



NEWS RELEASE

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Final report published on study of Jersey's groceries market.

The Jersey Competition Regulatory Authority (the Authority) has published its final report on the market for groceries in Jersey. A draft report was published for consultation in June, which found no significant competition issues with the local market.

The Authority has now concluded its in-depth study of the groceries market in Jersey and has found that while prices in Jersey are higher than in other jurisdictions, the market is working, suppliers are not making excessive profits and consumers are being well served.

The final report sets out that grocery retailers' profits are in line with expectations and that the market continues to evolve with new entrants and development of online purchasing. Further, while Jersey has experienced food price inflation, it is in line with inflation elsewhere and given market fundamentals, there are barriers to new entrants, in particular lower price operators. Consistent with these findings, 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.

Peter Hetherington, Chief Economist at the Authority said, "Competition in the Jersey grocery market is working. Grocery suppliers are not making excessive profits, and comprehensive survey data indicates that Jersey customers are well served by the market.

Higher on-Island operating costs and the lack of low-price suppliers, however, do mean that Jersey consumers are paying more for their groceries. Nonetheless, our report does set out recommendations for policy makers to further support the competitive process and consumers.”

The Authority has made three recommendations:

1. Improving price transparency with investment in Jersey Consumer Council's price comparison service, to encourage greater price-based competition.
2. Maintain a competitive and dynamic groceries market, by minimising entry barriers, such as planning, and promoting Jersey as a testbed for innovation.
3. Follow up recommendations from the Authority’s market study into Freight Logistics, to increase competition and reduce freight costs.

The Authority will support the implementation of the recommendations and closely follow further developments in groceries and seek updates on implementation of the recommendations.

Ends

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NOTES TO EDITORS:

About The Jersey Competition Regulatory Authority:

The Authority was established under the Competition Regulatory Authority (Jersey) Law, 2001. It is responsible for administering and enforcing the Competition (Jersey) Law 2005 and also regulates the telecoms and postal sectors and the Ports of Jersey.

The Authority strives to ensure that the markets work well for the benefit of all stakeholders, including Government, business, citizens and consumers facilitating best value, choice and access to high quality services.

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. It is important to note that a market study is on the structure and behaviour of the market itself, not the action of any specific business or firm.

More information about market studies, including a video quick guide and previous studies, can be found at the Authority's website <https://www.jcra.je/competition-and-regulation/market-studies/>