



SPECIAL POINTS OF INTEREST:

NARGON AGM

Foodstuffs Expo and NARGON Breakfast (pg 3)



Above; Port Fitzroy store on Great Barrier Island, bottom right: Waitangi Store on the Chatham Islands

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THE GROCERY STORES OF GREAT BARRIER AND CHATHAM ISLANDS

NARGON spoke with two store operators on New Zealand's offshore islands, Cheryl & Allan Jones who run Port Fitzroy Store on Great Barrier Island, and Simone Croon who operates Waitangi Store on the Chatham Islands. The Jones's store is a husband and wife team with one other staff member, whereas on the Chathams, Simone has five part-time staff assisting her. Great Barrier Island is 40km east of Cape Rodney, and the Chathams are 800km south-east of Christchurch, their time-zone is 45mins ahead of mainland time. Both stores are well established dating back to the 1960's. The Jones's arrived at Port Fitzroy Store in 2001 from Tokoroa, and Simone took over her store in the past couple of years. The Croon family are an established Chathams family who also operate tourism tours on the island as well as the Waitangi Hotel.

SUPPLY

For most of us on the mainland, securing regular supply is rather straight forward but for store operators on New Zealand offshore islands things aren't always so clear-cut. Both stores are serviced by ship: Port Fitzroy Store uses Gilmours via the Auckland wharves, while the Chathams are serviced via Trents and the Port of Timaru. Cheryl Jones states that they also top up regularly from an Auckland supermarket. There are two other stores on 'The Barrier' at Tryphena and Claris, and one other store on the Chathams Islands at Te One. Great Barrier does not have reticulated electricity, so a generator powers the store, in the Chathams the main settlement of Waitangi does have a reticulated diesel generator power scheme at least. Petrol in the Chathams is \$2.55/litre compared to \$2.25/litre in Great Barrier, whereas its about \$1.77/litre on today's pricing (Aug 2010) in NZ's main centres.

BANKING

Banking can be a headache, particularly on Great Barrier as there are no banks, and the Jones's have

to take advantage of anyone going to the mainland to do their banking or to collect change. The ANZ Bank has a branch on the Chathams, so banking is not quite so critical even though the bank operates only four days per week.

RETAIL

Both stores find summer is their busier season, with Port Fitzroy Store in particularly inundated with Auckland boaties over the Christmas holiday period.

Products that have surprised over the years for Cheryl Jones at Great Barrier is frozen bread dough, 'we sell heaps of it', and at Waitangi Store, Simone has been surprised with bottled water sales and the amount of fruit she sells. Both find paper-work the least favourite aspect of their businesses as well as 'stores day', where the unloading of deliveries off the boat/wharf can be tiring. Port Fitzroy Store also offers fuel and has a NZPost agency, whereas Simone has a hair-dressing salon attached to her shop.

For these remote offshore stores, many of the challenges faced by mainland stores are still the same. Visits from sales reps are not that plentiful, and operator resourcefulness is a key attribute to have, both store operators aren't intending to return to the mainland any time soon.

By Robert Scott

Molesworth Four Square



NARGON AGM

As required by our organisation's rules, NARGON held its Annual General Meeting on 23 March 2010. These meetings are always open to all members and the AGM papers have been made available on the NARGON website: <http://nargon.co.nz>

The 2011 AGM will be held on March 22nd and will be held at NARGON head office, Level 6, Lumley House, 3-7 Hunter Street, Wellington, 6011.



EXTRA PUBLIC HOLIDAYS UNLIKELY, SAYS PM

There have been calls for the Government to shift all public holidays which fall on a weekend to the following Monday. In 2011, employees will effectively lose Waitangi Day (which falls on a Sunday) and ANZAC Day (which occurs on the same day as Easter Monday). Such a situation will occur twice every seven years.

Labour leader Phil Goff led the calls saying, "I think most people would feel there should be more consistency." He has defended the affordability of the policy stating, "It's not an economic issue. If five out of seven years you can afford it, then you should be able to the other two." His call was supported by Andrew Little, Head of the Engineering, Printing and Manufacturing Union (EPMU) and President of the Labour Party.

However, Prime Minister John Key responded by saying there were no plans to introduce the legislation needed to create the extra holidays. In response to Mr Goff's, the Prime Minister noted "I acknowledge it will be frustrating but it's not something that will be on the agenda at the moment. It's something we could consider but it's not something I've had much advice on." NARGON does not support the automatic Monday-isation of public holidays.

Our on a lighter note conversation actually took place in a clothing store in Sandy, Utah, USA, at least according to www.notalwaysright.com –

SALES WELL UP WHILE FOOD PRICES DIP

In October 2010, Statistics New Zealand figures show that total retail sales fell 2.5 percent (\$137 million) after a 1.7 percent (\$94 million) increase the previous month. Ten of the fifteen industries dropped, four of them by more than \$20 million. However, the largest increase was again recorded by supermarket and grocery stores, where sales were up 4.2 percent (\$58 million). During a tough year, our sector has consistently been the strongest performing retail industry which is a significant achievement.

Food prices in December 2010 fell 0.8 percent according to Statistics New Zealand. This follows on from a 0.6 percent decrease in November 2010. Seasonal falls in vegetable prices, including the impact of bad weather, were the key contributor to lower food prices. Grocery food prices fell 0.4 percent while meat, poultry, and fish prices rose 0.8 percent. In the year to December 2010, food prices overall rose 4.2 percent and all subgroups increased.

NAME BADGES INCREASE CUSTOMER SATISFACTION

According to new research by mystery shopping and customer experience company Shopper Anonymous, something as simple as wearing a name badge can make a large and immediate difference to customer satisfaction levels. The claim is based on a study of 116,000 mystery shopper reports carried out in Britain, Australia and New Zealand over the last eight years.

When businesses introduced name badges, customer

satisfaction ratings went up 12% almost instantly, compared to other companies which did not require badges. Shoppers Anonymous said managers needed to lead by example by wearing badges because the manager is the first person customers usually want to identify. The company argues that requiring name badges can make a significant difference to any retail business.

GREENS RENEW ATTACKS ON SUPERMARKETS

Green MP Sue Kedgley has drafted a Member's Bill to set up a supermarket code of practice and a supermarket ombudsman, saying both were needed to ensure that suppliers as well as consumers are fairly treated. She says "the Bill will require a supermarket code of practice to be drawn up and a supermarket ombudsman established to enforce the code. The code would set out an open and transparent set of rules around the supply chain practices of supermarkets, and protect suppliers

against unfair or anti-competitive trading practices."

Mrs Kedgley points to the introduction of a similar scheme in Britain in 2010. This move was ironically attacked by the UK Green Party. So far, the Government has shown no indication of supporting the Bill if it gets drawn from the ballot. Last year, Mrs Kedgley hit the headlines claiming growers were being paid the same prices they were 20 years ago and that supermarkets marked up fresh fruit and vegetables by as much as 500 percent.

ON A LIGHTER NOTE

Customer #1: "Umm... could you maybe use that bag for somebody who wants to kill the environment?"

Me: "Yeah, I think I can."

(I turn to the next customer in line.)

Me: "Do you want to kill the environment?"

Customer #2: "Yes!"

Me: "A bag it is."





POLITICAL COMMENT – HON BILL ENGLISH (NATIONAL)

This month, Deputy Prime Minister and Minister of Finance Hon Bill English presents the argument that cautious Kiwi consumers are a sign of wider economic adjustment:

“Retailers will be acutely aware of how careful customers are being with their money, as the economy picks up momentum. This new, more cautious consumer reality has undoubtedly made life difficult for retailers across New Zealand.

Traditionally, economic recoveries in this country have been built on a strong pick-up in consumer spending which has fed into domestic sectors such as retailing and housing. That is not happening this time around – and it’s symptomatic of a wider and necessary economic adjustment taking place in New Zealand.

After several years of spending more than we earn as a country, New Zealanders – households, businesses and the Government – are facing up to the reality that in this credit-constrained world, this recovery will need to come from the earnings side of the economy such as exports.

This adjustment would have been necessary, even without the global recession. But the global financial crisis made the situation more urgent. We have seen in places like Greece and Ireland what happens if countries live beyond their means for too long - the adjustment is forced on them in harsh and painful terms.

In New Zealand, the Government wants the

adjustment to be made on our own terms. In the short term, this means the recovery has been slower and patchier than we would have liked – and certainly slower than retailers would like to see. However, in the long term, this adjustment will ensure we build faster, ongoing growth to support jobs and higher incomes.

The Government has set out a wide-ranging economic programme to help steer the economy in this direction. But before I outline some of the measures, I want to highlight one point which many commentators – and our political opponents – conveniently overlook.

New Zealand’s deep-seated imbalances have built up over several decades – in fact, we have not run a current account surplus since 1973 and our net external liabilities are now extremely high by world standards at around 90 per cent of gross domestic product. Therefore, these problems will take more than a year or two to fix - we will need a wide-ranging programme of ongoing change, year after year. We don’t have a single silver bullet - if we did, we would have fired it off years ago.

So the Government is implementing a wide-ranging six-point economic programme that includes:

- *Investing billions of dollars in productive infrastructure*
- *Removing red tape and improving regulation*
- *Supporting business innovation and trade*
- *Improving education and lifting skills*
- *Lifting productivity and improving*

- services in the public sector*
- *Strengthening the tax system.*

We have already made good progress in many of these areas. For example, Budget 2010 introduced New Zealand’s largest tax reform package in more than 25 years – designed to encourage work, savings and investment and discourage excessive borrowing and housing speculation.

The tax changes leave New Zealand well placed internationally. Our new 28 percent company tax rate, which takes effect from the 2011/12 income year, is below Australia’s current 30 percent rate and lower than the 29 percent headline company tax rate Australia will introduce in 2013/14. That’s good for all New Zealand businesses.

In 2011, you will see the Government press on with its busy programme we started soon after taking office just over two years ago. In particular, we will take further steps to encourage savings and reduce New Zealand’s unsustainable reliance on foreign debt. At the same time, we will ensure the Government plays its part in lifting national savings by returning to budget surplus as soon as possible and by requiring better and smarter services from the public sector.

I’m confident that the economy will build momentum on a more enduring basis through 2011 and beyond – and that this will benefit retailers. Over time, we will achieve our goal of delivering the stronger economy, more jobs and higher incomes New Zealanders deserve.”

RETAIL QUIZ

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

1. Which political party is calling for a supermarket code of practice?
2. How many public holidays will be lost in 2011?
3. Which one simple policy is reported to increase customer satisfaction by 12%?

FOODSTUFFS EXPO BREAKFAST

NARGON is looking to make the Foodstuffs Expo Breakfast an annual event after the success of the first breakfast held on August 31 2010. That was the first time the breakfast was scheduled on the morning after the Foodstuffs Dinner at the Foodstuffs Expo. There were no speakers or set start times so suppliers and owner/

operators enjoyed a leisurely, complimentary breakfast after the big night out.

Any suppliers interested in being involved in the 2011 Expo Breakfast should contact NARGON’s Executive Director Trina Snow (director@nargon.co.nz).



PROFILE REVIEW 2010



This issue, NARGON News talked to Cameron Brewer, newly elected Auckland City Councillor and former business advocate.

How long have you been promoting businesses?

Just over five years as head of the Newmarket Business Association and I'm now Chair of the Council's Business Advisory Panel.

As a consumer, which grocery product surprised you most with its success?

I suppose it is the success of supermarkets in unilaterally changing the entire liquor landscape.

What part of working with businesses do you enjoy the most?

I enjoy the grass roots stuff where you work with real-life business practices at the shop level. I don't really enjoy the high-falutin' policy stuff so much.

What's your least favourite aspect?

Hearing the problems and frustrations but knowing the bureaucracy will be slow to respond, at best.

How can a store look to succeed in a tough environment?

The best thing to do as a business is to hold onto what you have got. Businesses which looked after their loyal customers, offered good customer service and trained their staff are still around today.

Tell us one thing your constituents may not know about you?

I used to work in Parliament and for my leaving do I dressed up as Helen Clark, including red shoes, red frock and full rubber mask. It was going really well until I got into a Beehive lift with Heather Simpson, Helen's main policy advisor!

What is your favourite drink?

Taranaki Draught, because that's where I come from.

What three things would you take to a desert island?

I'd take my favourite movie 'Scent of a Woman', my Blackberry so I could keep in touch with my constituents and a wireless to monitor how the rescue was going.

If you were banished to only one section of a store, which one would it be?

I was going to say bakery but as a Brewer I would of course have to man the beer fridges



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- RETAIL QUIZ ANSWERS**
1. The Green Party.
 2. Two.
 3. Name badges for all staff.



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