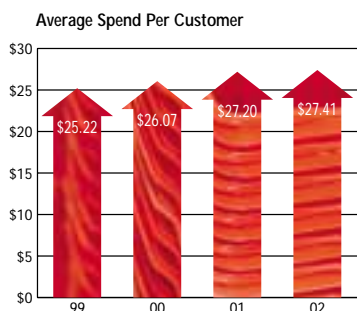
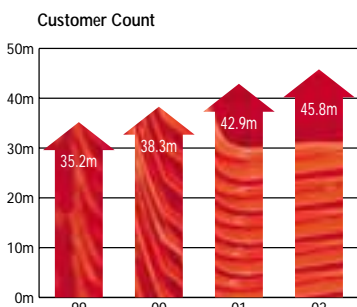


Customers

We set out with one simple concept in mind.
To put the customer first and let everything else, every business activity and consideration, flow from that principle.

Customer Indicators

Customer traffic rose 6.8 percent in 2002 while average customer spend was up 0.8 percent.

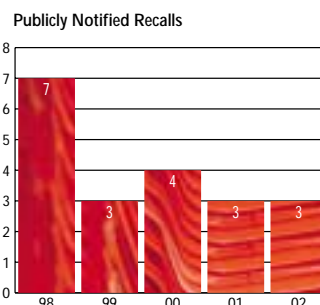


Product Quality & Safety

The Warehouse New Zealand has a responsibility under the Fair Trading Act 1986, and Consumer Guarantees Act 1993, to ensure that all products meet safety standards. A measure of performance in this area is the number of publicly notified product recalls. During 2002, there were three recalls, which is in line with last year.

A project, planned to commence in February 2003, will capture details

of faulty or returned goods. Once developed, this metric will be reported in future triple bottom line reports.



Customer's First – The Warehouse Way

One major initiative in the customer area has been the introduction of a Warehouse customer service training module entitled "Customer First – The Warehouse Way". All store team members have been taken through this training module where the primary focus is improving customer service. It is now an integral part of the induction process for all new team members. The Warehouse also continues to work on a variety of other projects to improve its interaction with customers.



Customer Complaints

The Warehouse New Zealand does not yet have a system to nationally capture customer complaints but it does have procedures to measure and report incidents where products caused harm or damaged property. For the year ended 31 July 2002, there were 127 reported stock incidents with a resolution rate of 94 percent.

Fireworks Safety

As a major retailer of fireworks for the Guy Fawkes celebrations, The Warehouse proactively promotes safe practice on its fireworks product, promotions and advertising. A website (<http://www.bigboom.co.nz>) has been designed to promote and educate the public on fireworks safety.

Customer Recycling Bins

Customer recycling facilities have been installed in all The Warehouse New Zealand stores offering customers the opportunity to recycle plastic bags, paper, cans and bottles. The units are already proving popular and promote the company's commitment to zero waste.

Environmental Survey

This is the second year The Warehouse New Zealand, as part of its customer survey process, has asked questions to gain a better understanding of how the community views sustainability and our level of social and environmental performance. The survey was performed by NFO New Zealand Limited in May and June 2002 with 620 respondents. Respondents were selected on the basis of targeting respondent profiles that matched the total population census (2001).

The results for 2002 are almost identical to those of 2001.

To the question, "did you go out of your way to shop with a retailer with good environmental policies?", 70 percent replied 'No' compared with 63 percent a year earlier. Those that replied 'Yes' were unchanged at 21 percent. This score and other similar responses to other questions asked in the survey once again highlights a challenge to retailers. Many customers do not rate retailers, suppliers or products more highly if those products are made in a more environmentally friendly fashion.

Did you Go Out of Your Way to Shop at Businesses with Good Environmental Policies?

	2001 %	2002 %
Yes	21	21
No	63	70
Unaware/ Don't Know	16	9

Respondents were also asked "what one thing The Warehouse could do to look after the environment." The majority of respondent suggestions centred on reducing packaging and recycling, areas that The Warehouse has a current focus upon.

What One Thing The Warehouse Could Do To Look After The Environment?

2002 Survey	%
Recycle plastic / packaging	14
Use less packaging	10
Use brown paper bags instead of plastic	7
Less plastic used	5
Community sponsorship	4
Sell better quality products	3
Buy local / New Zealand products	2
Rubbish bins in the carpark	2
Awareness of imported woods etc.	2
Recycle boxes	1
Make completely smoke-free	1
Don't know	49

Taxes

The Warehouse generates significant revenues for New Zealand via GST, PAYE, duties and excise and company tax. In the year ended July 2002 company tax paid decreased from \$47.1m to \$39.8m.

The Warehouse Group Limited – Company Tax Paid

Year	Company Tax 000's
July 2002	39,788
July 2001	47,056
July 2000	35,119
July 1999	28,264
July 1998	19,035
July 1997	12,045

