Main submission

We would be grateful if you could address the following issues within your submission to the CC.

1. In the CC's 2000 report on supermarkets and in the CC's 2003 report on the Safeway merger, the CC concluded (i) that primary and secondary shopping were separate; (ii) that primary shopping takes place predominantly in "one stop shops" of over 1,400m sq and secondary shopping predominantly in smaller stores; (iii) that customers travelled no more than 5 minutes to smaller stores in urban areas and no more than 10 minutes to larger stores; and (iv) that customers travelled no more than 10 minutes to smaller stores in rural areas and no more than 15 minFutes to larger stores.

   Having regard to the four aspects of these market definitions (i.e. shopping patterns, store size, travel time and the urban/rural split) please outline how you believe the relevant market should be defined in the present case. Please explain your reasoning and provide evidence.

We believe that the market should continue to be defined in the above manner.

We do not believe there has been any change in the market or customer purchasing or travelling patterns since the above dates that would necessitate any change to the above market definitions.

2. Please provide an account of the current nature and extent of competition in grocery retailing. Please include the following within your response:

- provide details of all those companies that you regard as actual competitors in the supply of groceries in the candidate product-market segments in question 1.

- For each competitor please describe how competitive it is in terms of price, quality of service, product range, innovation and any other relevant factors. Please respond separately for different store formats, where relevant.

  How has this situation changed since the CC's 2000 report and the 2003 report on the Safeway merger and what are the reasons for the change? Do you expect this situation to change over the next 3 years?

  Please give your reasons for your answers.

Iceland operates small stores and is primarily a secondary shop for its customers, most of whom also shop with other major food retailers.

Due to the large number of Iceland sites and differing locations all other food retailers are competitors. We do not have any information on how competitive other retailers are against Iceland except in relation to price which is detailed in the answer to Q42.

The market has changed since 2000 and 2003 due to increases in non grocery products sold by major food retailers, the merger of Morrison's and Safeway, the closure of many Kwik Save stores, the increase in deep discount outlets and an increase in stores operated by the major food retailers particularly smaller units. We would expect the increase in non grocery products and deep discount and major food retailer outlets to continue in the next 3 years.