



# News Release

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26 July 2005

## **SOMERFIELD ACQUISITION DAMAGES COMPETITION IN 14 AREAS**

The Competition Commission (CC) has provisionally concluded that the completed acquisition by Somerfield plc (Somerfield) of 115 stores and other assets from Wm Morrison Supermarkets plc (Morrison's) may be expected to result in a substantial lessening of competition in 14 local grocery retail markets in Great Britain. Somerfield and other interested parties have until 16 August 2005 to respond to these provisional findings prior to the CC taking its final decision.

Christopher Clarke, Chairman of the inquiry, said:

We identified stores in 14 areas where we have provisionally found that the acquisition is expected significantly to reduce competition resulting in higher prices, or reductions in quality, range or service.

We believe the only effective means of restoring competition in these areas is for the identified stores to be sold to a suitable grocery retailer who will offer choice and actively compete in the relevant local markets.

### **Background**

The vast majority of the 115 stores acquired by Somerfield are 'mid-range' stores. All had been acquired by Morrison's as part of the acquisition of Safeway. Two of the 115 stores were among the 52 stores required by the CC to be sold as a condition of approving the sale of Safeway to Morrison. Neither of these stores is among the 14 which now cause competition concerns.

The previous 2003 CC inquiry into the sale of Safeway had focused on larger 'one-stop' stores so the inquiry group considered to what extent the methodology for evaluating competition in grocery retailing set out in that and a previous report in 2000 could be applied to the circumstances of the current inquiry. The Group found that the 'mid-range' stores were used mainly for supplementary, that is 'top-up' or convenience, shopping as distinct from 'one-stop' shopping and therefore adopted a methodology relevant to such mid-range stores and to the individual circumstances of their local markets.

The stores (all mid-range stores except for the two identified) are as follows:

- Bedlington
- Filey (a convenience store)
- Johnstone (a one-stop shop)
- Kelso
- Littlehampton
- Middlesbrough Linthorpe
- Newark
- Paisley
- Peebles
- Pocklington
- Poole Bearwood
- South Shields
- Whitburn (Scotland)
- Yarm

The summary of its provisional findings report and the notice of possible remedies are available on the CC's web site at:

[www.competition-commission.org.uk/inquiries/ref2005/somerfield/index.htm](http://www.competition-commission.org.uk/inquiries/ref2005/somerfield/index.htm)

The full provisional findings report will be published shortly. The CC now invites responses before preparing its final report.

Anyone wishing to comment on the proposed remedies or on the provisional findings is invited to provide the CC with their response in writing. Comments on the remedies must be received by the CC no later than 8 August 2005 and on the provisional findings by 16 August 2005. Comments should be made in writing to:

Anne Jolly  
 Inquiry Secretary (Somerfield/Morrisons inquiry)  
 Victoria House  
 Southampton Row  
 London  
 WC1B 4AD

or by email to:

[anne.jolly@competition-commission.gsi.gov.uk](mailto:anne.jolly@competition-commission.gsi.gov.uk)

### **Notes for editors**

1. The acquisition by Somerfield of 115 stores from Morrisons involved mainly mid-range stores defined as being between 280 and 1,400 sq metres (3,000 to 15,000 sq feet). Convenience stores are defined as being of a size below 280 sq metres (3,000 sq feet). One-stop shops, where most householders carry out their main weekly shop, are defined as stores of over 1,400 sq metres (15,000 sq feet).
2. The Enterprise Act 2002 empowers the OFT to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.

3. The Somerfield/Morrisons inquiry group consists of five members of the CC: Christopher Clarke, Group Chairman and a Deputy Chairman of the CC, Nicholas Garthwaite, Chris Goodall, Bob Turgoose and Professor Stephen Wilks.
4. The full text of this referral decision, including the list of stores which the OFT believed raised possible competition concerns, is on the OFT's web site at [www.of.gov.uk](http://www.of.gov.uk). (A link to that document is on the CC web site.)
5. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its web site at: [www.competition-commission.org.uk](http://www.competition-commission.org.uk).
6. Enquiries should be directed to Francis Royle, Chief Press Officer, 020 7271 0242 (email: [francis.royle@competition-commission.gsi.gov.uk](mailto:francis.royle@competition-commission.gsi.gov.uk)) or Rory Taylor on 020 7271 0398 ([rory.taylor@competition-commission.gsi.gov.uk](mailto:rory.taylor@competition-commission.gsi.gov.uk)).