

Groceries Market Study Draft Report: Findings and recommendations

Stakeholders now have the opportunity to comment and provide further input to the study before it is finalised in autumn 2023. Our draft report sets out that competition is working, although other factors are contributing to higher prices for consumers.

9%

The percentage of the average Jersey household's total weekly spend which is spent on groceries



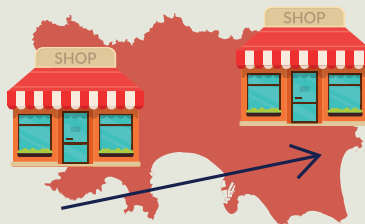
14.2%

The increase in food prices in the year to December 2022



10%

The approximate additional costs of operating on Jersey for grocery retailers



33%

The price difference of a shopping basket between Jersey and the cheapest UK grocery retailers



12%

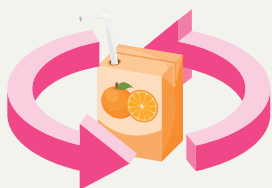
The price difference of a shopping basket between Jersey and the UK at the same retailer



Findings

- Profits for grocery retailers are in line with expectations and benchmarks
- Jersey's grocery market continues to evolve with new entrants, and development of online groceries
- While Jersey has experienced food price inflation, it is in line with inflation elsewhere
- Given market fundamentals, there are potential barriers to new entrants, in particular lower price operators
- Price differences between Jersey and the UK, tend to reflect higher on-island operating costs (primarily freight and labour) and tax differences, and not a lack of competition

Recommendations



Recommendation 1

Improving price transparency with investment in Jersey Consumer Council's price comparison service, to encourage greater price based competition



Recommendation 2

Maintain a competitive and dynamic groceries market, by minimising entry barriers and promoting Jersey as a test-bed for innovation



Recommendation 3

Follow up recommendations from the 2021 market study into Freight Logistics, to increase competition and reduce freight costs