

WOOLWORTHS LIMITED

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PRESS RELEASE

Woolworths aiming to double own brand sales with more products and lower prices

Woolworths Supermarkets has today outlined a five year plan to double its customer take-up of own brand products, reflecting a growing demand for value and quality.

At an investor briefing in Sydney, Managing Director of Australian Supermarkets Tjeerd Jegen said Woolworths substantially lagged behind international retailers in terms of the proportion of own brand sales – Tesco in the UK for example has three times the penetration. He also said there is a clear opportunity to capitalise on customers' increasing level of trust in and appreciation for Woolworths' own brands Select, Homebrand and Macro.

Mr Jegen said: "Customers have told us loud and clear they love the value and quality offered by own brands. They have given us a firm mandate to deliver more of this and we will achieve it by expanding our ranges, lowering our prices, further improving our quality and strengthening our brand presence. We have three very successful and well trusted multi-category own brands and there is a fantastic opportunity to make them better."

"Customers also tell us that, whilst they enjoy getting the broad choice of brands at Woolworths, they also appreciate the fact that own brands inject additional competition into the grocery sector by offering the same or better quality as national brands but at a cheaper price."

Woolworths maintains an Australian bias to own brand sourcing, giving preferential terms to domestic suppliers who can meet the company's benchmark quality assurance standards. This policy will continue as the ranges expand.

Also key to the own brand growth strategy is Woolworths' customer evaluation program – an in-depth sensory assessment to ensure products hit the quality mark with customers. Woolworths' sensory evaluation scheme was launched in May 2010. The scheme has been pivotal to the quality assurance of approximately 1500 own brand product recipes.

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Woolworths Own Brands

Homebrand has been Australia's leading value brand since the early 1980s. It has approximately 850 products and sales since 2000 have increased by 180%.

The mid range, mass market Select brand was introduced in 2004 and carries approximately 1,000 products. In the last quarter, new product launches such as Frozen Crumbed Fish and Select Sauces helped drive a significant sales increase.

Macro is Woolworths' health and wellbeing brand encompassing approximately 400 organic, gluten free and 'good for you' lines. Sales for Macro have grown 43% in the last year alone with highly successful new product launches such as Mini Macro Meat and Macro Soups.

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