

Groceries Market Study: The Channel Islands Co-operative Society Limited Draft Report Response

Thank you for the opportunity to respond to the draft findings of the Groceries Market study: draft report.

The Channel Islands Coop wholeheartedly embraces the opportunity to participate in this significant market study and concurs with the conclusion that the Grocery market is functioning well. As an organisation owned by its members, our primary goal is not to pursue excessive profits, but rather to ensure that any profits generated are shared with our members through dividends. We acknowledge the findings that operating locally can be costly, and it is essential for these costs to be appropriately reflected in local retail pricing. However, we also recognise that the presence of a consumption tax on basic foods contributes to the disparities in retail pricing when compared to the UK where basic foods are Vat exempt. It is evident that the market has progressed since the last study conducted in 2014, and the market remains competitive with good access for consumers to food retail stores locally.

- 1. Increase funding to improve Jersey Consumer Council's price comparison service, to improve awareness of the tool, the accuracy of the data collected and the tool functionality. This will make it easier for consumers to compare prices across grocery retailers and identify the best-value groceries, and would encourage price-based competition for the cheapest groceries.**

CI Coop welcomes the suggestion for enhanced price transparency in the groceries market, both for its valued members and customers, as well as for the benefit of the organisation as a retailer. The recommendation if acted upon correctly should provide favourable outcomes for consumers who will have access to better pricing information.

However we would urge some caution as the difficulties in conducting price comparisons for grocery items are numerous. Products often come in different sizes and packaging, making direct comparisons challenging. Variations in unit pricing further complicate matters, requiring consumers to carefully adjust for quantity or weight. Additionally, frequent promotions, discounts, and loyalty programs offered by grocery stores can obscure the actual regular prices of items, which may mislead consumers when relying on comparison sites.

Another factor to consider is the potential variation in prices based on the location of the grocery store. Although our organisation maintains consistent pricing across all stores, we are aware that other retailers may not follow the same policy. However, the current price comparison site does not reflect this discrepancy in its listings. While we support the recommendation for improved price transparency, we propose that any service providing such comparisons should be obligated to adhere to set standards. This will ensure that consumers receive accurate and reliable data, free from misleading information that could lead to uninformed purchasing decisions.

- 2. On draft recommendation 2 Minimise any additional entry barriers like planning and labelling requirements and improve comparability of Jersey with other relevant grocery markets, to help maintain a competitive and dynamic grocery market. To support this, promote Jersey as a testbed for innovation to the benefit of the island and the sector.**

Reducing entry barriers, such as planning and labelling requirements, can foster a more competitive and dynamic grocery market. By making it easier for new players to enter the market and compete with existing retailers. That said we believe that entry barriers are relatively low and there are

opportunities for competition to enter the market should they wish to do so. All local retailers have to contend with a number of issues which are systematic of doing business within a small island which undoubtedly add cost to the operation of the business and come with the added complications of different regulatory, licensing and compliance requirements.

The island is also now well served by online retailers selling grocery items from the UK, the barriers to entry for these retailers are very low and as can be seen market share can be built relatively easily.

The Channel Islands Coop has consistently demonstrated a track record of innovation in the grocery retail sector, with both historical and recent examples to highlight, including our collaboration with Carrefour. Over the years, the Coop has been at the forefront of introducing innovative practices in the grocery retail market. We were among the early adopters of self-checkout systems, electronic shelf edge labels and online shopping making shopping more convenient for our customers.

Our partnership with Carrefour, brought a fresh selection of international products to our stores, broadening the choices available to local consumers. This collaboration has allowed us to diversify our product offerings and cater to the diverse preferences of our customer base.

Embracing Jersey as a testbed for innovation can drive industry advancements and positively impact the local economy.

3. Continue to consider the Authority's recommendations in its 2021 Freight Logistics Market Study, which aimed to promote more competition and help improve the price, quality and range of freight logistics services available to Jersey businesses. Reducing freight costs for Jersey retailers will translate to lower grocery prices for consumers.

Taking into account the Authority's recommendations aimed at promoting competition and improving freight logistics services is essential for enhancing the overall grocery market. By reducing freight costs for Jersey retailers, businesses can potentially lower their expenses and pass on the savings to consumers, leading to lower grocery prices. Implementing these recommendations can create a more efficient supply chain and contribute to a more competitive market landscape.