

Public submission to the:

**ACCC inquiry into the competitiveness of
retail prices for standard groceries**

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1. Background

I have been associated directly, and indirectly, with the independent grocery and liquor industry for over 30 years.

From 1987 to 2005, I owned and operated a group of independent supermarket stores in the Australian Capital Territory.

During that time I dealt with both manufacturers, distributors, wholesalers, and other retailers. The level at which my dealings were conducted, were from, at what is best described as, street level (that being dealing with suppliers and manufacturers local and area representatives) to CEO level.

The major wholesalers with whom I dealt with, included, G&L Warehouse, Davids Limited, Australian Independent Wholesalers (owned by Tiara P/L and subsequently, Woolworths Limited), Campbell's Wholesale, and AIW Queensland (now SPAR Australia), Metcash Limited, IGA Distribution.

I also served as chairman of a group of independent retailers, whereby I was charged with the task of negotiating supply arrangements with manufacturers, suppliers and wholesalers.

I currently publish a trade newsletter for the independent grocery industry.

My experience within the Australian grocery industry, both generally, and within the independent retailer grocery industry, has given me a very clear, and deep, understanding as to the commercial relationships, and pricing arrangements, that form the retail price that Australian consumers pay for grocery products.

2. Disclosure

I have no commercial connection, or interest, with any manufacturer, wholesaler, or retailer in the Australian grocery industry.

I advise that I am currently defending an action (SAD29 of 2006) bought against me, in the Federal Court of Australia, by Metcash Limited, and 2 of its subsidiaries, in respect to public statements that I have published in regard to the conduct of Metcash.

3. Preamble

This submission deals only with the facts to which I know, and/or have dealt with, in my career as an independent grocery retailer, and observer/commentator.

I do not attempt to present my submission as a complete overview of the grocery industry, but rather provide the information which I hold, so that the ACCC can use such, in its inquiry, so as to obtain a more complete, and informed, understanding of the national grocery industry, and to be able to identify areas of the Australian grocery industry that require further, and deeper, investigation so that it may enable itself to provide a thorough investigation into the competitiveness of retail prices for standard groceries in Australia.

As with the majority of industries, the Australian grocery industry has evolved into a very complicated and convoluted industry, which has occurred over time through an ever changing industry landscape, and as with most industries, change has occurred by simply adding onto the original structure of terms and standards, creating a very complicated system today.

Whilst I note that the Hon. Chris Bowen states in his instruction to the ACCC to conduct this inquiry, that ***“The inquiry is not an inquiry in relation to the supply of grocery items by any particular person or persons”*** I state that, for this inquiry, by the ACCC, to be able to identify considerations that are relevant to the competitiveness of retail prices for standard groceries, the ACCC will need to examine, in depth, the terms and conditions that become inputs into the pricing of grocery products along the supply chain to the consumer, and the reason that I say this is that post manufacturer level, there are 3 parties (Woolworths, Coles and Metcash) who control approximately 97% of

retail grocery sales (through 84% of retail grocery outlets) via the wholesale supply chain (wholesale distribution) in Australia, to retail supermarkets, (refer Table 1), thus the conduct of those 3 parties dominate, and controls the majority of the wholesale distribution of groceries manufactured by all manufacturers to retail supermarkets in Australia.

4. Submission industry overview

In preliminary support to my submission to the ACCC's inquiry, into the competitiveness of retail prices for standard groceries, I submit the following information so as to provide insight for the board of inquiry, as to the supply, distribution, and sale, of standard groceries in Australia.

Each and every facet, (production, transport, distribution and retail sales) of the Australian grocery industry's economies of scale are driven by volumes. In other words, the greater the volume of product, the lower the cost, which should, subsequently, be reflected at retail price.

The market leader in the grocery industry primarily sets the market retail price, according to the competition that it faces, and all subordinate players follow based on what the market leaders do.

The Australian grocery industry is no different to any other industry, in that competition at all levels ensures competitive supply and retail pricing, unfortunately we now have a situation whereby 3 major companies, dominate, and control, the wholesale distribution, and retail sales, of grocery products in the Australian marketplace.

The reduction in the number of large independent wholesalers has had a significant impact on the options that independent grocery retailers have, as to the supply of grocery products at wholesale level, and secondly it has had a significant impact on manufacturers who wish to have their products distributed to consumers.

This in turn, has significantly reduced the competitiveness, at wholesale level, and subsequently retail level, for the pricing of grocery products.

It is a well documented fact, that the public's view, and the view of all people from outside the Australian grocery industry, is that the grocery industry is dominated by 2 major players, Woolworths and Coles, and that these two companies control, and benefit, from their so-called monopoly.

The fact of the matter is that the Australian grocery industry is controlled by a triopoly, that being, there are 3 main players, who are, Woolworths, Coles and Metcash. Metcash Limited is a publicly listed company who controls/supplies, by their own statements, nearly 19% of the retail sales of groceries in the Australian marketplace, by being the wholesaler to 82% of all independent grocery retailers in Australia, combine that, with the fact that Woolworths and Coles together, control, 78% of the retail sales of groceries in the Australian marketplace, through only 35% of the total number of supermarkets, and this results in the fact that Australia has 3 companies controlling approximately 97% of the supply, distribution, and pricing, of the retail sales, of grocery products in Australia today.

So, the 3 major players who control 97% of the wholesale movement of grocery products in Australia, being Woolworths, Coles and Metcash, are known to be:

Woolworths : is an company that has proven that its is a well managed retail grocer that provides the majority of what the Australian consumer demand, as is evidenced by consumer support through grocery purchases;

Coles (Wesfarmers) : Wesfarmers, being the new owner of Coles, is a very well respect, and managed company, which obviously has a large investment in what can only be described as a historically poor market performer in the Australian grocery industry; and

Metcash : is the company that controls, not only the wholesale flow of grocery products to nearly 82% of all independent grocery retailers in Australia, but also has holds significant equity positions in a very large number, of the largest, so called independent retailers in Australia.

Certainly with only 3 players, controlling such a large percentage of the retail sales of groceries, then competition may be replaced by collusion, but I consider this a somewhat wishful excuse, as my experience is that the major, or aggressive player within the Australian retail grocery industry is the one who primarily sets retail pricing, for example if the major player has an aggressive second and third rank players then the major player will fight any effort to reduce its market share by using all of its volumetric buying cost advantage, so as to use lower retail pricing than its lesser competitor is able to achieve due to the lesser competitors lower achieved volume discounts, etc.(which results in the lesser competitors higher wholesale cost).

Now if one accepts that Woolworths only has to meet the lowest price being offered to consumers by its rivals, then one can see that the 2 other current major players offer no real threat to whatever pricing strategy Woolworths adopts, and whilst there may have been a certain “school of thought” as to collusion in the grocery retail market between Woolworths and Coles, it would have to be a long stretch of the imagination to assume that the new Wesfarmers controlled management of Coles would follow any existing hidden pricing protocols between Woolworths and Coles, given that Wesfarmers has a significant investment in Coles, and that it (Wesfarmers) is under enormous scrutiny by its investors, and the Australian investment community at large, as to the sales performance/market share of Coles, and certainly given whatever historic arrangements there may have been, either agreed, or just silently understood, as to the retail pricing conduct between Woolworths and Coles, it does not appear that either party is currently in the situation that would give rise to collusive arrangements, although such assumptions would need to be supported by relevant investigations.

5. Grocery industry retrospective

5a. Independent grocery retailers

The term independent grocery retailer is not a title that is specific in its interpretation, understanding, and use, in that the term ‘independent

grocery retailer' is loosely used to describe a retailer of grocery products that is not owned by major corporate entity retailer.

The term independent grocery retailer is also loosely applied to any sized business, whether it be a 150 sqm corner store selling groceries, or a privately owned 3500 sqm supermarket.

Historically, large and small independent grocery retailers decided to join together to gain economies of scale in wholesale buying of goods, in an effort to tackle major retailers in the retail marketplace.

These groups of retailers then formed what was termed 'banner groups', being groups of retailers who operated under one trading name ("banner").

These banner groups then sought to formalise supply agreements with grocery wholesale suppliers, so they could leverage their combined buying power so as to achieve a lower cost of goods with suppliers.

At the same time, grocery wholesalers saw the advantage of creating and running their own banners for independent retailers to join.

There is the issue, and one that this inquiry should address, and that is what the inquiry defines as an "independent retailer" within the Australian grocery industry ?

In reality one can hardly call grocery retailers, who are a member of a international/national banner (buying) group, 'independent'; nor could one go to the extent, of calling a grocery retailer that is part owned and/or has management input by a publicly listed corporation, 'independent'; as both, the member of a banner/buying group, and/or the retailer who has a major public corporation as one of its shareholder/directors, is, by true definition, not able to be called, or considered, as an "independent" retailer within the Australian grocery industry.

5b. Manufacturers / suppliers / wholesalers

Manufacturers of grocery products originally distributed their products directly, or, appointed sole local area distributors to distribute their products, to retailers.

Manufacturers then, as a second strata of the business relationship between themselves, and retailers, entered into promotional agreements with retailers so as to have their (manufacturers) products promoted to consumers in the retail marketplace, for which, manufacturers provided payments and incentives to the retailers.

Broad based wholesalers emerged in the marketplace, which offered manufacturers the opportunity to deal with one wholesaler that would distribute their products over greater areas, to many, and varied retailers.

Conversely, these broad based wholesalers also offered the grocery retailer the opportunity to deal with one entity for a large part of the products that they needed to source.

Over time, wholesalers also provided other services to independent grocers so as to create commercial allegiances, and reliances on those wholesalers, by their customers, the independent grocers.

Manufacturers produced grocery products and sold them at, what was termed, wholesale price.

Following the advent of the middleman distributor/wholesalers, manufacturers had to create a second wholesale price list, which reflected a discount over the manufacturer's normal wholesale pricing strategy, in reflection of the cost savings delivered by having a distributor/wholesaler doing the physical distribution of their products.

So manufacturers then had two wholesale price lists, one for retailers that dealt directly with the manufacturer, and a second price list for wholesalers, as is the case in today's marketplace.

Large retailers put pressure on manufacturers to provide various allowances, discounts and/or rebates for large purchases, these discounts were loosely referred to volume discounts.

Independent grocery retailers saw the advantages being gained by larger retailers, who were able to obtain allowances, discounts, and rebates from manufacturers by buying in volume, etc, and so formed groups of grocery retailers who ran their businesses under one trading name ("banner") and who then negotiated as a single entity (combining their buying power, multiple locations, and promotional exposure) so as to obtain better pricing through allowances, discounts and rebates from the manufacturers.

As some supermarket banner groups grew, they saw the opportunity through scales of economy delivered by their store numbers and sales to carry out their own wholesale activity, and hence obtain the wholesale discounts that manufacturers gave to wholesalers, hence the vertical integration of wholesale function by some supermarkets.

Wholesalers, also saw the opportunity of harnessing the buying power of literally hundreds of small grocery retailers and being able to achieve volume discounts that were on offer from manufacturers, but only passing on some of the achieved volume discounts to the retailer customers. This of course, created the situation where numerous wholesalers would offer to pass on varying degrees of the volume discounts that they received from manufacturers to independent grocers so as to gain their business, thus further increasing the wholesalers buying volume, and gaining subsequent allowances, discounts and rebates from the manufacturers.

Unfortunately, over the last 2 decades, the Australian grocery industry has seen the loss of a number of grocery wholesalers, whether by merger,

attrition, or takeover, which has significantly reduced the number of wholesalers to which independent grocery retailers are able to deal with. In turn this has created a complete loss of competition at wholesale level (for both manufacturers and independent grocery retailers) in the independent grocery market, and subsequently created an almost monopoly for the one major wholesaler to the independent grocery retailers in Australia today, being Metcash Limited, via its grocery wholesaling divisions, IGA>D and Campbells Wholesale.

A further major impact on the competitiveness of independent grocery retailers is, that, due to the supply agreements that a sole national grocery wholesaler is able to command, due to its near monopoly, it is able to dictate terms of supply without the majority of independent grocery retailers in Australia having any other choice but to accept the terms to which they are offered, subsequently, the independent grocery retailers are then left with little choice, than to join a banner group which is ultimately run, influenced, and/or dictated to, by the one national wholesaler.

By having only one, major national wholesaler serving the independent grocery retailers in Australia, choice has been removed from both manufacturers, and independent retailers, as to whom to deal with, and as such, the lack of competition at this level has created, an unhealthy, biased, and uncompetitive independent grocery retail market within the Australian grocery retail market.

The other issue for independent grocery retailers is that they are unable to identify the true costs/charges being levied on them, or, as to the percentage of allowances, discounts and rebates that is passed on to them, by the wholesaler, as the pricing of groceries from manufacturer, to the wholesaler, to the price that the independent grocery retailer pays for grocery items from the wholesaler, is kept hidden by the wholesaler under claims of confidentiality and market sensitivity. Such undisclosed wholesale pricing does not allow the independent grocery retailer the ability to make valued commercial decisions as to the wholesale purchase,

or retail pricing, that he/she should be operating on, in the grocery marketplace.

So as to enable independent grocery retailers the ability to make fully informed commercial decisions as to wholesale purchasing, and subsequent retail pricing of grocery products in Australia, and assist in creating more active retail pricing of grocery products in Australia, the ACCC should consider the recommendation of legislation for full disclosure by grocery wholesalers as to the pricing inputs that are included in the final wholesale price charged by grocery wholesalers to grocery retailers, as this would provide truth and accuracy on which grocery retailers could make retail pricing decisions that would eventuate in a more aggressive retail pricing strategy, resulting in far more competition for the grocery consumer .

6. Current Independent grocery wholesale perspective

For the independent grocery retailer in Australia the choice of a broad based wholesaler is extremely limited:

Metcash Limited:

operating as **IGA Distribution (IGA>D)** with distribution centres operating in NSW, Victoria, Queensland, South Australia, Western Australia; and **Campbells Cash & Carry (Campbell's)** which services mainly small convenience style retailers with distribution centres operating in Western Australia, South Australia, Queensland, NSW and Victoria.

Spar Australia:

with one distribution centre operating in Queensland which

services Queensland and some areas of NSW/ACT.

Statewide Independent Wholesalers: with one distribution centre operating in Tasmania which services Tasmania only.

As can be seen from above, unfortunately, the majority of independent retailers in Australia find themselves, in today's market, with only one broad based national wholesale supplier of grocery products in Australia available to them, with two other minor broad based grocery wholesalers operating at very low national market penetration.

Due to the fact that, nationally, independent retailers have not had a choice in wholesalers for a number of years, this has led to Metcash being able to dictate terms to which independent retailers are supplied at, at wholesale level, without any real competition, this of course has meant that Metcash has been able to stipulate terms of supply to independent retailers that, to my experience and opinion, has allowed the creation of 'handcuff-type' supply contracts to which independent retailers are required to enter into, so as to obtain wholesale supply of grocery products.

This in turn has created a detrimental position for independent retailers in that due to the lack of number of broad based wholesalers they have been forced to enter into terms of supply with Metcash that both restricts their (independent retailers) ability to find alternative wholesale supply, and secondly hinders any party who may consider entering into wholesale supply of grocery products to independent retailers, as the majority of independent retailers are contractually 'handcuffed' to Metcash, thus denying any new incoming wholesale grocery supplier the ability to achieve sufficient numbers of independent retailers to supply, thus denying any potential wholesaler a viable scale of economy.

The other major impact of having only one major broad based wholesaler serving the independent retailers of Australia, is that manufacturers find themselves in the same position as independent retailers, in that they have only one channel of

wholesaler in which to be able to distribute their products to the majority of independently owned grocery retailers of Australia.

As such Metcash cannot be called a truly independent wholesaler as it holds a number of equity positions, at/or around 26% in large multi-store operators that are customers of IGA>D, Metcash also holds board management positions in those retailers, thus Metcash has commercial interests in the retailing of grocery products in Australia that has the potential to influence the way it deals, and operates, with the other independent grocery retailers who are supplied by Metcash.

The other, very important point that needs to be understood is that Metcash is the owner of the IGA banner group name in Australia, and as such, has complete control over the independent store owners that operate under the IGA banner.

It has been my personal experience in my dealings, and communications, with independent retailers across Australia, that due to the near monopoly enjoyed by Metcash, that whilst there is a lot of disquiet, and unrest, as to the treatment and conditions required, and demanded, by Metcash, the independent retailers are in fear of speaking out against Metcash, or complaining, as to the commercial dealings to which they must comply, so as to obtain grocery supplies from Metcash, as they fear retribution through their dealings with Metcash, and that, should such occur, they have, in most cases, no alternative broad based grocery wholesaler with which to obtain stock from.

I therefore believe, and strongly recommend, that the ACCC inquiry should consider providing a forum, within this inquiry, whereby it provides the ability for both independent retailers, and manufacturers to provide to the ACCC inquiry, the evidence which they have as to the current market conduct, terms, and conditions of the wholesale distribution of grocery products in Australia under absolute confidentiality, and protection, from influence and/or retribution of any other party, as it will only be then, that this inquiry will be given the real facts, and matters, that so greatly impact on the retail pricing of grocery products in Australia.

I advise this inquiry that I am prepared to provide the inquiry, in open forum, with detailed evidence as to the contractual pressures and pricing policies that I have experienced as an independent grocery retailer in Australia.

6a. Metcash Limited

Metcash Limited is somewhat of a self created, and maintained, enigma within the Australian grocery industry. It promotes itself as a grocery wholesaler, but the fact is that is far more. It is a retailer, both through its equity positions that it holds in a large number of so-called independent grocery retailers, and it controls the retail activity of the 1384 (as at Oct. 2007) independent grocery retailers, that are trading under the Metcash controlled IGA banner in Australia, whilst Metcash also claim to supply another 1491 (Metcash Annual Report 2007) independent retailers, in addition Metcash's, Campbell's division, supplies more than 100,000 businesses (Metcash Annual Report 2007) !

It is reported that Metcash demand the same, or greater, trading terms as is achieved by Woolworths, and Coles, from manufacturers, and Metcash certainly appear to have more fees and charges that they impose on manufacturers than Woolworths and Coles.

In Table 2, attached to this submission, is a list of published charges and fees that have been publicly reported as being charged by Metcash to manufacturers and suppliers, though to my understanding and knowledge, this list is not complete, but is rather a very good indication as to the allowances, discounts rebates, and fees that are collected from manufacturers by Metcash, and as such, adds significantly to the inputs to wholesale costs that independent grocery retailers must contend with, and to which manufacturers and suppliers must bear burden to.

Of course another major consideration is, as to the flow-on benefit that Metcash allows of the allowances, discounts, and rebates fees that it collects from manufacturers and suppliers into the inputs of its pricing to independent grocery retailers.

The other consideration that must be given by this inquiry, is that, to the major retailers, Woolworths, and Coles, their respective wholesale distribution activities are only a sub-function of their prime commercial function and activity, that being the business of retailing, of which, is where their respective profits are derived, and calculated on.

In comparison, Metcash's sole business activity is that of wholesaling, and, it is its wholesaling activities on which its profits are derived, and calculated on. Therefore Metcash's aim is to drag as much income as possible from its wholesaling activities, but as a consequence, this increases the pricing inputs that independent retailers are forced to pass on to consumers through their retail pricing.

The major question that arises from this situation, and one that I recommend that this inquiry investigates very closely, is that of whether Metcash, through its position, is taking opportunistic profits as being the only national grocery wholesaler to the independent grocery retailers, which in turn makes the independent grocery retailers unable to bring competition to the major grocery retailers via retail pricing of grocery products, thus resulting in a lack of competition at a retail level for grocery prices in Australia.

7. Suggested Considerations for the ACCC inquiry

Whilst I believe that both this inquiry, and the Federal Government, are fully committed to ensuring that this inquiry, by the ACCC, will be exacting, and exhaustive, I fear that the industry, as a whole, will prevent such an inquiry examining the real issues, as all levels of the Australian grocery industry (from manufacturers, wholesalers to retailers) will "close ranks", and collude, either willingly, or by duress, to present the "picture" that the major players want the ACCC, and the Federal Government, to see, and not, the actual facts, as to the pricing inputs of grocery products to the Australian consumers.

The industry as a whole, will present to be a difficult and confusing "picture" to be clearly understood by the inquiry, due to the fact that there is no accepted

common terminologies used by the grocery industry, nor is there a common structure of pricing supply arrangements, this in turn, has the resultant effect, that any external investigations, such as this inquiry, cannot directly compare arrangements between manufacturer, supplier, wholesaler and/or retailer.

Another major issue for this inquiry, is that all parties who either supply, or are supplied, by the companies, Woolworths, Coles, and Metcash Limited are unable to be publicly open, and honest, as there is an inherent industry fear (real, or not) of retribution, by which ever member(s) of the triopoly that they deal with, and due to the triopoly members market strength, either Woolworths, Coles, or Metcash, can have a devastating effect on a manufacturer, supplier, or independent retailer's business, in other words, such is the fear within the grocery industry by manufacturers, suppliers and small independent retailers that they will never speak out fully, or truthfully, as to the actual operation of the Australian grocery industry.

I would very strongly recommend that the ACCC ensure that any submission that it receives from operators within the Australian grocery industry, that the ACCC checks and verifies the commercial relationship that any such person has/had with other operators within the grocery industry, so as to identify any influence, via commercial arrangements, or associations, that any submission may have as its actual agenda.

The reason for this recommendation is that, to my personal experience, major operators in the grocery industry have used their commercial influence over other operators so as to promote, and drive, their aims, and desired influence, as to promoting such opinions, and information that advance their commercial position.

8. Summary points

- 8.1 The ACCC, to be able to identify considerations that are relevant to the competitiveness of retail prices for standard groceries, will need to examine, in depth, the terms and conditions of supply that become inputs

into the pricing of grocery products along the supply chain to the consumer.

- 8.2 Post manufacturer level, there are 3 parties (Woolworths, Coles and Metcash) who control approximately 97% of retail grocery sales (through 84% of retail grocery outlets), via the wholesale supply chain (wholesale distribution), in Australia.
- 8.3 Metcash Limited is a publicly listed company who, through its subsidiaries IGA Distribution, and Campbells Wholesale, controls/supplies, by their own statements, nearly 19% of the retail sales of groceries in the Australian marketplace by being the wholesaler to 82% of all independent grocery retailers in Australia.
- 8.4 The issue that this inquiry needs to address is : what is actually an “independent retailer” within the Australian grocery industry ?
- 8.5 By having only one, major national wholesaler serving the independent grocery retailers in Australia, choice has been removed from both manufacturers, and independent retailers, as to whom to deal with, and as such, the lack of competition at this level has created, an unhealthy, biased, and uncompetitive independent grocery retail market within the Australian grocery retail market.
- 8.6 The majority of independent retailers in Australia find themselves, in today’s market, with only one broad based national wholesale supplier of grocery products in Australia available to them,
- 8.7 The ACCC should consider the recommendation of legislation for full disclosure by grocery wholesalers as to the pricing inputs, from manufacturer level, that are included in the final wholesale price charged by grocery wholesalers, at grocery retailers level.
- 8.8 The current detrimental position for independent grocery retailers is, that due to the lack of a number of broad based grocery wholesalers, they

(independent retailers) are left no alternative, than to enter into supply agreements that both restricts their (independent retailers) ability to find alternative wholesale supply, and secondly hinders any party who may consider entering into wholesale supply of grocery products to independent retailers, as the majority of independent retailers are contractually 'handcuffed' to the wholesaler, thus denying any new incoming wholesale grocery supplier the ability to achieve sufficient numbers of independent retailers to supply, in turn denying any potential wholesaler a viable scale of economy.

- 8.9 The ACCC inquiry should provide a forum, within this inquiry, whereby it provides the ability for both independent retailers, and manufacturers to provide information which those parties have, as to the current market conduct, terms, and conditions of the wholesale distribution of grocery products in Australia under absolute confidentiality, and protection, from influence and/or retribution of any other party.
- 8.10 Another major consideration is, as to the flow-on that wholesalers provide, of the allowances, discounts, rebates, and fees that the wholesaler collects from manufacturers and suppliers, into the inputs of the wholesale price charged to independent grocery retailers.
- 8.11 Whether Metcash, through its position, is taking opportunistic profits as being the only national grocery wholesaler to the independent grocery retailers, which in turn makes the independent grocery retailers unable to bring competition to the major grocery retailers, via retail pricing of grocery products, thus resulting in a lack of competition at a retail level for grocery prices in Australia.

9. Responses to questions raised in the issue paper dated 11 February 2008

Q5: How important are economies of density, scale and scope in grocery retailing?

Economies of density, scale and scope are of paramount importance in grocery retailing, one could go as far to say that these economies are every grocery retailers aim to achieve.

A retailer who achieves, and passes on, the reduced price/costs derived by such economies, in its retail prices, has the ability to achieve increased sales volumes, and in turn increased sales volumes equates to increased product unit volumes, thus lower wholesale costings, and, as stated earlier in this submission, the pricing throughout the entire grocery chain of supply, (including grocery wholesale costs), is driven, and determined, by volumes.

If a retailer can obtain the cost benefits achieved through these economies, and reflects the savings derived by these economies in the retail price that it charges, the grocery consumer benefits by paying lower retail prices for grocery products.

Q6: What are the most appropriate ways of measuring the shares of grocery retailers (value of sales, number of stores, areas of floor space, etc.)? Should industry or market shares be measured across all grocery items or for particular product categories (such as packaged food, bakery products, meat, fruit and vegetables, delicatessen products, etc.)? If possible, please provide quantitative estimates of shares of grocery retailing detailing the data sources and any assumptions made in estimating the shares. How have these shares changed over the past 5 to 10 years?

The current way of measuring grocery market share is reliant on using a mix of retail sales scan data, and, estimation of retail sales, to arrive at retail grocery market share statistics.

The reason for part estimation, is that a majority of independent grocery retailers do not have suitable technology to allow direct uploading of their respective sales scan data.

The issue to be considered in using retailer reported sales data is the large variance in retail pricing amongst grocery retailers, [for example: if a major retailer sells 10 units of a certain product at \$1.00 each which would report \$10 gross retail sales; and, an independent retailer sells 10 units of the same product at \$1.50 each, which would report \$15.00 gross retail sales, thus, giving total reported market sales totaling \$25, the current market share measurement would report that the major retailer has a market share of 40% (sales of \$10 as a % of the total sales reported of \$25), and the independent retailer would be reported as having a market share of 60% (being sales of \$15 as a % of the total sales reported of \$25)]. Clearly, based on unit numbers both retailers have the same market share, but if market share is reported on retail sales, as it currently is, then market share is very distorted.

Another issue that has a vast impact of current market share data, is that the sales of supermarkets may include all products sold, or estimated to be sold, by that supermarket, and therefore sales data by retail value, may not be for those items to which are actually deemed to be "grocery product".

My suggestion is that to identify true grocery market share between retailers, one would need to create a more exacting measurement, and maybe it should be considered that market share not be measured at retail level, but rather at wholesale level purchases by each retailer, and not on value, but rather on retail units. Such measurement should also be made not on all products deemed to be groceries, but by selecting and monitoring the top ranking 200 grocery products. Such measurement, combined with the added perspectives as to national store numbers and gross retail floor space, would give a far better insight as to retailer market share, than the current calculations used.

Q10: What have been the major changes to the structure of grocery wholesaling in Australia over the past 5 to 10 years?

The major change in grocery wholesaling has been the loss of a number of wholesalers serving the independent grocery retailer, which, as discussed earlier in this submission, has reduced grocery wholesale competition to nearly zero, and as with any industry, reduced competition ultimately results in the loss of competitive pricing.

This has then resulted in the independent grocery retailer paying more for the wholesale purchase of grocery products, which in turn, results in higher retail prices for grocery products to the Australian consumer, both at the independent retailers stores, and retail grocery prices generally in the market place, due to the loss of the ability of the independent retailer being able to compete, and place price pressure on other grocery retailers within the industry.

Q11: What factors have driven these changes (such as cost savings from large-scale wholesaling operations, changes to the structure of grocery retailing, mergers and acquisitions, etc.)? What has been the relative importance of these and other factors?

Certainly mergers and acquisitions have been the major driver in the loss of competing wholesalers servicing the independent grocery retailers of Australia, and thus reducing the competition that independent grocery retailers can bring to the retail grocery market place.

The greatest impact that this effect has had, has been to allow the only national wholesaler to structure its supply agreements that it requires independent retailers to sign, so to obtain grocery wholesale supply, to contractually handcuff independent retailers to that national wholesaler, thus making it very difficult for the independent retailer to be able to move his wholesale purchases to a new incoming wholesaler, and conversely, it has reduced the opportunities for a new wholesaler to enter the marketplace and gain sufficient volumes so as to justify entering the wholesale grocery marketplace.

This in turn has resulted in less competition, thus allowing the existing national grocery wholesaler to not be as price competitive as it could be, resulting in the independent grocery retailer not being able to bring competitive pressures into grocery retailing.

Q14: What are the most appropriate ways of measuring the shares of grocery wholesalers? Should industry or market shares be measured across all grocery items or for particular product categories (such as packaged food items, bakery, meat, fruit and vegetables, delicatessen products, etc)? If possible please provide quantitative estimates of shares of grocery wholesaling detailing the data sources and any assumptions made in estimating the shares. How have these shares changed over the past 5 to 10 years?

I refer to my answer provided at question 6, and state that grocery wholesaler's market share should be calculated on the same criteria as is the grocery retailers, so as to provide comparable, and easily cross referenced data, with that of retailers.

Q23: Would unit pricing (a requirement that the price per kilogram or per 100 grams etc is displayed on the supermarket shelf or product) improve the ability for customers to compare prices? Should unit pricing be made compulsory? Would unit pricing lower the cost of shopping for customers?

I can categorically state, from my industry experience, and understanding, that unit pricing is the only way to place the grocery consumer in a position of power from the perspective of being able to compare products, package sizes, and prices on a quick, fair, and reliable basis.

There is no valid reason that retailers cannot provide such pricing information easily to consumers, except if they do not wish to be price compared in the retail grocery marketplace, or have to justify their pricing in the retail marketplace to consumers.

I ultimately believe that the provision of unit pricing to consumers would be another active avenue in which retail pricing would be driven by competition, as consumers would be placed in the position not only to compare products, package sizes, as to cost, but more importantly be

able to easily compare product pricing between retailers, thus driving price competition within the retail grocery market place.

Q37: Is the Australian grocery industry of a sufficient size to sustain a third supermarket chain of similar size to Coles and Woolworths?

Yes, although I believe that before this question is answered one must first decide, and/or define, as to what are the parameters to what is defined as a "supermarket chain".

Firstly, the current term "supermarket chain" is most commonly used for stores owned by a single entity (i.e. Woolworths or Coles) but in reality a supermarket chain should be accepted, and acknowledged, as being a group of stores trading, promoting and acting as one in the grocery retail marketplace, and if one accepts such a definition, then that definition would have to include independent retailer owned stores that are operating under such banners as IGA, FoodWorks, Spar, etc, as being classified as supermarket chains in Australia, and therefore considered, and compared in the same light as Woolworths and Coles.

Secondly, in determining the size of a chain, one has to decide as to what is the determiner measure to be used, that being retail sales, store numbers, or units sold.

I believe that the only measurement of a supermarket chain should be by store numbers, as clearly, this an easy, and quick, way to determine each supermarket chains penetration of the national grocery market.

Consequently, if a certain supermarket chain has fewer stores, but has greater sales than another chain, that would have to indicate that the Australian grocery consumer is choosing to drive past the larger (by store numbers) supermarket chain, so as to shop at the supermarket chain that is providing the needs that consumers are seeking.

Based on the above assumptions, and in reference to Table 1 attached to this submission, then the largest supermarket chain, by store numbers in Australia, is not Woolworths and Coles respectively, but as follows:

IGA	:	1378 stores
Woolworths	:	756 stores
Coles	:	753 stores
FoodWorks	:	708 stores

As can be seen, the Australian retail grocery market is dominated by a banner group, whose store numbers are nearly double those of either Woolworths or Coles !

This can only lead one to arrive at the fact that given store numbers of IGA, the Australian grocery consumer is deliberately driving past other grocery retailers so as to shop at Woolworths and Coles !

Of course that then raises the question as to why ?

In my experience as an independent grocery retailer, it is due to the retail pricing that the independent retailer is forced to use, given that it has only one national wholesaler from which to source supply from, and that due to its market position, the one national wholesaler is not as price competitive as it should, and can be, due to the lack of wholesaler competition, and the dominate advantages that the wholesaler has, given its opportunistic market position.

In reply to this question, I believe that it is not a question as to whether the Australian grocery industry is of a sufficient size to sustain a third supermarket chain of similar size to Coles and Woolworths, as there are 2 other bigger and similar sized supermarket chains respectively, already operating in Australia as to the size of Woolworths and Coles, but whether Australia is of a sufficient size to allow yet another large supermarket chain to operate,

and the answer would have to be that another large supermarket chain could only operate in Australia with the support of the Australian grocery consumer, and such support would only be gained by providing the Australian grocery consumer with what they want.

But I raise the question in reply, and that is why does not the ACCC make recommendations that assists the existing 2 other large supermarket chains (IGA and FoodWorks – who are both supplied by the one wholesaler) in Australia become more competitive against Woolworths and Coles by ensuring that wholesale grocery suppliers are required to provide full disclosure, and transparency, to independent grocery retailers as to the pricing inputs from manufacturer level, that make up the wholesale price that retailers pay wholesalers for grocery products.

Should such a recommendation be accepted, and enforced, then the current independent retailers would be able to determine how they could source wholesale supply of groceries at a better cost price, thus being able to reduce their retail prices, which in turn would raise competition within the Australian grocery retail market place, and all of that would be accomplished by allowing the independent retailers to use their existing investments in the industry and achieve a better return on such, not to mention raising price competition at retail level, which thus benefits the grocery consumer.

Q42: Are there commercial advantages and disadvantages of vertical integration between grocery retailing and wholesaling? What are these advantages and disadvantages?

The one major advantage of the vertical integration of wholesaling into a grocery retailing activity is that the wholesale activity, in this situation is only a cost function of the retailer, and not a profit function, therefore the cost advantages/savings/benefits bought about in the wholesale buying function from manufacturers/suppliers is driven straight to the retail pricing of the retailer, as opposed to a middleman wholesaler who takes his profit

out at the wholesale level, thus adding cost inputs being passed on in the wholesale price to the grocery retailer who then, is forced to pass those increased costs on to the grocery consumer.

Q43: Does the vertically-integration of the MSCs impede other players from achieving a competitive scale in grocery wholesaling?

No, in reference to my answer provided at Q37, above, and in respect to Table 1 attached to this submission, if one examines the store numbers of Woolworths and Coles compared to the store numbers of the "independently" owned grocery stores, one can see that there are more than sufficient numbers of independent grocery retailers who operate under banner groups to prove that MSC's vertical integration does not impede other players from achieving competitive scale.

Q44: Can grocery retailers 'bypass' the large grocery wholesalers? If so, how? Does this vary by the type of product or type of retailer?

No, as manufacturers and suppliers of the major selling grocery products do not deal on a "direct to store" basis, they only deal with wholesalers, whether they be middleman wholesalers, or the wholesale operations of the MSC's.

The reasons vary as to why manufacturers/suppliers do not deal on a "direct to store" basis, but such reasons include either costs/risks associated in conducting "direct to store" supply, and/or pressure that is brought on them (manufacturers/suppliers) from middleman wholesalers for no "direct to store" supplying by manufacturers/suppliers in an attempt by those middleman wholesalers to maintain their dominance in distribution.

In some cases manufacturers do supply direct to store, but on a charge back basis, which basically means that the retailers purchase stock by direct order to the manufacturer/supplier, and that order is sent directly to the retailer, but the cost is paid on behalf of the retailer, by the retailers

middleman wholesaler, who in turns collects all allowances, discounts, and rebates payable by the manufacturer/supplier on the purchase of the said stock, for, in the main, the wholesalers benefit, and not the retailers.

Q45: What are the impediments to entry into grocery wholesaling? Is large-scale entry likely?

The major impediment to entering grocery wholesaling for a potential operator is to have sufficient start up sales volume to justify the investment, and to create sufficient buying volume so as to achieve suitable discounts from manufacturers and suppliers, so as to be able to provide grocery products at a price that allows its potential grocery retailer customers to compete at retail price level.

The other major impediment to entry into the marketplace, by a potential grocery wholesaler is the fact that the majority of existing independent grocery retailers are contractually handcuffed to their existing wholesaler, thus the retailers are prevented from moving over to a new wholesaler without financial and contractual obstructions.

So as to remove these impediments, the ACCC should closely review existing contractual supply requirements by wholesalers over the independent retailers, with a view of recommending legislation that outlaws any type of onerous, or, handcuff contracts, between wholesalers and retailers.

Such legislation would also create an environment that would force wholesalers to be more proactive in passing on of allowances, discounts and rebates that the wholesaler receives from manufacturers for the purchase of goods so as to retain the independent retailer's business, rather than the wholesalers, relying on handcuffing the independent retailer into dealing with the wholesaler, which in turn would result in the independent grocery retailers bringing more price competition into the Australian retail grocery market.

Q47: Do grocery wholesalers or retailers with buying power pass on the lower prices they can achieve from suppliers to retailers and consumers?

It is my experience that grocery wholesalers do not pass on all relevant allowances, discounts and rebates that they receive from manufacturers and suppliers, unless market competition dictates such passing on of lower prices. Certainly, as discussed earlier in this submission, the current situation with the lack of competitive wholesalers servicing the majority of independent grocery retailers, such a situation is a major cause to the lack of competitive pressure being brought on to the current grocery wholesalers.

Secondly, as I have previously stated in this submission, if there was legislative cause for wholesalers to provide full disclosure, as to the calculation of the wholesale price from manufacturer level to retailer that the grocery retailer pays for goods supplied by the wholesaler, then such legislative requirement would bring about further pressures for the wholesaler to pass on allowances, discounts, and rebates on grocery products to grocery retailers, thus allowing the retailers to be more competitive on their retail pricing of grocery products.

Q50: Is there evidence that large grocery wholesalers have market power as acquirers of products and what are its effects at the retail level?

Yes, given that Australia has only one large national grocery wholesaler servicing the Australian independent grocery retailers, and that wholesaler controls, as shown in Table 1, attached to this submission, the wholesale supply of nearly 82% of all independent grocery stores in Australia, and thus supplies 48% of the total number of grocery stores overall, in Australia, one can see that such market domination by one wholesaler gives immense power to that wholesaler both with manufacturers, and with its customers, the independent retailers, and given that those grocery retailers have no other viable alternate national wholesaler from which to obtain supply,

those retailers have little leverage in being able to negotiate terms of wholesale supply.

With no leverage, and no viable alternative, retailers are unable to bring competition into the negotiations as to wholesale costs.

This was the fact that I personally experienced as an independent retailer.

Q54: What are the major sources of competitive advantage and disadvantage of small and independent retailers (e.g. trading hours, scale of operations, density of retail outlets, location of retail outlets, wholesale prices, product and brand range, customer service, etc.)?

The major competitive advantages for independent grocery retailers are:

- The ability to adapt and tailor the retail offering of their supermarket to the requirements of the community in which it operates.
- Tailor the size and location of the supermarket to meet the demand for a supermarket in the locality in which it operates, whilst ensuring the retail operation remains viable.
- The ability to identify and implement rapid changes in the retail offering as demand changes within a community.
- Provide a sense of community to the population in which they operate.
- The ability to tailor their customer services provided, to meet community needs and wants.
- The ability to operate on a profitable scale, in a smaller sized outlet, than MSC's are able to operate at.

The competitive disadvantages for independent grocery retailers are:

- The inability to aggressively compete via retail pricing, against MSC's due to the increased costs associated with dealing with a middleman wholesaler.

- The cost inputs incurred through wholesalers with which they deal with.
- The lack of competition at wholesale level for the sourcing of grocery stock at competitive pricing.

Q55: To what degree do differences in wholesale prices and other wholesale terms and conditions undermine or otherwise affect the competitive position of small and independent retailers?

The wholesale price, terms and conditions achieved from wholesalers, by independent retailers, are at the very heart of the ability of the independent retailers to, not only compete in the retailing of grocery products in the marketplace, but is also the main driver of competition between grocery retailers in the retail pricing of groceries to consumers.

As is currently the situation, with only one national wholesaler providing wholesale supply to independent grocery retailers, wholesale pricing, the ability to move wholesale purchasing to another wholesaler, and the actual terms and conditions that independent retailers must accept so as to obtain wholesale supply is at a point of being detrimental to the independent grocery retailers, and also has a negative effect on the grocery consumer, as the independent retailers are unable to be proactively competitive through retail pricing, due to the lack of wholesale competition available to them.

Q57: Please provide any estimates of the differences in wholesale costs faced by small and independent retailers relative to the MSCs?

It is almost impossible to provide valid estimates as to the difference in wholesale costs faced by independent retailers relative to the MSC's as all pricing inputs that occur at middleman wholesaler level are withheld from the independent grocery retailer who is supplied by the middleman wholesaler.

The fact is that the major wholesaler servicing the majority of independent grocery retailers in Australia today has a policy of not proving its customers, the independent grocery retailer, with precise flow of inputs as to the wholesale pricing that it charges the independent grocery retailer.

The claim by this wholesaler is that information relating to the costing inputs of stock, whilst in the hands of the wholesaler is confidential, and market sensitive.

I believe such a claim by the wholesaler is nothing more than an excuse so as to prevent the independent grocery retailers obtaining full understanding as to the cost of grocery products to which the retailer is being supplied at.

Certainly the information as to pricing inputs from manufacturer wholesale level should be provided to every independent grocery retailer so that, each retailer, is able to understand the true costs of dealing with a particular wholesaler, and certainly would enable all independent grocery retailers to have a far better understanding of the effect of pricing inputs as to the wholesale price that they pay, and thus the retail price to which they are able to compete at.

The claimed risks of providing pricing input information by the wholesaler to the independent grocery retailers is misleading, as the wholesaler require all independent retailers who enter into supply arrangements with the wholesaler, to sign confidentiality clauses as to the keeping of the supply arrangements confidential, so there is no reason that the wholesaler could not provide all pricing inputs of grocery products to the independent grocery retailers that they supply, under the existing confidentiality clause, and to which the retailer is already bound.

Although, as discussed previously, a middleman wholesaler will certainly add some pricing inputs to the cost that an independent retailer pays for

grocery products, the same middleman wholesaler should be able to pass on many allowances, discounts, and rebates achieved by the wholesaler through the purchase volume generated, collectively, by the independent retailer's purchases.

A middleman wholesaler needs to make profit from the wholesale function, but the question is at what amount ?

Where as the MSC's operate their own wholesale function, and such wholesale function by MSC's, does not have to make a profit, as the MSC's take profit at the retail function of the sale of grocery products.

The major concern, and certainly one that needs investigation by the ACCC during this inquiry, is the lack of disclosure and the passing on, of allowances, discounts and rebates that the middleman wholesaler achieve through the wholesale volumes generated by independent retailers.

Q74: Are there any impediments to cost savings flowing through the supply chain to consumers?

Yes, in respect to independent grocery retailers, the major impediment to cost savings flowing through the supply chain to consumers is where there is a horizontal exit of the flow of the allowances, discounts and rebates paid by manufacturers, and cost savings that are achieved, by the grouping together of a large number of independent retailers wholesale purchases, by a middleman wholesaler, whose sole objective is to retain as much of the allowances, discounts and rebates along with the cost savings achieved by independent retailers grouped purchases, so as to provide benefit to its (middleman wholesaler's) bottom line profit.

There is no doubt as to the entitlement of a middleman wholesaler to make a profit, but the question is at what percentage of the allowances,

discounts, rebates and cost savings that are achieved through the supply chain.

Unfortunately the independent grocery retailer who deals with major wholesalers are at an utter disadvantage on a number of levels. The first level of disadvantage is the current lack of choice, and therefore competition, of national wholesalers available to them, and secondly, the complete lack of disclosure by wholesalers to their customers, the independent retailers, as to the pricing inputs of grocery products from manufacturer level, through to the independent grocery retailer.

If the independent retailer was provided with complete disclosure as to the pricing inputs of grocery products supplied by wholesalers, such complete disclosure would provide the independent retailer the information on which commercial decisions could be made, and which would result in sufficient pressure to be bought into the grocery supply chain so as to provide more of the cost savings to flow through to the consumer.

My final observation on this matter is that full disclosure by wholesalers, as to pricing inputs of grocery products, is the only way in which the independent retailer has an opportunity to bring proper competition to the Australian retail grocery market.

Q80: Do the pricing arrangements, terms and conditions of supply, or contracts between suppliers and wholesalers/retailers limit the degree to which suppliers can pass on cost savings or cost increases?

Yes, in respect to the independent grocery retailers, there are 2 strata's of contractual supply arrangements that lie between the manufacturer and/or supplier, and the independent retailer.

The first strata is the contractual supply arrangement between the manufacturer/supplier and the middleman wholesaler, and the second

strata is the contractual supply arrangement between the middleman wholesaler and the independent retailer.

Unfortunately, the governing strata is the contractual supply arrangement between the manufacturer/supplier and the middleman wholesaler. I have been informed by many manufacturers/suppliers, and believe, that the contractual supply arrangements that they (manufacturers/suppliers) are forced to enter into with major middleman wholesalers restricts the passing on of allowances, discounts, and rebates that they, (manufacturers/suppliers) pay on purchase of their products.

It has been reported to me by many manufacturers/suppliers, as an example, that one large wholesaler that supplies independent grocery retailers, that even if they choose to supply directly to customers of the particular wholesaler, that wholesaler demands that certain allowances, discounts, and rebates payable on the independent retailers direct purchases from the manufacturer/supplier have to be paid to the middleman wholesaler and, not to the retailer, furthermore the manufacturer/supplier is contractually bound not to inform the retailer making the purchase directly from the manufacturer/supplier, of the payment of allowances, discounts, and rebates to the middleman wholesaler on that retailers direct purchases.

Certainly, I can confirm that whilst an independent grocery retailer I came across many instances where purchasing directly from manufacturers and/or suppliers, I was unable to obtain all applicable allowances, discount and rebates payable by the manufacturer/supplier on my purchases of the products, due to the fact that the manufacturer/supplier was contractually bound to with hold the majority of allowances, discounts and rebates payable on my purchases, and forward those allowances, discounts and rebates to the wholesaler that I dealt with, even though that wholesaler was not involved in the transaction either directly, or indirectly.

This resulted in the landed cost of the products that I purchased directly from the manufacturer/supplier having a higher cost, than what otherwise would be expected, and available, to other retailers, and hence I was forced to pass on the loss of the allowances, discounts and rebates that were paid to the wholesaler, by way of higher retail price that my customers paid.

It would be in the interest, and benefit, to the retail pricing of grocery products in Australia, for this inquiry to view and investigate, the actual contractual supply arrangements that are between manufacturers an/or suppliers, and middlemen wholesalers.

TABLE 1 : Public submission to ACCC grocery inquiry - Bunn

CORPORATE OWNED STORES:

WOOLWORTHS	756	
COLES	753	
ALDI	163	
FRANKLINS	80	
<u>TOTAL CORPORATE OWNED STORES =</u>		1,752

INDEPENDENT OWNED STORES:

- NON METCASH SUPPLIED &/OR INFLUENCED –

SPAR	241	
TIR	231	
		<hr/>
TOTAL NON METCASH SUPPLIED INDEPENDENT OWNED STORES =	472	

- METCASH SUPPLIED &/OR INFLUENCED –

IGA	1378	
FOODWORKS	708	
		<hr/>
TOTAL METCASH SUPPLIED INDEPENDENT OWNED STORES =	2086	

TOTAL INDEPENDENT OWNED STORES **2558**

TOTAL NUMBER OF SUPERMARKETS IN AUSTRALIA @ NOV 2007 = 4310

1. % Influence / control that each operator has at wholesale level over the total number of supermarket stores in Australia as at November 2007

Metcash	48.41 %
Woolworths	17.54 %
Coles	17.47 %
Spar	5.59 %
TIR	5.36 %
Aldi	3.78 %
Franklins	1.85 %

2. Corporate/independent share of total number of supermarkets in Australia as at Nov. 2007

Corporate owned stores – 1,752	=	40.65 %
Independent owned stores – 2,558	=	59.35 %

Continued.....

TABLE 1 Continued : Public submission to ACCC grocery inquiry - Bunn

3. Metcash controlled/influenced independent stores as a % of total number of independent supermarkets in Australia (2558) as at Nov. 2007

Non Metcash influenced/controlled independent supermarkets – 472 = 18.45 %
Metcash influenced/controlled independent supermarkets – 2086 = 81.55 %

STORE	NSW/ACT	VIC	QLD	SA/NT	WA	TAS	TOTAL
METCASH INDEPENDENTS	415	505	702	219	235	10	2086
WOOLWORTHS	237	181	166	68	78	26	756
COLES	245	188	150	77	79	14	753
ALDI	74	50	39				163
FRANKLINS	80						80
NON METCASH INDEPENDENTS	85		146	10		231	472

Note: Figures provided in this table (Table 1) were extracted from Retail World December 2007 (Vol60, No24)

TABLE 2 : Public submission to ACCC grocery inquiry - Bunn

Published charges and fees reported as being charged by Metcash to Manufacturers/suppliers which would result in pricing inputs to grocery products supplied to independent grocery retailers by Metcash.

1. **AAW Rebate**
2. **Bonus Stock Claims**
3. **Bonus Stock Pick Fees**
4. **Centralisation Rebate**
5. **Channel/Advertising Allowance**
6. **Charge-Thru allowance**
7. **Container De-Vanning Fees**
8. **Co-op Promotional Allowance**
9. **Corporate Brands Rebate**
10. **Cross Docking Allowance**
11. **Data Rebate**
12. **Early Payment Discount**
13. **House Brand/Generic Rebates**
14. **Incentive Rebate**
15. **Introducer/Partnership Rebate**
16. **National Rebates**
17. **New Line Fees**
18. **Over & Above Allowance**
19. **Quantity Buy Allowance**
20. **Redistribution Allowance**
21. **RMS Rebate**
22. **Service Fee**
23. **Settlement Discount**
24. **Shelf-Management Rebate**
25. **Slow Moving Warehouse Allowance**
26. **Special Events Rebate**
27. **State Rebates**
28. **Storage Fee**
29. **Ullage Allowance**
30. **Under Bond Allowance**
31. **UVW Rebate**
32. **Warehouse Efficiency Rebate**
33. **Warehouse Trade Discount**