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Coles' Case

**Submission by Coles Supermarkets to the
Joint Select Committee
on the Retailing Sector**

25 March 1999

This submission by Coles Supermarkets to the Joint Select Committee on the Retailing Sector shows that the growth in its market share is due to three factors:

- Coles' intense focus on customer needs through working with staff and suppliers to provide service, range, price and convenience
- Modern social changes such as the motorcar, refrigeration, technological advancement and more women in the paid workforce
- International economic trends, which have encouraged economies of scale in many industries including retail.

Jones p 21-28

It demonstrates that:

- The Australian consumer has benefited considerably
- Retailing has evolved significantly and remains highly competitive
- There are sufficient checks and balances to ensure fairness eg, regulations under the Trade Practices Act and Common Law, and the countervailing power of large national and multi-national suppliers.

Coles Myer is Australia's largest private sector employer with 155,000 staff. It is Australian-owned with more than 320,000 shareholders.

It has two supermarket businesses, Coles and Bi-Lo.

Staff:	Coles 53,500
	Bi-Lo 11,795
Stores:	Coles 410
	Bi-Lo 156
Suppliers:	over 7,750

The Coles Case focuses on five issues:

1. Concentration
2. Ease of entry/competition in the retail sector
3. Likely impact of increased regulation of retailing
4. Coles' Approach: customers, staff, suppliers and the community
5. Pricing policy

Attached to this document are two appendices which provide supporting documentation.

- A **history** of retailing in Australia with specific references to Coles Myer. It has been written by eminent economic historian, **Professor Eric Jones**. He has held positions at overseas universities and is currently at Melbourne Business School. The history demonstrates that retailers have continually responded to evolving consumer demands – from the days of the corner store to the modern superstore and Internet selling. (Jones)
- An **analysis** of the **economic** implications of the present Inquiry, prepared by **Access Economics**. (Access)

1. Industry Concentration

Retail chains including supermarket chains in all developed countries are increasing their share of the market in which they operate.

Access, p 39,
40-42

This submission demonstrates that this is not detrimental to the consumer, nor has it led to an abuse of market power.

Coles believes that the issue for the Inquiry is not "concentration" as such, but whether the Australian retail grocery market has remained **competitive** and open to new entrants. This is explored in Section Two of the Coles Case.

Further, despite concentration, small specialised food businesses continue to thrive in the Australian retail market. For example specialty food retailers such as bakeries, chicken shops and gourmet delicatessens have increased significantly, by a net 3,198 new stores, between 1986 and 1992. This trend continues.

Access, p 16

1.1 International Consolidation

Consolidation amongst mass food chains is accelerating around the world in order to respond to technological and organisational changes that increase efficiency and bring prices down.

Mees Pierson,
European Food
Retail Sector,
Feb 99. Attach A

The table over leaf is an example of this process. The top three US food retailers are undergoing mergers: Kroger with Fred Meyer, Albertson's with American Stores, and Safeway with Dominicks. This is a response to the recent establishment and growth of Walmart as a national food chain, and to the movement of Ahold (Netherlands) into the US market.

The table shows that the top five US food retailers have increased their turnover significantly since 1996. They now command 74% (or \$149 billion) of the \$201 billion total sales of the top 10 retailers there.

Table 1-1: US food retail sector: rapidly consolidating					
1996 – Sales (US\$ bn)			Current annual sales (US\$ bn) (Feb 99)		
1.	Kroger	24.8	1.	Kroger incl. Fred Meyer	43.0
2.	American Stores	18.7	2.	Albertson's/American Stores	36.0
3.	Safeway	17.3	3.	Safeway incl. Dominicks	25.6
4.	Wal-Mart Supercenters	15.1	4.	Wal-Mart Supercenters	25.1
5.	Albertson's	13.8	5.	Ahold incl. Giant Food	20.1
6.	Winn Dixie	13.2	6.	Winn Dixie	14.1
7.	Ahold + Stop & Shop	11.2	7.	Publix	11.2
8.	Publix	10.4	8.	A&P	11.0
9.	A&P	10.1	9.	Food Lion	10.2
10.	Food Lion	9.0	10.	H.E. Butt Grocery Co.	5.3

1.2 Consolidation throughout the supply chain

Consolidation is also occurring throughout the supply chain where growers, processors, manufacturers, wholesalers and property owners seek mergers in order to compete better in local and global markets.

For example:

- Edgells merged with local vegetable growers and was eventually sold by its Australian owner, Pacific Dunlop, to US food company, Simplot; similarly Arnotts to Campbells; and Peters Icecream to Nestle.
- Wholesaler Davids purchased other wholesaling firms, QIW, Composite Buyers, and Independent Grocery Holdings to create the “fourth force”.

1.3 International comparisons

Market concentration is determined by a variety of factors including size and dispersion of population. Access p 39,40

The level of concentration is generally higher the lower the population or its degree of dispersion.

Australia has about the number of major food retailers that might be expected to serve a market of 18 million people distributed over a large land mass in a small number of metropolitan areas. Access p 41 para 137

Table 1-2 below illustrates that concentration of Australian supermarket chains, though high, is not out of line with that in comparable countries. Access p 40

Table 1-3 also shows the market share of the top three retailers in a number of US cities. Access, p 40

Coles submits, however, that “concentration” is not the relevant point. The issue is whether the market remains “competitive”.

Table 1-2 : International grocery retailers shares of packaged goods market

Country ¹	Population (millions)	Market size \$A b ²	Top 3
Switzerland	8	25	90.3%
Sweden	9	26	84.4%
Holland	16	27	49.0%
Australia	18	37	80.4%
Canada	27	58	60.0%
England	58	120	49.1%
France	60	121	35.5%
Germany	80	175	56.0%
USA	255	415	*23.2%

* Recent merger activity in the US will significantly increase this figure.

Notes:

1. Canada, United States & Australia are based on 1998 market shares and Germany, France, Netherlands, Sweden, Switzerland and England are based on 1997 market shares. Canada and the United States are unpublished ACNielsen data.
2. Exchange rate based on A\$ exchange rate as at end of February 1999 using sales data from M&M.

Table 1-3: International comparison of grocery retailers' market share of packaged goods

City	Population (millions)	Top 3
Miami	2.1	85.9%
Tampa	2.2	78.2%
Los Angeles	9.1	72.7%
Chicago	7.7	68.1%
San Francisco	1.7	67.9%
Seattle	2.2	66.3%
Houston	3.8	60.1%

Source: Merrill Lynch (1998)

1.4 Fluctuations in market share

A large market share does not mean dominance. Nor does it prevent competitors from succeeding.

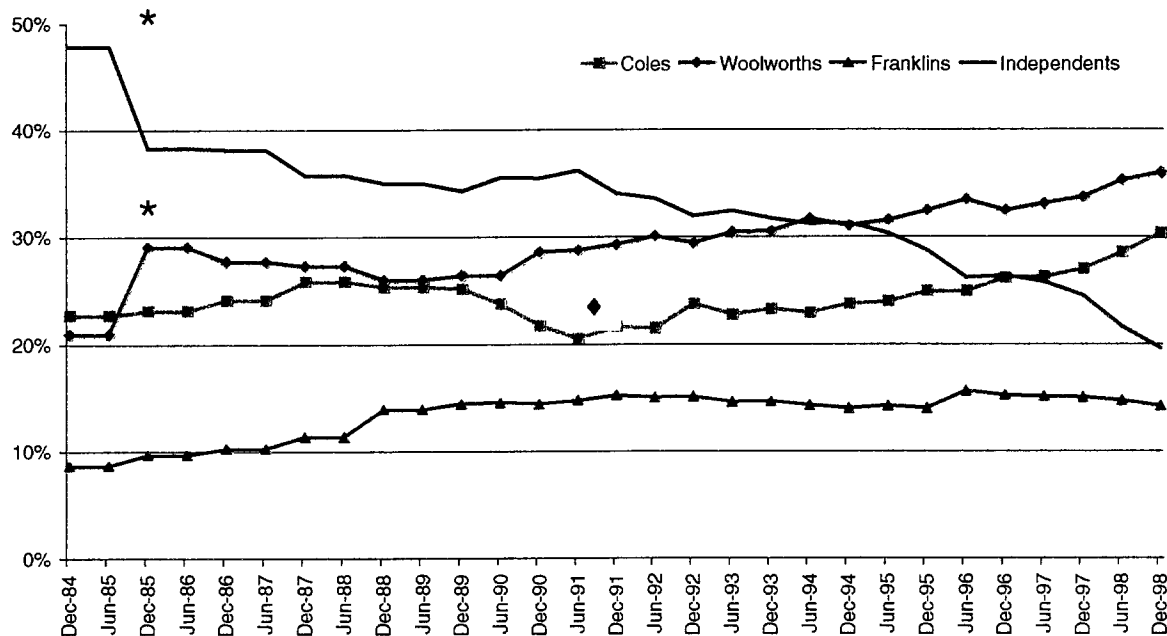
Access p 9, 26
para 89

The graph below illustrates the market share fluctuations which have occurred in Australia since 1984 even according to the narrow dry grocery definition of supermarkets sales.

Coles' market share was overtaken by Woolworths last decade. The Independents' market share has fallen over the same period.

Access, p 26

Figure 1-1: Branded dry packaged goods market shares, Dec. 1984 to Dec. 1998



Sources: AC Nielsen, *Retail World Celebrating 50 years*, Vol 50 No 18 Sept 15 - 1997, and AC Nielsen (1998).

- * Safeway acquired by Woolworths (NSW Safeway supplied by Davids) plus other chains moving from independent warehouses to corporate distribution
- ◆ Reflects Coles customer, staff, supplier focus commencement

1.5 Regulator concern

Regulators are generally concerned about market share only when there is evidence that competition is blocked or restricted and there is a high expectation or evidence of abuse of that dominant or powerful position.

Access p 34, 35

According to the ACCC, "Market concentration is not sufficient to establish the existence of market power. However, it is necessary." (TPC Merger Guidelines 1992)

The fact that there are three major chains in addition to a significant independent supermarket and specialty food retailer group, is consistent with a competitive market.

The combined market shares of the three major supermarket chains in Australia have not led to an abuse of power.

2. Evidence of competitiveness

The Australian retail market clearly remains competitive as is shown by the following points.

- Though the number of grocery stores has fallen, specialised food outlets have increased. For example Lenards poultry stores, Bakers Delight, Brumbies, Deli France and many individually owned speciality food stores now exist when they did not do so a decade ago. Access, p 16
- The competitiveness of the Australian industry is clearly illustrated by the slim profit margins of the major chains such as Coles (3.4% compared with up to 4% in the US and 5-6% in the UK.) Merrill Lynch
18 Sept 98
attachment B &
HSBC, April
1998,
Attachment C
- Retail outlets are bought and sold at twice the rate of other industries – a key indicator that competitive entry is occurring. Whilst general grocery retailers have declined in number, speciality food retailers have increased at three times that rate. Access, p 27
Table 3.11

Access p 16
- The number of retail businesses per head has been stable for 25 years: approximately 10 stores per 1000 people. Access p 28,
para 94
Access p 39,
table 5-1

Note: As recently as Monday 22 March, "One of the world's leading grocery retailers is soon to establish operations in Australia." It advertised in The Age of that date for buying managers and district managers.

The Age, 22
March 1999,
Attachment D.

3. Probable impact of new proposals to regulate retailing

Regulation already exists which protects customers, suppliers and other retailers through the Trade Practices Act and in Common Law.

Suggestions which have been made to restrict the operation of the large supermarkets further would be against the interests of the community at large and be impracticable.

3.1. Capping market share

Determining an appropriate measure of a market and market share is extraordinarily difficult and contentious.

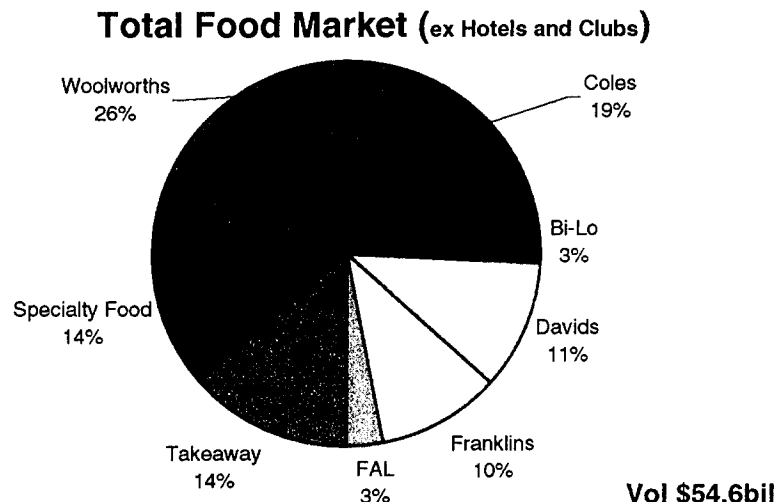
Access p 19,
para 72

The following three pie charts show that the share can be quite different according to how a market is defined. Other charts in the Access document show further variations in market shares of different types of food.

Access p 19-24

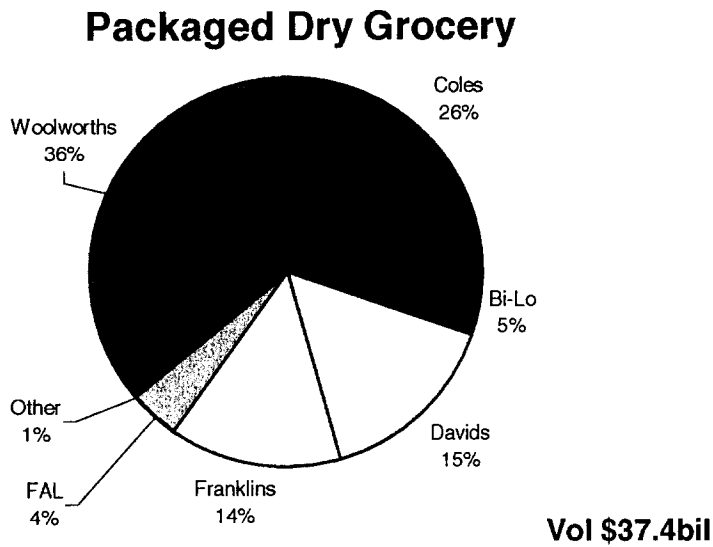
Internationally a variety of means is used to define various parts of the food market in which supermarkets operate.

Figure 3-1



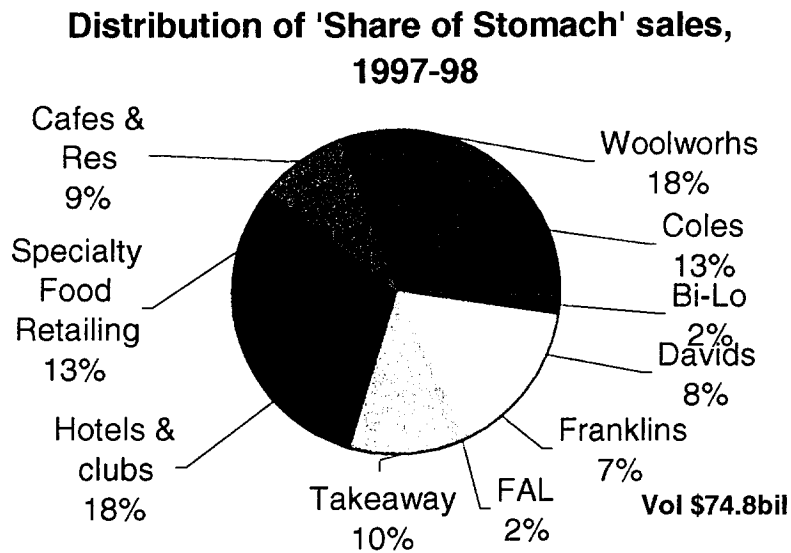
Source: ABS Retail Trade Turnover Cat no 8501. and ACNielsen Brandscan

Figure 3-2



Source: ACNielsen Brandscan - Retail World Dec

Figure 3-3



Source: ABS Retail Trade Turnover Cat No 8501 and
- Retail World Dec

A cap on market share would have practical difficulties and would produce erratic and unintended results even for those not directly involved.

Access p 49,
para 171-177

For example it would impact on owners of supermarket real estate many of whom are individuals or syndicates of individuals, along with small retail tenants drawing on the customer traffic created by Coles.

Another unintended consequence would be reduced selling opportunities for independent supermarkets and devaluation of their asset value.

Additionally, if a company voluntarily left the industry, this would automatically inflate the market share of the remaining companies which could lift the share of one or more of the others over the cap.

Enforced divestment would have serious implications for employees as well as customers and suppliers.

A cap would tend to restrict retailing innovations and new developments to the more profitable major population centres. This would be to the detriment of regional and rural areas.

No other country specifically limits the market share of retailers.

Access p 47

3.2 Restricting shop trading hours

Further or renewed restrictions on shop trading hours would be a major inconvenience for customers, particularly women in the paid workforce. Restrictions would reduce employment opportunities, restrict choice and access to competitive prices and be socially undesirable.

Access p 52-55

Most OECD countries are currently liberalising trading hours.

Access p 44

Strong community support for Sunday trade was evidenced by positive community response in a referendum conducted last year in Bendigo by the Electoral Commission. 73% of those eligible voted and 77% of them opted to retain Sunday trading.

Coles
Submission to
Productivity
Commission, p
20. Attachment
H

In Victoria when shopping hours were deregulated in late 1996, all Victorians shared in the benefits. Deregulation has been associated with:

- A faster growing retail sector able to compete on equal terms with other unrestricted industries for the consumer's disposable dollar
- More retail employment opportunities including an additional 2,000 jobs at Coles in the 12 months following deregulation
- Improvement in the State's economic growth, as retail sales moved from below the national growth rate before deregulation to above
- Positive flow on to manufacturing
- Competitive prices all the time
- Freedom to choose where and when to shop.

Productivity
Commission
Submission p 7-
12. Attachment
H

Supporting data is contained in Coles' Submission to the Senate Inquiry on the Socio-Economic Consequences of the National Competition Policy (8 October 1999), and to the Productivity Commission Inquiry into the same area.

3.3 Zoning

International experience suggests that restricting the establishment of new stores or limiting their maximum size through excessive planning controls, produces inconsistent results.

Access, p 45

Local monopolies may result, which increases prices. Businesses already in place might gain special advantages through zoning.

4. Coles' Approach: Customers, Staff, Suppliers and Community

4.1 Customers

The Australian consumer has changed enormously in character and continues to do so.

- The Australian population contains an exceptional mixture of immigrants from all regions of the world, with varied tastes to match.
- Australians today are well travelled, better educated and have access to information from all around the world via the media and the Internet.
- The number of women in paid employment has increased extraordinarily.
- The size of families has fallen sharply over the last generation. Child rearing is being deferred until later in life. Large numbers of people now live alone. The average age of the population is increasing significantly.

Jones p 26-28

Jones p 26-29

Jones p 29

Jones p 29-30

- Major changes such as both household partners working and increased single person/parent households mean there is less time for household shopping and cooking.

Coles Supermarkets has adapted to these continuing changes by:

- Significant reinvestment in updating stores
- Improving product range – wide choice and adapting to meet local customer needs
- Improving value – increased productivity to allow better pricing
- Improving quality and food safety
- Improving service and services
- Being open when customers want to shop
- Innovating and experimenting with new ideas.

Success in meeting customers' needs substantially explains Coles:

- Improved financial performance
- Increased market share
- Improved customer satisfaction ratings.

4.2 Coles Staff

Coles has worked closely with its staff to improve customer service by providing high quality jobs and investing heavily in training. Working in a supermarket is increasingly demanding. Whereas in 1975 there were about 12,000 different products available, the larger stores now sell over 40,000. Higher standards in food safety and hygiene require special skills.

Permanency

At Coles the proportion of permanent jobs has been greatly increased and the role of casuals reduced. This is against the employment trend of other businesses, particularly other retailers.

In 1994, Coles had 43,700 employees. In 1998 there were 53,500. During that period, Coles' market share increased from 19.9% to 25.8% (24% increase in employees compared with a 25% increase in market share, even during this period of increasing permanency). Bi-Lo staff numbers have increased from 5,930 to 11,795 over the same period.

Coles employee records. Coles analysis of Retail World market share

Significantly, the proportion of casual employees has fallen from nearly 60% in 1994 to 38% in 1998. There have been corresponding increases in full time and permanent part time employment at Coles.

Greater permanency provides benefits to Coles, its employees, customers and the community. (Permanent part time and full time employees enjoy the same general benefits including holiday pay, sick pay, security of tenure.)

For **employees** the benefits include enhanced job security, participation in training and development programs, career opportunities, job satisfaction, improved morale, opportunities to work across a wider spread of hours and in different areas of the business.

Coles' own benefits include greater knowledge of the business and products on the part of its staff, improved customer service, committed and motivated staff, reduced turnover, depth of talent and succession planning, and high quality staff available whenever customers want to shop.

The company enhances the **communities** in which it operates by providing quality jobs which have real career opportunities.

In order to advance its commitment to permanency significantly, Coles opened a new store last August at Langwarrin in Melbourne's outer suburbs. Its full time employees account for 67% of the staff. Four years ago at a similar store they would have made up only 23% of the head count.

In terms of the store's total weekly hours:

- 75.5% of the total are covered by full time employees
- 23.5% are covered by permanent part time employees
- Casuals work only 1% of the total 4,884 hours.

Each state around Australia now has a store like Langwarrin where the advanced permanency program is being piloted.

Training

Every member of staff receives training and has the opportunity, with company support, to progress educationally as far as he or she chooses up to the MBA level.

Coles is investing in excess of \$13 million in training staff Australia-wide this financial year.

Coles has a strong relationship with Deakin University whereby Deakin will oversee all education and training programs at the newly established Coles Institute, which is able to take a retail trainee through to MBA graduation.

By mid year it is expected that:

- 4377 Retail Trainees will have completed their Traineeship through Coles. 98% of Retail

Trainees are retained within the business

- 2159 Management Trainees will be in the business.

Career paths are clearly defined.

Net job growth

Coles has increased employment numbers and the quality of the job. This is contrary to claims made in some quarters.

Using ABS data, Access Economics shows that:

- Large retailers employ one person per \$145,080 of turnover, compared with small and medium retailers which employ one person per \$151,776 of turnover
- Large retailers have a lower rate of staff turnover than do small and medium retailers. This demonstrates that job stability is greater in the larger retailers.

Access, p 51,
para 183

Access, p 15,
para 61

4.3 Suppliers

Coles' relationship with suppliers starts from the premise that we need to ensure an ongoing supply of quality products to meet customers' demand and accommodate their changing expectations.

Therefore its relationship with suppliers must be open, fair and ensure a reasonable return for all parties.

Coles' relationship with suppliers has not always been positive and this was detrimental to Coles' business performance. It was criticised in Federal Parliament in the early 1990s.

Since that time Coles has undertaken a program

of change which includes strict guidelines and standards for buyers in their day-to-day dealings with suppliers.

4.3.1 Commercial Conduct

In 1994, Coles Myer introduced a bedrock **Code of Conduct** which applies equally to all directors and employees and, where relevant, mandates a "Compulsory Declaration of Conflict of Interest".

Coles buyers are intensively trained in the company's ethical obligations towards suppliers, and in the legal requirements for dealing with them. The company also takes pains to explain legislative requirements with which suppliers need to be familiar in order to run their own businesses well, for example in respect to the critical area of food safety.

As a consequence, buyers:

- Adhere to a number of guidelines and standards in their day-to-day dealings with suppliers
- Are issued with Trade Practices Compliance Guidelines
- Are issued with a "Fair Trading Amendments" update which is aimed at dealings with small suppliers. These detail the legislative requirements for working with all parties, including competitors and customers as well as suppliers.

Terms and conditions are clearly set out and available to both buyers and suppliers.

Coles' Supplier Relationship Policy rests on placing a high valuation on its relationship with all its suppliers, both large and small. The company will continue to co-operate with and encourage suppliers to attain mutually achievable goals.

To ensure its standards are complied with, there is

a process in place for resolving complaints.

Assessment

Primary producer forums are held regularly to improve communication.

Supplier surveys are held annually to monitor Coles' progress in improving supplier relationships. These have shown steady improvement over the past five years.

4.3.2 Buying operations – central and local

Coles **centralised** its buying operations to Melbourne in the early 1990s replacing state run buying departments.

This process improved efficiency and productivity by:

- Providing uniform communications and processes
- Enabling buyers to take advantage of advances in information technology in order to exchange information, including details of purchasing and sales
- Improving financial management
- Simplifying the ways in which suppliers conduct business with Coles.

However, it was necessary to provide local customers with products they expected at a state, regional or individual store level. A program of "**localisation of centralisation**" was implemented in 1994. This permits a store to stock additional products popular with local customers.

Localisation complements the central purchasing of high volume major lines. For example, in Canberra, when the post farm gate milk market was deregulated, Coles stores continued to carry locally produced lines because this flexible buying system enables it to recognise customer loyalty to local brands and wanted products.

It also enables small suppliers to access a small number of stores to get their product started as well as opening a wider market to them if they are successful and desire it.

Of Coles 7,750 suppliers, 6,517 (or 84%) conduct business with the company of less than \$500,000 per year.

Coles' policy is to buy Australian products wherever possible.

4.3.3 Supplier terms

Coles believes that the price it pays for goods into its distribution centres is the same as those that are offered to other supermarkets or wholesalers.

Discounts and rebates offered are the same although these are treated confidentially. These include discounts for prompt payment, and conducting promotions including advertising.

Whether or not wholesalers pass these benefits on to their customers, including independent grocers, is a matter for them.

4.3.4 Countervailing power

Large suppliers to Coles are often part of international operations with turnovers comparable in size to Coles and in possession of key brands, eg *Coke*, *Kellogg's Cornflakes*, *Nescafe*. These brands are very important to a supermarket and represent a significant proportion of total sales.

Access, p 29, 30

4.3.5 Primary producers

Primary producers have undergone substantial rationalisation to compete in international markets. For example, 60% to 65% of beef produced in Australia is exported.

Cattle Council,
attachment E

Coles has developed strategies with our primary produce partners to meet customer needs and improve sourcing, processing, logistics and retailing of fresh products. This is essential to guarantee quality and safety.

In **Meat**, relationships have been developed with livestock producers on a state basis. Livestock producer groups permit greater two-way understanding of Coles customers' expectations, as well as producer issues.

In **Fruit and Vegetables**, Coles has a mix of sources of supply:

- Localised purchases
- Market purchases
- Via direct contracts with growers.

Coles accepts there is a need for greater communication and transparency with primary producers about all factors associated with getting their product to the supermarket shelf, ie marketing, shrinkage, operating costs, development costs, quality assurance and safety.

For example, only around one third of the live weight of a beast ends up on the supermarket shelf, but this is not widely appreciated.

Coles is establishing processes to ensure this communication takes place.

4.4 Community

Coles has a long history in Australia and has established a strong presence in rural and regional communities. The first Coles store was opened in Collingwood in 1914.

Each Coles store employs upwards of 150 people, drawn largely from local communities – creating opportunities for a career in the store or elsewhere in Australia within the company.

Coles Supermarkets has maintained its presence over the years in regional Australia, and has not closed a country store (although some have been changed to Bi-Lo stores).

The company's refurbishment program has resulted in significant reinvestment in local communities providing additional employment and opportunities for local contractors. Amounts of several hundred thousands of dollars may be spent in each town including for supply of labour, materials and services.

Regional Coles stores carry a wide range of products at competitive prices bringing value and choice to country consumers.

Coles' policy to buy Australian including significant purchases of primary products, results in income for farmers and processors in rural and regional areas. For example, Coles has a policy of buying only Australian pork, both fresh and in processed products it sells in its delicatessens.

Small, local suppliers are able to access single or small groups of Coles stores which creates opportunities for the supplier and for the community in which they are based.

5. Pricing policy

Coles is acutely aware of the need to offer its customers value through competitive pricing.

It is accused in some quarters of being too expensive (rip-off) and in other quarters, as being too cheap (predatory pricing). We are puzzled by this.

Past experience has shown that when Coles prices have not been competitive, customers have simply shopped elsewhere. See fluctuations in market share figure 1-1 on page 8.

5.1 Price structure

Coles has a standard price structure in each state designed to give a satisfactory return while providing good value to customers.

This may vary upwards or downwards according to different structural costs in each location.

Coles may, because of local competition, be obliged to accept lower prices than its standard structure.

All store managers have the discretion to lower prices on key lines to meet (but not undercut) local competition. They do not have the authority to raise them.

5.2 Profit margins

The general price structure is determined in order to provide Coles with a satisfactory return and a profit margin which is however, only 3.4% compared with, say, 5-6% in the United Kingdom.

HSBC,
Attachment C

Retail margins are the lowest of all industry sectors in Australia.

Access, p 16-17

5.3 Prices have fallen in real terms

A recent OECD survey shows that Australia is the fourth cheapest OECD country in which to buy food.

www.oecd.org/st/d/fas

Herald Sun
15/10/98 "It's
cheaper Down
Under",
Attachment F
Attachment G

In real terms the ABS data show that, prices have fallen 25% in 25 years.

Surveys conducted by AC Nielsen show that prices are generally lower in Coles stores than in Independent grocers.

5.5 Greater choice of products and services

In addition to falling real prices, the choice of supermarket products and services offered to the Australian consumer has expanded enormously from 12,000 items 25 years ago, to over 40,000 today.

Jones, p 34

6 Conclusion

Retailing is dynamic. It is constantly evolving in line with consumers' changing needs.

Retailers who respond to these changing needs thrive. Those who ignore them do so at their peril.

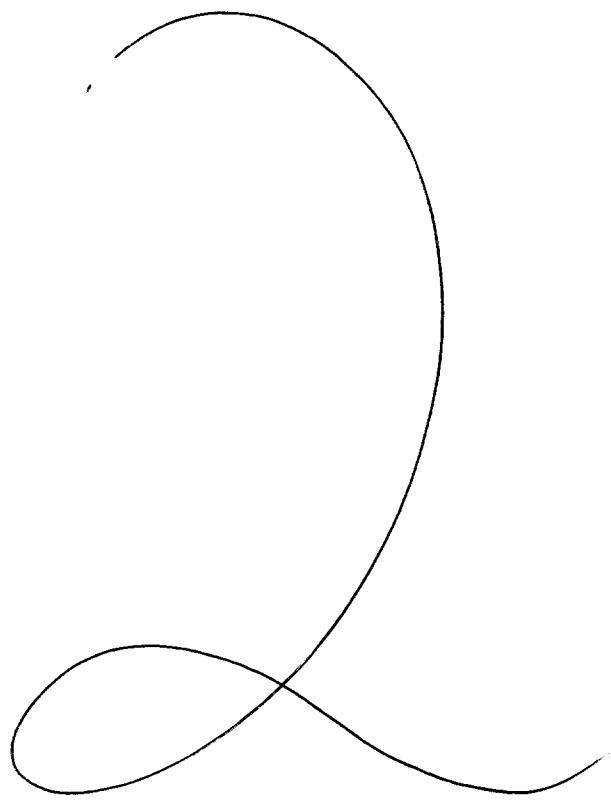
Australian consumers are well served. Moreover, further innovation together with competition in the industry will ensure they are even better served in future.

Consumers have access to a wide choice of products and services at low prices through competitive supermarkets. Customer focused specialty food retailers compete effectively across many markets against major supermarket chains.

The quality, value and choice offered in Australia are as good or better than anywhere in the world. However Coles believes it can do better still.

Coles wishes to caution the Committee against impeding the evolution of this industry. Restricting its development will have unintended consequences and be detrimental to the community at large and in particular to Coles' customers, employees, suppliers and shareholders.

Customers should remain free to make their own choices about when and where to shop.



Evolution of Retail in Pictures



Early in the century grocery stores were often tiny. Sydney City Council photographed this small grocery store in Albion Street before its demolition about 1909-13. It sold milk, ice-cream and fruit as well as groceries.



Modern Coles' supermarkets carry a range of products beyond anything known in previous Australian history but are nevertheless bright, clean and enormously spacious.

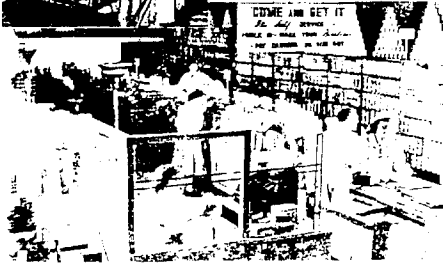


Before the 1950's grocery shopping meant waiting at a counter to be served by the grocer's assistant – from shelves of goods that one could see but not examine closely.



This present-day Coles Express Store is designed to make shopping quick and easy for busy customers, such as this woman on her way home from work.

SELF-SERVICE IS HERE



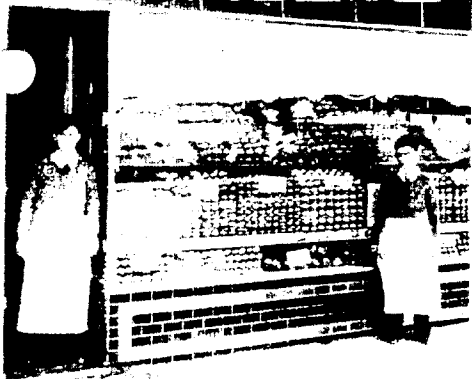
In 1939 self-service food stores were a novelty
from which it followed.



Australian cities began to be surrounded by expanses of new suburbs from quite early in the century. New frontier suburbia: Malvern, a Melbourne suburb, in 1913, looking east from the Malvern Town Hall.



The acquisition of motor-cars by most Australian families in the 1950's made possible the establishment of suburban supermarkets. These very rapidly became the usual place to shop.



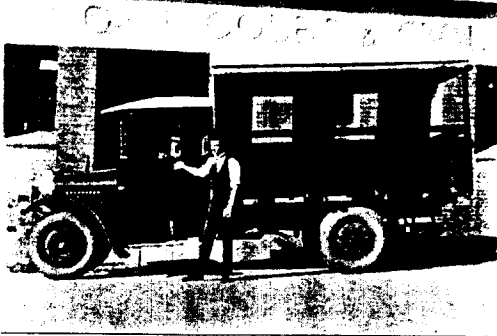
After the Second World War mass immigration began, immensely widening the food tastes of Australian consumers. This is a grocery store set up by an Italian immigrant family.



Modern formats like this Coles Express Store offer an astonishing range of international foodstuffs, as ingredients, prepared foods or ready-to-eat.

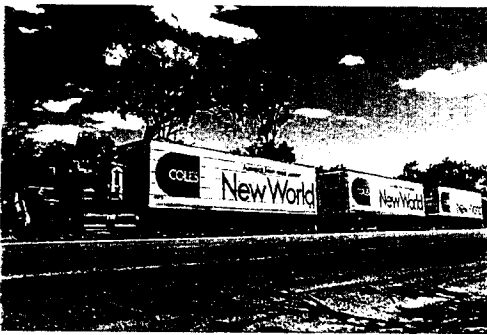


The pace and convenience of shopping has been transformed by installing the latest technology at check-outs. Without the computer the vast volume and range of goods now sold could not be handled.



The relatively small volumes of goods sold earlier in the century could be distributed by a small fleet of trucks.

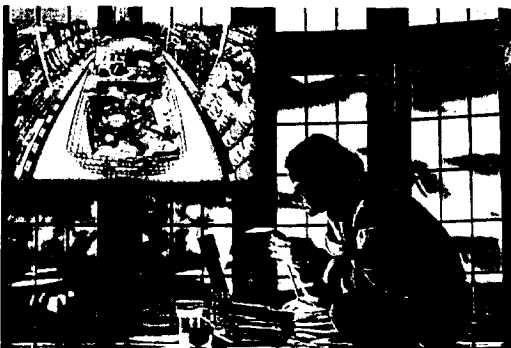
The New Thornycroft Truck.



Distributing the vast quantity of goods demanded by modern consumers to stores all round Australia is an important element in today's grocery business.



Earlier this century customers were served at home by the milkman, the green grocer and similar household vendors.



As we enter a new century, shopping is turning full circle. Customers will soon have the option of using on-line shopping to order their groceries and have them delivered to their home.