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FTC to investigate supply chain disruptions

By

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Christmas and New Year's Eve are right around the corner, and ongoing supply chain disruptions are threatening to dampen the holiday cheer.

In order to figure out what the "hold up" is, the Federal Trade Commission is ordering nine large retailers, wholesalers and consumer good suppliers to provide detailed information that will help the FTC shed light on the causes behind ongoing supply chain disruptions and how these disruptions are causing serious and ongoing hardships for consumers and harming competition in the U.S. economy.

The orders are being sent to Walmart Inc., Amazon.com Inc., Kroger Co., C&S Wholesale Grocers Inc., Associated Wholesale Grocers Inc., McLane Co. Inc. Procter & Gamble Co., Tyson Foods Inc. and Kraft Heinz Co. The companies will have 45 days from the date they received the order to respond.

"Supply chain disruptions are upending the provision and delivery of a wide array of goods, ranging from computer chips and medicines to meat and lumber. I am hopeful the FTC's new 6(b) study will shed light on market conditions and business practices that may have worsened these disruptions or led to asymmetric effects," said Chair Lina M. Khan. "The FTC has a long history of pursuing market studies to deepen our understanding of economic conditions and business conduct, and we should continue to make nimble and timely use of these information-gathering tools and authorities."

In addition to better understanding the reasons behind the disruptions, the study will examine whether supply chain disruptions are leading to specific bottlenecks, shortages, anticompetitive practices, or contributing to rising consumer prices.

The FTC also is requiring the companies to provide internal documents regarding the supply chain disruptions, including strategies related to supply chains; pricing; marketing and promotions; costs, profit margins and sales volumes; selection of suppliers and brands; and market shares.

In addition, the agency is soliciting voluntary comments from retailers, consumer goods suppliers, wholesalers, and consumers regarding their views on how supply chain issues are affecting competition in consumer goods markets. These comments provide an opportunity for market participants to surface additional issues and examples of how supply chain disruptions are affecting competition.

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