

Pork Farms Group Limited / Kerry Foods Limited: CMA Merger Inquiry

Submission from John Lewis partnership (T/A Waitrose)

Waitrose submitted the following response to the issues raised in the CMA's invitation to comment.

CMA Questions	Waitrose Response
1. Whether the merger between Pork Farms and Kerry would produce a reduction in competition for any categories of CSP product or whether there are sufficient viable alternative suppliers available that competition would not be expected to be affected.	Yes, we believe it is likely that a merger would reduce competition.
2. Whether retailers possess sufficient buyer power that they would be able to resist any increases in prices (or diminution of service, promotions or other aspects) or reduction in product quality, through resisting changes in terms or switching to alternative suppliers	Based on current capacity limitations, competition could be impacted.
3. Whether other existing producers of these products would be easily able to increase production.	We do not have a sufficiently detailed knowledge of all producers to answer this.
4. Whether existing producers of CSP products would be able to easily switch between the production of different categories of product.	Varying - switching production between some categories would be fairly easy for producers, but other categories require more specialist capability.
5. Whether consumers would switch between categories of CSP product in response to small changes in relative prices.	No, we believe there is limited switching within the CSP categories.
6. Whether entry into the production of CSP products on a significant scale is possible and likely, and what barriers may exist (such as reputational, regulatory, legal or cost barriers).	Yes, entry into some of the CSP categories could be possible.
7. The importance of branding in this area and whether there is segmentation of demand for branded, own label and convenience retail segments.	Limited branded importance within Deli aisle for Waitrose, although likely to be greater within convenience estate and snacking fixture.
8. Whether there are any barriers between the production of branded and own-label products.	No.

Comments:

Please note that Waitrose currently do not trade with either Pork Farms or Kerry in these categories and therefore our responses are based on our general knowledge of the market and not our recent experience within it.

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