

Adevinta's merger purchase of Gumtree raises competition concerns

News story

The CMA has found that Adevinta's anticipated £6.5bn (\$9.2 billion) purchase of eCG from eBay could lead to higher prices and less choice for consumers.



Adevinta and eBay Classified Group (eCG) both operate online classified advertising platforms in the UK. These websites – Adevinta's Shpock and eCG's Gumtree – allow people to buy and sell a broad range of used or new goods such as clothing, electronics and furniture. eBay's marketplace, ebay.co.uk, is the largest platform for people to sell goods to one another in the UK.

With the sale to Adevinta, eBay will acquire a 33.3% voting stake in Adevinta and positions on the Adevinta board. This means that eBay will be able to participate in the management of Adevinta and could enable it to influence the business strategy for both Gumtree and Shpock.

In addition, having reviewed eBay's internal documents at the time the decision was made to sell eCG to Adevinta, the Competition and Markets Authority (CMA) considers there would have been a realistic chance eBay would have sold Gumtree to a different purchaser without retaining its influence. This would have resulted in Gumtree becoming an independent competitor to eBay's marketplace.

Following its Phase 1 investigation, the CMA is concerned the merger could lead to a loss of competition between Shpock, Gumtree and eBay's marketplace, with only Facebook Marketplace remaining as a significant competitor. This could reduce consumer choice, increase fees or lower innovation in the supply of platforms that allow people to buy and sell goods online.

Adevinta and eBay now have until 23 February 2021 to offer legally binding solutions to resolve the CMA's competition concerns. The CMA then has 5 working days to consider whether to accept the offer instead of referring the deal to an in-depth investigation.

Joel Bamford, Senior Director of Mergers:

It is important that people have choice when it comes to selling items they no longer require or searching for a bargain online, and that they can enjoy competitive fees and services.

There is a realistic chance that without this deal Gumtree and Shpock would have been direct competitors to eBay, which is by far the biggest player in this market. This is the latest in a series of merger probes by the CMA involving large digital companies, where we are thoroughly examining deals to ensure that competition is not restricted, and consumers' interests are protected.

More information can be found on the [Adevinta / eBay merger inquiry casepage](#).

- For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk
- As part of the deal, eBay will receive \$2.5 billion of cash and 540 million shares of Adevinta, representing 44% ownership of the pro forma company and a 33.3% voting stake
- Online marketplaces are sites that aggregate product information from multiple sellers, so users can compare and purchase products online. Digital advertising platforms publish promotional material through online platforms such as social media, search engines, websites, and any other program that can be accessed digitally.

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