

# COUNTDOWN TROLLEY REPORT



## *A Look at New Zealand Grocery Trends*

**W**elcome to our third edition of the Countdown Trolley Report, a comprehensive look at grocery trends in New Zealand based on our own data from the 2.8 million Kiwis who shop with us each week.

At Countdown, we have 184 stores located in communities throughout the country. Every day we strive to meet and greet our customers, to get to know them better, and learn how they like to shop. This allows us to continue tailoring our offer to meet their changing needs. We want to have the best range, the freshest fruit and vegetables, our customers' favourite cuts of meat, healthy choices, and our shelves stocked with the latest new products.

Kiwis lives are changing and so too are our shopping habits. Gone are the days that we do one big shop for the week; we now visit the supermarket two or three times during the week. Convenience is key. In many families both parents are working, and time-poor customers are looking for ways to make their lives easier, whether that's having a selection of pre-made dinners, easy recipe inspiration, or a range of products suitable for kids lunches.

**Convenience is the driving force behind a range of our services, helping give customers back some valuable time.** Online shopping, Click and Collect, and in store services such as pharmacy and NZ Post pick-ups are seeing great growth. With 20 years of online experience



under our belt we'll continue to develop and innovate in this area.

**At Countdown, we are firmly focused on making Kiwis' lives a little better every day, and are committed to delivering our customers great food at low prices.**

New Zealanders are increasingly looking for specialty health foods, whether it's for health, dietary or lifestyle reasons. We don't see this trend slowing down anytime soon and through our Macro and Free From range, along with fresh fruit and vegetables, we are able to continue to make health food options even

more accessible and affordable for our customers.

In the past year we've also committed to some ambitious health and nutrition targets, and in 2017 we'll continue the review and reformulation of more than 1000 of our own brand products. Customers will see even more products reformulated with less sugar, sodium and fat.

**DAVE CHAMBERS  
MANAGING DIRECTOR**

## TREND SETTERS

Customers want to know where their food and groceries come from; and we're seeing many customers buy local when it comes to fresh veggies, meat and seafood. We're also seeing more and more Kiwis choose free-range and organic products. These trends are part of a broader move; many Kiwis are making healthier choices. As a result of these trends, we're seeing the development of more innovative products in the health and nutrition categories, which I find really exciting.

Through 2017, Countdown will place even more emphasis on making it easy for our customers to make healthy, nutritious choices. We're committed to encouraging our customers to buy more fresh fruit and vegetables, and working directly with our growers is a key part of this. Produce is the first thing customers see when they come into our

stores, and it's a place where we want to give our customers the best quality and freshness. We're going to give our teams even more training on how to talk to customers about fresh fruit and veggies, and make sure we tell stories about origin and seasonality.

I am also focused on building even closer relationships with our farmers. For example, late last year we established the Countdown Egg Producer Programme for Free Range and Barn Eggs. Through the programme we're able to support farmers to invest in future barn and free range capacity, by giving them surety of a retail channel. Farmers are collectively investing tens of millions of dollars into growing the supply of free range and barn eggs in New Zealand. There will be other great initiatives like this, coming to a Countdown near you soon.



**Chris Fisher,**  
GENERAL  
MANAGER  
MERCHANDISE



**Josh  
Gluckman,**  
HEAD OF  
STRATEGY

A big focus for us in the coming years is continuing to use personalisation to improve our customers shopping experience.

Countdown has one of the largest loyalty programmes in the country. Customers expect that when they sign-up to these programmes, their information is going to be used in a useful and meaningful manner. It's our role to ensure there is the right balance between being relevant to our customers whilst not being intrusive. Ideally through our myCountdown emails to our loyal customers we are creating a personalised mailer which highlights specials, product

launches, and information based on products that they buy on a regular basis, so they're pertinent and relevant each time the email is opened.

This information is also an important part of us determining that we have the right range, in the right stores for the customers that frequent those stores. Personalisation used correctly is one of the core driving forces behind data-driven retailers of the future, and customers, particularly millennials, expect and want us to give them this sort of information so they are receiving offers that are most appropriate to them.

Shopping online is only going to increase in New Zealand. As Kiwis continue to be increasingly time-poor, often with both parents working, convenience is the biggest factor behind our decision making. Customers want a one-stop-shop and they need their interactions with us to be easy. I think a trend for the online space for Countdown is to really nut out and understand what a "connected consumer" wants from us.

Today's shopping journey is a complicated series of connected moments - from planning and preparation to shopping to consumption and post-purchase sharing. Our opportunity is to seamlessly integrate into our consumers lives at

every moment via digital in a way that makes that journey highly relevant and personal, and even more importantly, makes it easy, whether they choose to shop with us in store or online. That can include personalised myCountdown emails full of information relating to specials and products that they like, or having conveniences that make your life and shopping experience easier such as collecting NZ Post couriers from the supermarket, having a pharmacy in store, or having online shopping which either delivers or can easily be picked up on the way home - it's all helping to give back to our busy customers valuable time to spend on the important things.



**Sally  
Copland,**  
HEAD OF  
ONLINE

# COUNTDOWN'S TOP SELLERS

On average 2.8 million Kiwis shop with Countdown each week. Here are our customers' most purchased items.

We eat more bananas per capita than any other country in the world - on average 18kgs per person per year. For another year running, bananas take out the number one top grocery product.



## TOP 10 PRODUCTS\* FOR THE LAST YEAR

(October 2015 - October 2016):

- 1 Bananas
- 2 Homebrand \$1 Bread
- 3 Broccoli
- 4 Avocado
- 5 Sweetcorn
- 6 Homebrand Standard 2L Milk\*
- 7 Strawberries
- 8 Cucumber
- 9 Homebrand Standard 3L Milk
- 10 Red Capsicum

(based on quantity)

\*If you include light milk, Homebrand 2L milk jumps to third place.

## KIWI FAVOURITES



## MORE AND MORE PEOPLE ARE BUYING REUSABLE BAGS

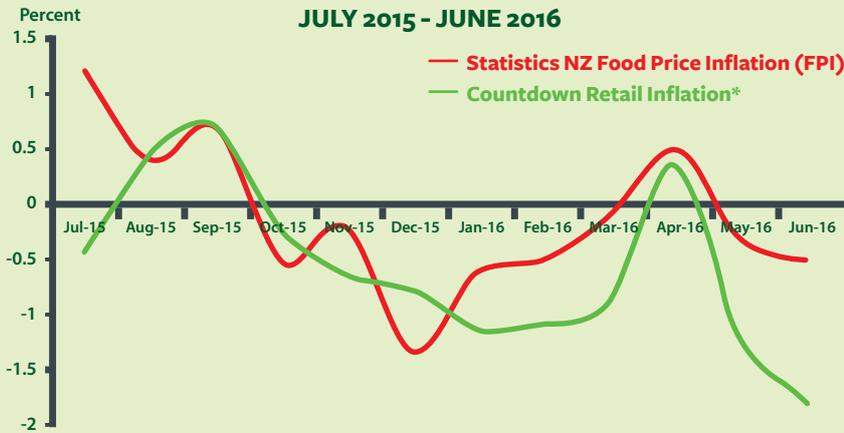


In 2016 our customers bought almost 430,000 reusable bags for their groceries, an increase of around 130 per cent on last year. Auckland, with the biggest population, were the biggest buyers of reusable bags, purchasing more than 180,000, followed closely by Canterbury and Waikato.

# TRACKING THE PRICE OF THE KIWI TROLLEY

## Food Price Inflation - FY2016

JULY 2015 - JUNE 2016



\*Excludes General Merchandise, Cigarettes and Liquor so as to be more comparable to FPI; Illustrative only due to methodological differences

**F**ood is an essential part of our everyday lives and budgets. At Countdown we know this and are committed to helping drive prices down. Our Price Down programme, which drops the prices of everyday products, continues to help Kiwi shoppers stick to their budgets, by offering low prices every day.

Food prices in New Zealand are in a constant flux, which can be attributed to a number of external factors such as weather, foreign exchange rates, and global demand for dairy, meat and produce. While there will always be external factors that are out of our control, at Countdown we're committed to driving prices down.

To keep track of our goal we monitor the price of a basket of the 100 most popular items in our supermarkets. Between July 2015 to June 2016 we saw a consistent drop in the price of this basket vs the previous year.

The basket includes all of your usual popular items: bread, milk, bananas, cheese, chicken breasts, potato chips, laundry powder and toothpaste. During the last financial year (July 2015 to June 2016) we saw a reduction in the price of the Countdown top 100 basket\* by 1.2 per cent, and 2.5 per cent cheaper than

2 years ago.

On top of the drop in the price of the top 100 basket, we also saw price deflation of 0.2 per cent across the whole store, driven in part by our focus on dropping prices through the Price Down programme.

Our data reflects the Statistics NZ's Food Price Index, which also shows grocery food prices down 2.3 per cent in the year to June 2016. We know that food prices are driven by multiple factors but we believe we can take some credit for making shopping at the supermarket cheaper for Kiwi families.

### COUNTDOWN INTRODUCES RECYCLABLE MEAT TRAYS

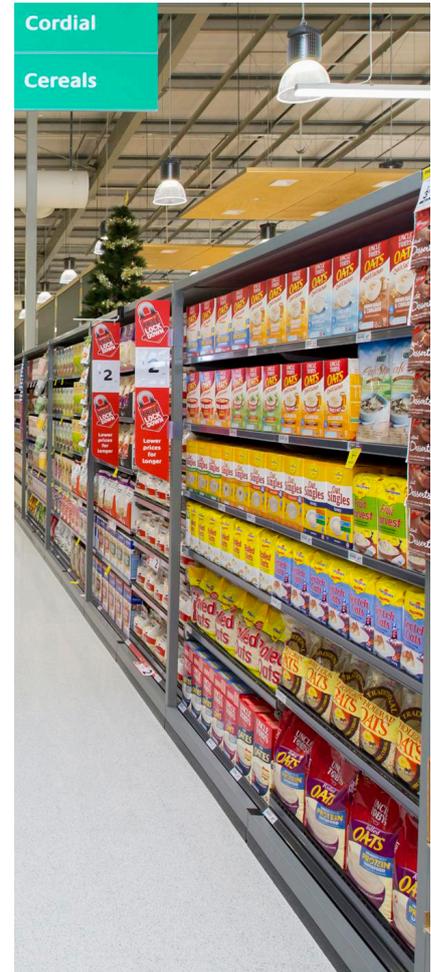
Countdown announced the rollout of fully recyclable meat trays in December 2016. The trays are made from RPET (recycled polyethylene terephthalate), formed



from re-ground polyester which has been recycled from clear plastic drinking bottles and repurposed into trays.

The rollout was launched with Kiwis favourite meat, chicken, with other meat products using the trays in the coming months.

We expect this move will help stop at least 500 tonnes of non recyclable black foam from entering the landfill every year.



\*Our comparative trolley comprises a fixed set of the top 100 items most frequently purchased by customers. Comparison is for a 13 week period vs the equivalent period the previous year.

**LOW  
PRICES  
EVERYDAY**

## PRICE LOCKDOWN



**A**t Countdown we are committed to low prices and great specials, as well as our extensive range of quality products and great service. The Price Down programme launched in 2013, and since then Countdown has dropped the everyday price of more than 3000 products, more than 1500 of which were launched in the

last financial year. This helps our customers budget as they have more certainty on the price of products every time they shop with us.

We're proud of our long term commitment to low prices, with a large number of products now at the same low prices they were one, two or even three years ago.

In 2016 we dropped the price of New Zealand's most popular meat, chicken. We introduced our Macro Free Range chicken onto the Price Down programme, which gives Kiwis certainty that they can always get quality free range chicken at a low price, every time they shop at Countdown.

Macro Free Range whole chickens are now locked down at \$8.99 per kg, previously \$10.99 per kg, while Macro Free Range chicken breasts have dropped from \$26.99 per kg to \$21.99 per kg. These new low prices are our way of making free range chicken more affordable for Kiwi families.



### TOP TEN LOCKDOWN PRODUCTS

- 1 Homebrand \$1 Bread
- 2 Tip Top Super Soft Bread
- 3 Raro sachet 3 pack
- 4 Peckish Thins Rice Crackers
- 5 Kiwi Blue Still Water 1.5 litre
- 6 Freyas Bread
- 7 Homebrand Tomatoes
- 8 Select Biscuits
- 9 Signature Range Crinkle Cut Chips\*
- 10 Quilton Toilet Paper

(based on quantity)

\*Rebranded to Countdown Crinkle Cut Chips in October 2016.

# ONLINE SHOPPING TRENDS



Last year, Countdown celebrated 20 years of online shopping and millions of orders since it launched in 1996.

Starting from humble beginnings in 1996, with 100 Auckland customers who were sent floppy disks to access the online shopping system, we now have more than 23,000 online orders every week and 80,000 regular online shoppers.

- We have more than 1700 personal shoppers nationwide
- The shortest online shopping delivery distance is 170m
- Longest online delivery distance is 160km
- We have around 100 drivers to deliver online shopping across the country
- Our online shopping delivery van fleet travels about 6 million kms per year
- In 2016 the most popular items bought online were broccoli and bananas
- The most popular online shopping day is Thursday whilst in store is Saturday and Sunday.
- The most popular time to order online is between 8 - 9pm
- Aucklanders are the biggest online shoppers, followed by Christchurch and then Wellington.

## New Services for Online Shopping:

Countdown's Click and Collect service completed nationwide roll-out in May 2016 and a trial in five Auckland Transport hubs was also launched in September.

We helped launch The Foodbank Project in association with The Salvation Army in 2015. To date more than 57,000 items have been donated to New Zealanders in need, valued at \$153,000. We also launched female sanitary products online in July and have delivered more than 7000 sanitary products\* through The Foodbank Project so far.

\*Up to November 2016

Following a successful trial, in July 2016 we launched NZ Post parcel collection pick-ups via 38 Countdown stores. More than 7500 parcels have been collected via this service already, including more than 2,500 in December alone.

THE  
Foodbank  
PROJECT

# TREND ALERT: HEALTH AND NUTRITION

**H**ealth and nutrition is a hot topic in New Zealand, as Kiwis are becoming more conscious about the food they eat.

As a supermarket we have a role to play, which is why in late 2016 we launched our Health and Nutrition Targets. We want to support initiatives that encourage better choices, as part of the wider efforts of Government and industry to address health challenges in New Zealand.

One of our targets is to reformulate our own label products where we can, by December 2018. We have already been very active in this area and are participating in the NZ HeartSAFE reformulation programme, led by the NZ Heart Foundation.

NZ HeartSAFE programme sets targets for sodium reduction in high volume, lower cost foods, and we are on track with the reformulation work for our own brand bread, breakfast cereals, processed meats, pies, cooking sauces and crackers. We have also started reformulation work on cheese, chips, soups and oil spreads.

While we have been mostly focused on reducing sodium and saturated fat, we've also reduced the sugar content of own brand tomato sauce, spaghetti and baked beans.

**You can check out Countdown's Health and Nutrition Targets at [www.countdown.co.nz/community-environment/countdowns-health-and-nutrition-targets](http://www.countdown.co.nz/community-environment/countdowns-health-and-nutrition-targets)**



Countdown gives out around 50,000 pieces of free fruit to kids each week

Countdown now has at least one confectionery-free checkout in 95 per cent of their stores



There are currently more than 120 dedicated health food sections in Countdown stores

1.3 tonnes of sodium was removed from Countdown's own brand cereals last year

## OUR HEALTH AND NUTRITION TARGETS INCLUDE:

- Reformulate our own brand products where we can, to improve nutritional value by December 2018.
- Increase fresh fruit and vegetable sales over the next year, and continue to roll out dedicated health food sections in store.
- As part of our online shopping website, introduce nutritional information for customers.
- Continue to provide fresh Free Fruit for Kids across Countdown stores, as well as fresh food inspiration through Feed Four for \$15.
- Continue to roll-out the Health Star Rating on all applicable private label products by December 2018.

## HEALTH AND WELLBEING FAVOURITES:

Countdown's Macro and Free From range continues to develop and grow with year-on-year sales growth. As well as a dedicated health food label, we have also created 122 dedicated health food aisles in our stores with the intention of rolling this out to our network. The trend in New Zealand is very much towards healthy products, and varying dietary requirements such as gluten free are increasing greatly.

## OUR TOP 10 HEALTH AND WELLBEING PRODUCTS ARE:

- 1 Frooze Balls
- 2 Macro Natural Almonds
- 3 Ceres organic muesli
- 4 Sanitarium Weet Bix Gluten Free
- 5 Clean Paleo Breakfast
- 6 Macro walnuts
- 7 Macro raw mixed nuts
- 8 Well naturally sugar free bars
- 9 Harraways rolled oats
- 10 Hubbards thank goodness

(based on quantity)