



Special points of interest:

- File GST online
- Holidays Act review
- Supplier Awards update

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Lean Retailing

On a return trip from Wellington recently, I was fortunate enough to sit next to a well-known child psychologist and after mild mannered pleasantries about each others family and occupation were exchanged, we got down to solving the problems of the world. He was very interested in the grocery industry and was awestruck by the technicians and architects shaping the Oral Care category. Just when you think that every possible avenue has been traversed in this category, voila, another new product. Why, at this very moment, somewhere, somebody is brainstorming a new and more effective way to clean the mouths of the planet. Make these people responsible for finding the solution to world hunger, and peace on earth and there would have been a resolution many times over by now. It really is quite incredible that an idea as arbitrary as brushing your teeth (tooth depending on geographic location) has turned into a \$106,000,000 industry pa in this country.

New ideas/products are abundant in the industry, last year thousands of new products in the form of brand extensions and new SKU's were launched world wide. Consumers demand that we keep things fresh and with current forms of media available, the spend some companies commit to launching new products, customer awareness is more ardently provoked. As with new products, the recent changes in pack size from many key suppliers (along with the media attention this has roused) should have presented stores with the perfect opportunity to review and drill down into categories and apply some basic category management principles. The new sizes in the washing powder category are a recent example which hopefully prompted stores to take a look at the SKU's of the total category, reviewing sales, gross profit, stock holdings and product placement. Following simple category management reviews regularly be it due to package size changes, new products or just as a part of daily operations can assist in growing sales and profitability and invigorate areas which may have been lifeless for a while.

When looking at in-store category management it is important to remember that the job is never done, similar to the Japanese post World War 2 philosophy of Continuous Improvement (Kaizen), which has since made its way into western cultures. Loosely the system encourages all stakeholders of a business to get involved in quality management and become responsible for improvements. Toyota used it to great success, where small improvements were made compounding in productivity improvements. Employees at all levels were accountable for improvements in the system and actively sort quality as a mantra. In the case of category management, the job is never finished. You will need to review and refine as tastes and preferences shift, new products are introduced, pack sizes are changed... and then review again, always mindful of the objectives of the business.

Phillip Blackburn

NARGON Board member

Retail HOT SPOT Focus

Don't miss out on your Rebates

If you are buying a deal that relies on a carton quantity and the supplier short supplies, ensure you still get the discount

Supplier Awards Update

When—October 29th 2009

Where—Civic Stage in Queen Street, Auckland

Caterer—Austins Food Designs.

MC—Eric Rush

Entertainment—To be confirmed

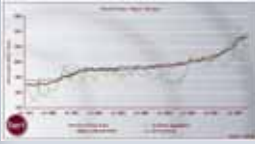
Tours of the Chelsea Factory in Birkenhead are on offer with lunch provided during the day and we will have accommodation packages for those of you who wish to make a night of it or are from out of town.

Supplier nominations close at the end of July

so if you have not nominated your company yet do so NOW! Nomination forms are available for download off our website at www.nargon.co.nz

We are still looking for sponsors for these awards so please let us know if you are interested or visit www.nargon.co.nz for more information.





For the year to June 2009, food prices rose 8.4 percent

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Supermarket and grocery record jump

In May 2009, Statistics New Zealand figures show that seasonally adjusted total retail sales rose 0.8 percent (\$41 million). This is the largest monthly increase since November 2007. Supermarket

and grocery store sales were up 2.2 percent or \$27 million on the previous month.

Food prices increased 2.8 percent in June 2009. Higher prices for vegetables accounted for about two-thirds of the

increase with cold weather hampering growing conditions. For the year to June 2009, food prices rose 8.4 percent, with all five subgroups recording increases.

Keeping staff and customers safe from swine flu

Influenza A (H1N1) is better known as the pandemic swine flu. While most people affected have had mild or moderate symptoms, swine flu has caused some deaths in New Zealand. Supermarkets and stores are busy places. Staff and customers may have swine flu and bring it into the shop. There are some practical steps stores can take to protect themselves and their staff from it.

One of the key methods of limiting the spread of swine flu is good personal hygiene, particularly the frequent and proper washing of hands. Commonly touched surfaces need to be cleaned daily, preferably with a detergent then a disinfectant.

A dedicated swine flu health website has been set up by the Ministry of Health at www.moh.govt.nz/influenza-a-

h1n1. The Department of Labour has also compiled a pandemic planning website at www.dol.govt.nz/initiatives/workplace/pandemic/index.asp.

Supermarkets have a responsibility to try to keep their staff and customers safe from swine flu this winter. They should be ready for this and any future pandemics with a comprehensive pandemic plan.

Employment Agreements a must for every employee

The Employment Relations Act clearly requires all employers to provide every employee with a written employment agreement. The Act specifies a number of matters an individual employment agreement must cover including:

- the employee's and employer's names
- a description of the work the employee will be doing
- where the employee will be doing the work
- when the employee will be working
- the wages or salary the employee will be paid, and
- an explanation in plain language of the services available for settling an employment relationship

Further detail is available in the members section of the NARGON website – www.nargon.co.nz.

Holidays Act review underway

A working group has been appointed to review the Holidays Act 2003. Minister of Labour Kate Wilkinson said the review is aimed at making the Act easier for businesses and employees to understand and apply, while maintaining fairness in the employment relationship. Issues to be examined include the calculation of relevant daily pay, trading annual leave for cash at the employee's request and transferring the observance of public holidays. NARGON believes these are important issues and looks forward to the final report which is due by the end of the year.



"the review is aimed at making the Act easier for businesses and employees to understand and apply, "

Retail Quiz (2)

All NARGON members should know the answer to these three questions: *(answers on page 4)*

1. What price is a packet of cigarettes in Australia expected to rise to?
2. When is the working group reviewing the Holidays Act scheduled to report by?
3. Who is the Executive Director of NARGON ?

Political comment – Green Party

Kevin Hague, List MP, is the Green Party's spokesperson on Commerce and Small Business and puts forward the Green perspective on the big issues:

Thank you for the opportunity to contribute to your newsletter. I have a background in retail myself (books) and firmly believe that retailers have considerably more expertise in business and the "real" economy than do foreign exchange traders, for example!

There are a couple of key areas of interface between your area of work and ours. One of our key policy planks is the right of consumers to eat safe, healthy and sustainable food, and this is a theme that definitely strikes a chord with a wide cross-section of the New Zealand public. Your industry sits at the interface between consumers and suppliers, and you have some important opportunities to help advance these principles. It has been great to see the increased availability of organic foods, free range eggs and meats, and

locally produced food. We also know that Country of Origin Labelling is also very important for many New Zealanders, and I want to thank those of you who have led the way here, in the perverse absence of leadership from the Government.

The other area I wanted to touch on is the role of your industry in developing a sustainable economy. There are many environmental problems that we face over the next decade or so that will require us to fundamentally reorganise our economies, and re-gear them to sustainability rather than growth. One of those factors is the end of cheap oil. Currently the recession has been masking the fact that our underlying demand for oil greatly exceeds the discovery of new supply. A consequence of this will be an end to the cheap transport costs for goods (and people), requiring us to focus much more on local economies.

Yet the focus in recent times has been on globalisation, with

the effect that local economies and communities have often been neglected. We will need to rebuild strong local economies, and your industry can be crucial in that. You already make a substantial contribution. Dollars spent in your businesses tend to stay in your local areas, creating both direct and indirect employment and putting food on family tables. The more you can source the products you sell locally, the greater and more valuable this effect will be.

Your businesses also often serve as the modern equivalent of the village well – social hubs for communities as well as sources for food and other goods. The evidence is that resilient communities also have better outcomes in areas like health, education, justice and social welfare. You may be able to use your position as a community hub to build not only a stronger local economy, but also stronger and more effective communities. Sounds like good business to me.



"Country of Origin Labelling is also very important for many New Zealanders, and I want to thank those of you who have led the way here"

"it's a copy of the real site that you can explore anonymously, without sending any details to Inland Revenue."

On a lighter note

After covering some of the world's strangest beers in the last edition, this month we have a look at some of the oddest wine names:

- Scraping the Barrel Tempranillo (Spain)
- Bloody Good Wine (USA)
- The Unpronounceable Grape (Hungary)
- Marilyn Merlot (USA)
- Cat's Pee on a Gooseberry Bush (New Zealand)
- Goat's do Roam (South Africa)



Filing GST on-line

The IRD has developed a GST demonstration site to show people how to file their returns on-line. It allows business to have a trial run before doing it for real. They have advised NARGON that "it's a copy of the real site that you can explore anonymously, without sending any details to Inland Revenue. You can walk through the screens at your own pace, seeing how everything works. The data is already there, so all you do is click the mouse. It's easy, and should take you less than ten minutes at www.ird.govt.nz.

There are good reasons to make the change:

- You can file your returns at any time of the day or night
- You'll save on postage
- It's more accurate than paper returns. The online return does the sums for you and prompts you if you've missed anything
- When you file your return, you'll get immediate confirmation that it was received by Inland Revenue
- Online returns are processed faster than paper returns. If you're entitled to a refund, you'll get it sooner."



Visit the NARGON Website for the latest news and information
www.nargon.co.nz

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Store Spotlight - Kelvin Gregg from Bethlehem Four Square and Lotto:

How long have you been in the supermarket and grocery industry?

For 8 months – I had been in the motor car industry all my life

How many staff at your store?

Nine staff including four full timers

Which product surprised you most with its success?

Our wine sales are doing extremely well considering the doom and gloom out there.

What part of the industry do you love the most?

The people and seeing steady growth in sales and customer satisfaction

What's your least favourite aspect?

Staff hassles

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

They probably don't know what I've done with motor racing over the years

What are your favourite drinks?

Steinlager Pure and the Fresh-Up range

What three albums or books would you take to a desert island?



The Finn Brothers for music, a Tour de France video and The History of Motor Rallying book

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

Probably the chilled and frozen goods

AUSTRALIA: Cigarettes could cost \$20 a packet

The Rudd government is considering a report from the Preventative Health Taskforce which contains recommendations of sharp increase in tobacco taxes, plain packaging and a ban on internet sales and media campaigns. It is widely expect that the Government will progressively increase the price of

cigarettes to AUS\$20 for a packet of 30. This would raise the average price of a single cigarette from 45c to 67c and bring in an estimated \$1.97 billion in extra taxes. The Health Minister Nicola Roxon has refused to comment on the report saying they "will respond in due course".

Visit **Nargon News** at www.nargon.co.nz to fill out the Store Spotlight questions so your store can be featured in this section

Answers from page 2

1. Twenty Australian dollars (around twenty five New Zealand dollars)
2. The end of the year
3. Trina Snow.