

SE WhatsOn  
HD **Bread wars — you get what you pay for**  
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LP

Three years ago it started with the **milk** wars.

Supermarket giant Coles fired the first shot when it slashed its discounted **milk** line to \$1 a litre.

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Woolworths, the other colossus in the Australian supermarket chain, quickly followed.

The fallout of the **milk** wars included a Senate inquiry which found the decision was a win for consumers and had not badly affected the Australian **dairy** industry. (But I doubt **dairy** farmers were jumping up and down with excitement.)

In the same year, the two supermarkets reduced their already cut-price **bread** to \$1 a loaf.

Now, in the past fortnight Woolworths has dropped its home **brand bread** to a low of 85 cents a loaf, which was quickly followed by Coles.

Personally, I don't **buy** home **brand**. Never have, never will, even if they were giving it away (which they almost are).

There's a saying "You get what you pay for" and, in the world of retail, generally this is true.

If you **buy** a \$2 shirt made in Bangladesh or **China**, it will not keep its colour or shape for as long as the \$30 shirt made in Australia (if you can find one made in Australia).

If you **buy** 85c **bread**, it is not going to taste as good as \$4 **bread** made fresh in a bakery that morning.

It is the reason people pay good money to splurge and eat in nice restaurants, rather than choose the fast food outlet down the road.

It's the reason people (who can afford it) **buy** Mercedes Benz cars instead of Great Walls.

And yet, in the world of food production, so many people are driven purely on price, rather than taste.

Ironically, as we **buy** cheap **bread** and **milk** to shove down our own throats and our children's, we splurge on dog food, with statistics showing people spend more money on the top-end dog food brands.

According to Roy Morgan, Coles and Woolworths control 72.5 per cent of the \$82 **billion** grocery market in Australia.

That's a huge amount of might and power for two supermarkets to wield.

So, yes, they can afford to sell their **bread** for 85 cents a loaf and absorb any shortfall in their plethora of other lines.

But at the end of the day, is this good for the future of food production in Australia?

As Woolworths and Coles take shots at each other, they are continually trying to reduce their own costs (to the detriment of the farmer producing it) while keeping their shareholders happy.

Unfortunately we live in a society where everyone wants everything now and be damned about the consequences of our actions.

Everybody wants quality food, but refuses to pay that little bit extra for it.

Australia produces some of the best quality food in the world, but where will we be in a decade or two, or even six, when farmers can no longer make a living producing food because it is being **sold** for less than its cost of production?

But it will be cheap.

**CO** colsgj : Coles Group Ltd | wsfrm : Wesfarmers Ltd

**IN** i4131 : Non-frozen Dairy Products | i6411 : Supermarkets/Grocery Stores | i010010502 : Dairy Cattle Farming | i0 : Agriculture | i01001 : Farming | i0100105 : Cattle Farming | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | i64 : Retail/Wholesale | i641 : Food Retailing | i654 : Specialty Stores | icnp : Consumer Goods | ifood : Food Products | ilsfarm : Livestock Farming | iretail : Retail | i656 : Mixed Retailing | i6560002 : Department Stores

**RE** austr : Australia | victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania

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