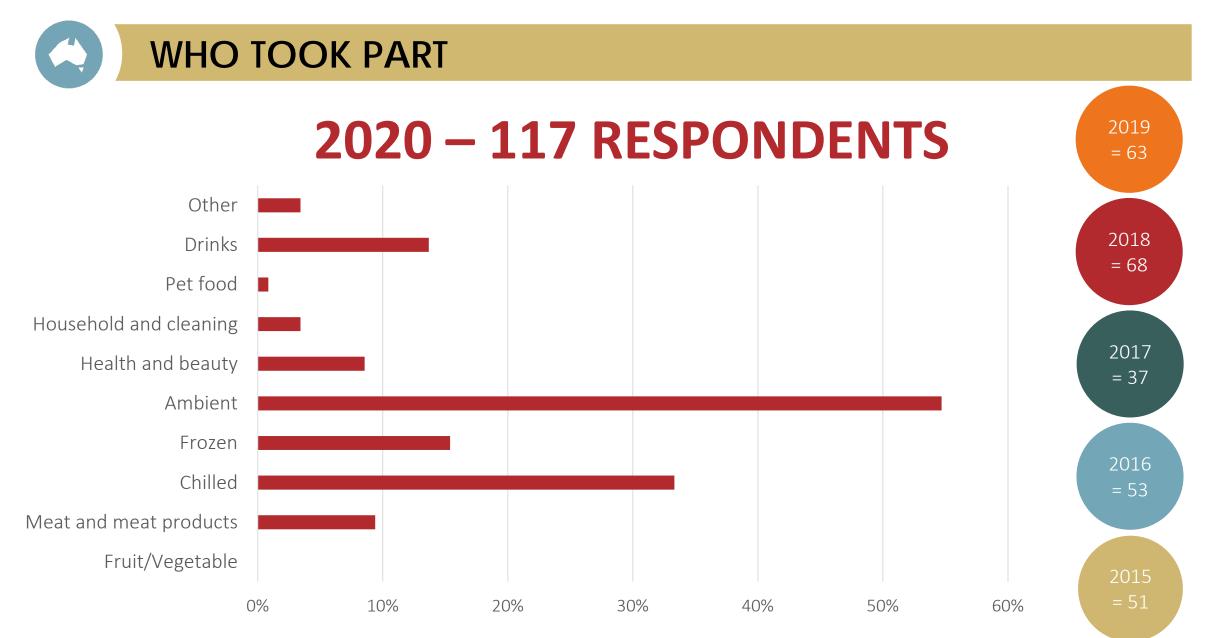
#### AUSTRALIAN FOOD & GROCERY COUNCIL

### 2020 ANNUAL FOOD AND GROCERY CODE OF CONDUCT SURVEY

May 2020



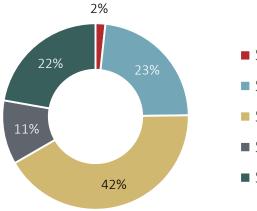
- Suppliers still have limited ability to influence trading terms with all signatory retailers
- Suppliers remain reticent to raise concerns with the Code Compliance Managers
- Aldi trading relationships have remained stable however there has been a spike in issues around shelf space allocation and cancelling or reducing promotions
- Coles results similar to 2019, with continuing concerns around clarity of range reviews and shelf space allocation principles
- Woolworths after concerning 2019, WW improved across most areas but has not yet returned to previous levels of perceived compliance
- Key problematic behaviours delisting and clarity around range reviews and shelf allocation principles
- Non FGCC issues raised included negotiating wholesale price increases and price increase mitigation



Sustaining Australia

# WHO TOOK PART

#### **Annual turnover**





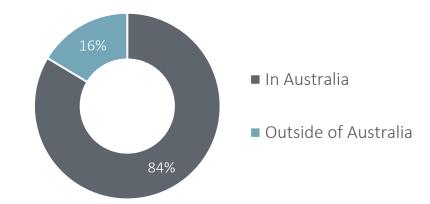
■ \$AUD11 - 100M

■ \$AUD101 - 500M

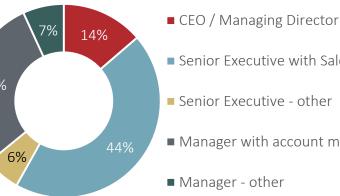
■ \$AUD501M - 1B

■ \$AUD1B

#### **Head Office**



**Position** 



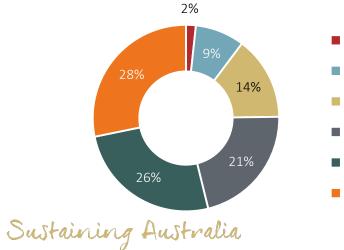
Senior Executive with Sales responsibility

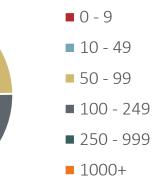
Manager with account management responsibility

# 29%

AUSTRALIAN FOOD & GROCERY COUNCIL

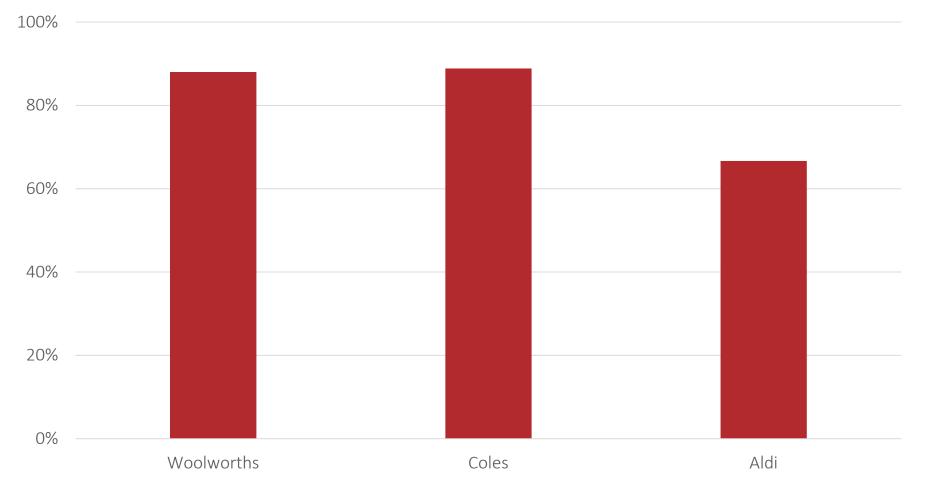
Number of employees





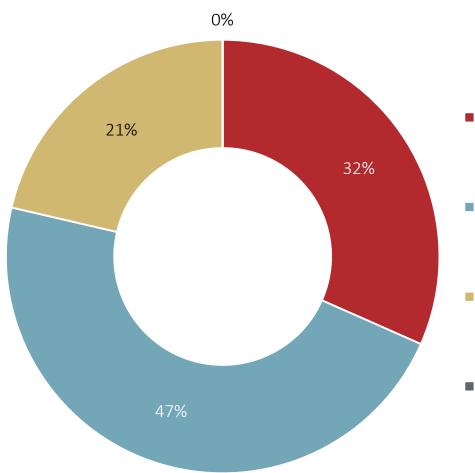


### Which retailers do you supply?









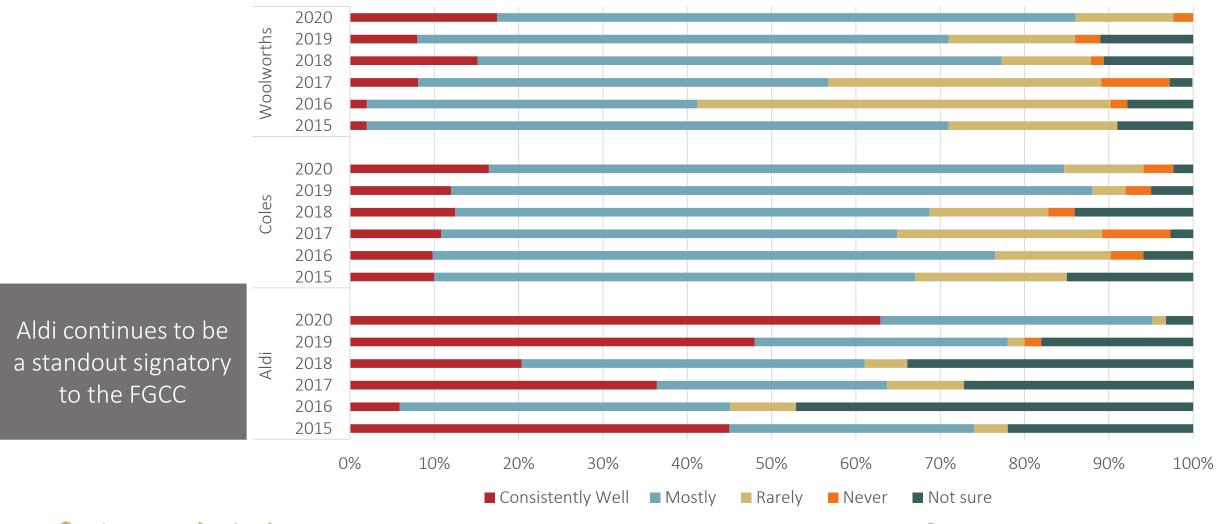
- Very familiar strong understanding across all components of the Code and their application
- Quite familiar reasonable understanding of the main aspects of the Code
- Somewhat familiar familiar with the basics of the Code
- Not familiar at all

#### AUSTRALIAN FOOD & GROCERY COUNCIL



### **RETAILER PERFORMANCE**

# **RETAILERS COMPLIANCE WITH FGCC**



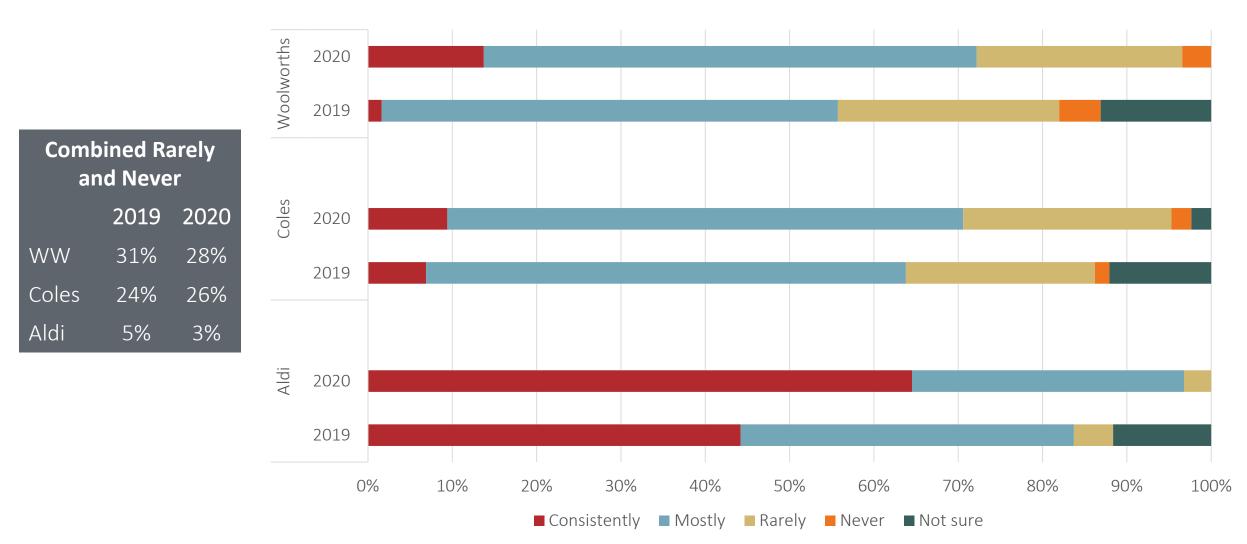
Sustaining Australia





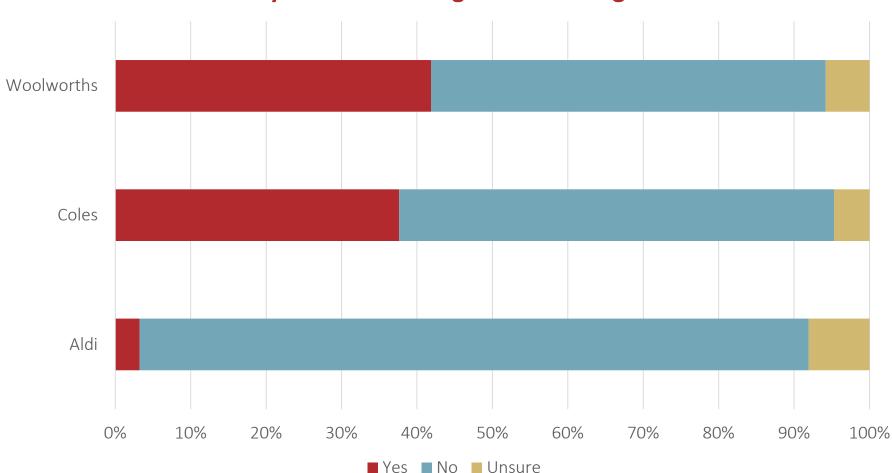
Sustaining Australia

# **RETAILER'S DEALINGS IN GOOD FAITH**

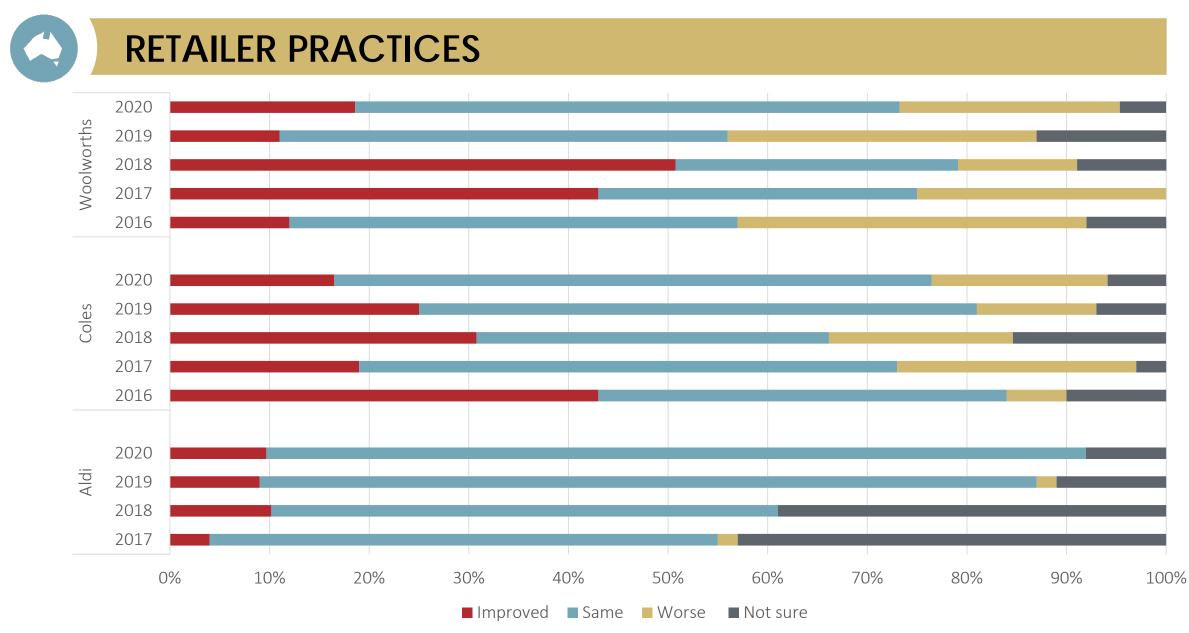


Sustaining Australia

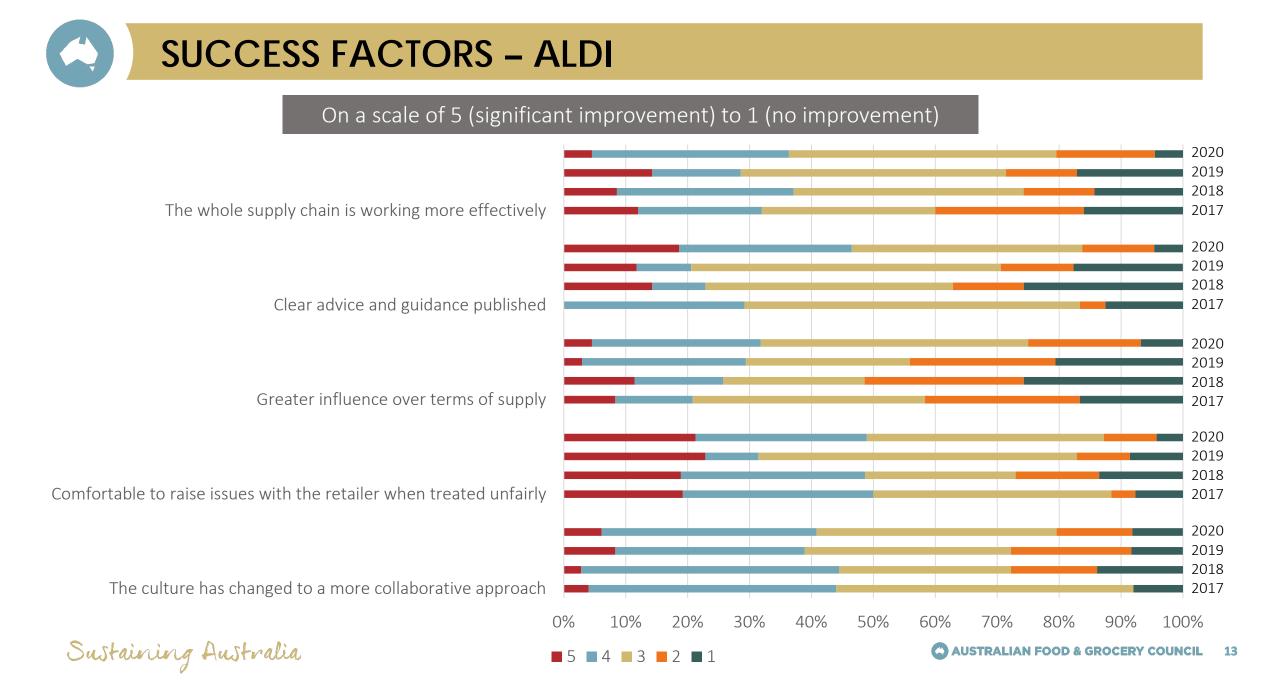
## **RETAILER'S DEALINGS IN GOOD FAITH**



Have you raised FGCC good faith obligation?

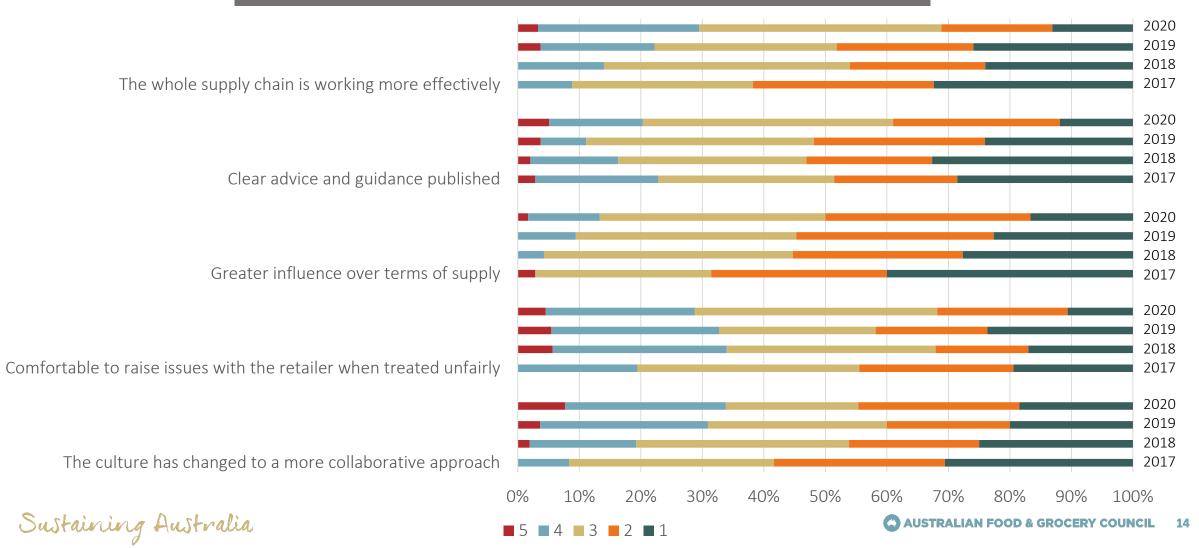


Sustaining Australia



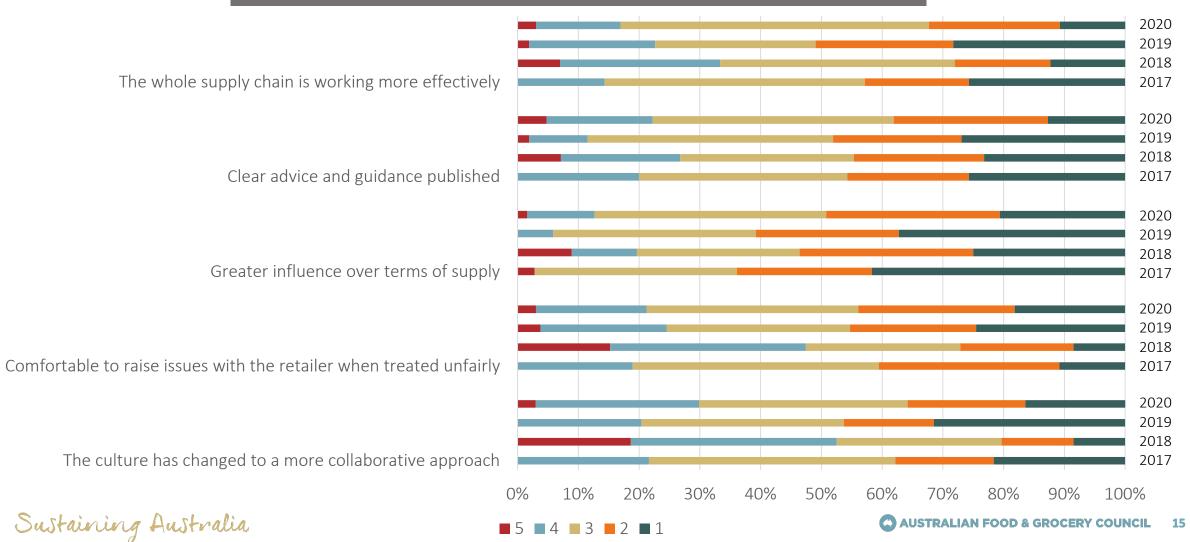
# **SUCCESS FACTORS – COLES**

#### On a scale of 5 (significant improvement) to 1 (no improvement)



# **SUCCESS FACTORS – WOOLWORTHS**

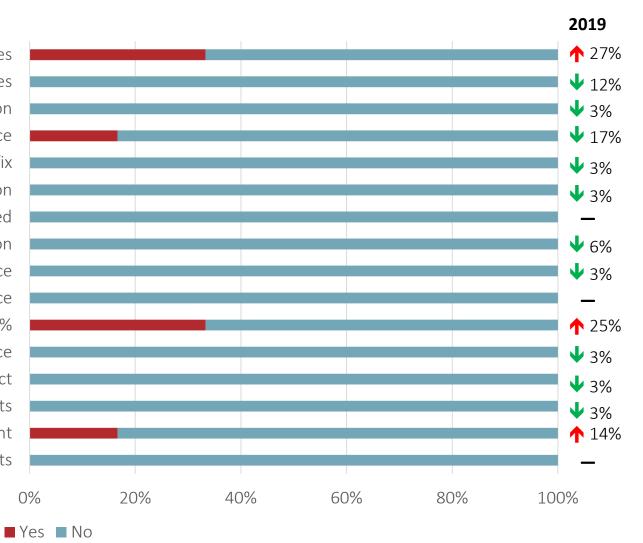
#### On a scale of 5 (significant improvement) to 1 (no improvement)





Sustaining Australia

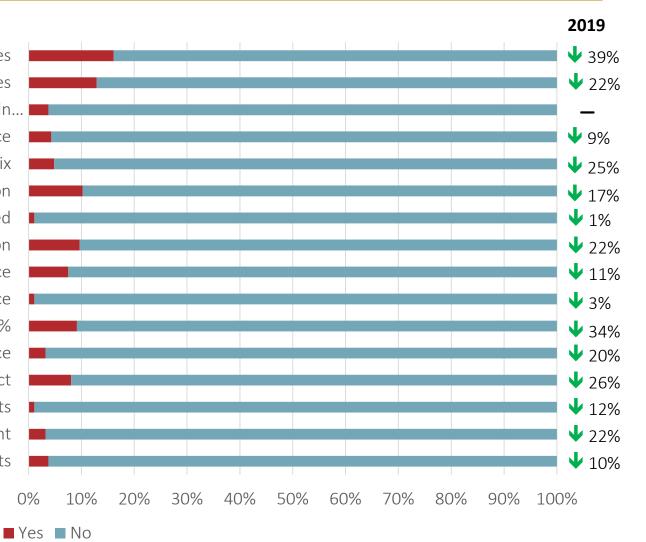
## **COMPLIANCE ISSUES – ALDI**



Lack of clarity of shelf space allocation principles Lack of clarity on ranging principles Infringe intellectual property and/or confidential information Material changes to supply chain produces without notice Delisting - inappropriate use of b-prefix Delisting - significantly reducing store distribution Delisting - as a result of a complaint or dispute raised Delisting - without genuine commercial reason Delisting - without reasonable notice Retailer over ordering on promotion and selling at full price Retailer cancelling promotion or reducing order by >10% Request for payment for better positioning or increased shelf space Request for payment as a condition of stocking or listing a product Inability to renegotiate waste payments Deductions off invoice/remittance without consent Late payments



## **COMPLIANCE ISSUES – COLES**

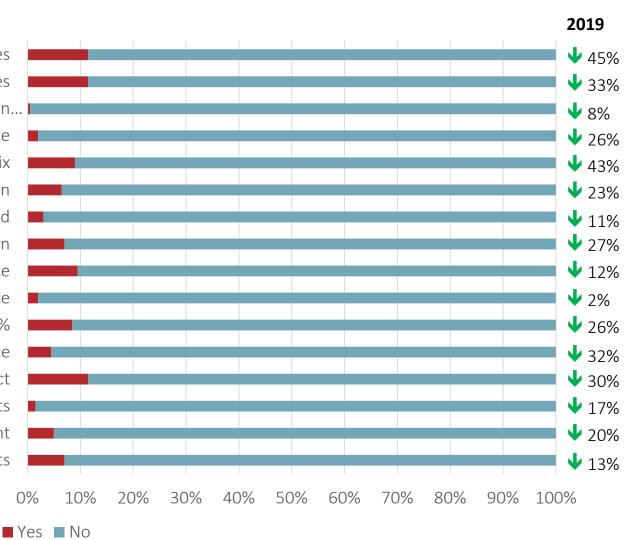


Lack of clarity of shelf space allocation principles Lack of clarity on ranging principles Infringe intellectual property and/or confidential information in... Material changes to supply chain produces without notice Delisting - inappropriate use of b-prefix Delisting - significantly reducing store distribution Delisting - as a result of a complaint or dispute raised Delisting - without genuine commercial reason Delisting - without reasonable notice Retailer over ordering on promotion and selling at full price Retailer cancelling promotion or reducing order by >10% Request for payment for better positioning or increased shelf space Request for payment as a condition of stocking or listing a product Inability to renegotiate waste payments Deductions off invoice/remittance without consent Late payments



Sustaining Australia

## **COMPLIANCE ISSUES – WOOLWORTHS**



Lack of clarity of shelf space allocation principles Lack of clarity on ranging principles Infringe intellectual property and/or confidential information in... Material changes to supply chain produces without notice Delisting - inappropriate use of b-prefix Delisting - significantly reducing store distribution Delisting - as a result of a complaint or dispute raised Delisting - without genuine commercial reason Delisting - without reasonable notice Retailer over ordering on promotion and selling at full price Retailer cancelling promotion or reducing order by >10% Request for payment for better positioning or increased shelf space Request for payment as a condition of stocking or listing a product Inability to renegotiate waste payments Deductions off invoice/remittance without consent Late payments

AUSTRALIAN FOOD & GROCERY COUNCIL

18

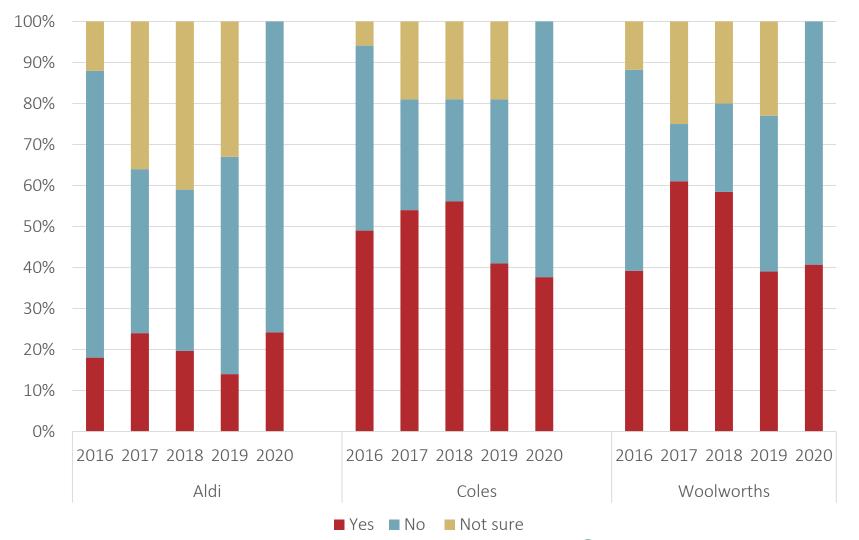
#### AUSTRALIAN FOOD & GROCERY COUNCIL



### **DISPUTE RESOLUTION**

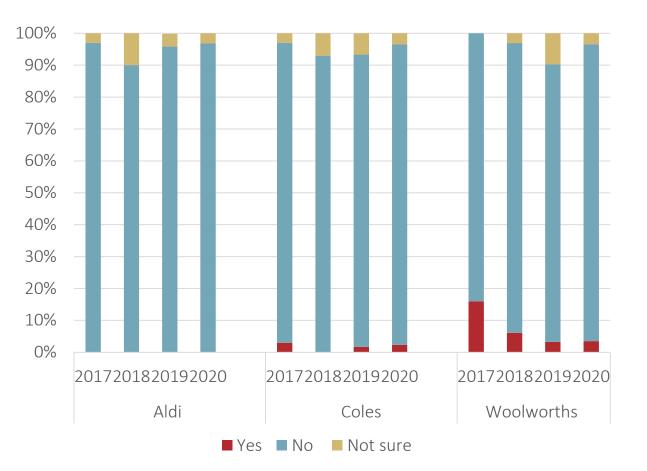
**CODE COMPLIANCE MANAGER** 

Do you know who the CCM is and how to contact them?

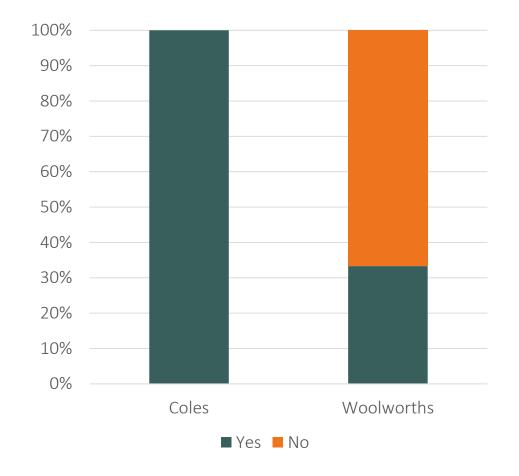


# CODE COMPLIANCE MANAGER

### **RAISED COMPLAINT WITH CCM**

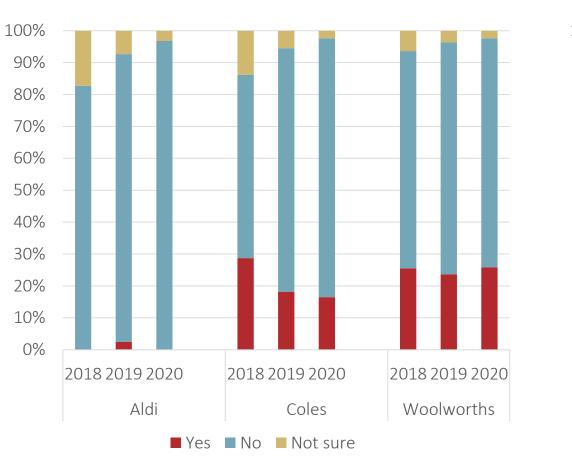


### HANDLED SATISFACTORILY

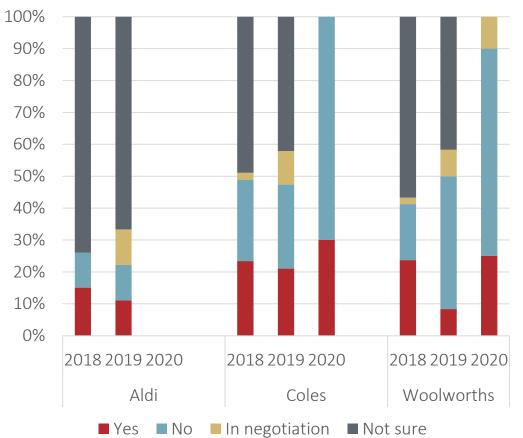




### **RAISED ISSUE WITH BUYING TEAM**



### HANDLED SATISFACTORILY



Sustaining Australia



### MAIN IMPEDIMENTS TO RAISING AN ISSUE WITH...

	Aldi	Coles	Woolworths	ACCC
1	Fear of damaging commercial relationship	Fear of damaging commercial relationship	Fear of damaging commercial relationship	Prefer to address the concern directly with customer
2	Fear of retribution	Fear of retribution	Fear of retribution	Don't think the ACCC can do anything to address the issue
3	We see the issue as a normal way of doing business	Don't think anything will be done to address the issue	Don't think anything will be done to address the issue	Not confident that confidentiality will be maintained

### AUSTRALIAN FOOD & GROCERY COUNCIL



### FINAL THOUGHTS



## Unilateral variation iews Access Communication ngMitigation Deductions e increase Forecasting f allocation Confidentiality P tions Late payments

## WHO ELSE SHOULD BE CAPTURED

