

## Rationale for retail fresh food products comparison

Choice will proceed with an improved version of the website based GROCERYchoice service to consumers with a launch on 1 July 09.

A challenge in providing this service, involves defining ways to validly compare fresh food products between retailers. This challenge is framed by the following market conditions and practices.

- While some fresh food products have common PLU (Product look up) numbers the majority of fresh foods operate without the structure of a linking product numbering system as do packaged bar coded products. This means that these products are not aligned to any common set of product descriptions through bar-coding or APN system.
- The fresh food specialists (Butcher, Baker, Fruiterer etc) hold substantial (20% - 60%) market shares of the categories they sell so the competitive set servicing consumers is quite different to groceries. These specialists do not have the same technology platforms as the supermarkets and exploit the flexibility this allows in how they describe and sell products. In many respect this flexibility supports the key advantages (marketplace abundant feel) they enjoy over the supermarkets.
- Retailer product descriptions and communication of fresh foods uses different and abbreviated terminology. It can include varying aspects of seasonality (new season), ethical foods attributes (free range, organic, accredited by ethical standards organisations) eating quality indicators (corn fed, budget, export) and an increasing array of supplier brands.
- Fresh food products can be sold in varying sizes and selling units, IE per kg, each, per pack etc. At times they also vary in quality due to supply volatility of wholesale markets. This creates a need to ensure like products are being compared and that selling units and pack sizes are extended to a common and validly comparable unit price.

A solution has been developed that will enable valid comparisons of fresh food pricing. It has assessed and drawn assumptions regarding the level of detail in available product and price information. It has also assumed that a visual assessment of fresh food products is cost prohibitive and too slow, and therefore not a viable option for gathering information.

This solution is based on combining the following two inputs.

1. A rationale for validly comparing fresh food retail products which has been extended out in detail to enable an IT systems-based comparison, using available data in the time frames required.
2. A four level fresh food category structure for the fresh food categories of Bakery, Delicatessen, Fruit, Meat, Poultry, Seafood, Vegetables that is extended out to a uniform set of product descriptions.

This combination allows fresh food variables the likes of selling unit, cut type, quality descriptor and size to be aligned into the validly comparable unit pricing.