Completed acquisition by Co-operative Group Limited of The Southern Co-operative Limited

Summary of phase 1 decision

ME/7150/26

1. On 26 July 2026, the business of The Southern Co-operative Limited (**Southern**) was transferred to Co-operative Group Limited (**CGL**) by way of statutory transfer of engagements (the **Merger**). The Competition and Markets Authority (**CMA**) has concluded that it has jurisdiction to review this Merger because a relevant merger situation has been created. CGL and Southern are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

2. Both Parties are active in (i) the retail supply of groceries in convenience stores and supermarkets in the UK, and (ii) the supply of at-need and pre-paid funeral services in the UK. Southern also operates a number of crematoria and burial sites in certain local areas in the UK.

3. During the CMA's phase 1 investigation, the Parties formally conceded that the test for reference is met on the basis that the Merger gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in (i) the retail supply of groceries in convenience stores in local areas centring around nine CGL convenience stores and 10 Southern convenience stores, and (ii) the supply of attended at-need and pre-paid funeral services in local areas centring around one CGL site and one Southern site.

4. Additionally, the CMA has found that the Merger does not give rise to a realistic prospect of an SLC as a result of input foreclosure in the supply of funeral services locally by the Merged Entity restricting its downstream rivals' access to Southern's crematoria. This is because the evidence received by the CMA shows that the Merged Entity would not have the incentive to foreclose.

5. The Parties requested that the case be fast-tracked to the consideration of undertakings in lieu (**UILs**).

6. Accordingly, in line with the Parties' concession, the CMA found that the Merger gives rise to a realistic prospect of an SLC within a market or markets in the UK. As a result of these concerns, the Parties have until 22 September 2026 to offer UILs which might be accepted by the CMA to address the competition concerns. If no such UILs are offered, or the CMA decides that any UILs offered are insufficient to remedy its concerns to the phase 1 standard, then the CMA will refer the Merger for an in-depth phase 2 investigation pursuant to sections 22(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).