

Foodstuffs Coupon Code of Practice

For the purpose of this Code, the term “Foodstuffs” refers to the wider Foodstuffs organisation including all Foodstuffs companies and all their respective member stores.

Foodstuffs view the use and practice of discount coupons as a practical and effective method of stimulating sales of its grocery products, for the benefit of both marketer and its retail members.

The Code applies only to coupons issued by, or on the authority of a marketer. It excludes those issued by Foodstuffs as part of our internal promotional programme.

Although we provide this Code, we do not encourage their use, given the move to electronic processing and increasing customer convenience at the point of purchase. In this context, manual coupons are not as relevant in today’s trading environment.

Foodstuffs are opposed to the practice of on-pack coupons and have the right to refuse delivery of coupon branded stock.

In-pack coupons will be acceptable as long as transactions are between the marketer and consumer, do not involve Foodstuffs and are open dated. In this instance, references should be made on the outside of the pack to a “coupon inside”.

No third party coupons will be accepted, i.e. coupons initiated by a party other than a brand owner and Foodstuffs, without prior agreement.

This Code records the basic responsibilities for the marketer and Foodstuffs as the retailer. Observance of the principles set out below will ensure that both parties can use coupons with equal confidence and understanding of each party’s requirements.

(1) RESPONSIBILITIES OF THE MARKETER

(1.1) Nature and Style of Coupons

(1.1.1) Coupons should be easily recognisable and of convenient size and shape, for handling by our consumers and store members. Their face value must be in multiples of 10 cents and where possible, the value should be shown on both sides. They are to be printed on paper and of a size no smaller 75mm x 50mm or larger than 140mm x 70mm.

(1.1.2) Barcoding shall be used on all coupons and must comply with GS1 standards. This is to enable Foodstuffs to use scan data for the redemption of coupons (as outlined below).

(1.2) Offer to the Consumer

- (1.2.1) The offer should be clearly and unambiguously defined, in such a way that these details can be readily understood by our consumers.
- (1.2.2) Coupons should clearly specify:
- that only one coupon can be redeemed per product purchased
 - a final consumer redemption date, which must be featured in a prominent position.

(1.3) Offer to Foodstuffs

- (1.3.1) Each coupon should also clearly outline:
- the final redemption date for Foodstuffs (refer also to 3.2.4)
 - any special provisions
 - the address and/or procedure for redemption
 - that a stated redemption fee is payable to Foodstuffs
 - the name of the redeemer (i.e. the marketer).
- (1.3.2) A pictorial illustration and boldly printed redemption value is recommended to assist our checkout operators.

(1.4.) Co-operation with Foodstuffs

- (1.4.1) Coupons will be accepted only where suitable notice is given to all of the appropriate Foodstuffs head offices involved, at least six weeks prior to commencement of the offer. This notice should include details of the product referred to in the coupon, terms of the offer and a copy of the bar code which will be used. This will enable our stores to be better prepared to accept coupons.
- (1.4.2) Should Foodstuffs either nationally or regionally, not accept the coupon promotion, then the marketer must endorse the coupons to indicate clearly to consumers that the coupons are either “redeemable only at the following.....” or “are not redeemable at the following.....” whichever is the more practicable wording in the case.
- (1.4.3) Coupon promotions for existing products should be limited to those which can be demonstrated to be in general distribution.

(1.5) Redemption & Reimbursement

- (1.5.1) Priority should be given to reimbursing Foodstuffs for coupons received. A formal procedure should be adopted by each marketer to ensure prompt redemption.

- (1.5.2) Redemption directly to Foodstuffs should be made within 14 days of receipt of an invoice from either party. The marketer is obliged to reimburse the coupon clearing house within the terms agreed between those parties.
- (1.5.3) Redemption should be by cheque, cash or direct credit unless otherwise mutually agreed. Provided that such deductions are taken after the appropriate discount has been calculated, redemptions direct by marketers by deduction from invoices or statements are acceptable if mutually agreed. Foodstuffs can offer the option of a credit note charged through Foodstuffs. This will allow quicker redemption however will carry the 2.5% charge through fee.
- (1.5.4) It is acknowledged that other forms of reimbursement may be introduced by marketers or Foodstuffs, such as purchase cards, EFTPOS or other forms of e-commerce. The parties will cooperate to facilitate enhancements which facilitate business efficiency and result in a reduction of transaction costs.
- (1.5.5) Marketers should encourage Foodstuffs to process their coupons for redemption as early as possible and should accept responsibility for the incoming postage.
- (1.5.6) Should a coupon clearing house fail to redeem the coupons within the timeframe defined in the Code of Practice, the marketer will accept responsibility for redeeming the coupons direct to Foodstuffs.

(1.6) Defaults

- (1.6.1) Marketers must unconditionally give redemption to Foodstuffs in the event of any default by the coupon clearing house.

(1.7) Free Stock

- (1.7.1) Free stock (i.e. Foodstuffs stock given away against a voucher); will be reimbursed at normal cost to Foodstuffs, plus 25% plus handling fee, (plus GST on the handling fee portion only).

(1.8) Handling Fee

- (1.8.1) The current Foodstuffs retailer handling fee for coupons redeemed by cash, cheque or direct bank credit is:
 - (a) 20 cents (exclusive of GST) where a coupon clearing house is being used
 - (b) 25 cents (exclusive of GST) where a coupon clearing house is not being used.

(1.9.) Coupon Clearing Houses

- (1.9.1) Marketers should ensure that coupon clearing houses have formal procedures and controls to ensure that redemption to Foodstuffs is prompt and made in a manner consistent with this Code.

(2.) RESPONSIBILITIES OF THE COUPON CLEARING HOUSE

(2.1) Redemption of Coupons to Foodstuffs

- (2.1.1) Redemption of coupons should be made to Foodstuffs within 14 days of receipt of an invoice. Redemption should be by cash, cheque or direct credit unless otherwise mutually agreed between all three parties.
- (2.1.2) A direct relationship exists between the coupon clearing house and Foodstuffs for redemption of coupons which is not dependent on the coupon clearing house receiving prior payment from marketers.
- (2.1.3) A clear explanation as to why coupons are not acceptable for redemption, should this situation arise, should be made to Foodstuffs as soon as possible.

(2.2) Co-operation with Marketers

- (2.2.1) Claims received from Foodstuffs shall be forwarded to the marketers within 7 days of receipt.

(2.3) Technology Support for Scan Data

- (2.3.1) Where required by Foodstuffs, the coupon clearing houses will provide the necessary technology interface to support the use of scan data.

(3) RESPONSIBILITIES OF FOODSTUFFS

(3.1) Supervision

- (3.1.1) Our checkout operators will be adequately trained and supervised to ensure that no misredemption of coupons takes place.

(3.2) Redemption Procedures

- (3.2.1) Foodstuffs will present claims for redemption either via a coupon clearing house or direct to the marketer in accordance with all instructions printed on the coupon, or as otherwise negotiated between Foodstuffs and the marketer.

- (3.2.2) Claims will be submitted for redemption no more frequently than weekly.
- (3.2.3) Where possible, Foodstuffs will provide scan data to coupon clearing houses or marketers to support invoices. Where redemption is via a coupon clearing house, the clearing house will then forward this data to marketers with the appropriate invoice.
- (3.2.4) All redemption claims must be received either by the coupon clearing house or by the marketer (if applicable) within 3 months of the consumer's expiry date. Claims submitted more than three months after this expiry date will not be redeemed.

(3.3) Retention of coupons

- (3.3.1) As Foodstuffs use scan data for coupons, we will undertake to retain coupons in store for a period of 3 months from the date of their invoice. Should any party to the transaction wish to inspect these coupons, notice should be provided to Foodstuffs in writing no more than two months after the date of the retailer's invoice. Should no notice be given, the scan data will be deemed as accepted.

(3.4) Proof of purchase for scan data

- (3.4.1) Foodstuffs will ensure their front-end scanning systems incorporate a proof-of-purchase check feature within each consumer transaction.

(4) EVIDENCE FOR REDEMPTION CLAIMS

- (4.1) It is agreed that subject to the right of any party to query claims for redemption, scan data or hard copy data be accepted as evidence of coupons received and redeemed by Foodstuffs.
- (4.2) Where our members do not have the facilities to provide scan data, the actual coupons will constitute the evidence for redemption claims and marketers will accept physical coupons for redemption in accordance with the terms of this Code.

(5) MISREDEMPTION

- (5.1) If any coupon is inadvertently accepted by Foodstuffs against a product other than that nominated, Foodstuffs is obliged to explain the circumstances to the marketer.

(5.2) Unless agreed to in prior consultation the marketer will have absolute discretion concerning his obligation to honour such coupons. Where misredemption appears to have occurred, the marketer reserves the right to withhold payment of the claim pending a satisfactory explanation from Foodstuffs.

(6) EFFECTIVE DATE

(6.1) This Code takes effect on 1 April 2010 and remains in effect until formally revised.

Foodstuffs (NZ) Limited
November 2009