

## Tesco launches new discount store chain Jack's

By [Younis Mageit](#)

Tuesday 2 October 2018



Image: Andrew Parsons

The unveiling of Tesco's new discount chain Jack's has won the plaudits of many for its ambition, as stated in an BBC interview by CEO Dave Lewis, to 'offer the low-est grocery prices in the market'. The proposed chain, however, has not escaped significant doubt as to whether it will be able to compete in the seemingly unassailable low-cost supermarket landscape dominated chiefly by Aldi and Lidl, who hold a combined 13.1 per cent share of the market.

The proposed cost-cutting brand takes its name from Jack Co-hen, who founded Tesco 99 years ago. The Tesco company has so far opened the doors of one store in Chatteris, Cambridgeshire, in the place of a mothballed Tesco thought to have been outmanoeuvred by dis-counter rivals, a move symbolic of a company seeking rapidly to adapt in the face of growing competition.

According to Nicholas Carroll, senior retail analyst at Mintel, hopes for success are not entirely misplaced, owing largely to the economic circumstances that have and are likely to prevail. That is to say ,that the effects of the decade-old recession are still making themselves felt. The experience of many has been one of wages rising slower than the rate of CPI inflation, which jumped to 2.7 per cent in August. According to Thomas Wells, manager of the Smith & Williamson Global Inflation-Linked Bond Fund, the rise of inflation above average wage growth can largely be attributed to the rise in fuel prices above £1.30 a litre, a resource essential to the supply of goods.

Brexit, too, may be identified as a factor which renders the British markets fertile terrain for the

establishment of a new discounter chain. In particular, the ongoing negotiations on the trading relationship the UK is to have with the European Union post-withdrawal have been the cause of contractions in the value of the pound, not least when the declaration of 'impasse' was made last week by the Prime Minister. While the Office for National Statistics recorded a short term advance in exporter competitiveness and growth, this is in line with the comments of John Hawksworth, chief economist at the consultancy firm PwC, is likely to elevate the price of imports and therefore transfer greater pressure to consumers.

Although the Brexit negotiations are still underway, it is important to remember that its potential outcome may also, at least in the near future, make contributions to financial pressures. The Barclays corporate banking group has found that the UK withdrawing without a deal or one that compromises World Trade Organisation terms would introduce greater burdens on consumers, as tariffs could potentially be introduced on 71 per cent of super-market food that is imported. This outcome, following the rejection of the controversial Chequers plan at the Salzburg summit, seems less improbable.

All of this, as evidenced in an opinion poll conducted by *The Independent*, has led to a sentiment among the majority of the British public of sustained financial insecurity. Such insecurity, unless the calls of TUC General Secretary Frances O'Grady that the government acts to 'boost pay' are heeded, is widely expected to reform spending habits and behaviour. The experience of Sainsburys in relation to their swift closure of cost-cutting Nettos, and that of Asda Essentials, would suggest that the success of Jack's rests on more than delivering groceries to consumers at below average prices.

In this respect the challenge brought by Waitrose in Horsham against the plan for a new Lidl store is indicative. It suggests that Waitrose doesn't feel confident to compete against Lidl on price not quality. Jack's may therefore succeed against its adversaries through an exercise of reconciling the two. This may, however, require more than the simple assurance they have so far given to their customers that eight out of ten items on offer are either made, grown, or reared in Britain



---

Most Read **Discussed**

1. [The York floods 2015: What's the damage?](#)
2. [What does Theresa May's new Brexit plan mean?](#)
3. [A workplace revolution: a four-day week?](#)
4. [An update on the US-China trade war](#)
5. [The University as your landlord: friend or foe?](#)
6. [Managing your finances at university](#)

### Write for Nouse Business

[Get in touch with the editors](#)

[Join the Facebook group](#)

### More in Business

[What does Theresa May's new Brexit plan mean?](#)

[The University as your landlord: friend or foe?](#)

[An update on the US-China trade war](#)

[A workplace revolution: a four-day week?](#)

[Managing your finances at university](#)

[Danske Bank scandal rocks European finance world](#)

- [About Nouse](#)
- [Who's Nouse](#)
- [Website Credits](#)
- [Contact Us](#)
- [Advertising](#)
- [Archives](#)
- [Student Discounts](#)
- [Print Editions](#)
- [Mini-Sites](#)
- [Nouse on Twitter](#)
- [Nouse on Facebook](#)
- [Nouse on Google+](#)

