

2019 Member survey report

May 2019

Introduction

During April 2019, members of TIR were invited to complete a survey administered by Right Lane Consulting. The survey gathered members' feedback on purpose, vision and values, the satisfaction of current services and perspective on the future direction of TIR. The responses to the survey will be used as input into the TIR strategic planning process.

In parallel, Right Lane conducted a series of interviews with members to understand their perspectives on the organisation. A synthesis of these interviews is provided in slide 5.

This pack contains the members survey responses, which have been separated into four sections. These sections show the results for questions regarding:

1. Purpose,
2. Vision,
3. Values and behaviours, and
4. Current satisfaction and perspective on the future

These results were used as inputs for a series of workshops that set out to craft the purpose, vision and values of TIR for the future. This included working sessions with the TIR management team, and another with a range of member stores to provide input and feedback.

On 23 and 24 May, Right Lane Consulting will be facilitating a strategy workshop with the TIR board and management team. The purpose of this workshop is to finalise the purpose, vision and values—incorporating member feedback— and develop the organisation's strategic plan for the future.

Executive summary

Most respondents were clear on why TIR exists – to advocate for, support, and advice independent retailers and to create collective purchasing power. Respondents had joined TIR for the same purpose of receiving support, accessing suppliers and improving bargaining power with suppliers, and utilising the IGA brand. However, about 50% of respondents believe that TIR’s purpose is not clearly articulated and documented and its long-term aspirations are unclear.

Respondents recommended that TIR focus on four key objectives in the long term: building cohesiveness and equity within the store network, building the IGA brand, improving governance and management, and providing thought leadership innovation. In addition, respondents proposed that TIR could impact its members and the industry more through providing business support and advice, growing the revenue and profits of its members, improving supply chain outcomes through collective bargaining power, building a retail force through an alliance of independent stores, and improving the standards of independent retail stores.

Respondents indicated they want TIR’s values to embrace the following themes: ‘supportive’, ‘inclusive’, ‘honesty’, ‘member-focused’, and ‘profitable’. They believe that TIR should treat members with respect and fairness, focus on their needs, be open and honest, listen to and understand members more, and be more supportive and compassionate.

Respondents identified that the three key benefits they valued from TIR were its support, improved buying power, and rebates. They also valued the advertising, relationship with Statewide, IGA brand, and ability to be independent. They believe TIR can add more value to them by providing more operational support, offering better rebates, improving store profitability, operating in a more collaborative and inclusive way, improving marketing and advertising services, and improving Island Fresh produce offerings.

Most respondents were at least somewhat satisfied with the range of services provided by TIR, although there was a consistent cohort of unsatisfied participants. Respondents were more dissatisfied with Island Fresh Produce, with notable pain points of pricing, promotional offers, and quality. Most respondents were at least somewhat satisfied with TIR’s merchandising support of the fresh categories’ ranges, pricing, and margins.

Most respondents agreed that Area Managers bring value to their businesses. Some disagreed because the managers are too focused on compliance, do not provide enough strategic value, are sometimes unpleasant to work with, and need better tools and more time with the stores.

Most respondents found it at least somewhat easy to deal with TIR overall. Most were at least somewhat satisfied with TIR’s ‘charge through’ service. However, some dissatisfaction was due to inefficient processes, too many errors, lack of transparency, high frequency, and unfair perception of the charges. Respondents provided mixed reviews on TIR’s Operational Excellence and Food Safety Audit programs, but most agreed these programs added value to their business.

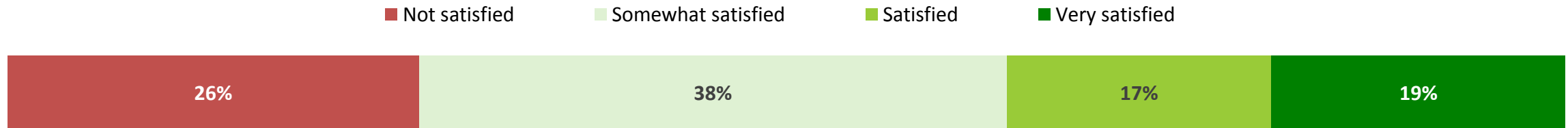
Most respondents were satisfied with the current advertising program. However, some respondents were unhappy about the poor product selection, irrelevance to some stores, high frequency of specials, ineffectiveness of communication channels, and the resulting erosion of store-level profitability. Most respondents were also satisfied with the technology TIR utilizes. However, some pain points were that the systems were expensive to manage, newer and more advanced systems are needed, and better service is needed with some systems.

Almost all respondents agreed their market is somewhat or very competitive and most indicated their profitability and cashflow position has worsened, rather than improved, over the past 3 years. Respondents displayed mixed sentiment towards the activities of TIR management. In particular, they exhibited a relative lack of confidence in the transparency and fiduciary responsibility of their decision-making.

Overall, most respondents were at least somewhat satisfied with TIR regarding their overall performance and level of engagement over the last 6 months.

Key insights from the members satisfaction survey

Overall, only 36% of members were satisfied or very satisfied with TIR; the majority of members (38%) was only somewhat satisfied; while 26% of members were not satisfied with TIR.



Members were most dissatisfied with (% not satisfied or somewhat satisfied):

1. Business development support (59%)
2. Pricing programs (58%)
3. Catalogue and specials program (53%)

Members were particularly dissatisfied with fresh produce, with notable pain points of pricing, promotional offers and quality.

Members were most satisfied with (% satisfied or very satisfied):

1. Technology (68%)
2. Charge through process (66%)
3. Product range (62%)
4. Media advertising (58%)

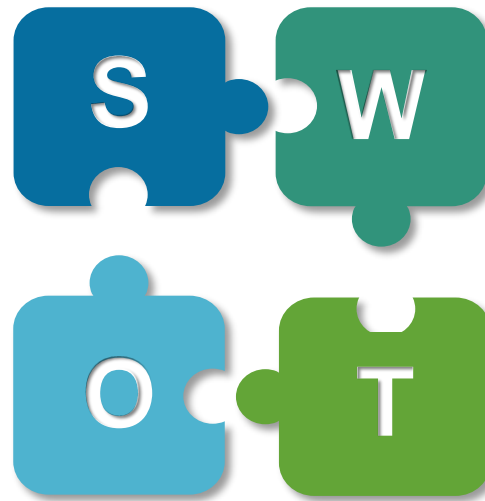
Key insights from the members interview

STRENGTHS

- **Co-operative culture and business model**
- **Services to members** (branding, marketing, equipment, logistics, IT)
- **Buying power and rebate system**
- **Statewide Independent Wholesalers**

OPPORTUNITIES

- **Improve focus on member needs**
- **Increase engagement and inclusion of members**
- **Optimise operations and rebates**
- **Provide business and competitive insights**
- **Improve culture and capability**
- **Clarify member arrangements and agreements**



WEAKNESSES

- **Engagement, communication and transparency**
- **Compliance focus over member support**
- **TIR staff understanding of members and their businesses**
- **Pricing and marketing**

THREATS

- **Increasing competition**
- **Cooperative breaks down due to internal divisions**
- **Not being focused on what matters** (understanding member's needs, and capturing and delivering value to members)
- **Not delivering operational excellence**

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Purpose

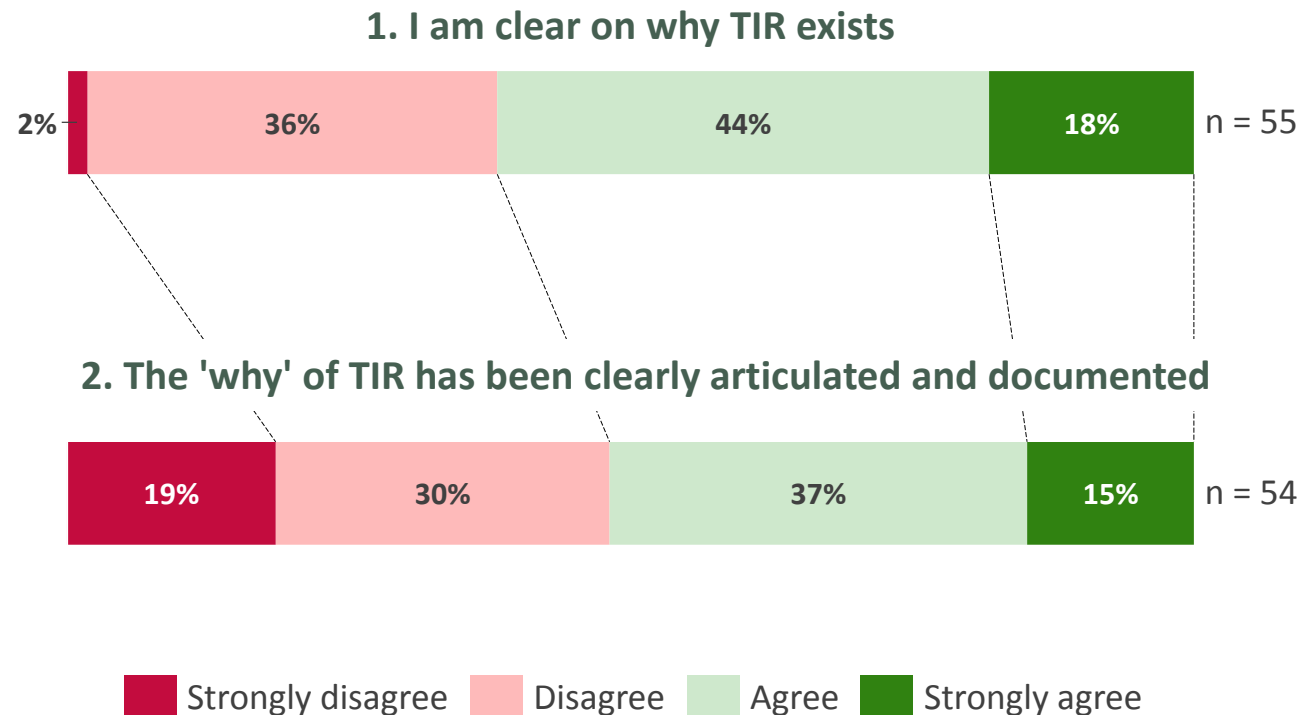
Vision

Values and behaviours

Current satisfaction and perspectives on the future

62% of members are clear on why TIR exists while only 52% believe it is clearly articulated and documented

Responses to the TIR member survey – Q1 and Q2



Members think TIR exists to advocate and support independent retailers and create collective purchasing power (1/2)

Respondents were asked the question: ***Why do you believe TIR exists?***

Theme	Member responses	# responses
To advocate for and support all independent retailers	<ul style="list-style-type: none"> • 'To support independent retailers' • 'To service independent retailers' • 'TIR exists to serve the independent store owner in Tasmania. ALL independents in Tas, not just those under the IGA branding' • 'An organisation to help independent retailers be a stronger body. Advocate for small supermarkets' • 'To keep an independent franchise going' • 'To help us as small retailers in every way they can' • 'To help the independents' • 'To furnish that need of a united independent retail grocery sector' • 'To organise independent stores into a viable trading force in the state. to provide us with direction & facilitate retail programmers' 	9
To create a collective that has purchasing power	<ul style="list-style-type: none"> • 'To bring independent retailers together and provide assistance in providing competitive prices to end consumers' • 'To enable Tasmania to be part of the IGA Australian Network' • 'Act as Cooperative in the interest of its retail members. Purchasing power' • 'It has to or i don't have a buying group' • 'Numbers' • 'Collectively, Tasmania's IGA group of stores need TIR to maintain a strong local supply and distribution network. To streamline invoicing, pricing, promotions and advertising. To maintain standards expected within IGA' • 'They were started as a co op for members to collectively purchase groceries together to get a better price for the members' • 'Strength in numbers to increase individual stores buying power and increase profits' • 'To give us access to the warehouse' • 'It should be there for a collective for buying power and to help smaller individual business people in the grocery trade. but it has lost its way into an organization that tell us what to do how to do it, not the help that we as members really need. It now seems to function as a company franchise to make money from its customer, when the customers are actually its owners. some TIR employees don't care about the direction and make strange and wrong actions, all just for themselves not the members. They stuff up and still get there wages, but members loose out' • 'The idealistic opinion would be to join a team of independent traders who all benefit from the purchasing power and as a coop receive the dividends' • 'To achieve buying power' 	12

In addition, members believe TIR is there to provide advice and support to members' businesses (2/2)

Respondents were asked the question: ***Why do you believe TIR exists?***

Theme	Member responses	# responses
To provide advice and support to its members	<ul style="list-style-type: none"> 'To support, enhance and grow our business while being a strong and stable business leader providing direction, education/training and advice while pursuing world best practice in all aspects of retail business with a competency/skills based board and staff' 'To give support and advice in business' 'To provide assistance with ongoing day to day business decisions and negotiating member benefits / deals' 'To achieve better results for the supermarkets who own TIR' 'To assist and improve members businesses' 'To assist their members in every way, shape and form to be competitive, profitable and valuable businesses' 'To help our organisation at store level and assist in promotions for the brand to continue' 'TIR exists as a plat form and structure to facilitate and coordinate the business activities of Individual owners of Retail Supermarket Businesses' 'To oversee our businesses in a good way and get the best benefits they can for us' 'To assist Members' 'Its supposed to be a co-op acting for the best of its members' 'Due to the stores holding membership and shareholders. The stores make TIR exist' 'To support the IGA chain in Tasmania' 'It should exist for the benefit of members and to grow the profits and value of the members businesses' 'To support its members' 'As a marketing and management tool for members' 'To serve its members' 'TIR exists to help IGA store owners run their businesses efficiently and effectively' 'For its members and to help them run a profitable business' 'TIR exists to be a body that represents and supports the independent stores that are members of the organisation. It assists in making IGA competitive in each of the areas IGA is located, especially where the 2 major competitors are of close proximity' 	20
Other	<ul style="list-style-type: none"> 'No idea' 'As a finance broker to facilitate the ego of a few individuals' 'At the moment, just to serve itself, board members and a clique of certain members of management and store owners who get looked after' 'To feed the fires of Metcash. Simple, when Metcash says "Jump" all TIR want to know is "into which fire"' 'You need to belong to something' 'Because they have network of independent stores to support them' 'To give Customers a choice between the Majors and IGA, Now IGA Stores exist in towns where the majors wont go to due to size of population' 	7

Participants identified four key reasons for joining TIR: receiving business support; accessing a grocery wholesaler; improving bargaining power with suppliers; and using the IGA brand (1/2)

Respondents were asked the question: ***Why do you choose to be a member of TIR?***

Insight	Member responses	# responses
Many members joined to receive business support, such as outsourced corporate services, market information and advice, etc.	<ul style="list-style-type: none"> • 'Advertising' • 'To have support and backing in our business' • 'To benefit from the 'power' of group of like minded businesses' • 'TIR helps our business to deliver a service and an IGA store to our local community' • 'TIR help keep us up to speed on changes and they are there to look out for our best interests' • 'TIR provides the vehicle for me to operate my business with success' • 'Having been part of 2 major National and International Retailers over my 42 years in the Retail Business, I wanted to develop my own Independent Retail Business were I could still compete in an arena at the same level but with a Totally independent focus and infrastructure that provided the same level of opportunity as the Major National and International Retailers and is were I could see TIR providing me with the basis to continue my Business career in Supermarket retailing' • 'To help with the management & supply of goods to my business' • 'To grow my business' • 'Because we are very fortunate to have the best supermarket / warehouse model in the country' • 'To access the warehouse' • 'Belonging to a group' • 'To be involved with like-minded retailers so that our collective focus can be used as a compass to guide our independent productivity and profitability' • 'Support' • 'Promotion Program, buying group, retail support, and IGA group' • 'Having the opportunity to compete with the market' • 'To help facilitate the IT/admin side of my business, for their constant support in organising promotional activity on my behalf. For store support, fit-out and general problem solving' 	17
Some members joined because they needed access to a grocery wholesaler	<ul style="list-style-type: none"> • 'We had no choice' • 'There is no other option in Tasmania' • 'We have no other choice for a grocery wholesaler in the state' • 'There is little other opportunities for small retailers to access products' • 'Don't' • 'Good Question: When we first joined the group over 50 years ago, it was a co-operative. TIR is no longer a co-operative but has evolved into a self centered marketing operation and finance broker. Why are we still a member: Because at present there is no viable alternative' • 'Because is the only buying group in Tasmania' • 'Because we own an IGA' • 'I own a store' • 'Because we own a supermarket' • 'As I am a store owner' • 'Because there is no other major Supplier, and TIR is supposed to be a "business partner"' 	13

Participants identified four key reasons for joining TIR: receiving business support; accessing a grocery wholesaler; improving bargaining power with suppliers; and using the IGA brand (2/2)

Respondents were asked the question: ***Why do you choose to be a member of TIR?***

Insight	Member responses	# responses
The improved bargaining power of a collective vehicle was the selling point for some members	<ul style="list-style-type: none"> • 'Share the benefits of being part of a buying group to drive better value for our customers and profitability for our business' • 'To get my rebates. To get a good range of grocery products for customers at a good price' • 'Assists our business to be in business and access better deals etc.' • 'Part of group to enhance buying power, marketing and branding' • 'For the buy power and branding' • 'Because I believe that a united independent grocery retail force is the only way of having any hope of competing against the chains' • 'The idealistic opinion would be to join a team of independent traders who all benefit from the purchasing power and as a coop receive the dividends' • 'Collective bargaining power and support' • 'In the hope of more competitive pricing and stronger buying power' • 'To be competitive' 	10
Branding stores with the IGA banner was a primary motivator for several members	<ul style="list-style-type: none"> • 'TIR is the buying and supplying group for IGA stores' • 'To be part of the IGA banner. For local support in all aspects' • 'TIR is the buying and marketing group of IGA supermarkets' • 'To operate as an IGA' • 'There is no other option! I want to be part of the IGA group' • 'In order to be an IGA and access their stock and banner' • 'Want to be part of IGA group' • 'To have access to the IGA banner, and promotional program' 	8
Other	<ul style="list-style-type: none"> • 'Professionalism of staff' • 'When I joined it was a buying club, now it just seems to be there to serve itself and employees, but no longer for members. it now is an organization that only serves itself' • 'To be a shareholder and able to voice my opinion' 	3

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Purpose



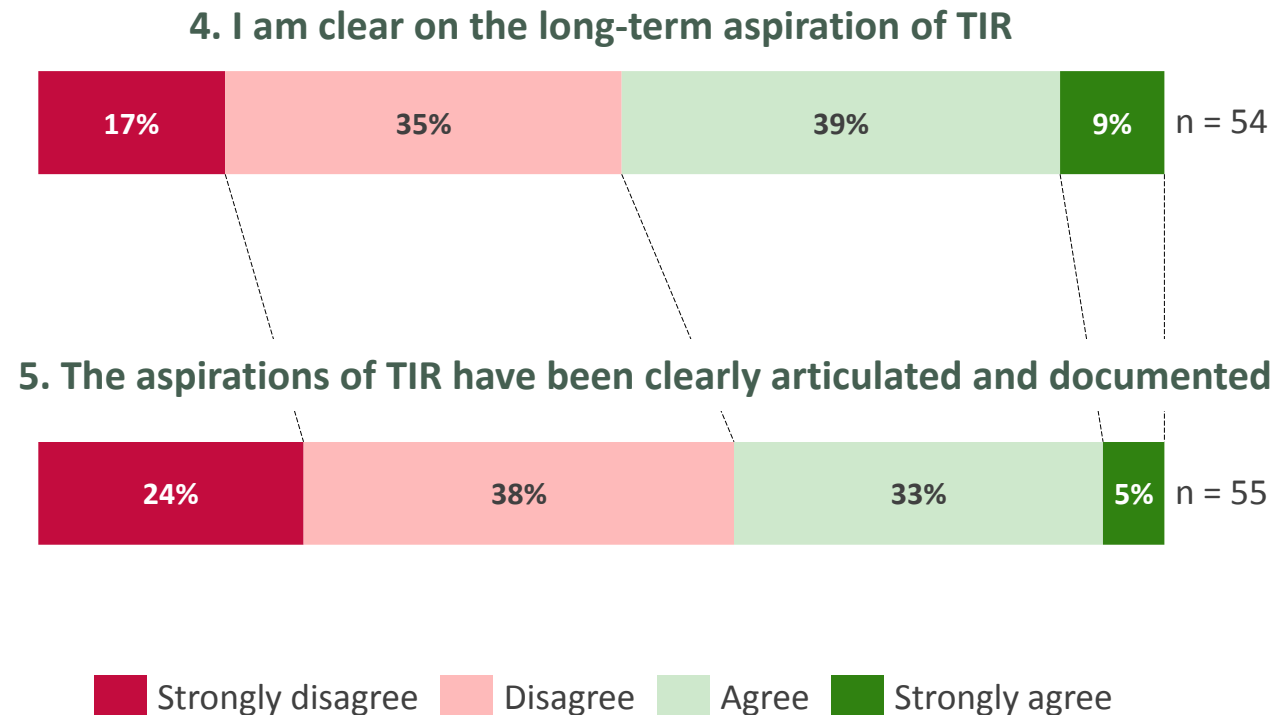
Vision

Values and behaviours

Current satisfaction and perspectives on future

The aspirations of TIR are less clear with 52% of members strongly disagree or disagree on the clarity and 62% believe it is not clearly stated

Responses to the TIR member survey – Q4 and Q5



Survey respondents identified many objectives, outside of providing traditional business support, that TIR should aspire towards in the longer term (1/2)

Respondents were asked the question: ***What do you think TIR should aspire to in the longer term?***

Theme	Member responses	# responses
Providing business support to independent stores	<ul style="list-style-type: none"> • 'To further improve its services to members.' • 'Be more proactive to members and help them not be negative and unsupportive' • 'They should aspire to service their members to an exceptional standard and have members that provide a service to their customers that is unmatched in their catchment area.' • 'Continuing the same or more support where needed, being honest and transparent when it comes to new legislation and practices. An active role in store working on maximising profitability.' • 'To maintain sustainable business, to support and advice all independent business' on how to plan and work to the future' • 'Supporting their members' • 'To be as supportive as necessary in assisting Members' • 'To return to it's original objectives of a buying and marketing co-operative dedicated to the survival of each and every member, irrespective of store size, turnover or personality.' • 'Create a low-cost supportive environment of support for independent retailers.' • 'To be an organisation that will provide support or assistance when it is required' • 'Continuing on a good clear path, with plenty of communication with the members.' • 'Keep the members informed' • 'Achieve the BEST competitive prices for ALL members, and act as a spokesman for the industry to achieve the BEST result for all.' • 'Keeping up with the times and keeping a finger on the pulse of small family business needs.' • 'To create and follow a methodology that regenerates member trust through maximising store value through a focus on delivering large rebates, competitive pricing and valuable services.' 	15
Helping stores grow in revenue and profitability	<ul style="list-style-type: none"> • 'Improve the service and offerings while aiming to maximize profit margins.' • 'Having a management team that has a long term focus on the ever changing industry and work closely with the members to have better returns' • 'Should be an aggressive in the retail world' • 'To help make it easier for store owners to stay in a profitable business' • 'To help stores grow and improve' • 'They should always push the idea they are there to help stores achieve profitability and help them run their store easier and they only exist if the stores are profitable and are there to serve each store on its own issues to help, this is the core of TIR's service issue problems, the stores don't feel like they are getting looked after from TIR and the stores are the owners which makes it all the more harder that TIR have lost there way in realising that TIR is only there to service the owners of the stores, TIR is an advertising/buying group, not a real estate investment firm, not a franchise watchdog for IGA, they are a members owned co op, just there for members' • 'Making members more profitable and stronger in turn will make TIR the same' • 'Increasing market share and profitability in the stores. IGA stores in some areas are competing against themselves.' • 'To work for the owners (members), to increase turnover trade and margin.' • 'To grow the independent trade, and help to ensure the stores are the best they can be.' • 'To gain market share and margin enhancements' 	11

Survey respondents identified many objectives, outside of providing traditional business support, that TIR should aspire towards in the longer term (2/2)

Respondents were asked the question: ***What do you think TIR should aspire to in the longer term?***

Theme	Member responses	# responses
Building a cohesive co-op of stores with a level playing field	<ul style="list-style-type: none"> • 'A level playing field for all supermarkets in Tasmania' • 'Continue to keep our brand in Tasmania strong, and support all stores at all levels the same' • 'As above, to help ALL store owners, not just a few' • 'Building a strong third force in supermarkets in Tasmania' • 'Treating everyone fairly and equitably.' • 'To be the best co-operative that is possible for the benefit of its members.' 	6
Building the IGA brand	<ul style="list-style-type: none"> • 'To remain relevant & protect the IGA Brand & focus on gaining more market share.' • 'Should be aspiring to improve the IGA branding and offer.' • 'Under the IGA brand we need an in house product range. No matter what value message we try to send to the customer it will never be successful if we are trying to compete against the majors without a cheaper option, in house product range.' 	3
Improving governance and management	<ul style="list-style-type: none"> • 'Much improved governance, including a competency based board with required skill sets, more opportunities to engage with executive staff and board in both formal and informal situations. Provide more security for members business including protecting areas/zones and pushing for better value for members in advertising, marketing, return on investment and purchasing power.' • 'To be more open and transparent about the job they are doing' • 'Employing a Senior management which is of the highest caliber unlike at present' 	3
Providing thought leadership innovation	<ul style="list-style-type: none"> • 'Be proactive in business innovation and leadership that provided the basis for individual success along with total success as an Independent Retailer Group' • 'It should have endeavour to be the most innovative retailer in Australia and provides members with significant cost advantages' • 'Be forward thinking instead of following others. Always too late when following.....be leaders instead of reacting.' • 'Best practice i.e. encourage members to the greatest heights.' 	4
Other	<ul style="list-style-type: none"> • 'A FOODLAND Model Co-op.' • 'More on local and less corporate' • 'Interest free loans to members' • 'As mentioned in previous question, a long term focus on the communities and customer loyalty, with several stores being opened around city areas and not so much the rural areas the focus seems to have shifted to competing with WW & Coles as they are close to these stores instead of focusing on what impact IGA can have in the small-town communities.' • 'A progressive and healthy member network that competes in the grocery and fresh food retail segment in Tasmania.' 	5

Most participants suggested providing a ‘helping hand’, or growing revenue and profitability, as the impact TIR should aim to have on members and the industry (1/2)

Respondents were asked the question: ***What impact do you believe TIR should aim to have on its members and the industry?***

Theme	Member responses	# responses
Provide a 'helping hand' through the provision of business support and advice	<ul style="list-style-type: none"> • ‘Providing support/coaching for members, better accuracy in data processing and driving the best possible return on investment for members’ • ‘I think they should support members to be the best they can in a very competitive market. They should be willing to share smart and efficient ways on how to improve our businesses. The TIR Team should work tirelessly for the very best possible outcomes for their members and indirectly our customers’ • ‘Provide confidence to its members & support the industry’ • ‘Clear understandable guidelines, support and encouragement in all the business’ • ‘To support them to survive in the retail industry’ • ‘They should be more helpful’ • ‘Positive and helpful’ • ‘To be supportive to the members and drive everyone to be the best they can be’ • ‘To work with their members to benefit the best outcome for both member and TIR’ • ‘I believe TIR should have a very strong focus on providing Independent owners of Business a long term strategy of building an Independent retail Brand in our state that provided the Retail consumer with an offer that exceeds that of the Multi National chains with meaning full points of difference in the Market place that in conjunction with supply chain partners builds a win-win partnership for our Independent business’ • ‘It should be there to help us, the general store owners not just a chosen few, who all seem to be related’ • ‘To support its Members in all aspects of their business’ • ‘Promote and support the survival of the independent retail sector’ • ‘To ensure they provide a promotional program that is profitable and to advise on business improvements. To also understand members circumstances in relation to business operations and difficulties’ • ‘Support for independent retailers as independent retailer; recognising the very different needs and capabilities of every individual’ • ‘Support in all major facets’ • ‘Lead from the front foot. Achieve the best outcomes for all Active Members’ 	17
Grow the revenue and profitability of independent retailers	<ul style="list-style-type: none"> • ‘Equipping us with the tools to operate a profitable/competitive business’ • ‘Improve the service and offerings while aiming to maximize profit margins’ • ‘They should be there to help us navigate through the enormous complexities and regulations we face in this business. Help us be more profitable’ • ‘Make more money for members and more flexible payment terms’ • ‘Should aim to provide a competitive, profitable and supportive platform to increase market share of IGA within the grocery industry’ • ‘Helping stores increase profit margins and still being competitive in the market. Store support in the changing retail market’ • ‘To assist independent stores to enhance profitability’ • ‘Help make them as viable & profitable as possible in the relevant business climate’ • ‘To help make the stores profitable’ • ‘We should always aim to be competitive in the marketplace and to remain profitable’ • ‘Increase a members profitability. Enable them to survive and compete’ 	11

Most participants suggested providing a ‘helping hand’, or growing revenue and profitability, as the impact TIR should aim to have on members and the industry (2/2)

Respondents were asked the question: ***What impact do you believe TIR should aim to have on its members and the industry?***

Theme	Member responses	# responses
Improve supply chain outcomes through collective bargaining power	<ul style="list-style-type: none"> ‘TIR should be assisting its members to compete with the major supermarkets by obtaining better trading terms & passing the savings on to members not hoarding huge amounts for no purpose’ ‘TIR should be a buying group that helps its members get the best buying price as a group for all products and services e.g. power, groceries, etc. and promote a group that looks good in marketplace but still maintains store goals of return on investment of the store, most new store owners don't realise they are a part owner of TIR’ ‘Professionalism, keep up to date with the latest trends, and achieve the best trading terms in order to have better pricing’ ‘Achieve the BEST competitive prices for ALL members, and act as a spokesman for the industry to achieve the BEST result for all’ 	4
Build a ‘retail force’ through an alliance of independent stores	<ul style="list-style-type: none"> ‘To unite the members into a retail force rather than just individual shops’ ‘And also create a strong independent group’ ‘Act as a spokesman for the industry to achieve the BEST result for all’ ‘To provide a central point of everything related to the brand. The ultimate impact TIR should have would be that if you are not support by TIR it will be difficult to survive as a supermarket.’ 	4
Improve the standards of independent retail stores	<ul style="list-style-type: none"> ‘Unlike it does now it should be ensuring that ALL members stores are of the highest standards and fully meet the Metcash requirements. This currently works with a high degree of pressure on the newer or incoming members but mates are given exceptional dispensation’ ‘To improve the standard of the retail independent grocery offer. Whether that is by improving the conditions for its members to trade in or by providing services to assist independent grocers’ 	2
Other	<ul style="list-style-type: none"> ‘Better communication and a more even balance of commitment to all stores not just some this has certainly been noticeable and a lot of store owners have lost interest in TIR focus’ ‘The impact it should have is to act fairly & equability for its members’ ‘Be more open’ ‘Good’ ‘A positive one we hope’ ‘Serving there customers as a Co op were all money is distributed to members’ ‘It needs to be an innovative retailers which tries and arbitrages Coles and Woolworths and is a real alternative to Coles and Woolworths’ ‘I don't believe there needs to be an impact, just continuing on as it does now, but always continuing to try improve’ ‘Not too much’ ‘TIR, are very well respected in the industry, I feel 85% of the members feel the same way, it is particular group which is causing all this angst’’ It seems that TIR have a real drive to compete with the 2 majors through the programs and promotions they currently run. In my opinion (probably due to our location) this has got to change! I agree with having some competitiveness with WW & Coles pricing but currently its too expansive and it's on the wrong type of products in some cases. IGA customer bases have a good idea on what IGA is about and understand that we don't have the large range and prices that the 2 majors have. When I commenced work in the IGA system the focus seemed to be community, customers and helping each other, this flowed on to the customer support that builds loyalty to the IGA brand. This hasn't seemed to have been a strong focus from "TIR to store" and I believe TIR should re-visit ways and develop ideas and programs that focus on rebuilding that focus’ ‘A massive impact to counter-act the benefits that autonomy provides their members major competitors’ 	12

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Purpose

Vision

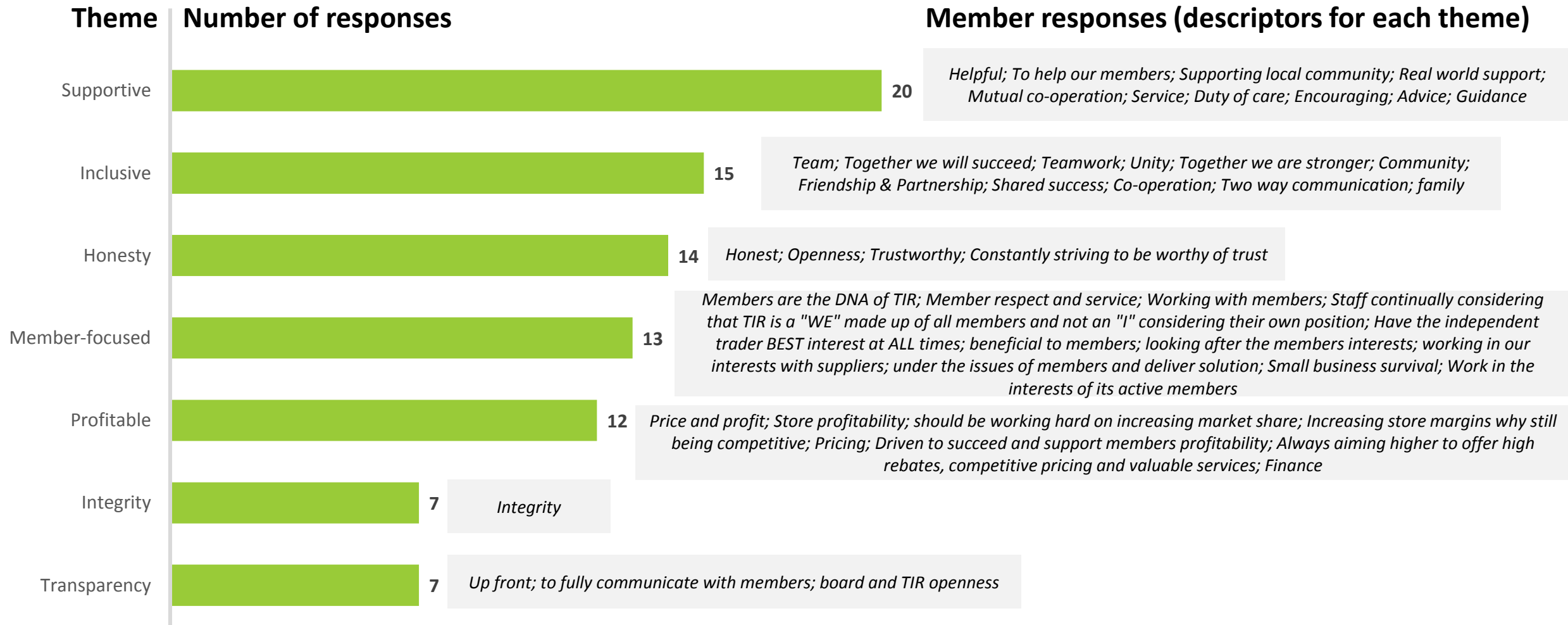


Values and behaviours

Current satisfaction and perspectives on the future

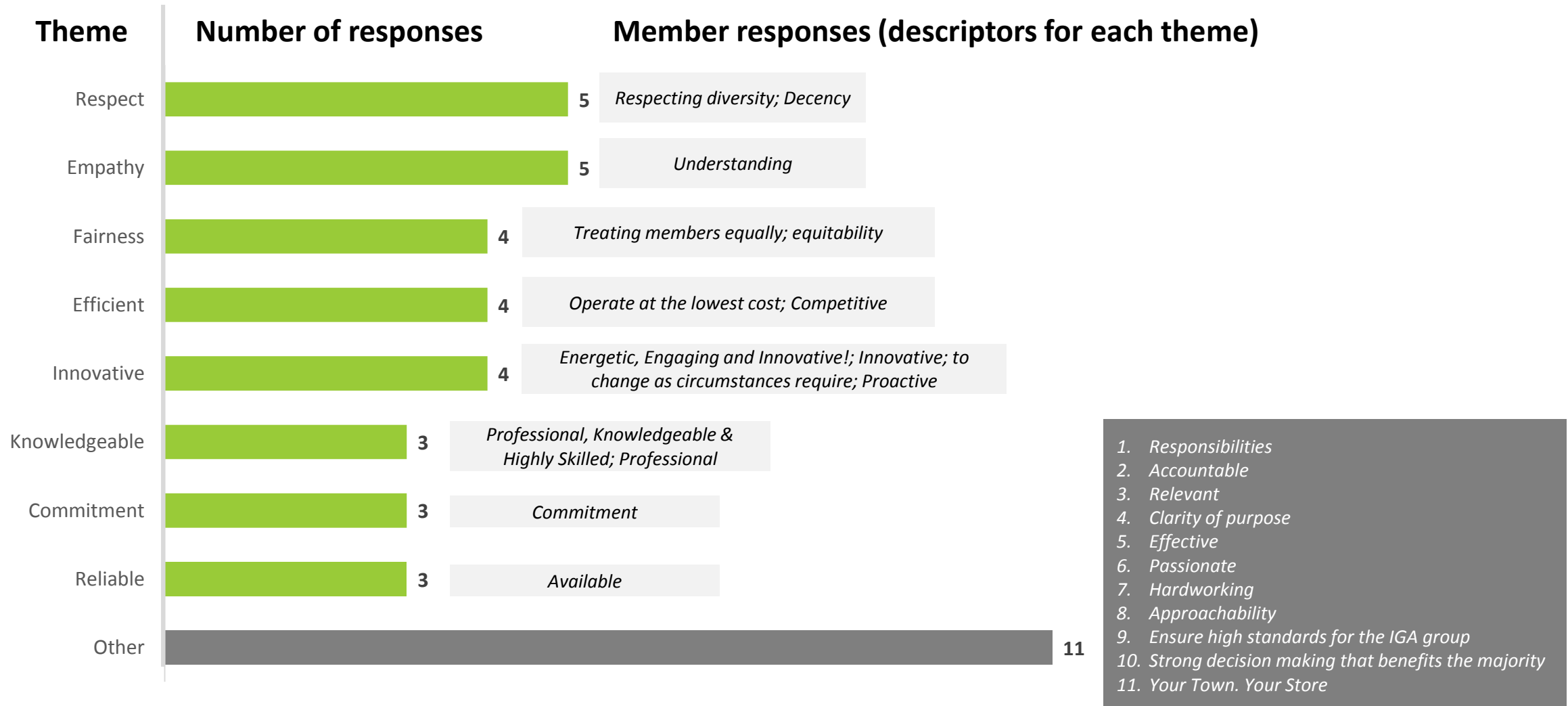
When asked to think about what TIR's values should be, members responded with a range of words (1/2)

Respondents were asked the question: *What three words, or phrases, come to mind when thinking about what TIR's values should be?*



When asked to think about what TIR's values should be, members responded with a range of words (2/2)

Respondents were asked the question: *What three words, or phrases, come to mind when thinking about what TIR's values should be?*



When asked about the behaviours TIR should demonstrate in dealing with members, participants agreed on a few key behaviours

Respondents were asked the question: ***What behaviours do you believe TIR should demonstrate when dealing with its members?***

Theme	Member responses	# responses
Treat members with respect and fairness	<ul style="list-style-type: none"> • Treat all members equally and with respect; Evenness; Fairness at all levels • Respect and fairness in dealings; Respect and two way communication; Helpful, respectful • Some stores a told one thing, then other store told something else by customer service reps, they don't seem to be given a clear orders from management on how to help stores and they cant make a decision straight at the store it always has to go back and ask management then you never hear back again • TIR should treat everyone with respect, not rude snide remarks • Honesty and respect for all store owners, we often get talked down to, like we are just lowly employees and surfs • Respecting the differences and diversity between each store, each area, each community they are in and maybe consulting with members a bit more before introducing major programs. • Duty of care, Empathy, respect and understanding • To not threaten or bully members • Fair, hard working and empathy • Trustworthiness, directive over authoritative, professionalism, respectful 	15
Focus on the members needs	<ul style="list-style-type: none"> • Integrity and a focus on the members • Treat members as exactly that members! not make us feel like we need TIR (so to speak) • TIR needs to remember that it exists because of and for it's members not the other way around, sadly I think subtle cultural changes internally has diluted this message over time • Votes on upcoming issues • Each employee of TIR seem to guard their [patch] and have lost the reason they are there, I think we need some new blood to make changes • To help members not to be negative and to remember that we are the shareholders and we employ the staff and not to treat members like they are the boss of is store owners • Acknowledgement that its members are all independent store owners and that each may have entirely different business plans, objectives and most importantly financial and personal capabilities. • To be there to help the members in the best possible way. to members it is more than just a job • More business minded when making decisions that could affect all our livelihoods • Professional 	10
Being open and honest	<ul style="list-style-type: none"> • Openness; Transparency; Honest / Honesty • To be open & honest and not a boys club • Transparency, honesty, and a proven ability to achieve the best prices both at the wholesale level and the RRP • Professional, courteous and honest to individual retailers • Professional, honest conversations with members to bring them to a level where all IGA's should be measured. • Having open conversations about profit margins and CODB. Store support in operational delivery compared to our competitors. 	8
Transparency and communication	<ul style="list-style-type: none"> • To more transparent • A more open book approach on board decision's with more member surveys • Considering the members own TIR and being a co op, TIR need to clearly communicate with members when required, clearly there are items which the members don't need to know, that's why we elect a board • Any decisions for de-bannering or disciplining should be made by the and implemented by the Board and not delegated to Senior Management and their bullying and threatening tactics • Communicate more regularly • Hardworking, transparent, efficient, agile, member focused 	6

When asked about the behaviours TIR should demonstrate in dealing with members, participants agreed on a few key behaviours

Respondents were asked the question: ***What behaviours do you believe TIR should demonstrate when dealing with its members?***

Theme	Member responses	# responses
Listening to and understanding members	<ul style="list-style-type: none"> Understanding is primary. There is a lack of understanding of its members, their needs and restrictions. Very few of our key people have worked in independent stores, much less owned one and as such they do not understand the financial and mental stress that storeowners work under. Understanding of all the differing situations in Tasmanian businesses, e.g. location Listening and understanding the situation. Then always come back with a solution. To listen to store owners and their opinions; Listen and involve Empathy – making money in small business is not easy, so working with rather than iron first 	6
Supportive	<ul style="list-style-type: none"> Work together 1) supportive 2) co-operative 3) innovative More supportive for all stores and providing coaching/development/feedback opportunities for open dialogue between other members It should be responsive and endeavour to have a Lean culture which fixes problems . they need to understand the retailers issues at the front line Proactive; Flexibility 	6
Compassion	<ul style="list-style-type: none"> Professional, humble & compassionate to members Compassion, Real World Support, understanding and acceptance of individuals, and accept the reality of what is practically and/or financially achievable by each and every independent member Compassion as it is not always easy dealing with the public and employees 	3
Other	<ul style="list-style-type: none"> The stores seem to have a real them and us feel now where as years ago we were a big family feel Coming from a National and International back ground where Policies and Procedures are developed and rolled out not necessarily in a dictatorial way but yes through Management Hierarchy procedures that are delivered and enforced. But in the Case of TIR and the Brand being made of many individual Business owners where the Buck starts and stops right in the Pocket of the Individual Retailer and is where the Group Retail operations team needs to have a very high ability to mandatorily communicate in a way that demonstrates empathy respect that is achieved by the fact that Operations people have the appropriate communication skills and qualifications to lead develop and control operational standards that that reflect in individual business operators success. Not all operators have the skills I have but many Operators have fallen into our industry with no real Business or Industry experience hence the need of an excellent team of Retail Operations and senior executives that can lead a group of Individuals to a common goal of success . 	1

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Purpose

Vision

Values and behaviours



Current satisfaction and perspectives on the future

Members identified support, buying power and rebates as the three most important value TIR provides

Respondents were asked the question: ***What do you value most from your membership with TIR?***

Theme	Member responses	# responses
The support which TIR offers	<ul style="list-style-type: none"> • 'Support at hand if needed' • 'Support from our Retail Development Officer' • 'Speaking with experienced staff' • 'The support that is available when requested, e.g. relays, instore support, and the rebate program' • '...the relationships I have built with key staff. I value that my voice or opinion is always listened to and considered. I value the frank assessments I receive from the business team...' • 'Being able to communicate with anyone anytime, arranging the best possible prices with specials etc. They are working in our interests' • 'The support - in all areas' • 'A unique opportunity to be supported in our daily work environment while sharing issues/problems and assisting in profitability of our business' • 'Support in improving service and margins' • 'Being able to provide products to our customers that offer satisfaction' • '...access to the warehouse' • 'they provide a service of supplying our goods to store. Help when required, & store help' • 'team help, rebates, overall organising of the independent' 	13
Improved buying power	<ul style="list-style-type: none"> • "Being part of a team, being part of the greater collective to achieve maximum profit through a collective purchasing power" • 'The buying power, rebates and collective cheaper advertising' • 'Marketing and buying power' • 'We value the price of product and minimal price of the services we receive. PIP payments nice to' • '...organise the best buying prices as a group...group deals on utility's cost e.g. power, Telstra, EFTPOS fees etc. advice on running our store in a polite way not the current disrespectful way' • 'The ability to compete head on with Multi National Chains with and Independent Brand that is My Brand with the input of both the Group and my personal efforts to attain recognition as a superior Retailer in a very competitive industry with personal financial rewards' • 'the ability to keep our store prices at a competitive rate' 	7
Rebates	<ul style="list-style-type: none"> • 'My rebate' • 'Benefits we receive from being in a group, pricing, rebates and help' • 'the rebate as most times I get no help, and have many members of the senior management who being rude and condescending' • 'Rebates' • 'Rebates, Services, Pricing' • 'rebate cheque profitable margins worked out for me...' • 'Charge back' 	7

In addition, members valued advertising, relationship with Statewide, branding and ability to be independent; three members responded there is currently little or no value

Respondents were asked the question: ***What do you value most from your membership with TIR?***

Theme	Member responses	# responses
Advertising	<ul style="list-style-type: none"> • 'Advertising' • 'Advertising and buying areas. Food safety' 	2
Relationship with Statewide	<ul style="list-style-type: none"> • 'The relationship with Statewide. Statewide is operated by Woolworths and delivers efficient logistics to TIR without statewide TIR would be cactus.' • 'The relationship with statewide' 	2
Branding	<ul style="list-style-type: none"> • 'IGA branding' • 'Brand Name' 	2
Independence	<ul style="list-style-type: none"> • 'The fact that we are a co-op that has the ability to control it's own destiny unlike retailers on the mainland that deal with Metcash' • 'The fact that we are part of a co operative that should be working for all our benefits whether you have a big or small supermarket' 	2
Nothing/very little	<ul style="list-style-type: none"> • 'Very little the way it is heading' • 'Nothing at the moment / at present' 	3

Members identified a wide range of things which TIR could do to add value to their business and to the network (1/4)

Respondents were asked the question: ***What are the three most important things TIR can do to add value to your business and to the network?***

Theme	Members responses	# responses
Providing stores with more operational support	<ul style="list-style-type: none"> • 'Senior management needs to be assisted more' • 'Ongoing support from Area Manager' • 'Help the smaller stores more. It seems that the bigger your turnover the more help you get' • 'Assist smaller stores with a suitable product range' • 'Support' • 'Keep giving assistance in-store.' • 'Provide ongoing support to improve service delivery' • 'Continue to be critical and supportive at store level' • 'Be more accessible' • 'Follow industry best practices and provide continual improvement to operations' • 'Understand that sometimes a helping hand would be good rather than doing an assessment and then heading off for a coffee.' • 'Assist stores more in the day to day stuff instead of recommending a tablet program to buy. Things such as HR, policy & procedures, WHS, financial management and marketing etc.' • 'Enhance instore support with "coaching" model instead of a "directive" model for instore support' • 'Offer training for owners of the business in how to run a supermarket' • 'Knowledge' • 'Provide assistance with store developments' • 'Focus on basic and informative information' • 'Help me on compliance, not just tell me i am crap' • 'All members to get equal support at equal cost.' 	21
Offer better rebates to members	<ul style="list-style-type: none"> • 'Better rebates' • 'Increase Rebates' • 'Increase profitability through rebates rates' • 'Lower operating costs of TIR and increase rebates' • 'Return almost all of their profits to members' • 'Increase the rebate' • 'Rebates' • 'Negotiating with suppliers to maximise our profitability in relation to promotions (passing on full rebate)' • 'Discuss with Statewide about access to more products from SIW, I would like to deal with less direct suppliers (maximise SIW rebate)' 	9

Members identified a wide range of things which TIR could do to add value to their business and to the network (2/4)

Respondents were asked the question: ***What are the three most important things TIR can do to add value to your business and to the network?***

Theme	Members responses	# responses
Working towards improving margins	<ul style="list-style-type: none">• 'Improve margins'• 'Better margins'• 'Make more margin'• 'Maximising gross profit margins, bigger awareness to individual business operators potential GP% and CODB'• 'Drive better cost prices with suppliers'• 'Lower costs'• 'Keep advertising costs down.'• 'Lower the purchase price of goods. Tougher on suppliers'• 'Improve our competitiveness by buying better'• 'Reducing the cost to deliver to store'• 'Store profitability'• 'Profit'• 'Profitability'• 'Improve gross profits.'• 'To be profitable'• 'Reduce labour costs at store level by being smart'	19
Operating in a more collaborative and inclusive way	<ul style="list-style-type: none">• 'Listen to concerns when raised and not dismiss it'• 'Seek input'• 'Listen to feed back from members'• 'Treat retailers as partners and not as employee's (Mutual Respect)'• 'Better communication on what's going on in the industry'• 'Involve all stores in decision making as they are the co op'• 'Treat everyone the same and without favour.'• 'Become member focused and respect employees, customers'• 'Continue trying to understand our needs'• 'Unity'• 'Be fairer in charge through'	11

Members identified a wide range of things which TIR could do to add value to their business and to the network (3/4)

Respondents were asked the question: ***What are the three most important things TIR can do to add value to your business and to the network?***

Theme	Members responses	# responses
Offer more competitive pricing	<ul style="list-style-type: none"> • 'Competitive pricing' • 'Best purchase price available to increase GP \$' • 'Best pricing for capital equipment i.e. Fridges' • 'Re-evaluate prices... Pricing programs, pricing structures, promotions & margins' • 'More sensible pricing' • 'Achieve competitive pricing through a collective purchasing power' 	8
Provide better advertising and marketing services	<ul style="list-style-type: none"> • 'Advertising' • 'Better marketing' • 'More promotions' • 'On going advertising' • 'Individual store promotions' • 'Good promotional program' • 'Merchandising' 	7
Take a more proactive role	<ul style="list-style-type: none"> • 'Be nimble and efficient' • 'Be proactive not reactive' • 'Get a Board which is proactive and not there to protect the CEO' • 'If things are agreed to change. Change them' • 'To act and lead should it be warranted' • 'Act' 	6
Improve Island Fresh Produce	<ul style="list-style-type: none"> • 'Fix Island Fresh' • 'Get stronger in fresh' • 'Get island fresh operating better' • 'Work harder at fresh specials pricing' 	4

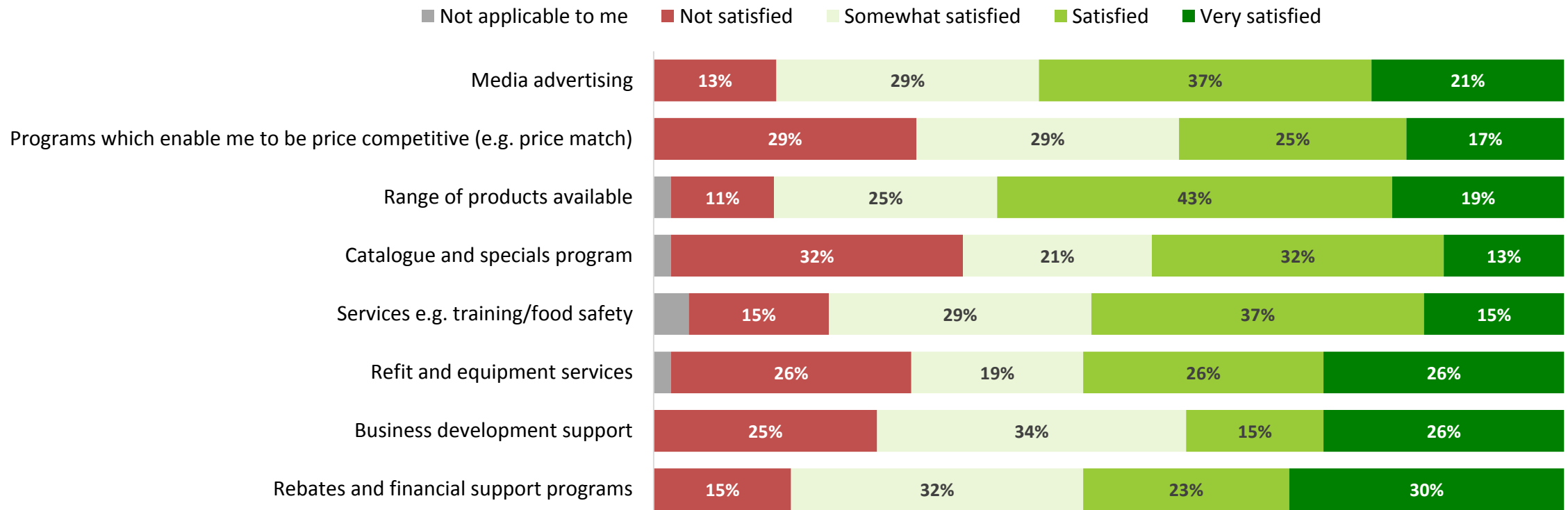
Members identified a wide range of things which TIR could do to add value to their business and to the network (4/4)

Respondents were asked the question: ***What are the three most important things TIR can do to add value to your business and to the network?***

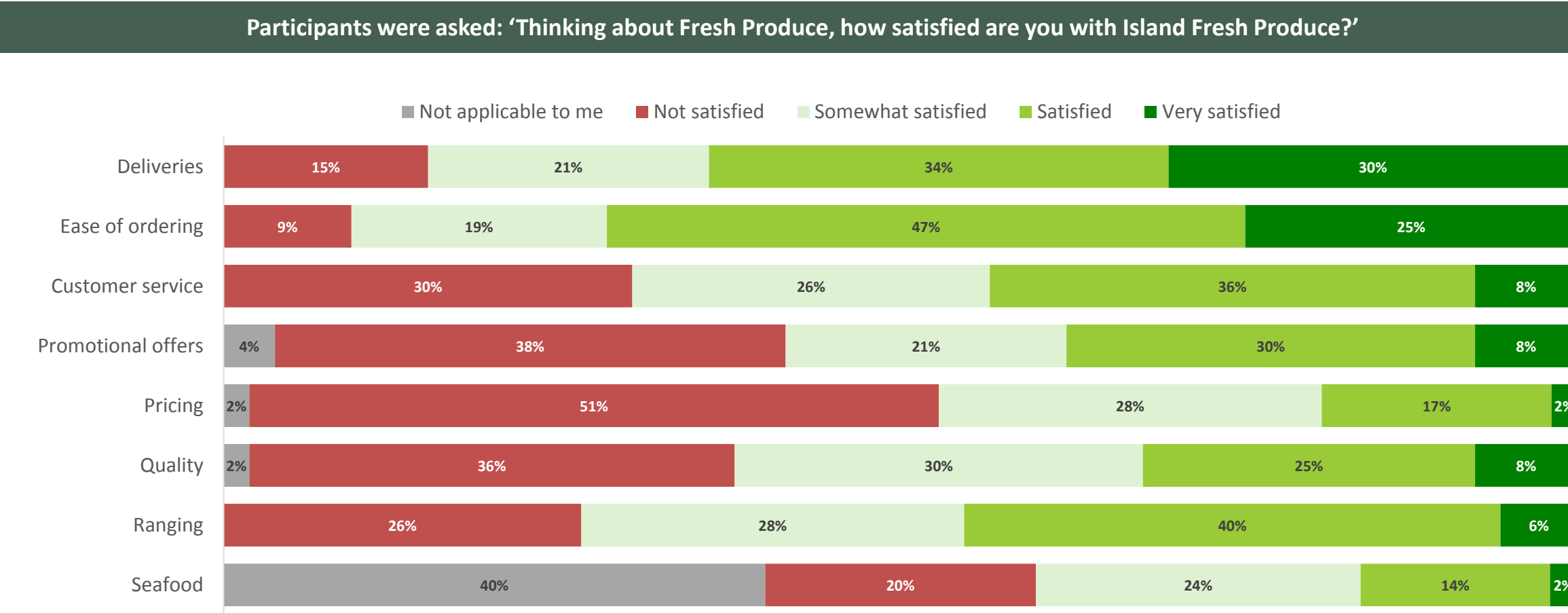
Theme	Members responses	# responses
Offer interest free loans	<ul style="list-style-type: none"> • 'Offer interest free loans for capital works' • 'Interest free loans to suitable applicants' 	2
Other	<ul style="list-style-type: none"> • 'Strong focus on fresh departments' • 'Food safety assistance and resources' • 'Investment buy opportunities' • 'Strengthening of Coops purchasing power' • 'Establish contracts such as those with Aurora to help bring overheads down in our business' • 'Establish a separation of supermarkets and corner stores' • 'Extended trading terms' • 'Own brand, get community Co. at reasonable price' • 'Keep doing what they are doing.' • 'Level the playing field' • 'Less emails no one has time to read them all' • 'Get rid off locked down prices as it has decreased our margins' • 'Listen to & work with the majority, not the minority whiners' • 'Listen' • 'By not having so many specials, it is not viable to a smaller store' • 'Just respect the store independence as a owner' • 'TIR needs to push info concerning range within stores' • 'Increase Purchase Incentive Payment percentages.' • 'Supplier relationships' • 'Focus on the independence of independents' • 'Repair price match program' • 'Senior management has to stay in touch with reality for example meat prices' 	22

Most respondents were at least somewhat satisfied with the range of services provided by TIR, however there is a consistent cohort of unsatisfied participants

Participants were asked: 'Please rate how satisfied you are with the following areas of TIR'

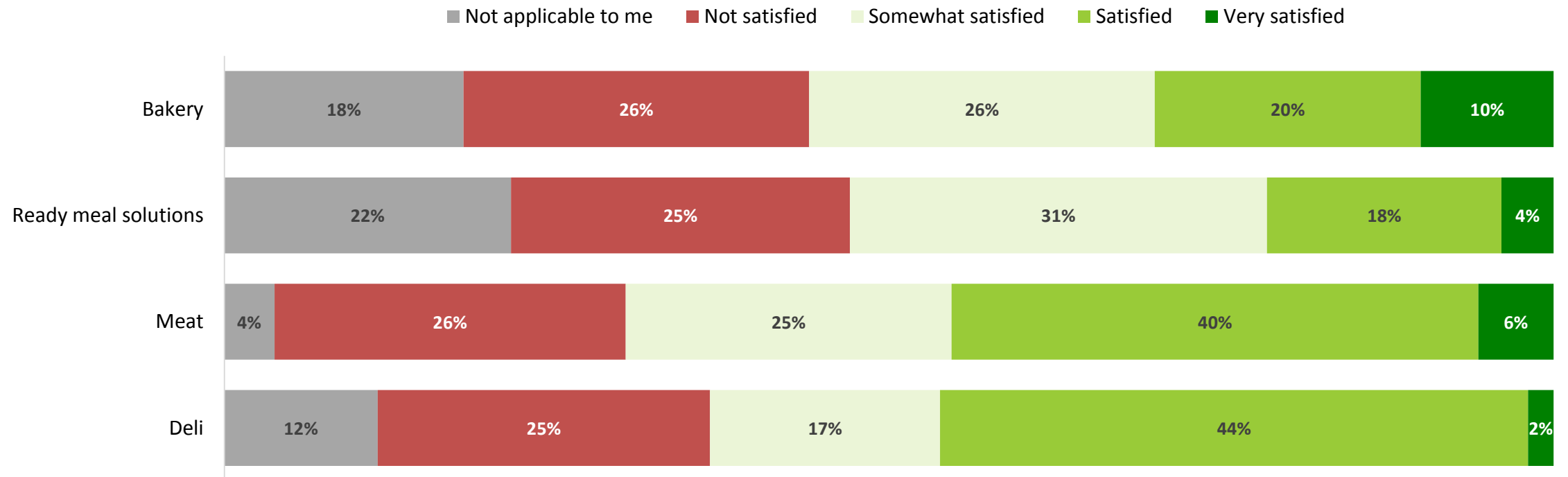


Respondents provided far less favourable responses for Island Fresh Produce, with notable pain points of: pricing, promotional offers and quality



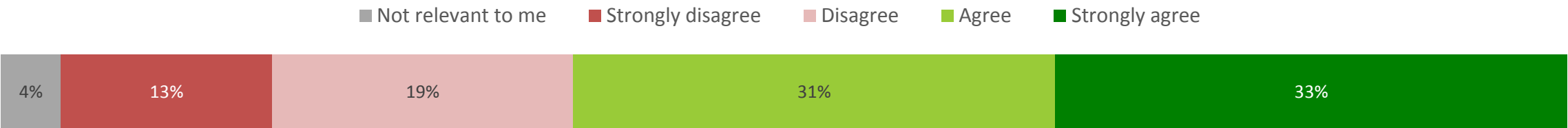
The majority of respondents were at least somewhat satisfied with TIR's merchandising support of the fresh categories' ranging, pricing and margins

Participants were asked: 'Please rate how satisfied you are with TIR's merchandising support of the fresh categories' ranging, pricing and margins'



Most respondents agreed Area Managers bring value to their businesses

Participants were asked: ‘To what extent do you agree, or disagree, that your TIR Area Manager brings value to your business?’



For participants who disagreed, or strongly disagreed, their reasons typically fell into the following buckets¹:

1 Managers are too focused on compliance	2 Area Managers do not provide enough strategic value	3 Some managers are uneasy to work with	4 Area managers need better tools and to spend more time with stores
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1 – the following pages provide the exhaustive list of reasons that participants offered for (strongly) disagreeing.
Source: TIR 2019, Member survey, n=52 (not all respondents answered all questions), administered by Right Lane Consulting, April

Of the respondents that disagreed Area Managers brought value to their business, their reasons why bucketed into four common themes (1/2)

Respondents were asked the question: *To what extent do you agree, or disagree, that your TIR Area Manager brings value to your business?*

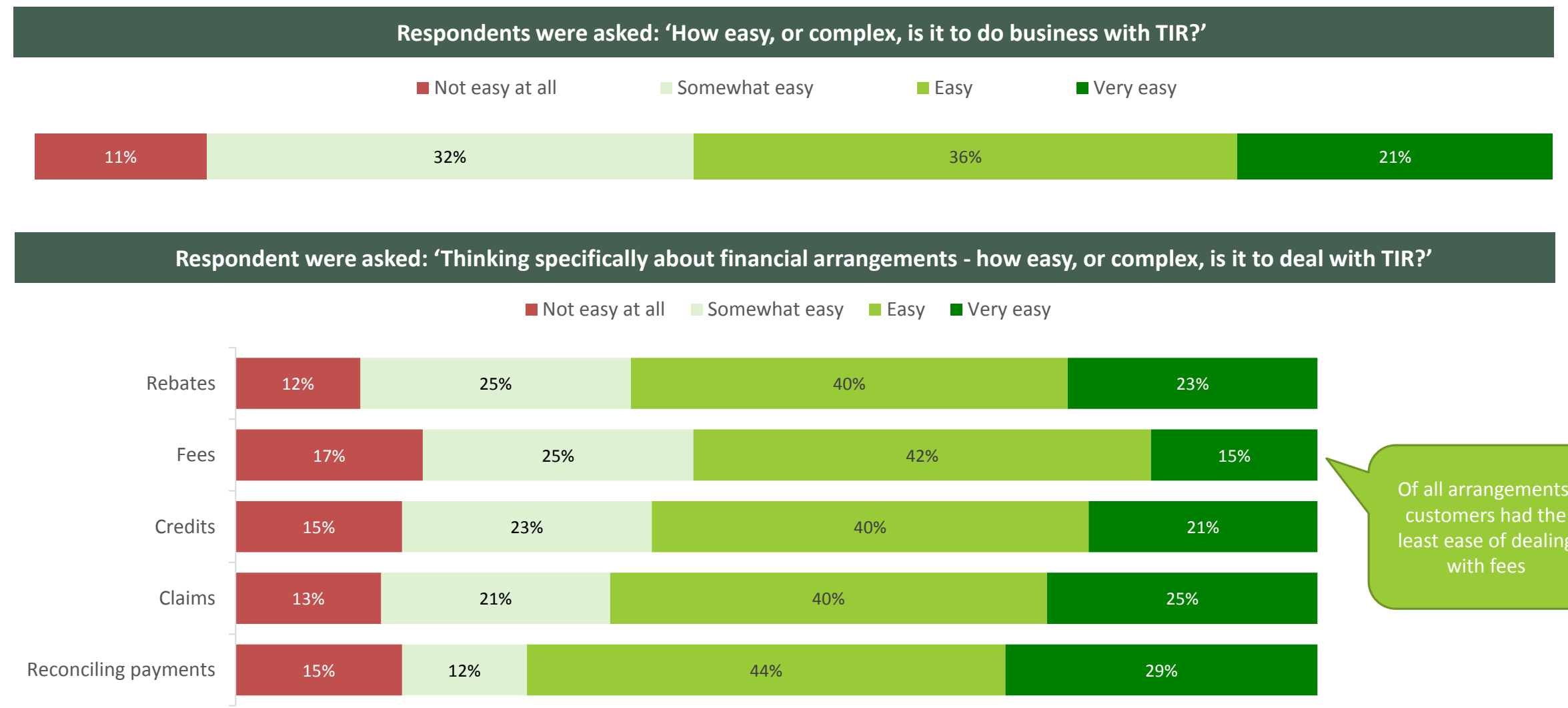
Theme	Responses
1 Managers are too focused on compliance	<ul style="list-style-type: none">• 'All they do are compliance checks They never ask how can they assist our business'• 'Only really see him when he does his store checks'• 'There is zero value they bring as their morphed position as IGA auditors. Before group intervention they were going to do two audits a month on each store with TIR AM's complaining they had to work overtime and weekends to achieve this!'• 'we sometimes feel it is like drawing teeth to get information, they seem to be only interested in doing audits all the time '• 'They do not assist with any kind of merchandising. All they do is provide an audit function. It is helpful but we do not feel that there is any genuine support. We question their cost. '
2 Area Managers do not provide enough strategic value	<ul style="list-style-type: none">• 'If they only give comments and not doing anything to help. It's a waste of time.'• 'TIR Area Manager supports the store, I would enjoy more extensive conversations around profitability, COBD, what ideas TIR can suggest to improve the store. Allowing us to prepare what we would like to discuss before they visit, most times they will just arrive and can be on time constraints.'• 'no value'• 'As I mentioned earlier, from my point of view I don't have a need for store support with my personal level of experience and the strong team of retail managers I have developed over many years. In my opinion the People in these positions lack the leadership skills and personal desire to lead and develop success from constructively supporting front line business operations'• 'The area managers don't go around stores to support.'
3 Some managers are uneasy to work with	<ul style="list-style-type: none">• 'I think our area manager spends more time talking behind members backs and has very little retail knowledge.'• 'All these 'inspectors' do is to continually harass, bully, intimidate, threaten, while duplicating the work of at least three other levels of Government. They provide no real world support or assistance and have little understanding of the independent retail industry. If TIR want to manage my business I would be quite happy: All they have to do is buy it.'• Customer reps have been not very polite or respectful to store owners in their delivery of IGA standards and have had a tough approach which has got a lot of the stores/owners of TIR very upset, these days most owners can buy all shop supplies on line eg fridges , merchandising supplies etc,.• Overall probably to many visits should be 4 per year , sometimes its weekly , just to much.'

Of the respondents that disagreed Area Managers brought value to their business, their reasons why bucketed into four common themes (2/2)

Respondents were asked the question: ***To what extent do you agree, or disagree, that your TIR Area Manager brings value to your business?***

Theme	Responses
4 Area Managers need better tools and to spend more time with stores	<ul style="list-style-type: none">• 'I have had to put disagree so as I can make a comment?? The area manager himself is fine. The tools that he has been armed with to do his job are poor. A few months ago it was agreed that there would be changes to the way stores are assessed. This really has not changed. The compliance criteria are the same and there is still mention of "debanning" in the report. We were told this would be fixed. Fix it. It is also ridiculous that we have store being assessed on empty shelves, when we are in the middle of a pet food shortage. That is part of the problem at TIR communication is poor within the workers.'• 'What the area manger brings is ok at time of visit but never enough time on site as seems to be always held back by management'
Positive comments	<ul style="list-style-type: none">• 'Business manger ensures that we don't become 'store blind' as he is happy to point out areas that need attention and does this from a customers point of view'• 'My area manager cares about our business, has helped us improve and is very prompt with his follow up. Extremely happy with his service level.'
Other comments	<ul style="list-style-type: none">• 'if you had asked me 12 months ago it was strongly DISAGREE, but since November 2018, he is a different person, helping where ever he can.'• 'Since the AGM The most nice helpful and friendly guy. So that must be the direction he was given on how he should be.'• 'This is borderline Agree/Disagree, our Area Manager is there to assist and help when needed on the day-to-day issues but I don't find any value in the quarterly audit that is conducted and find it hard to progress any developments from the audits.'• 'We do our own merchandising set up of specials and governances on compliance However the time frames when audits are required gives an opportunity to discuss TIRs current strategies'

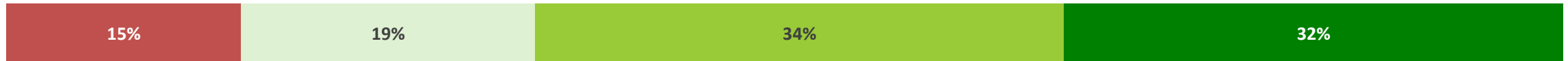
Participants generally found it at least somewhat easy to deal with TIR overall, this view is relatively consistent across the specific financial arrangements



The significant majority of respondents were at least somewhat satisfied with TIR's 'charge through' service

Participants were asked: 'Thinking specifically about charge through - how satisfied are you with the current process?'

■ Not applicable to me ■ Not satisfied ■ Somewhat satisfied ■ Satisfied ■ Very satisfied



For participants who disagreed, or strongly disagreed, their reasons typically fell into the following buckets¹:

1 The processes are inefficient

2 There are too many errors

3 The charges are not completely transparent

4 The charges are too frequent

5 The changes are seen as unfair

Of the respondents that were not satisfied with TIR's 'charge through' service, their reasons why bucketed into five common themes (1/2)

Respondents were asked the question: *Thinking specifically about charge through - how satisfied are you with the current process?*

Theme	Responses
1 The processes are inefficient	<ul style="list-style-type: none">• 'To hard, often impossible, to get credits. TIR do not have the resources to keep price files up to date There is no procedure to require that prices charged match the price file or even as quoted by supplier. Cash Flow. The charge often appears on a TIR statement before the goods have even been delivered. TIR accounting system is unable to show actual date of the charge (invoice date), nor the GST component of each/any invoice.'• 'There are too many charge through lines. Manually having to order products which are supplied through the warehouse is slow and time consuming. Why can't (t) products be ordered normally and sent later as is the case with Metcash lines?'• 'Very difficult to get a claim and if you do it takes weeks'
2 There are too many errors	<ul style="list-style-type: none">• 'too many mistakes, other peoples invoices on my statement'• 'The onus is on retailers to review and follow through on errors. Supplier terms are not adhered to and billed immediately. No framework for suppliers to not increase charges due to fee to use system. No framework to offer members industry-best services such as guaranteed updated hosted products and hosted electronic invoices. Obtaining credits is arduous.'• 'Frustration with many bill errors/incorrect invoices charged...'• 'however concerned by kickbacks that may or may not be passed on'• 'although lots of mistakes have been happening recently, must be a change of staff.'
3 The charges are not completely transparent	<ul style="list-style-type: none">• 'Charge through should be 100 transparent. TIR should take a fair % to administer the payment. This should never exceed 1% and the rest should go back to the retailer'• 'Limited communication when there is charging/crediting errors on the statements. Overkill on TIR invoices, one monthly invoice that included all fees and charges would be good, instead of weekly invoices on items.'• 'Office should confirm with shop owner before charge it thru if it's a once of deals'
4 The charges are too frequent	<ul style="list-style-type: none">• 'possibly made available quarterly or every 6months if funds are needed'• 'Some times we order stock that could take 4weeks to sell but we have to pay that current week which places huge pressure on cash flow.'• 'All though we should have longer payment terms it would encourage some investment buying'

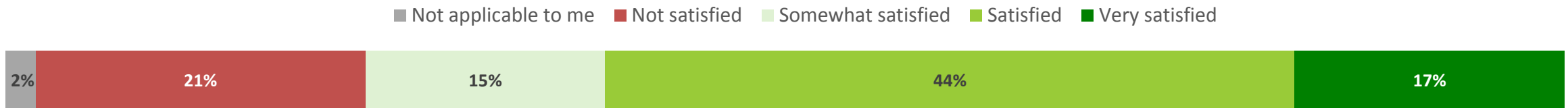
Of the respondents that were not satisfied with TIR's 'charge through' service, their reasons why bucketed into five common themes (2/2)

Respondents were asked the question: ***Thinking specifically about charge through - how satisfied are you with the current process?***

Response	Reasons
5 The changes are seen as unfair	<ul style="list-style-type: none">• 'Charge was developed to cost supplier money for assured payment , now it is used by TIR as a cost plus arrangement to raise money to cover TIR overheads and costs members money and not suppliers. Suppliers just add the cost to goods and are told to'• 'if you ask the smaller suppliers about charge through they are told by the TIR rep to add 6 percent or charge through cost on the invoice which really means we are just paying for the service at TIR , when it started it was the invoice price and the fee was in original invoice so we actually got goods cheaper but now the wholesalers just put the fee on top so now our cost is not right its to dear , we are just paying a admin fee now.'• 'Its a con. If I go direct I can achieve a far better price then when the rebate is subtracted from the price from the warehouse. TIR's mark up on products through the charge through are far too high, and we receive only a small percentage of that additional charge. So the normal price has a inflated charge to pay the rebate PLUS TIR operating expenses and profit. So why have this charge through when you can go direct and save massively. Surely the purchasing power of the collective should mean you should get a better price going through TIR rather than going direct, plus getting the rebates. And then you have to question the gifts staff receive - this should be a gift to TIR and it's members - most certainly NOT a gift to staff. Any gift to staff should be classed as a criminal offence and treated accordingly.'• 'Money leaves our bank account before we have time to reconcile and chase credits. Designed to help suppliers not members'
Positive comments	<ul style="list-style-type: none">• 'I am a strong advocate of the TIR charge through system and constantly provide potential new suppliers with the mutual benefits of the TIR Charge through system 1.New products Hosted electronically to all stores in the Group through one communication process 2.Supplier Prompt payment as per the negotiated trading terms agreed with TIR 3.Retailer rebate accruals as per PIP[, EDF, and New store rebate, this is an excellent system that provides the basis for funding on going business improvements in terms of Capital expenditure and divide end payment from support of the Group activities'
Other comments	<ul style="list-style-type: none">• 'TIR charge fees to the manufacturer which they pass on in their pricing'

Most respondents were satisfied that the current advertising program serviced their store adequately

Participants were asked: 'Thinking specifically about the current advertising program - how satisfied are you that it services your store adequately?'



For participants who disagreed, or strongly disagreed, their reasons typically fell into the following buckets¹:

1 Poor product selection in advertisements

2 Advertisements are not relevant to all stores

3 Specials occur too frequently

4 Communication channels are not well suited for customers

5 Some advertisements erode store-level profitability

Of the respondents who disagreed that the current advertising program serviced their store adequately, their reasons why bucketed into five common themes (1/2)

Respondents were asked the question: *Thinking specifically about the current advertising program - how satisfied are you that it services your store adequately?*

Response	Reasons
1 Poor product selection in advertisements	<ul style="list-style-type: none">• 'Advertising needs to focus on demand lines, not obscure brands.'• 'Advertising offering is limited and no where near the level to be noticed above our competitors.'• 'Catalogues could be a lot strong in product selection. Some catalogues have very little impact due to the wrong products selection'• 'Fresh specials are a joke. (Lack of range in fresh specials and pricing which is higher than our normal sell price) Out of stocks of promotional items at times and nobody takes responsibility'
2 Advertisements are not relevant to all stores	<ul style="list-style-type: none">• 'i think stores could be promoted individually'• 'It doesn't relate to all stores'• 'Not all advertising is applicable to all areas of Tasmania'• 'I think it should be store or area specific and targeted . it is a lazy form of advertising with no thought and old school. It needs be modernised into social media and away from TV and newsprint'
3 Specials occur too frequently	<ul style="list-style-type: none">• 'to many specials'• 'The advertising is repetitive. The customers know that in four weeks time Duck River Soft will be on special again and to buy enough stock until that time. The specials are run the same week as last year. The advertising is set up with great specials at the prime shopping times (Christmas and Easter) but how many stores have a freezer big enough to keep the stock required? This week we have Frozen fish, frozen chips, fish fingers, 1 litre icecream, 2 litre icecream, drumsticks, magnums, fruit pies to name a few. Where do we put them all? The biggest problem is that these issues get raised every year and because of the arrogance of the people concerned they say we will change it but do not ever intend to. The meat specials are poor thought out. Why are we advertising the same products, two weeks in a row at differing prices. It causes arguments with customers and is a bad idea.'• 'Majority of Price match products on promotion on a fortnightly basis which in some cases reduction of 45 to 50 percent on profit..... price match and everyday low prices already on low margins'

Of the respondents who disagreed that the current advertising program serviced their store adequately, their reasons why bucketed into five common themes (2/2)

Respondents were asked the question: ***Thinking specifically about the current advertising program - how satisfied are you that it services your store adequately?***

Response	Reasons
4 Communication channels are not well suited for customers	<ul style="list-style-type: none">• 'No one watches TV . Most stores are in regions. Local Area Marketing would be better. Save the money and give it back in rebates'• 'We need a strong media profile to compete with the majors and we have that'• 'specials size ad in paper prob should be cut down as papers sales way down , online prob ok , radio pushing standard ads not needed , IGA sports giveaway is just in cities but most of TIR sales in country areas , in general if you look at ads in paper we do more paper advertising that Woolworths and Coles.• 'Opted for the 4 page catalogue which suits our store and a lot of others however if you go online the 8 page catalogue is advertised'• 'Catalogues need to be distributed to the community. Relying on customers coming into the store and picking up a catalogue does not increase customer flow. Our main opposition (Tasfresh = No-Frills) distribute a catalogue weekly in the state Newspapers. That's where the IGA catalogues need to go: Into the homes'• 'need to be more pro-active with their TV advertising'• 'Quality of catalogue (design, execution and delivery) 10 years behind the majors.'
5 Some advertisements erode store-level profitability	<ul style="list-style-type: none">• 'Not enough margin! staple items too cheap ie. coke, chips, chocolate. especially in x-press stores which rely on convenience'• 'there are too many products for a smaller store to carry'
Positive comments	<ul style="list-style-type: none">• 'Great TV advertising and great catalogue.'
Other comments	<ul style="list-style-type: none">• 'I compete with 12 Woolworths and Coles supermarkets with in 2 to 22 minutes of my Supa IGA Supermarket in Launceston, I compete head on with all aspects of the Supermarket Industry and also Provide On Line shopping consisting of Home Deliveries and Click and Collect services'

The large majority of respondent were satisfied with the technology TIR utilises

Participants were asked: 'Thinking specifically about technology - how satisfied are you with the technology that TIR utilises?'

■ Not applicable to me ■ Not satisfied ■ Somewhat satisfied ■ Satisfied ■ Very satisfied



For participants who disagreed, or strongly disagreed, their reasons typically fell into the following buckets¹:

1 The systems are expensive to manage

2 Newer and more advanced systems are needed

3 Better service is needed with some systems

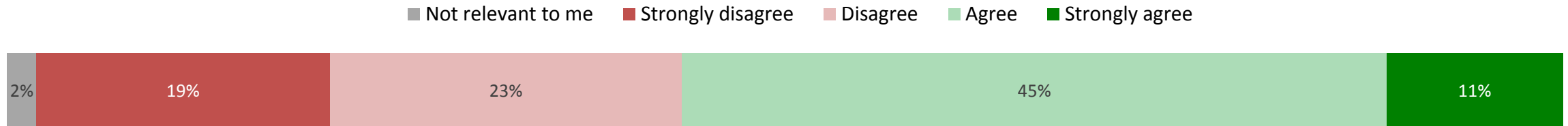
Of the respondents who weren't satisfied with the technology TIR utilises, their reasons why bucketed into three common themes

Respondents were asked the question: **Thinking specifically about technology - how satisfied are you with the technology that TIR utilises?**

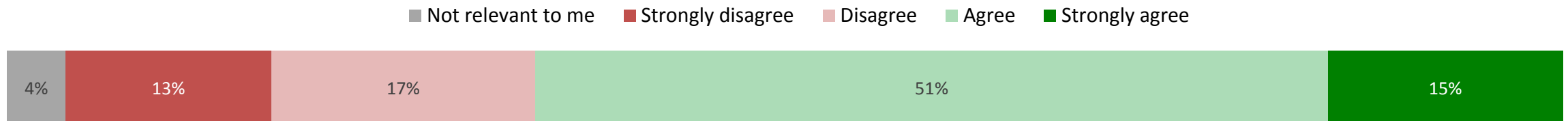
Response	Reasons
1 The systems are expensive to manage	<ul style="list-style-type: none">• 'it is very expensive to run their systems'
2 Newer and more advanced systems are needed	<ul style="list-style-type: none">• 'Technology needs to be constantly updated. Pegasus system is outdated. Electronic invoices are now common for businesses instead of hard copy & environmentally friendly.'• 'Antiquated: Locked in to 3 POS suppliers which inhibits innovation. Unable to cope with existing business, let alone any future.'• 'Could be better but this requires further integration from POS providers. Scan data is essential to ensuring we get the lowest possible promotion price from suppliers'• 'Need same platform as Metcash for stock ordering'• 'I would like some POS support regarding the Multi-Buy Scheme. IS and TIR cannot seem to make this cohesive.'
3 Better service is needed with some systems	<ul style="list-style-type: none">• 'TIR uses World Smart Retail. I converted to WSR as a direct result of TIR using this, and I have been utterly appalled with the service I have received from WSR. I have complained continuously to try to get them to improve their service, but I am just a small trader and clearly have no impact. I would have hoped TIR would have assisted with my problems with WSR, but they clearly cannot be bothered.'• 'Unqualified personnel is used that have incorporated services that are against software vendors terms and conditions. Industry best practices have not been adhered to within the organisation.'
Positive comments	<ul style="list-style-type: none">• 'Very good and proactive'
Other comments	<ul style="list-style-type: none">• 'Last week'• 'I was until last week'• 'More help'• 'why do we have the IT guy owning his own store which is a conflict of interest you would think and he lives in Hobart , shouldn't he be based at head office , also our till system retech and quite a few other stores use retech has conflict issues with TIR,s head office program which never seems to get fixed'

TIR's Operational Excellence and Food Safety Audit programs received mixed reviews by respondents, but the majority agree these programs have added value to their business

Participants were asked: 'The IGA 'Operational Excellence Program' has been introduced to help our members improve store standards and shopper experience. To what extent do you agree, or disagree, that the 'Operational Excellence Program' adds value to your business?'



Participants were asked: 'The 'Food Safety Audit Program' has been introduced to help our members improve store standards and shopper experience. How strongly do you agree or disagree that the 'Food Safety Audit Program' adds value to your business?'



Almost all participants agree their market is at least somewhat competitive; more respondents indicate their profitability and cashflow position has worsened, rather than improved, over the past 3 years

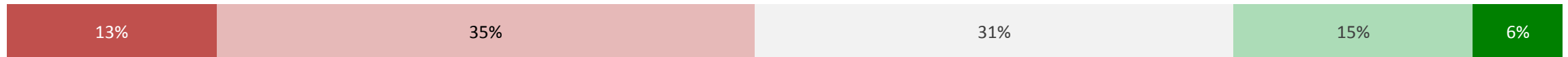
Participants were asked: 'How competitive is your market?'

■ Not at all competitive ■ Somewhat competitive ■ Very competitive



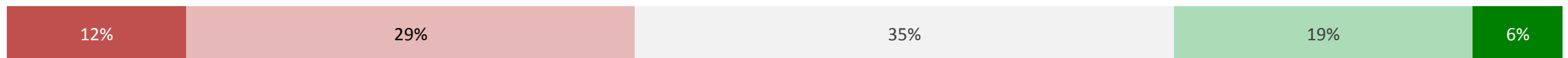
Participants were asked: 'How would you compare the profitability of your business(es) from 3 years ago?'

■ Considerably worse ■ Worse ■ About the same ■ Better ■ Considerably better



Participants were asked: 'How would you compare the cashflow of your business(es) from 3 years ago?'

■ Considerably worse ■ Worse ■ About the same ■ Better ■ Considerably better



Respondents displayed mixed sentiment towards the activities of TIR management but, in particular, exhibit a relative lack of confidence in the transparency and fiduciary responsibility of their decision-making

Participants were asked: 'How much do you agree, or disagree, with the following statements?'

■ Not relevant to me ■ Strongly disagree ■ Disagree ■ Agree ■ Strongly agree

Responses relating to profitability and transparency are considerably more negative than others

The staff and management work to improve my profitability

The decision-making processes at TIR are transparent

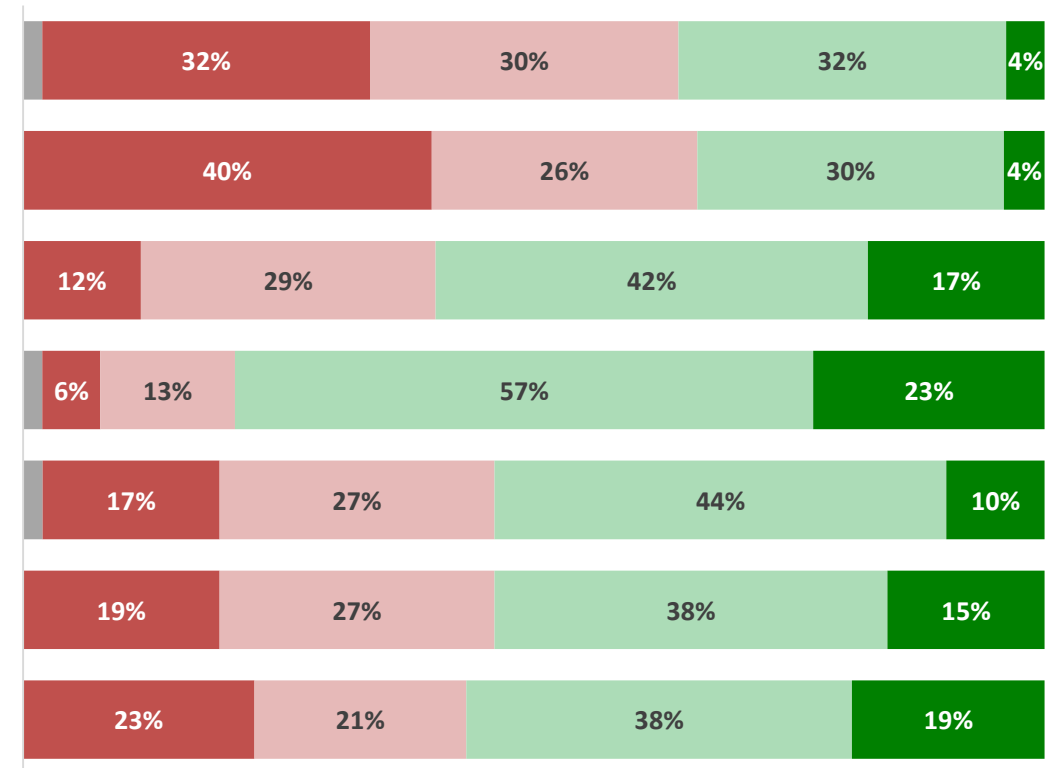
I am confident that I am kept informed and updated through the various forums/meetings and communication channels available to me

The 'Daily Updates' email is an effective communication channel

TIR understands the shopper and creates marketing programs (excluding catalogues) that deliver against shopper needs

The management of TIR represent my interests

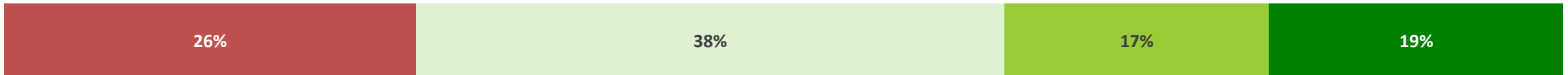
The board of TIR represent my interests well



Most respondents are satisfied with TIR regarding their overall performance and level of engagement over the last 6 months

Respondents were asked: 'Overall, how satisfied are you with TIR?'

■ Not applicable to me ■ Not satisfied ■ Somewhat satisfied ■ Satisfied ■ Very satisfied



Respondents were asked: 'Thinking about the past 6 months, how satisfied are you with TIR's level of engagement with you and your business?'

■ Not applicable to me ■ Not satisfied ■ Somewhat satisfied ■ Satisfied ■ Very satisfied

