








Groceries Code Adjudicator

Top 5 issues

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|  <p>Delay in payments</p> | <p>Suppliers have raised a number of issues relating to delay in payments and this was the main focus of the investigation into Tesco plc. These include:</p> <ul style="list-style-type: none">a. Unilateral deductions relating to drop and drive disputes;b. Unilateral deductions for alleged short deliveries;c. Duplicate invoicing, unilateral deductions for unknown or unagreed items;d. Unilateral deductions for current and historic promotion fees; ande. Delays in paying entire invoices where only part of an invoice is disputed. <p>The investigation report states clearly for the benefit of all in the sector how the GCA will interpret the practices found to have taken place, and clarifies the scope of paragraph 5 of the Code. The interpretation of the Code set out in the report is a clear statement of the GCA's view as to what is and is not Code-compliant behaviour and as such, is binding on all regulated retailers. While this is being acted upon by all the retailers, this issue will remain live.</p> |
|  <p>Margin maintenance</p> | <p>An issue in which it appears that suppliers may be indirectly required to make lump sum payments to retailers in response to requests for margin maintenance, particularly at the end of year or part-year periods, whether or not under joint business plans. Following the investigation into Tesco plc, the GCA set out clearly that requests for margin maintenance need to be unambiguously supported by the Supply Agreement. Variations to the Supply Agreement must be made in accordance with paragraph 3 of the Code. Particular care needs to be taken with variations having retroactive effect.</p> |
|  <p>Pay to stay</p> | <p>An emerging issue in which it appears that suppliers may be indirectly required to pay lump sums to keep their business with a retailer, not as part of normal commercial negotiations. These appear to be payments as a condition of being a supplier, contrary to paragraph 9 of the Code.</p> |
|  <p>Payments for better positioning</p> | <p>The GCA investigation into Tesco plc identified a range of practices relating to payments for better positioning or increased share of shelf space that gave her concern. These practices may amount to indirect requirements for payments for more space or better positioning contrary to paragraph 12 of the Code and merit further scrutiny. This is the subject of the GCA consultation launched on 27 June and open until 19 September. The GCA particularly wants to hear from direct suppliers on this issue. Specific requests for retailer information will be made during the consultation period under the GCA's collaborative approach.</p> |
|  <p>Artwork and design services</p> | <p>GCA concern is now focused on simplicity, transparency and predictability of artwork and design services provided through retailers, and to ensure retailers are compliant with paragraph 6 of the Code on supplier contributions to marketing costs.</p> |