



SPECIAL POINTS OF INTEREST:

Premier Bacon Grocers Breakfast registration form (inside)



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EARTHQUAKE REFLECTIONS FROM DOWN SOUTH

A variety of factors have impacted on members following the Christchurch Earthquake and these have had consequences both negative and positive for members both in Christchurch and throughout New Zealand. Here is a summary of some of those factors:

The good will factor:

Most of the Nargon business members we contacted have been consistently surprised at the goodwill factor associated with their businesses - i.e. the desire by stakeholders to help in reestablishing the business – in the smaller centres these will include not only staff but customers who want and need the business to be up and running as quickly as possible. They have helped not only with cleaning and securing the business but in some instances actually manning the business.

These members reflect how overwhelmed they felt by the assistance but they also stressed that this assistance was recognised, rewarded and could never be taken for granted.

Some larger operators felt that, the first objective in getting their businesses up and running again was in enabling staff members to make sure that their families were safe and secure. Once done, staff and suppliers began to realise that they had a wider responsibility to their communities and recognised that the region needed to be fed. At this point staffing and stocking levels in Distribution Centers rapidly returned to as near normal as possible given the constraints of injury to family, damage to buildings and stock availability.

The practice factor:

The unfortunate or fortunate outcome (depending on your view) is that with each significant aftershock, the response is improving. A principal component of that is the communication that occurs between all sectors of the FMCG industry. This has improved from being nonexistent other than media hype, to immediate, comprehensive, and focused on the impact and projected at the distribution chain and other bodies including political and civil defence.

The insurance factor:

The September earthquake triggered an evaluation of practically all types of insurance held by members. The more obvious sections included the business interruption covers which commonly had up to 12 months indemnity periods for businesses to reestablish themselves. A common theme from

most members in the South Canterbury area and wider South Island is that these covers should be reviewed with the appropriate qualified insurance professional; we note that buildings are still in a demolition phase in Christchurch as at June 2011, i.e. no significant rebuilding is occurring nine months after the September event.

The salvage factor:

Several operators made mention that in the immediate aftershock interval it was critically important to try to preserve as much stock as possible because they recognised that replacement of this stock might not occur for some time. Small operators quickly hired generators and self-refrigerated containers. Larger operators got technicians in to ensure backup systems were operating and revisited risk management plans in a bit of a hurry. Larger D.C.s immediate actions were to establish the loss and to either contain it through salvage or to dump the loss, generate a clear floor and start all over again.

The timing factor:

All segments we spoke to mentioned frustration that things are taking a lot longer than they should. The simplest things such as a commute which would normally take only 10 minutes might now take an hour. You might now have to queue for 20 minutes at a portoloo down the road or are unable to access business critical information from a server behind the cordon. This has hampered business's progress for the past 8 months.

These all have a bearing on the way in which people react and deal with the changed reality of their daily lives, and add up generally to a loss of productivity and effectiveness in how the business will operate.

Principal lessons:

The whole thing is a bit like shoplifting – it's not if but when an event like this is going to occur. As such, we must as an industry prepare and anticipate its coming. Once a Natural Disaster on such a scale occurs we all need to take stock of the situation, realign our lives, and deal with the new reality.

In essence there is no magic bullet and the best we can do is keep doing what we do well.

*Amos Sutcliffe
Morgans Road Four Square*



FOOD PRICES INCREASE, ELECTRONIC TRANSACTIONS FLAT

In April 2011, Statistics New Zealand figures show that food prices overall were flat (up 0.1 percent). The biggest increases were in grocery food (up 1.0 percent) and non-alcoholic drinks (up 1.7 percent). Meat, poultry and fish prices fell 0.5 percent, while fruit and vegetable prices fell 3.3 percent.

Food prices increased 6.1 percent for the year to April 2011. This annual increase is the largest since an 8.4 percent increase in the year to July 2009. All food subgroups saw prices rise with the largest increase provided by grocery food (up 5.8 percent). In terms of individual products, the most significant increases came from higher prices for fresh milk (up 9.3 percent) and lamb (up 23.8 percent).

For May 2011, official figures show Electronic Card Transactions were flat (down 0.1 percent). Transaction in the core retail industries, which includes the retail grocery sector, were similarly flat, down just 0.1 percent.

BUDGET 2011 SUMMARY

On 19 May 2011, Finance Minister Bill English delivered the National-led Government's Budget 2011. Hon English described the focus of the Budget as "building our future" and noting "this is not a typical election-year Budget. It is a responsible Budget appropriate to New Zealand's situation." The three main goals were:

- Building faster economic growth around higher national savings.
- Setting a credible path back to surplus and repaying debt.
- Rebuilding Christchurch over the next few years.

For nargon members, the key points of interest are:

- From next year, there will be greater individual and employer contributions to KiwiSaver, with less call on government debt. From 1 April 2012, the tax-free status of employer contributions will be removed. These will be taxed at an employee's marginal tax rate. From 1 April 2013, compulsory employer contributions will also rise from 2 percent to 3 percent.
- As part of a youth employment package, the Government has introduced Job Ops with Training. It is a refocused version of Job Ops

which incorporates training in the flexible \$5,000 subsidy for employers. This can be used for both wages and training and will cost \$13 million in 2011/12.

- Revised forecasts of 4 percent economic growth in 2012, 170,000 new jobs by 2015 and wages to grow faster than inflation.
- Budget 2011 returns the Government to surplus in 2014/15, a year earlier than forecast in Budget 2010.
- Rebuilding Canterbury programme which includes a \$5.5b Earthquake Recovery Fund over six years and the Canterbury Earthquake Recovery Authority (CERA) which will receive \$25 million over two years to support the rebuild and the welfare of residents.
- The state sector has been directed to save just under \$1 billion over the next three years. This should not affect front-line services.

There is a toll-free phone line for queries regarding KiwiSaver, Working For Families and Student Loan changes - 0800 109 080. Full details of Budget 2011 are available on the Government website - www.beehive.govt.nz/feature/special-feature-budget-2011

UK: SHOPPERS TO COOK FROM SCRATCH MORE

The number of shoppers intending to cook more from scratch in the year ahead has more than doubled, according to the latest IGD ShopperTrack research. Over four in ten (42% of) shoppers said they plan to do more cooking from scratch over the next six months, twice the 19% recorded in 2008. Over a quarter (28%) said they would grow their own fruit

and vegetables and slightly more (29%) are aiming to make more packed lunches.

IGD said shoppers were being very pragmatic about the economic situation and they were increasingly prepared to trade time for cash in order to maintain their quality of food.

REMINDER ABOUT WRITTEN EMPLOYMENT AGREEMENTS

NARGON reminds all members that full written employment agreements are required for every single employee. This is a strict legal requirement. The member's section of the upgraded NARGON website contains draft agreements and advice on employment agreements – www.nargon.co.nz.

ON A LIGHTER NOTE - FIRST IMPRESSIONS LEAD TO CONFESSIONS

This exchange occurred in a grocery store in Allston, Massachusetts, USA – at least according to www.notalwaysright.com:

(I'm in the store office. From the camera screens, I can see a young man shoplifting. I hit the record button, gathering evidence as he goes around the

store. He is putting things into his pocket, jacket etc. He next comes up to the back of the store and knocks on the door to my office. I put the chain on the door before opening it.)

Customer: "Hi. I'm [name]. I'm here for the job interview."





POLITICAL COMMENT – HON DAVID CUNLIFFE (LABOUR PARTY)



Labour’s finance spokesperson Hon David Cunliffe provides the NARGON News with his take on Budget 2011:

“To assess the National Government’s latest budget, we first need to examine the economic situation.

It is, in a word: bleak. In less than three years under John Key, unemployment has increased by 59,000, economic output per person has fallen by more than 3%, the government has borrowed more than \$35 billion, the median household income has fallen by \$1,000, and retail sales have decreased 3%.

National’s budget does nothing to address these problems. It doesn’t even seem to understand the fundamental problems that are holding this country back. Rather than a plan for a wealthier New Zealand, National has made a broad series of cuts that will hurt but not help.

National’s own forecasts say it will take two more years for the economy to reach the peak

it attained under the last Labour Government. Even that minimal progress is based on projections that the head of the Treasury, Gabriel Makhoul, has admitted are far too optimistic.

National’s budget cuts KiwiSaver, which will make it harder for New Zealanders to save for their retirement and leave us deeper in debt as a country. Across a broad range of public services National has penny-pinchd with egregious cuts that hurt families, including cuts to early childhood education and funding for family violence prevention, while preserving the huge tax cuts it handed out to millionaires last year.

At the same time, the budget attempts to lock in asset sales. National promised they would not sell assets without an election mandate, but they have broken that promise by assuming asset sales in their budget forecasts and hiring staff to begin the privatisation process.

Be assured that Labour will not sell assets if we are elected at the end of this year. A vote for National is a vote to sell our public assets offshore. Only a vote for Labour will stop privatisation and make sure we own our future.

Unlike National, Labour understands the problems that confront our economy and has the courage to fix them. Our plan has four pillars:

First, Labour will work to build a strong export economy through better innovation, economic development and skills training, leading to

higher incomes and more good jobs. An example of our policy in this area is reducing the taxpayer subsidy for greenhouse pollution from agriculture and using the savings to invest in research and development for a hi-tech, low pollution future.

Second, Labour believes it is vital that we own our future as a nation, through increased savings and protection of Kiwi assets, and by putting the Kiwi dream of owning our own homes back within reach. This is why we will not be selling assets, and will be making saving and investment in productive areas of the economy more attractive.

Third, Labour will help all Kiwis get ahead by lifting living standards and introducing a fairer tax plan. We will be releasing full details of this in coming months.

Finally, and crucially, Labour will reduce Government debt over the medium term to low levels as part of a package of policies. Before the election, we will be presenting a fully-costed plan, so that you can see exactly how we will pay for the things that we believe are important without increasing debt.

Labour believes that we need a plan for innovation, more jobs, and higher wages to revitalise this country’s economy and lift standards of living. National’s Budget fails to deliver. It is now clearer than ever that, if we want a better future for New Zealand, we need a Labour-led Government with the plan to deliver it.”

UK: ROYAL WEDDING DRIVES SALES

British supermarket chain Waitrose reported an “outstanding” week of sales leading up to the Royal Wedding. Sales were up by 23.1% on the equivalent week last year and up 34.5% on two years ago. This included the busiest Thursday ever (28 April), outside the Christmas and New Year period.

Many of the purchases reflected the celebratory and patriotic mood of many people looking to mark the event. Traditional foods found favour with sales of strawberries up 51% on last year, clotted cream 70% higher and cheesecake sales up 62%. However, the biggest winner

was trifle – sales were up a staggering 370% on last year. Part of this demand was driven by celebrity chef Heston Blumenthal creating a Royal Trifle for the big day.



RETAIL QUIZ

All NARGON members should know the answers to these three questions:

1. When do the Budget changes relating to employer contributions to KiwiSaver come into force?
2. How much are food prices up for the year to April 2011?
3. Which celebrity chef created a Royal Trifle and helped boost trifle sales at Waitrose by more than 350%?



PROFILE – BARRY ROLLINSON (LEVIN NEW WORLD AND WRITE PRICE)

This issue, NARGON News talked to Barry Rollinson, owner-operator of the Levin New World and Levin Write Price:



How long have you been in the industry?
43 years.

How many staff at your store?
There are close to 250 between the two stores.

Which product surprised you most with its success?
There is so much variety now. In the 1960s, we might have 3,000 products. Now we have 22,000. Health and beauty is one area we have taken over from the pharmacies and the range at the deli has certainly changed from just coleslaw, ham and luncheon meat!

What part of the industry do you enjoy the most?
Now that my family is running the store, I enjoy just

being on the floor with the customers. It is one of those things I always wanted to do but was too busy.

What's your least favourite aspect?
All the compliance, form-filling and administration take a bit of the joy out of it. The costs of business is getting too top-heavy. You also need eyes in the back of your head to catch crooks and protect your stock.

Tell us one thing your customers may not know about you?
They may not be aware I love the great outdoors and have done a few big tramps. I enjoy getting away and getting lost in the bush.

What is your favourite drink?
A nice glass of Pinot Noir and I do like a old-fashioned cup of tea.

What three things would you take to a desert island?
Sky TV (especially the sports and UKTV), a supply of good quality red wine and my wife.

If you were banished to only one section of your store, which one would it be?
The deli section – it is the most creative and colourful department.



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RETAIL QUIZ ANSWERS

1. 1 April 2012 and 1 April 2013.
2. Up 6.1%
3. Chef Heston Blumenthal.



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