
Completed merger of Co-operative Group Limited and Plymouth & South West Co-operative Society Limited

ME/4160/09

The OFT's decision on reference under section 22(1) was given on 4 September 2009 (the Decision). The full text of the Decision was published on 22 September 2009.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

THE PARTIES

1. **Co-operative Group Limited (CGL)** is the UK's largest co-operative society. With 4.5 million members, it has trading interests in a number of sectors including banking, insurance, travel, funeral service provision, farming, food retail, legal services and pharmacies.
2. **Plymouth and South West Co-operative Society Limited (PSW)** comprises approximately 175,000 members and is a business with diverse trading interests in a number of sectors, with its primary focus on food retail and funeral service provision. The geographic scope of PSW's activities has traditionally been confined to its membership heartland in the South West of England.

TRANSACTION

3. On 6 September 2009, PSW transferred its engagements to CGL under section 51(1) of the Industrial and Provident Societies Act 1965 (the Transaction).

JURISDICTION

4. As a result of this transaction CGL and PSW ceased to be distinct. The UK turnover of PSW exceeds £70 million, so the turnover test in section 23(1)(b) of the Enterprise Act 2002 (the Act) is satisfied. The OFT therefore believes that it is or may be the case that a relevant merger situation has been created.

BACKGROUND

5. The parties overlap in grocery retailing, funeral directing services and the operation of petrol forecourts in the South West of England. The Decision concluded that, on the evidence available, it is or may be the case that the merger has resulted or may be expected to result in a substantial lessening of competition within a market or markets in the UK. Specifically, the OFT has found that there is a realistic prospect of a substantial lessening of competition as a result of the merger in the provision of funeral services in the local area of Bideford, Devon.
6. To address the OFT's competition concerns, CGL offered to divest either its own funeral businesses in Great Torrington and Braunton or the PSW funeral business in Bideford, thereby effectively removing the overlap created by the merger.

CONSULTATION

7. On 2 March 2010 the OFT published the proposed undertakings inviting interested parties to give their views on them by 23 March 2010 pursuant to paragraph 2(1) Schedule 10 of the Act.
8. The OFT did not receive any responses to its consultation.

DECISION

9. The Decision concluded that the merger would be referred to the Competition Commission if the parties failed to give suitable

undertakings pursuant to section 73 of the Act to address the competition concerns identified in the Decision.

10. The OFT considers that the undertakings are clear-cut and appropriate to remedy, mitigate or prevent the substantial lessening of competition and any adverse effects resulting from it. The OFT has therefore decided to accept the undertakings offered by CGL.
11. The merger will therefore not be referred to the CC and the undertakings, which have been signed by CGL, will come into effect from 26 March 2010.