

# Suppliers cry 'foul' over supermarket behaviour

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Tesco, Morrisons and Iceland exhibit the worst behaviour of the leading supermarkets in dealing with suppliers, according to a confidential poll of food companies released by the industry's regulator.

A YouGov study of more than 1,000 supermarket suppliers, commissioned by the [Groceries Code Adjudicator](#), has given Aldi, Waitrose and Marks & Spencer top marks for overwhelmingly adhering to best practice on issues such as prompt payment and handling complaints.

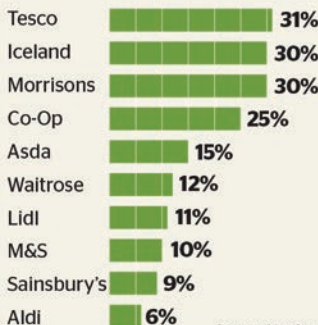
However, 31 per cent said that Tesco's buyers rarely or never complied with the industry's code of conduct. The figure was 30 per cent for Iceland and Morrisons.

Christine Tacon, the industry adjudicator, said that the findings rang true. "The ranking matches my perception of what I hear from suppliers," she said.

The report describes a culture of fear pervading the industry, with many companies feeling that they are obliged to accept bullying conduct by supermarkets for fear of retribution. The poll found that

## Fare dealing

Suppliers who say supermarkets fail to meet code of conduct



Source: YouGov

70 per cent of suppliers had been treated in ways that breached the industry's code over the past 12 months, a drop from 79 per cent the previous year.

However, only 47 per cent were willing to raise complaints with the regulator, an increase of nine percentage points. Fear of retribution was the main reason for reluctance to complain, followed by a lack of confidence that the adjudicator would maintain confidentiality.

Problems include late payment,

being forced to pay above the odds for packaging specified by a supermarket, demands for lump sums out of the blue and stiff financial penalties over trivial complaints from shoppers. Another is "drop and drive" whereby suppliers deliver a consignment of goods but are not given adequate receipts, leading to disputes over payment.

In February, Ms Tacon, who can levy fines of up to 1 per cent of UK turnover on supermarket chains, began her first full-scale investigation of an individual company by examining Tesco's commercial income from food companies. It found that Tesco had booked as profit £263 million in fees paid for in-store marketing and seasonal promotion. That prompted an inquiry by the Serious Fraud Office.

A spokesman for Tesco said: "Suppliers are at the heart of our business and we've been working with them to change the way in which we work together."

Morrisons said: "We are listening to the information from the survey, although we don't believe it reflects the generally positive nature of our relationships with our suppliers."

Iceland declined to comment.