



**COMPETITION COMMISSION
'RESEARCH ON SUPPLIERS TO THE UK GROCERY MARKET'
FINDINGS RELATED TO FROZEN FOOD SUPPLIERS**

We have examined the details of the Competition Commission's interim report and, in particular, the supplier's survey, which canvassed frozen food suppliers as one of the sectors they researched.

The conclusions they reached were based on 21 replies out of 185 frozen specialists canvassed. The concern is that the responses might not be as representative of the whole frozen sector as might possibly have been obtained from a stronger response.

We have summarised the characteristics of a frozen food supplier that the Competition Commission would have deduced from the responses they received and show the key items for information.

If you would like to discuss these findings further, please do not hesitate to contact me.

To access the Competition Commission's report please click on the following link:

http://www.competition-commission.org.uk/inquiries/ref2006/grocery/pdf/uk_grocery_market.pdf

Brian

**Brian Young
Director-General Designate**

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DO YOU RECOGNIZE THESE CHARACTERISTICS OF A RETAIL FROZEN FOOD SUPPLIER?

According to the suppliers survey undertaken by GfK as part of the Competition Commission's 'Research on Suppliers to the UK Grocery Market' dated 15th January 2007, a retail frozen food supplier will have the following characteristics: -

1. On average, 44% of your goods will be sold as branded, 10% as non-branded and 40% own label.
2. On average 49% of your goods will be sold as premium products, 37% as standard products and 6% as value products. (Premium is defined as niche or organic.)
3. You are less happy with the payments that you have to make to your customers compared to the other categories of grocery food suppliers.
4. You are more likely than other grocery supplier categories to provide additional services for your grocery customers primarily:
 - a. Help with marketing
 - b. Provision of staff in busy periods
 - c. Adapting packaging systems to conform with customers standards
5. Your gross profit margin is more likely to have decreased over the last five years and this is particularly the case if you provide value products. This characteristic is in line with other grocery supplier categories.
6. You would find it very difficult to replace the customers from whom you receive the lowest gross margin. Frozen food suppliers feel more strongly in this area than other grocery suppliers.
7. You feel more than other grocery supplier categories that a customer requests excessive payments for customer complaints.
8. You tend to develop existing lines and launch new product lines more than other grocery supplier categories however; you do not find it as easy as other categories to innovate in your sector.
9. Compared to other grocery supplier categories, you are spending less on research and development for grocery products compared to five years ago.
10. You are likely to feel that you will be in business in five years time. However, there is a small percentage of suppliers (that is higher than other grocery supplier categories), that feel that it is unlikely that they will be in business in five years time.