



CICRA media release

30 January 2013

EMBARGOED UNTIL 0600 FRIDAY, 31 JANUARY

CICRA Channel Islands groceries study provides pricing transparency

CICRA (the Channel Islands Competition and Regulatory Authorities) has found that the difference between the average price of groceries at Channel Islands retailers and prices at equivalent stores in the UK is less than 10 per cent.

The regulator undertook a comprehensive pan-Channel Islands groceries study after a request from the Economic Development Department (EDD) in Jersey.

As part of the study, CICRA conducted a consumer survey, to which 1240 people responded across both islands, and met with, and collected information from, grocery retailers.

The regulator compared prices in Guernsey and Jersey and the UK in two ways: by undertaking an analysis comparing the cost of the best-selling 500–1000 products at individual retailers and by completing a “real life” shop, to find the cheapest prices for a basket of basic goods.

CICRA chief executive, Andrew Riseley, said that the analysis suggested that most Channel Islands consumers could feel confident in the current market that for the same products, bought at the same brand of supermarket (once taxes and duties were removed), they were not paying much more than they would in the UK.

“On the like-for-like comparison, the prices do not appear to be significantly more expensive than in the same brand of supermarket in the UK – the price difference is likely to be less than 10%.”

However, when comparing a “real life” basics basket CICRA found that Jersey consumers were paying an average of £13 (32%) more per shop while Guernsey consumers were paying an average of £14 (36%) more. If taxes and duties (which vary between Jersey, Guernsey and the UK) were stripped away the cheapest price for the basket was around 50% higher in Jersey and 60% in Guernsey.

The CICRA study surmised that much of the price difference was as a consequence of the absence in the Channel Islands of a number of the cheaper UK supermarkets.

Mr Riseley said: “The main implication of these price comparisons is that, while supermarkets with a presence in Jersey and Guernsey and the UK appear not to charge substantially higher prices overall, for the same product ranges offered, those consumers on the tightest budgets in the Channel Islands (or who would choose to shop for lower priced goods if they were available) are disadvantaged through the absence of cheaper supermarkets.

“The entry of a new supermarket that typically offers lower prices, or a lower priced range of products, would be likely to be of benefit to consumers in both islands but particularly Jersey which has less supermarket brands than Guernsey.

“Of course planning systems are, quite rightly, not designed to manipulate the entry of certain brands of retailers or favour certain retailers over others. Planning departments in either island cannot influence the occupier of the land so approval of grocery retailing space won’t, of itself, guarantee the occupier will be a new entrant or that competition will improve.”

One important finding from the consumer survey was that a third of consumers did not find offers in supermarkets easy to understand.

“It is often difficult to identify the cheapest option and compare across products particularly when some products are on multi-buy promotions. Misleading or unclear display of prices, however, may lead to consumers making the wrong decision and spending more than they need to – to the benefit of retailers,” Mr Riseley said.

CICRA has discussed pricing displays with the supermarkets in Jersey and Guernsey, the Jersey Consumer Council and Trading Standards in Jersey. All indicated that they, in principle, would be willing to support a voluntary code of conduct on grocery pricing practices to ensure that consumers were able to make accurate and informed purchasing decisions.

CICRA’s report also discusses the supply of milk and Sunday trading, as matters which affect the groceries sector in both islands.

“While we have set out evidence on these topics in the report, they both raise complex social and cultural issues with competing policy considerations which are for the government in each island to determine.” Mr Riseley.

Picture caption: CICRA chief executive Andrew Riseley.

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NOTES TO EDITORS:

The survey of 1240 consumers CICRA sought information from the public on how often they shopped, which stores they used and the determining factors on where and how they shopped.

All enquiries should be directed in writing to CICRA Chief Executive, Andrew Riseley, in Guernsey at the Guernsey Competition and Regulatory Authority, Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey GY1 2NH or in Jersey at the Jersey Competition Regulatory Authority, 2nd Floor, Salisbury House, 1-9 Union Street, St Helier, Jersey JE2 3RF. Alternatively email info@bicra.gg.

About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.