



# Stonehouse

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23rd February 2015

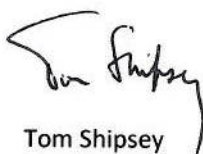
Richard Bruton TD  
Minister for Jobs, Enterprise & Innovation  
Kildare Street,  
Dublin 2

Dear Minister

Please find attached a submission from Stonehouse Marketing Ltd., on the draft Grocery Goods Regulations. In welcoming the trust of these Regulations, Stonehouse Marketing Ltd., has serious concerns about the costs to small wholesalers and retailers in complying with these proposed Regulations.

I attach a submission on same from Stonehouse Marketing Ltd., and would ask that you and the Department take these into consideration as you refine and conclude your deliberations on these important Regulations.

Yours sincerely,



Tom Shipsey

CEO





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## **Draft Submission by Stonehouse Marketing Ltd to the Department of Jobs, Enterprise & Innovation on the draft Grocery Goods Regulations.**

23rd February 2015

### **1. Introduction**

Stonehouse Marketing Ltd., is a Wholesale Retail and Foodservice Buying Group representing the interests of 26 Members serving over 600 Symbol Convenience Stores and upwards of 4,000 Independent Retail and Foodservice Customers in every county of Ireland. Stonehouse Marketing Ltd., (Stonehouse) was founded in the year 2000 with the merger of the two smallest Wholesale Groups, namely AND Keencost and National Wholesale Grocers Alliance. Collectively Stonehouse employs over 1,000 people in the Republic of Ireland. The Members of Stonehouse are family businesses, most of which have been in business for well over 50 years. They vary in size by turnover from €2 to €200 million with the average Member size circa €10million to €12 million. It is difficult to clarify the total retail market share of Stonehouse but based on best figures it represents less than 3% of total market.

Stonehouse operates a Central Office to negotiate terms and promotional activity for its Members. This Central Office comprises of six people, three of which are engaged in supplier negotiations. The Members of Stonehouse are free to accept the terms negotiated by Central Office but are also free to accept/reject these deals or indeed negotiate directly with suppliers. Central Office does not buy the goods from suppliers (with few exceptions). Rather it communicates the deals with the Members who in turn buy or ignore these. As there is no compulsion on the Members to partake in the deals offered by Central Office there is no contract formed by Central Office with the suppliers in relation to these deals. Stonehouse Members in turn have few formal contracts with suppliers on these deals, nor has one been necessary in the relationships with suppliers. Many of the Stonehouse Members have operated the same buying relationship with their supplier base for well over fifty years.

## **2. Observations on the draft Grocery Goods Regulations.**

Stonehouse welcomes in principle the Regulations proposed. It welcomes and acknowledges the purpose of the Regulations in promoting competition, protecting consumers and promoting and protecting the relationship between supplier and customer. Suppliers have been concerned about the power of the large retailers and any balancing of this relationship is welcomed by Stonehouse whose customer base of small family owned independent retail business has been under severe pressure as the larger Retail players have grown.

## **3. Concerns by Stonehouse on the draft Regulations**

In welcoming the draft Regulations, Stonehouse has some concerns about certain aspects of the draft Regulations that we believe need clarification and amendment. Stonehouse Members and their customers have in recent years suffered by the amount of "Red Tape" required in conducting business. The additional requirements in recent years (many for good justifiable reasons) have put a huge strain on the management of small businesses. We believe that these Regulations are about promoting competition by formalising the relationship between Suppliers and large Retailers. Small businesses both at wholesale and retail do not have the manpower or financial backing in our opinion to comply with some of these Regulations. If the purpose of the Regulations is to lead to a competitive and diverse retail sector then the purpose will be defeated if the Regulations compel small wholesalers and retailers to fulfil another layer of administration at substantial cost. This would lead to increased prices to our customers and consumers and would further hasten the decline in small family businesses ultimately driving business to the larger retailers. The Regulations do not set out to do this but the reality would be that if these draft regulations were enacted as outlined more family businesses would close.

## **4. Stonehouse recommendations on the Draft Regulations**

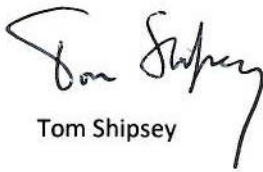
Stonehouse believes that Wholesalers/Retailers below an agreed monetary or %share threshold should be exempt from the regulations. We believe that a cap on size (as expressed in Market Share) should apply. We believe these thresholds should apply to individual wholesalers/retailers on their individual businesses and not on a Group with a market share less than an agreed figure. We believe that Wholesalers and Retailers with a Market Share of less than 5% should be exempt from the Regulations as their power is so small as to not affect supplier relationships. We believe that if you canvassed Suppliers on this issue they would concur.

The Economy is showing some small but significant signs of recovery. Independent Wholesaler and Retailer confidence is still low. We have seen even in recent figures a further decline in market share with the large three Multiples and the two discounters now making up over 90% of the total share. Regulations to control the power of these players is welcomed. Using these draft Regulations to do so in their current form greatly affects the smaller players at a time when we cannot take any further cost.

Stonehouse is asking the Department to seriously look at the consequences of these draft Regulations on those in the Retail sector with little power or voice. There are thousands of jobs dependent upon our survival as well as the wellbeing of small communities throughout the Country. We respectfully ask you to put a cap on these draft Regulations to ensure that those at the low end are not pushed out as rules are introduced to control and regulate the relationship between suppliers and the larger retail players.

Thank you for allowing us an opportunity to respond.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Shipsey', written in a cursive style.

Tom Shipsey

CEO

Stonehouse Marketing Ltd.