

News story: CMA sets out scope of Sainsbury's / Asda merger investigation

The Competition and Markets Authority (CMA) announced its decision to refer the deal for an in-depth (Phase 2) investigation on 19 September 2018.

Today's '[Issues Statement](#)' sets out the key areas the CMA expects to scrutinise, at both a local and national level – including groceries, bought both in-store and online; fuel; and other items such as toys, small electricals and children's clothing.

It will assess whether the merger could lead to a worse outcome for shoppers through higher prices, a poorer shopping experience, or reductions in the range or quality of products offered.

The level and impact of competition presented by newer or growing retailers – including Aldi and Lidl – will be considered alongside these issues, as well as whether the merger could make it easier for supermarkets to align their commercial decision-making, leading to less vigorous competition. In addition, the CMA will examine any potential efficiencies that might result from the merger and whether such savings might be passed on to shoppers.

The CMA will also look at whether the merged company could use its increased buyer power to squeeze suppliers and if this could have a potential knock-on effect for shoppers. This would be due to suppliers being less able to innovate or having to charge higher prices to other stores that compete with the combined Sainsbury's / Asda.

Stuart McIntosh, chair of the independent inquiry group carrying out the in-depth investigation, said:

Millions of people shop at Asda and Sainsbury's every week, so it is essential we carry out a thorough investigation into their proposed merger. Our job is to find out whether the merger will result in people paying more or being faced with less choice or a poorer quality shopping experience.

Today, we are setting out a number of areas that we expect to look at as part of our investigation. We welcome views on the effects of the merger and will carefully consider any evidence that we receive.

The CMA expects to gather a wide range of evidence to explore these issues, which will include surveying Asda and Sainsbury's shoppers – both in store and online – and drivers who fill up their tanks at either company's petrol stations. It will also be scrutinising extensive internal information from

Sainsbury's and Asda, and seeking the views of rival retailers and suppliers.

Views are welcome from any individuals or organisations who are able to provide information useful to the investigation. Members of the public can find out how to respond on the [Sainsbury's / Asda page](#) of the CMA website, which also gives further detail on the investigation. Responses to the Issues Statement must be made in writing by 30 October and should focus on the areas outlined in the Issues Statement or any further ways in which the merger could affect competition in the markets that might be affected by the merger.

The CMA expects to issue its provisional findings early next year, ahead of the statutory deadline for its final decision on the 5 March 2019.