

CMA requires JD Sports to sell Footasylum

The Competition and Markets Authority (CMA) has found that the takeover could lead to a substantial reduction in competition and a worse deal for Footasylum's customers.

Over the course of its inquiry, the CMA found that JD Sports is by far and away the closest alternative for shoppers at Footasylum. The CMA expects this will continue to be the case even after taking into account the continued growth in online shopping, including on the websites and apps of brands such as Nike and adidas.

Fifty per cent of online shoppers surveyed by the CMA said they would go to JD Sports if they were unable to shop at Footasylum for clothing, while 43% said they would make the switch if they could no longer buy footwear from Footasylum. These figures were substantially higher than for any other retailer. Another CMA survey of in-store shoppers showed similar results.

The CMA also found that, despite increased competition from firms like Nike and adidas, and the impact of Covid-19, Footasylum would remain in good financial health. With a total revenue for 2020/21 of £232 million, the retailer [reported](#) underlying profits (EBITDA) of £29.3 million for the year, up from £25.5 million in 2019/20 and £2m in 2018/19.

The merger means that Footasylum would no longer face competition from JD Sports so customers would have fewer options and could face higher prices, fewer discounts, and less choice of products in-store.

The CMA's view is that requiring JD Sports to sell Footasylum is the only way to address its competition concerns and protect consumers. It will oversee the sale and approve the purchaser, in order to ensure that Footasylum will be run as a fully independent competitor.

Footasylum was purchased by JD Sports in a deal announced in April 2019.

Both companies sell sports-related fashion – including clothing and footwear – in stores around the UK and online, through their respective apps and websites.

To inform today's decision, a group of independent CMA panel members considered a range of evidence from both companies, as well as their competitors, customers and suppliers. The panel also assessed internal and decision-making documents to gain detailed insights about the merger and conditions in the sports fashion market more generally.

Kip Meek, Chair of the CMA inquiry group, said:

The UK boasts a thriving sports fashion market and today's decision

reflects our commitment to keeping it that way. We strongly believe shoppers could suffer if Footasylum stopped having to compete with JD Sports. It is likely they would pay more for less choice, worse service and lower quality.

The pandemic may have altered the way we shop but innovative businesses, driven by healthy competition, will rise to the challenge and successfully cater to changing tastes and habits. The evidence we have analysed shows that JD Sports and Footasylum are adapting well to market conditions and would continue to be profitable should the merger not go ahead.

As separate, rival entities, these companies can continue to compete for shoppers online and as they return to the high street.

For more information, visit the [JD Sports / Footasylum merger inquiry case page](#).

The CMA has a statutory objective to protect competition, which drives innovation and choice, and benefits consumers and businesses in the UK.

1. Following the CMA's [final decision](#) to block the merger in May 2020, JD Sports appealed to the Competition Appeal Tribunal, saying the CMA's assessment of the effects of the merger on competition was too broad and that the CMA had failed to gather enough information regarding the impact of the pandemic on the relevant markets and market players. While the CAT supported the way in which the CMA assessed the effects of the merger on consumers, it found it did not go far enough in its information gathering on the impact of Covid-19. As such, it [remitted](#) the deal back to the CMA. This means the CMA had to consider the deal again, focusing on the impact of coronavirus on the sports fashion sector.
2. On 2 September 2021, the [CMA published its provisional finding on the remittal](#). It again found that the completed acquisition by JD Sports of Footasylum gave rise to competition concerns.
3. The CMA is also investigating suspected anti-competitive behaviour in relation to the sale of Leicester City FC-branded products and merchandise. The allegation involves JD Sports. This case and the merger investigation have involved different staff teams and the merger was decided by an independent group. It has not been influenced by the [Leicester City FC case](#).
4. Details of all case surveys, which were undertaken by an independent survey company, can be found on the [JD Sports Fashion plc / Footasylum plc merger inquiry case page](#).

5. For media queries, please contact the press office via press@cma.gov.uk or on 020 3738 6460.