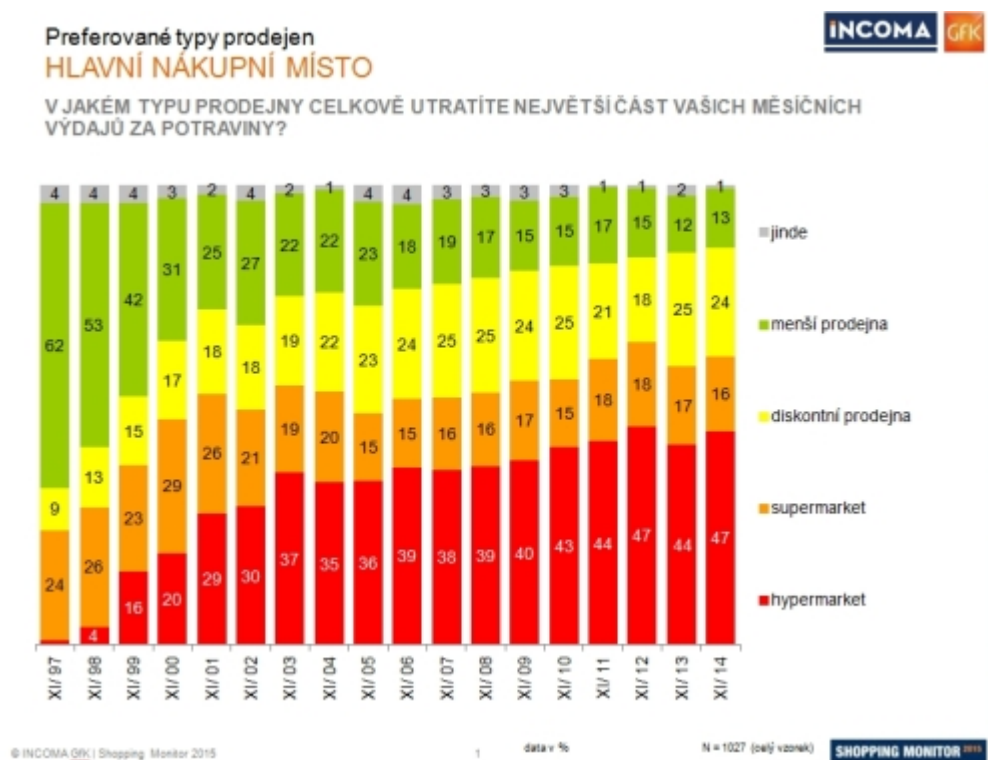


Research on the Abuse of Bargaining - Buyer Power of retailers

„You are not supposed to talk about it, but they go by the "suck dry, but don't kill."

The Ecumenical Academy (EAP), Czech NGO based in Prague, tried to investigate real corporate responsibility of retailers on the example of how the retailers behave towards their suppliers and how this behavior affects the sustainability of the food production.

The research required high amount of financial and human resources and thus was conducted within two EC funded projects together.



Situation on the Czech market:

Source: Incoma GfK Shopping Monitor 2015.

Main place of purchases - where do customers realize main part of their purchase of food?

Grey - Other. Green - Small Shop. Yellow - Discounter. Orange - Supermarket. Red - Hypermarket.

47% of Czech consumers say hypermarket (Albert, Globus, Interspar, Kaufland and Tesco) is the main place where they spend most of their expenses for food and basic non-food products in last 6 months. 24% of Czech consumers prefer

discounters (Lidl, Penny Market). retailers (Albert, Billa, Tesco) has been losing their position and now only 16% of consumers are loyal to them. Smaller shops (Hruska, COOP, Flop) are preferred by 13%. **In total 87% consumers say they buy food mainly in hypermarket, supermarket or discounter.**

The most favorite retailer is Kaufland (main purchase point for 23% households). Penny Market is on the second place (14%), third is Tesco (13% both formats together). Albert (both formats – hyper and supermarket) is on fourth position with 12%. Lidl is favorite for 9% of households. According to the study, Czech people chose their main place of purchase of food for the extent of their product assortment, general price level and promotions.

Concentration of the food market 2013

TOP retailers	Share of the main place of purchase (% of loyal consumers)	Share of the total retail turnover (% of sales from whole retail market)
TOP 1 retailer	20%	11%
TOP 3 retailers	47%	32%
TOP 5 retailers	70%	46%
TOP 10 retailers	95%	66%

Source: Shopping Monitor + Market Trends 2014, Incoma GfK

In 2013 the total turnover for food was about 412 billions of Crowns.

Retailers on the Czech market:

- REWE group: Penny Market (discounter) and Billa
- Schwarz group: Kaufland and Lidl (discounter)
- Ahold: Albert (hypermarkets and retailers)
- Tesco Stores: Tesco (hypermarkets and retailers). Rumors say Tesco is in trouble and may quit the country.
- Interspar - retailer active still in 2014 but in 2015 there was a merger with Albert.

Czech market is very concentrated (in terms of number of shops and their area per capita) and Czech consumers use to look for low prices and promotions. However, they start to care more and more about the origin of the food they buy (especially about the country of origin - they declare to prefer Czech products). They usually make one big purchase per week and than smaller purchases in smaller shops in the meantime. They also start to prefer smaller specialized shops.

More information about the Czech market can be found in the report of Make Fruit Fair! Campaign here:

http://www.makefruitfair.org/wp-content/uploads/2015/11/banana_value_chain_research_FINAL_WEB.pdf

Current Czech legislation

From 2009, the retail market and behavior of retailers towards their suppliers have been regulated by Law about significant market power (n. 395/2009). Czech Office for the Protection of Competition (<http://www.uoohs.cz/en/homepage.html>) is responsible for applying the law, it accepts anonymous complaints and can start investigation ex officio. The law defines the area of regulation (food market) and also a long list of different types of unfair trading practices. The later is in fact a problem - within the years of the application of the law it showed up that the retailers are very creative in inventing brand new types of unfair practices. The Office has, therefore, problem to "fit in" the definition in law when furnishing the evidence and it is very complicated and time-consuming to investigate and finish a case. The current law has been criticized from the beginning, first of all because of vague definitions on one hand and too strict definitions on the other in the same time. This is the reason why current government wants to set up an amendment of the law which would abandon the concept of strict definitions and would make the work of the Office for the Protection of Competition much more easier, effective and shorter. This effort rose strong opposition of retailers and their partners in the Parliament. One of the contra-actions was set up of Czech branch of the Supply Chain Initiative. The opponents of the law now declare that it would be better to repeal the law totally because according to them, the companies are able to solve the problems between themselves within SCI. Until this moment, there was no case of a supplier company which would present a complaint to Supply Chain Initiative. All the suppliers asked about it during our research said they cannot complain because they fear to lose the anonymity.

Retailers declare they oppose the law because it makes their negotiations with suppliers "impossible" and they warn about the fact it can cause higher consumer prices and smaller range of Czech products in the shops - because they may prefer to buy food in other EU countries, where suppliers don't have such a protection.

This argument is very important as it proves the pan-European solution - regulation is necessary.

Research Methodology:

The research methodology was inspired by similar studies of Consumers International (unites 240 consumer organizations in 120 countries) and the Dutch NGO SOMO - Centre for Research on Multinational Corporations who were so keen to provide EAP with their material and expert insight.

Research outline:

- 1. main areas of the interest and indicators established
- 2. questionnaires put together and consulted with representatives of food producers and retailer chains ("insiders").

- 3. product areas established (main focus: perishable products + products from global South)
- 4. screening conducted in all retail chains to set up an independent database of suppliers of given products + some retailers were asked about suppliers who produce private brands because they weren't indicated on the products
- 5. companies + retailers addressed with questionnaires/request for interviews
- 6. from March to the end of August 2015, 260 subjects were requested to participate in the project. 37 interviews with suppliers were realized. Only one retailer filled in the questionnaire (8 were asked to do so).
- 7. primary data resulting from transcripts of the interviews were grouped into so-called Clusters that represented each topic of our interest
- 8. the Clusters were then analyzed

At the beginning, coordinators chose suppliers in an offline screening directly in various retail chains in order to get contacts for supplier companies in an independent way. Two categories of suppliers were chosen: companies producing perishable products (who are more jeopardized by the UTPs) and companies trading goods from Global South. In order to extend the number of supplier companies, this exercise was repeated during the research, especially because it came out that some sectors of the market are already highly concentrated and only few companies are present.

All the respondents had two options of participation in research: an online questionnaire and semi-structured interview. Usually it took very long to convince the respondents to take part in the research, in average it was a month. None of the suppliers wanted to fill in the online questionnaire because they fear to lose the anonymity. On the contrary, they preferred personal meetings. The research coordinator drove 5 870 km to reach all the suppliers. Some of them were so scared that they refused to take part in the research in the very moment of the interview, when they found out about all the details of the research.

From all the retailers addressed (8), only one filled in the questionnaire in spite of many reminders and extended terms.

The target respondents were owners of the supplier companies, executive directors of those companies or their buying managers.

Research meets very strict recruitment criteria (type of product, region where the company is based, type and size of company, position within the supply chain etc.). In order to analyze all the datas gathered in a qualitative analysis, we had to transcript more than 90 hours of sound records. The in-depth interviews were usually quite long and it was evident that for some of the suppliers, it worked as therapy of its kind. It was also evident that the suppliers are very scared to lose their anonymity and thus also a business they depend on. Part of the interviews was conducted out of the supplier quarters because they preferred public places.

Why is the research unique?

We managed to overcome so-called Climate of fear existing between supplier companies. They were concerned about revealing their identity and a subsequent delisting, sometimes it took even a month and required intensive contact to convince the suppliers to participate. This fear of being revealed confirms how their entire business depends on cooperation with retailers. It is quite obvious that for many food producers selling through retailers is essential in order to survive in the market.

The research is unique in Europe because most efforts of consumer organizations failed precisely on fear of supply companies to talk about unfair practices.

Summary of main research findings:

The research confirmed that retailers have great bargaining/buyer power, which they often abuse. Current Czech legislation does not adequately protect the suppliers. For many suppliers there is no other alternative than to deliver the goods to retail supply chains, if they want to keep the volume of their production and stay on the market. Therefore, we cannot speak of free bargaining, contrarily, suppliers are so dependent on the retailers that they accept very unfavorable conditions and often sell their goods with minimal or no margins.

In terms of sustainability of food production, we can observe that the market is concentrated on fewer still bigger players. This, in the long term, may influence the offer and price levels. The way, how the food distribution system currently works, is favorable for bigger companies with enough capital to survive failure of income, companies with great flexibility and with great capacities to fulfill all the requirements for quality and quantity.

Retailers push suppliers to very unfavorable pricing conditions and this price pressure is further transmitted to the chain of suppliers. To survive, the producers have to limit investment and innovation and add to the intensity and efficiency of production and cultivation.

In terms of the impact on consumers, high margins (they rise the price and distort the view of customers to the fair value of the goods), market concentration (only large companies will survive on the market, which, in the long term, could mean offer limitations and increasing prices for consumers), retailers' demands for uniformity of goods (limiting the offer) and quality reduction due to pressure to lower costs appear to be between the problematic areas.

Other areas:

Abuse of the significant market power:

- Suppliers are usually confronted only with a final version of a contract, they don't have a chance to change any of the conditions. If they want to cooperate with the supermarket, they have to conform to given terms. The

bargaining process cannot be called negotiation or discussion, it's rather a directive.

- **Contract terms are unilaterally profitable and favourable for the retailers, as well as sanctions for breaking the terms**
- In case of some retailers, the commercial relation cannot be called partnership at all. The buyer requires the supplier to be available nonstop, flexible at any time. Some retailers have single-way phone line: the buyer can call, but the supplier cannot, if he needs something, he has no way to contact the buyer.
- Thanks to their power and position, the retailers can transfer their business risk on their suppliers to, for example poor planning of the volume of food for promotion
- Retailers also transfer the expenses to the suppliers, and the latter have no control over these payments, they are automatically deducted from the credit invoices. These include marketing development of new packaging for private label, purchase of machinery for packaging, product promotion, production of photos of products for an action leaflet. Costs range in the hundreds of thousands, retailers use overpriced external agencies. In contrast with the sanctions or bonuses, these costs are not known before the cooperation starts and thus the suppliers cannot count them into their margin, the expenses are unforeseen, which brings suppliers into problems with cash flow.
- There is quite a big difference in terms of business culture of the retailers, the discounters have the worst reputation.

Price pressure X quality

- Retailers put pressure primarily on price, for some products, the price is even set up on a daily basis. It's very rare to negotiate rise of the prices, even if the costs of production become objectively higher.
- Food safety and hygiene are important for them as well, this is how they usually see „quality of the product“ (it meets legal requirements which doesn't mean it necessarily is nutritious or tasty).
- Suppliers are required to follow very strict compliance with the conditions, however, retailers very often violate their own rules during their operations (eg. poor storage of food at the store).
- Compliance with conditions and rules of retailers means high costs for suppliers and reduces the chance of smaller companies to survive in the market.
- The largest downward **pressure on food quality** in terms of cheaper ingredients exists on **unpackaged goods** that are sold directly in the counters (cheese, ham etc.).

Contracts, costs without any real counter value, sanctions, invoices

- Retailers earn primarily on a wide range of bonuses and penalties, sometimes they prefer to return ordered goods for some artificial reason because they know they will earn more on the penalty than they would earn on potential sales of the goods (this happens often when there is a mistake in sales planning).
- **Suppliers pay several sums of money, usually without knowing for what they are.** There are several types of bonuses (eg from the turnover of the product - the more is sold, the more supplier pays) and charges (for promotion, for marketing etc.). The charges are regularly raised up. Some of them are already put down in the contract, some not. They are usually automatically deducted from the suppliers' invoice and it takes many efforts and time if the supplier want to raise an objection to such a payment.
- In many cases suppliers **don't have written contract** with the retailer, suppliers are then unable to enter to any official disputes.
- Retailers often **artificially lengthen the maturity of invoices** (Eg. they find "errors" in the bill). They generally wait for any excuse to consider something as an error.
- It regularly happens to some manufacturers that retailer would freeze payments and pay up only after several months of continuous negotiations.
- Shelf space fee and listing (insertion) fee sill exist (according to current law they are ilegal), they are only renamed: **now the suppliers pay „promotion fee“, „marketing fee“ any many other types of charges.**
- Some suppliers mentioned corruption of individual shopping agents.

Instability and insecurity

- According to suppliers, retailers create very unstable market environment, full of uncertainties (applies to certain sectors: supplier doesn't know the volume of purchased goods in advance, he must therefore be ready for anything - he would either have too little goods and would get a fine for breach of contract, or he would have too much, the goods will remain and he will have to look for another sales channel, otherwise the products would end devalued).
- Retailers directly and indirectly contribute to food waste. Due to extreme quality and aesthetic demands, poor planning of sales, encouraging customers to larger purchases than they actually need. Wasting occurs both on the side of retailers and on the side of manufacturers who cannot sell goods rejected by retailers.
- It happens that retailers demand some quantity of goods but wants only part of it in the end. In such case, it depends on the type of the product - some producers have other sales channels, some may throw the products to a biogas station, others may freeze the products or use it for children food (in case of fruit).

- Sometimes it happens that retailer **stops to buy from supplier without any notice or evident reason, from day to day.**

Margins and prices

- Many suppliers **sell their goods for the price of production or even less, subsidizing it from their own resources.**
- Margin of the retailers can reach 100% on some products, when the supplier's margin is only 2% on the same product, distribution of value is very unfair.
- When retailers speak about the need to mark up prices of food, they actually speak about boosting their profits.
- High margins are also harmful to suppliers as their products seem overpriced to consumers - who are likely to remember this for their future purchase.
- Many products are sold in promotions - in this case, neither retailer, or supplier profits. Suppliers are usually forced to sponsor somehow the promo actions.

Development of the food market

- Current situation of the food market is hostile towards small and medium size enterprises, these have been disappearing from the market and new ones can be successful rather in alternative sales channels and formats. However, they would never reach any relevant size of production and sales there.
- All types of the enterprises (big, small, medium ones) consider relationship with retailers unsustainable.
- Only small part of suppliers is able to make some profit, due to low prices, bonuses - paybacks, sanctions and losses of rejected products.
- Only small part of suppliers is able to make an investment, many don't have enough resources even for such an important facility as new truck. Majority of suppliers cannot invest money in innovations of new or improved products. They have to seek for a loan to afford such investments.

Private brands

- Retailers put pressure on suppliers in order to produce their product under private label of the retailers. They require high quality (meaning food safety, not the quality of the ingredients), but lower price as well.
- Suppliers are thus disadvantaged from many points of view: they don't build their own name and they may be replaced at any time by other supplier who would offer better conditions. (During the screening that we conducted to find suppliers' companies, we often faced to situation when private brands products didn't have any concrete manufacturer on the packing).

- Manufacturers pay for special packing for private brands and often even have to buy special machines for this purpose. It may happen that they have to run into debt in order to fulfill requirements of retailers.
- Retailer don't have to buy whole amount of goods/can reject some part of it - in such a situation, suppliers remains with packing worth a lot of money and without any chance to find a use for it.

Are there some improvements?

- Some retailers stopped to require bonuses and paybacks and don't make profit on sanctions and penalisations any more.
- Many retailers pay the invoices at time and don't look for artificial errors in order to detain the payment.
- Many retailers are now capable to estimate sales better, in order to reduce food waste.
- Many retailers focus on Czech companies and promotion of local products.

What do the suppliers think about regulation of unfair trading practices by the Czech republic/EU:

- Majority of the interviewees are afraid of any state intervention into the market, it seems the fear comes from mistrust towards the application of law in the Czech Republic and towards any institutions in general.
- However, majority of the suppliers would prefer the state/EU institutions to regulate areas of margins, payment of invoices, declaration of country of the origin on products and unjustified payments to retailers without any real benefit for the supplier

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Quotations of the interviewed suppliers

Pressure on suppliers:

„There is the pressure that makes the manufacturer make the product as cheap as possible. “

„You are not supposed to talk about it, but they go by the "suck dry, but don't kill."“

„They have a very harsh price policy; they will not let us generate any profit or margin. We were supplying them for a several years and in the end the whole business was unprofitable, we had to end our partnership.“

„Well they brought us all over and told us in some manner that they would like us to give them a [xy] discount on everything. For a certain fixed period, until the end of

the year would suffice and in addition we would adjust the terms and conditions so that we would send back [xy] more from the total turnover. With an expected turnover of a [xy] million that makes [xy] thousand Czech crowns. That is a preposterous amount. And so we sent a statement saying that there is absolutely no possibility for us to adjust the prices when they had not changed in the past year and a half or so, and that to be willing we could give them [xy] percent. That was the first reaction and there was no following response. Next thing he phones scolding me, how dare we decline them in any way. They asked for a [xy] percent and the others gave them [xy] percent. They are interpreting it in this way, so now there is this stress. There were phone calls every single day for two weeks, sometimes twice a day, requiring us to increase and send. We had reassessed it and said: [xy] percent. Once again that was not accepted and the coercion continued for another fourteen days. Until this one time the whole delivery was returned to us. All of us were working on it that day to make sure it was all absolutely fine. So we have done it, managed to deliver it in time and they have returned it again saying that we done it wrong just to show us they can dare. I notified them in writing that we consider this as constrain because we have already communicated about it. At that point I added a demand for an explanation, I asked if their quality requirements had changed so radically overnight, if we had not been informed about it, or if this kind of behavior was simply a result of us not confirming the BDC with disadvantageous terms for the next period."

Market concentration:

"We have the most shopping centers in Europe. All of us in the chain suffer because of this. Too much competition means that nobody is capable of producing any profit. It is possible but under very rough conditions, you have to be especially effective. It is because the products are cheap for the costumer - there is a pressure and competition so high."

"When you want to supply to a retail chain you got to have a volume. Enormous premises, hundreds of employees, greenhouses, giant storages, regulations, certificates..."

Negotiations:

„If it all comes to us being pushed by the retailer from above and the supplier from below and it all falls on us we will not last long. One has to defend himself and that relates to the invoice due dates, terms and conditions in general etc. So if the chain store demands a thirty-day invoice due from us, we demand it from our suppliers. "

„Most of the times we aim to negotiate the best possible terms, however most of the times the dealings are carried one-sidedly. "

„We were small players when we started, they treated us as a rag, they dictated the terms and we did whatever they wanted. "

„There is a difference, while calling with a cell phone he is still quite decent while when calling from the office, there is this rule they have, that the buyer talking through the headset is required to humble the supplier, to drive him into this situation ... they sit there, they have those open-spaces ... there are a lot of them there and their bosses are downrightly pushing them to „take him by the throat“. “

„They say: this is not staying here, you will give me a discount or I am going to buy it somewhere else. So I have to do it. They will maintain their minimal budget by diverting the costs to us. Therefore we are experiencing the consequences enormously. “

Delisting:

„We used to supply certain product of higher quality to [xy] under certain terms. After about three or four years of cooperation, while negotiating the terms for the next year, we were simply told that those terms are going to change by a 3.5%. Calculations were made and we told them that we can promise them about a 1.5%, but that the 3.5% would be disadvantageous. The turnover there was not that small, about a [xy] a year. So it happened that after two rounds of negotiations the buyer said that if we will not come to their terms we are going to negotiate directly with the general director. I told them that I do not care with whom I will negotiate, but frankly we are not able to offer better terms. Right after I came to the negotiations with Mr. General, he started about how we have to remain with them, how vital it is! I told them that we very much want to, yet under these terms it is not possible. He said that if we will not agree with his demands, he will have to delist us. “

Contract negotiation:

„You will not see the contract before you get invited. You cannot take it with you. You cannot leave those rooms of theirs that you sit in, and you either sign it or you do not. (..) The moment you do not agree with their contract you do not supply. “

„The moment you do not agree with their contract, you do not supply. It is also set up in a way that the [xy] has its own particular packing, which is unique and merely the preparation of the printing materials costs about a hundred thousand Czech crowns. We are supposed to provide those. The moment we confirm everything, even before we sign the contract, we have to be able to supply. So we already need to have those printing materials, we also need to have the sheeting already made which then fits only on our machines since every machine is different. Therefore no one else is able to use it. We have already invested at this point; it was three hundred thousand Czech crowns that time.

„Sit at this table, sign it right there. Or do not sign it and we will not do it at all.“

Forced fees:

„Basically they force it. They force the advertisement payments if they want to.“

„That is a broad scale. The invoicing bonus; the quarter bonus; the annual; the incremental; the logistical; the flyer discounts where you pay for the flyer. You are obliged to give an additional discount of 3.5% in addition to the flyer of course. You pay for the store openings, remodeling. That only needs to be a logo color change. And so, you are not able to plan economically. In fact, last year we have ended the collaboration with [xy] to whom we used to supply our commodities to. Basically, we have purchased commodities for an about hundred and twenty thousand Czech crowns and in a half a year they sent us an invoice for one hundred and fifty thousand for remodeling. That is just for an example. “

Term of expiration abbreviated to 30 days by the law:

„(...) The fact that the money arrives early solved nothing since we have paid for that by the discounts. The retailers had found their way. The money is arriving early, it is great that the retailers are paying up in thirty days, but they have figured it out, they have those financial analytics so they calculated the value of the money within the term of expiration in that difference and then they demanded it from us on discounts.“

Listing fees:

„We've already had a certain position on the market so we said that we would not pay. But they said that it was not going to happen, that those were the conditions for all the suppliers and that we would not be any different. They were dumb enough to start this discussion in the time of a local harvest when they needed the goods. Had they told us in the winter, it would had been worse. That was the first time we felt the retailers can behave in a different way. They called us saying that it will not be those [xy] but a [yx] thousand, and we thought that we could afford to give up a [yx] thousand. And those were the listing fees. It is not such a huge deal nowadays, some of the retailers will let you pay, but they will call it differently - a propagation contribution...they will ask for a million crowns per year. “

Bribes:

„When it comes to Czech Republic the situation is not the same everywhere, there are retailers that behave as you may know as a consumer. It is where you like to go shopping, where the offer is good. Then there are those chains which hold foremost their private concerns and according to that they decide who is going to supply. Even the consumer can spot it easily because these are the chains that people swear at, that it is not good to shop there because the goods are only from those who give bribes.“

Retail:

„They do not say: „cheaper“, „give me a bonus “they sit down and say: „Give me a better offer. Gentlemen, he who gives me a better offer gets a 80 cm of my shelf. “That 80 cm has a value of a hundred million crowns in turnover. This is how it is set nowadays. This is how that retail works. “

Promo actions:

„The sales are mostly not interesting for a suppliers. And after all not even for the chain. Everyone ends up roughly at naught.“

Instability:

“It is problematic that they change the estimated quantity during a sale and they might penalize us afterwards or the goods can possibly end up in our warehouse and then I do not have anyone to sale it to. That is a big problem with the private brands.“

“ It goes like this: you have a framework contract with the retailer for a year, which sums up the basic terms - penalization, arrival times etc. It does not guarantee the volume. The goods are negotiated on a weekly basis - assortment and prices. It happens quite regularly that you supply something one week and you do not the other.“

„So it happens, which is a big problem, that they cancel an arranged sale on the last moment. It is important to remember that even the most primitive product from our portfolio takes about a week to produce. And they cancel the sale two or three days before it would start.“

Transfer of costs:

„There happen to be demands: „Pay for a design of a private brand“. Nevertheless there is no possibility to influence the proceedings of the design studio from our side. We are often being asked to pay for costs over which we have no control whatsoever. “

The uneven standing:

„The whole system of trading with the chains is that they make the conditions which we have to comply with, without an exception. There is not a possibility for us to make a mistake, there would be a penalty. (...) But if a mistake is made on their side the rules are not valid anymore, they do not have to do anything. “

Quality of food:

„Basically the point is, that the strength of the retailers and therefore their

inadequate margin leads to higher prices and then to a significant decrease in quality of the products - especially food."

„They want a certain product, say [xy]. They address eight or ten suppliers about it and make an assessment. Our disadvantage is that we aim to manufacture high quality food, made only from meat, we do not add any filling agents as soy or separate etc. which lower the quality and the price. Most of the manufacturers go for the price and so they choose the cheapest ones. The ingenious ones take a look at the qualitative parameters and say: „oh, he is good“ yet they has the arrogance to also say: „we want this and that price on it“. But that just will not work, you cannot compare a [xy] with more than 70% meat with a hot dog made of 50% meat. The buyers often lose constraints at this point and they want a quality product but for cheap.“

„They did not even care before. Now they do because people talk about it much, but they also push the price enormously. It is about how long you can last. Of course, the calculations have a certain range, the margin is decreasing but when it reaches zero it is useless. And they would like for your margin to be at -2, -3%. That is the moment you have to make a stand and say: This is the bottom, either we settle on this or there is no use for us to supply. “

Fines:

„The approach also varies depending on the national background. For instance the [xy] are quite laid back „yeah, we will figure it out for sure when we meet“, on the other hand the [yx] are very strict, there is a precise delivery window. If you miss it just by minutes you will be declined, they will not unload and we get penalized. “

„For example the [xy] has a large set of fines for everything, so last year we dared to decide not to sign the contract (as well as a lot of the others). They took it to their management telling them that no one wants to sign it anymore since constrain is too big now. Anyway they have left it like that, deliveries were made, we paid the fines and at the end of the year they found out that they do not have the contract signed. Then we said that we will sign, since the year already passed. Well it was all the same next year and we did not sign. It is already April and the dealing goes on...“

Payment of invoices:

„They have not been paying us for a period of six months, which was about an eleven million in cash flow. That would mean a substantive problem for a smaller business. “

„They froze the payments for a period of twelve months, while we had to deliver every single week. That suspension of cash flow has led to our liquidation. “

„I know for a fact that there were some articles such as automatic inclusions that are not there anymore. Nowadays we deliver the goods and they pay us back a [xy] less. Then we trace it back to where was it in the first place. (...) We had one of those just yesterday; it was four months old and accounted for. It did match the contracts but without us ever seeing the invoice. According to law it is just not possible for them to account for it in advance. The invoice should always arrive first then the inclusion should be approved by the other party and only then it should be subtracted. ”

„It did happen that an invoice for a listing of a certain product was sent to us and they called it a "marketing support". It was several hundred thousand Czech crowns. Two weeks after the release, they have informed us that the product is not selling as well as they have expected and they ceased purchasing. It should have been a whole season business and they did make the invoice for several hundred thousand. The product did not even made a turnout in order of magnitude of what was invoiced. ”

Discounts:

„When I see a discount of a 25%, I want to buy the goods, it motivates me. But when I see a discount of 45% two questions rise up. Either both the manufacturer and the vendor have such high margins they are able to afford the discount or he is giving a discount on a lower quality product and therefore I am buying a different product than the one that does not has a discount. This is not good. ”

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