

More UK grocers to fall under antitrust watchdog's code of practice

25 Jun 18 | 17:30 GMT

Author:

IN BRIEF

MLex Summary: The UK's competition watchdog is looking to expand the number of retailers that are subject to the Groceries Supply Code of Practice. Christine Tacon, the UK's Groceries Code Adjudicator, responsible for enforcing the code, said the Competition and Markets Authority has written to retailers to identify those with an UK annual groceries turnover of more than 1 billion pounds and expects to designate one or more additional retailers by the end of August. The code of practice regulates the relationship between supermarkets and their direct suppliers and currently applies to Tesco, Co-op, Sainsbury's, Marks and Spencer, Asda, Lidl, Morrisons, Aldi, Waitrose and Iceland, but there is suggestion it should be expanded to include market disruptors.

The statement follows.

Increased scrutiny and intensive engagement from the Groceries Code Adjudicator (GCA) is the common factor among all retailers identified by groceries suppliers as 2018's biggest improvers.

The groceries sector survey - carried out by YouGov for the GCA - puts Tesco, Morrisons, Asda and the Co-operative at the top of the improvement table for Code compliance in a year of strong progress across all regulated retailers.

There were over 1,000 responses to the survey. The results were released at the GCA's annual conference held in London. The theme was "Strong Progress; Fresh Challenges".

The Adjudicator, Christine Tacon, said: "My 2018 survey tells a very positive story and it is no coincidence that the four most-improved retailers this year have each faced increased GCA scrutiny and heightened levels of GCA engagement through investigations and case studies.

"Indeed, I am delighted to report significant improvements across all regulated retailers. In each successive GCA survey, suppliers have scored retailers' compliance with the Code. In

2014, the percentage reported as complying 'consistently well' or 'mostly' ranged from 58 to 90%. This year, the range is 84% to 97%, with only two retailers scoring less than 90%.

"The 2018 survey is proof that my collaborative, business-focused approach gets results."

This year only four out of ten suppliers reported having experienced a Code-related issue - down from a high of eight out of ten in 2014, and a huge improvement on 2017 when 56% of suppliers reported having experienced an issue. The incidence of all Top Issues is also on a steep downward trend, with delay in payments - reported by only 19% of suppliers - being the highest-ranking issue in 2018. Compare this to 2014, when the percentage of suppliers reporting the GCA's Top 5 Issues ranged from a high of 45% to 33%.

Ms Tacon said: "The results of the survey together with information I have received from suppliers and trade associations mean there is no pressing candidate for inclusion as a current Top Issue. But this doesn't mean my job is done - far from it. I know there are fresh challenges waiting for me.

"I can confidently say that for two reasons. One is that my current investigation into the Co-operative Group will generate future work with all regulated retailers, although of course I cannot yet know what form that will take. The second is that additional retailers will soon be designated by the Competition and Markets Authority.

"The CMA has told me that it has written to a number of retailers to identify those with a UK annual groceries turnover of more than £1 billion. It expects to designate one or more additional retailers by the end of August.

"Bringing these new retailers up to speed and ensuring a consistent level of Code compliance across the entire regulated cohort will be challenging and exciting work. I am looking forward to it very much."

One continuing challenge revealed by the survey results is the 45% of suppliers who have still not had any Code training - a figure that rises to 67% among micro suppliers and 58% among small suppliers.

Ms Tacon said: "This remains an area of concern for me. Half of suppliers are not trained so they are less likely to have the confidence to speak up. The results of my survey show that speaking up can bring real benefits. I urge them to get trained in the coming months."