Canadian Federation of Independent Grocers | Fédération Canadienne des Épiciers Indépendants

POLICY UPDATE

CREDIT CARD FEES

- CREDIT CARD FEES CONTINUED TO ESCALATE, WITH NO CONTROLS
- VISA AND MASTERCARD DECIDE TO BRING IN CO-BADGED CREDIT/DEBIT CARDS THREATENED INTERAC AND WOULD ESCALATE FEES. VISA ANNOUNCES THEIR DEBIT CARD WILL BE 19 CENTS PLUS PERCENTAGE OF BASKET FOR EACH TRANSACTION
- IN THE UNITED STATES, VISA DEBIT FEE REVENUE EXCEEDS THOSE OF CREDIT CARD FEES.

INTERAC RESPONDS BY REQUESTING REMOVAL OF CONSENT ORDER FROM THE COMPETITION BUREAU.

CFIG AND MANY OTHER ASSOCIATIONS COME TOGETHER IN A COALITION TO PUSH FOR CONTROLS OF FEES

CFIG HAS TO PULL AWAY FROM COALITION DUE TO RCC SHIFT AWAY RE: DEBIT AND INTERAC – CFIG GOES DIRECTLY TO COMPETITION BUREAU

GOVERNMENT BRINGS IN A ‘VOLUNTARY’ CODE OF CONDUCT. PROHIBITS CO-BADGED DEBIT CARDS. COMPETITION BUREAU ALSO VETOES THE REQUEST BY INTERAC TO TEAR UP THE CONSENT ORDER—FLAT FEES MAINTAINED.

PRESERVATION OF FLAT FEE, LOW COST INTERAC DEBIT, SAVE RETAILERS THOUSANDS OF DOLLARS EVERY YEAR

PROHIBITION OF VISA AND MASTRCARD FROM HAVING CO-BADGED DEBIT CARDS SAVES RETAILERS THOUSANDS OF DOLLARS EVERY YEAR

HARPER GOVERNMENT ALSO BRINGS IN A VOLUNTARY AGREEMENT TO FREEZE FEE INCREASES FOR FIVE YEARS AND TO REDUCE CREDIT CARD FEES TO "AN OVERALL AVERAGE OF 1.5%." TO BE ACHIEVED BY APRIL, 2016. ALSO PROMISED "GREATER REDUCTIONS FOR SMALL AND MEDIUM SIZE BUSINESSES."

CFIG AND SMALL BUSINESS COALITION SAID REDUCTIONS WERE NOT MEANINGFUL AND SHOULD BE ALIGNED WITH THE RATES IN OTHER JURISDICTIONS.

UNFORTUNATELY, SOME, SUCH AS THE CFIB, APPLAUDED THE REDUCTIONS ENTHUSIASTICALLY.

SMALL BUSINESS MATTERS

CFIG CHAIRS THE NATIONAL SMALL BUSINESS MATTERS COALITION. OVER 20 TRADE ASSOCIATIONS ARE MEMBERS. ABOUT 100,OOO BUSINESSES REPRESENTED IN THIS COALITON.

- ENGAGED IN DEALING WITH CREDIT CARD FEES AT THIS TIME.
- NEED TO STRENGTHEN THE VOICE FOR SMALL AND INDEPENDENT BUSINESSES TO SPEAK OUT ON A NUMBER OF ISSUES—BUT ESTABLISH MORE OF A PARTNERSHIP WITH GOVERNMENT.

CFIG AND THE SMALL BUSINESS COALITION CONTINUE TO PUSH FOR LOWER CREDIT CARD FEES

CODE OF CONDUCT THAT REGULATES THE PAYMENTS INDUSTRY HAS BEEN ENHANCED. GOVERNMENT WORKING WITH INDUSTRY TO CONTINUE TO MAKE MORE CHANGES AND INCREASE KNOWLEDGE ABOUT THE CODE WITHIN RETAIL. CFIG SITS ON GOVT/INDUSTRY ADVISORY BOARD

'Consumers should be aware of how their existing credit cards might change'

CREDIT from B1

Meanwhile, shoppers will need to be alert for any changes in the rewards programs offered by their credit cards, personal finance experts say.

"It is a possibility that the savings the retailers experience might be passed down but they might be so marginal that it may not make such a difference," said Penelope Graham, editor of RateSupermarket.ca, a personal finance website that specializing in comparing interest rates on mortgages, credit cards and bank accounts. "Consumers should be aware of how their existing credit cards might change."

Credit card fees for merchants now range between $1.50 and $3 or more for every $100 worth of transactions, depending on the credit card. The interchange rate makes up most of that fee.

On average, the reduction in the interchange rate amounts to a 10-per-cent rate cut, the Department of Finance said on Tuesday.

The new rate will stand for five years and take effect no later than April, it said.

"As a result of the voluntary proposals, there is no need for the Government to regulate the interchange rates set by the credit card networks," federal Finance Minister Joe Oliver said in a statement.

"These commitments represent a meaningful long-term reduction in costs for merchants that should ultimately result in lower prices for consumers."

An independent third party will verify the reductions take place, the government said.

The deal, while not a "massive reduction" in so-called swipe fees charged to merchants, is welcomed by small businesses, the head of the Canadian Federation of Independent Business said.

"As merchants have endured years of regular rate hikes, almost as important is the commitment to freeze the average interchange rate for the next five years," CFIB president Dan Kelly said in a release.

The Small Business Matters Coalition said it doesn't share the CFIB's positive view on the cuts.

The reduced rate is still triple the 0.5 per cent rate that is the standard in other countries, said Gary Sands, chair of the coalition, which represents over 90,000 small business retailers.

The group argues that small retailers, which already have thinner profit margins compared to larger rivals, typically pay higher fees because they don't have the bargaining power to reduce their rates.

Under the voluntary proposals by Visa and MasterCard, small and medium-sized businesses and charities will get a greater rate reduction, Oliver said.

However, those details have not yet been provided, said Sands, who is also vice-president of the Canadian Federation of Independent Grocers.

Sands also questions the six-month long implementation period.

"Why April?" Sands said.

"The government admits there's a problem and Visa and MasterCard admit they have to do something to reduce the fees but we're going to keep doing it over the holiday season which is the retailers' busiest time of the year."

With files from Bloomberg and The Canadian Press

SATURDAY, OCTOBER 18, 2014

@GLOBEBUSINESS
LETTERS AND COMMENTS FROM ROB READERS

Payment industry has fair regulation

Re Credit card fee problem needs a voluntary solution (Oct. 15): A voluntary "solution" is nothing less than a myopic Band-Aid remedy. The playing field will never be equal and we know that, but regulatory oversight in the payments industry does provide a framework for those without the clout of a Costco to know that the payment industry in Canada, while a near monopoly, has the regulatory reins in place to ensure a more balanced outcome for all. The government took action because of its concerns with respect to dominance by a few in the wireless industry. The dominance is more pronounced in the payments industry. It's time for a solution that meets the needs of Main Street, not Bay Street.

– Gary Sands, vice-president, Canadian Federation of Independent Grocers

FROM PAGE 1

Fees: Industry groups say rate cut will have a limited impact

Tuesday's announcement is the product of months of negotiations between Ottawa, banks and credit card companies. The fees are a significant revenue generator for Visa, MasterCard and the lenders that issue cards. In 2010, the federal Competition Bureau said interchange fees had mounted to an estimated $5-billion annually. Since then, credit card use has grown, and industry groups say fees have climbed.

Federal Finance Minister Joe Oliver welcomed the changes, which were made by credit card companies at the government's request, according to people involved in the discussions. Mr. Oliver added that lower costs for merchants "should ultimately result in lower prices for consumers."

But many industry groups say the move is either inadequate or may have a limited impact.

The Small Business Matters Coalition, which represents about 90,000 small businesses, said its members are disappointed.

"We need to bear in mind that several other countries have supported their small businesses by regulating a capped rate that is much lower than that announced today by the Canadian government," said Gary Sands, chair of the coalition.

New Brunswick Liberal senator Pierrette Ringuette echoed that the move was "practically meaningless" in an environment where fees for merchants have climbed by an estimated 25 per cent over the past two years. "Setting a reasonable limit on acceptance fees, such as 0.5 per cent as in Australia and less than 0.3 per cent as in Europe would mean lower prices for consumers and family budgets will go further," she said.

The Retail Council of Canada (RCC) also said there is still work to do to improve prices for consumers.

"It's a good start," said David Wilkes, senior vice president of government relations at RCC. He said the move will control ballooning credit card fees, but further reductions are needed.

If merchants are expected to pass on all their savings to consumers, the fee cuts will have "no positive financial impact" for them, said Peter Sklar, analyst at BMO Nesbitt Burns. He had expected a cut of 15 per cent.

And there are still issues to be addressed. The Competition Bureau argued that credit card costs are often unfairly passed on to consumers who pay by cash, but no move has been made to remedy this.

Since the fee cuts did not impose any hard cap, credit card companies could charge very high fees on some cards if they are offset by low fees on a large number of grocery store cards, or others in their portfolio.

For the Big Banks, which dominate credit card issuance in Canada, the negative effect of the fee decrease would be limited, analysts said Peter Routledge, analyst at National Bank Financial.

"Put bluntly, credit card usage is a far more important revenue driver for banks than the interchange rate," Mr. Routledge said, showing that credit card use has been on the rise over the past three decades.

The banks could move to recover some of the losses of the interchange fee reduction, said John Aiken, analyst at National Bank Financial. He highlighted increasing card annual fees and reducing the benefits of loyalty programs as some examples.

The government said it would monitor the fee reduction environment, reserving the right to take further action if consumers don't get any benefit from the fee cut.

MasterCard said the voluntary commitment was made with the intention to prevent over-regulation of the industry.Visa said it will also be monitoring the result of the reductions closely and critically.

Still some groups, such as the Canadian Federation of Independent Businesses (CFIB), said the move to curb fees should help small businesses keep prices down.

VISA DID NOT BRING IN A SMALL BUSINESS RATE, AS HARPER GOVERNMENT PROMISED

CFIG HAS BEEN TRACKING REDUCTIONS, AND THEY ARE FALLING SHORT OF THE 1.5% THAT WAS TO BE ACHIEVED THIS MONTH. PARTICULARLY MASTERCARD.

THIS ALSO SHOULD VIEWED IN THE CONTEXT OF THE 'ONE OFF' DEAL THAT MASTERCARD SIGNED WITH COSTCO. THAT 'NO FEE' DEAL IS INCORPORATED INTO THEIR OVERALL REDUCTIONS BEING REPORTED

ALSO IN FEBRUARY MEETING WITH FINANCE, NEW GOVERNMENT INDICATED THAT MASTERCARD HAD CONFIRMED IT WAS "FALLING SHORT"

SMALL BUSINESS COALITION THAT CFIG CHAIRS HAS TAKEN CREDIT CARD ISSUE FOWARD TO NEW GOVERNMENT. MEETINGS AT MINISTER LEVEL HAVE ALREADY OCCURRED. LIBERAL MP HAS INTRODUCED A BILL AND SMALL BUSINESS MINISTER IS ALSO ENGAGED AFTER MEETING WITH COALITION.

WE WANT A RATE THAT IS MORE ALIGNED WITH OTHER JURISDICTIONS – 0.3 IN EUROPE AND 0.5 IN AUSTRALIA.

ENVIRONMENT

- THE BC GOVERNMENT FOLLOWED OTHER PROVINCES IN TURNING OVER WASTE STEWARDSHIP FOR BLUE BOX MATERIALS TO INDUSTRY. SOME AREAS OF THE PROVINCE STILL NOT COVERED.
- CFIG OBTAINED EXEMPTIONS FOR SINGLE STORE BUSINESSES.
- WE HAVE REPRESENTATIVES ON THE INDUSTRY BOARDS TO ENSURE SMALL BUSINESS VOICE IS HEARD.
- ALSO INTERVENE ON OTHER ISSUES, SUCH AS PLASTIC BAGS. DRAW ATTENTION TO PROVINCIAL AGREEEMENTS WITH INDUSTRY.

LABELLING EXEMPTIONS

CFIG OBTAINED EXEMPTIONS FOR NUTRITIONAL AND ALLERGEN LABELLING AT RETAIL AND FOR INDIVIDUAL COMMISSARY. SAVES AVERAGE STORE $60,000 PER YEAR.

RECENTLY CFIA INSPECTORS IN TWO REGIONS TRIED TO TERMINATE EXEMPTION.

CFIG SUCCESSFUL IN HAVING INSPECTORS OVERRULED AND EXEMPTION MAINTAINED.

PENSION REFORM

ONTARIO HAS INTRODUCED A NEW PENSION PLAN. CFIG VIEWS THIS AS A PAYROLL TAX THAT HAS NO LINK TO THE MARGINS OF A SECTOR, NOR PROFITABILITY OF A COMPANY.

WILL BECOME A NATIONAL ISSUE. OTHER PROVINCES, SUCH AS ALBERTA, NOW REVIEWING.

ALBERTA’S NDP GOVERNMENT

CFIG JOINED WITH A NUMBER OF ASSSOCIATIONS, BUSINESSES AND ORGANIZATIONS IN OPPOSING THE STEEP INCREASES IN MINIMUM WAGE.

CFIG HAS MET WITH MINISTER OF AGRICULTURE AND FOOD TO EXPLAIN UNIQUE CHALLENGES WITHIN FOOD INDUSTRY.

CFIG EXPECTS OTHER ISSUES TO ARISE IN THE NEXT 3 YEARS. SMALL BUSINESS COALITION IN COMMUNICATION WITH PREMIER’S OFFICE

QUOTA BOARDS

- FEDERAL GOVERNMENT HAS LONG STANDING QUOTA BOARDS TO DEAL WITH CHICKEN, TURKEY, BEEF, AND VEAL.
- ENSURES FAIRNESS IN ALLOCATION OF SUPPLY ACROSS PROVINCIAL BOUNDARIES.
- CFIG SITS ON BOARDS TO ENSURE OUR VOICE IS HEARD AND SUPPLY IS EQUAL AND FAIR FOR SMALLER RETAILERS. SUPPLY WILL BE IMPROVED IF TPP IS SIGNED.

FOOD SAFETY

CFIG SITS ON THE EXECUTIVE OF THE FOOD SAFETY SUPPLY COALITION BASED IN OTTAWA.

ALLOWS US TO HARNESS RESOURCES WITH A COLLECTIVE BODY AND RESPOND TO PROPOSED LEGISLATIVE AND REGULATORY CHANGES.

WE ALSO ENSURE TIMELY NOTIFICATION TO MEMBERS, WHO HAVE SIGNED UP OR ON WEBSITE, ON THE LATEST RECALLS.

MANAGE ISSUES SUCH AS PREVALENCE OF CHICKEN PATHOGENS DISCOVERED AT RETAIL. INSPECTIONS WERE NOT FAVOURABLE FOR RETAIL, PARTICULARLY IN WESTERN CANADA.

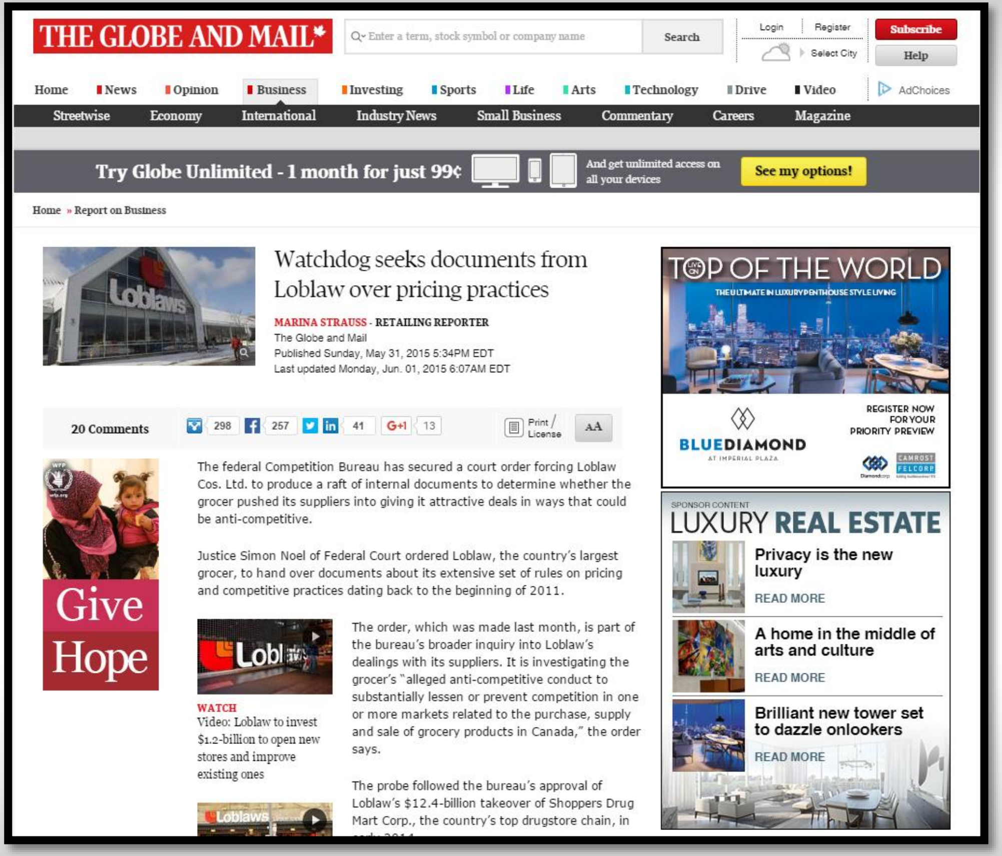
RETAIL CONSOLIDATION

- THE ACQUISTIONS OF SAFEYWAY BY SOBEYS AND SDM BY LOBLAW, SIGNIFICANTLY INCREASED LEVERAGE FOR THESE TWO COMPANIES. BOTH ISSUED EDICTS TO SUPPLIERS REQUESTING “COST SYNERGIES”—RETROACTIVELY.
- THESE SYNERGIES, IN MANY CASES, IMPACTED HOW SUPPLIERS DEALT WITH INDEPENDENTS AND SMALLER RETAILERS. EVEN METRO CALLED IN SUPPLIERS TO DISCUSS THEIR CONCERNS THAT COST SYNERGIES REQUESTED BY OTHERS, WOULD NOT BE AT THEIR EXPENSE.
- CFIG HAS RAISED PROFILE OF THIS ISSUE WITH MEDIA, GOVERNMENT AND WITHIN THE INDUSTRY.
- CFIG PUSHED COMPETITION BUREAU TO DEAL WITH ‘DISTORTIONS’ IN INDUSTRY. NOW THEIR TOP PRIORITY. INVESTIGATION IS “STILL CURRENT.”
- ALSO ADVOCATING TO GOVERNMENT THE NEED FOR A CODE OF CONDUCT. THIS IS AN INDUSTRY WIDE ISSUE. OUR EFFORTS HELP NOT JUST INDEPENDENT GROCERS, BUT SUPPLIERS. A CODE ALLOWS US TO HAVE THE SAME CONVERSATION AS METRO.

OTHER JURISDICTIONS, SUCH AS AUSTRALIA AND BRITAIN, HAVE BROUGHT IN CODES OF CONDUCT TO OVERSEE THE GROCERY INDUSTRY .

CFIG BELIEVES SUCH AN INSTRUMENT IS REQUIRED IN CANADA TO ENSURE INDEPENDENTS CAN STAY ON THE PLAYING FIELD. MEETING SOON WITH MINISTER BAINS.

CFIG IS ADVOCATING THAT THIS DOCUMENT BE DEVELOPED AS A 'VOLUNTARY' CODE BY THE INDUSTRY. BUT IF SUCH AN APPROACH IS RESISTED, THEN IT FALLS TO GOVERNMENT TO MAKE IT AN INVOLUNTARY CODE.



THE GLOBE AND MAIL

Home » Report on Business

Watchdog seeks documents from Loblaw over pricing practices

MARINA STRAUSS - RETAILING REPORTER
The Globe and Mail
Published Sunday, May 31, 2015 5:34PM EDT
Last updated Monday, Jun. 01, 2015 6:07AM EDT

20 Comments

The federal Competition Bureau has secured a court order forcing Loblaw Cos. Ltd. to produce a raft of internal documents to determine whether the grocer pushed its suppliers into giving it attractive deals in ways that could be anti-competitive.

Justice Simon Noel of Federal Court ordered Loblaw, the country's largest grocer, to hand over documents about its extensive set of rules on pricing and competitive practices dating back to the beginning of 2011.

WATCH
Video: Loblaw to invest $1.2-billion to open new stores and improve existing ones

The order, which was made last month, is part of the bureau's broader inquiry into Loblaw's dealings with its suppliers. It is investigating the grocer's "alleged anti-competitive conduct to substantially lessen or prevent competition in one or more markets related to the purchase, supply and sale of grocery products in Canada," the order says.

The probe followed the bureau's approval of Loblaw's $12.4-billion takeover of Shoppers Drug Mart Corp., the country's top drugstore chain, in

Competition watchdog continues probe into Loblaw's pricing practices

MARINA STRAUSS - RETAILING REPORTER
The Globe and Mail
Published Monday, Oct. 05, 2015 6:33PM EDT
Last updated Monday, Oct. 05, 2015 6:40PM EDT

The Competition Bureau isn't backing down from its investigation into Loblaw Cos. Ltd.'s pricing practices with its suppliers, even though the grocer plans to discontinue the controversial policies.

Late last week, The Globe and Mail reported that Loblaw told its suppliers it would scrap those supplier pricing rules, starting Jan. 3, as part of an effort to streamline its operations and smooth relations with vendors.

Some suppliers, while pleased with Loblaw's decision, were concerned that the bureau could wind down its inquiry following the grocer's latest move without formulating guidelines on the matter, sources said. Loblaw's practices, such as applying retroactive discounts on orders from vendors in some situations, could lead to higher prices at rival grocers, the bureau has suggested.

"The Competition Bureau is aware that Loblaw has notified its suppliers that it will be eliminating certain alleged anti-competitive practices under investigation by the bureau," Greg Scott, a bureau spokesman, said in an e-mail on Monday.

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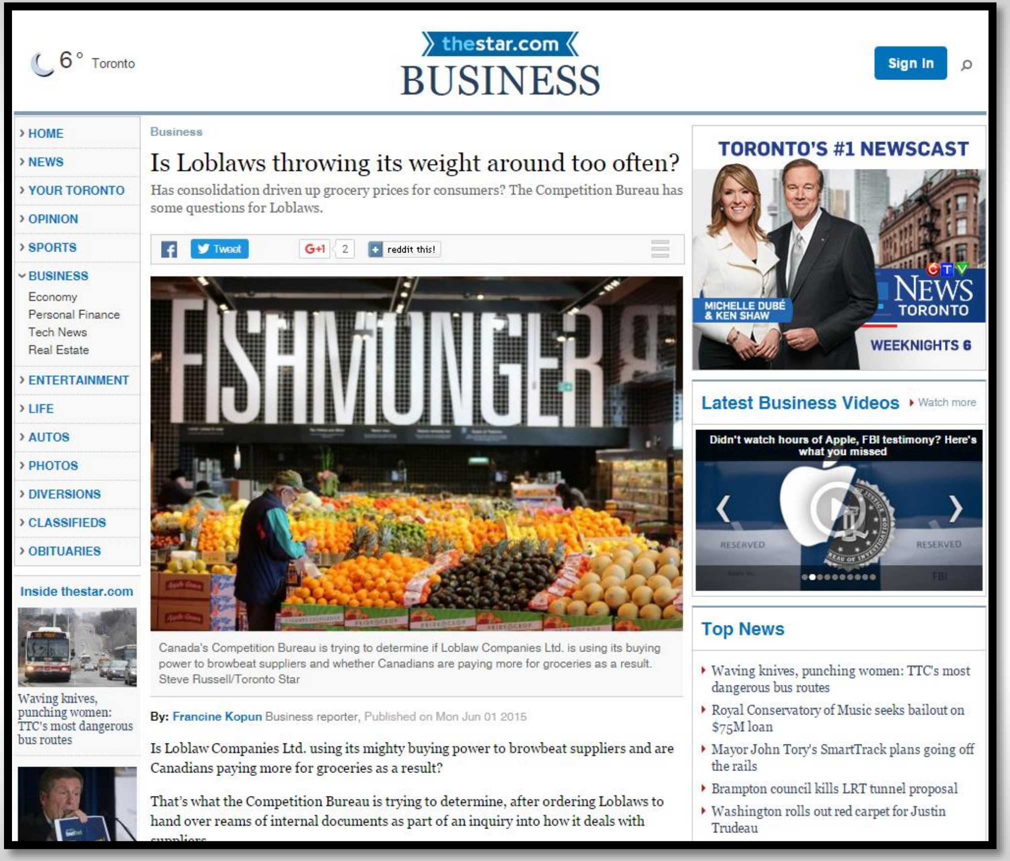

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Has consolidation driven up grocery prices for consumers? The Competition Bureau has some questions for Loblaws.

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Canada's Competition Bureau is trying to determine if Loblaw Companies Ltd. is using its buying power to browbeat suppliers and whether Canadians are paying more for groceries as a result.
Steve Russell/Toronto Star

By: Francine Kopun Business reporter, Published on Mon Jun 01 2015

Is Loblaw Companies Ltd. using its mighty buying power to browbeat suppliers and are Canadians paying more for groceries as a result?

That's what the Competition Bureau is trying to determine, after ordering Loblaws to hand over reams of internal documents as part of an inquiry into how it deals with suppliers.

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Business

Competition Bureau steps up probe into Loblaw's dealings with suppliers

Federal bureau subpoenas suppliers in ongoing investigation into Loblaw pricing practices after takeover of Shoppers Drug Mart

Canada's Competition Bureau has subpoenaed several food and beverage suppliers of Loblaw Companies Ltd. in an ongoing investigation into pricing practices following its takeover of Shoppers Drug Mart. Canadian Press File Photo

By: Lisa Wright Business Reporter, Published on Mon Nov 17 2014

Canada's Competition Bureau has subpoenaed several food and beverage suppliers of Loblaw Companies Ltd. in an ongoing investigation into pricing practices following its takeover of Shoppers Drug Mart.

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Affidavit reveals glimpse into Loblaw pricing practices

Marina Strauss and Jeff Gray, The Globe and Mail
8:40 AM, E.T. | June 2, 2015
Retail
Tags: **Loblaw**

2

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Loblaw Cos. Ltd. collected more than “tens of millions of dollars” from its suppliers last year for practices which, according to the Competition Bureau, could be anti-competitive and ultimately lead to higher prices.

The revelation is contained in an affidavit sworn in Federal Court that is part of the bureau’s investigation into Loblaw’s potential anti-competitive behaviour with its suppliers, forcing them to make up the difference to match retail rivals’ lower prices.

Recommended

THE GLOBE AND MAIL

Competition watchdog continues probe into Loblaw's pricing practices

MARINA STRAUSS - RETAILING REPORTER

The Globe and Mail
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The Competition Bureau isn't backing down from its investigation into Loblaw Cos. Ltd.'s pricing practices with its suppliers, even though the grocer plans to discontinue the controversial policies.

THE GLOBE AND MAIL

Loblaw to overhaul supplier-pricing rules

Loblaw Cos. Ltd. will drop controversial supplier-pricing rules that are under investigation by the Competition Bureau in an effort to streamline its operations and smooth relations with vendors.

The country's largest grocer on Friday sent a letter to its 3,000 suppliers and provided a webcast outlining its plans to overhaul its pricing and cost practices with suppliers, according to people familiar with the situation. Loblaw's tactics have led to friction with suppliers and allegations that the company may be lessening competition by using heavy-handed terms, such as applying retroactive discounts on orders from vendors under certain circumstances.

Supplier squeeze: Loblaw in the spotlight over pricing practices

In a memo issued to some of its suppliers last year, Loblaw Cos. Ltd. set out an extensive set of rules concerning pricing and competitive practices.

The document provided guidelines regarding "ad matching" with other stores' prices, "collisions" with competitors' promotions, and it warned of a "three strikes policy" to suppliers that broke the retailer's policies three times.

The five-page supplier memo, obtained by The Globe and Mail, was issued in 2013 and titled "Loblaw 2014 policies."

Loblaw to overhaul supplier-pricing rules

MARINA STRAUSS - RETAILING REPORTER
The Globe and Mail
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Last updated Sunday, Oct. 04, 2015 10:41PM EDT

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Loblaw's new strategy is to eliminate an array of pricing policies with suppliers, introduce a single cost calculation and simplify the buying process with vendors in a bid to gain "cost certainty" and transparency.

"Suppliers have asked for this change," Grant Froese, Loblaw's chief operating officer, said in the letter issued Friday, obtained by The Globe and Mail.

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MARINA STRAUSS - RETAILING REPORTER

The Globe and Mail
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The five-page supplier memo, obtained by The Globe and Mail, was issued in 2013 and titled "Loblaw 2014 policies."

Among the many policies in the memo, the retailer said that if a rival retailer touted the vendors' products at a lower price, Loblaw would offer its customers the same price markdown and expect the vendor to pay the cost difference.

In its most recent memo in June, also obtained by The Globe, it said it would not accept price

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