



# BRISTOWS


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## Practical experiences of an established regulator

Trends in Retail Competition:  
10<sup>th</sup> Annual Symposium, Oxford

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Rosemary Choueka, Partner  
Bristows LLP

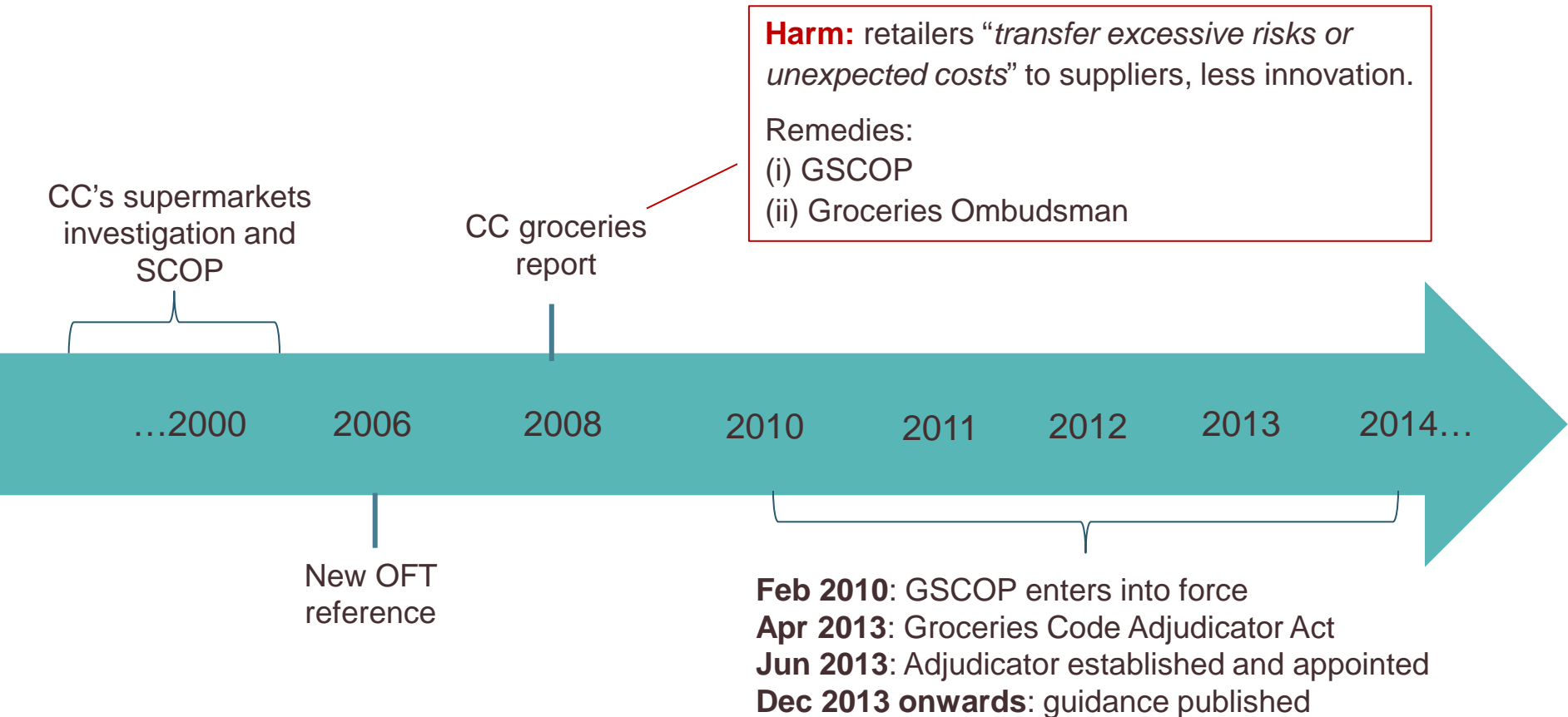


# Agenda

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- The GCA: the story so far
- The GCA: how she works
- What are the biggest issues that suppliers face?
- Public data on retailer compliance
- What has the GCA dealt with so far?
- Score card to date: the suppliers' view
- What does the future hold?

## The GCA: the story so far



## The GCA: how she works

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- Complaints
- Prioritisation criteria
- Investigations
- Arbitration
- Enforcement powers
- Publication of outcomes

## Public data on retailer compliance (2013)

	Alleged breaches	Actual breaches	Disputes	Dispute outcome	Training
Aldi	0	0	0		Ü
Asda	"Small number"	ND	0		Ü
Co-op	"A modest number"	2	0		Ü
Iceland	ND	0	0		Ü
Lidl	ND	ND	0		Ü
M&S	2	ND	1	Breach denied	Ü
Morrison's	Unspecified number	ND	10	8 withdrawn or resolved 2 unresolved	Ü
J Sainsbury	"Small number"	ND	1	Resolved	Ü
Tesco	Unspecified number	ND	1	Resolved	Ü
Waitrose	ND	ND	0		Ü
	ND = Not disclosed				

## What are the biggest issues that suppliers face?

According to British Brands Group training sessions:

- Listing fees / space fees / other fees
- Audit claims and non-authorised deductions
- Lump sum cash demands to support margin

Numerous other issues encountered:

- De-listing
- Retrospective contract amendments
- Required use of expensive third party services

## What has the GCA dealt with so far?

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- Enforcement approach: informal, but transparent
- Three official case studies:
  1. **Charging for shelf positioning** - Tesco (Jan 2014)
  2. **Payments for target service levels** - Co-op (Mar 2014)
  3. **Payments for multi-channel participation** - Morrison's (May 2014)
- Features in common:
  - Payments demanded by retailer (retrospectively in two cases)
  - Multiple suppliers affected
  - Retailer awareness of Code – 'request' vs 'require'

## What else is on the GCA's radar?

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- November 2013: *“level of information filtering through is low at this stage”*
  - Late payment: deductions and delays
  - Forecasting & penalties
- January 2014: *“starting to receive quality input from suppliers...”*
  - Third party audits
  - ‘Drop and drive’ (deductions for short delivery)
  - Forecasting
  - Requests for lump sum payments
  - Packaging / design charges



## Score card to date: the suppliers' view

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- BBG informal survey
  - Belief GCA has potential to make a difference **3.7** (out of 5)
  - Some improvements in retailer behaviour already **2.5** (out of 5)
  - GCA's performance **3.3** (out of 5)
- Positives:
  - Increased awareness of code
  - Some noticeable changes in behaviour
- Negatives:
  - Slow speed of change in behaviour
  - Audits still continue

## What does the future hold?

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- Inaugural GCA conference on 23 June
- Fining powers?
- Alliance Boots (and others) to become a designated retailer?
- Pubs Code & Adjudicator

# Thank you

Bristows LLP  
100 Victoria Embankment  
London EC4Y 0DH  
T +44(0)20 7400 8000  
F +44(0)20 7400 8050

[rosemary.choueka@bristows.com](mailto:rosemary.choueka@bristows.com)

[www.bristows.com](http://www.bristows.com)