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MARKET STUDY

DISTRIBUTION OF FOODSTUFFS & OTHER HOUSEHOLD SUPPLIES IN MAURITIUS

MS/007



Final Report

November 2026

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1. Introduction

1.1. Pursuant to Section 30(h) of the Competition Act 2007 ('the Competition Act'), the Executive Director of the Competition Commission ('the Executive Director') launched this market study into the distribution of foodstuffs and other household supplies (groceries).

1.2. This market study was initiated following several complaints about potential unfair commercial practices by larger retailers and distributors to the detriment of smaller operators in the market. These commercial practices relate, among other things, to retroactive rebates, a form of loyalty-inducing trade discount; slotting fees; unfair payment and delivery terms; and requirements to finance promotional and marketing costs.

1.3. The Executive Director prioritised this market study given the importance of groceries for consumers and the considerable proportion of income that households, especially the lower income earners, spend on these items. It is therefore important to ensure that competition in relation to groceries supply is effective and that commercial practices, which may harm the competitive process, are addressed within the appropriate regulatory framework.

1.4. In this regard, the study aims to provide an overview of the distribution landscape for groceries in Mauritius and to assess the potential competition implications of trading terms in commercial agreements between wholesale distributors and retailers. The objective is to develop potential recommendations for ensuring a level playing field in the distribution of groceries in Mauritius so that both small and large operators can compete effectively and consumers can benefit.

1.5. The study neither seeks to identify any wrongdoing by individual companies nor reaches any conclusion as to whether certain practices infringe the Competition Act. It may, however, provide the Competition Commission with a factual basis for deciding whether any enforcement action is needed.

1.6. The rest of the report is structured as follows:

- Chapter 2 provides a background on the grocery sector in Mauritius in terms of the key market participants and their operations. It also briefly reviews the regulatory framework which governs the local distribution sector.
- Chapter 3 reviews the economic literature on harm to competition arising from anti-competitive and unfair commercial practices. It also provides the experience of competition agencies in other jurisdictions in dealing with the commercial practices in buyer-supplier relationships.
- Chapter 4 looks at the competition dynamics in the local distribution industry by assessing the relative market position of retailers and suppliers. It also assesses the likely effects of unfair commercial practices by operators in superior bargaining power that may undermine the ability of smaller operators to compete effectively in the local grocery distribution sector.
- Chapter 5 provides the potential way forward for a fairer competition landscape for all operators.

2. Background on grocery distribution sector in Mauritius

2.1. This chapter provides a background on the grocery distribution sector in Mauritius. It gives an overview of the distribution supply chain, the key market operators and the governing regulatory framework.

A. The groceries supply chain

2.2. Groceries are foodstuffs and other essential household products which are bought by households on a frequent basis for everyday use. They are non-durable goods with a short shelf life. Table 1 provides the different categories of grocery products, as per the Household Budget Survey 2023.

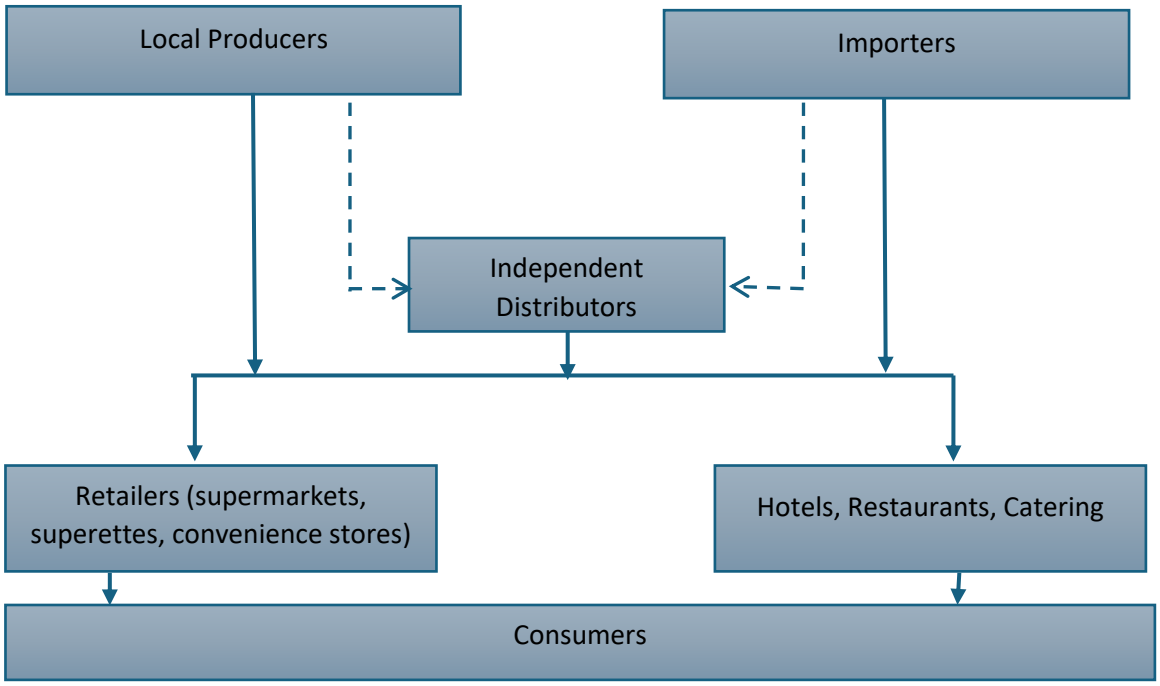
Table 1: Categories of grocery items

Categories	Products
Bread, cereal and other cereal products	Rice, flour, bread, biscuits, pastry, breakfast cereals, pasta products, other cereal and grain mill products.
Meat	Fresh/frozen beef, mutton, goat and venison, pork, fresh/frozen chicken, beef liver, mutton and chicken liver, pork and chicken sausages, canned meat and frozen semi-prepared meat preparations.
Fish and other seafood	Fresh/frozen/salted fish, canned fish and other processed sea food, frozen semi-prepared fish preparations, fresh octopus and other sea products.
Milk, cheese and eggs	Liquid milk, powdered milk (full cream/skimmed), cheese, milk preparations and fresh eggs.
Oils and fats	Cooking oil, butter, margarine and ghee.
Fruits and nuts	Local/imported fresh fruits and dried fruits.
Vegetables	Tomatoes, other fresh vegetables, onions, garlic, potatoes, pulses, preserved vegetables and frozen semi-prepared vegetarian food.
Sugar, confectionery and dessert	Sugar, jam and honey, chocolate and cocoa based food products, ice-cream and sweets/confectionery.
Other food products	Pre-cooked food, baby milk powder and cereals, ginger and culinary herbs.
Non-alcoholic beverages	Fruit juice, syrup, coffee, tea, mineral waters, soft drinks and other non-alcoholic drinks.
Alcoholic beverages	Whisky, rhum, other cane spirits, wine, beer and stout
Routine household maintenance	Laundry soap, detergent and other washing materials.
Personal care	Personal hygiene and care products (for adults and babies).

Source: Household Budget Survey 2023, Statistics Mauritius

2.3. Grocery items are mostly imported into the country with local production limited to certain categories of products. Figure 1 illustrates the grocery supply chain in Mauritius.

Figure 1: Supply chain of the grocery distribution sector in Mauritius



Source: CC's Grocery Supply Chain Framework

2.4. The supply chain can be classified into the upstream market for wholesale distribution of locally produced and imported grocery products and the downstream market for retail distribution.

2.5. In the upstream market, most local producers and importers have their own distribution facilities or ensure same through their sister companies. There are a small number of independent distributing agents though.

2.6. The main operators in the Mauritian grocery industry are presented below.

I. Wholesale Distributors

2.7. The wholesale distributors can be grouped into local producers and import distributors, some of whom are part of conglomerate groups and, to a certain extent, vertically integrated along the distribution supply chain.

2.8. Table 2 presents a list of major wholesale distributors for the food, non-alcoholic drinks, home maintenance and personal care categories. To assess the relative market positions of those distributors, information on number of brands distributed and turnover is also provided.

Table 2: List of major wholesale distributors, brand portfolio and turnover

Wholesale Distributors	Number of Brands	Turnover (Rs million)	Year
BrandActiv (An IBL Group company)[1]	163	*n.a*	*n.a*
Phoenix Beverages Limited	50	11,490	2025
Panagora Marketing Company Limited	50	7,260	2025
Pharmacie Nouvelle Limited	19	3,762	2025
Innodis Ltd	37	3,337	2025
Quality Beverages Limited	30	2,982	2025
Edendale Distributors Ltd	27	2,708	2025
Chue Wing & Company Limited (ABC Foods)	22	2,582	2025
Scott and Company Limited	40	2,316	2025
Li Wan Po & Compagnie Limitee	30	1,806	2024
Mauritius Oil Refineries Limited (MOROIL)	17	1,669	2025
Agiliss Ltd	34	1,435	2023
Tea Blenders Limited	*n.a*	1,294	2024
H.A Ramtoola & Sons Ltd	6	1,202	2025
Ramdenee Edible Oil Products Limited	*n.a*	707	2023
Soap & Allied Industries Limited	14	752	2025
Food Canners Ltd	2	477	2025
Aryze Company Ltd (Previously La Trobe Co. Ltd)	14	415	2024

Source: Compiled from distributors' websites and Registrar of Companies

2.9. BrandActiv, Panagora Marketing Company Limited and Phoenix Beverages Limited are the largest suppliers in terms of brand portfolio and turnover. Disaggregated financial information on BrandActiv, which is part of the IBL Group, is not publicly available. However, it is likely among the top performers. It is to be highlighted that these distributors have a variety of products in their portfolio and turnover figures reflects total sales, including for products other than groceries. For instance, Phoenix Beverages Limited and Scott and Company Limited also distribute alcoholic beverages. Similarly, Pharmacie Nouvelle Limited is also a distributor of pharmaceutical products.

2.10. Several of the large distributors are part of conglomerate groups. For instance, BrandActiv, and Phoenix Beverages Limited are part of the IBL Group; Panagora Marketing Company Limited is part of the Eclosia Group; Quality Beverages Ltd and Soap and Allied Industries Ltd are under the Currimjee

[1] More details on IBL can be found at BrandActiv Mauritius

Group. These companies are present in many sectors of the economy, thus having better economies of scope in terms logistics, finance and support.

II. Retailers

2.11. The downstream retail distribution comprises of supermarket chains, smaller individual supermarkets and convenience stores. Table 3 below provides the number of outlets for the supermarket chains.

Table 3: Number of outlets across the country for each supermarket chain

Supermarket Chain		Supermarkets/ Superettes	Hypermarkets	Total Outlets
	Dream Price	32	-	32
	Save Mart	29	-	29
	Winner's	25	3	28
	Way	13	-	13
	Intermart	9	3	12
	Grandes Surfaces Réunies (GSR)	9	-	9
	King Savers	5	1	6
	Super U	-	5	5
	Carrefour	2	2	4
	Lolo	-	2	2
Total		**124**	**16**	**140**

Source: Survey through supermarkets' website and CBRD

2.12. As illustrated, there are 10 main supermarket chains in Mauritius, namely Carrefour, Dream Price, Grandes Surfaces Réunies (GSR), Intermart, King Savers, Lolo hyper, Save Mart, Super U, Way, and Winner's. Chains like GSR, Way, and Intermart operate as buyer groups. Though they trade under a single franchise, the individual outlets are separately owned and managed. This operating model allows them to negotiate better deals when purchasing in bulk with central purchasing agencies.

2.13. These supermarket chains operate 140 outlets across the island, 124 are supermarkets/superettes and 16 are hypermarkets. Dream Price has the highest number of 32 outlets, followed by Save Mart (29)

and Winner's (28). It should, however, be highlighted that not all of the outlets run by supermarket chains such as Save Mart and Dream are big in size to fall with the classification of supermarkets. Some of these are smaller and fall under the general retailer category or superettes, as they operate on a self-service basis compared to the convenience stores. In terms of size of store and turnover, Winner's is undisputably the largest supermarket chain with a turnover nearing Rs 13 billion for the year 2024 and operating three hypermarkets in Tribeca Mall, La City Trianon and Cascavelle Shopping Mall.

2.14. It is to be highlighted that supermarket chains, such as Winner's and Super U among others, distributes certain products under private labels. These are products manufactured locally or imported but packaged and sold as the supermarket's own brand. For instance, Winner's sources certain grocery products in bulk from suppliers (local manufacturers or wholesale importers) and sells them under its private label 'W'. In addition to private labels, some supermarkets import directly through commercial partnerships. Winner's, for instance, imports 'Leader Price' branded products from its partner, Casino.

2.15. Apart from the retail outlets operated by the supermarket chains, there are several medium size and smaller individual supermarkets (superettes) and convenience stores. Superettes are self-service grocery shops which provide a narrower range of products compared to the larger chains. However, these independent stores do provide some competitive constraint on these larger players in terms of proximity and convenience.

2.16. Figure 2 and Figure 3 mapped the location of supermarket chains and other independent superettes across Mauritius.

Figure 2: Location of supermarket chains

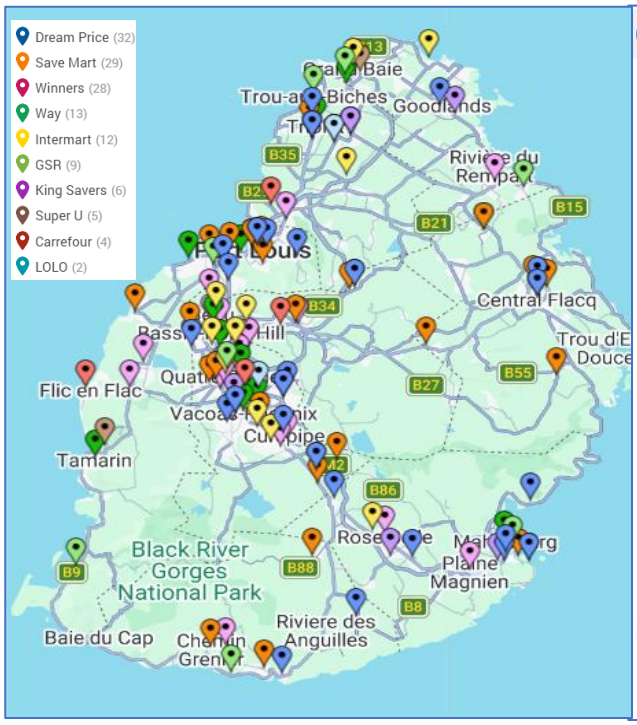
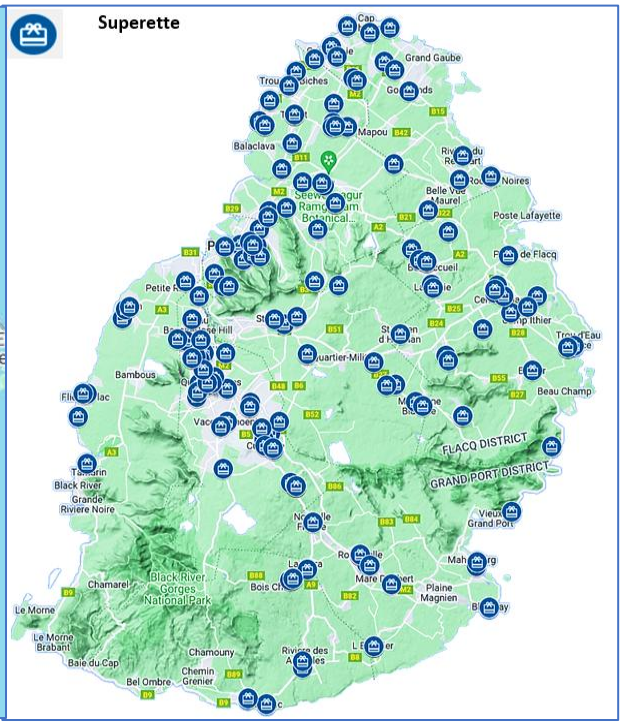


Figure 3: Location of other superettes



Source: CC's compilation

2.17. Both supermarket chains and individual superettes are located across the various districts with more presence in Plaine Wilhems and Port Louis which are also the most densely populated. It can be

observed that Winner's and Dream Price have presence across all the 9 districts. Save Mart, with 29 outlets, is present in all but in Rivière du Rempart.

2.18. The location of supermarket chains is strategic in determining their competitive advantage. Some high traffic shopping malls along the M1 Motorway such as Bagatelle Mall and Tribeca Mall attract significant footfall. The following section further elaborates on the presence of supermarket chains in malls across Mauritius.

Supermarket chains in shopping malls

2.19. With the evolution of Mauritian shopping habits, 6 new malls were opened in the past 5 years. The opening of shopping malls in urban and highly dense rural areas have provided commercial opportunities for certain supermarket chains to open new retail outlets in strategic areas.

2.20. Shopping malls offer good shopping experiences for the consumers encompassing factors such as accessibility, parking facilities, appealing architectural design and maintenance, tenant mix, entertainment and food courts[2]. For Mauritius, the primary attractions of shopping malls are its food courts, followed by its supermarkets[3].

2.21. The choice of supermarkets situated in the shopping malls is important as they are often the anchor tenants[4] of these malls, bringing a large footfall, and are considered as the "crowd-pullers" for shopping malls.

2.22. Table 4 below elaborates on the presence of supermarket chains in malls.

Table 4: Presence of supermarket chains in malls

Supermarket (S) / Hypermarket (H)[5]	Year of opening	Shopping mall	Mall operator	Location	Region
Winner's (H)	2022	Tribeca Mall	Hermes Properties Ltd	Trianon	Central
Winner's (S)	2018	Plaisance Shopping Village	Apavou Immobilier Ltee	Plaisance	South
Winner's (H)	2018	La City Trianon	Highway Properties Ltd	Trianon	Central
Winner's (S)	2012	Kendra	Ascencia Ltd	St Pierre	Central
Winner's[6] (H)	2011	Cascavelle Shopping Mall	Medine Property	Cascavelle	West
Intermart (S)	2021	Mahogany Shopping Promenade	Terra Mauricia Ltd	Beau Plan	North

[2] Competition Commission of Mauritius (2022) *INV 062: Report of Undertakings offered by Ascencia Ltd*. Available at: Report of Undertakings offered by Ascencia Ltd | Competition Commission

[3] Analysis Kantar Indian Ocean (2024) *The expansion of retail in Mauritius: A focus on shopping malls*. Available at The Expansion of Retail in Mauritius: A Focus on Shopping Malls | Analysis Kantar Indian Ocean (Accessed on 15 August 2024)

[4]. Pashigian, B.P. and Gould, E.D. (1998) 'Internalizing Externalities: The Pricing of Space in Shopping Malls', Journal of Law and Economics, 41(1), pp. 115–142.

[5] Licensed as per CBRD.

[6] Initially Pick N Pay, the latter was acquired by Monoprix and finally by Winners.

Supermarket (S) / Hypermarket (H)[5]	Year of opening	Shopping mall	Mall operator	Location	Region
Intermart (S)	2017	So'Flo	Ascencia Ltd	Floréal	Central
Intermart (H)	2012	La Croisette	MaxCity Properties Ltd	Grand Baie	North
Intermart (H)	2011	Bagatelle Mall	Ascencia Ltd	Bagatelle, Moka	Central
Intermart[7] (H)	2011	Ebene Commercial Centre	Ebene Hypermarket Property Ltd	Ebene	Central
Intermart (S)	2025	Montebello Mall	Maxcity Group	Pailles	Central
Intermart (S)	2025	Rose Belle Mall	Wembley Investment Ltd	Rose Belle	South
Super U (H)	2024	Coeur de Ville Goodlands	Cepage Management LTD	Goodlands	North
Super U (H)	2020	Coeur de Ville Tamarin	Cepage Tamarin Property Ltd	Tamarin	West
Super U (H)	2015	Coeur de Ville Flacq	Cepage Flacq Property Ltd	Flacq	East
Super U (H)	2000	Cœur de Ville Grand Bay	Cepage Grand Bay Property Ltd	Grand Baie	North
Carrefour (S)	2013	Les Allées	Ascencia Ltd	Helvetia	Central
Carrefour (H)	2003	Riche Terre Mall	Ascencia Ltd	Riche Terre	North
Carrefour[8] (H)	1994	Phoenix Mall	Ascencia Ltd	Phoenix	Central
Way (S)	2022	Mont Choisy Le Mall	Mont Choisy Group	Grand Baie	North
King Savers (H)	2019	Bo'Valon Mall	Ascencia Ltd	Beau Vallon	South
Lolo (H)	2019	Le Valentina Mall	Inas and Co Ltd	Phoenix	Central

Source: CC's compilation

2.23. Out of 22 shopping malls, Intermart is present in 7 malls and Winner's in 5 malls. Most of these outlets are centrally located. It is noted that some supermarkets have a long tenancy in shopping malls, for example, Jumbo, now Carrefour, has more than 30 years of tenancy in Phoenix Mall, and Intermart has been a tenant for 15 years in Bagatelle Mall and Ebene Commercial Centre, respectively. On its part, Super U have an integrated property development model where it is the owner of the mall.

2.24. Winner's, Intermart, Super U and Dream Price are leading retailers in terms of their turnover. With their large size and number of outlets and presence in shopping malls, these chains offer a variety of goods, innovative services. For the period 2020-2024, Winner's has consistently shown high turnover compared to the other supermarket chains, and its turnover for the year 2024 was nearly Rs 13 billion.

[7] Originally Ebene Way for the years 2004-2011, later became Intermart through partnership between owners of Ebene way and Kaddy plus. Available at partnership between owners of Ebene way and Kaddy plus.
[8] First as Continent, then Cora, Jumbo and finally Carrefour.

B. Regulatory framework

2.25. This section briefly covers the relevant laws and regulations pertaining to trade licenses and import permits, trade practices and competition, consumer protection, norms and standards and Intellectual Property Regime.

- **Trade licenses and import permits**

2.26. All businesses, including retail outlets and wholesale distributors, require trading licences and permits from the concerned local authorities, such as the municipal councils and district councils[9]. These licences and permits ensure that the operators meet certain criteria, for adequate infrastructure, sanitation facilities, amongst other. Depending on their area of activity, the different operators must abide by different requirements.

2.27. To erect a building or to use an existing one for a particular business, a Building and Land Use Permit must be applied to the local authorities. Additionally, trade fees are payable and vary by business type[10]:

- Hypermarket - Rs 75,000.
- Supermarket - Rs 50,000
- General Retailer (Foodstuff and Non-Foodstuff) - Rs 2,500
- Warehouses and stores - Rs 4,000 for less than 50m^2 to Rs 25,000 for more than 100m^2, depending on the floor area.

2.28. Importers of certain goods, especially food and pharmaceutical products[11], must also obtain additional clearances from relevant authorities. For example, meat and fish products require clearances from Division of Veterinary Services and Ministry of Agro Industry, Food Security, Blue Economy and Fisheries.

- **Trading practices**

2.29. Fair trading laws in Mauritius include Fair-Trading Act 1979[12] and Commodities (Indication of Origin) Regulations 1981[13]. These laws enforce transparency obligations requiring businesses to specify and communicate clearly the terms and conditions, for pricing or otherwise, on or subject to which goods or services are supplied; the way in which goods are packed, bottled, canned, labelled, marked or otherwise prepared for the purpose of being supplied and methods of demanding or securing payment for goods or services supplied, clear indications on the country of origin.

[9] See Local Government Act 2011, pp99-110, sub-part F, Permits and licences
[10] Corporate and Business Registration Department, Ministry of Finance. Available at Trade Fees, pp. 5(Hypermarket), pp.9 Supermarket, pp. 4(General Retailer)
[11] Customs Requirements for Clearance of Imported Goods, MRA
[12] The Fair Trading Act 1979 (Act No. 26 of 1979).
[13] Commodities (Indication of Origin) Regulations 1981, GN No. 170 of 1981.

- **Consumer Protection and pricing mechanism**

2.30. Some groceries are subject to a price control mechanism under the Consumer Protection (Price and Supplies Control) Act 1998[14]. These controlled products are regulated through maximum mark-up and fixed prices. These include mostly essential food products.

2.31. Under the Price Stabilisation Fund, a fixed-quantum subsidy is provided for certain essential commodities. The Price Fixing Information Management System[15] publishes the applicable subsidised maximum retail prices for controlled products online and this information is freely available to traders and the public at large.

2.32. As per the Consumer Protection (Price and Supplies Control) Act 1998, retailers must adhere to fair pricing practices. Retailers must display accurate and transparent pricing for products, with clear indication of the selling price, discounts, and any additional charges.

2.33. The 'Consumer Affairs Unit' under the Ministry of Commerce and Consumer Protection is responsible for monitoring compliance with these regulations to prevent price gouging and unfair trade practices.

- **Norms and Standards**

2.34. Operators must adhere to food norms and standards set out under the Food Act 2022[16] and the Mauritius Standards Bureau Act 1993[17]. The Food Act 2022 regulates the production, importation, exportation, and distribution of food in Mauritius. It sets out conditions for food premises, handling, labelling, quality and hygiene practices.

2.35. The Mauritius Standards Bureau enforces a range of mandatory and voluntary standards for groceries. It operates a certification marking scheme for product and a national management system certification scheme (ISO & HACCP). The standards that apply to groceries include the following: Labelling of pre-packaged foods (MS30:2008), specification of white and wholemeal wheat bread (MS37:1984) and basmati rice (MS177:2011).

- **Intellectual Property Regime**

2.36. The Industrial Property Act 2019 ("IPA")[18] provides the legal framework for the protection of intellectual property rights, including patents, breeder's rights, industrial designs, trademarks, trade names, and geographical indications.

2.37. To register a trademark, applicants must provide their details, a representation of the mark, and a list of goods or services classified under the International Classification system. Following the registration, the applicant becomes the legal owner of the mark for a period of 10 years and can be recurrently renewed for another 10 years. Third parties may only use the mark under a written agreement attributing them the rights of use.

2.38. The IPA supports a national exhaustion regime, whereby:

a) right holders (owners) distribute the goods themselves or through authorised dealers, and

[14] Consumer Protection (Price and Supplies Control) Act
[15] Price Fixing Unit, Ministry of Commerce and Consumer Protection, Maximum Retail Prices.
[16] Food Act 2022
[17] Mauritius Standards Bureau Act 1993
[18] Industrial Property Act 2019

b) have the possibility to exclude imports or act against parallel imports, through customs enforcements such as inland detentions[19].

2.39. The level of competition may also be influence by the regulatory regime prevailing in the grocery sector. While small retailers pay lower trade fees, larger formats such as supermarkets and hypermarkets pay a higher fee could act as a barrier to entry or expansion for smaller businesses wishing to expand as large retail outlets. This may potentially limit their ability to compete with larger established retailers. The national exhaustion regime restricts parallel importation. While the approach aims at protecting authorised distributors and safeguarding product quality and consumer trust, it may consolidate the market power of the distributors who are rights owners.

[19] Customs Requirements for Clearance of Imported Goods, MRA

3. Competition framework in the retail grocery sector

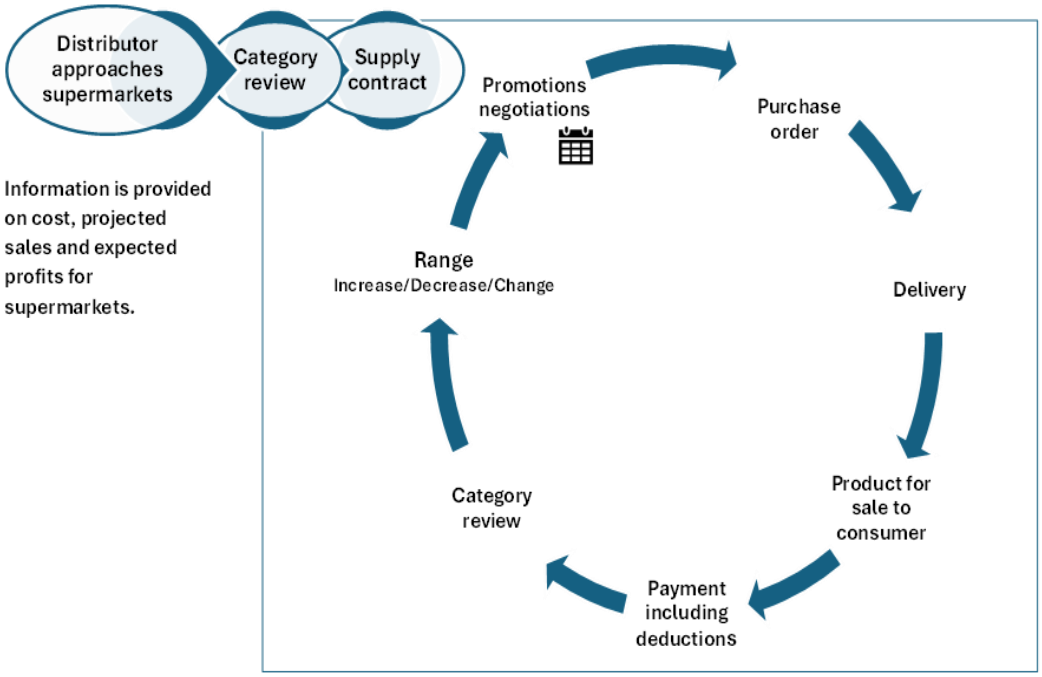
3.1. In this chapter, we review the potential theories of harm that may exist in the distribution sector within the bargaining power framework. We also examine the experience of competition authorities in other jurisdictions in addressing unfair and anti-competitive commercial practices in buyer-supplier relationships.

A. The supply process between buyer (retailer) and supplier (distributor)

3.2. To assess the potential harm to competition, it is important to understand the nature of commercial agreements between the buyers and suppliers. Commercial terms are mostly negotiated between large wholesale distributors and retailers. These negotiations are usually formalised in the form of trade agreements on a yearly basis.

3.3. Figure 4 below illustrates the main steps in reaching commercial agreements between retailers and wholesale distributors.

Figure 4: Typical supply process between retailers and distributors



Source: Adapted from New Zealand supply process between retailers and distributors[20]

3.4. The supply process starts with the distributor approaching the supermarket for the sale of his products, for a given category. Information is provided on the cost, projected sales and expected profits for the retailer from the products. After the category review, if agreement is reached, the supply contract is drawn.

3.5. The supply contract sets out the conditions under which products are supplied, including payment and settlement terms, delivery arrangements (distribution centre or direct-to-store), and applicable discounts or rebates.

[20] New Zealand Commerce Commission (2022), Market Study into the Retail Grocery Sector: Final Report, p. 329.

3.6. Products are generally supplied to retailers at a list price, which is subsequently adjusted through a range of deductions, including fixed trading allowances, volume-based discounts, and supplier promotional funding. Such promotional funding plays a significant role in supplier-retailer negotiations, as it contributes to the financing of retail promotions and marketing campaigns and may materially lower the retailer's effective procurement cost.

3.7. Retailers regularly assess supplier performance through category reviews, which serve as a key mechanism for managing product categories and optimizing category performance. As part of this process, retailers evaluate the range and mix of products stocked within a category and may adjust shelf-space allocation based on the sales performance, profitability, and strategic importance of individual products. Category reviews may also result in the delisting of underperforming products to accommodate new products or products that offer greater commercial value to the retailer.

3.8. The terms and conditions of supply may vary across retailers. Large retailers are likely to benefit from more favourable commercial terms, including discounts and rebates, reflecting their higher purchasing volumes and greater bargaining power.

3.9. The supply arrangements of smaller retailers may differ from those of larger retailers. Smaller retailers generally purchase lower volumes and may consequently have less negotiating leverage when dealing with distributors. This may affect their ability to secure favourable trade terms, discounts, rebates and promotional funding.

3.10. Furthermore, distributors may allocate greater resources and operational priority to larger retail customers, which can influence the timing of deliveries, access to promotional activities and the availability of products. These factors may place smaller retailers at a competitive disadvantage relative to larger supermarket chains.

B. Bargaining power theory

3.11. Dobson and Chakraborty (2008)[21] delineate retailer-supplier relationships into either a market framework, based on competitive pricing among many players, or a bargaining framework in which concentrated retailers exercise gatekeeper power over suppliers.

3.12. Bargaining power refers to the ability of parties engaged in a negotiation to exert influence over each other[22]. Most retailer-supplier relationships fit within the bargaining framework. The extent of any imbalance in bargaining power between grocery retailers and suppliers depends on their respective negotiating positions during bilateral negotiations.

3.13. Suppliers have bargaining power when they can charge higher prices or demand more favourable terms from buyers compared to its rivals. If buyers incur high switching costs, suppliers could have more bargaining power[23].

[21] 3.14. Paul W. Dobson and Ratula Chakraborty "Buyer Power in the U.K. Groceries Market" The Antitrust Bulletin: Vol. 53, No. 2/Summer 2008 at 337.

[22] New Zealand Commerce Commission (2022), Market Study into the Retail Grocery Sector: Final Report, p. 331.

[23] The Five Forces - Institute for Strategy and Competitiveness - Harvard Business School

3.14. Buyers have bargaining power when they can force prices down or demand more service at existing prices. If buyers are larger than their suppliers, and switching costs are low, buyer power is likely to be higher[24].

3.15. We can thus regroup the operators in four broader categories:

Buyers

(i) large retailers (for example, supermarket chains and regrouped retailer)

(ii) small and medium retailers (superettes and convenience stores)

Suppliers

(iii) large wholesale distributors

(iv) small and medium wholesale distributors.

3.16. Imbalances in bargaining power between buyers and their suppliers will depend on their relative negotiating positions when entering bilateral negotiations[25]. Buyer power could lead to the following:

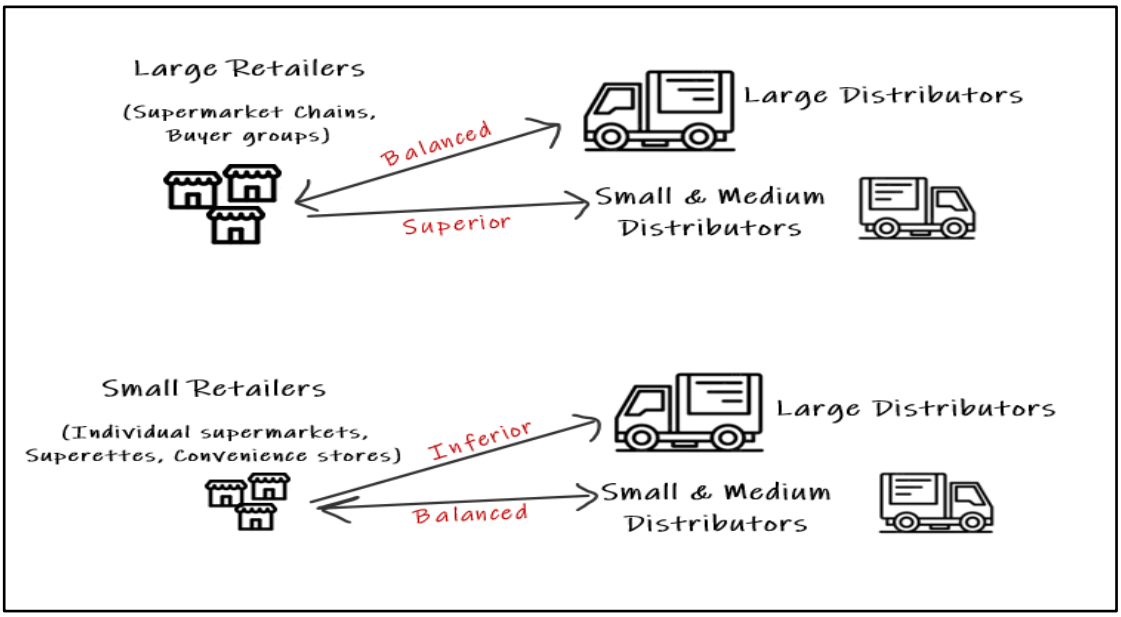
a) Retailers may be able to obtain better purchasing terms such as lower prices, than if distributors had alternative channels for selling their products.

b) Retailers could enter restrictive supply arrangements, which could reduce retail competition, leading to higher prices, less choice and lower product quality for consumers[26].

3.17. In certain circumstances, large distributors may have market powers when dealing with smaller retailers. This is the case where such distributors have important products that they distribute and retailers cannot find alternatives without necessarily loosing sales.

3.18. Figure 5 below illustrates the key players and their relative bargaining power across the supply chain.

Figure 5: Bargaining power model between retailers and distributors



Source: CC's compilation

[24] The Five Forces - Institute for Strategy and Competitiveness - Harvard Business School

[25] New Zealand Commerce Commission (2022), Market Study into the Retail Grocery Sector: Final Report, p. 331.

[26] Ibid.

3.19. Large retailers generally possess superior bargaining power relative to small and medium-sized distributors due to their ability to represent a significant share of downstream demand and provide suppliers with access to a large consumer base. As a result, large retailers are often able to secure more favourable trading terms, such as price discounts, longer payment periods, and other commercial concessions while smaller distributors, lacking comparable scale and substitutability, have limited ability to resist unfavourable conditions.

3.20. Small retailers are typically in a weaker bargaining position when dealing with large wholesale distributors due to their limited purchasing volumes and dependence on distributors for access to key branded products. Given the distributors' strong market presence and extensive product portfolios, small retailers often face limited alternative sourcing options, which constrains their ability to negotiate favourable trading terms. As a result, trading conditions such as discount structures, payment terms, and delivery schedules are frequently determined by the distributors and accepted by smaller retailers, reflecting an underlying asymmetry in bargaining power within the supply chain.

3.21. In relationships between large retailers and large wholesale distributors, bargaining power may be more balanced, resulting in countervailing buyer power. This arises where each party is sufficiently large and strategically important to the other, such that neither is able to impose terms unilaterally. In such circumstances, the negotiation outcome is determined by mutual dependence: large retailers rely on distributors for supply continuity and brand portfolio access, while distributors depend on large retailers for access to a significant share of end-consumers. As a result, trading terms are typically the outcome of bilateral bargaining, reflecting mutual concessions rather than one-sided imposition of conditions.

3.22. The consequence of differences in bargaining power can be viewed in terms of the "waterbed effect", whereby distributors offset price reductions granted to powerful buyers by charging higher wholesale prices to smaller supermarkets and retailers with weaker bargaining positions[27].

3.23. The waterbed effect arises when large distributors practice price discrimination with their retailers such that large retailers are given a larger quantum of discounts[28]. The waterbed effect is more likely to have an impact on smaller retailers when there is an asymmetry of information between retailers and distributors, such that the smaller retailers will not know the quantum of discounts which the bigger retailer has negotiated with the distributors[29].

3.24. The larger discounts negotiated by large retailers may adversely affect the terms available to smaller retailers; if they cannot respond by cutting back on the depth and breadth of their product offering or, if their margins become sufficiently squeezed, they may ultimately exit the market[30]. Since smaller retailers will be charged a higher wholesale price by the same distributor, the retail price will be higher. Consequently, the waterbed effect is also detrimental to consumers of smaller retailers, who would not benefit from similar retail prices as consumers of larger retailers.

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[27] Paul W. Dobson and Roman Inderst, 'The Waterbed Effect: Where Buying and Selling Power Come Together' (2008) 2008(2) Wisconsin Law Review 331–357, at p. 349.

[28] Paul W. Dobson and Roman Inderst, 'The Waterbed Effect: Where Buying and Selling Power Come Together' (2008) 2008(2) Wisconsin Law Review 331–357, at p. 349.

[29] Özlem Bedre-Defolie and Greg Shaffer, Countervailing Power Hypothesis and Waterbed Effects, Toulouse School of Economics Working Paper, May 2010, p. 3.

[30] Paul W. Dobson and Roman Inderst, 'The Waterbed Effect: Where Buying and Selling Power Come Together' (2008) 2008(2) Wisconsin Law Review 331–357, at p. 345.

3.25. The extent to which the foregoing theories of harm may arise depends on the structure of the distribution sector. Contrary to market conditions in jurisdictions like the UK and New Zealand where buyer power of supermarkets is predominant, the Mauritius distribution landscape differs in terms of potentially having both buyer power/ buyer countervailing power on the part of some retailers and larger supplier with superior bargaining power vis-à-vis certain retailers.

C. Potential theories of harm

3.26. The following section reviews economic literature on potential harm arising from superior bargaining power on the part on retailers (buyer power) and that on the part of distributors in the form of price discrimination.

Exercise of buyer power by retailers

3.27. The abuse of buyer power could occur in the form of various unfair conduct in terms of demanding preferential terms, transferring commercial risks such as returning unsold goods and requiring compensation for shrinkage, and unilateral termination of contract conduct. These abuses can also emanate from contractual restrictions contained in the supply agreements between with the suppliers. Those terms can be related to sources, quantity, quality, delivery schedules, and returns policy[31].

3.28. The most common types of restrictive clauses include[32]:

a) slotting fees/allowances required to position a product on a particular shelf or end-of-aisle display.

b) retrospective payments required at the end of the year and linked to the value of sales of the product in that year.

c) special payments are required to support a new store opening or refurbishment.

d) long payment terms, whereby supermarket chains can delay the payment of invoices.

e) product boycotts, whereby supermarket chains refuse to stock the products of a particular producer.

3.29. The exercise of buyer may have foreclosure effect on smaller distributors that are not able to obtain access to shelf space or at higher prices than large distributors. It may also give rise to dynamic efficiency concerns, particularly with respect to innovation. Trading terms that significantly reduce distributors' expected returns may weaken their capacity to innovate, invest or remain in the market[33].

3.30. These effects are likely to be more pronounced for smaller distributors, which generally have fewer financial resources and weaker bargaining positions. Consequently, they may reduce investment, limit product offerings or exit certain retail channels, thereby reducing competitive rivalry and product diversity[34].

[31] The relationship between supermarkets and suppliers: What are the implications for consumers? Consumers International. Accessible at the link: Microsoft Word - Consumer detriment briefing paperv5 (ox.ac.uk)
[32] Clark et al. (2002). Buyer power and competition in European food retailing. Edward Elgar Publishing UK
[33] Competition Commission South Africa (2019) The Grocery Retail Market Inquiry: Final Report (Non-Confidential, p. 225)
[34] The Competitive Effects of Buyer Groups: A Report Prepared for the Office of Fair Trading (Office of Fair Trading, January 2007).

Exercise of market power by distributors

3.31. In certain circumstances, distributors possess greater bargaining power than supermarkets, particularly where they control indispensable brands or exclusive product portfolios. The exercise of this market power through exclusionary practices may restrict competition by foreclosing rivals, influencing supermarkets' purchasing decisions and ultimately harming consumers. Example of these conducts are provided below.

3.32. Dominant distributors may exercise market power by refusing to supply certain supermarkets or restricting the quantities supplied without objective justification. Where the distributor controls essential or must-stock brands, such conduct may place certain supermarkets at a competitive disadvantage, limiting their ability to compete with rival retailers. The resulting reduction in retail competition may ultimately lead to higher prices, reduced consumer choice and lower quality of service.

3.33. Where a distributor is vertically integrated and also operates in downstream retail markets, it may adopt a pricing strategy that leaves competing retailers with insufficient margins to compete effectively. This occurs when the wholesale price charged to independent retailers is set so close to the distributor's own retail price that equally efficient competitors cannot operate profitably. While competitors may continue to have access to supply, they are placed at a significant commercial disadvantage, increasing the likelihood of market exit and reducing competition in downstream retail markets to the detriment of consumers.

3.34. A dominant distributor may require supermarkets wishing to purchase a popular or must-stock product also to purchase other products from its portfolio. By leveraging demand for an indispensable product into sales of less competitive products, the distributor may reduce shelf space and sales opportunities for other competing distributors. Such conduct may limit consumer choice, reduce innovation and make market entry more difficult for competing distributors.

3.35. Large distributors may offer rebates that are conditional upon supermarkets purchasing a specified proportion or volume of their requirements. Such incentives can discourage supermarkets from switching part of their demand to competing distributors, even where rivals offer competitive products or prices. This may foreclose competitors, strengthen the distributor's market position and reduce competition, ultimately harming consumers through higher prices or reduced product variety.

3.36. If price discrimination in the form of rebates/ volume discounts is practiced by a dominant distributor, it may lead to anti-competitive effects such as exclusionary abuse. The dominant distributor may foreclose competing distributors' access to retailers by conditioning rebates or volume discounts on exclusivity or high purchase volumes. For example, the Competition Commission's Kraft and General Rebates case (2010) demonstrates how a dominant distributor can abuse its market power through conditional rebates and tying shelf-space to increase its sales and foreclose competing products.

D. Experience of other jurisdictions

3.37. This section reviews the experience of other jurisdictions in relation to dealing with superior bargaining power in the distribution of groceries. These relates primarily to abuse of buyer power.

3.38. The competition law in Kenya[35] prohibits abuse of buyer power and provides that the Competition Authority of Kenya (CAK) may require industries and sectors in which instances of buyer power are likely to occur, to develop a binding code of practice.

3.39. Under the buyer power provisions, the CAK has sanctioned the Carrefour supermarket chain for its conduct of requiring payment of listing fees, and at least three types of rebates, in excess of agreed margins. Carrefour was also sanctioned for declining to take full delivery of goods after placing orders, while other items were unjustifiably returned for nearing their expiry date. Carrefour was ordered to settle outstanding rebates owed to the supplier and imposed a financial penalty. These remedies were intended to correct the harm caused, restore fair contractual relations between the parties and deter similar conduct in the future.[36].

3.40. In France, there are several cases relation to abuse of buyer power which revolve around:

a. imposition of unfavourable terms in agreements towards small and medium suppliers by joint purchasing retailers in France. Those terms could reduce suppliers' margin and consequently, their ability to invest and innovate[37].

b. imposing of payments not related to sales of products and outside the scope of existing supply agreements on suppliers[38].

c. cancellation of orders without prior notice and unilateral variation in contract terms so as to pressurise suppliers to pay for advertising and marketing of products[39].

3.41. In South Africa, the 2019 Grocery Market Inquiry[40] conducted by its Competition Commission found that supermarket chains exercised buyer power in the negotiation of competitive quantum of rebates from distributors. It was further observed that rebate structures favouring larger retailers could lead to anti-competitive outcomes for smaller retailers including potential foreclosure where smaller retailers are unable to obtain comparable trading terms. Additionally, a high degree of vertical integration between distributors and national supermarket chains was found to potentially reduce the competitiveness of smaller and independent retailers.

3.42. In response to these findings, the Competition Commission of South Africa recommended a package of structural and behavioural reforms. These included the introduction of non-discriminatory wholesale pricing principles to ensure fair access for independent retailers, reforms to rebate systems to reduce discriminatory outcomes between large and small buyers and the development of a mandatory Grocery Supply Code of Conduct governing relationships between suppliers, wholesalers and retailers. The Inquiry also recommended the establishment of an enforcement or oversight mechanism to monitor compliance and address unfair trading practices in the grocery sector.

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[35] Competition Act of the Republic of Kenya (2010).

[36] Competition Authority of Kenya. Press Release (2024, May 24). Accessible at: Press Release - High Court Judgement regarding Carrefour ABP Matter.pdf

[37] UTP & Antitrust Cases in the EU Supply Chain Decisions and judgments uncovering retailers' unfair trading and anticompetitive practices in Europe (2014 – 2024). AIM European Brands Association. Accessible at: UTP & Antitrust Cases in the EU Supply Chain.pdf

[38] Ibid.

[39] Ibid.

[40] The Grocery Retail Market Inquiry: Final Report (Non-Confidential), Competition Commission South Africa, 2019.

3.43. In Germany, a market study into the grocery retail sector[41] highlighted that purchasing cooperatives and large retail groups possess significant bargaining power in their negotiations with suppliers. While such bargaining strength was not in itself considered unlawful, its competition agency (the Bundeskartellamt) noted that it could raise concerns where it results in unfair trading conditions or distortions in competition.

3.44. In terms of policy response, the German authority did not propose sector-specific regulatory intervention. Instead, it recommended continued reliance on existing competition law tools, particularly abuse of dominance provisions and merger control, to monitor and address excessive market concentration and harmful exercises of buyer power. The focus was placed on case-by-case enforcement and ongoing scrutiny of purchasing alliances to ensure that competitive conditions in the retail sector are preserved.

3.45. In New Zealand's market study into the retail grocery sector[42], the Commerce Commission found that competition in the sector is not working effectively for consumers. The market is dominated by two major retailers, Foodstuffs and Woolworths NZ while smaller and emerging competitors have limited ability to exert competitive pressure due to difficulties in accessing suitable store sites and obtaining competitively priced wholesale supply. As a result, the intensity of competition between major retailers was found to be muted, with high barriers preventing effective entry and expansion.

3.46. The Commission further found that suppliers are heavily dependent on the major grocery retailers, which enables these retailers to transfer costs, risks and uncertainty onto suppliers. This imbalance in bargaining power may reduce suppliers' incentives and ability to invest and innovate particularly where there is a risk of delisting. Consumers were also found to face higher prices by international standards, limited innovation in the sector and complex pricing, promotional structures and loyalty schemes that make it difficult to compare offers and make informed purchasing decisions.

3.47. To address these concerns, the Commerce Commission recommended a comprehensive package of reforms. Central among these is the introduction of a mandatory Grocery Supply Code of Conduct to regulate retailer-supplier relationships, improve transparency and prohibit unfair trading practices. The Commission also recommended measures to reduce barriers to entry and expansion, including improving access to land for grocery retail development, restricting restrictive covenants that prevent new store entry and monitoring land banking by major retailers.

3.48. Further recommendations include improving access to wholesale supply by requiring major retailers to fairly consider requests from competitors and increasing transparency regarding wholesale supply conditions. The Commission also proposed enhanced regulatory oversight through a dedicated grocery regulator and the establishment of a dispute resolution mechanism for supplier and wholesale disputes. In addition, it recommended strengthening consumer protections through mandatory unit pricing, improved transparency of promotional practices and clearer disclosure of loyalty programme terms and conditions. A post-implementation review was also recommended to assess the effectiveness of these reforms in improving competition outcomes.

3.49. These measures collectively aim to address the structural features of the market that limit competition, reduce supplier dependency, and improve price, quality, and choice outcomes for consumers.[43]

[41] Bundeskartellamt, Summary of the Final Report of the Sector Inquiry into the Food Retail Sector (2014).
[42] New Zealand Commerce Commission, Market Study into the Retail Grocery Sector: Summary of Findings (8 March 2022).
[43] New Zealand Commerce Commission, Market Study into the Retail Grocery Sector: Recommendations (8 March 2022).

3.50. In UK, its Competition Commission's market investigation into the groceries sector[44] concluded that while competition was delivering benefits to consumers in terms of value, choice, innovation and convenience, certain large retailers had significant buyer power over suppliers. The major concern was the existence of superior bargaining power of large retailers in transferring risks and costs onto the suppliers. For instance, retrospective changes were made to supply agreements, suppliers were charged with wastage and faced delisting threats. The Competition Commission of UK found that such exercise of buyer power constituted an adverse effect on competition, where suppliers will be discouraged from investing in innovation and development, and this may harm consumers over time.

3.51. Another factor limiting competition was the high concentration of one or a few large supermarket chains in some areas which acted as barriers to entry for new rival retailers and poses challenges to existing retailers. The barriers were partly due to some supermarkets having restrictive covenants, exclusivity agreements, and strategic land holding. As such, consumers in these areas faced limited competition and fewer choices.

3.52. To limit abuse of buyer power and bargaining power of large retailers vis-à-vis suppliers, the Commission recommended the adoption of a Groceries Supply Code of Practice (GSCOP)[45] and the establishment of a Groceries Code Adjudicator, to oversee and enforce compliance with the Code.

3.53. In Australia, a recent supermarket inquiry in 2024[46] highlighted a high degree of concentration in the grocery market, with an oligopoly structure, dominated by Coles Group and Woolworths Group. Both entities hold a substantial market share nationally, giving them a strong bargaining position when dealing with suppliers. It can be beneficial if they exercise this bargaining power to obtain lower wholesale prices and pass the savings to consumers. Suppliers, however, are highly dependent on Coles and Woolworths for their sales and they bear the extra costs and risks. The Australian Competition and Consumer Commission (ACCC) recommended increase in transparency in retailer-supplier transactions with clearer requirements regarding supply agreements, promotional funding arrangements, rebates and deductions, tendering and procurement processes.

3.54. It was also found that Coles and Woolworths have advantages in securing new supermarket sites. The Commission proposed reforms in the planning and zoning laws to simplify planning approval processes of supermarkets, reduce compliance costs for new operators and monitor closely acquisition of supermarket land through Australia's new merger laws to prevent dominant retailers from strengthening their market position.

3.55. In addition, Coles and Woolworths further reinforced their market power by highly engaging in promotional activities and loyalty programs. While these practices bring benefits to its loyal customers, it also makes it difficult to assess the true value of the product, the value obtain from loyalty programs and to be able to make informed decisions about where to shop. Small retailers may find it difficult to match such promotional deals. The ACCC recommended a regulation on promotional tickets be devised to provide transparency of loyalty program value, and the loyalty programs be reviewed every 3 years.

3.56. All these measures together with the Food and Grocery Code of Conduct[47] intend to improve supplier protection, address bargaining power imbalances, increase transparency, and reduce barriers to

[44] Competition Commission, The Supply of Groceries in the UK Market Investigation: Final Report (2008).
[45] Groceries Supply Code of Practice. (2009). Accessible at: Groceries Supply Code of Practice - GOV.UK
[46] Australian Competition and Consumer Commission, Supermarkets Inquiry: Final Report (February 2025).
[47] Australian Competition and Consumer Commission (ACCC), Food and Grocery Code of Conduct.

competition in Australian grocery market. The ACCC further recommended strengthening the Food and Grocery Code of Conduct by making it mandatory.

3.57. In Canada, the grocery market is highly concentrated, with a few large supermarket chains particularly Loblaws, Sobeys, Metro, Costco, and Walmart. The Canada Competition Bureau's 2023 grocery market study[48] did not find evidence of abuse of market dominance; but high entry barriers and limited competition were found to strengthen the market position of major grocery chains.

3.58. Large retailers have significant bargaining power over suppliers, as suppliers rely heavily on the few large retailers to distribute their products. At the same time, smaller retailers find it hard to compete with the large giants due to their size and scale of service provided. High barriers to entry, in terms of restrictive property controls such as exclusivity clauses and restrictive covenants also make it difficult for new competitors to establish grocery stores in Canada.

3.59. The Bureau proposed some key recommendations to foster competition and reduce market power of large grocery chains. Entry of new operators are encouraged through supporting independent and international grocers; limit restrictive property controls by reducing exclusivity agreements, restrictive covenants that prevent new entrants in the grocery stores; promotion of grocery innovation with online and alternative retail formats; and improve price transparency with the introduction of a harmonized unit-pricing framework to allow consumers to make price comparisons.

3.60. The study has also led to the formulation of a Grocery Code of Conduct[49]. It is a voluntary practice to improve fairness and transparency in retailer and supplier relationships in the grocery sector.

3.61. The experience of other jurisdictions demonstrates that buyer power concerns in grocery supply chains have led to both enforcement action and regulatory reforms. Competition authorities have intervened against practices such as unfair contractual terms, unjustified fees and rebates and other conduct arising from imbalances in bargaining power. Market studies have also identified risks of foreclosure, reduced supplier incentives to invest and innovate and barriers to entry and expansion.

3.62. In response, several jurisdictions have introduced or recommended measures such as codes of conduct governing retailer-supplier relationships, non-discriminatory pricing and rebate practices, enhanced regulatory oversight, improved wholesale access arrangements and continued scrutiny of market concentration and purchasing alliances. These measures aim to address bargaining power imbalances, promote fair trading practices and safeguard competition.

3.63. It is to be highlighted that in many jurisdictions, abuse of superior bargaining power or economic dependence is explicitly prohibited under their competition law. A recent 2026 comparative study mapped 34 jurisdictions and identified 13 systems with explicit competition-law provisions on abuse of economic dependence, while the OECD separately identifies Japan, Korea, Hungary and Poland as jurisdictions with specific superior-bargaining-position rules, and identifies Belgium, France and Germany, among others, as jurisdictions using the related concept of economic dependence.[50]

3.64. For illustration, in Japan, abuse of superior bargaining power is expressly regulated under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act). Article 19

[48] Competition Bureau Canada, Canada Needs More Grocery Competition: Competition Bureau Retail Grocery Market Study Report (2023).
[49] Canada Grocery Code of Conduct Provisions, 2026.
[50] https://academic.oup.com/antitrust/advance-article-abstract/doi/10.1093/jaenfo/jnag005/8542033?utm_source=chatgpt.com&login=false

of the Antimonopoly Act provides that "No entrepreneur shall employ unfair trade practices." Article 2(9)(v) of the Antimonopoly Act defines an unfair trade practice to include an undertaking: "engaging in any act specified in one of the following by making use of one's bargaining position over the counterparty unjustly, in light of normal business practices."

3.65. Similarly, Regulation 37 of the COMESA Competition and Consumer Protection Regulations 2025 prohibits of abuse of economic dependence which it deemed to exist where one person to a transaction is in a position of superior bargaining position in relation to another in such a way that sufficient and reasonable possibilities for switching to third parties do not exist and there is a significant imbalance between the power of such undertakings or group of undertakings and the countervailing power of other undertakings.

3.66. The concept of superior bargaining power or economic dependence is very relevant to the distribution sector. As discussed earlier, distributors or large retailers may potentially have relative higher bargaining strength vis-à-vis smaller operators. The fact that there may exist bargaining power asymmetry, the undertakings with relative higher bargaining strength may abuse their position by imposing unfair or unreasonable conditions or otherwise disadvantage the weaker party because of that dependency.

4. Assessment of prevailing conduct in the local grocery landscape

4.1. This section assesses the relative market position of retailers and distributors operating in Mauritius. It also examines the potential practices by operators in superior bargaining power that may restrict the ability of smaller operators to compete effectively in the local grocery distribution sector.

A. Relative market position of operators

4.2. To assess the market position of the operators, metrics such as turnover, profitability and scale of operation are considered. These factors are likely to provide a basis for determining their bargaining power.

I. Retailers

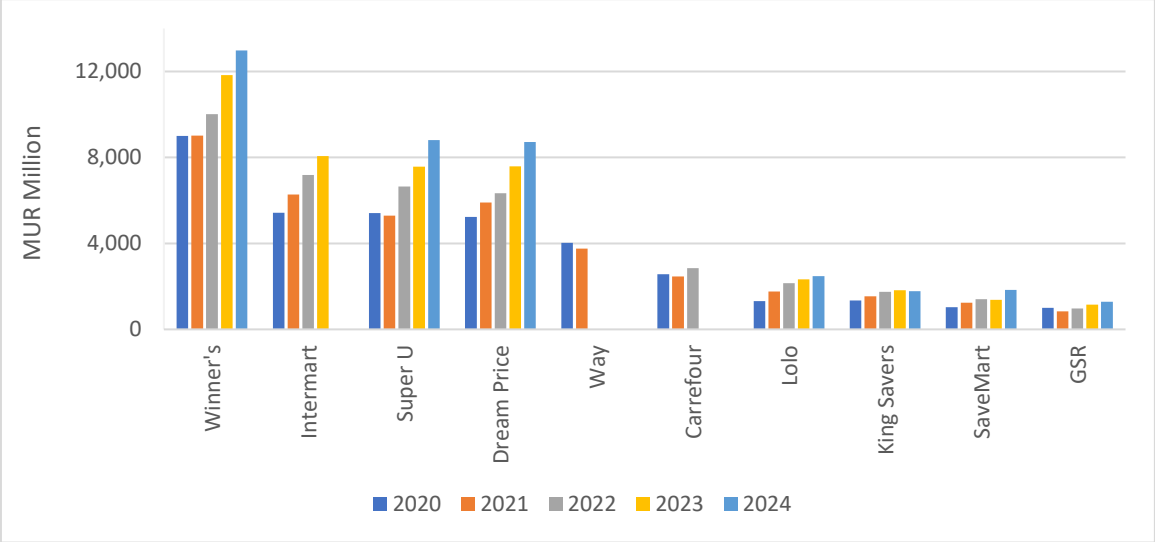
4.3. Larger retailers have higher bargaining power vis-a-vis wholesale distributors compared to smaller ones. With more outlets, higher sales and profits, large supermarket chains and regrouped retailers within buying platforms are in a better position to negotiate favourable trading terms compared to smaller retailers.

Turnover of supermarket chains

4.4. The supermarket chains capture a significant share of the current total consumer expenditure on groceries. The combined turnover of the supermarket chains is between Rs 55 - Rs 60 billion, representing around two third of total consumer expenditure. The other stores, individual supermarkets, superettes and convenience store capture around one third of grocery sales.

4.5. The individual turnover of supermarket chains is also significantly higher than other stores. For 2024, it ranges between Rs 1.3 billion to Rs 13 billion. Figure 6 illustrates turnover figures[51] for the period 2020 – 2024 for the 10 supermarket chains.

Figure 6: Turnover of supermarket chains (2020-2024)

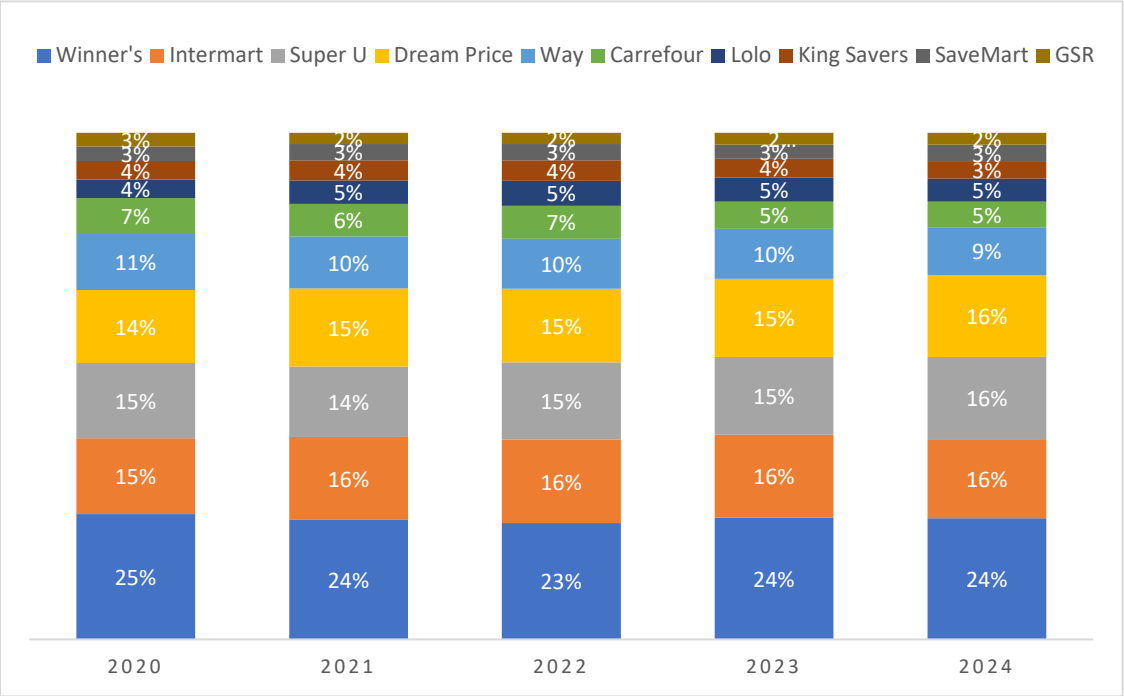


Source: CBRD data

[51] Aggregated turnover figures is not available for Way (2022-2024), Carrefour (2023-2024); Intermart (2024)

4.6. It is estimated that Winner's, Intermart, Super U and Dream Price capture a significant share of the total turnover generated by supermarket chains, as illustrated in Figure 7 below.

Figure 7: Share of turnover of supermarket chains, 2020-2024

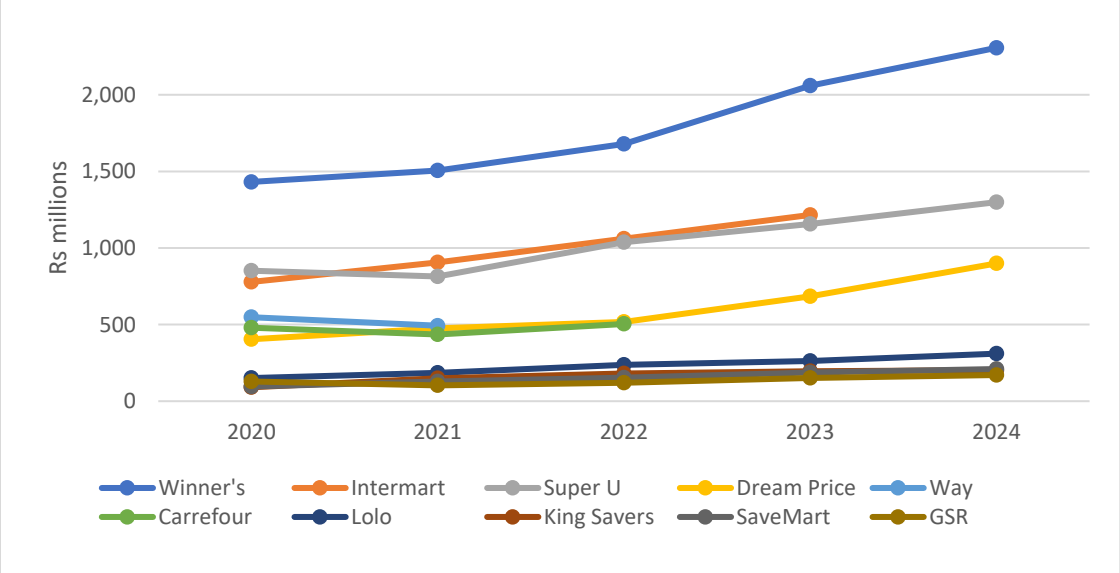


Source: Computed from turnover figures from the CBRD website

Profitability Analysis

4.7. As it can be noted, supermarket chains generate a significant share of the total consumption expenditure. To further assess the relative strength of these retailers, we examine their relative gross profit figures. Figure 8 below shows the trend in gross profits of the large retailers from 2020 to 2024.

Figure 8: Gross profits of supermarket chains, 2020-2024



Source: CBRD & CC's compilation

4.8. We note the gross profit of the leading supermarket chains have been generally increasing over the period 2020 and 2024. For instance, Winner's and Super U increased by 61% and 53%, respectively. Similarly, Dream Price chain increased its turnover by 122% over the period.

4.9. Next, we compare the gross profit margins of the supermarket chains against smaller retailers to have an indication of whether these larger retailers might potential be benefitting from better trading terms from the suppliers owing to their superior bargaining power compared to smaller retailers.

Table 5: Gross Profit Margin of Supermarket Chains

Gross Profit Margin of Supermarket Chains					
	2020	2021	2022	2023	2024
Carrefour	19%	18%	18%	NA	NA
Winner's	16%	17%	17%	17%	18%
Super U	16%	15%	16%	15%	15%
Intermart	14%	14%	15%	15%	NA
Way	14%	13%	NA	NA	NA
GSR	13%	12%	12%	13%	13%
Lolo	11%	10%	11%	11%	13%
SaveMart	9%	10%	11%	14%	11%
Dream Price	8%	8%	8%	9%	10%
King Savers	7%	10%	10%	11%	11%

Source: Compiled from figures reported on CBRD

4.10. As can be observed from Table 5, the gross profit margins for the supermarket chains are in the range of 10% - 18% for the year 2024. In comparison, the gross profit margins of smaller retailers are found to be in the lower bracket of 6% - 13% based on the analysis figures from a random sample of individual superettes. While these figures could potentially be associated with the higher volume that the supermarket chains purchases and potentially the associated trade discounts and other benefits, it somehow indicates that supermarket chains potentially have higher bargaining power compared to smaller retail outlets.

II. Distributors

4.11. Earlier in chapter 2 of the report, we discussed the market strength of larger distributors based on their product portfolio and turnover figures. Among others, the biggest distributors are BrandActiv, Phoenix Beverages Ltd, Panagora Marketing Co Ltd, and Innodis Ltd. They distribute several must-have branded products and potential have superior bargaining power compared to smaller distributors. Also, they are in a better position to negotiate trading terms with the supermarket chains. In contrast, some smaller and medium distributors may not have similar bargaining power.

B. Superior bargaining power and commercial practices

4.12. The assessment of the market position of retailers and suppliers indicates that some players may have superior bargaining power vis-à-vis smaller operators. In such situations, potential competition issues may arise from certain commercial practices that may distort conditions of competition in the market.

4.13. Information gathered from supermarkets and distributors indicates that the existence various commercial practices which can potentially lead to unfair competition in the market.

Access requirements to retail channels

4.14. Distributors reported being subject to certain requirements and additional costs to access the large supermarkets' retail channels. These may include:

- *Droit d'accès*: a fee ranging from 1% to 1.5% of turnover for access to the supermarket's retail network.
- *Listing fees*: A fee for registering the barcode ID in the system of the supermarket, typically costing around Rs 500 - Rs 5,000 per barcode.
- *Anniversary Budget*: Required contributions for supermarket anniversary event.
- *Branch Budget*: Contributions for the launch of a new branch of the supermarket chain.
- *Promotional contributions such as tête de gondole*: Payments for additional space for promotional products, generally end of month or festive seasons.
- *Shelf space payments*: payments associated with shelf space allocation.
- *Mandatory* merchandising requirements.

4.15. The general argument is that these are contributions to marketing costs which may in turn be beneficial to the suppliers through greater product visibility and increased sales. However, concerns may arise where supermarkets use their bargaining position to shift their own costs and risks onto distributors without a corresponding benefit. Smaller distributors may not have limited ability to negotiate these conditions and may feel pressured to accept them in order to maintain access to consumers. To recover these additional costs, suppliers may be offering less favourable trading terms to smaller retailers and hence harm competition.

Shelf Space

4.16. Market practices regarding shelf- space in supermarkets seem to differ among distributors. A major distributor stated that allocation of shelf space is based on their market share, and they do not need to pay as supermarkets work on a planogram where space is allocated to the distributors' products based on their market shares, profitability, and classification of products.

4.17. Another distributor whose portfolio of products consists of some important brands submitted that they are able to secure important placement through negotiation without incurring additional costs. In contrast, other distributors reported that obtaining shelf space in some large supermarkets remains challenging.

4.18. These scenarios suggest that the bargaining strength of distributors can influence their visibility and access to supermarkets' shelf space. Shelf space, particularly when tied to financial incentives can lead to foreclosure by reducing and restricting visibility of smaller rival distributors and reinforce market

power of an incumbent. Large distributors have countervailing bargaining power as they are able to negotiate terms more favourable to them.

Remise de fin d'année (RFA)

4.19. Information gathered suggests that access to RFA is negotiated between large retailers and distributors and that smaller retailers (superettes and convenience stores) do not receive such rebates. Both supermarket chains and distributors acknowledge that RFA forms an essential part of commercial practice in the distribution industry. It is based upon negotiation, varies across supermarkets but falls within a predefined range.

4.20. Large supermarkets affirmed receiving RFA while smaller supermarkets submitted that RFA along with some margin and season discounts were no longer being provided by certain distributors. This may suggest discriminatory conduct towards the smaller supermarkets. While rebates may be a practice that may be positively passed on to consumers, it may pose competitive restraints onto smaller retailers in terms of competing in offering better prices to consumers compare to these large supermarkets. It was also observed that large supermarkets tend to require distributors to obtain RFA for sales of their products in their space. Smaller distributors were concerned that the imposition of RFA by large supermarkets was putting considerable financial burden on them. This may be construed as an exercise of higher bargaining power by large retailers, resulting in the imposition of terms that are unfavourable to smaller distributors.

Other commercial practices

4.21. Differences were observed with regard to payment terms, delivery arrangements, and trading practices between the various market players.

4.22. Regarding payment terms, large supermarkets benefit from credit facilities, smaller retailers mostly operate on a cash basis. For distributors, smaller retailers represent higher financial risk. It was further submitted that non-payment from supermarkets can be recouped through insurance as their credit terms can be insured in contrast to those of smaller shops.

4.23. The delivery process is also reportedly challenging and time-consuming. It is purportedly done on a first come- first served basis, with waiting period ranging from more than two hours to over seven hours during peak periods. It was also reported that supermarkets may decline to unload goods if the shop reaches closing to time, even if the delivery truck arrived earlier. At the same time, a major distributor-imposed delivery conditions on supermarkets requiring priority treatment during peak periods, with strict requirements that delivery times should not exceed specified limits, failing which the distributor may refuse delivery.

4.24. It was also gathered that supermarkets sometimes deal with distributors without formal written contracts or may unilaterally change trading terms. It may be argued that short-term or trial arrangements do not require formal agreements. However, the absence of written contracts may create uncertainty, particularly for smaller distributors who may have less bargaining power to challenge unfavourable changes.

4.25. These disparities in payment terms, delivery arrangements, and trading practices show that trading conditions are not uniform among market participants and are influenced by the relative bargaining power of the operator. Large distributors are able to gain more favourable terms from supermarkets while smaller distributors need to accept the terms offered on a non-negotiable basis.

Other issues

4.26. Smaller supermarkets reported difficulties in getting supplies of popular products, including instances where large distributors allegedly refused to sell. This has forced them to look for alternatives which unfortunately are not well received by consumers.

4.27. Some distributors are concerned that after significant investment into launching new products, supermarkets start importing those product categories themselves to their detriment. On their part, supermarkets argue that this practice eventually leads to lower prices for consumers and that strong brand loyalty for some products, many of which are protected by the Intellectual Property Rights (IPR) regime, effectively limit their ability to import.

5. Conclusion and potential way forward

5.1. The study provides a general overview of the distribution landscape in Mauritius. It highlights that potential bargaining power imbalances that may exist between the market participants. It also reviews conducts by large players that may negatively impact smaller operators and affect competition in the grocery distribution sector.

5.2. These include practices regarding retail space access requirements, rebates, shelf allocation, payment conditions, and other trading terms. Such conducts may reinforce the position of large players and restrict the ability of smaller distributors and retailers to compete on a level playing field. These practices may increase costs and financial burden for smaller operators and limit access of small distributors to retail channels.

5.3. Both small retailers and distributors remain vulnerable to unfavourable and discriminatory trading conditions. Based on the experience of the likely harm to competition arising from the exercise of superior bargaining power on the part of large retailers and suppliers, it is recommended that consideration be given for the introduction of a voluntary code of conduct for the commercial relations between retailers and distributors. At the same time, it is also proposed to consider prohibiting abuse of superior bargaining power or economic dependence in line with international best practices.

5.4. Code of conduct for the grocery sector has already been adopted by many countries such as the UK, Canada, New Zealand and Australia. A benchmarking exercise has been undertaken to contribute to the development of the local code of conduct, as shown in the table below.

Table 6: Benchmarking of main clauses of Code of Conduct

Main clauses of Code of Conduct	United Kingdom (Grocery Supply Code of Practice)[52]	New Zealand (The Grocery Supply Code)[53]	Australia (Food and Grocery Code of Conduct)[54]	Canada (Grocery Industry Code of Conduct)[55]
Obligation to deal with suppliers in good faith.	✓	✓	✓	✓
Grocery supply agreements must be in writing.		✓	✓	✓
There should be no retrospective variation to supply agreements.	✓	✓		
There should be no unilateral variation to agreements.		✓	✓	
Reasonable notice to supply chain changes.	✓			✓
No delay in payments to suppliers.	✓	✓	✓	✓

[52] Competition Commission, Groceries Supply Code of Practice (2009).
[53] Grocery Industry Competition (Grocery Supply Code) Amendment Regulations 2023 (SL 2023/220), New Zealand
[54] Food and Grocery Code of Conduct | ACCC
[55] Office of the Grocery Sector Code of Conduct, Canada Grocery Code of Conduct, November 2025.

Main clauses of Code of Conduct	United Kingdom (Grocery Supply Code of Practice)[52]	New Zealand (The Grocery Supply Code)[53]	Australia (Food and Grocery Code of Conduct)[54]	Canada (Grocery Industry Code of Conduct)[55]
No payments to be required by retailers for shrinkages.	✓	✓	✓	
No payments to be required by retailers for better positioning of groceries.	✓		✓	✓
No payments to be required for retailers' business activities.		✓	✓	
The retailer can only de-list a supplier's product in accordance with the terms of the supply agreement.	✓	✓	✓	✓
No requirement for a supplier to fund promotions.	✓	✓	✓	✓

5.5. Common clauses of the Codes of Conduct include:

i. Obligation to deal with suppliers in good faith.
ii. No delay in payments to suppliers.
iii. Grocery supply agreements must be in writing.
iv. No payments to be required by retailers for shrinkages.
v. No payments to be required by retailers for better positioning of groceries.
vi. The retailer can only de-list a supplier's product in accordance with the terms of the supply agreement.
vii. No requirement for a supplier to fund promotions.

5.6. To inculcate a culture of fair trading amongst businesses, it is proposed to come up with a voluntary Code of conduct. Such an initiative can contribute to addressing the issue of unbalanced bargaining power that can harm market competition.

5.7. But at the same, consideration should be given to bring legislative reform for prohibiting on abuse of superior bargaining power. In several jurisdictions, including the COMESA, the competition law framework explicitly covers abuse of superior bargaining power or economic dependence. There are other countries like the Kenya which are envisaging changes in their respective competition law to address similar issues that are arising in the local context. Thus, in line with international best practice, potential amendment to the current competition law framework in Mauritius could be envisaged.

5.8. Notwithstanding the above, the Competition Commission remains the enforcement body against any conduct by retailers or suppliers that fall within the current provisions of the Competition Act 2007.

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