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Local business broadly satisfied with quality of freight services to the Channel Islands

A three-month review into the freight services in the Channel Islands by the Competition and Regulatory Authorities (CICRA) has found that local businesses are broadly satisfied with the services provided by the current freight logistics operators.

CICRA's role is to inform and protect consumers and other stakeholder groups ensuring they receive value, choice and access to high quality services. This also applies to businesses using freight services, which are particularly important for island economies heavily dependent on the transport of goods by sea.

As a result of concerns raised about the operation of the freight market, CICRA carried out a review of customer choice in the freight logistics sector between the Channel Islands and the UK earlier this year.

A series of in-depth interviews with shipping operators and business customers – ranging from large supermarket retailers to lower volume customers who only ship goods occasionally – formed the basis of the review, with CICRA seeking to understand how well this aspect of the economy worked for those using freight services.

The review looked at factors customers such as Sandpiper, Co-op etc. take into account when selecting a freight services provider, the choices available and how easily customers can switch between providers. The review also considered whether current choices were sustainable in the medium to longer term.

The report concluded that for most freight customers, quality of service (defined in a variety of ways including reliability, professionalism and quality of infrastructure) is a more important consideration than price.

There were mixed views on the adequacy of choice. Larger customers have a more limited choice of provider than smaller customers but, while some expressed a desire for more choice, others were content with the level of service they currently receive.

The willingness of customers to switch between suppliers was also variable. For some this was because only one provider – Ferryspeed – was able to meet their requirements. For others, satisfaction with their current service provider meant that they would not consider switching.

Regarding the shipping part of the service, although customers were broadly satisfied with the service from Condor, some suggested that both the management of ro-ro ferry services and the level of competition in the market for ro-ro ferry services could be improved. Some customers also thought that better management of the ro-ro shipping service would help them with inventory management.

CICRA CEO, Michael Byrne, said the conclusion of the report was that, overall, those purchasing freight logistics services are broadly satisfied with how this aspect of the economy is working.

“Given that both Jersey and Guernsey are both island economies we are heavily dependent on the transport of goods by sea.

“A key consideration for customers, when choosing a freight provider, is quality of service – reliability, professionalism and quality of infrastructure are important factors.

“Our review showed that quality of service was in fact considered to be even more important than price by freight customers.

On adequacy of choice, we saw that while some segments are served by a range of providers, others have a more limited choice. Customers are content with prices and service levels offered, even in these market segments, and we did not find substantive evidence that inertia is a barrier to switching for customers. Customers are aware of the offers available to them and indeed, those that were unhappy with quality of service do switch providers.

There is evidence of positive constraints on players in those markets which could stem from a combination of the threat of regulation, other providers and/or self-supply.

On the basis of its findings and its own prioritisation principles CICRA does not propose to investigate this market further.

ENDS

NOTES TO EDITORS:

All enquiries should be directed in writing to CICRA chief executive, Michael Byrne, in Guernsey at Suite 4, 1st Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey, GY1 1WG or in Jersey at the Jersey Competition Regulatory Authority, 2nd Floor, Salisbury House, 1 - 9 Union Street, St Helier, Jersey JE2 3RF. Alternatively email info@cicra.gg.

In line with CICRA's consultation policy, it intends to make responses to the consultation available on the CICRA website. Any material that is confidential should be put in a separate annex and clearly marked as such so that it may be kept confidential. CICRA regrets that it is not in a position to respond individually to the responses to this consultation.

About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.