Reviews - No clarity on shelf space principles and genuine commercial reasons are not really valid or have been constructed to deliver the outcome desired.”

## Behaviours that should be covered by the FGCC



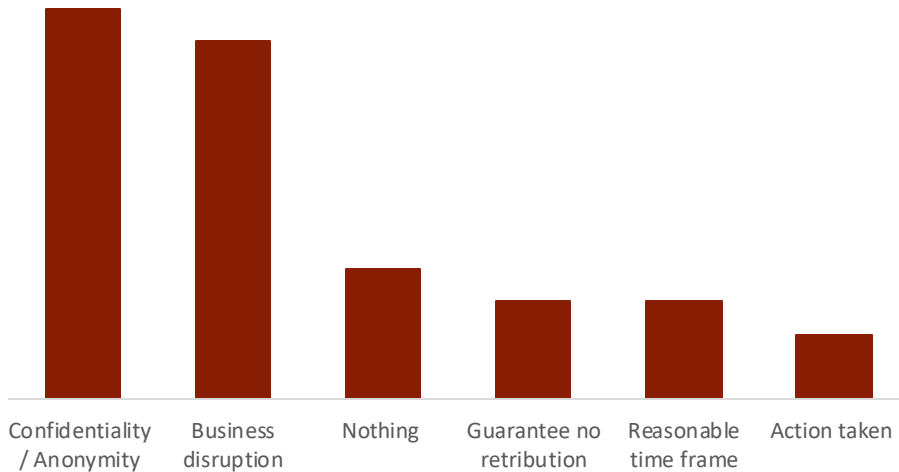
“Cost price increase submissions and the difficulties associated having to go through a lengthy process for justification with no guarantee. Having been told that a price rise would be accepted only if there's a deferred payment. Or a mitigation strategy to off set the increase-actions that defeat the purpose of addressing rising costs that adversely impact our business.

### Main impediments of raising an issue with ACCC



**The role of the ACCC**  
 80% understand  
 5% do not  
 15% unsure

### What would encourage you to raise an issue with ACCC?



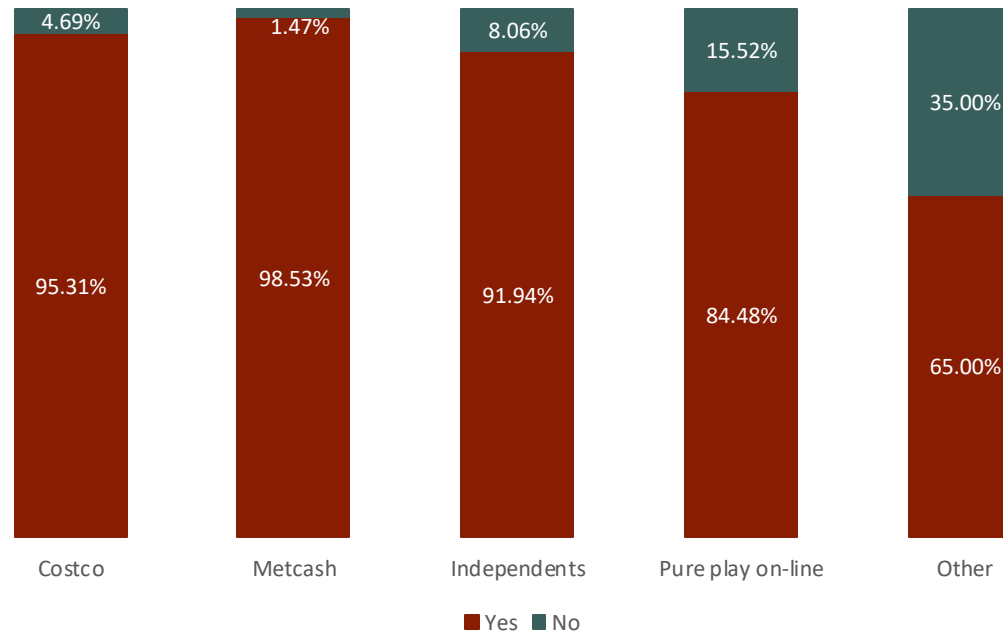
“ACCC process in dealing with these matters has shown that there is a lack of confidentiality and it does open the way for retribution. Also the ACCC lack commercial understanding and experience with many issues so take an over legalistic approach to all matters. These things would need a lot of work before we had any confidence in raising issues with the ACCC.”

“If retaliative action from the retailer could be mitigated, and if the 'breach' would be of large enough proportion. Often there are behaviours contradicting the code, but the value of each breach may not be high, but there are many of them through a year.”

“Not much really... my impression is that if you raise an issue with the ACCC, the major retailers would see this as an act of war and all other trading with them will be impacted. ACCC is last resort when nothing left to lose. There needs to be another way.”



# Who else should sign?



There is a very strong view that the Code should have 'whole of industry' application.

**AFGC thanks those  
organisations that  
responded to the  
survey.**