



Addressing unfair trading practices – the UK model

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The voice for brands



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British Brands Group

- | Founded in 1994
- | The collective voice for brand producers
- | A mission to support vigorous, fair competition
- | Champions and defends brands in public policy
- | Co-operates with a wide range of other associations
- | Part of a larger international brand association network
- | The UK's member of AIM



Background

Unfair trading practices

- | An aspect of grocery markets in many countries
- | Much discussed and scrutinised in the UK
- | EU – voluntary approach launching in July
 - consultation on unfair practices
- | UK approach a potential model for others?



Background

Unfair trading practices in the UK

- | 2000 - Concerns raised by Competition Commission (CC)
- | Remedy: Supermarket Code of Practice
- | Overseen by the Office of Fair Trading (OFT)
- | 2006-8 – CC market investigation into UK grocery
- | Remedy: Groceries Supply Code of Practice (GSCOP) monitored and enforced by an Adjudicator (GCA)
 - retailers with sales >£1bn required to comply
 - monitored by the OFT
 - retail staff trained; Code Compliance Officers; public reports
- | Came into force 4th February 2010



Groceries Supply Code of Practice

Content

- | Tighter wording versus original code
- | Agreements to be in writing
- | Principle of fair dealing
- | Aimed at practices that pass excessive risks and unexpected costs to suppliers
 - Variations in supply agreements and terms of supply
 - Delays in payments; wastage / shrinkage; forecasting; tying
 - Terms for promotions
 - Payments for consumer complaints
 - De-listing



Groceries Code Adjudicator

- | Most significant development
- | Role: to enforce GSCOP and encourage compliance
- | Created under Act of Parliament
- | Power to:
 - arbitrate in individual disputes
 - investigate complaints of non-compliance
 - give advice on GSCOP
- | Enforcement through:
 - Recommendations
 - publication of information
 - fines





The GSCOP in practice

Retailer reports 2012

	GSCOP raised by supplier	Escalated to CCO?	Arbitration?
Aldi	ü	û	û
Asda	ü	?	û
Co-op	ü	û	û
Iceland	û	û	û
Lidl	?	û	û
M&S	?	û	û
Morrisons	?	?	û
Sainsbury	ü	1	û
Tesco	ü	û	û
Waitrose	?	û	û



The role of trade associations

Why we consider the GSCOP / GCA so important

- | Long history of unfair trading practices in the UK grocery
- | Reduced investment harms consumers, brands, innovation
- | GSCOP / GCA a light touch, flexible remedy
- | Remedy will not function without input from the market
- | Trade association role:
 - monitor the market and provide comment to GCA
 - provide collective input on consultations
 - safeguard suppliers' identities on practices for investigation
 - Provide information and support to suppliers, including training



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