

UK grocers and shoppers could face higher prices due to dough merger

Ready-to-bake products – including staples such as shortcrust and puff pastry, pizza and patisserie dough – are found in all major grocery retailers, with UK consumers spending over £100 million each year on these products. Jus-Rol is by far the largest supplier of branded ready-to-bake products in the UK, while Cérélia is the largest supplier of own-brand ready-to-bake products, making these items on behalf of some of the nation's largest grocery retailers.

The Competition and Markets Authority (CMA) launched an in-depth review into the deal in June 2022 after an initial Phase 1 investigation identified possible competition concerns. Over the past 5 months, an independent CMA panel has analysed a wide range of evidence from Cérélia and Jus-Rol, grocery retailers and other industry players in order to fully understand the market, as well as the potential impact of the deal.

The CMA's investigation has provisionally found that the merger brings together what are the 2 leading suppliers in the market by a considerable margin. Ready-to-bake items supplied by Cérélia and Jus-Rol account for nearly two-thirds of all such products sold in the UK.

While there are differences between the companies' products, the evidence gathered by the CMA shows that Jus-Rol products compete with grocery retailers' own-brand products supplied by Cérélia for the same space on many supermarket shelves. Evidence from grocery retailers shows that they consider the companies' products to be important alternatives to one another – in particular because there are few alternative suppliers of either branded or own-brand products. Grocery retailers also told the CMA that their ability to trade off Jus-Rol and Cérélia when purchasing these products enables them to get a better deal for customers.

The CMA's investigation provisionally found that the 2 businesses face very limited competition, with all other suppliers being far smaller, and many lacking the capabilities held by the merging businesses. The CMA also provisionally found it is unlikely that any supplier would enter the market, or expand its existing activities, to address the loss of competition brought about by the deal.

On this basis, the CMA has provisionally concluded that the deal would substantially lessen competition. This would risk UK grocers facing higher prices and lower quality products, which could ultimately be passed on to their customers.

Margot Daly, chair of the independent inquiry group carrying out the Phase 2 investigation, said:

Food prices are already increasing, which makes it important that we don't allow a lack of competition to make the situation worse.

Jus-Rol and Cérélia are by far the largest suppliers in the ready-to-bake sector and the competition that takes place between them helps grocers to give shoppers the best possible deals.

Today's decision is provisional, and we will now consult on our findings and listen to any further views before reaching a final decision.

The CMA welcomes responses from interested parties to its provisional findings by 25 November 2022 and its notice of possible remedies, which sets out potential options for addressing its provisional concerns, by 18 November 2022. These will be considered ahead of the CMA issuing its final report, which is due by 24 January 2023.

Notes to editors

1. For more information, visit the [Cérélia / Jus-Rol merger inquiry page](#).
2. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.
3. Members of the general public can contact the CMA for information about this update on 020 3738 6000 or general.enquiries@cma.gov.uk.
4. The CMA provisionally found that the merger would lead to a Substantial Lessening of Competition (SLC) in the following market: the wholesale supply of dough-to-bake (DTB) products to retailers in the UK.
5. Cérélia refers to Cérélia Group Holding SAS (either directly or through entities under its common ownership or common control or over which it exerts material influence within the meaning of section 26 of the Enterprise Act 2002 (the Act)).