Supermarket Inquiry at
Australian Competition and
Consumer Commission (ACCC)

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Contact details private

Thomas W R Towle
[redacted]

Written submission by interested party for:

ACCC Supermarkets Inquiry

Every Day Lie Prices - Forked Tongues

Publication allowed.

Author: Mr. Thomas W R Towle

Content:

1) This submission is my response to an invitation by the ACCC for written submissions to the government required Supermarkets Inquiry by interested parties.

2) The document is in numbered paragraph and narrative format addressing **random Issue Paper** items in layman's terms and in no particular order. Facts and opinions are based on interpretation, personal; observation, knowledge, experience, and research.

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The Author:

4) I am an Australian born male citizen in my 80th year, a lifelong consumer of supermarket products, and with successful retail, other commercial and manufacturing **experience**, including buying for retail and marketing wholesale.

5) Unhindered, unreasonable, unacceptable retail pricing practices and other restrictive trade practices I have experienced in previous years still exist, I suggest, in a modern guise.

6) I have had **a lifetime to witness to what I suggest has been the predatory rise of the entities commonly known as Coles and Woolworths, especially their push into food retailing which reached 'bidding' crescendo by about 1960 whilst growing their 'supermarket' divisions, and acquiring specialty retailers in which they also have a direct or indirect interest** and;

7) I have also observed other commercial wholesale and retail brands, which fit a similar niche, [e.g. Metcash] in our 'free market' system, wherein there is a premise when setting prices to **ask what the markets will bear, and, in the case of food, is forced to bear; overly inflated retail prices.**

8) I have never been employed by either Coles, trading as "New World Supermarkets", nor by Woolworths, trading as "The Fresh Food People", or trading under any other entity name, neither have I been employed by any 'Metcash' entity. Drakes do not trade in my region.

The Main Players - Detailed Digital Overviews.

i. Coles Group: https://en.wikipedia.org/wiki/Coles_Group
ii. Woolworth [au] Group: https://en.wikipedia.org/wiki/Woolworths_Group_(Australia)
iii. Metcash [au] Group: https://en.wikipedia.org/wiki/Metcash

Forked Tongue:

9) **"***The phrase "speaks with a forked tongue" means to deliberately say one thing and mean another or, to be hypocritical, or act in a duplicitous manner. In the longstanding tradition of many native American tribes, "speaking with a forked tongue" has meant lying, and* ***a person was no longer considered worthy of trust*** *once he had been shown to "speak with a forked tongue."* **[My bold]** *https://en.wikipedia.org/wiki/Forked_tongue*

Also: https://dictionary.cambridge.org/dictionary/english/forked-tongue

Big Tobacco – Big Supermarkets:

10) Along the lines of the Tobacco Industry, which fought, using a shortage of empathy, honour and truth, even in Court, against allegations of health danger in their products, speaking with a 'forked tongue', I suggest, may be deliberate, based in delusion, believing others with forked tongues, or otherwise contrived to garner commercial advantage and to minimise or dismiss the obvious consequences of unfettered monopolistic empire building.

A Forgotten Formula:

11) *"I still believe that is the strongest retail formula in the world,"…… "If you have **everyday low prices** you are almost unbeatable."* Allegedly uttered by former Woolworth's CEO Roger Corbett after the business had recovered from near demise in about 1987.[Australian Financial Review article of August 18, 2021:*'70 – year battle that changed Australian retailing'* at page 10. [**my bold**]

a. The link may not be stable, so I have attached the entire article below for use alongside this submission: https://www.afr.com/companies/retail/the-70-year-battle-that-changed-australian-retailing-20210801-p58eun

Everyday Low Prices:

12) By 2024, "Everyday Low Prices", a catch cry used in one form or another by all major food retailers, has become mere lip service to an ideal, it is not a reality, the lesson has been 'unlearned' due, I suggest, to costly errors of commercial judgment effectively leading to annulment of any every day low prices policy which may have existed, akin to pick-pocketing the wallet or purse of consumers.

i. For example, there have been errors leading to divestments attempting to undo the badly thought-out takeovers: Coles - Myer 'merger', for example; now you see it, now you don't.

Wesfarmers - Missed Opportunity:

13) When Wesfarmers acquired Coles I assumed that "Bunnings Discount Warehouse" would soon have a stablemate, "Coles *Discount* Warehouse" or similar. How wrong I was.

14) Other examples: Wesfarmers' costly error attempting to introduce Bunnings to Great Britain and Woolworths' costly error creating the Masters Hardware business in Australia, which costs are, I suggest, still being recouped from hapless consumers, via the checkout however, I give credit where due for the attempt to diversify Bunnings outside of Australia.

By any other name:

15) In this submission I do not distinguish to any extent between what I simply call Coles and Woolworths or Metcash and any subsidiaries, which may go by another name or are a separate but somehow associated entity to the main subjects of this ACCC inquiry, including relevant holding companies and/or controlling or major beneficial shareholders or so-called "partners" welded at the hip, so to speak. For example: Coles, Coles Group, Coles Express Service Stations, Wesfarmers, Bunnings – they are all, or were, for my purposes, loosely, "Coles".

It's Not all Food:

16) These Corporate Groups are not simply about food, NOT JUST RETAIL; they also wholesale, they distribute, they grow and process crops, breed and slaughter animals for sale. Their tentacles extend deep into communities, wherever they operate.

Shopping Plaza Dominance:

17) The rush to obtain ownership control of competitors during the 1960's, I suggest, was primarily predicated by the growth of SHOPPING CENTRES away from the traditional row of shops along main roads of communities, to enable Woolworths, and then Coles to head off opportunities for competitors to gain a foothold within the emerging new shopping districts.

18) I suggest Woolworths was the originator of this program because Woolworths has continued growth out into small regional shopping centres, for example, in the Riverland of South Australia there are FOUR Woolworths, each in a small community however, only ONE Coles in a central location.

19) Because they own or control food AND specialty stores, these commercial dinosaurs are even known to have dictated which other tenants are allowed into a retail plaza or similar.

Restrictive Retail Pricing:

20) Manufacturing and other **guilds** continue to intrude into our lives when manufacturers DICTATED the retail price of their products and if a retailer did not comply, the retailer was blacklisted not only for the product or products in question but blacklisted by most other services and suppliers. Business bullies prevailed.

21) The "recommended" retail prices dictated by the manufacturer generally bore no resemblance to fair pricing at all, they were elevated prices intended to enable the manufacturer to keep control over the product throughout the manufacturing and marketing process, long after the product left the factory. It was the manufacturer who required a discount 'special' retail price be applied in times when the manufacturer needed to increase cashflow to meet costs including taxation.

Recommended Retail Price:

22) Government outlawed restrictive pricing by the manufacturer or others but allowed manufacturers to 'recommend' a retail price which was intended to give a guide to the product's value, and to enliven a measure of pricing predictability

Stage set for gouging:

23) However, I suggest that from the commencement of "recommended prices", the stage was set for the process to be abused by unscrupulous players, which has led to the current alleged circumstances, enlivening the Commonwealth of Australia to require this Supermarket Inquiry.

24) The unscrupulous players are able to point to the "recommended price" as an upper level starting point so that any prices set below the recommended price is in their own opinion a justification for their behaviour, the proverbial feather in the unscrupulous retailer's cap, no matter how UNREASONABLE. They can do no wrong they think because, "We ARE giving a discount".

Competition Shut Down:

25) In Whyalla, South Australia, I witnessed Coles pro-actively take pricing action to put a local independent greengrocer out of business, a man who provided consumer led service, who would be up bright and early to go to the city market and buy fresh fruit and groceries, which he sold for reasonable prices from his shop in the same local plaza where a Coles supermarket, and a Colmart, were located, an example being he, at that time, sold a 20kg bag of potatoes, almost fresh from the ground, for $5 which was the same price as where they were grown in Ballarat Victoria. Colmart was a forerunner to Kmart.

26) Even in recent times, I witnessed the SA Foodland shop in Renmark had a fruit product at a special price only to see the Renmark Woolworths match the price even though it was catalogued that week at a higher price in the local Woolworths catalogue.

"MEMBERSHIP":

27) Coles and Woolworths are signing up willing customers into what amounts to club membership, which, however, I suggest, is another version of a **loyalty program, a program the customer must pay to participate** and, on the basis that nothing is free, I suggest, prices would have been inflated, before launching the program, to cover the cost of member benefits, whereas customers who are NOT members ALSO are required to pay the inflated enabling price.

28) For a membership cost of $19 per month, Coles currently offers FREE DELIVERY for online purchases over $50, which tends to indicate they have done a cost-benefit analysis and loaded up the prices to cover the cost, anything less would be a deficit. This inflationary 'membership' idea should be QUASHED.

29) Coles also offers twice the normal Flybuys points for club members, by, I suggest, increasing prices even more to cover the cost of the Flybuys component in the program, and, again, **disadvantaging the customer who continues to treat the Coles Supermarkets as shops, not clubrooms.**

Clubs NOT Retailers:

30) I suggest, "membership" makes them CLUBS, not Supermarkets any longer, bearing in mind that Local Councils did not give consent for clubs on those properties ZONED Commercial, retail, or similar.

Warns On Growth Of Monopolies

Primary producers could be compelled to take unprofitable prices offered them by grocery monopolies or leave their produce unsold when there was no other buyer, Mr. A. D. Fraser (Lab., Eden-Monaro) said last night.

Mr. Fraser, speaking during a radio broadcast, was referring to the recent £6,500,000 take-over of 257 Mathews-Thompson and Co. grocery stores by Woolworths.

"The dangers of monopoly are great, and groceries make a very obvious field in which to show them," he said.

"As monopoly develops so does the power to hold the public to ransom.

"I am certainly not saying that this will happen in groceries, but it has happened already in many other business areas in which monopoly has developed," he said.

The take-over meant that Woolworths would be selling one-sixth of all the groceries bought in New South Wales, he said.

This was a further step to the consolidation of business power away from free competition and towards monopoly.

When it happened in groceries everyone was brought face to face with it, he said.

When monopolies were established, maximum prices were minimum prices and producers of goods could be beaten down in price.

Although G. J. Coles was providing real competition with Woolworths in a variety of lines, and extending its interest in groceries, there was no way of telling whether fierce competition would continue because arrangements and amalgamations, even between giants, were always on the cards, he said.

Mr. Fraser said that as it was inevitable that business monopoly would develop, so must government intervention in business equally develop to protect the whole community.

The N.S.W. Government had shown the way in its handling of restrictive practices in wool-buying, and the Federal Government would not be able to avoid forever its responsibilities in these matters, he added.

The article to left reveals a prophetically accurate warning was sounded even within government 64 years ago that allowing unfettered takeovers in the grocery industry could lead to unprofitable price offers by a monopolistic player, even warning that "arrangements" made between giants was always on the cards"; read "DUOPOLIES".

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31) GUILDS (Read 'Monopolies'):

I have sour experience with restrictive guilds thus I suggest that Coles and Woolworths and their ilk **stand in the shoes of historic, but not altogether extinct, restrictive trade Guilds** because of the power Coles and Woolworths have accumulated to themselves allegedly able to dictate to the marketplace, directly or by proxy, using friendly or unfriendly takeovers, relying on open or furtive predatory pricing, forcing 'partnerships', and other unfair practices, deciding, in effect, who can trade, where, for how long, and how much they can earn, if anything.

32) **Guilds Prevent Competition**:

Typically, the key "privilege" was that ***only guild members were allowed to sell their goods or practice their skill within the city****. There might be* ***controls on minimum or maximum prices****, hours of trading, numbers of apprentices, and many other things. Critics argued that these rules reduced free competition, but defenders maintained that they protected professional standards."* [my bold]

https://en.wikipedia.org/wiki/Guild

Restrictive business thrives with support of governments reluctant to curb their power.

Also see:

https://www.worldhistory.org/Medieval_Guilds

33) A fair price is;

The "total cost of manufacture + a reasonable markup" + "total cost to other players [marketing, wholesale, distribution etc] + reasonable markup" + "total retailers costs + reasonable markup".

Left: News cutting from Canberra Times of July 11, 1960, page 3: downloaded from Trove
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My restrictive trade experience:

34) I was a victim of corporate greed and commercial 'dictatorship' when, as a 19-year-old, I and a partner manufactured iron and steel products, balustrades, iron furniture, and ornamentals such as wire frame fruit bowls, which we sold successfully to large department stores however, NOT to furniture stores.

35) **There still existed in those years the "Furniture Guild"** and when we, as non-members of the Guild, did manage to interest any brave proprietors of a furniture store to see commercial value in our wrought iron furniture and ornamentals, the Guild threatened the furniture store member of the guild with expulsion, and threatened blacklisting our supply of raw material, iron, and steel.

36) Even when a friendly steel product manufacturer, normally a customer for Lysaght's sheet metal products, was willing to order our raw materials from the iron and steel merchants for us, he was threatened with the same blacklisting and had to cease assisting us.

37) That BHP would seemingly have been party to this could not, at that time, be justified on commercial reasons because BHP was virtually, itself, a monopoly, the furniture guild had no power over it, we purchased BHP steel, the only other iron merchant being Lysaght sheet metal works whose products we did not use. The threat against our raw material supply was successful.

38) The blacklisting prevented us from marketing our furniture products AND other products we manufactured not covered by the furniture guild. We had no other choice than to cease trading.

39) Organisations like the Furniture Guild were, I suggest, an anachronism still existing from an age where every local tradesman and his dog, so to speak, were involved in restrictive trade practices, however that style of outlandish restrictive trade practitioner are [mostly] not obvious, replaced, unfortunately, by newer, surreptitious forms of business and commercial restrictive trade demons.

40) **By way of example**, the Coles and Woolworths 'bureaucracies' have a **reputation of generating unfair and unreasonable** pressure onto farmers and/or other suppliers relevant to purchase price, distribution costs, special packaging requirements, priority shelf placement, all to benefit their Supermarkets, to obtain what Coles and Woolworths consider is a good deal for Coles and Woolworths however, the 'good deal' for them does not necessarily translate to a good deal for their suppliers or the consumers, quite the opposite appears to be the case.

Monopoly (noun) – **Monopolistic** (adjective)**:**

41) Apologists for Coles and Woolworths have, I suggest, relied upon a foolish belief within Government and the community that a monopoly cannot exist if two large players remain in the sector, presumably to compete with each other, however, this depends on the extent to which the two players genuinely 'compete', on which bases they compete, and what benefit derives to the community. The community cannot benefit if the businesses are treated as benign, not strictly monopolies, but are tolerated as MONOPOLISTIC DUOPOLIES.

42) A retailer may not have quite reached the stage of being a stand-alone monopoly, however, I suggest, they reach the monopolistic stage very early in the growth of the business, as a policy.

43) It is clear that they compete for customers but not, observationally, on price, there is often little or no variation of the products stocked by Coles and Woolworths, or the retail prices sought; instead, they resort to costly gimmicks to attract customers AND SALES leaving themselves free to avoid genuinely competing on consumer choice or price.

44) Monopolistic players are not a new issue. As far back as July 6, 1988, The Canberra Times reported community fears centred on the dangers of monopoly in the food sector: *"The director*

of the Australian Federation of Consumer Organisations, Mr Robin Brown, says ***Trade Practices legislation needs to be toughened to increase the number of supermarket operators.*** *His organisation is the federal umbrella body for more than 50 Australian consumer bodies. He says some consumer groups are concerned that the big chains' buying power makes it increasingly hard: for manufacturers and primary producers to make a living."* [**My Bold**]
https://trove.nla.gov.au/newspaper/article/102030797?searchTerm=Supermarket%20Monopoly

Academic Myths:

45) Too often, the administrators of large corporations are too far from the coal face to be empowered to make wise commercial decisions, so they seem to make decisions based on academic myths when academia is often experimentally centred.

46) As in the political arena, business senior administrators only know what subordinates let them know and lower-level administrators usually only pass feel-good, positive, information up the management tree, omitting information which will likely bruise top management's ego or, worse, negatively recoil back onto the person writing the report.

Buy Smaller Cabbages:

47) By way of example, a particularly odious requirement on suppliers in recent years is that **Cabbages and Cauliflowers**, historically quite large vegetables, had to be grown and packaged at a much smaller size so that a certain number [I think 8] would fit onto a specified sized tray for convenience of transport and easier in-store shelf packing, which I suggest was NOT the true or primary reason for the requirement, because from a consumer's point of view, the main consequence is that the customers would consume the smaller product more quickly and need to purchase more often, the size and packaging demand being intended, I suggest, to increase stock turnover rates of a smaller product at the same or higher retail price.

48) This was counterproductive, in my circumstances, and I suggest for others, because I simply stopped consuming fresh cabbages and cauliflowers sourced from supermarkets, purchasing, instead frozen packaged equivalents, supplied by vegetable processers where normal large size product was still an advantage, thereby preserving economy of scale.

49) **On the other hand,** I, as a buyer / joint deputy manager, of a family owned department, and lottery store in Melbourne, competed successfully with Coles, Woolworths, and other large retailers, which stocked some of the same or comparable products I did, by applying a philosophy of creating a win-win-win-win situation for my suppliers, customers, other staff, and my employer, in circumstances where some of those suppliers, on many occasions, confided to me that their wholesale sales were having a bad week but that changed when they got to my store, and I offered them a reasonable price and bought sufficient to boost their sales figures.

50) The same philosophy, a win for the supplier and others in the transaction, also benefits customers if the savings are passed on, and keeps employees in a job, and helps the employer's bottom line by increasing stock-turn.

    i. I put my 'employer' LAST in my list, above, because without satisfied customers, staff, and suppliers, my employer would not have had a successful business.

51) By way of demonstration during a moment I was proud to witness, I observed two customers perusing the music section, one lady carrying a see-through Coles branded shopping bag holding a recently purchased album still being advertised on TV for a retail price.

52) I heard one of them comment to her companion, *"I TOLD you we should have come here first"* because I had the same currently TV promoted product on my shelf at an everyday price 33%

below the advertised [recommended] price, which I had achieved by offering the manufacturer a linked wholesale deal.

Unrealistic Pricing:

53) In particular, during the past 2 -3 years, I have been alarmed that some Supermarket prices have risen by 25% and 50%, others by 75%, for, I suggest, no justifiable reason.

54) The Coles and Woolworths groups have become too big and top heavy with an unwieldy bureaucracy, and both, I suggest, may be saddled with greedy majority shareholders, and administered by some I describe as 'sycophants', who lean too far toward appeasing shareholders and overlook that without customer satisfaction, shares are valueless.

Shades of Robodebt - Ditto:

55) Centrelink had mandated tasks to fulfill to pay the bills for government legislated welfare programs however, political influence, compounded by, I suggest, sycophantic administration, caused corruption and chaos. Ditto for cumbersome commercial entities where the agenda is to gain shareholder approval, and the customers are, in reality, treated as if they are NEVER right.

Money, Money, Money:

56) I shop mostly at Coles, seldom at Woolworths and infrequently at Metcash's SA Foodland. I bargain-buy products I know are priced lower at Aldi, or are not available at all in Coles and Woolworths, therefore, I have purchased products from Aldi I didn't know I needed until I saw them, such is the difference in pricing, presentation, and product choice between the European model [**customer satisfaction**] and that influenced by the USA suggestive by the lyrics of an ABBA song. Link: *"Money, Money, Money..... it's a rich man's world"*.

Price and quality matters:

57) **Aldi example:** I buy a quality 'anti-cholesterol' margarine from Aldi which is about half the price of an equivalent from Coles. No doubt Coles make more per unit from the higher priced product however I choose the Aldi product BECAUSE it is priced lower. Price matters.

High Prices – Lower Sales:

58) I have noticed an increase in the quantities of regular daily out of date clearance markdowns, such as bakery products, indicating to me that items are not selling fast enough, which I suggest is due to being overpriced, however even the 'markdowns' are also priced above pre-escalation retail prices, no longer a real 'bargain' find.

59) **Sir Thomas Wardle, the founder of Tom the Cheap Supermarkets**, is quoted as having said :
    ii. *"There's no doubt that their [the grocery groups'] mark-ups were exorbitant and bloody greedy ... they averaged 25 to 30 per cent and in some cases were as high as 100 per cent. The shopper was held to ransom."*
    Under Early Years: **https://en.wikipedia.org/wiki/Thomas_Wardle**

60) I met Thomas [Tom] Wardle personally, the man who created a very large supermarket chain across Australia reputedly **built on only a 10% markup** however, an error of judgment in the 1970's, diversifying into property development, destroyed what he had built by fair dealing but, I strongly suggest, the fact that he built a chain of over 200 Supermarkets by dealing fairly, shows greed is not necessary to run a successful business, nor to provide quality products and consumer choice at fair prices.

    iii. I emulated Tom Wardle's "Customer Choice" style of management.

61) His error of investment judgement cost consumers in multiple States the benefits available from the entire Tom the Cheap chain, however, when Coles and Woolworths make similar errors of

business judgment they are diverse enough to load the customer with the burden of losses, across products, and divisions, to pay for the mistakes.

62) I managed a music store in Melbourne and was Joint Vice Manager to the proprietor for the rest of the variety and Lottery departments. We competed successfully head on with Coles and other chains, where we sold similar products. We beat them for consumer choice and price.

Corporate Bureaucracy – The Head Wagging the Tail:

63) Even though my employer's independent family business was part of a buying group, I was successful because I did not work for a bureaucracy, my employer was unfettered and able to give me authority to buy from any supplier and set prices and make other decisions whereas Coles and Woolworths are saddled with built in bureaucratic inflexibility, which need not be the case, but probably exists because of other short comings, e.g. control from 'above' for decisions where policy is decided which however, should be tempered by trusting the staff employed to make the coal-face decisions.

64) This is also often a shortcoming of government agencies, Ministers, Department Heads, Snr Administrators, sticking their noses into matters where they are not competent, dictating to underlings to ignore or by-pass well-trodden pathways to enable an unwise agenda of the moment.

Experts Not Productive:

65) The major chains under scrutiny presumably employ experts and then refuse to allow the experts to be productive in their speciality, instead of learning from errors, not repeating them.

Foundation Policies:

66) Tom Wardle never lost sight of his fair business model however today's incumbents have lost sight of their foundation policies.

67) I remember the foundation slogan was still used by Coles when I was a kid in the 1950's: *"Nothing over 2 shillings and sixpence"* [25 cents] however Coles, I suggest, has forgotten the intent of that catchcry; '*cheap prices are ALWAYS available here'*.[see par 11 above]

68) One of the founders of Woolworths Australia, Percy Christmas, whose family name, ironically, represents "giving", named the original Australian 'Woolworths' store: **"Woolworth's Stupendous Bargain Basement",** a philosophy now, in fact, no longer applicable, memorialised by mere lip service. Woolworths, I suggest, are not "The Cheap Food People", they call themselves "The Fresh Food People".

https://adb.anu.edu.au/biography/christmas-harold-percival-percy-5591

Coles Failed to Learn:

69) Another who took on the Supermarkets, in recent times, was the SA Chain Bi LO, a progressive business, founded by the three Weeks Brothers, which competed directly with Coles by using GENUINE 'door buster' specials to get shoppers into the stores, a policy possible even for Coles and Woolworths if they pass on savings to the consumer, however they are encumber trying to keep the empire they have created solvent. It's time to sell it off and let the competition begin.

Customer Choice Illiteracy:

70) I suggest that the circumstances surrounding Coles buying the Bi LO chain of supermarkets is the story of 'Customer Choice Illiterates'. Coles purchased a Supermarket chain so successful it rivalled Coles for market share in South Australia, but Coles Directors did not recognise or understand WHY the competitor had been so successful, so they had no ability nor, apparently, desire to continue the success, or to apply the successful formula to the rest of the Coles empire.

71) Coles, in effect, set about making decisions relevant to Bi LO which inevitably led to it becoming ineffective, a burden rather than continuing the business engendering Customer Satisfaction it was when purchased by Coles.

72) I do not know the skill set of the Coles and Woolworths Directors however, I do know that, for example, a director with, say, bridge building engineering skill, even food manufacturing skill, is not likely to know how to administer a successful consumer-based retail environment.

The Successful Formula:

73) The successful BI LO formula was product CHOICE, acceptable and sometimes surprisingly low prices, and customer SERVICES conducive to GENUINE "Customer Satisfaction", NOT offering products BI LO wanted you to buy BUT products the customers demonstrated that they wanted at affordable, often irresistible, price.

Successful Pricing Policy:

74) I was a BI LO customer in Whyalla SA about 1983+ when the Weeks Family version of BI LO would advertise door buster special prices, for example toilet paper at unbelievable prices, no limits. Customers would flock to the store and fill their shopping trolleys with the 'specials' and then top up with other products. Even the other products had acceptable pricing.

Useless COSTLY Gimmicks:

75) Coles and Woolworths, on the other hand, I suggest, look everywhere else, except genuine irresistible special prices, to induce customers to enter their stores, by giving away useless toys, [an old tactic of the breakfast cereals] and inflating prices to pay for rewards programs, which customers are, in effect, forced to use to get a semblance of a 'bargain', but in the long run not a real bargain because prices needs be inflated to compensate Coles/Woolworths for their ‘generosity’.

iv. Wikipedia records:
"However, Coles Group announced in March 2007 it was "pausing" the re-branding of Bi-Lo stores to Coles, following the poor results of the 129 stores re-branded thus far. ***Market analysts commented that the conversion program was unsuccessful due to*** *Coles' transforming of stores in affluent areas first,* ***the replacement of Bi-Lo's budget items with more expensive equivalents, and the removal of trademark budget meat packs.****[5]"* [my bold]

([5] Carson, Vanda (28 March 2007). **"Coles took the buy out of Bi-Lo"**. *Business*. The Sydney Morning Herald. Retrieved 20 September 2007.)

76) That article goes on to say:

v. ***"This sent a message to regular customers that the shiny new Coles fit out meant prices would go up.***

vi. ***"Customers trialled the converted stores and did not return," Mr Jackson said.*** **" [my bold]**

77) That BI LO episode unequivocally demonstrate, I suggest, that Coles’ [and I also suggest Woolworth's] focus is NOT on cheap prices, or customer satisfaction at all, it was, and is, on ‘Empire Building’.

78) The original, privately owned, BI LO’s focus, akin to that of Thomas Wardle of Tom the Cheap, of actually giving customers some products the customer wanted for genuinely cheap prices was so successful that Coles bought the chain but did not seem to have the commonsense or productive commercial nous to continue the "REAL" door-buster specials of the Weeks

brothers. Coles traded for a few years only on the BI LO name until, as they did after the takeovers in the sixties, Coles rebranded, sold, or closed the stores one by one.

Is Aldi Next:

i. I dare say, if Coles or Woolworths could purchase and close Aldi stores, they would.

https://en.wikipedia.org/wiki/Bi-Lo_(Australia)#Bi-Lo_Mega_Frrresh

79) **I suggest, the main history of Coles and Woolworths is predatory**, not much more, they are EMPIRE BUILDERS not fair-trading specialists, **and they mostly concentrate in Australia rather than invest too much overseas and bring in some foreign reserves.**

https://www.abc.net.au/news/2024-02-23/a-history-of-the-duopoly-coles-woolworths/103494070

https://adb.anu.edu.au/biography/coles-sir-george-james-9788

https://en.wikipedia.org/wiki/Woolworths_Group_(Australia)

https://en.wikipedia.org/wiki/List_of_Woolworths_Group_companies

80) Woolworths, I suggest, increased prices, a least to partly compensate for the Masters Hardware fiasco where it reportedly lost $millions. Coles matched Woolworths, rather than genuinely compete, so its prices followed upwards for that reason, as well as its own reasons.

Fake Discounts:

81) Coles and Woolworth's pricing history suggests that today's high "everyday prices" are, at least in part, structured to provide for future "Specials", in essence, 'fake discounts' and to provide for future losses, for example, bad business decisions or disasters such as Covid endemics.

A Sea of Yellow Discount Tags:

82) Upon entering the local Coles Supermarket in my region, customers are confronted by a veritable sea of yellow price discount tags, in every aisle, promoting offers such as "half price", which is a catchcry that cannot genuinely intend anything like *'nothing over 25 cents'* because 25 cents was a genuine everyday price. The price stickers UNDERNEATH the 'half price' tags, I suggest, are not genuine, they seems to be deliberately inflated, upwards**.**

Sample of Coles' proliferation of yellow tags [also observed in Woolworths]

PRICE GOUGING:

83) The question arises, how it is possible that there is almost whole aisles loaded up with "Half Price" tags? Are prices inflated so much that half the retail price can be genuinely discounted,

and Coles maintains profitability… or… are the [pretend] half prices intended to be predatory to use its power to defeat Aldi, one of which opened in my region across the carpark from Coles?

Consumer Manipulation:

84) Consumers may be expected to form an opinion not to shop at Aldi because *“Coles are selling stuff for half price”.*

Half Price Special- HOW?

85) Unlike the Tom the Cheap, and the original Bi Lo, pricing policies offering genuine cheap products and customer choice, Coles, and Woolworths “Half Price” specials, I suggest, are marketing deceits built on goods deliberately overpriced in the first place, to enable the dishonesty, where they are not necessary to recoup disastrous acquisitions.

Store Closures:

86) A Weeks Brother’s BI LO store in my small hometown regional community was CLOSED a few years ago after purchase by Coles, which begs the question for what end did Coles do this?

Stupid is what stupid does:

87) When it was established locally, by the original Weeks Brothers BI-LO company, it competed successfully with the existing SA Foodland, around the corner, however, selling the store obviously cost Coles a customer base because, while some migrated to a Coles store 15kms distant, most stayed with the SA Foodland store, which took over the premises vacated by Coles’ BI-LO brand.

Ego IS a dirty word:

88) With apologies to the former music band “Skyhooks”, I suggest a reason Coles would close a lucrative location and leave it to a competitor may be an EGOISTIC attitude.... *"We are Coles, we do not come to small places, the people MUST come to us"*, which I note was NOT Woolworths policy.

Geographic - Demographic:

89) In my youth, Coles and Woolworths were not interested in having a supermarket for a local population of less than about 30,000 however, for Woolworths, at least, this figure has dramatically reduced bringing with it, I suggest, increases to costs and prices thus: Lower consumer base but similar sized stores, same staffing, higher transport and other costs inevitably lead to higher retail prices perhaps, at least in part, spread across all locations.

The country:

90) Woolworths built stores in smaller locations where its greater buying power could be used to close down the locally owned stores and then become, in effect, a local monopoly however, the stores Woolworths effectively put out of business were, for the most part, family run businesses in well-established premises with lower over-all costs.

Misguided Management:

91) Coles had that option to retain BI LO in my locality but had the wrong agenda, holding a successful store in a small community was apparently not on its agenda, probably because Coles recognised, or discovered, the additional costs of running a conglomerate business in a small locality adds to a suggestion that POOR MANAGEMENT contributes to the reason for HIGH RETAIL FOOD PRICES.

Convenience Stores Killed Off:

92) During the 1980's Coles and Woolworths began to deliberately compete with the proverbial corner, family-owned convenience stores by opening their FULL-SIZE Supermarkets after hours, even for 24 hours, which I suggest would, in many instances run AT A LOSS, it being a predatory policy.

93) Mr and Mrs Average shop owner, who may have enjoyed good after hours foot traffic and acceptable turnover, had attracted the predators, and could not compete or continue to provide the normal emergency after hours needs such as milk, bread, a can of baked beans, eggs, soft drinks, tea and sugar, tobacco etc, however Mr and Mrs Average shop owners did not pay anywhere near the costs of large supermarkets, sometimes not even paying themselves a decent wage, so the predators, in effect shot themselves in the foot and are stuck with higher pricing to compensate across the board for their EMPIRE BUILDING EGO.

94) My own daughter's in-laws, a long standing respected Italian family, community store proprietors, fell victim to this predatory move by Coles.

95) Also, an uncle, who had a successful and popular supermarket style convenience store, could not compete against the after-hours incursion and the predatory pricing.

96) Once the convenient stores were shut down, the Supermarkets could charge what they decided, in whichever region they chose.

Follow the Leader:

97) The problem is not confined to just Coles and Woolworths because when one of them sneezes, everyone else catches a cold, which means, that, when they manipulate a particular market, f**or example petrol prices**, to enable them to give petrol 'discounts' based on their food shopping dockets, other petrol outlets often raise their prices to match, an INFLATIONARY PRACTICE.

everyday rewards

Thomas' Everyday Rewards Card number: *************

From a Woolworths' email offer to the author.[composite edit]

Tying Agreements:

98) Linking food purchases with petrol prices is, in essence, the same as "tying agreements" outlawed by the **Clayton Act in the USA**.

ii. *"An illegal **tying agreement** happens when a company forces customers to buy one product (the tying product) in order to purchase another product (the tied product). The two products are bundled or "tied" together, which gives the tying agreement its name. This practice restricts a customer's choice and can limit competition. In a fair marketplace, business compete on price and on how good their products are. If an illegal tying arrangement is in place, a seller can use its strong market power on a popular product to force customers to buy a second, lesser product."*

Tying Agreements in Australia:

99) **Tying agreements, in an Australian context**, is when a retailer requires a consumer to buy certain products in return for getting discounts, either by means of rewards points or getting discounts on other unrelated products, from a different retailer, **such as a particular brand of petrol associated with or controlled by the retailer or its 'partners'**, and whilst there is no overt obligation for the customer to participate in Australia, there is an identifiable COVERT

requirement caused by the need for the consumer to escape from the higher than reasonable inflated enabling food prices of both food and petrol.

Pretend Altruism:

100) The fourteen-cent discount [above] is not, I suggest, an altruistic offer, it can only be financed by increasing 'everyday lie prices' of service stations and/or increasing 'everyday lie prices' of supermarket products, sales of which trigger the 14c OFF per litre.

101) Such linked discounts between products even within the same product should be banned. Better still STOP the constant predatory acquisitions and/or increasing control by Coles and Woolworths, which will inevitably lead to monopolisation of almost everything we hold dear. BAN and REVERSE THE EMPIRE BUILDING.

102) I also note that [selected] **United Petrol** outlets offer a LINKED 4 cents litre discount to customers of a pensioner insurance company, and, in the vein of 'nothing is free', the United customers who do not have an account with the insurance company are, in effect, subsidising the, I suggest, 'fake' discount enabled by a purposely inflated pump everyday price, as if the volatility of oil prices isn't enough for our community to cope with.

103) United offer discounts to members of a growing number of clubs in the name of charity which in reality is in the name of marketing funded by those who are not members of the clubs

104) Without having access to corporate data, my observation suggests that, loosely speaking, the Coles and Woolworths holding groups have subsidiaries within subsidiaries, so to speak, even so-called competing brands, which no longer actually 'compete'.

Too many fingers: Too may pies:

105) I believe they have a moneyed finger in some products from the source until sold, manufacturing/growing, processing, storage, wholesale, distribution, retailing etc, TOO MANY FINGERS IN TOO MANY PIES, with each step making its own profit WHICH is compounded by the level above; profit upon profit, so to speak.

iii. Simple example: Wholesale make a 10% profit which is a cost to distribution which also makes a 10% profit SO THAT the wholesale 'profit' becomes, in reality 11% and so forth. There is, loosely speaking, a 21% markup already, in two levels, all going to the Coles or Woolworths Group.

METCASH:

106) Metcash should not escape scrutiny either because it owns a large range of brands including grocery brand IGA, and also has too many fingers in too many pies, with multiple levels of retailing resulting in **differential wholesale pricing by linking wholesale prices to turnover**, rather than a reasonable cost-plus margin basis.

https://en.wikipedia.org/wiki/Metcash

107) This was demonstrated in Loxton SA where there was a SA Foodland stocked under the Metcash banner and further along the same main shopping street was a Metcash IGA branded store selling identical products at different retail prices , both stores with high levels of foot traffic, the only difference essentially being the Metcash wholesaling model, which favoured one store over the other for item pricing.

108) I suggest that as Metcash would BULK purchase product at the same price per item, no matter where it is eventually retailed, wholesaling it at a range of prices is, in effect, price gouging.

Self-Interest Divestiture:

109) Even when Coles or Woolworths and other large players do divest, I suggest it is sometimes to hide beneficial ownership however, they maintain control by first converting the holding in the entity to be sold off or reduced to "partners".

Greed Induced Inflation:

110) I suggest, Government policy, relevant to inflation, of allowing the Reserve Bank to raise interest rates leading to banks foreclosing on innocent victims and sell their dreamed of homes, is a DIRECT result of business PRICE GREED, not due to consumers making too many purchases.

Does Customer Induced Inflation Really Exist?

111) I may buy the basket of goodies used to determine inflationary trends regularly however, **it isn't ME buying them that causes inflation**, it is, I strongly suggest, the GREEDY unnecessary raising of retail prices to cover the cost of marketing gimmicks and 'fake' discounts, and commercial losses, seriously causing dangerous inflation, for the most part.

Artificial Inflation:

112) A manufacturer plans a marketing blitz in September but the law mandates that it is [generally] not lawful for a retailer to offer a discount off a retail price if the product has not been sold for that price previously, so steps are taken to enable compliance with the law and to reap the benefit accruing from deliberate inflation;

iv. **Example:** An item usually retails for $2. The decisions is made in January to offer the item as a "special" during September, so its retail price is immediately raised 75% to $3:50 thus enabling a special price in September of $2:75 [WOW! 75 cents off], a deceitful win, win for the manufacturer and the Supermarket.

v. Stickers will likely show *"Price in February - $3:50"* but were only $2 in January.

113) The price stacking applies, I suggest, even if the marketing plan originates with the retailer, without an impetus from a manufacturer or wholesaler, bearing in mind that Coles and Woolworths Groups are also wholesalers, for many products, and may even be the manufacturer or food processor, wearing another hat, so to speak.

Nothing is FREE:

114) In reality not much, if anything, is free in the commercial world, so anything offered in the form of give-away incentives or 'discounts' has a hidden COST whereas, I suggest, genuine LOW [not LIE] PRICES, PRODUCT CHOICE, VALUE and GOOD SERVICE is the BEST INCENTIVE to encourage and keep customers.

115) When supermarkets offer a special PRICE, it is, I suggest, not good VALUE because it is based on fake everyday 'lie' prices bloated to cover the cost of the 'specials' and sometimes based on inferior quality from dubious sources.

Up-Pricing and Down-Pricing:

116) It does not genuinely benefit the shopper to buy a product this week at a 'special' price when they buy it other weeks at the price inflated to enable the one time 'special' price or they buy other random products whose price has been deliberately up priced to cover any temporary down pricing of any other products.

117) Reasonable suspicion so-called SPECIALS are built on a type of AGGREGATION of random items where they are up priced intended as a 'set-off' to enable discounts on other products. [Not to mention pressure put on suppliers to cut costs to bare bone, even loss.]

Thomas Wardle Again:

118) I had the opportunity to meet an executive from Tom Piper years ago as he, and others, inspected my premises, with Mr. Thomas Wardle, to use as a Tom the Cheap Supermarket in Mildura Victoria. [I did not own the large retail premises, I was vacating]

119) This gentleman told me that Tom Wardle, the founder of the chain in WA, did not inflate prices to allow for specials, he approached manufacturers and purchased a complete day or two's production of a particular product on days the factory had no other orders, agreeing to pay a slim margin on the cost of manufacture,. This enabled the factory to keep its employees productively active and the Supermarket chain to ask reasonable prices.

Consumers love a genuine bargain:

120) Similarly; I was able to compete with Coles selling a then currently popular music LP, mentioned in paragraphs 51 & 52 above, by approaching the record company and negotiating a mutually satisfactory, usually a linked, wholesale purchase, no pressure on either of us. I then passed the savings to the consumers. Often I would also reduce my margin a little.

Even TAX is Less:

121) It is not generally considered that if the wholesaler or manufacturer reduces the price, then government taxes are also reduced compounding even lower discounts for the consumer. Sometimes I reduced our margin also. In the past those taxes were 'sales tax' of various percentages. For vinyl LPs, sales tax AND mark-up was 27.5% on wholesale. $10 + 27.5% +27.5% = $16:26 whereas 20% off is $8 +27.5%+25%= $12:75. Adding a further percentage point at no substantial cost to the retailer, a 21% genuine discount, no inflated pricing.

122) On another occasion I approached a record manufacturer going out of business and purchased the entire catalogue for the proverbial song, enabling me to pass on massive savings to the consumer to the order of up to 95% genuine off previous normal retail prices, as door busters, sometimes throwing in one of my cheap purchases for free by surprise to anyone who purchased a different company's LP. Word of mouth gets around.

123) I was later employed by Walton-Seers Department Stores and the manager told me he had heard of me and my success and had employed me to turn around losses by its music department, HOWEVER Walton-Seers was another Empire Builder, old fashioned, and did not take to my method of win-win for consumer and employer, wanting to stay with outdated EXORBITANT MARK-UP and immoveable, FIXED PRICES. I quit after two weeks.

124) Waltons eventually slipped into oblivion and took most of its department store acquisitions with it, ironically two which had been my customer, years prior, for wrought iron ornamentals: Anthony Hordern and Sons and Marcus Clark and Company, in Sydney.

https://en.wikipedia.org/wiki/Waltons_(department_store)

Fly Buys and Everyday Rewards:

125) Coles and Woolworths "complain" that they have a small annual margin, a [Nett] profit of say 2% HOWEVER that profit would be **achieved by considering, as a COST**, the 'give-a-ways' and 'rewards / Flybuys', club membership discounts and other marketing gimmicks. Take away the cost and the profit increases. Charge realistic pricing and customers come without gimmicks.

My Flybuys Use:

126) I quite regularly accept a Coles Flybuys offer to spend just $60 a week for 4 consecutive weeks after which I am 'rewarded' $50 [10,000 points] which I then spend at Coles later, getting groceries for almost NOTHING.

127) Outside of those four weeks I pay the inflated prices for the same products which earned me Flybuys reward, as does every other customer who does not use Flybuys.

Flybuys is Not Free:

128) I suggest that good financial management, if not good public relations, would require that prices must be set so that those customers who actively participate in the Flybuys program are, in essence, subsidised by those customers who do not participate in the Flybuys/Rewards/ membership programs by which I mean that they are paying the elevated enabling prices.

Self-Regulation:

129) Australia enjoys a 'Free Market" system NOT an 'Open Slather Market' system such that, as regulation is required to maintain safety on our roads and elsewhere, consumers are entitled to be able to enjoy economic safety. Regulation in the marketplace is necessary for good economic health. Advocates for minimal regulation are prioritising self-interest.

Ant-Trust / Anti-Monopoly / Anti Duopoly Laws:

130) Notwithstanding Australia has the Trade Practices Act 1974 (Cth) and the Competition and Consumer Act 2010 (Cth), I advocate for a tightening of consumer protection laws to bring Australia more in line with Anti-Trust law in the USA, for many years, the Sherman Antitrust Act, and the Clayton Act, certainly since Coles and Woolworths changed to the modern USA originated Supermarket model.

Anti-Guild Laws:

131) I suggest that the form of 'trusts' intended by USA law have a similar effect as, restrictive trade GUILDS or cosy DUOPOLIES in Australia.

USA/Australia parallel issues: https://www.justice.gov/atr/antitrust-laws-and-you

The Clayton Act (USA):

132) The Clayton Act *" aims to promote fair competition and prevent unfair business practices that could harm consumers. It prohibits certain actions that might restrict competition, like tying agreements, predatory pricing, and mergers that could lessen competition."*

The Sherman Anti-Trust Act (USA):

133) *"A trust is an arrangement by which stockholders in several companies transfer their shares to a single set of trustees. In exchange, the stockholders receive a certificate entitling them to a specified share of the consolidated earnings of the jointly managed companies."*
USA: https://www.archives.gov/milestone-documents/sherman-anti-trust-act

Price fixing, bid rigging and market allocation schemes:

134) The USA primer linked below *"briefly describes the most common antitrust violations and outlines those conditions and events that indicate anticompetitive collusion."* [page 1]

Collusion:

135) Without effective policing Coles and Woolworths are easily able to involve themselves in furtive collusion, to set prices, or for any other purpose.

136) The USA experience should be a lesson for Australia: *"Collusion is more likely to occur if there are few sellers. The fewer the sellers, the easier it is for them to get together and agree on prices, bids, customers, or territories"* [page 5]

137) It is not necessary in the USA to obtain irrefutable evidence of restrictive trade practice or other abuses in the marketplace, a pattern of behaviour is sufficient:

i. *"Price fixing, bid rigging, and other collusive agreements can be established either by direct evidence, such as the testimony of a participant, or by circumstantial evidence, such as suspicious bid patterns, travel and expense reports, telephone records, and business diary entries."* [page 1]

ii. I suggest a regular pattern, among others, is seeing Coles and Woolworths with exactly the same price as each other or as a nearby competitor for the same product even when the price in a catalogue is different, at that time, is a regular pattern.

USA: https://www.justice.gov/d9/pages/attachments/2016/01/05/211578.pdf

138) **I actually witnessed the bidding war between Coles and Woolworths in the 1960's** as they outbid each other to gobble up many other Supermarket and Grocery groups.

Feeding Frenzy:

139) They were acting akin to sharks in a feeding frenzy bringing regular headlines on Sydney newspapers similar too *"G.J. Coles Ltd. $7 million offer Recommended"*, "*Woolworths Snaps Up Mandy's Supermarkets; 250 thousand* " until most, if not all, major food retail competition was gone, which was not exactly new because they acquired other business shortly after they commenced trading, and have continued acquiring up to the current era, swallowing whole or in part variety, clothing, petrol, chemist, gambling, hotels, liquor outlets and toys etc, many of which belong to the relevant group if not directly to Coles or Woolworths.

vi. In essence, I suggest, many, if not all, of the acquisitions were obtained relatively cheaply by 1 for 1 share swaps, which of course watered-down existing shareholdings, while increasing [potential] assets, which however, were also soon watered down again, increasing losses, by store closures.

vii. I suggest, we, the community, are not truly aware of the extent of the market control these conglomerates hold, either directly or; by proxy methods.

viii. Neither are we aware how many RECKLESS or IRRATIONAL takeover losses poor direction and/or management has caused which have been 'hidden' within their retail pricing.

140) One of the earliest chains to be acquired [by Woolworths] in my memory was Flemings, which I think was the first modern style supermarket in Australia; established by the Flemings Brothers and based on an American model. "Franklins", where I shopped in my younger years, was also, eventually swallowed whole.

I SUBMIT THAT:

141) The series of acquisitions I witnessed in the 1960's virtually wiped out any real prospect of genuine competition within the food retail industry, a conclusion I formed even back then as a mere teenager.

142) As a teenager, living independently, I was able to buy a can of peas from Buttles for 1/- [10cents], which price increased rapidly after Buttles ceased to exist because, I suggest, increased prices assisted Coles and Woolworths to fund the job destroying acquisitions, not for the benefit of consumers, and, I suggest, not truly for the benefit of small shareholders either, this was major shareholder's director led activity, building retail empires.

Buttles:

143) An example of competition no longer existing was S. R. Buttles Pty. Ltd., one of my favourite places to shop in Sydney. It merged into the Matthew Thompson & Co Ltd Group, which became Buttle's wholesaler in 1943, about a year after I was born, so I grew up with it.

Matthews Thompson & Co. Ltd:

144) The intensity of the acquisition battle comes into sharp focus in view of the recommendation by the directors of Matthew Thompson & Co Ltd for shareholders to accept the Woolworths offer of about au$7 million only to change their mind when G J Coles offered about au$8.5 million. Matthew Thompson **had also been a predator acquiring control of competitors.**

Trove Link: [Canberra Times (ACT : Thursday 21 July 1960, page 1]

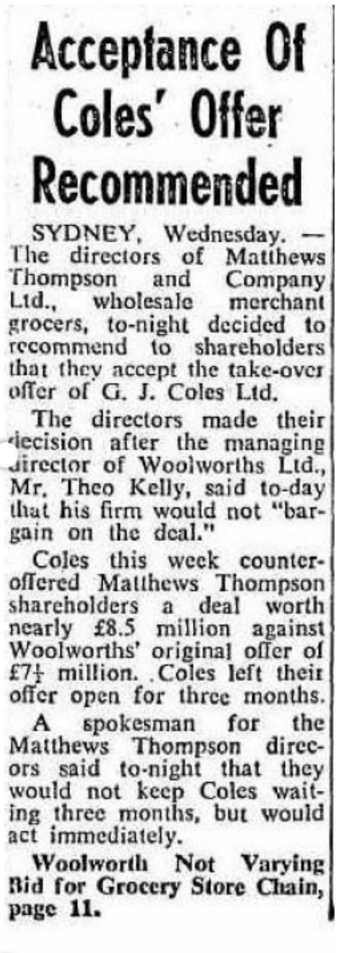
SYDNEY, Wednesday.-The directors of Matthews Thompson and Company Ltd., wholesale merchant grocers, to-night decided to recommend to shareholders that they accept the take-over offer of G. J. Coles Ltd.

The directors made their Decision after the managing director of Woolworths Ltd., Mr. Theo Kelly, said to-day that his firm would not "bargain on the deal."

Coles this week counter offered Matthews Thompson shareholders a deal worth nearly £8.5 million against Woolworths' original offer of £7| million. Coles left their offer open for three months.

A spokesman for the Matthews Thompson directors said to-night that they would not keep Coles waiting three months, but would act immediately.

Woolworth Not Varying bid for Grocery Store Chain, page 11.



Acceptance Of Coles' Offer Recommended

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Woolworth Not Varying Bid for Grocery Store Chain, page 11.

Competition Cancelled:

145) In the same edition, Mr Theo Kelley, Managing Director of Woolworths Ltd in 1960 reportedly said: ***"Woolworths welcomes competition; and there is certainly no likelihood, of any company ever monopolising the highly competitive food business."***, which, in 2024, must be understood to have been intended as a cloaked warning to G.J. Coles Ltd not to overstep the imaginary acquisition red line.

Trove Link: [Canberra Times, 21/07/1960, page 11]

Woolworth's Prophecy Fulfilled:

146) Woolworth's own observation made 64 years ago by a senior administrator, Mr Kelley, has, in 2024, turned out to be a historic admission, a fulfilled prophecy that lack of competition in the food business could enable unfair food prices, and other unfair business practices by the two groups now under scrutiny, since, between the two of them, Coles and Woolworths, have effectively, neutralised any serious competition.

147) The Australian Financial [AFR] Review, 18/08/2021, provided an overview of the battle for supremacy by the Coles and Woolworths Groups, most of which, during the 1960's, I witnessed, with amazement. I have attached the complete article to my uploaded submission.

Cannibalism:

148) The Duopolies even tried financially controlling each other from time to time, which I also remember. I think Coles, indirectly, held strategic shares in Woolworths via Adelaide

Steamships who [partly?] owned Woolworths at the time. [See Financial Review article, link above]

Divestiture: Government Policy:

149) I saw and heard Prime Minister Albanese assert that divestiture was not an option because of the disruption which could ensue by forcing Coles and Woolworths to shed subsidiaries, leading to losses of jobs however, with respect, the Honourable Prime Minister was not old enough to have witnessed what I saw, multiple acquisitions during the spectacle of predatory purchasing of competitors, no doubt causing multiple job losses **whereas, forcing competition would most certainly lead to increased job opportunities.**

150) I suggest, Coles and Woolworths did not have concern for loss of jobs throughout the years as they purchased then CLOSED down retail chains and numerous shop fronts.

151) Not just food stores, they have their tentacles into Gambling, Hotels and Bottle Shops, Petrol outlets, Shoes, Pharmacy, Clothing and more.

Price and Service:

152) Coles and Woolworths undoubtedly raise prices to finance their offers, in reality, costly so-called "specials", and costly giveaways. FORCING them to compete on price and service, without relying on those wasteful and unfair strategies should see a semblance of fair trading, UNFAIR because it is not practical for everybody to benefit.

Shelf Placement:

153) Coles and Woolworths, perhaps, also, other retailers, allegedly demand a fee from the manufacturer, or other responsible vendor, or the supplier is offered some other cosy benefit perhaps TYING AGREEMENTS, requiring the supplier to furnish some of product a bare bones wholesale pricing, to allocate preferred shelf space to items or products, which even a person with a standard education could realise, leads to the manufacturer or other vendour inflating the item or product price to finance the deal. Turnover 'may' increase if the item is on an ideal shelf, however, it comes at an inflated cost to the consumers.

Alphabetical shelf space:

154) **Simple solution:** Similar to libraries, after food safety considerations are satisfied, and based on the item's popular name, a more rigid application of alphabetical and/or numerical placement, within relevant aisles,

155) Fruit, vegetables, baked products, and meat are usually grouped in their own area of a store however general grocery and variety items usually compete for shelf space. Consumers could benefit if products akin to those are assigned alphabetic locations, left to right, top to bottom, for example, not according to hierarchy, or 'corporate bribery / favouritism'.

WEEKLY SPECIALS:

156) Historically weekly specials evolved from manufacturers and/or distributors offering cheaper wholesale prices to the supermarkets as an incentive for customers to buy their product rather than buy the same or similar product from a manufacturing competitor however, the 'weekly special' has become, I suggest, a TOOL for retailer greed.

Here today gone tomorrow:

157) After buying at a 'special' retail price today, next week the customer is paying the inflated shelf price, the 'up price', so the 'benefit' lasts just one week out of 52.

158) **Attached below** is an enlarged part front page, July 14, 1960, from the Australian Financial Review's article of 18/08/2021: *"70-year battle that changed Australian retailing"* **also attached below**.

Per. Dept.

THE AUSTRALIAN

FINANCIAL REVIEW

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The Retail Revolution

Woolworths' Move Is A Step To The New Order

Woolworths' spectacular leap, through its acquisition of the Matthews Thompson chain, into top position among Australia's food retailers, provides the highlight to date of a retailing revolution that is having repercussions in a widening range of primary, secondary and tertiary industry.

The sweeping changes in retailing promise:

- ***A more rapid expansion of suburban retailing, particularly to the outskirts of the city areas.***
- ***Growth of large-scale regional shopping centres on the pattern of the £6½ million Chadstone project in Victoria.***
- ***The rise of enormous mass buying power concentrated in few hands which could react against manufacturers.***
- ***An increasing trend to supermarkets which could affect the smaller "corner store" grocer.***

MEANWHILE, both the market and the trade have been impressed by Woolworths' huge move into the food business which has raised its turnover to a rate approaching £100 million a year.

This is far and away the largest turnover achieved by an Australian retail organisation and is considerably greater than the £59.7 million disclosed by the rival chain store retailer, G. J. Coles and Company.

Of Woolworths' total business, it is estimated that about £40 million will come from the food and grocery retailing.

While this is impressive for any retail group, when it is remembered the company has

But it has really been only this year that the company has shown just how seriously it regards food retailing.

Most of the rapid expansion in the field has come through the takeover of well-established food store chains.

During the past six months Woolworths has acquired:—

- John Wills Holdings, which operates nine supermarket grocery units in Perth, for £250,000.
- Broadhead and Barcham of Sydney, for £215,000. The company has a chain of 11 stores operating under the "Food Fair" banner.
- Safeway Stores from Sargents Ltd. There are six stores in the chain located in Sydney suburbs.
- Flemings Food Stores, for £2.4 million, giving the com-
- And last week it bid £6.5 million for the huge Matthews Thompson group, which operates the largest grocery chain in N.S.W.

This deal will give Woolworths another 248 retail outlets primarily of the self-service food type.

They operate under the well-known trading names of S. R. Buttles, Goodlands, Goodways, Sydney Cash and Carry, Carlisles and Rodneys.

Thus within six months Woolworths will have added 329 food stores to its chain, bringing the total number of stores to 645.

These purchases will have an immediate effect in lifting Woolworth's earning rate.

The bid for Matthews Thompson—a straight one-for-

preference shares—will cost Woolworths about £1.9-million of capital.

And with turnover of about £19 million this year, Matthews Thompson profits should at least give an earning rate of 16 per cent on this capital issued.

The purchase of Flemings was also very favourable. Flemings' profits have been estimated at around £160,000 this year, which allows plenty of margin over the dividend commitment of £90,000 on the capital issued for the chain.

New Look In Retailing

RETAILING, particularly of food, is in evolution abroad as well as in Australia.

Local retailing trends and their significance are discussed on pages 9, 10 and 12 of this issue in articles on the city versus the suburbs, rough play in the food trade, the future for food producers, and the corner grocer.

What the demands of customer convenience have imposed on American retailers is discussed on Page 11.

And the persistence of Britain's corner shops is dealt with on page 13.

For investors, the "Review" takes a critical look at four retail companies on pages 21 to 23.

Who's Next In Line?

An Investor's Notebook

WHAT'S the next grocery chain for a takeover?

All week the market has been playing a guessing game stimulated by the Woolworths bid for Matthews Thompsons.

And it is looking to G. J. Coles to make the next move.

The market obviously feels that this company will be unwilling to let Woolworths take the cream of the grocery chains, and will have to make a bid for one of the remaining independent companies.

With Matthews Thompson soon to vanish from the Stock Exchange there will only be four food store companies remaining on the list.

These are Moran and Cato, McIlraths, Grocery and General and Crooks National.

Most favoured among the rumour-mongers for a takeover is Moran and Cato.

Even before the Woolworths-Matthews Thompson bid was announced, rumours had been flying around the market that Coles would make a bid for the Moran and Cato chain.

Moran and Cato with a capital of £1,369,000, operates about 170 stores in Victoria, N.S.W., South Australia and Tasmania.

Sheer speculation on such a bid this week sent the company's 10/ shares up from 21/9 to 24/ before they eased back to 22/9 yesterday on the Sydney Exchange.

McIlraths, which has a chain of some 60 stores in N.S.W., also came in for its share of rumours.

The 20/ shares climbed 2/ on the week to close at 48/6.

★ ★ ★

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And of course there are other privately owned chains in the other States.

Thus for share market speculators a little more caution

Kind Regards,

[redacted]29/03/2024

Thomas W R Towle

[redacted]

Mobile: [redacted]

Tom Towle

Companies Retail Platinum Year

The 70-year battle that changed Australian retailing

The fight for supremacy between Woolworths and Coles has been ongoing for decades - and has been closely charted by The Australian Financial Review for just as long.

Sue Mitchell [/by/sue-mitchell-j7gdb] *Columnist*

Aug 18, 2021 – 5.00am

A Coles New World supermarket from back in the day, complete with rockets on the roof.

Retailing has changed immeasurably in the 70 years since *The Australian Financial Review* first published [https://www.afr.com/platinum70] in 1951, but if there is one constant it is the enduring rivalry between Woolworths and Coles.

The two retailers had been vying for supremacy since before World War II, but the fight became serious in the 1950s, when the invention of modern packaging and the rise of the two-car family inexorably changed the nature of food retailing.

Woolworths [https://www.afr.com/company/asx/wow] and Coles [https://www.afr.com/company/asx/col] both started life selling general merchandise. The first Woolworths Stupendous Bargain Basement, "a handy place where things are cheap" – opened in Sydney's Imperial Arcade in 1924, 10 years after the first Coles store opened in Smith Street, Collingwood, with the slogan 'nothing over 2/6'.

Both retailers turned their attention to food and groceries as the self-service supermarket model, pioneered in Australia by Newcastle-based Farrs in the 1930s, started taking off in the 1950s.

Former Woolworths chief executive Roger Corbett, a 60-year veteran of the Australian retail scene, said individually packaged groceries quickly replaced bulk foods, enabling shoppers to serve themselves.

"I'd go shopping with my mum, and she'd end up with a dozen brown paper bags, and she'd be served every item she wanted to buy," recalls Corbett, now 79.

"People bought almost daily because their ice chests, and then the Silent Knight refrigerator – which was anything but silent – were not very effective," Corbett says.

"After World War II we then started to see real change that led to the retailing we have today," he says.

Woolworths opened its first self-service store in 1955 in the Sydney suburb of Beverley Hills, its first dedicated food store in Dee Why in 1957, and its first supermarket in Warrawong in Wollongong in 1960. By 1964, sales had reached £125 million.

Not to be outdone, Coles opened its first supermarket in North Balwyn in 1960 and launched "a new world of shopping" in 1962, unveiling its first New World supermarket in Frankston in Victoria – complete with a giant rocket on the awning – selling meat, vegetables, frozen food and dry groceries under one roof.

Ref. Dept.

PUBLIC LIBRARY 20 JUL 1960 OF NEW SOUTH WALES

THE AUSTRALIAN

FINANCIAL REVIEW

A "SYDNEY MORNING HERALD" PUBLICATION

No. 456 Registered at the General Post Office, Sydney, for transmission by post as a newspaper. Telephone B0944 JULY 14, 1960 PRICE 1/6 56 PAGES

The Retail Revolution

Woolworths' Move Is A Step To The New Order

Woolworths' spectacular leap, through its acquisition of the Matthews Thompson chain, into top position among Australia's food retailers, provides the highlight to date of a retailing revolution that is having repercussions in a widening range of primary, secondary and tertiary industry.

The sweeping changes in retailing promise:

- ***A more rapid expansion of suburban retailing, particularly to the outskirts of the city areas.***
- ***Growth of large-scale regional shopping centres on the pattern of the £6½ million Chadstone project in Victoria.***
- ***The rise of enormous mass buying power concentrated in few hands which could react against manufacturers.***
- ***An increasing trend to supermarkets which could affect the smaller "corner store" grocer.***

MEANWHILE, both the market and the trade have been impressed by Woolworths' huge move into the food business which has raised its turnover to a rate approaching £100 million a year.

This is far and away the largest turnover achieved by an Australian retail organisation and is considerably greater than the £59.7 million disclosed by the rival chain store retailer, G. J. Coles and Company.

Of Woolworths' total business, it is estimated that about £40 million will come from the food and grocery retailing.

While this is impressive for any retail group, when it is remembered the company has

But it has really been only this year that the company has shown just how seriously it regards food retailing.

Most of the rapid expansion in the field has come through the takeover of well-established food store chains.

During the past six months Woolworths has acquired:—

- John Wills Holdings, which operates nine supermarket grocery units in Perth, for £250,000.
- Broadhead and Barcham of Sydney, for £215,000. The company has a chain of 11 stores operating under the "Food Fair" banner.
- Safeway Stores from Sargents Ltd. There are six stores in the chain located in Sydney suburbs.
- Flemings Food Stores, for £2.4 million, giving the com-
- And last week it bid £6.5 million for the huge Matthews Thompson group, which operates the largest grocery chain in N.S.W.

This deal will give Woolworths another 248 retail outlets primarily of the self-service food type.

They operate under the well-known trading names of S. R. Buttles, Goodlands, Goodways, Sydney Cash and Carry, Carlisles and Rodneys.

Thus within six months Woolworths will have added 329 food stores to its chain, bringing the total number of stores to 645.

These purchases will have an immediate effect in lifting Woolworth's earning rate.

The bid for Matthews Thompson—a straight one-for-

preference shares—will cost Woolworths about £1.9 million of capital.

And with turnover of about £19 million this year, Matthews Thompson profits should at least give an earning rate of 16 per cent on this capital issued.

The purchase of Flemings was also very favourable. Flemings' profits have been estimated at around £160,000 this year, which allows plenty of margin over the dividend commitment of £90,000 on the capital issued for the chain.

New Look In Retailing

RETAILING, particularly of food, is in evolution abroad as well as in Australia.

Local retailing trends and their significance are discussed on pages 9, 10 and 12 of this issue in articles on the city versus the suburbs, rough play in the food trade, the future for food producers, and the corner grocer.

What the demands of customer convenience have imposed on American retailers is discussed on Page 11.

And the persistence of Britain's corner shops is dealt with on page 13.

For investors, the "Review" takes a critical look at four retail companies on pages 21 to 23.

Who's Next In Line?

WHAT'S the next grocery chain for a takeover?

All week the market has been playing a guessing game stimulated by the Woolworths bid for Matthews Thompsons.

And it is looking to G. J. Coles to make the next move.

The market obviously feels that this company will be unwilling to let Woolworths take the cream of the grocery chains, and will have to make a bid for one of the remaining independent companies.

With Matthews Thompson soon to vanish from the Stock Exchange there will only be four food store companies remaining on the list.

These are Moran and Cato, McIlraths, Grocery and General and Crooks National.

Most favoured among the rumour-mongers for a takeover is Moran and Cato.

Even before the Woolworths-Matthews Thompson bid was announced, rumours had been flying around the market that Coles would make a bid for the Moran and Cato chain.

Moran and Cato with a capital of £1,369,000, operates about 170 stores in Victoria, N.S.W., South Australia and Tasmania.

Sheer speculation on such a bid this week sent the company's 10/ shares up from 21/9 to 24/ before they eased back to 22/9 yesterday on the Sydney Exchange.

McIlraths, which has a chain of some 60 stores in N.S.W., also came in for its share of rumours.

The 20/ shares climbed 2/ on the week to close at 48/6.

* * *

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An Investor's Notebook

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Financial Review July 14, 1960: Woolworths made a 'spectacular leap' to become the nation's biggest retailer after buying the Matthew Thompson chain.

The rise of the second family car in the '50s and '60s was another major force for change.

"No one had a second car until the '50s; in most families there was one car and the father drove it to work," Corbett says.

The second car enabled women to drive to the shops rather than walk and led to a shift away from neighbourhood food stores close to railway stations to the development of shopping centres with supermarkets as anchor tenants. "Suburban shopping transforms retail pattern" the Financial Review reported in July 1960.

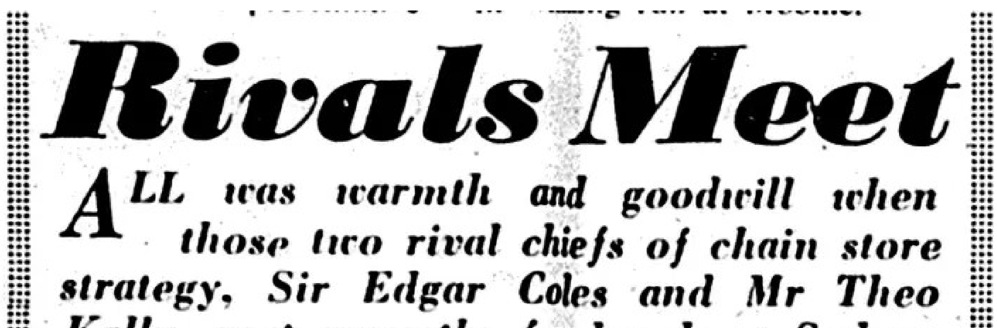
Over half a century, Woolworths and Coles consumed dozens of competitors, including S.E. Dickins, Beilby's, Brisbane Cash & Carry (BCC), John Connell, John Wills, McIlwraiths, Cox Brothers, Crofts, Nancarrows, Broadhead & Barchham, Matthews Thompson, Bi-Lo, Flemings Food Stores, Roelf Vos and Safeway.

Fierce rivalry makes headlines

Coles' and Woolworths' expansion also put once-larger rivals including Selfridges, Penneys, Mantons, Moran & Cato and Franklins out of business, and raised concerns among food processors, according to a *Financial Review* story in 1961.

"Moran & Cato [which had 170 stores] and McIlwraiths [60 stores] were the Coles and Woolies of today," says Corbett, "but they didn't make the grade and disappeared."

Woolworths' and Coles' combined share of the market rose from less than 10 per cent in the 1950s to 34 per cent in the 1970s and 65 per cent by 2008, triggering a competition commission inquiry and, ultimately, a grocery industry code of conduct.



Rivals Meet

ALL was warmth and goodwill when those two rival chiefs of chain store strategy, Sir Edgar Coles and Mr Theo Kelly, met recently for lunch at Sydney

Rotary.

Pace-setters in the retail field, they have also been keeping up with each other in other areas lately.

Sir Edgar Coles is on the board of one of the applicants for a third commercial television licence in Melbourne.

And last week Mr Theo Kelly was named a director of Sydney Television—an application for a third licence in Sydney.

The two big chain stores at present are settling down to digest their big acquisitions of recent years and turn them into profit growth.

★ ★ ★

THE Coles board by contrast is still very much an original family affair although the business is about five years older than Woolworths.

The rule of seniority in the Coles succession is clearly marked.

After these two brothers, however, the board reads down in order of seniority — Sir Kenneth (chairman), Sir Edgar (vice-chairman and controlling managing director), Norman C. (deputy chairman), Frederick G. (a director).

The family holdings still account for about 10 per cent of Coles' capital, although their proportionate interest has been whittled away over the years by new issues.

● SIR EDGAR COLES

From the Financial Review in May 1962.

The growth of Coles and Woolworths forged the careers of retail leaders including Woolworths chairman and CEO Paul Simons; Coles' Edgar Barton (E.B.) Coles; Coles chairman Bevan Bradbury [https://www.afr.com/companies/coles-visionary-and-liberal-identity-dies-19931001-k5nzj]; Coles CEO Brian Quinn; and Woolworths chiefs Theo Kelly, Harry Watts, Reg Clairs and Roger Corbett.

Competition between the two was so fierce that when Coles managing director E.B. Coles and Woolworths managing director Theo Kelly met for lunch in April 1962 the rendezvous made headlines in the *Financial Review* – "Rivals meet."

"It was warmth and goodwill when those two rival chiefs of chain store strategy, Sir Edgar Coles and Mr Theo Kelly, met recently for lunch at Sydney Rotary," the *Financial Review* wrote.

"The two big chain stores at present are settling down to digest their big acquisitions of recent years and turn them into profit growth."

By the late 1980s and early 1990s, the battle for supremacy between Woolworths and Coles had attracted the attention of titans of Australian business, including Solomon Lew, Sir Ronald Brierley, John Spalvins and Dr Gary Weiss.

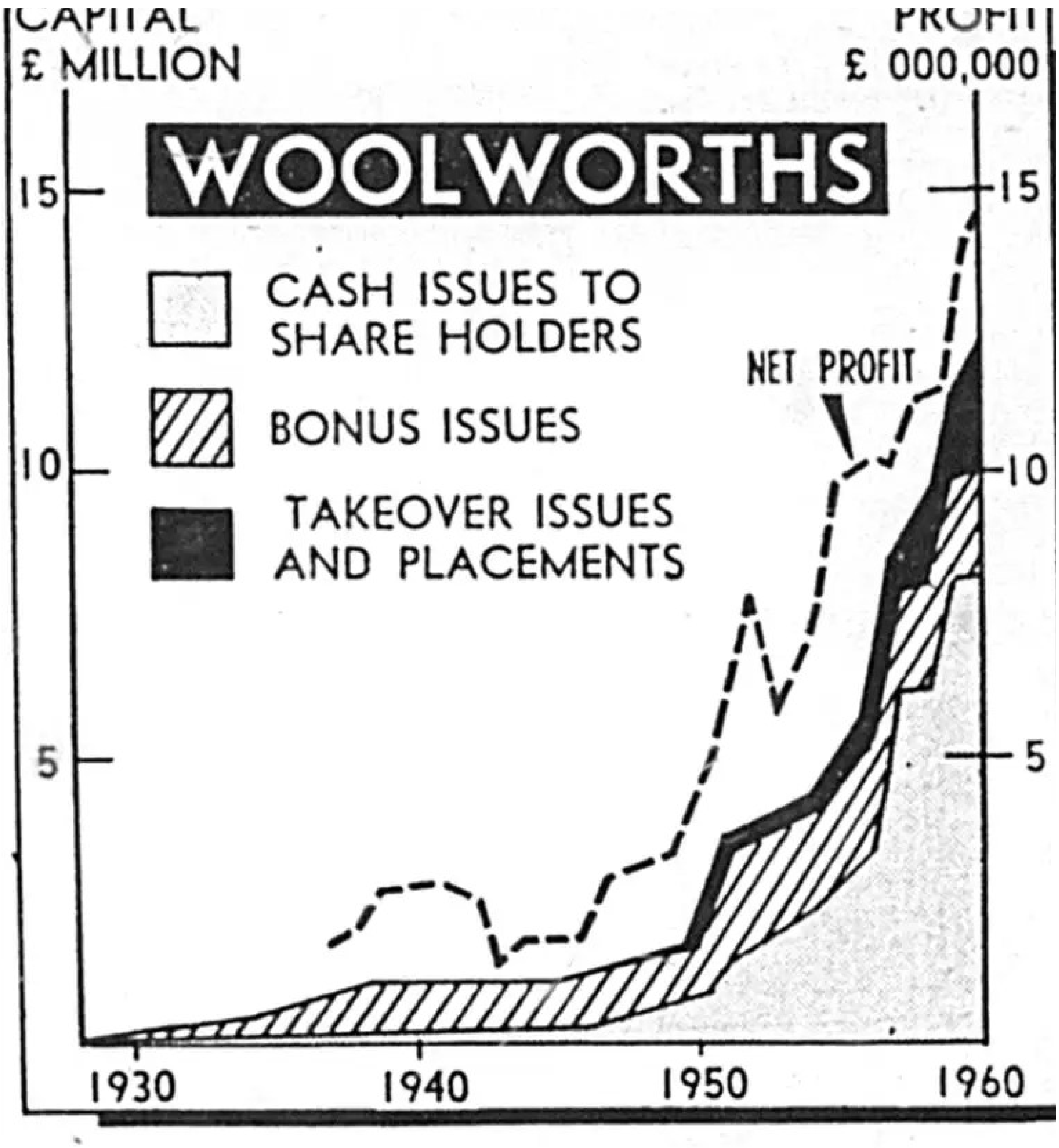
Lew's plot for Coles to 'rescue' Woolies

The Australian Financial Review can reveal that, at one stage, Woolworths came close to being partly controlled by Coles under a proposal Solomon Lew took to Gary Weiss and former NSW Premier Neville Wran, when they worked together at Whitlam Turnbull & Co.

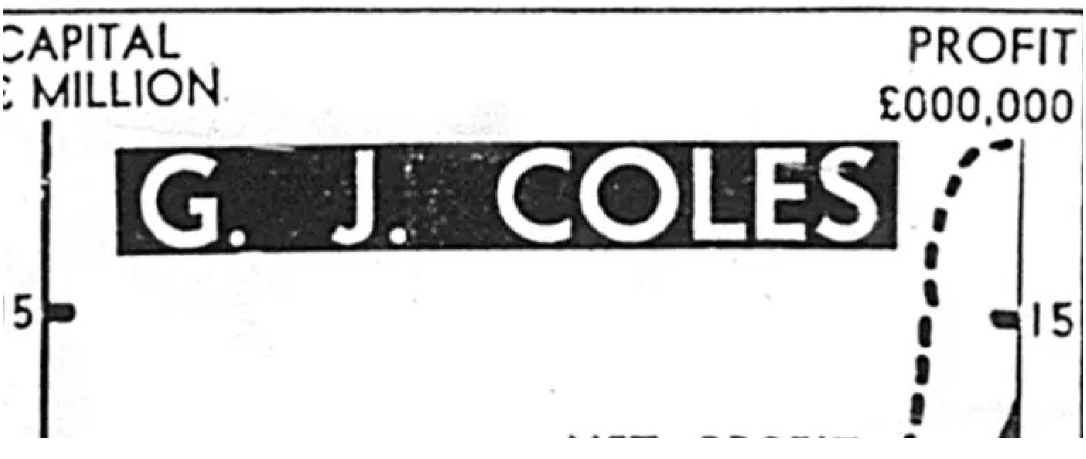
By 1986, Woolworths had fallen on hard times after the departure of Paul Simons. Simons had been lured by Hong-Kong-based Dairy Farm International to run Franklins, Australia's original discount grocer, after it was sold by co-founders Harold Cornock and Norman Tieck in 1978.

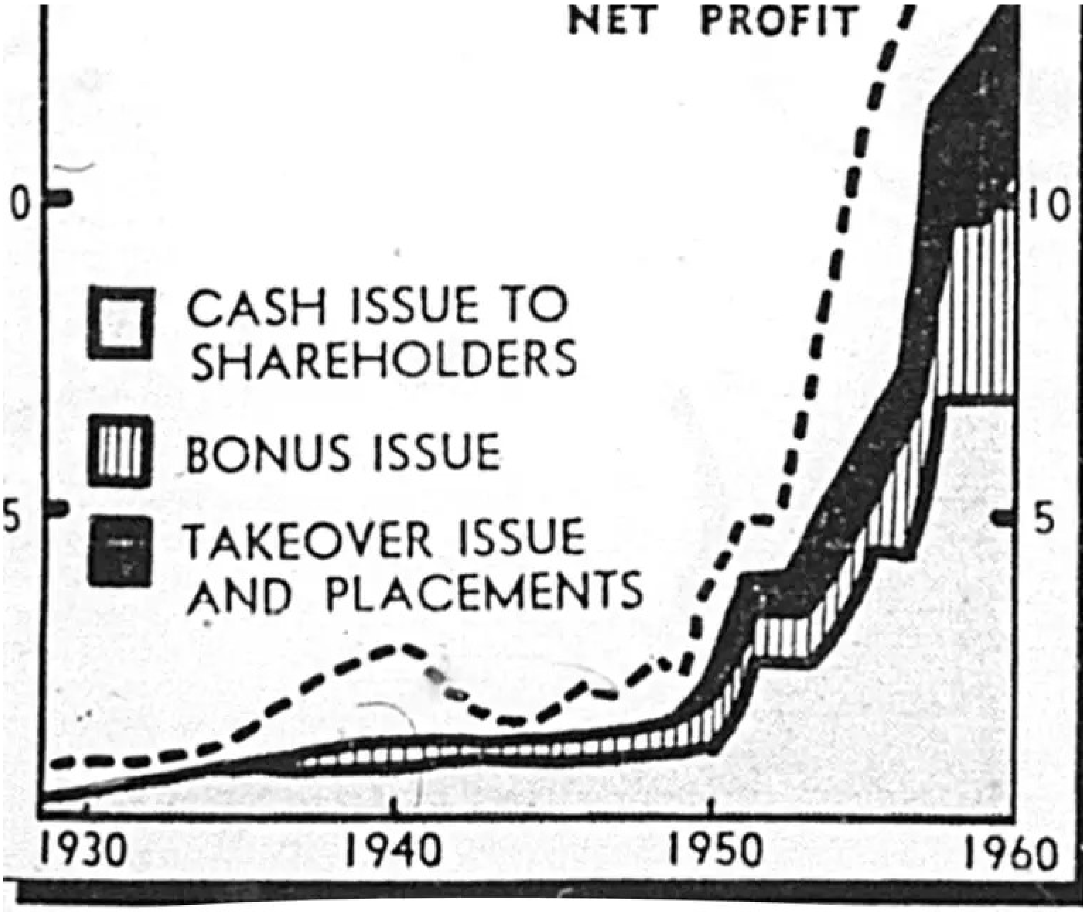
Brierley's Industrial Equity Ltd, one of Australia's most feared corporate raiders, saw an opportunity.

"Woolworths was in all sorts of trouble. It was losing money in its key NSW markets and Big W was a disaster," recalls Gary Weiss, a former IEL director who is now, among other roles, chairman of Ardent Leisure and Cromwell Property Group. "It was a company in significant disarray."



Coles and Woolworths ran neck and neck for the shopping dollar in the 1950s.





Financial Review July 1960.

Within a two-day period, IEL snapped up a 20 per cent stake in Woolworths for about $100 million after secretly buying shares from a third party that had been offered stock by an institution perceived to be friendly to Woolworths.

The following year, 1987, Brierley ended up with more than 40 per cent of Woolworths [https://www.afr.com/politics/iels-woolies-stake-at-43pc-19881018-k31xm] after gaining control of New Zealand investment company Rainbow Corp [https://www.afr.com/politics/iel-profit-soars-as-brierley-plans-new-offshore-buys-19870925-k2ea1], which had acquired a 20 per cent stake in Woolworths from Safeway Inc of the US. Safeway had sold its 126 Australian stores to Woolworths in 1985 in a cash and scrip deal that lifted Woolworths' market share to almost 30 per cent.

"We formed the view that under the then Takeovers Code it was a permitted acquisition, but there were screams from commentators and others that we'd flouted the takeover rules," says Weiss.

After an inquiry by the National Companies and Securities Commission, which found Brierley Investments had breached the Takeover Code [https://www.afr.com/politics/judge-rules-brierley-group-breached-code-19880909-k30qc], IEL ultimately agreed to make a full bid for Woolworths in 1988 at $3.65 a share and ended up taking full control in 1989 for a total cost of just under $1 billion.

Later that year, John Spalvins' Adelaide Steamship took over IEL [https://www.afr.com/politics/iel-adds-fuel-to-adsteam-19891120-k3nyy], and hence Woolworths, before collapsing under a mountain of debt.

Solomon Lew, who owned 12 per cent of Coles Myer and sat on the board of Coles Myer, approached Weiss and Wran with a proposal that Coles take a 20 per cent stake in Woolworths to "rescue" it by extracting it from the clutches of Adsteam.

"Sol came to me and Neville Wran with a plan to refloat Woolworths on the basis that Coles would take a 20 per cent stake in Woolworths to help cornerstone the public listing," recalls Weiss.

"It would be done to ensure that Woolworths could survive as a separate entity, thereby underpinning an ongoing competitive retailing landscape in Australia, and it needed Coles support for this to happen," he says.

"Neville and I went to see the [then] Trade Practices Commission chairman Bob Baxt] to run the concept past him. Bob listened carefully. While he did not give us the green light, he certainly did not immediately rule it out either."

But the Coles board gave the plan short shrift.

"At that stage Coles was taking 20 cents of every retail dollar in Australia and felt that its position as the dominant force in retailing was unassailable. Coles management was content to think that Woolies would continue to flounder, so the idea ultimately went nowhere," Weiss says.

Australia's largest ever float

After luring Paul Simons back to the fold, IEL floated Woolworths in July 1993, in what was at that stage Australia's largest ever float. The shares were issued at $2.45, valuing Woolworths at $2.5 billion, a fraction of its current market value of $49 billion.

As Simons and CEO Harry Watts turned their focus to fresh food, launching The Fresh Food People slogan in 1987, Woolworths started recovering and was soon outperforming Coles.

While Franklins went backwards (it was eventually broken up and sold to Metcash and Woolworths in 2010) Woolworths went from strength to strength under Simons and Watts and their successors, Reg Clairs and Roger Corbett.

Corbett introduced everyday low prices to Woolworths supermarkets and launched an end-to-end business restructure, Project Refresh, which generated billions of dollars in productivity gains that were poured back into prices, driving a virtuous cycle of volume, sales and profit growth known as the "double loop". [https://www.afr.com/wealth/retailers-virtuous-cycle-20021130-k1t3i]

"I still believe that is the strongest retail formula in the world," said Corbett. "If you have everyday low prices you are almost unbeatable."

Roger Corbett introduced everyday low prices to Woolies. **Louise Kennerley**

The fight for supremacy between Woolworths and Coles led to the development of new store formats, house brands (the 1970s); loyalty schemes and online shopping (the 1990s); and the adoption of new technology including the barcode (1979), which enabled other transformative technology such as scanning (1982) and computerised warehouses and automated replenishment.

It also saw Coles and Woolworths expand into new sectors, including liquor, fuel retailing and department stores, to increase their clout. Coles opened its first Kmart store in 1969 and acquired the Myer Emporium in 1985, while Woolworths opened the first Big W in 1976.

The *Financial Review*'s coverage of the first Kmart was prescient – "Buoyant initial trade at the first Australian outlet suggests that the new US-Australia 'Kmart' discount chain will become one of the most single effective forces against retail price maintenance in Australia," John Gilmour wrote on May 30, 1969.

As Woolworths prospered under Corbett between 1999 and 2006, racking up years of strong double-digit profit growth, pressure mounted on Coles.

By 2005, Lew – who was Coles' largest single shareholder through Premier Investments – was convinced the company was going backwards and was agitating for change.

Solly's revenge

As Pamela Williams revealed in 2007 – "Solomon's revenge: how Lew got even" [https://www.afr.com/politics/solomons-revenge-how-lew-got-even-20070703-jk7y2] – Lew went to New York in 2005 and phoned KKR's George Roberts to talk about Coles and the opportunity for "the right managers" to unlock value.

Gary Weiss and Solly Lew, photographed in 2017.

Subsequently, Roberts flew to Australia to meet with Lew and Gary Weiss, who was a director of Premier. Through Guinness Peat Group – another one of Ron Brierley's investment companies – Weiss had bought a stake in Premier in 1994 and had been a director since that time.

"Sol and I had lunch with George Roberts of KKR, and we talked about selling Premier's interest to KKR," recalls Weiss.

By that stage, Coles' supermarkets, liquor and Kmart stores were being thrashed by Woolworths and the retailer was losing market share under CEO John Fletcher who, on arriving at Coles from Brambles in 2001, famously confessed he hadn't set foot in a supermarket in 25 years.

Fletcher became a regular target for criticism from Lew, who was seeking revenge after being forced off the Coles Myer board in 2002 by Fletcher and chairman Rick Allert.

KKR made two offers in 2006, both of which were rejected outright by Coles, but it was only a matter of time before KKR or another private equity firm made another move.

Coles sold Myer to private equity consortium Newbridge Capital and the Myer family in 2006 for $1.4 billion to refocus on its battle with Woolworths in food and liquor. But even after the Myer sale, Coles remained in play, receiving rival bids from a KKR-led consortium and a syndicate led by Bunnings-owner Wesfarmers.

Lew delivered his final blow in April 2007 by selling his 6 per cent stake in Coles to Wesfarmers for $1.14 billion, forcing the KKR consortium to pull out of the auction and helping Wesfarmers chief executive Richard Goyder seal the $20.8 billion takeover [https://www.afr.com/politics/goyders-rescue-plan-for-coles-20070703-jdnua] in July 2007.

The takeover, the largest in Australia's corporate history, catapulted Wesfarmers into the ranks of Australia's top 10 listed companies by market value, overtaking Woolworths.

Under managing director Ian McLeod, from 2008, Coles outperformed Woolies. **Louise Kennerley**

Under the ownership of Wesfarmers and the leadership of former ASDA executive Ian McLeod, Coles started outperforming Woolworths for the first time in more than a decade, while Woolworths, distracted by its expansion into home improvement in 2009, [https://www.afr.com/companies/woolworths-to-pull-plug-on-masters-after-lowes-exercises-put-option-20160118-gm7xmb] started losing market share after raising prices and cutting store labour, leading to out-of-stocks.

Coles' outperformance proved short-lived – Woolworths bounced back following a major profit reset [https://www.afr.com/companies/retail/woolworths-loses-12-bn-slashes-dividend-54-pc-20160823-gqz53y] and the appointment of Gordon Cairns as chairman in 2015 and Brad Banducci as CEO in 2016.

But by 2018, Coles' turnaround under Wesfarmers was almost complete and it was floated as a separately listed company in November that year, finally a master of its destiny for arguably the first time in 40 years.

In 2020, Coles delivered its first profit growth in four years. [https://www.afr.com/companies/retail/coles-profit-climbs-7-1pc-as-food-sales-surge-20200817-p55mlo]

With Steven Cain at the helm of Coles and Brad Banducci holding the reins at Woolworths [https://www.afr.com/companies/retail/woolworths-ceo-brad-banduccis-first-100-days-the-report-card-20160602-gp9pg0], competition between the pair remains as intense as ever.

Whether they ever meet for lunch remains to be seen.

(*The original version of this story said Woolworths acquired the Matthews Thompson chain, lifting store numbers by 248 to 645. After several counter bids, Coles finally won control of Matthews Thompson in August 1960.*)

Sue Mitchell

Columnist

Sue Mitchell writes the fortnightly Window Shopping column for the Financial Review and has covered retailing for over 30 years. *Connect with Sue on Twitter. Email Sue at smitchell2045@gmail.com*