

8 July 2020

By e-mail

Competition and Markets Authority
The Cabot
25 Cabot Square
London E14 4QZ
United Kingdom

FAO: Stuart McIntosh – [REDACTED]

Dear Sirs –

Amazon.com, Inc. (Amazon) / Rooffoods Ltd. (Deliveroo)

We hope that you are well in these uncertain times. Thank you for the invitation to comment on your review of the proposed transaction between Amazon and Deliveroo. [REDACTED]

While we were pleased to see that the CMA reconsidered its original provisional findings in the Amazon / Deliveroo case, we were disappointed to see the transaction, once again, provisionally approved, this time on the basis that it is not likely to result in a substantial lessening of competition.

We believe that UK consumers will lose if the CMA allows Amazon and Deliveroo to stop competing independently.

The CMA will only further reinforce the dominance of global tech platforms like Amazon if they allow them to use their financial clout to buy stakes in competitors. [REDACTED]

[REDACTED] We just simply cannot understand why the CMA would want to allow Amazon to use its financial heft to reduce competition in this market.

We hope the CMA can resist the tsunami of lobbying pressure it has faced from these parties and protect the UK consumer by insisting that Amazon and Deliveroo compete independently on the merits of their offers.

We believe this transaction will likely result in a substantial lessening of competition in the restaurant delivery and online convenience grocery delivery markets in the UK for the following reasons:

- 1) The market is obviously less competitive if Amazon and Deliveroo do not compete independently, and it is clear that a Board seat and 16% ownership undermines independent competition.
- 2) Amazon secures a significant competitive advantage from information rights and providing an already-advantaged global platform with these rights is likely to lead to a substantial lessening of competition.
- 3) Amazon secures a significant competitive advantage from influence and providing an already-advantaged global platform with this influence is likely to lead to a substantial lessening of competition.
- 4) Amazon is funding a competitive strategy that leads to a substantial lessening of competition over time, which is dumping a product below cost to undermine competition. This strategy has ultimately undermined competition by allowing Amazon to consolidate smaller competitors like Zappos and Quidsi, and it is the same strategy it has employed in the subscription video-on-demand space.¹²

¹ Saint, N. (2010) 'Amazon Nukes Diapers.com In Price War -- May Force Diapers' Founders To Sell Out', *Business Insider*, 5 November 2010. Available at: <https://www.businessinsider.com/amazon-diapers-price-war-2010-11>

² McAlone, N. (2016) 'Amazon CEO Jeff Bezos said something about Prime Video that should scare Netflix', *Business Insider*, 2 June 2016. Available at: <https://www.businessinsider.com/amazon-ceo-jeff-bezos-said-something-about-prime-video-that-should-scare-netflix-2016-6>

We believe it is vital that the CMA impose safeguards to prevent a global platform like Amazon from using this investment to drive a substantial lessening of competition. There are myriad examples of this happening in the past (e.g. Facebook / Instagram, Facebook / WhatsApp, Google / Android, Google / YouTube, Google / DoubleClick, Google / AdMob, Amazon / Audible, Amazon / Zappos, Amazon / Quidsi, Amazon / Twitch), and predicting the exact way in which investments drive a substantial lessening of competition is very difficult in fast-growing and quickly-evolving markets.

Given the clear potential for a substantial lessening of competition in the restaurant delivery and online convenience grocery delivery markets in the UK as a result of this transaction, we urge the CMA to block this transaction in the interest of the UK consumer, and at the very least, establish strict safeguards that limit Amazon's ability to exercise control over Deliveroo, integrate its services with Deliveroo, or collaborate with Deliveroo in these markets.

Thank you for considering our views, and please do not hesitate to reach out to discuss them with us.

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