

16 June 2023

Mr. Simon Coveney, TD
Minister for Enterprise, Trade and Employment
23 Kildare Street
Dublin 2
D02 TD30

Re: Grocery Costs

Dear Minister Coveney,

Thank you for your letter detailing the Government's concern regarding the impact of grocery prices on consumers of 26th May 2023.

The CCPC has carefully considered the questions posed. We enclose our response setting out the CCPC's resulting analysis. This analysis has been done in a short period using publicly available information. Our observations are based on the data we have analysed, in the context of our statutory functions, which include monitoring compliance, investigation, enforcement, research and policy recommendations in competition and consumer protection.

Among our observations we note:

- Concentration in the grocery retail sector has reduced and competition on price, quality, location and service has improved in recent years.
- This has resulted in more choice for consumers and they can switch easily between competitors.
- There have been significant gains in market share by some players in recent years, although some barriers to entry may remain at local level.
- Food prices remain high when compared internationally. However, over recent years food inflation in Ireland has been the lowest in the EU.
- Changes in input prices do not appear to be immediately reflected in retail prices – recent falls in input prices may take time to be passed onto consumers due, in part, to the lag effect in supplier/retailer contracts.
- The CCPC has seen no indication in this analysis to suggest market failure or “excessive pricing” as a result of an abuse of dominance at this time.
- The CCPC identified a number of price interventions internationally in relation to the grocery retail sector. We have not seen any evidence that price interventions have benefitted consumers. Price interventions carry significant risk of unintended consequences and may actually harm consumers. Although outside our function, we have also provided information on the international experience in relation to price observatories and price monitoring in this area, noting there are pros and cons to these tools.
- The CCPC recognises that the grocery sector is a critical one for Irish consumers and that recent price increases have caused real stress on many households.

- As part of our work, we will continue to monitor this sector and plan to include it in a series of competition profiles to build towards a greater overall understanding of how competition is functioning in our economy. It would include interviews with market players, consumer surveys and a review of market figures including profit figures in a timeframe that would enable the inclusion of the retailers 2023 audited accounts.
- While the CCPC continues to keep its need for additional powers under review, we consider that we have appropriate powers to carry out our work in this area, including the power to obtain information from traders.

As always, the CCPC urges any stakeholder who has evidence of breaches of competition or consumer protection legislation to contact the CCPC. No commentary is included in this analysis regarding the existence or not of any potential anti-competitive agreement, including cartel behaviour, in the grocery sector.

I trust this will be of assistance to you in relation to broader considerations on how best to assist consumers in the context of grocery costs and its impact on consumers.

Yours sincerely,



Pat Kenny
Interim Chairperson
Competition and Consumer Protection Commission