

Appendices and glossary

Appendices

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Glossary

Appendix A: Terms of reference and conduct of the inquiry

Terms of reference

1. In exercise of its duty under [section 33\(1\)](#) of the Enterprise Act 2002 (the Act) the Competition and Markets Authority (CMA) believes that it is or may be the case that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, in that:
 - (i) enterprises carried on by Amazon.com, Inc. (Amazon) will cease to be distinct from enterprises carried on by Roofoods Ltd (Deliveroo); and
 - (ii) the condition specified in [section 23\(1\)\(b\)](#) of the Act is satisfied; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom (UK) for goods or services, including in the supply of online food platforms in the UK and in the supply of online convenience groceries in the UK.
2. Therefore, in exercise of its duty under [section 33\(1\)](#) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under [Schedule 4](#) to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 11 June 2020, on the following questions in accordance with [section 36\(1\)](#) of the Act:
 - (a) whether arrangements are in progress or contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) if so, whether the creation of that situation may be expected to result, in a substantial lessening of competition within any market or markets in the UK for goods or services.

Andrea Gomes da Silva
Executive Director, Markets and Mergers
Competition and Markets Authority
27 December 2019

Conduct of the inquiry

3. On 27 December 2019 the CMA [referred](#) the anticipated acquisition by Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon of certain rights and a minority shareholding in Deliveroo for an in-depth phase 2 investigation.
4. We published the biographies of the members of the inquiry group conducting the phase 2 inquiry on the inquiry [webpage](#) on 6 January 2020 and the administrative timetable for the inquiry was published on the inquiry [webpage](#) on 17 January 2020. A revised version of the administrative timetable was published on the inquiry [webpage](#) on 24 June 2020.
5. We invited a wide range of interested parties to comment on the Transaction. These included investors, online food platforms, on-demand logistics specialists, grocery retailers and restaurants. We issued detailed questionnaires to these various parties and a number of them provided us with further information at hearings, during teleconferences and in response to written requests. Evidence submitted during phase 1 was also considered in phase 2.
6. We also commissioned Accent and PJM Economics to conduct an online survey of customers who had placed a grocery delivery order for same day delivery with Amazon Prime Now or Deliveroo [🔗]. A copy of the findings, including the questionnaire used, were published on the inquiry [webpage](#) alongside a non-confidential version of our provisional findings report on 27 April 2020.
7. On 28 January 2020, we published an issues statement on the inquiry [webpage](#) setting out the areas of concern on which the inquiry would focus.
8. We received written evidence from the Parties in the form of submissions and responses to information requests. The Parties' initial submission was published on the inquiry [webpage](#) on 29 January 2020.
9. Members of the inquiry group, accompanied by CMA staff, visited Amazon and Deliveroo's premises in London on 5 February 2020.
10. During our inquiry, we sent the Parties a number of working papers for comment. We also provided the Parties and third parties with extracts from our working papers for comments on accuracy and confidentiality. The Parties were also sent an annotated issues statement, which outlined our thinking prior to their respective hearings.
11. We held separate hearings with the Parties on 31 March 2020.

12. On 17 April 2020, we published a notice of provisional findings and a summary of our provisional findings report on the inquiry [webpage](#). A non-confidential version of our provisional findings was published on the inquiry [webpage](#) on 27 April 2020. Non-confidential versions of responses to our provisional findings have been published on the inquiry [webpage](#).
13. On 10 June 2020, we issued a notice of extension due to the need to consider representations received from the Parties and third parties in response to the provisional findings and to reflect the impact of Coronavirus (COVID-19) in our assessment. This changed the statutory deadline to 6 August 2020.
14. On 24 June 2020, we published a notice of revised provisional findings and a summary of our revised provisional findings report on the inquiry [webpage](#). A non-confidential version of our revised provisional findings was published on the inquiry [webpage](#) on 1 July 2020. Non-confidential versions of responses to our revised provisional findings have been published on the inquiry [webpage](#).
15. A non-confidential version of our final report has been published on the inquiry [webpage](#).
16. We would like to thank all those who have assisted us in our inquiry.

Appendix B: Understanding consumer decision-making

1. Whether consumers typically decide which cuisine they would like to order before deciding on which app/website to order from, or vice versa, may have implications for what consumers see as substitute products and, therefore, competitive constraints.
2. For example, understanding the consumer decision making process provides insights into whether VIFCs directly compete with online restaurant food platforms. If consumers decide on which cuisine they would like to order before deciding on which app/website to order from then for a certain subset of orders/some consumers, pizza chains such as Domino's etc could be a substitute to online restaurant food platforms.
3. This appendix sets out the evidence we have reviewed on, and our assessment of, the consumer decision-making process.

Parties' internal documents

4. A Deliveroo internal document analysing the results of a consumer survey, [REDACTED], states '[REDACTED]'.¹
5. In a Deliveroo internal document discussing the results of a consumer research project, [REDACTED], it states '[REDACTED]'. We note that this research was based on a small sample size of 12 participants and, as such, we have given this limited weight.²
6. Another Deliveroo internal document which summarised the results of a different consumer survey³ [REDACTED].⁴ It states, '[REDACTED]'.

Views of consumers

7. We also considered the results of the consumer survey that the CMA conducted during the *Just Eat/Hungryhouse* investigation.⁵ We note that this survey was undertaken in 2017 and suppliers of online restaurant food platforms have evolved significantly since then. There may also have been some evolution in consumer demand in this fast-moving market (for example, as businesses develop new ways of engaging with consumers). The findings also relate to the customers of Just Eat and Hungryhouse, who may have

¹ [REDACTED]

² [REDACTED]

³ [REDACTED]

⁴ [REDACTED]

⁵ *Just Eat/Hungryhouse*, 19 July 2017, [Consumer survey report](#).

different preferences to Deliveroo's customers. Hence limited weight has been placed on this evidence. We consider these findings in the round alongside other evidence collected as part of this investigation.

8. In the *Just Eat/Hungryhouse* consumer survey, consumers were asked to choose one of a list of statements that best described to what extent they knew beforehand which restaurant they wanted to order their food from when they last used the Hungryhouse and Just Eat service.
 - (a) Very small proportions of both customer groups said that they did not know beforehand which restaurant/ set of restaurants or type of food they would order (9% Hungryhouse and 7% Just Eat).
 - (b) Around four in ten respondents in both groups had a specific restaurant in mind (39% of Hungryhouse and 42% of Just Eat respondents), while 20% of Hungryhouse respondents had a set of restaurants in mind – this figure was slightly but significantly higher amongst Just Eat respondents at 24%.
 - (c) 30% of Hungryhouse respondents knew the type of food they wanted but not the specific or set of restaurants; this figure was slightly but significantly higher than the 26% of Just Eat respondents who chose this answer.

Appendix C: Future expansion plans of market participants

9. This appendix sets out our analysis of the future expansion plans of Deliveroo and [✂].

[✂]

Glossary

Act	Enterprise Act 2002 .
Amazon	Amazon.com, Inc.
Amazon Prime	A subscription service for consumers, which includes access to free delivery, certain deals, film and TV streaming and more. Amazon Prime customers are also able to use Amazon Prime Now (which allows members to place orders for fast, same-day delivery on a variety of (food and non-food) items).
Amazon Restaurants	Amazon previously offered restaurant food delivery in both the UK and the US through Amazon Restaurants . It stopped operating Amazon Restaurants in the UK in November 2018 and in the US in June 2019.
April Provisional Findings	In April 2020, the CMA published provisional findings which provisionally concluded that the Transaction would not be expected to result in an SLC on the basis that Deliveroo was likely to exit the market unless it received the additional funding available through the Transaction .
AWS	Amazon Web Services. Provides cloud storage and other IT infrastructure to businesses and organisations.
CC	Competition Commission.
CMA	Competition and Markets Authority.
CMA's Jurisdictional Guidance	Mergers: Guidance on the CMA's jurisdiction and procedure (CMA2) .
Coronavirus (COVID-19)	See the GOV.UK website .
Deliveroo	Roofoods Ltd.
F3	F3 operates internationally and is focused on developing Amazon's online grocery offering including through the roll-out of its UFG plan.

Initial submission	The Parties initial phase 2 submission submitted to the CMA on 24 December 2019 and published by the CMA on 29 January 2020.
IPO	Initial public offering.
Issues statement	Issues Statement on the Transcation published by the CMA on 28 January 2020.
MAGs	Merger Assessment Guidelines (CC2 Revised) .
NPV	Net present value.
OCG	Online convenience groceries.
OP	Operational plan.
Parties	Throughout this document we refer to Amazon and Deliveroo collectively as ‘the Parties’.
Phase 1	The investigation, by the CMA , of the Transaction to determine whether the statutory test for reference to an in-depth phase 2 has been met.
Phase 1 Decision	The CMA ’s decision on reference under section 33(1) of the Act given on 11 December 2019. The full text of the decision was published by the CMA on 29 January 2020.
Phase 2	The in-depth inquiry by the CMA of the Transaction following the reference from phase 1 .
Revised Provisional Findings	In June 2020, the CMA published revised provisional findings which provisionally concluded that the Transaction would not be expected to result in an SLC based on an assessment of the size of Amazon ’s investment in Deliveroo , its impact on Amazon ’s incentives, and existing constraints from suppliers active in the relevant markets.
SLC	Substantial lessening of competition.
Transaction	On 27 December 2019, the CMA , in exercise of its duty under section 33(1) of the Act , referred the anticipated acquisition by Amazon.com NV Investment Holdings LLC, a wholly-owned subsidiary of Amazon , of certain rights and a

	minority shareholding in Deliveroo for further investigation and report.
UFG	Ultra-fast grocery.
VIFCs	Vertically Integrated Food Chains.