

Press release: Country stores merger could reduce competition

Mole Valley and Countrywide Farmers each run country stores, operating a total of 99 premises primarily located across the South and West of England. These typically each have a bulk agricultural products supply business – through which they sell large-scale supplies of agricultural products, such as fertiliser or fencing – and a retail business, through which they sell a wide range of products including animal feed, clothing, pet food and gardening tools.

The Competition and Markets Authority (CMA) is investigating Mole Valley's proposed purchase of 48 Countrywide Farmers' outlets, and has identified competition concerns in a total of 45 local areas. This involves both their bulk agricultural and retail businesses.

The companies are two of the largest suppliers of agricultural products in bulk, and there are no or few other suppliers physically located in these 45 areas. The CMA's investigation found that, while the businesses face competition from other suppliers that operate without local premises, many customers prefer to be able to buy products directly from a supplier's store.

Therefore, these alternative suppliers may not provide enough competition to stop customers from losing out after the merger. The CMA's investigation found that competition concerns in the supply of agricultural products in bulk arise in 45 local areas in total.

The CMA also found that the companies' retail businesses compete closely, resulting in reduced competition for customers in 25 of the 45 local areas after the merger. Its investigation found that there would be either no or very few competing country stores in these local areas as, while the companies' retail businesses face competition for some products from suppliers specialising in one type of product (such as DIY stores, garden centres or pet food suppliers), many customers value being able to buy a range of items in one place. Therefore, these specialist suppliers may not provide enough competition to stop customers from losing out after the merger.

Mole Valley now has the opportunity to offer ways to address these competition concerns. If Mole Valley does not make such an offer, or if any undertakings do not sufficiently address the CMA's concerns, the merger will be referred for in-depth investigation through a 'phase 2' inquiry.

Rachel Merelie, Acting Executive Director of Mergers and Markets and the decision maker in this case, said:

It's our job to make sure that people continue to have enough choice, get fair prices and good quality products after companies

merge. Mole Valley and Countrywide Farmers are two of the biggest operators of country stores, and so it's important that their customers can find good deals when they need to buy these kinds of products.

Notes to editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. For CMA updates, follow us on Twitter @CMAgovuk, LinkedIn, Facebook, Youtube and Flickr.
2. Enquiries should be directed to the CMA press team at press@cma.gsi.gov.uk or 020 3738 6460.