

Woolworths shows Coles the Way

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Wesfarmers shareholder ALERT!

While the management of Wesfarmers Coles' remain paralysed from the known Corporate disease, 'managerial group-think paralysis,' Woolies surges ahead with dynamic initiative, innovation and the shedding of non-performing enterprises.



Wesfarmers Coles on the other hand retains destructive inept managerial staff, failing enterprises and counter-productive policies/practices -- it is currently in the process of throwing good investor money after bad.

It is well known that Target and K-Mart have 'peaked' or had their day; both business models are now CLEARLY out of sync with the retail market and culture! But are Wesfarmers board of directors aware of the OBVIOUS, it seems not? The Board in its paralysed, group think 'wisdom' has approved the spending of large sums to 're-furbish'/renovate Stores (cosmetics) NOT innovate, stimulate performance and reduce costs/overheads.

Coles supermarket chain is currently propping up Wesfarmers' bottom line but for how much longer is uncertain given its arrogant, obstinate/stodgy, visionless and counter-productive management.

The situation is so bad at Coles that it clearly requires a 'scorched earth' approach to rid the company of the managerial rot that has clearly set in. The Bloomberg report below spells out the situation without bias for all to assess for themselves; but it's plain to see, it's all down hill for Wesfarmers Coles:

Woolworths Net Profit Jumps 24% with more Customers Than the Oz Population

by David Fickling

Woolworths, Australia's largest retailer, increased profit at the fastest pace in five years as it opened on average one grocery store every five days and served more customers than the country's population.

Net income [rose](#) 24 percent to A\$2.26 billion (\$2 billion) in the year ended June, Sydney-based Woolworths [said](#) today, matching the average of six analysts' [estimates](#) compiled by Bloomberg. That's the company's fastest profit growth since 2008, according to data compiled by Bloomberg.

Woolworths sold its money-losing Dick Smith electrical chain, opened 73 grocery, liquor

and gasoline outlets, and doubled its network of Masters hardware stores in the year to re-ignite growth that spurred a tripling of its market value in the last decade. Net income climbed more than [10 percent annually for 11 years](#) before the pace slowed to 5.1 percent in 2011 and profit fell last year, data compiled by Bloomberg show.

“It’s a good result on all the key criteria,” Jeremy Hook, investment director in Sydney at TMS Capital Pty which manages about A\$250 million, said by phone. “We may be looking to add to some of our positions on the back of this.”

Shares of Woolworths rose 2 percent to close at A\$34.59 in Sydney, their highest level since May 16. The stock extended its gain this year to 18 percent, while the S&P/ASX 200 index has advanced 9.4 percent.

Woolworths supermarkets and the second-ranked Coles chain owned by Wesfarmers Ltd. have cut prices of bread and milk to A\$1 in recent years in a price war for a grocery market where they have a combined 80 percent share.

Price Squeeze

That’s squeezed milk and food producers including HJ Heinz Co. and [Campbell Soup Co.](#) (CPB) Average prices in Woolworths’ grocery unit fell 2.9 percent over the past year, the company said.

“Competition is alive and well, and that’s evidenced by the fact that consumers have got a cheaper basket this year,” Chief Executive Officer Grant O’Brien told a media call after the results. “We had record numbers of customers coming into our stores and that’s evidence that customers are pleased with what they’re getting.”

Average weekly customer numbers, a measure of how many transactions are rung up in the company’s stores, rose 3.6 percent to 28.4 million, about 22 percent larger than Australia’s population of [23 million](#).

The typical customer visited the store 2.3 times each week, a number that was increasing, Tjeerd Jegen, director of the company’s supermarkets division, said on the call.

Supermarket Earnings

Earnings before interest and tax at Woolworths’ Australian food and liquor stores rose 8.7 percent to A\$3.06 billion, the company said. At New Zealand supermarkets, the measure increased 5.2 percent to A\$236 million.

The Australian result trailed the 13 percent Ebit growth rate that [Wesfarmers](#) (WES) reported for Coles. Net income at Wesfarmers rose 6.4 percent to A\$2.26 billion in the year to June, the company said Aug. 15. Sales from Coles stores open at least 12 months have grown faster than the equivalent at Woolworths outlets for at least 14 straight quarters, according to data compiled by Bloomberg News.

“The supermarket operations will continue to improve” at Woolworths, Michael Simotas, an analyst at Deutsche Bank AG in Sydney, wrote in a note to clients July 30. A weaker Australian dollar will lift the cost of imports and start raising grocery prices, he said.

Ebit from Woolworths' Big W discount department store rose 7.2 percent to A\$191 million. Its hotels unit, Australia's [biggest operator](#) of pubs, increased earnings 35 percent to A\$264 million.

Excluding one-time items, net income climbed 6.1 percent during the most recent 12-month period, compared with a [range](#) of 5 percent to 6 percent the company forecast July 18. That measure will increase in a range of 4 percent to 7 percent in the current year, Woolworths said today.

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<http://colescomplaints.zapto.org/news/story-21.html>

Jungle Drum Prose/Poetry. <http://jungledrum.lingama.net/news/story-780.html>