

Glossary

2000 report	The CC's monopoly report on supermarkets , published in 2000: <i>Supermarkets: a report on the supply of groceries from multiple stores in the United Kingdom</i> , The Stationery Office, Cm 4842, October 2000.
Asda	Asda Group Limited, a subsidiary of Wal-Mart .
Below-cost selling	Retail price resulting in a negative gross margin.
Branded supplier	A supplier of brands which are the property of the supplier .
Buyer power	Buyer power refers to the ability of a large purchaser to negotiate lower prices from its suppliers . Where this involves offsetting the market power of large suppliers , it is often referred to as 'countervailing' buyer power.
CA	Consumers' Association.
CC	Competition Commission.
Code of Practice	The OFT Code of Practice on Supermarkets' dealings with Suppliers followed the 2000 report , which recommended a Code of Practice to put relations between supermarkets and their suppliers on a clearer and more predictable basis. The Code came into force on 17 March 2002. The OFT is currently reviewing it. The Code covers Asda , Safeway , Sainsbury's and Tesco , all of which had a share of grocery purchases of 8 per cent or more at the time of the implementation of the Code.
Convenience shopping	Shopping for a few grocery items that typically takes place close to a consumer's home or workplace. Whilst convenience grocery shopping can take place in a range of shops, smaller convenience shops tend to have extended opening hours (including longer opening hours on Sundays) and are much smaller in size than supermarkets . To benefit from extended Sunday trading, convenience shops have to be under 280 sq metres in size.
EDLP	Everyday low prices: a policy of maintaining prices at what is claimed to be a consistently low level, as opposed to the use of periodic price promotions.
Fascia	Defined for the purposes of this report as a multiple grocery retailer—thus, ' Asda ' is a fascia.
Fascia test	A requirement introduced by the CC for the purposes of the present inquiry that stores of a certain number of fascias should be present in an area.
Format	Different store types within the same fascia , for example Tesco Extra and Tesco Express.
Four largest supermarkets	Tesco , Sainsbury's , Asda and Safeway .
Groceries	Includes food, drinks (alcoholic and non-alcoholic), cleaning products, toiletries and household goods, but excludes petrol, clothing, DIY products and financial services.
HHI	Herfindahl-Hirschman Index, a measure of market concentration. HHIs are calculated by summing the squares of the percentage market shares of all operators present in the market. An HHI of 10,000 indicates that there is only one operator in the market, and the lower the number the lower the concentration.
High-low	A promotional strategy used by Safeway which features deep-discount promotions around different groups of stores offsetting higher prices on other lines.
IGD	Institute of Grocery Distribution.

Isochrone	A line joining points of equal travel time (usually drive-time) from a given point. Where the given point is a store , this is known as a store-centric isochrone, and where it is an area of population, it is a population-centred isochrone.
KVIs	Known value items.
LSQ	Large suppliers' questionnaire commissioned by the CC for the present inquiry.
Main parties	The five main parties to this inquiry, namely the four parties and Safeway.
Monopsony power	Monopoly power of a buyer over one of its input markets. In the context of supermarket companies, this relates to their power over suppliers .
Morrisons	Wm Morrison Supermarkets PLC.
Multiple, multiple grocery retailer	Operator of a chain of supermarkets .
NOP	NOP Business, part of the market research company NOP World.
ODPM	Office of the Deputy Prime Minister, responsible for planning policy.
One-stop shopping	A type of shopping in which a large range of products is purchased at the same time and in the same store , rather than on different shopping trips or from different stores . A one-stop shop will be of a sufficient size to carry a wide range of grocery items from which consumers can obtain all their grocery needs.
OFT	Office of Fair Trading.
Own brand	Same meaning as own label .
Own label	Range of products carrying the retailer's label and produced to the retailer's specification, typically, but not necessarily, sold at a lower price than the main branded competing products.
Parties	The four companies which have expressed an interest in bidding for Safeway, and been referred to the CC in the present merger references, namely Asda , Morrisons , Sainsbury's and Tesco .
PPG6	Planning Policy Guidance Note 6: <i>Town Centres and Retail Development</i> , 1996, DETR.
Price flexing	The practice of setting different retail prices for the same product line in stores of the same fascia and format in different localities.
Product category	A group of similar product lines, eg tea, breakfast cereals, milk.
Product line	A product of a particular size and description within a product category , eg button mushrooms and open-cup mushrooms or Brand X Premium Coffee 250g and Brand X Premium Coffee 500g.
Range flexing	The practice of stocking a different range of products in different stores of the same fascia and format in different localities.
Safeway	Safeway plc.
Sainsbury's	J Sainsbury plc.
Secondary shopping	Shopping trips to buy a few grocery items to 'top up' or complement purchases made on other shopping trips. Secondary shopping can take place in a range of stores of very different sizes.

SSNIP	Small but significant and non-transitory increase in price.
SSQ	Small and medium suppliers' questionnaire carried out on behalf of the CC by NOP for the present inquiry.
Store	An individual grocery retail outlet.
Supermarket	Self-service grocery store where the space devoted to the retail sale of groceries is sufficient to cater for a wide range of consumers' grocery needs.
Supplier	A manufacturer or wholesaler that sells products to a grocery retailer .
Tesco	Tesco plc.
Wal-Mart	Wal-Mart Stores Inc, the owner of Asda .
Waterbed effect	A hypothesis put to us that if large retailers were to negotiate lower prices from suppliers , those suppliers would seek to recoup lost prices by raising prices to smaller retailers.