

SUPPLIER UPDATE

8 May 2020



Thank you for the feedback on our first new-look supplier newsletter. Please share these updates with your teams.

As we look ahead to what Alert Level 2 will mean for our business, we will set dates for supplier meetings via Teams videoconference.

We've had discussions with many suppliers about our service level concerns. We are keen to understand the issues that are affecting the supply of some product lines and how we may assist in ensuring sufficient delivery to the South Island. Clarity is really important here, so please be pro-active if you have any supply challenges.

As we have adapted to customer demand, we've had to take a number of decisions based on a rapidly-changing environment. We'd like to hear from you about any lessons learned around stock allocation. We'd also be interested to know what we could have done better. Please contact me or David MacKenzie to discuss.

Sincerely, Phil Lemon

Retail update

Retail sales remain strong across all of our brands. We know that fast food outlets took some business out of the Foodstuffs basket last week so it will be interesting to see if this trend continues. Alert Level 3 has brought a shift in basket size, transaction count and product mix. The top products purchased remain relatively consistent, although the department mix has changed with less beer, wine, frozen, and dairy purchases in the basket.

With the Government's Alert Level 2 announcement we now have some guidelines about how our retail sites can trade. Our focus will remain on a safe trading environment where we will encourage physical distancing and ensure that we have cleaning and sanitising processes in place. We continue to encourage suppliers and merchandisers to contact stores, understand their HSE policies, and then agree to a level of support to drive our collective business; this support could be in the form of sales calls or merchandising.

We have reinstated a number of projects, including the refurbishments at New World Blenheim and PAK'nSAVE Invercargill, the roll out of SHOP'nGO across the PAK'nSAVE group, and a drive to improve packaging sustainability.

One project is already live; Henrys now has an online ordering system: <https://www.henrys.co.nz/> The team have worked tirelessly to get this site online and early sales are very positive.

Our research panels show that customers have real uncertainty about the economy and job security. To meet this need, the Foodstuffs promotions team are putting in specials that offer great value for money. We are grateful to those suppliers who have maintained promotions throughout the crisis. We ask any suppliers who have removed promotions to engage with the promotions teams to discuss how these can be reinstated as soon as possible.

New products update

We have been working hard to return to a normal status for new product releases.

Over the past week the category team has released approximately 250 lines of new products. This means they have either been ordered by the procurement team, or are undergoing final set-up by the article master team.

With the current rate of effort and throughput, we believe the category team will be fully caught up on the NPD backlog within the next two weeks. This will allow us to return to the normal NPD category presentation windows.

If you have any questions about NPD, please contact the relevant category manager. You can find all the details of our ranging process, including contacts, online here:

<https://www.foodstuffs-exchange.co.nz/processes-and-guides/supplier-engagement/ranging-at-foodstuffs-south-island/>

During lockdown many of our customers had a go at making their own “takeaway” meals at home. In the past six weeks, our stores have sold enough mince to build 4.2 million burgers!

TSI winter preparation

As we head into the winter season, the TSI team are planning to ensure our deliveries arrive safely regardless of the weather.

All drivers receive information packs about winter driving. These include allowing extra driving time, detailed run planning, daily weather watch, and bringing an overnight bag just in case!

Truck and trailers are given an extra once over to ensure they are ready for snow and ice conditions. We fit new tyres where necessary, and winter emergency kits (blankets, water etc.) are double checked. When the South Island experiences snow events we always look at possible alternative routes to ensure driver safety.



Need help?

Our supplier support team are available to assist you during office hours.

Call 0800 555 985

Or email suppliers@foodstuffs-si.co.nz

Thank you again for your ongoing support. Please keep up your communication, especially regarding any stock supply issues.

Stay safe and let's keep Feeding the South Island.