Anticipated joint venture between Carlsberg A/S and Marston's PLC

Decision on relevant merger situation and substantial lessening of competition

ME/6898/20

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 9 October 2020. Full text of the decision published on 2 November 2020.

Please note that [✄] indicates 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.

SUMMARY

1. Carlsberg A/S (**Carlsberg**) and Marston's PLC (**Marston's**) have entered into an agreement to create a joint venture (the **Merger**), formed by the amalgamation of each of their UK brewing, wholesaling and distribution businesses and some ancillary services. Carlsberg and Marston's are together referred to as the **Parties** and, for statements referring to the future, the Joint Venture (**JV**).

2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of the Party's UK businesses that will form part of the JV, Carlsberg UK Holdings Limited and Marston's Trading Limited, is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the turnover test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

3. The Parties' activities overlap in the brewing of a range of beer and cider brands. They are also the exclusive importers of certain international third

party brands in the UK.[1] In this decision, these activities (ie both the brewing and the exclusive import) are included in the definition of brewing. The CMA has considered further segmentations of the brewing of beer between lager (standard and premium) and ale (standard and premium) as well as possible segmentations for craft beer and world beer. The CMA has considered the brewing of beer and cider to be sold in the on-trade (eg pubs and bars) and off-trade (eg supermarkets) separately. The Parties also overlap in the wholesaling of beverages to on-trade customers, which includes the sale of third party brands as well as their own, and can also include porterage services in respect of other third party products. Lastly, the Parties overlap in the supply of contract brewing services, meaning the outsourced brewing of beer for a retail customer or for another brewer according to its own product specification.

4. The Parties have a relatively limited presence in Northern Ireland, and therefore the CMA has considered the impact of the Merger with respect to the above products and services in Great Britain (**GB**), taking into account any regional differences in the competitive assessment. However, the CMA did not need to conclude on the product or geographic frame of reference because it identified no concerns on any basis.

5. In its competitive assessment, the CMA considered whether, as a result of horizontal unilateral effects, the Merger may lead to a substantial lessening of competition (**SLC**), focusing in particular on effects in the supply of beer and cider, wholesaling services to the on-trade, and contract brewing services.

6. In relation to the brewing of beer and cider, the CMA found that the Parties' combined share of supply is relatively low in any relevant frame of reference. The CMA also found, based on evidence from internal documents and third party evidence, that the Parties are not close competitors (particularly as Marston's focuses on ale whereas Carlsberg focuses on lager) and that there are a number of brewers who would continue to act as a strong constraint on the JV.

7. In relation to wholesaling of beverages to the on-trade, based on information and data gathered from the Parties and third parties, the CMA found that the Parties' combined share of supply is relatively low in any relevant frame of reference and that the Parties are not particularly close competitors in the supply of wholesale services. Further, the CMA found there are a number of

[1] Carlsberg's key brands include lager brands Carlsberg Pilsner and Carlsberg Export and ale brand Tetley's. Carlsberg is the exclusive importer of San Miguel and Mahou in the UK. Marston's key brands include ale brands Wainwright, Pedigree and Bombardier and Marston's is the exclusive importer of Estrella Damm and other imported labels in the UK.

wholesalers operating at a national and regional level who would continue to constrain the JV.

8. In relation to contract brewing, the CMA found that the Parties have a modest share of supply and, given their differentiated offerings, they are not particularly close competitors in contract brewing. The CMA also considers there to be a number of alternative suppliers who will act as a constraint on the JV (including brewers who may not currently be offering this service).

9. There are also vertical relationships between the Parties which may be affected by the JV. Firstly, Marston's owns over 1,300 pubs and restaurants (**Marston's Pub Estate**) which will not form part of the JV and which operate downstream of the Parties' brewing and wholesale operations. Secondly, the JV will be formed by the Parties' brewing businesses, which will continue to operate upstream as a brewer and distributor of a range of brands, as well as the Parties' wholesaling businesses, which will continue to provide a wholesale offering comprised of a range of own and third party brands to on-trade customers downstream. Finally, Marston's supplies canning, bottling and packaging services as an input to rival brewers.

10. The CMA considered whether the Merger would lead to vertical effects in relation to the access of rival suppliers (ie brewers and distributors of beer and cider) to the wholesale channel, to the Marston's Pub Estate and to Marston's' canning and bottling services.

11. With respect to access to the wholesaling of beverages to the on-trade, the CMA found that the Parties would not have the ability to foreclose rivals, given the Parties' relatively low share of supply in the wholesaling of beverages to the on-trade and the presence of several competing wholesalers (both brewers and independent wholesalers). The CMA also considered whether the control of technical services equipment (**TSE**) in pubs would enable the JV to restrict competing brewers from accessing the on-trade. To assess this, the CMA considered the extent to which the JV is likely to be the lead brewer in independent free-trade outlets, as the lead brewer (ie the brewer with the most cooled keg lines on a bar) takes ownership and responsibility for that outlet's TSE. The CMA found that the Parties have relatively low combined shares of supply in wholesaling of beverages and that the Parties have only a limited number of exclusive stocking arrangements with independent on-trade customers not owned by other brewing companies. Based on this evidence, the CMA considers that the Parties are unlikely to have lead brewer status in a significant proportion of independent free-trade outlets and therefore the extent of the JV's control of TSE is likely to be limited. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of vertical effects in the supply of wholesaling services.

12. With respect to access to the Marston's Pub Estate, the CMA found that the estate only represents a small proportion of pubs either on a GB-wide or on a regional basis. Further, the evidence indicated that the Marston's Pub Estate is not a particularly important route to market for competing brewers of beer and cider such that the JV would not have the ability to foreclose rivals through the Marston's Pub Estate on a GB or regional basis. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of vertical effects in relation to the Marston's Pub Estate.

13. Finally, as Marston's provides canning and bottling services to rival brewers, the CMA considered whether the JV could foreclose competitors by restricting their access to such services. The CMA found that there are a large number of alternative suppliers of canning and bottling services from whom rival brewers can procure this service. Notwithstanding that, Marston's already provides this service to rival ale brewers. The CMA therefore found that the JV is unlikely to have the ability and incentive to engage in this foreclosure strategy. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of vertical effects in the supply of canning and bottling services.

14. For these reasons, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects or vertical effects in respect of any frame of reference.

15. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

16. Carlsberg produces and supplies alcoholic beverages (primarily beer and cider) to the on-trade[2] and off-trade.[3] Within the UK, Carlsberg UK Holdings Limited focuses on the production and distribution of lager in particular. In Northern Ireland, however, the manufacture and supply of Carlsberg brands is licenced to a third party. Carlsberg provides wholesaling services to customers in the on-trade in respect of third party and own brand beverages and provides contract brewing services in respect of private label beer.

[2] Where beverages are consumed on the premises where they are purchased, such as pubs, bars, restaurants etc.
[3] Where beverages are purchased and consumed away from the point of purchase, such as grocery retailers and convenience stores.

Carlsberg is listed on the Nasdaq Copenhagen. Its UK turnover for 2019 was DKK 3.59 billion (approximately £422 million[4]).

17. Marston's produces and distributes alcoholic beverages (largely beer and some cider) primarily GB-wide, having limited activities in Northern Ireland. Marston's focuses on ale in particular. It also provides wholesaling services to customers in the on-trade in respect of third party and own brand beverages, and provides contract brewing services to customers in the UK.

18. Marston's also owns over 1,300 pubs and restaurants (Marston's Pub Estate) which are governed by agreements (distinguishing owned/managed pubs and leased/tenanted pubs) that give Marston's a significant degree of control over the beverages sold at these outlets. Marston's will retain full control and ownership of its Pub Estate, as it will not form part of the proposed JV.

19. Marston's is listed on the London Stock Exchange. Its UK turnover for 2019 was £1.16 billion.

Transaction

20. The Merger comprises the establishment of a new JV in which Carlsberg and Marston's will respectively own 60% and 40%. The JV will be formed by the amalgamation of each Party's UK brewing, wholesaling and distribution businesses and some ancillary services.

Jurisdiction

21. The UK brewing, wholesaling and distribution business of each of Carlsberg and Marston's is an enterprise. As a result of the Merger, these enterprises will be brought under common control and will cease to be distinct. Marston's will retain full ownership and control of the Marston's Pub Estate.

22. The UK turnover of the enterprises that will form the proposed JV exceeds £70 million, so the turnover test in section 23(1)(b) of the Act is satisfied.

23. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

24. The Merger meets the thresholds under Council Regulation (EC) 139/2004 (the **EC Merger Regulation**) for review by the European Commission. The Parties submitted a reasoned submission to the European Commission on 22

[4] Converted from DKK to GBP using the Bank of England's year average for 2019 of £1 = DKK 8.5149.

July 2020 requesting referral to the CMA under Article 4(4) of the EC Merger Regulation. The CMA informed the Commission that it agreed with the referral request and considered the Merger capable of being reviewed in the United Kingdom under the Act. On 17 August 2020, the European Commission announced its decision to refer the Merger to the CMA for review.

25. The preliminary assessment period for consideration of the Merger under section 34A(2) of the Act started on 18 August 2020. The CMA extended the preliminary assessment period on 19 August 2020 and terminated the extension on 20 August 2020. The statutory 45 working-day statutory deadline for the CMA's decision under section 34A(2) of the Act is, therefore, 20 October 2020.

Counterfactual

26. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers the CMA generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.[5]

27. In this case, there is no evidence supporting a different counterfactual, and the Parties and third parties have not put forward arguments in this respect. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

Background

28. The Parties' activities overlap in the brewing of a range of beer and cider brands to be sold in the on-trade and off-trade. There are also circumstances in which brewers are the exclusive importer of certain international third party brands in the UK.[6] In this decision, these activities (ie both the brewing and the exclusive import) are included in the definition of brewing. For example,

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[5] *Merger Assessment Guidelines* (OFT1254/CC2), September 2010, from paragraph 4.3.5. The *Merger Assessment Guidelines* have been adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, Annex D).

[6] Carlsberg's key brands include lager brands Carlsberg Pilsner and Carlsberg Export and ale brand Tetley's. Carlsberg is the exclusive importer of San Miguel and Mahou in the UK. Marston's key brands include ale brands Wainwright, Pedigree and Bombardier and Marston's is the exclusive importer of Estrella Damm and other imported labels in the UK.

Carlsberg brews Carlsberg Pilsner and imports San Miguel exclusively in the UK, selling those beverages to on-trade and off-trade customers both directly and through third party wholesalers.

29. The Parties' activities also overlap in the wholesaling of beverages to on-trade customers in the UK. The Parties are two of several wholesalers who are active in the brewing as well as distribution of beer and cider, selling both a variety of third party brands (including each other's brands) as well as their own brands. However, there are also specialist wholesalers, such as LWC Drinks, whose wholesale offering is solely focused on on-selling third party brands. For example, a pub may acquire Carlsberg Pilsner and San Miguel, either from Carlsberg or from a different wholesaler. Wholesalers compete by offering a wide range of beverages to on-trade customers.

30. As part of their wholesaling offering, the Parties may also supply porterage services to some on-trade customers with whom they have a wholesale contract. Under a wholesale contract that includes porterage services, the Parties provide:

(a) the full set of wholesale services to the customer (ie the selling and delivery of beverages from their portfolio); and also

(b) the delivery (ie porterage) aspect only of a limited range of other third party beverages, but the contract of supply of those beverages is negotiated and made directly between the original brewer/distributor and the end-customer.[7]

31. In addition, the Parties' activities overlap in the supply of contract brewing services, which refers to the outsourced brewing of a customer's own product specification, which may be provided to retailers (ie 'own label' beer) or to brewers (who may lack capacity).

32. Post-Merger, Marston's will retain full ownership and control of the Marston's Pub Estate, which will operate downstream from the JV resulting in a vertical relationship. Of the 1,365 pubs that comprise the Marston's Pub Estate, around a third ([✂]) are managed by Marston's. Of the other ([✂]) pubs that are not managed by Marston's, [✂] are classified as leased and tenanted which means the tenant chooses the products it stocks based on Marston's list of products. For all other pubs, generally speaking, Marston's chooses the products that the retailer stocks.[8]

[7] The Parties do not offer pure porterage services.
[8] The remaining [✂] pubs are governed by a [✂].

33. Some of Marston's' independent free-trade (**IFT**) pub customers are subject to exclusive contracts, which means the customer chooses from Marston's product list, and/or has agreed to minimum purchase obligations.

34. Both Parties also supply technical services equipment (**TSE**) used to dispense draught beer and cider to on-trade outlets to whom they also supply beer. Brewers traditionally provide TSE and related services, including the installation, servicing, replacement and removal of TSE, to outlets to whom they supply beverages. This is typically bundled into the price of a barrel of beer and/or cider. Marston's supplies TSE directly, and Carlsberg supplies TSE through a contractual arrangement with Innserve (via a separate joint venture with Heineken).

Frame of reference

35. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.[9]

36. The Parties predominantly overlap in the brewing of beer and cider to be sold to both on-trade and off-trade customers, and the wholesaling of beverages to the on-trade in the UK.[10] The Parties overlap to a more limited extent in providing contract brewing services in the UK, and vertical relationships also exist between (i) the activities of the proposed JV and Marston's Pub Estate; (ii) the Parties' post-Merger wholesaling activities; and (iii) Marston's supply of bottling, canning and packaging services to rival brewers.

Product scope

The brewing of beer and cider

37. The CMA (and its predecessors) has previously found separate markets for the brewing of each of beer and cider (which, as explained above, includes the exclusive import of certain international third party brands). Each of these

[9] *Merger Assessment Guidelines*, paragraph 5.2.2.
[10] The Parties do not overlap in the wholesaling of beverages to off-trade customers.

have been considered on the basis of the distribution to the on-trade and off-trade segments separately.[11]

38. In relation to beer, the CMA has previously found the following product segmentations:

(a) Lager:

(i) Standard lager; and

(ii) Premium lager.

(b) Ale:

(i) Standard ale; and

(ii) Premium ale.

39. The Parties submitted that the above product frame of reference is appropriate in this case and that further segmentation is not necessary.

40. The Parties also submitted that the distinction between standard and premium beers is based on an alcohol by volume (**ABV**) threshold of 4.3%, which is widely used in industry reports. While the Parties' internal documents indicated that they use ABV in distinguishing between product types, it was unclear whether they consistently apply a threshold of 4.3% specifically.[12]

41. The CMA also considered whether the brewing of beer should be further segmented into world beer (as a potential sub-segment of premium lager) and/or craft beer (as potential sub-segments of premium lager and ale). The Parties submitted that this was not appropriate as there are no consistently applied definitions for either product type and, in practice, both craft and world beers tend to compete with other premium lager and/or ale brands.

42. The Parties' internal documents indicated that they distinguish between standard and premium beers [✂], supporting this segmentation.[13] The majority of third parties also supported the distinction between standard and premium beers. With respect to further segmentation into craft and world beer, evidence was mixed with some third parties suggesting that these were distinct segmentations. Additionally, some internal documents considered [✂] narrower segmentations, however, these documents may also indicate a

[11] See for example Heineken/Diageo (2016), Heineken/Punch (2017), AB InBev/Modelo (2012).
[12] For example, [✂].
[13] See for example Parties' response to Request for Information 1 (**RFI 1**), Annex 071, Annex 142, Annex 145 and Annex 146.

degree of product differentiation within premium beers rather than supporting distinct frames of reference for world and craft beers.[14]

43. The CMA considers that it is not necessary to conclude on this frame of reference as no competition concerns arise on any plausible basis.

Wholesaling of beverages to the on-trade

44. The CMA (and its predecessors) has previously considered the wholesale distribution of beverages (both alcoholic and non-alcoholic) to each of the on-trade and off-trade retail channels.[15]

45. The Parties did not make any submissions with regard to the appropriate frame of reference for the wholesaling of beverages, but noted that the Parties are only active in the wholesaling of beverages to the on-trade.

46. The Parties' internal documents indicated that they do not tend to monitor the wholesaling market by reference to [✂] and that the competitor set is similar across the market.[16] Third party evidence also indicated that the competitor set and offerings in wholesaling (and porterage) to on-trade customers do not differ materially between different beer segments.[17]

47. The CMA considers that it is not necessary to conclude on the precise product frame of reference for the wholesaling of beverages to the on-trade as no competition concerns arise on any plausible basis.

Contract brewing

48. The CMA has not previously considered the potential product scope for contract brewing services in any detail and the Parties did not make substantive submissions in this regard.[18]

49. Some third parties indicated that it would be more difficult to switch supply for certain ale products, [✂], suggesting a potential distinction between contract brewing for lager and for ale.[19]

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[14] See for example Parties' response to Request for Information 2 (**RFI 2**), Annex 177; Parties' response to RFI 1, Annex 180 and Annex 181; Carlsberg response to s109 notice dated 18 August 2020, Annex 052; Marston's response to s109 notice dated 18 August 2020, Appendices 82-101. See also third party responses.
[15] C&C Group/Tennent's (2009); Constellation Brands/Punch (2007); Foster's/Southcorp (2005).
[16] Carlsberg response to s109 notice dated 9 September 2020, Annex 012.
[17] Third party responses.
[18] This was briefly considered in Molson Coors/Starbev (2012) (paragraph 15).
[19] Third party responses; Parties' response to RFI 1, Annex 212.

50. The CMA considers that it is not necessary to conclude on this frame of reference as no competition concerns arise on any plausible basis.

Geographic scope

Brewing of beer and cider

51. The CMA (and its predecessors) has previously found that the appropriate geographic frame of reference for the brewing of beer and cider (and all relevant sub-segments, in both the on-trade and off-trade) was the UK or, at its narrowest, GB and Northern Ireland separately.[20]

52. The Parties submitted that both Carlsberg and Marston's market and sell their products on a national basis (or at least GB-wide, as distinct from Northern Ireland where Carlsberg uses a distributor and Marston's has limited activities). The Parties noted that certain of their brands are recognised as having a strong local heritage and as a result they would expect to see stronger sales of those brands in their respective regions.

53. The Parties' internal documents indicate that they generally analyse the UK as a whole [✂], however they also consider [✂] on a regional basis to some extent.[21]

54. Third party evidence generally supported at least a GB-wide frame of reference for the brewing of beer and cider and all relevant sub-segments. The majority of the Parties' competitors sell brands to the on-trade across GB or nationwide. However, as referred to above, some competitor brands tend to have regional strengths based on their origins.[22]

55. The CMA considers that it is not necessary to conclude on the precise geographic frame of reference as no competition concerns arise on any plausible basis.

Wholesaling of beverages to the on-trade

56. The CMA (and its predecessors) has previously considered the relevant geographic frame of reference for the wholesaling of beverages on a national basis, primarily because most beer supply agreements are entered into at a national level and there are a large number of wholesalers supplying on a UK-

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[20] Heineken/Diageo (2016); Greene King/Spirit (2014); C&C Group/Constellation (2010).
[21] Parties' response to RFI 1, see brand plans and Annex 117, Annex 142-144, Annex 152.
[22] Third party responses. The CMA considers the import and distribution of world beer is more likely to be GB-wide or national in scope, inter alia because these brands do not have any affiliation with a particular UK region.

wide level, and has also looked at GB and Northern Ireland separately.[23] The precise geographic frame of reference was left open in both cases.

57. For the same reasons, the Parties submitted that the relevant geographic frame of reference is national in scope. Although some regions may have more regional wholesalers (eg in London), the Parties submitted that this reflects the volume of on-trade customers (eg pubs) rather than a difference in retail customers between regions.

58. The Parties' internal documents indicate that they do not tend to monitor the wholesaling market on a regional basis, and third party evidence suggested that conditions of competition are broadly similar across regions.

59. The CMA did not find it necessary to conclude on this geographic frame of reference as no competition concerns arise on any plausible basis.

Contract brewing

60. The CMA has not previously considered the relevant geographic frame of reference for contract brewing in detail.

61. The Parties submitted that the relevant geographic frame of reference for contract brewing should be at least national in scope, if not wider. The Parties expect that competition to win contracts for contract brewing services likely extends beyond national borders given the relative lack of obstacles in transporting packaged beer and cider.

62. The CMA received limited evidence from third parties in respect of the geographic scope of contract brewing services. However, a number of competitors confirmed that they offer contract brewing services in the UK, and some off-trade customers indicated they purchase such services on a national basis.[24]

63. The CMA did not find it necessary to conclude on this geographic frame of reference as no competition concerns arise on any plausible basis.

Conclusion on frame of reference

64. For the reasons set out above, and noting that the Parties have a relatively limited presence in Northern Ireland, the CMA has considered in more detail the impact of the Merger in the following frames of reference:

[23] See for example Constellation Brands/Punch (2007); C&C Group/Tennent's (2009).
[24] Third party responses.

(a) The brewing of beer in GB, further segmented between lager (standard and premium) and ale (standard and premium) to be sold in the on-trade;

(b) The brewing of beer in GB, further segmented between lager (standard and premium) and ale (standard and premium) to be sold in the off-trade;

(c) The brewing of cider in GB, further segmented between cider to be sold in the on-trade and off-trade;

(d) The wholesale distribution of beverages to the on-trade in GB; and,

(e) The supply of contract brewing services in GB.

65. However, the CMA did not find it necessary to conclude on the product or geographic frame of reference because it identified no concerns on any basis (as discussed below).

Competitive assessment

Horizontal unilateral effects

66. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.[25] Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that the Merger may be expected to result in an SLC in relation to horizontal unilateral effects in the brewing and distribution of beer and cider, the wholesaling of beverages to the on-trade and the supply of contract brewing services in the UK, and in any plausible sub-segments.

Horizontal unilateral effects in the brewing of beer and cider

67. In assessing whether the Merger will lead to an SLC in relation to the brewing of beer and cider (where, as discussed, this includes the exclusive import of certain international third party brands), the CMA considered (i) shares of supply; (ii) closeness of competition between the Parties; and (iii) competitive constraints from rivals.

68. The Parties submitted that while they are both active in the brewing and distribution of beer and cider, their product portfolios are highly differentiated,

[25] *Merger Assessment Guidelines*, from paragraph 5.4.1.

with Carlsberg focusing on lager and Marston's focusing on (premium) ale. Further, they submitted that their combined market positions are far below the levels capable of producing detrimental effects in relation to the supply of beer and cider and in any relevant sub-segments. In addition, the Parties noted that they are not close competitors in any segment and they compete with a number of active brewers and brands.

Shares of supply

69. The CMA requested shares of supply analysis for all segments relevant to the Parties' activities in the brewing of beer and cider. The Parties submitted shares of supply estimates based on information from third party data providers.[26]

70. At the GB level, the Parties' combined share of supply exceeds 30% in relation to premium ale sold to the off-trade where the Parties have a combined share of [30-40]% (by volume), however the Merger results in a very small increment of [0-5]%. The Parties' combined share of supply (by both value and volume) does not exceed 30% at the GB level in any other plausible frame of reference. Their shares of supply for the main categories of lager and ale sold in the on-trade and off-trade are set out below:

	Combined share of supply (by volume)	**Increment**
On-trade		
Standard lager	[10-20]%	[0-5%]
Premium lager	[10-20]%	[0-5%]
Standard ale	[10-20]%	[0-5%]
Premium ale	[10-20]%	[0-5%]
Cider	[0-5]%	[0-5%]
Off-trade		
Premium lager	[10-20]%	[0-5%]
Standard ale	[5-10]%	[0-5%]
Premium ale	[30-40]%	[0-5%]

Note: figures are rounded to the nearest whole number.

71. With respect to the potential narrower segments within lager, the highest combined share of supply is in world lager sold to the on-trade at [20-30]% with an increment of [5-10]%.

72. At a regional level, the Parties' combined share of supply in ale and lager (standard and premium) sold to the on-trade and off-trade does not exceed 30% in the vast majority of regions. In a small number of regions the Parties

[26] The shares of supply estimates cover GB only. The Parties submitted that national shares are likely to be similar to those calculated on a GB basis due to the Parties' relatively limited activities in Northern Ireland.

have a relatively high combined share of supply. However, in all of those instances, the increment is very small. The regions where the Parties' combined share exceeds 30% relate to the sales of premium ale to the off-trade (by volume) and are listed below:

(a) Central England: [30-40]% (increment of [0-5%])

(b) Lancashire: [30-40]% (increment of [0-5%])

(c) North East England: [30-40]% (increment of [0-5%])

(d) Scotland: [40-50]% (increment of [0-5%])

(e) Yorkshire: [30-40]% (increment of [0-5%]).

73. Further, with respect to the potential narrower segments within lager on a regional basis, the Parties have a combined share of supply of more than [20-30]% and up to [30-40]% in the import and distribution of world beer to the on-trade in Central England, South and Southeast England, East England, South West England and Wales, with an increment of no greater than [5-10]%. However, as mentioned in paragraph 54, the CMA considers the import and distribution of world beer is more likely to be GB-wide or national in scope.

Closeness of competition

74. The Parties submitted that they are not close competitors in the brewing of beer and cider, and in particular that they focus on different key products (lager vs ale).

75. The CMA considered the closeness of competition between the Parties based on its review of internal documents and third party evidence.

76. The Parties' internal documents support their position that they are not particularly close competitors in the majority of segments in which they overlap. However, internal documents indicate that a small number of [✂] beer brands [✂] appear to compete closely.[27]

77. Third party evidence generally indicated that the Parties are not particularly close competitors in the brewing of beer and cider, given that Carlsberg focuses on lager while Marston's focuses on ale. Some third parties submitted that the San Miguel and Estrella Damm brands are direct competitors in the

[27] See for example Parties' response to RFI 1, Annex 071 and Annex 145.

world lager segment. However, they also noted the presence of numerous competing world lager brands.[28]

Competitive constraints

78. The Parties submitted that they compete with a large number of active brewers and brands and that the JV will face competition from major international brewers such as Heineken, Molson Coors, AB InBev, Asahi, C&C Group and Diageo, as well as regional brewers including Greene King, Adnam's and Sharp's.

79. The Parties' internal documents indicate that they monitor several competing brewers in the UK, many of whom are global companies with a large portfolio of rival beers and ciders.

80. Third party evidence confirmed that there are a number of competitors which will continue to exert a constraint on the proposed JV. Customers identified a range of alternative suppliers in addition to the Parties, and all but one respondent noted that they purchase beer and cider brands from other suppliers (including those listed above). Further, the majority of these customers confirmed that they do not have exclusive arrangements or minimum purchase obligations in place with either Party, indicating that it is relatively easy to source beer and cider from alternative suppliers.

81. With respect to the world lager segment in which the Parties appear to compete more closely, the Parties' internal documents and third party evidence indicated that there are a number of alternative importers of world lager with a strong presence in the UK.[29]

82. In addition, most third parties who responded to the CMA's questionnaires did not express concerns in relation to the Merger.

Conclusion on horizontal unilateral effects in the supply of beer and cider

83. As set out above, the CMA considers that the Parties have relatively low shares of supply in any plausible frames of reference (both national and regional) in the brewing of beer and cider (sold to both the on-trade and off-trade). Further, they are not particularly close competitors and the JV will continue to face competitive constraints from rival brewers. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an

[28] Third party responses.
[29] Parties' response to RFI 1, Annex 071 and Annex 145; Parties' response to RFI 2, Annex 001; Third party responses.

SLC as a result of horizontal unilateral effects in relation to the brewing of beer and cider in the UK.

Horizontal unilateral effects in the wholesaling of beverages to the on-trade

84. In assessing whether the Merger will lead to an SLC in relation to the wholesaling of beverages (alcoholic and non-alcoholic) to the on-trade, the CMA considered (i) shares of supply; (ii) closeness of competition between the Parties; and (iii) competitive constraints from rivals.

85. Both Parties provide wholesale services to on-trade retail outlets in the UK, which includes both the sale of third party brands and their own. The Parties' wholesale offering comprises wholesale supply as well as porterage to the end customer (whereby they provide only the delivery in respect of a limited range of other third party products, as discussed in paragraph 29).

86. The Parties submitted that their combined shares of supply in any plausible frame of reference are below [10-20]% based on their estimates and that they will continue to compete with a large number of national and regional wholesalers.

Shares of supply

87. The Parties submitted share of supply estimates in wholesaling based on industry data collected by the consultancy firm CGA. The CGA data incorporated two different estimates of the total size of the wholesale market, one of which was based on an estimate of the total sales through the on-trade[30] and the other was based on data obtained directly from wholesalers.[31] As part of its investigation, the CMA gathered data from the Parties and third parties in order to conduct its own share of supply analysis for wholesaling.

88. The CMA has assessed share of supply data for the wholesaling of beverages on a product-by-product basis, focusing in particular on beer and cider.

89. Based on the CMA's estimates, the Parties have a combined share of supply of [10-20]% in the wholesaling of beer and cider to the on-trade in the UK, with an increment of [5-10]%.[32] Their combined share reaches [30-40]% in the wholesaling of premium ale, however the increment is small at [0-5]%.

[30] This included direct sales from brewers to pubs but sales through managed pubs were excluded.
[31] CGA explained that this was only collected from a subset of wholesalers. Notably, Heineken's sales were not covered by this estimate.
[32] The CMA calculated shares of supply based on sales volumes provided by the Parties and third parties. The Parties' estimates, based on industry data collected by CGA, were broadly similar.

90. In relation to wine, spirits and non-alcoholic beverages, the CMA notes that the Parties' combined share of supply at a national level does not exceed [0-10]% for any product segment based on the Parties' estimates.

91. The CMA also considered the Parties' combined share of supply at a regional level using the data provided by CGA. This showed that the Parties' combined share of supply was below [20-30]% in all regions, with a highest combined share of supply in beer of [20-30]% in Lancashire.

92. In addition, based on the Parties' estimates, they have a combined share of supply of between [10-20]% in the IFT segment, which refers to pubs which are neither leased and tenanted nor owned by a pub company.

Closeness of competition

93. The CMA has considered the extent to which the Parties compete in the wholesaling of beverages to the on-trade based on evidence from the Parties' internal documents and third party feedback.

94. The Parties' internal documents suggested that the Parties are not particularly close competitors. In particular, Carlsberg's internal documents indicated that it competes more closely with a range of strong national competitors while considering Marston's [✂].[33]

95. Third parties were asked to list alternative wholesalers (including suppliers of porterage services) to each of Carlsberg and Marston's in order of how closely they are considered to compete with them. This evidence confirmed that the Parties are not particularly close competitors in wholesaling and that there are a number of competitors that compete more closely with them (such as Heineken, Molson Coors and LWC Drinks).

Remaining constraints

96. The CMA considers that there are several alternative wholesale providers including other brewers and independent wholesalers who will continue to constitute a constraint on the JV. In particular, based on the Parties' estimates, [three competitors] each have a larger share of supply than the Parties combined, while [two competitors] each account for a significant share of the wholesale market.

[33] Carlsberg response to s109 notice dated 9 September, Annex 9 and Annex 12.

97. The Parties' internal documents indicated that the JV will continue to face competition from a range of large national wholesalers, such as [✂], and that [✂] are also likely to constitute a constraint.[34]

98. Further, third parties listed a wide range of wholesalers that compete at least as closely with the Parties in both pure wholesaling and hybrid wholesaling (ie contracts that include both wholesale supply and porterage to the end customer). On a cautious basis, where the CMA has disregarded competitors listed by third parties who were mentioned fewer than five times, third party evidence indicated that the JV will continue to be constrained by at least four providers of pure wholesaling services and at least six who provide hybrid wholesaling. Further, third party evidence suggested that downstream on-trade customers can easily source wholesaling services from a range of providers and that there are limited barriers to entry to the wholesale market, such that the Parties will continue to face competition post-Merger.[35]

Conclusion on horizontal unilateral effects in wholesaling of beverages to the on-trade

99. As set out above, the CMA considers that the Parties have relatively low shares of supply in the wholesaling of beverages to the on-trade; they are not particularly close competitors; and the JV will continue to face competitive constraints from a wide range of brewers and independent wholesalers post-Merger. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the wholesaling of beverages to the on-trade in the UK.

Horizontal unilateral effects in the supply of contract brewing services

100. In assessing whether the Merger will lead to an SLC in relation to the supply of contract brewing services, the CMA considered (i) shares of supply; (ii) closeness of competition between the Parties; and (iii) competitive constraints from rivals.

101. The Parties submitted that their activities in contract brewing are differentiated, [✂]. The Parties also noted that there are a number of other brewers for whom offering contract brewing services is a more prominent focus.

[34] Carlsberg response to s109 notice dated 9 September 2020, Annex 9 and Annex 12.
[35] Third party responses.

Shares of supply

102. The Parties submitted that given the sensitive nature of contract brewing volumes for brewers, there is no publicly available information from which to estimate shares of supply and therefore they provided rough estimates based on industry knowledge.

103. The CMA therefore constructed share of supply estimates based on information gathered by the Parties and third parties which indicated that the Parties have a combined share of [10-20]% in contract brewing with an increment of only [0-5]%. However, the CMA notes that there are a relatively small number of contract brewing providers in the UK at present and that Marston's appears to be the second largest contract brewer.

Closeness of competition

104. The CMA considers that the Parties are not particularly close competitors in the supply of contract brewing, given that [✂].

Remaining constraints

105. The CMA considers that based on its share of supply estimates, the Parties will continue to be constrained by at least one large contract brewing competitor and a number of smaller providers who are similar in scale to Carlsberg.

106. Third party evidence confirmed that there are a large number of contract brewing operators, such as Cameron's Brewery, Molson Coors and C&C Group among several others, who will continue to constrain the Parties, notwithstanding that some potential alternatives may not be currently providing this service. Some third parties indicated that there are only a few alternatives of similar scale to Marston's. However, third parties also noted potential out of market constraints imposed by brewer competitors for whom switching into contract brewing would not require significant time or capital.[36]

Conclusion on horizontal unilateral effects in the supply of contract brewing services

107. As set out above, the CMA considers that the Parties have a modest share of supply in the supply of contract brewing services in the UK; they are not particularly close competitors; and the JV will continue to face competitive constraints from alternative providers post-Merger. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC

[36] Third party responses.

as a result of horizontal unilateral effects in relation to the supply of contract brewing services in the UK.

Vertical effects

108. Vertical effects may arise when a merger involves firms at different levels of the supply chain, for example a merger between an upstream supplier and a downstream customer or a downstream competitor of the supplier's customers.

109. Vertical mergers may be competitively benign or even efficiency-enhancing, but in certain circumstances can weaken rivalry, for example when they result in foreclosure of the merged firm's competitors. The CMA only regards such foreclosure to be anticompetitive where it results in an SLC in the foreclosed market(s), not merely where it disadvantages one or more competitors.[37]

110. The CMA has considered three vertical theories of harm in relation to the Merger:

    (a) customer foreclosure, whereby the JV would restrict access to the wholesale channel, a route to the on-trade market for rival brewers;

    (b) customer foreclosure, whereby the JV would restrict access to the Marston's Pub Estate, a route to market for rival brewers; and

    (c) input foreclosure, whereby the JV would refuse to supply canning and bottling services to rival brewers.

111. The CMA's approach to assessing vertical theories of harm is to analyse (a) the ability of the JV to foreclose competitors, (b) the incentive of it to do so, and (c) the overall effect of the strategy on competition.[38] This is discussed below.

Customer foreclosure of rival brewers' access to the wholesale channel

112. The CMA is considering whether vertical effects may arise as a result of the Merger in relation to the supply of wholesaling services and/or the supply of TSE to pubs.

113. The Parties have submitted that the JV will be financially incentivised to continue supplying on-trade retailers with third party beer and cider brands.

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[37] In relation to this theory of harm, 'foreclosure' means either foreclosure of a rival or to substantially competitively weaken a rival.
[38] *Merger Assessment Guidelines*, paragraph 5.6.6.

To remain competitive as a wholesaler, and to meet the demands of customers (and their consumers), the Parties have stated that they consider it strategically imperative to offer retailers a broad mix of offerings from producers.

114. Two third parties expressed concerns that the Merger would lessen competition between brewers in the on-trade as a result of the JV imposing stocking requirements on on-trade customers and its control of TSE.[39]

Ability

115. The CMA has considered whether, as a result of the Merger, the Parties will have the ability to foreclose rival brewers through the wholesale channel by refusing to offer third party products as part of their wholesale offering.

116. As discussed above in paragraphs 86-92 in relation to the CMA's assessment of the horizontal overlap between the Parties' wholesaling activities, the CMA believes that the Parties' shares of supply are low on the basis of any plausible segmentation of the wholesaling market. Furthermore, the range of alternative wholesalers available to on-trade customers discussed in paragraphs 96-98 also provide a range of options for brewers seeking to sell their products through to these on-trade customers.

117. The CMA has further considered the extent to which the Parties' exclusive relationships with free-trade customers may diminish the ability of competing wholesalers to sell products to IFT outlets. Based on data submitted by the Parties, the CMA has found that Marston's and Carlsberg currently have exclusive relationships with only [✂]% of the IFT segment in the UK. Therefore the CMA considers that the Parties would have a limited ability to prevent rival brewers from seeking to sell to IFT outlets through other wholesalers.

118. The CMA has also considered whether the Parties may be able to further restrict the routes to market available to rival brewers through its control of TSE at pubs, by providing incompatible equipment or charging high fees for use of the equipment.[40]

119. The CMA understands from the Parties and third parties that a pub's TSE is generally provided by the largest supplier of beer to that outlet (ie the 'lead

[39] Third party responses.
[40] [✂] explained that control of TSE by the lead brewer in a pub enables that brewer to restrict rivals from supplying that outlet by limiting their use of supply lines or charging higher fees ([✂]) and [✂] also mentioned that the JV could restrict rivals' access to pubs through agreements restricting the use of TSE ([✂]).

brewer').[41] In addition, the Parties are more likely to be the largest supplier to a pub where they have an exclusive agreement in place. Given the Parties' relatively low share of supply in wholesaling and the low proportion of outlets with which the Parties have exclusive arrangements, the extent of the Parties' control of TSE in pubs is likely to be limited.

120. Therefore, the CMA considers the JV will not have the ability to foreclose rival brewers through their control over TSE. Furthermore, given the competitive nature of the wholesale and brewing markets, the CMA believes that, to the extent that the JV were to reduce their supply of third party brands, customers would still be able to purchase those brands from a number of alternative brewers. As such, the CMA considers that the JV will not have the ability to foreclose rival brewers through the wholesaling channel.

Conclusion on customer foreclosure of rival brewers' access to the wholesale channel

121. As the CMA has concluded that the Parties do not have the ability to foreclose rival brewers' access to the wholesale channel for the reasons set out above, the CMA did not consider the incentive or effect of this foreclosure strategy.

122. For the reasons set out above, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of vertical effects in relation to the supply of wholesaling services.

Customer foreclosure of rival brewers' access to the Marston's Pub Estate

123. The Parties submitted that the JV will not have the ability or incentive to foreclose rival brewers' access to the on-trade via the Marston's Pub Estate. As noted previously, the Marston's Pub Estate will not form part of the proposed JV and will remain within the sole control of Marston's. The Parties submitted that the proposed JV will not be able to impose stocking requirements on the Marston's Pub Estate and, moreover, Marston's will continue to have incentives to offer a wide range of products to its customers. The Parties noted that in any event, the Marston's Pub Estate accounts for a small proportion of the total pubs in GB and that approximately [80-90]% of ales sold through the Marston's Pub Estate are Marston's own-brands already, such that it is not an important route to market for the sale of ale brands.

[41] This is a system whereby the brewer with the most cooled keg lines on the bar takes ownership of and responsibility for maintaining shared equipment in that outlet. Parties' response to RFI 1; Third party responses.

124. A small number of competitors raised concerns about the Merger in relation to future access to the Marston's Pub Estate, noting that the Parties supply a wide range of brands between them, and therefore Marston's Pub Estate will no longer have a need to stock third party beer brands.[42] Other third parties submitted that the Merger could lessen competition as a result of the JV's ability to impose stocking requirements on outlets controlled by the Marston's Pub Estate, leading to a reduction in consumer choice.[43]

Ability

125. The CMA has considered whether the Parties would have the ability to foreclose rival brewers' access to the on-trade at both a national and regional level by preventing them from selling products through the Marston's Pub Estate.

126. At a national level, the Marston's Pub Estate controls [0-5]% of the total on-trade market in the UK. This figure may overstate the alternative options available to brewers as the CMA understands from a third party submission that around [20-30]% of pubs in the UK are owned by vertically integrated brewers and may not being willing or able to purchase third party beers. However, when excluding pubs owned by vertically integrated brewers, the Parties' share of supply remains very low at [0-5]%.[44] Therefore, the CMA believes that there would be a large number of potential customers available to brewers operating at a national level which would prevent the Parties' from having the ability to foreclose these.

127. The CMA has considered whether the Parties would have the ability to foreclose any regional brewers in regions where the Marston's Pub Estate has a stronger presence and may be an important route to market. The CMA has considered the following evidence:

   (a) Marston's' share of supply in the on-trade across regions of the UK;

   (b) The extent to which the Marston's Pub Estate sells third party beer brands pre-Merger; and,

   (c) Whether the Marston's Pub Estate is an important route to market for any of Carlsberg's competitors.

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[42] Third party responses.
[43] [✄].
[44] These figures are based on third party data submitted to the CMA. [✄].

Shares of supply at a local level

128. On a local level, the Marston's Pub Estate also has relatively low shares of supply, with the highest share being [5-10]% in the West Midlands area based on number of on-trade outlets.

Marston's Pub Estate's third party sales

129. The Merger may impact the Parties' ability to foreclose rivals if the Marston's Pub Estate currently sells third party beers that could be replaced by Carlsberg's range of beers. The CMA has therefore considered the proportion of beer sold through the Marston's Pub Estate that presently comes from third party suppliers for all of the segments where Carlsberg is currently active.

130. Based on data submitted by the Parties, the CMA found that the vast majority (over [✂]%) of premium ale and standard ale sold by the Marston's Pub Estate is Marston's' own beer. Given the very high proportion of own-brand ales already being sold in the Marston's Pub Estate, the CMA considers that the Merger is unlikely to impact the Parties' ability to foreclose rival brewers of ale.

131. With respect to premium lager and standard lager, the Marston's Pub Estate primarily sells third party beers. Therefore, it may be possible for the Parties to replace these third party suppliers with Carlsberg's range of lagers. However, the CMA notes that the vast majority ([90-100]%) of the third party lager sold through the Marston's Pub Estate is provided by large national beer brewers who are unlikely to be foreclosed on a regional basis.[45]

Significance of the Marston's Pub Estate to Carlsberg's competitors

132. As discussed above, the CMA found that a high proportion of brands stocked in the Marston's Pub Estate are either own-brand ales or lagers supplied by large national brewers. Accordingly, only three of the Parties' competitors listed Marston's as one of their top 10 on-trade customers.[46] The CMA considers it unlikely that these brewers would be foreclosed by the Parties and notes that, in addition, they did not express concerns about the Merger.

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[45] Marston's' response to s109 notice dated 1 September 2020, Annex 001. The CMA also considered whether the Parties had the ability to foreclose rival cider producing competitors. Carlsberg has a limited cider offering with a national share of supply of less than [0-5]% and is therefore unlikely to be able to replace Marston's' current cider suppliers. Furthermore, third parties did not raise concerns about the use of the Marston's Pub Estate to foreclose rival cider producers.

[46] Third party responses.

Conclusion on customer foreclosure of rival brewers' access to the Marston's Pub Estate

133. The Parties' shares of supply both at a national and regional level are low. In addition, data submitted by the Parties shows that the Marston's Pub Estate does not sell a significant proportion of third party ale. The CMA therefore believes the Merger is unlikely to have an impact on the Parties' ability to foreclose rival ale brewers' access to the on-trade market. With respect to lager, third party evidence indicated that the Marston's Pub Estate is not a particularly important route to market for the majority of the Parties' competitors, with the exception of some large national brewers who are likely to have alternative options for accessing the on-trade. Therefore, the CMA believes that the Parties would not have the ability to foreclose rival brewers on a national or regional basis.

134. As the CMA has concluded that the Parties do not have the ability to foreclose competitors for the reasons set out above, the CMA did not consider the incentive or effect of this foreclosure strategy.

Input foreclosure of rival brewers' access to canning and bottling services

135. A third party submitted that the UK canning market is concentrated and the Merger may erode smaller brewers' access to these services, particularly during periods of altered demand as seen during the COVID-19 pandemic when demand shifted away from draught beer for sale through the on-trade to packaged beer sold through the off-trade. That third party also raised a concern in relation to the Parties giving precedence to canning and bottling for their own brands to the detriment of smaller brewers.[47]

136. Marston's provides canning and bottling services to brewers in the UK, while Carlsberg does not offer this service. Therefore, the CMA has focused its assessment on whether the Parties would have the ability and incentive to foreclose rivals by restricting access to the canning and bottling services currently provided by Marston's.

Ability

137. In response to the CMA's market investigation, third parties listed 28 alternative canning and bottling providers available to the Parties' brewing competitors. In addition, Carlsberg's major competitors bottle and can in-house and are likely to continue to do so post-Merger. In addition to listing

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[47] [✂].

numerous alternative providers, third party brewers did not raise concerns in relation to their access to canning and bottling services.

138. The CMA considers that there are alternative means by which competing brewers access canning and bottling services, and therefore the JV will not have the ability to foreclose competing brewers by foreclosing access to these services.

Incentive

139. Notwithstanding the CMA's conclusion that the Parties would not be able to engage in a foreclosure strategy in relation to canning and bottling services, the CMA notes that it also considers that the Parties are unlikely to have an incentive to do so given that Marston's already provides these services to rival ale brewers. The Merger is unlikely to change the incentive to foreclose, as Marston's' current customers are generally ale producers who do not compete closely with Carlsberg.

Conclusion on vertical effects in relation to canning and bottling services

140. For the reasons set out above, the CMA considers that the JV will not have the ability or incentive to foreclose rival brewers through their access to canning and bottling services. As the CMA considers there is no ability or incentive to foreclose, the CMA did not consider the competitive effect of this foreclosure strategy.

Barriers to entry and expansion

141. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.[48]

142. However, the CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

Third party views

143. The CMA contacted competitors and on-trade and off-trade customers of the Parties. A limited number of third parties raised concerns in relation to the

[48] *Merger Assessment Guidelines*, from paragraph 5.8.1.

combination of two relatively large suppliers in an increasingly concentrated market, the ability of independent brewers and wholesalers to access the on-trade market post-Merger (in particular through the Marston's Pub Estate), and a reduction in choice for consumers. However, the majority of third parties were not concerned about the Merger, with some noting the competitive nature of the relevant markets and the limited overlap between the Parties.

144. The CMA also received submissions from a number of interested third parties, some of whom expressed their support for the Merger and noted the Parties' have differentiated offerings in a highly competitive market. Some third parties however, raised concerns about consolidation of the UK beer market at the expense of smaller brewers and a reduction in choice for consumers.

145. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

146. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the United Kingdom.

147. The Merger will therefore **not be referred** under section 33(1) of the Act.

Eleni Gouliou
Director
Competition and Markets Authority
9 October 2020