

COMPLETED ACQUISITION BY GXO LOGISTICS, INC. OF WINCANTON PLC

SUMMARY OF FINAL REPORT

19 JUNE 2025

OVERVIEW

1. The Competition and Markets Authority (**CMA**) has found that the completed acquisition (the **Merger**) by GXO Logistics, Inc. (**GXO**) of Wincanton plc (now Wincanton Limited¹) (**Wincanton**, and together with GXO, the **Parties**), to create the **Merged Entity**, has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) in the supply of dedicated warehousing services to **Grocery** customers in the United Kingdom (**UK**).
2. GXO submitted remedy proposals intended to address the competition concerns we had provisionally found. Following a thorough assessment of GXO's proposals, including further information-gathering from GXO and third parties, we found that a modified version of GXO's divestiture remedy proposal, encompassing Wincanton's dedicated warehousing business serving Grocery customers, would be sufficient to restore the competition lost as a result of the Merger.

WHO ARE THE BUSINESSES AND WHAT PRODUCTS DO THEY SUPPLY?

3. GXO is a global contract logistics services (**CLS**) provider headquartered in Greenwich, Connecticut, USA and listed on the New York Stock Exchange. Wincanton is a British supply chain solutions company headquartered in Chippenham, Wiltshire, which prior to the Merger was listed on the London Stock Exchange. GXO acquired Wincanton on 29 April 2024 in a pure cash transaction.
4. GXO and Wincanton overlap in the supply of CLS, of which the two principal components are **transport** and **warehousing** services. Although some customers purchase both transport and warehousing services from a single supplier, they are

¹ See Companies House, '[Certificate of re-registration from Public Limited Company to Private](#)', 19 June 2024.

typically procured separately, and we have therefore examined competitive conditions for each service individually.

5. The Parties provide CLS to a wide range of customers in the UK, although this **Final Report** focuses primarily on the impact of the Merger on Grocery customers such as Sainsburys, Waitrose and Co-op.

OUR ASSESSMENT

Why are we examining this Merger?

6. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so.
7. In this case, the CMA has jurisdiction over the Merger because the turnover test is met. The turnover test is met where the value of the turnover in the UK of the enterprise being taken over exceeds £70 million.² The UK turnover of Wincanton was approximately £1,445 million in 2023.
8. The CMA considered it was important to investigate the Merger given that the Parties supply critical business services to Grocery customers in the UK. There are over 100 dedicated warehouses used by Grocery customers in the UK and third-party warehousing services provided to Grocery customers is estimated to be worth nearly £1 billion in 2024. Any lessening of competition in the supply of CLS could potentially raise input costs for Grocery customers, and in turn risk raising grocery prices for end consumers at a time of already high food price inflation in recent years.

What evidence have we looked at?

9. In assessing the competitive effects of the Merger, we looked at a wide range of evidence in the round.
10. We received several submissions and responses to information requests from the Parties, including their response to the CMA's Phase 1 Decision and our Interim Report, and held meetings with the Parties, including a site visit, an Initial Substantive Meeting, and Main Party Hearing. We have considered the Parties' submissions carefully, including detailed evidence they have provided on self-supply, margins and bidding data.

² [Section 23\(1\)\(b\)](#) of the Enterprise Act 2002 (the **Act**). The £70 million threshold for the turnover test is applicable as the Merger was completed prior to 1 January 2025, when the threshold for the turnover test was increased to £100 million. See also [Section 24](#) of the Act.

11. We spoke to and gathered information from third parties to better understand the competitive landscape faced by the Parties and obtain views on the impact of the Merger. We have received evidence from the Parties' customers, competitors and industry consultants.

WHAT DID THE EVIDENCE TELL US...

... about the extent of competition between the Parties and their rivals?

12. As indicated above, the evidence shows that customers typically procure transport and warehousing services separately, and we have therefore considered competitive conditions for each in turn. For warehousing, we have further distinguished between shared and dedicated services: **shared warehousing** refers to facilities that are made available to and used by multiple customers, whereas **dedicated warehousing** refers to facilities that are used exclusively by a single customer.
13. The evidence we have received shows that the Parties are two of the largest providers of transport services, but that there are other strong competitors including DHL, Culina and XPO. Shares of supply, bidding data and third-party evidence show that DHL and Culina in particular compete closely against the Parties and have competed successfully against them in several large tenders. We found therefore that the Merger does not raise significant competition concerns in the supply of transport services.
14. The evidence also indicates that there are a wide range of providers for shared warehousing services, including national providers such as DHL, Culina and XPO, as well as many smaller providers. The Parties have lost several tenders and customers to these providers, and third parties have not raised concerns to us regarding shared warehousing. We found therefore that the Merger does not raise significant competition concerns in the supply of shared warehousing services.
15. In dedicated warehousing, the evidence from third parties and our bidding analysis shows that the Parties are two of the three largest and most successful suppliers, alongside DHL. For Grocery customers in particular, the evidence consistently shows that GXO, Wincanton and DHL are the only providers of dedicated warehousing services. For other types of customers, the evidence shows that the Parties are two of the leading providers, although there are also others (such as ID Logistics, CEVA, Arvato and Culina) that supply dedicated warehouses to such customers and have competed successfully against the Parties in some tenders.

... about the competitive constraint from self-supply on dedicated warehousing services?

16. Many of the Parties' largest customers, particularly Grocers, self-supply some of their dedicated warehousing requirements. The Parties have submitted that there are also examples of customers switching to self-supply their warehousing, and that customers would have an incentive to switch in response to an increase in prices following the Merger.
17. The views of third parties on the nature of the costs and benefits of self-supply and outsourcing were generally consistent. The principal cost of outsourcing is the provider's management fee, which is typically charged as a percentage of the total contract value. Regarding the benefits of outsourcing, many customers emphasised that providers such as GXO and Wincanton offer valuable access to innovations and market-wide best practice (which could then be applied across their warehousing activities), as well as expertise in introducing and implementing significant changes to logistics arrangements.
18. There was a wider variety of views regarding the relative size of the costs and benefits of outsourcing. On the basis of the evidence received, we consider that the extent to which self-supply is viewed as a close substitute to outsourcing varies between customers and is driven by a range of factors such as the existing mix of self-supply and outsourcing in the network, the extent of the customer's in-house expertise, their attitudes towards innovation and risk and the nature of the sites involved in each individual procurement exercise. Overall, the evidence indicates that there are several customers who consider that self-supply is not a close substitute for their outsourced warehouses (either generally or in specific tenders) and the Parties are often likely to be able to identify where this is the case. Even if these customers could switch to self-supply to mitigate an adverse effect of the Merger, they would lose at least some of the benefits of outsourcing.

... about the overall effect of the Merger on dedicated warehousing services?

19. Based on the evidence received we found that there are sufficient competitive alternatives in dedicated warehousing services for customers other than Grocers, such that the Merger is not expected to result in an SLC for these customers. Although the Parties and DHL are currently the leading providers, there are other credible providers that have a track record and have competed successfully against the Parties in tenders (in addition to the constraint from self-supply). We also note that Wincanton has not won a dedicated warehousing contract for customers other than Grocers in several years, and only a small number of these customers expressed concerns regarding the Merger.

20. For Grocery customers, however, as noted above, the Parties and DHL are the only providers of dedicated warehousing services. Whilst self-supply is viewed as an alternative in certain circumstances, this is not the case for all Grocery customers and tenders. This is consistent with the fact that five out of eight Grocery customers expressed concerns to us regarding the Merger.
21. We found that Grocers are sophisticated buyers, and some may be able to exercise a degree of buyer power in some circumstances. However, a customer's buyer power depends on the availability of effective alternatives it can switch to. Such availability will be reduced as a result of the Merger. We also found limited evidence of Grocers switching providers in the past or that they would be able to effectively deploy punishment strategies (such as reducing the number of other services they obtain from the Merged Entity outside of dedicated warehousing services) in response to any increase in price or reduction in service quality resulting from the Merger.
22. As part of our assessment, we have considered the key barriers to entry and expansion in the Grocery segment, as well as competitors' future plans. The evidence shows that customers generally prefer suppliers with a strong track record of providing dedicated warehousing within the relevant sector/industry. These preferences appear to be particularly strong for Grocers, as their warehouses store and process a wide range of products (including perishable goods), and they are therefore risk averse when choosing suppliers. This creates a material barrier to entry for potential competitors who do not yet have a strong UK track record in operating dedicated warehousing for Grocery customers. Our analysis indicated that entry by at least one new provider into the Grocery segment is likely to occur at some stage post-Merger. However, we found it will likely take a considerable period of time for any new entrant to expand and gain a track record strong enough to become a credible and effective alternative to the Merged Entity.
23. Having carefully considered all of the evidence in the round, we found that the effect of this Merger is to combine two significant and close competitors in the supply of dedicated warehousing services to Grocery customers, and that the remaining constraints (provided by DHL, self-supply, customer buyer power and future entry/expansion) will not be sufficient, either individually or in aggregate, to outweigh the significant reduction in competition arising from the Merger. We therefore consider that the Merger has resulted, or may be expected to result, in an SLC in the supply of dedicated warehousing services to Grocery customers.

CONCLUSION

24. For the reasons explained in this report, we conclude that the Merger has resulted in the creation of a relevant merger situation, and the creation of that situation has

resulted, or may be expected to result, in an SLC in the supply of dedicated warehousing to Grocery customers in the UK.

HOW WILL WE ADDRESS THE CONCERNS WE HAVE FOUND?

25. Where we conclude that a merger has resulted in, or may be expected to result in, an SLC, we are required to decide what, if any, action should be taken for the purpose of remedying, mitigating or preventing that SLC, or any adverse effect resulting from it.
26. In assessing possible remedies, we first seek to identify remedies that, with a high degree of certainty, are effective in comprehensively addressing the SLC we have found. We then select the least costly remedy that we consider to be effective, where appropriate taking account of any relevant customer benefits. Lastly, we ensure that the least costly effective remedy is not disproportionate to the SLC and its resulting adverse effects.
27. In order to address the CMA's provisional SLC, GXO proposed two alternative potential remedies:
 - (a) A divestiture remedy encompassing Wincanton's dedicated warehousing business to Grocery customers.
 - (b) A sponsorship remedy proposal, which GXO indicated was its preferred remedy, comprising a financial fund being made available to the Parties' Grocery customers for the purposes of sponsoring the entry and expansion of a new dedicated warehousing third-party logistics provider(s) for Grocery customers; and contract term guarantees being offered to the Parties' Grocery customers as an interim backstop protection.
28. We consulted on these remedy proposals with third parties and also held a Remedy Meeting with the Parties. Following the Remedy Meeting, GXO submitted amendments to its proposals including significant modifications to the sponsorship remedy proposal, which required detailed consideration, including further discussion with certain third parties. To enable this to occur we extended the statutory timetable for completing the inquiry.
29. Having carefully assessed GXO's amended remedy proposals, we ultimately found that only GXO's divestiture remedy proposal, subject to certain modifications (which we refer to as the **Enhanced Divestiture Remedy**), would comprehensively address the SLC and its resulting adverse effects. We considered that the modifications we identified would mitigate the risks associated with GXO's divestiture remedy proposal and overcome the material uncertainties and doubts we otherwise have about its effectiveness. We therefore concluded

that the Enhanced Divestiture Remedy would represent an effective and proportionate remedy to the SLC and its resulting adverse effects.

WHAT HAPPENS NEXT?

30. The CMA will now take steps to implement the remedy described above, and will consult publicly on the approach to be taken.
31. In line with statutory requirements, the CMA will implement its remedy decision within 12 weeks of publication of the Final Report by either accepting final undertakings or making a final order, which may be extended once by up to six weeks if there are special reasons for doing so. Following the CMA either accepting final undertakings or making a final order, the Parties will be required to complete this divestiture transaction within the agreed timescales set out in the Final Report.