



Groceries market study frequently asked questions

Key takeaways

- The Jersey Competition Regulatory Authority (the Authority) will be carrying out a market study into groceries.
- A market study is the analysis of a market, using a variety of information and evidence to assess how well it is working, and whether changes could be recommended to make it work better.
- This market study relates to the supply of groceries in Jersey. The study will consider market characteristics, the nature of competition and the findings of previous market studies. The study will also consider wider developments, both local and international, to understand whether there are features of the market which potentially impact competition.
- The study will start in January 2023 and will be completed by the end of 2023. A draft report will be published for consultation in June/July 2023.
- The outcome of the study will be a report which explains the approach, findings and, if identified, recommendations for how the market could be improved. The report will be published on the Authority's website.

Frequently Asked Questions

What is a market study?

A market study is a flexible tool to explore whether a market, or feature of a market, is working well for Jersey consumers. Market studies consider the relationship between consumer behaviour and the market structure and the behaviour of firms in that market. By looking at these types of relationships and other factors, we can determine whether action designed to encourage changes in consumer behaviour, business behaviour, or both, will help address any market problems found.

An important point to note is that the focus of a market study is on the structure and behaviour of the market itself, not the actions of any specific business or firm.

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What is the Groceries market?

This market study relates to the supply of groceries in Jersey. For the purposes of this study, grocery retailers are described as retailers who sell directly to consumers and which may acquire products either from a wholesaler or directly from a supplier.

Why has the Authority chosen to carry out a study of the Groceries market?

As set out in the Authority's 2022 Business Plan, the Authority selects markets where a market study could potentially add value. Different markets are screened to determine those most relevant to Jersey at the present time, with each being assessed against a range of criteria. This includes an assessment against the Authority's Prioritisation Principles.

This process has resulted in the Groceries market being selected as:

- groceries represent a significant proportion of household expenditure;
- in the context of the current economic climate, increasing inflation and the 'cost of living' debate, consumers are facing additional expenditure pressures;
- there have been structural and other changes in the market since the last market study into Groceries in 2014, including for example, market entry and the emergence of online shopping; and
- recent external environmental factors may have also impacted on the market and businesses operating within it, for example, Brexit and the Covid-19 pandemic.

What will the study consider?

The study will be carried out against the published terms of reference, which have been set by reference to an initial analysis of the market. This identified the following areas for consideration:

1. the market characteristics, including consumer demand, market structure and market outcomes; and
2. the nature of competition across the grocery market supply chain.

In addition to these two areas, the study will also review:

- the features or otherwise of the grocery market which potentially impact competition; and
- review the comparative data and findings from previous market studies carried out by the Authority and wider international developments.

How does this study relate to the previous and related market studies?

This study will utilise and complement previous market studies, taking account also of any structural and other changes since the last market study. While it will seek to compare market outcomes - and prices - across different jurisdictions, it will also develop a fuller view of the nature of competition, in the context of the Jersey economy, and seek to encompass wider international developments.

What is excluded from the study?

The study will focus on the on-island supply of Groceries. While the study will necessarily consider elements of the overall supply chain, the study will not encompass a full and detailed review of infrastructure, planning and/or other related factors.

The study will adopt a holistic approach as opposed to focussing on specific items or products, for example, a comparative 'basket' of goods.

What will happen during the study?

The Authority will gather and analyse information on a market to identify how well it is working. This will be done through various methods and is likely to include:

- the analysis of past precedent or case studies, both local and international;
- the use of surveys;
- interviews with stakeholders with an interest in the market;
- consideration of economic theory and/or use of econometrics; and
- the request of specific information from market participants.

This phase will be followed by an analysis of the evidence and information received which will be drawn together to form a draft report, which will be published on the Authority website for comment. Any feedback received on this will be incorporated into the final report.

The final report will give a description of the market, describe the methodologies used to collect and analyse the data and proposed recommendations to address any problems which may be identified (if applicable). Further detail on the research supporting the report will be annexed to it. The final report, alongside any stakeholder responses to the draft report, will be published on the Authority's website.

What will the study outcome be?

Until completed, it's not possible to say what the outcome will be, the outcomes could be:

- a view that the market is working well, for example, Jersey consumers may be found to be better served than comparable international jurisdictions and/or no market issues are identified;
- consumer and/or business focused action, for example, there may be recommendations for suppliers to change pricing and other practices, or suggested changes in consumer-oriented policy to improve transparency, choice and benefit; and/or
- recommendations to Government, for example, new information requirements and/or guidance could be introduced. Another possibility is innovative solutions from other jurisdictions may be suggested for Jersey.

Note, if as part of the study, evidence was found of a firm/s breaking Competition Law, the appropriate tool would be competition enforcement, not a market study. In this scenario the market study would be stopped and instead a formal investigation launched.

When will the study start and how long will it take to complete?

The study will formally start in January 2023 and a draft report will be published for consultation in June/July 2023. The final report is expected to be published in the autumn of 2023.

This timetable may be subject to change if material issues are encountered.

Who will carry out the study?

A Case Officer will lead the study, project managing its implementation. To support the delivery of the study, an external consulting company, with expertise in the retail and groceries market, will be appointed. They will be chosen through a structured procurement process based on criteria including proven expertise, strategic fit and value for money.

How will the Authority handle confidential information provided to it as part of the study?

Given the study is focused on a market as opposed to individual firms, it is not expected that significant confidential information will be requested from market participants. However, the Authority recognises that some of the information that stakeholders may want to share could be commercially sensitive and highly confidential. As a matter of course anyone who has information relevant to the study can ask the Authority to keep their identity and/or the information provided confidential.

Where is more information available?

The market study will be an open case on the Authority website and updates will be made available during the study. Background information on market studies is available at: www.jcra.je/competition-and-regulation/market-studies/