

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

Decision on relevant merger situation and substantial lessening of competition

ME/7150/26

The Competition and Markets Authority's decision on relevant merger situation and substantial lessening of competition under section 22(1) of the Enterprise Act 2002 given on 15 September 2026. Full text of the decision published on 7 October 2026.

The Competition and Markets Authority (**CMA**) has excluded from this published version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [X].

Contents

SUMMARY	3
ASSESSMENT	4
1. PARTIES, MERGER AND MERGER RATIONALE.....	4
2. PROCEDURE	4
3. JURISDICTION.....	5
4. COUNTERFACTUAL	6
5. COMPETITIVE ASSESSMENT	6
5.1 Market definition.....	6
5.2 Theories of harm	17
5.3 Theory of harm 1: Horizontal unilateral effects in the retail supply of groceries locally	18
5.4 Theory of harm 2: Horizontal unilateral effects in the supply of attended at-need and pre-paid funeral services locally	21
5.5 Theory of harm 3: Input foreclosure in the supply of funeral services locally	22
6. CONCLUSION ON SUBSTANTIAL LESSENING OF COMPETITION	29

DECISION30

ANNEX 131

SUMMARY

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**).

ASSESSMENT

1. PARTIES, MERGER AND MERGER RATIONALE

1. CGL is a co-operative registered under the Co-operative and Community Benefit Societies Act 2014 (the **2014 Act**).¹ The turnover of CGL in financial year ending 3 January 2026 was approximately £11 billion in the UK.²
2. Southern was also a co-operative registered under the 2014 Act, prior to 26 July 2026.³ The turnover of Southern in financial year ending 26 January 2025 was approximately £544 million in the UK.⁴
3. On 26 July 2026, Southern's business was transferred to a newly incorporated CGL subsidiary, Siena Co-operative Limited (**Siena**) by way of a statutory transfer of engagements under section 110 of the 2014 Act.⁵
4. The Parties submitted that the main strategic rationales for the Merger are:⁶
 - (a) To mitigate material financial risks and credit exposure for CGL as the principal wholesaler to Southern as a result of Southern's difficult financial position and cash flow problems; and
 - (b) To present an opportunity for CGL to acquire assets that are aligned to CGL's core businesses, namely operating convenience grocery stores as a retailer and funeral homes in complementary geographies.
5. The CMA considers that the Parties' internal documents broadly support the above rationale.

2. PROCEDURE

6. The CMA commenced its phase 1 investigation on 30 July 2026.⁷

¹ Final Merger Notice submitted to the CMA on 29 July 2026 (**FMN**), paragraph 2.1.

² FMN, paragraph 6.1. CGL does not generate any turnover outside the UK.

³ FMN, paragraph 2.1.

⁴ FMN, paragraph 6.1. Southern does not generate any turnover outside the UK.

⁵ FMN, paragraph 2.5. As registered co-operatives, both CGL and Southern were mutual societies owned by their members rather than shareholders. They were subject to a separate legal regime distinct from that which applies to limited companies.

⁶ FMN, paragraph 2.10.

⁷ Before the CMA formally commenced its phase 1 investigation, the CMA launched an invitation to comment and gathered evidence from third-party competitors in the relevant markets. The CMA received two responses to its invitation to comment.

7. On 27 and 28 August 2026, the Parties informed the CMA that they accepted that the test for reference is met on the basis that the Merger gives rise to a realistic prospect of an SLC arising from the following:⁸
- (a) Horizontal unilateral effects in the retail supply of groceries in convenience stores in local areas defined as within a five-minute drive-time or one-mile radius, centring on 14 CGL and 17 Southern stores;⁹ and
 - (b) Horizontal unilateral effects in the supply of attended at-need and pre-paid funeral services in local areas defined as within a 15-minute drive-time, centring on one CGL site and one Southern site.
8. The Parties requested that the case be fast-tracked to the consideration of UILs. As part of the request, the Parties agreed to waive their normal procedural rights, including their right to an issues meeting and a discussion at a case review meeting, in relation to the competition concerns outlined in paragraph 7 above.
9. As set out in the CMA's procedural guidance, merger parties are able to waive their rights in relation to certain procedural steps within a merger investigation in order to enable a binding outcome to be arrived at more quickly.¹⁰ In agreeing to fast-track the case to the consideration of UILs, the CMA has, in keeping with the process set out in its guidance, had regard to its administrative resources and the efficient conduct of the case and decided that it was appropriate to proceed with an accelerated phase 1 timetable, reaching a decision ahead of its statutory 40 working day deadline.

3. JURISDICTION

10. Each of CGL and Southern is an enterprise. As a result of the Merger, these enterprises have ceased to be distinct for the purposes of sections 23(2)(a) and 26 of the Act.
11. The turnover test is satisfied because Southern's UK turnover exceeded £100 million in financial year ending 26 January 2025.¹¹
12. The Merger completed on 26 July 2026. The four-month deadline for a decision under section 24 of the Act is 26 November 2026.

⁸ Parties' submission to the CMA, August 2026.

⁹ The Parties accepted that the Merger gives rise to a realistic prospect to an SLC as a result of horizontal unilateral effects in the retail supply of groceries in convenience stores in local areas centring around 14 CGL stores and 17 Southern stores, but informed the CMA that there was a technical issue in the Parties' original local analysis which rendered the result slightly inconsistent with the CMA's decisional practice. The Parties submitted an updated local analysis to align with the CMA's precedents which would reduce the number of stores with competition concerns to nine CGL stores and 10 Southern stores. The CMA has separately verified the Parties' updated analysis and found it appropriate to find a phase 1 SLC on a narrower basis than the Parties' concession.

¹⁰ [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), December 2025, paragraphs 7.6–7.14.

¹¹ FMN, paragraph 6.1.

13. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.

4. COUNTERFACTUAL

14. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹² In completed mergers, the counterfactual may consist of the pre-merger conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the pre-merger conditions of competition.¹³ In determining the appropriate counterfactual, the CMA will generally focus only on changes to the prevailing conditions of competition where there are reasons to believe that those changes would make a material difference to its competitive assessment.¹⁴
15. At the early stages of the CMA's investigation, the Parties submitted that the relevant counterfactual is the exit of the [S&L] business from the relevant markets, on the basis that Southern is suffering from significant financial difficulties and [S&L] absent the Merger. However, the CMA has not received compelling evidence that the exit of the [S&L] business would be inevitable, and that there would not be any less anti-competitive alternative purchaser.¹⁵ Accordingly, the CMA considers the pre-Merger conditions of competition to be the relevant counterfactual.

5. COMPETITIVE ASSESSMENT

5.1 Market definition

5.1.1 Product market

5.1.1.1 Retail supply of groceries

16. The CMA has previously defined grocery stores according to the size of their net sales area and stated that the competitive constraint faced by such stores is asymmetric (so that a large store constrains a smaller one but not vice versa):¹⁶

¹² [Merger Assessment Guidelines](#) (CMA129), March 2021, paragraph 3.1.

¹³ CMA129, paragraph 3.2.

¹⁴ CMA129, paragraph 3.9.

¹⁵ CMA129, paragraphs 3.21–3.23.

¹⁶ [Anticipated merger between J Sainsbury Plc and Asda Group Ltd](#) [ME/6752/18] (Sainsbury's/Asda), paragraphs 7.7–7.8 of the Final Report; [Completed acquisition by Clayton Dubilier & Rice Fund IX, L.P., a fund which includes in its portfolio the Motor Fuel Group, of MRH \(GB\) Limited](#) [ME/6750/18] (MFG/MRH), paragraphs 39–43 of the phase 1 decision; [Anticipated acquisition by Co-operative Group of Nisa Retail Limited](#) [ME/6716/17] (Co-operative Group/Nisa Retail), paragraphs 30–33 of the phase 1 decision; [Completed acquisition by Henderson Retail Limited of part of the Martin McColl Limited portfolio](#) [ME/6725/17] (Henderson Retail/Martin McColl), paragraphs 36–38 of the phase 1

- (a) One-stop stores (**OSSs**), ie those with a net sales area of more than 1,400 square metres, are competitively constrained only by other OSSs;
 - (b) Mid-size stores (**MSSs**), ie those with a net sales area of less than 1,400 square metres but more than 280 square metres, are competitively constrained by other MSSs and OSSs; and
 - (c) Convenience stores, ie those with a net sales area of less than 280 square metres, are competitively constrained by other convenience stores, MSSs and OSSs. This category also includes convenience stores at petrol filling stations.
17. In addition, the CMA's previous decisions in Sainsbury's/Asda,¹⁷ Bellis/Asda,¹⁸ Morrisons/McColl's¹⁹ and Asda/Arthur²⁰ have considered that:
- (a) Supermarkets, including both OSSs and MSSs, are separate from convenience stores and other stores. Online retailers, bargain stores, specialist stores, convenience stores and a range of other grocery retail chains that operate a smaller number of stores were excluded from the product market definition, but rather they were considered within the competitive assessment as out-of-market constraints.
 - (b) Convenience stores are constrained by other convenience stores, as well as by OSSs and MSSs. Small and large convenience stores were considered together, given the lack of evidence on an appropriate size.
18. The Parties generally agree with the approach to the product market definition adopted by the CMA in previous cases.²¹
19. The CMA does not consider there is evidence to support departing from the product market definition adopted in previous cases. The CMA therefore considers that the appropriate product market definition is the retail supply of groceries, segmented between OSSs, MSSs and convenience stores.

decision; [Anticipated acquisition by Tesco PLC of Booker Group plc](#) [ME/6677/17] (**Tesco/Booker**), paragraphs 41–45 of the phase 1 decision; [Anticipated acquisition by Martin McColl Ltd of 298 grocery stores from Co-operative Group Limited](#) [ME/6632/16] (**Martin McColl/Co-operative**), paragraphs 23–27 of the phase 1 decision.

¹⁷ [Sainsbury's/Asda](#).

¹⁸ [Completed acquisition by Bellis Acquisition Company 3 Limited of Asda Group Limited](#) [ME/6911/20] (**Bellis/Asda**).

¹⁹ [Completed acquisition by Wm Morrison Supermarkets Ltd of certain assets of McColl's Retail Group Plc, Martin McColl Limited, Clark Retail Limited, Dillons Stores Limited, Smile Stores Limited, Charnwait Management Limited, and Martin Retail Group Limited](#) [ME/7002/22] (**Morrisons/McColl's**).

²⁰ [Completed acquisition by Asda Stores Limited of Arthur Foodstores Limited from Co-operative Group Limited](#) [ME/7018/22] (**Asda/Arthur**).

²¹ FMN, paragraphs 12.1–12.4.

5.1.1.2 *Supply of funeral services*

20. The Parties overlap in the supply of at-need and pre-paid funeral services in the UK.
21. The CMA has previously defined at-need funeral services as services provided by a funeral director in connection with a death that has occurred or is expected imminently, whereas pre-paid funeral plans are contractual arrangements with a funeral director that allow a person to pay in advance for their own or another person's funeral.²²

5.1.1.2.1 *At-need vs pre-paid funeral services*

22. The CMA previously found that at-need and pre-paid funeral services do not constrain each other, given the lack of demand- and supply-side substitutability between the two.²³
23. The Parties agree with the CMA's previous decisional practice with respect to the product scope of at-need and pre-paid funeral services.²⁴
24. Consistent with the CMA's findings in previous cases, the evidence received by the CMA indicates that there is very limited demand-side substitutability between at-need and pre-paid funeral services. All competitors which responded to the CMA's questionnaire indicated that customers do not consider at-need and pre-paid funeral services to be substitutes.²⁵ One competitor also indicated that customers for pre-paid funeral plans tend to be more price-sensitive because these customers are generally seeking to plan their own funerals ahead and are not in a bereaved state.²⁶
25. The CMA received mixed evidence on the supply-side substitutability between at-need and pre-paid funeral services. Some competitors said that the vast majority of funeral directors in the UK offer both at-need and pre-paid funeral services.²⁷ However, the majority of competitors who responded to the CMA's questionnaire indicated that it is difficult for at-need suppliers to become a provider of pre-paid funeral services due to strict regulatory requirements after pre-paid funeral services became regulated by the Financial Conduct Authority (**FCA**) in 2022.²⁸ There are also some national funeral plan providers (eg Golden Charter, Golden

²² [Anticipated acquisition by Central England Co-operative Limited of part of the funerals business of The Midcounties Co-operative Limited \(Central England Co-op/Midcounties\)](#), paragraphs 17–20; [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.6–4.20.

²³ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraph 4.10 and Appendix E paragraphs 3–7.

²⁴ FMN, paragraphs 12.19–12.21.

²⁵ Responses to the CMA questionnaire from a number of third parties, July 2026, question 3.

²⁶ Note of a call with a third party, June 2026, paragraph 18.

²⁷ Note of a call with a third party, June 2026, paragraph 9; note of a call with a third party, June 2026, paragraph 8; response to the CMA questionnaire from a third party, July 2026, question 5.

²⁸ Responses to the CMA questionnaire from a number of third parties, July 2026, question 5.

Leaves, Perfect Choice and Avalon) who advertise and sell pre-paid funeral plans nationally, but they do not offer at-need funerals.²⁹

26. Based on the above, the CMA considers that it is appropriate to assess the impact of the Merger on competition in at-need and pre-paid funeral services separately, given the lack of demand-side substitutability and some evidence showing that supply-side substitutability may be limited.

5.1.1.2.2 *Attended vs unattended funerals*

27. The CMA previously assessed the competitive dynamics between attended and unattended funerals in the Funerals Market Investigation, and ultimately concluded that they were within the same product market.³⁰
28. In the CMA's Funerals Market Investigation, in concluding that attended and unattended funerals form part of the same product market, the CMA found that, on the demand side, unattended funerals are unlikely to be substitutes for attended funerals given customer preferences. On the supply side, although some additional investment may be required for providers focusing on unattended services, funeral directors could generally switch capacity relatively easily between attended and unattended funerals in response to changes in their relative prices. While some funeral directors focus more on unattended funerals and some funeral directors do not offer unattended services, the competitor sets and conditions of competition appeared largely similar.³¹
29. The evidence received by the CMA indicates that most unattended funerals in the UK are direct cremation services.³² A competitor indicated that direct cremation has undergone significant growth in the last decade and 'now accounts for 20% of the UK's funerals market'.³³ As such the CMA has considered whether the findings from the Funerals Market Investigation are appropriate in this case.
30. On the demand side, consistent with the CMA's previous findings in the Funerals Market Investigation, third-party evidence indicates very limited demand-side substitutability between attended and unattended funeral services:
- (a) The majority of competitors who responded to the CMA's questionnaire indicated that customers do not consider attended and unattended funerals to be substitutes.³⁴ One competitor considered that a small number of price-

²⁹ Note of a call with a third party, June 2026, paragraph 9.

³⁰ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.14–4.16. The Parties noted the CMA's conclusion in the Funerals Market Investigation and did not make further submissions (FMN, paragraph 12.26).

³¹ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.14–4.15.

³² Note of a call with a third party, June 2026, paragraph 11. Direct cremations are funerals that take place at a crematorium without the families of the deceased attending.

³³ Note of a call with a third party, June 2026, paragraph 19.

³⁴ Responses to the CMA questionnaire from a number of third parties, July 2026, question 3.

conscious customers may be willing to switch to unattended funerals if the price of an attended funeral increased by 5%.³⁵

- (b) A competitor told the CMA that traditional attended funerals and direct cremations are not comparable in terms of the level of service, and the price difference between the two is very significant, such that a hypothetical 5% increase in price for traditional funerals would be unlikely to result in customers switching to direct cremation.³⁶

31. On the supply side, third-party evidence suggests that, while most traditional funeral directors who supply attended funerals can easily supply unattended funeral services, the conditions of competition and competitor sets for unattended funerals differ from those for attended funerals due to the presence of large national and online providers of direct cremation who do not supply attended funerals. In particular:

- (a) All of the competitors who responded to the CMA's questionnaire indicated that it is easy for a funeral director that supplies attended funeral services to also provide unattended funeral services.³⁷ A competitor also suggested that most traditional funeral directors in the UK offer both attended and unattended services.³⁸
- (b) Evidence from competitors also shows that competition in unattended funerals takes place at a wider geographic scope than attended funerals, as discussed in more detail in section 5.1.2.2.3 below.
- (c) Third-party evidence suggests that a number of large-scale national and online direct cremation providers, who do not offer attended funerals, have gained a significant presence in the market for unattended funerals through extensive nationwide advertising on television.³⁹ A competitor told the CMA that it faces significant competitive pressure from national and online providers who focus on direct cremation services and do not offer traditional attended funeral services.⁴⁰ Another competitor told the CMA that national and online direct cremation providers exert much more competitive constraints on funeral directors in the supply of pre-paid funeral plans than in at-need funerals, because customers for at-need funerals still generally purchase at-need funerals locally from traditional funeral directors.⁴¹

³⁵ Response to the CMA questionnaire from a third party, July 2026, question 3.

³⁶ Note of a call with a third party, June 2026, paragraph 24.

³⁷ Responses to the CMA questionnaire from a number of third parties, July 2026, question 6.

³⁸ Response to the CMA questionnaire from a third party, July 2026, question 6.

³⁹ Note of a call with a third party, June 2026, paragraph 12; responses to the CMA questionnaire from a number of third parties, July 2026, question 9.

⁴⁰ Note of a call with a third party, June 2026, paragraph 21.

⁴¹ Note of a call with a third party, June 2026, paragraph 14.

32. Based on the above, the evidence received by the CMA from competitors shows that the conditions of competition and competitor set appear to differ across attended and unattended funeral services. Accordingly, the CMA considers it is appropriate to assess the Merger's impact on competition in each of at-need and pre-paid funerals separately for attended and unattended services.

5.1.1.2.3 Cremation services

33. The CMA previously considered in the Funerals Market Investigation that crematoria services are not in the same product market as burial services, given the lack of demand- and supply-side substitution.⁴² The CMA considered that different types of cremation services, including standard fee services, reduced fee services and unattended services, should be included in the same product market on the basis of supply-side considerations.⁴³ The CMA also found that additional optional services offered by crematorium operators, eg the use of an organist or bearers with an additional charge, should be included in the same product market given customers generally purchase these services together with the main service.⁴⁴ The Parties submitted that they agree with the CMA's previous decisional practice with respect to the product scope of cremation services.⁴⁵
34. The evidence from competitor funeral directors and crematoria is broadly consistent with the product market definition adopted in the Funerals Market Investigation. Accordingly, the CMA considers it is appropriate to define cremation services as a separate product market from burial services, with different types of cremation services and additional services included within the same product market.

5.1.2 Geographic market

5.1.2.1 Retail supply of groceries

35. The Parties submitted that, while they believe there are strong supply-side arguments for a national approach, the Parties followed the CMA's previous decisions and assessed competition on both a national basis and local basis.⁴⁶
36. With regards to the local analysis, the CMA's phase 1 decisional practice has defined the geographic market as follows:

⁴² [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.23–4.25.

⁴³ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.26–4.34.

⁴⁴ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.32–4.33.

⁴⁵ FMN, paragraphs 12.30–12.34 and 12.44.

⁴⁶ FMN, paragraphs 12.5–12.8.

- (a) For OSSs: Up to a 10-minute drive-time for urban areas and up to a 15-minute drive-time for rural areas;⁴⁷
- (b) For MSSs: Up to a five-minute drive-time for urban areas and up to a 10-minute drive-time for rural areas;⁴⁸ and
- (c) For convenience stores: Either a five-minute drive-time or a one-mile radius around each convenience store, regardless of the type of store exercising the constraint.⁴⁹

37. The CMA did not receive any evidence from third-party competitor grocery retailers to support departing from the geographic market definition adopted in previous cases. Therefore, the CMA considers it is appropriate to assess competition with reference to the geographic scope outlined in paragraph 36 above.

5.1.2.2 *Supply of funeral services*

5.1.2.2.1 *Attended at-need funeral services*

5.1.2.2.1.1 *Parties' submissions*

- 38. The Parties submitted that the appropriate geographic market for the supply of at-need funeral services is local, within a 15-minute drive-time, in line with the CMA's findings in the Funerals Market Investigation and Central England Co-op/Midcounties.⁵⁰
- 39. On the demand side, the Parties submitted that for attended funerals, family and friends need to travel to the funeral service. As a result, consumers are likely to prefer a local funeral director and crematorium in order to minimise travel time for mourners.⁵¹
- 40. With respect to prices, the Parties submitted that:

⁴⁷ [Sainsbury's/Asda](#), paragraph 7.70 of the Final Report.

⁴⁸ [Sainsbury's/Asda](#), paragraph 7.70 of the Final Report. When considering overlaps and the effective competitor set in the Sainsbury's/Asda phase 1, the CMA did not consider MSSs outside of this catchment, but considered OSSs within either a 10- or 15-minute drive-time for urban and rural areas respectively.

⁴⁹ [Sainsbury's/Asda](#), paragraphs 7.97 and 7.98 of the Final Report; [MFG/MRH](#), paragraphs 42 and 43 of the phase 1 decision; [Co-operative Group/Nisa Retail](#), paragraphs 34 and 35 of the phase 1 decision; [Tesco/Booker](#), paragraphs 46–48 of the phase 1 decision. The CMA did not consider the constraints from any OSSs and MSSs outside of this catchment area.

⁵⁰ FMN, paragraph 12.52(d); [CMA's Funerals Market Investigation Final Report](#), December 2020; [Anticipated acquisition by Central England Co-operative Limited of part of the funerals business of The Midcounties Co-operative Limited \(Central England Co-op/Midcounties\)](#).

⁵¹ FMN, paragraph 14.66(e).

- (a) CGL's at-need attended funeral prices are set centrally, having regard to [redacted].⁵²
- (b) Southern's headline funeral prices are set centrally and informed by its [redacted].⁵³

5.1.2.2.1.2 CMA's assessment

- 41. In the Funerals Market Investigation, the CMA found that customers generally arrange funerals close to where the deceased lived and make decisions such as which funeral director to choose within a local area.⁵⁴ It concluded that the geographic market for at-need funeral services was local and found that local markets were generally in the range of 15–20 minutes' drive-time from the funeral director location.⁵⁵
- 42. Third party evidence that the CMA has received also indicates that competition for attended at-need funerals occurs locally. All competitors that responded to CMA's questionnaire, and another competitor that the CMA held a call with, indicated that they compete with other suppliers of at-need funeral services at a local level.⁵⁶ One competitor told the CMA that in the market for at-need funeral services, it competes with other funeral directors locally, as customers tend to purchase funerals within their local communities. It said that although there are national brands available across different local areas, these brands provide funeral services and compete with other funeral directors at the local level.⁵⁷
- 43. Based on the evidence set out above, the CMA considers that the geographic market is local and that it is appropriate to assess the impact of the Merger on competition with reference to a 15-minute drive-time catchment area.

5.1.2.2.2 Attended pre-paid funeral services

- 44. The Parties submitted that the appropriate geographic market for the supply of pre-paid funeral plans is on both a national basis and local basis.⁵⁸
- 45. The Parties submitted that they did not consider it necessary to assess competition for funeral plans at a local level separately from the local assessment of at-need funeral services based on the CMA's findings in Central England Co-op/Midcounties that:⁵⁹

⁵² FMN, paragraph 14.68.

⁵³ FMN, paragraph 14.71.

⁵⁴ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraph 4.37.

⁵⁵ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraph 4.40.

⁵⁶ Responses to the CMA questionnaire from a number of third parties, July 2026, question 7; note of a call with a third party, June 2026, paragraphs 5 and 20.

⁵⁷ Note of a call with a third party, June 2026, paragraph 5.

⁵⁸ FMN, paragraph 12.52(e).

⁵⁹ FMN, paragraph 12.29.

- (a) 95% of those offering at-need funerals also offer pre-paid funeral plans and that the competitive assessment of pre-paid funeral plans was substantially the same as that of at-need funeral services; and
 - (b) There are numerous national providers of pre-paid funeral plans.
46. In Central England Co-op/Midcounties, the CMA noted that there are national providers of pre-paid funeral plans, such as Dignity, Co-op Group, and Golden Charter. It also noted, however, that there may be local aspects to competition in the supply of pre-paid funeral plans. For example, customers also have the option of purchasing pre-paid funeral plans in their local branch, not just by telephone or online.⁶⁰ The CMA did not find it necessary to conclude on a catchment area for pre-paid funerals since no competition concerns arose on any plausible basis in that case. However, on a cautious basis, the CMA assessed concerns at both national and local levels.⁶¹
47. Third-party evidence the CMA has received also indicates that competition occurs on both local and national levels. Competitors submitted that most funeral directors offer pre-paid funeral services either directly or by servicing the plans of a funeral plan provider – and that competition takes place at a more local level as funeral directors sell funeral plans within their local communities.⁶² A competitor told the CMA that while there are some national and online funeral plan providers that sell pre-paid funeral plans nationally, the funeral services are performed by a local funeral director.⁶³ In response to the CMA’s questionnaire:
- (a) For attended funerals generally, all funeral directors said that competition takes place on a local basis;⁶⁴
 - (b) For pre-paid funerals, one funeral director indicated that competition takes place on a local basis, and another indicated that competition takes place on both a local basis and national basis.⁶⁵ Two funeral directors who do not supply pre-paid funerals indicated that competition takes place nationally.⁶⁶
48. On a cautious basis, the CMA has assessed competition in the supply of attended pre-paid funeral services at both national and local levels. In any event, it was not necessary for the CMA to reach a final conclusion on the geographic market for the supply of attended pre-paid funerals in this case, since the Parties have accepted that the test for reference is met at a local level in local areas centring

⁶⁰ [Central England Co-op/Midcounties](#), paragraph 26.

⁶¹ [Central England Co-op/Midcounties](#), paragraph 27.

⁶² Note of a call with a third party, June 2026, paragraph 8; note of a call with a third party, June 2026, paragraph 8.

⁶³ Note of a call with a third party, June 2026, paragraph 9.

⁶⁴ Responses to the CMA questionnaire from a number of third parties, July 2026, question 7. It is not clear if these respondents indicated that competition takes place locally for attended at-need funerals only, or also for attended pre-paid funerals.

⁶⁵ Responses to the CMA questionnaire from a number of third parties, July 2026, question 7.

⁶⁶ Responses to the CMA questionnaire from a number of third parties, July 2026, question 7.

around one CGL site and one Southern site (as discussed in more detail in section 5.4.1 below), and that no competition concerns arise at a national level primarily given the Parties' relatively modest share and the very limited increment brought about by the Merger.⁶⁷

5.1.2.2.3 *Unattended at-need funeral services*

49. As noted in paragraph 29 above, the evidence the CMA has received indicates that the majority of unattended funerals are direct cremations.
50. The Parties submitted that catchment areas for direct cremations are likely to be wider than for attended funerals. In contrast to an attended funeral, for a direct cremation, there is no attended service at the crematorium. The deceased can therefore be transported to a crematorium located much further away, with the ashes returned afterwards.⁶⁸ The Parties also submitted that some online direct cremation providers such as Memoria Direct Cremation and Pure Cremation operate on a national basis and are able to serve customers across the whole (or most of the) UK.⁶⁹ The Parties submitted that, in part due to the factors above, the CMA's practice of assessing local competition for at-need funerals on the basis of local fascia unduly underestimates the constraint from these national operators.⁷⁰
51. The Parties also submitted that CGL's unattended funerals are offered at a [X] national price.⁷¹
52. As noted in paragraph 31 above, the evidence the CMA has received from third-party competitors suggests that competition in unattended funerals takes place at a wider geographic scope than attended funerals and that a number of large-scale national and online direct cremation providers, who do not offer attended funerals, have gained a significant presence in the market for unattended funerals:
 - (a) In particular, one competitor told the CMA that they consider that competition in unattended funerals takes place nationally, because unattended funerals can take place anywhere in the country without the families of the deceased visiting, and that national competition is also driven by a number of large national companies with nationwide advertisements.⁷²

⁶⁷ FMN, paragraph 14.88. At a national level, based on data from the National Association of Funeral Plan Providers (NAFPP), the Parties estimated that CGL has a market share of [20–30]% in live pre-paid funeral plans in 2025, whereas Southern has a share of [0–5]%.

⁶⁸ FMN, paragraph 14.66(e).

⁶⁹ FMN, paragraph 14.66(e).

⁷⁰ FMN, paragraph 14.67.

⁷¹ FMN, paragraph 14.68.

⁷² Note of a call with a third party, June 2026, paragraph 12.

- (b) Another competitor also indicated that competition for direct cremations takes place over a wider geographic scope for similar reasons.⁷³
- (c) In response to the CMA's questionnaire, the majority of funeral directors said they compete in the supply of unattended funerals on both a local basis and national basis, with one not providing any explanation and two indicating that they compete with both local funeral directors and national companies in the supply of unattended funerals.⁷⁴ The other funeral directors considered that competition in unattended funerals takes place locally, with one not providing any explanation and one explaining that they only operate within a specific local area.⁷⁵

53. The Parties' internal documents also suggest that competition in unattended funerals takes place at a wider geographic scope than attended funerals:

- (a) A CGL internal document reviewed at-need direct cremation competitors and attended funeral competitors separately. For direct cremations, comparisons were made at a national level and included online competitors, whereas for attended funerals the comparisons were at a local level.⁷⁶
- (b) Another CGL internal document compared CGL's share of at-need funerals with [X] and [X]. It stated that [X]. It stated that they expected to see [X]. It noted that CGL's pricing for direct cremations had previously been [X].⁷⁷

54. While some funeral directors reported that there was some element of local competition,⁷⁸ on the balance of all evidence set out above, the CMA considers that the appropriate geographic market for unattended at-need funerals is national.

5.1.2.2.4 *Unattended pre-paid funeral services*

55. As set out for unattended at-need funerals in section 5.1.2.2.3 above, the evidence received by the CMA indicates that competition for unattended funerals takes place at a national level. Like unattended at-need funerals, unattended pre-paid funerals do not need to take place locally, and there are a large number of national providers of pre-paid unattended funerals.

56. Therefore, the CMA considers that the appropriate geographic market for unattended pre-paid funerals is national.

⁷³ Note of a call with a third party, June 2026, paragraph 20.

⁷⁴ Responses to the CMA questionnaire from a number of third parties, July 2026, question 7.

⁷⁵ Responses to the CMA questionnaire from a number of third parties, July 2026, question 7.

⁷⁶ CGL Internal Document, Annex 226 to the FMN, '[X]', April 2026, sheets '[X]' and '[X]'.

⁷⁷ CGL Internal Document, Annex 231 to the FMN, '[X]', April 2025, slides 4, 7 and 8.

⁷⁸ Although it was unclear to the CMA that any significant parameters of competition were being decided at a local level for unattended funerals.

5.1.2.2.5 *Cremation services*

57. The CMA previously found in the Funerals Market Investigation that customers generally use a crematorium local to where the deceased lived and make decisions over a local ‘home area’, and on this basis the CMA adopted an average geographic scope of 30 minutes’ drive-time at cortege speed and considered a sensitivity of 40 minutes’ drive-time at cortege speed.⁷⁹ The Parties submitted that they agree with the CMA’s decisional practice.⁸⁰
58. Evidence received from competitor funeral directors is generally consistent with the CMA’s findings in the Funerals Market Investigation, including a sensitivity of 40 minutes’ drive-time at cortege speed. All funeral directors who responded to the CMA’s questionnaire identified crematoria between 30 and 40 minutes’ cortege speed drive-time away from Southern’s crematoria as suitable alternatives.⁸¹

5.1.2.2.6 *Conclusion on geographic market*

59. For the reasons set out above, the CMA has considered the impact of the Merger in the following geographic markets:
- (a) the supply of attended at-need funeral services on a local basis, within a 15-minute drive-time;
 - (b) the supply of attended pre-paid funeral services on both a local basis (within a 15-minute drive-time) and a national basis;⁸²
 - (c) the supply of unattended at-need and pre-paid funeral services on a national basis; and
 - (d) the supply of cremation services on a local basis, within a 30-minute drive-time at cortege speed with a sensitivity of a 40-minute drive-time at cortege speed.

5.2 Theories of harm

60. The focus of the CMA’s investigation relates to the following:

⁷⁹ [CMA’s Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.41–4.48.

⁸⁰ FMN, paragraphs 12.45–12.47.

⁸¹ Responses to the CMA questionnaire from a number of third parties, July 2026, question 13.

⁸² At a national level, based on NAFPP data, the Parties estimated that CGL has a market share of [20–30]% in live pre-paid funeral plans in 2025, whereas Southern has a share of [0–5]%. On the basis of the Parties’ relatively modest market shares and the low increment brought about by the Merger, CMA considers that there is no plausible competition concern in relation to the supply of attended pre-paid funeral services at a national level. As such, the CMA has focused on assessing competition in attended pre-paid funeral services at a local level in this Decision.

- (a) Horizontal unilateral effects in the retail supply of groceries in convenience stores and MSSs locally;⁸³
- (b) Horizontal unilateral effects in the supply of attended at-need and pre-paid funeral services locally;⁸⁴ and
- (c) Input foreclosure arising from the supply by Southern of crematoria services to local competitors of CGL in the supply of funeral services.⁸⁵

5.3 Theory of harm 1: Horizontal unilateral effects in the retail supply of groceries locally

- 61. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.⁸⁶
- 62. When analysing whether a merger may result in a realistic prospect of an SLC in cases involving local overlaps, the CMA may use a decision rule.⁸⁷ A decision rule enables the CMA to assess the competitive impact of a merger at a local level, where the merging parties' activities overlap, through a systematic analysis of defined indicators of competition across all local areas. Competition concerns are considered to arise (absent compelling evidence provided to the CMA) where certain thresholds are met.
- 63. In line with the CMA's previous decisions in *Bellis/Asda*,⁸⁸ *CD&R/Morrisons*⁸⁹ and *Asda/Arthur*⁹⁰, the CMA considers that it is appropriate to assess the impact of the

⁸³ In the early stages of its investigation, the CMA also considered whether the Merger could give rise to competition concerns in the retail supply of groceries locally as a result of vertical effects arising from a wholesale to retail input foreclosure strategy, by CGL increasing wholesale prices and/or reducing wholesale supply quality to its wholesale customers, including other UK retail co-operatives, symbol group stores like Nisa Local and Costcutter, and independent Co-op franchisees. Based on the evidence received by the CMA, the CMA considered at an early stage in its investigation that there was no realistic prospect of competition concerns in relation to these areas, and are therefore not discussed further in this Decision.

⁸⁴ In the early stages of its investigation, the CMA also considered whether the Merger could give rise to competition concerns as a result of horizontal unilateral effects in the supply of unattended at-need and pre-paid funeral services. Based on the evidence received by the CMA, the CMA considered at an early stage in its investigation that there was no realistic prospect of competition concerns in relation to unattended funerals, primarily given that competition takes place at a wider geographic scope and the Parties face significant constraints from large national providers of unattended funerals. As such, this is not discussed further in this Decision.

⁸⁵ In the early stages of its investigation, the CMA also considered whether the Merger could give rise to competition concerns in the supply of funeral services in areas where Southern operates crematoria and/or burial sites, arising from a customer foreclosure strategy, ie by CGL directing its downstream customers to Southern's crematoria and burial services upstream. Based on the evidence received by the CMA, the CMA considered at an early stage in its investigation that there was no realistic prospect of competition concerns in relation to these areas, and are therefore not discussed further in this Decision.

⁸⁶ [CMA129](#), paragraph 4.1.

⁸⁷ [CMA129](#), paragraph 4.34.

⁸⁸ [Bellis/Asda](#).

⁸⁹ [Completed acquisition by Clayton, Dubilier & Rice Holdings, LLC of WM Morrison Supermarkets Limited](#) [ME/6966/21] (*CD&R/Morrisons*).

⁹⁰ [Asda/Arthur](#).

Merger on competition in the retail supply of groceries in convenience stores in local areas through the use of a decision rule. The use of a decision rule allows the CMA to carry out a systematic local assessment of areas of overlap. Moreover, previous in-depth work on convenience groceries in precedent cases has helped the CMA develop the decision rule in this case. The CMA believes that such an approach is fair, consistent and effective in identifying local areas where there is a realistic prospect of an SLC, in particular by ensuring that the same factors are taken into account across all local areas.

64. In previous merger investigations involving the retail supply of groceries, the CMA has applied a decision rule by which a merger gives rise to a realistic prospect of an SLC in the retail supply of groceries in local areas where, post-merger, there is a reduction in fascia and there remain three or fewer (weighted) fascia in addition to the merging parties' sites.

5.3.1 Local analysis – convenience stores

65. In previous cases, the CMA found that the main factors driving customers' choice of convenience groceries at a local level are location, product range and brand. The evidence the CMA received from competitor grocery retailers does not suggest there has been any material change to these main parameters of competition, and the CMA has received evidence that store location is of particular importance for convenience stores.⁹¹
66. Previous CMA decisions have applied the following weightings to different categories of convenience store retailers:⁹²
- (a) Asda, Sainsbury's, Tesco, Morrisons/McColl's, The Co-op, Waitrose, Whole Foods and Dunnes were given a weight of 1.0 on the basis that they exert a greater competitive constraint than other types of convenience retailers.
 - (b) Aldi, Lidl and Marks & Spencer (**M&S**) were given a weight of 0.8 as these retailers do not sell tobacco products, and given Aldi and Lidl's lack of focus on convenience missions.
 - (c) Symbol group stores such as Spar, Nisa, Booker, Londis, Premier, Budgens, Costcutter, One Stop, Central PH Retail, Key Store, Key Shop, Best One, Centra, Mace, and CK Supermarkets were given a weight of 0.8 or 1.0 depending on the centroid.

⁹¹ Note of a call with a third party, July 2026, paragraphs 7–8.

⁹² [Morrisons/McColl](#), paragraph 49; [Asda/Arthur](#), paragraph 118.

- (d) Independent retailers were given a weight of 0.5 to reflect that they exert a weaker competitive constraint than convenience grocery retailers and symbol group retailers.

67. The Parties carried out a local analysis based on the CMA's decisional practice⁹³ and identified nine CGL stores and 10 Southern stores which fail the decision rule, as listed in Annex 1.⁹⁴ The CMA has separately verified the result of the Parties' local analysis. The Parties accepted that the test for reference is met in respect of the retail supply of groceries in convenience stores in local areas centring around these stores.⁹⁵

5.3.2 Local analysis – MSSs

68. In previous phase 1 cases involving the retail supply of groceries in MSSs, the CMA has applied a decision rule based on a fascia count to identify any areas where the Merger gives rise to a realistic prospect of an SLC, by reference to the number of alternative MSSs and OSSs available to customers in a local area, adjusted by the competitive constraint exerted by different brands and by different sizes of stores.⁹⁶
69. The Parties carried out a local overlap analysis based on the above decision rule⁹⁷ and initially identified one local area which would fail the decision rule in the absence of competitor entry. The relevant site is the Southern Co-op store at Wickham, The Square, PO17 5JN, which overlaps with CGL's store at Highlands Road, Fareham PO15 6QL and three other competitor fascia.⁹⁸
70. After the CMA launched its phase 1 merger inquiry, the Parties informed the CMA that they had identified a Lidl supermarket with a net sales area of over 280 square metres that is expected to open in the potential SLC area by February 2027. This will raise the number of competitor fascia in the area from three to four, thereby passing the decision rule.⁹⁹

⁹³ FMN, paragraphs 14.19–14.22; Parties' submission to the CMA, August 2026. The Parties initially suggested some deviations from the CMA's decisional practice, including (i) applying a weight of 1.0 to Aldi, Lidl and M&S, (ii) applying a weight of 1.0 to other UK retail co-operatives, (iii) applying a weight of 0.8 for Nisa and Costcutter, and (iv) applying a weight of either 1.0 or 0.6 for the Parties' franchisees. As the Parties confirmed that the result of the local analysis would be unaffected regardless of whether these deviations are applied, the CMA has not found it necessary to conclude whether it is appropriate to adopt the suggested deviations.

⁹⁴ FMN, paragraph 14.59; Parties' submission to the CMA, August 2026.

⁹⁵ Parties' submission to the CMA, August 2026.

⁹⁶ [Sainsbury's/Asda](#), paragraphs 73–77 of the phase 1 decision; [Asda/Arthur](#), paragraphs 112–114.

⁹⁷ FMN, paragraphs 14.23–14.24. The Parties adopted the competitor set used by the CMA in the phase 1 decision of Sainsbury's/Asda, as opposed to the phase 2 Final Report. The Parties explained that the rationale for this is that the competitor set in phase 1 was used by the CMA to assess competition using a decision rule, whereas the competitor set in phase 2 was used in a GUPPI analysis. As the outcome of the local analysis remains unaffected regardless of which competitor set is used, the CMA has not found it necessary to conclude on which competitor set is more appropriate for MSSs.

⁹⁸ FMN, paragraph 14.59; Annexes 309 and 421 to the FMN.

⁹⁹ Submission to the CMA from CGL, August 2026.

71. Given that planning permission has already been granted to Lidl and construction work is under way,¹⁰⁰ the CMA considers that entry of the Lidl supermarket in the local area is timely and likely. As the addition of a Lidl supermarket will bring the competitor fascia in the local area from three to four (thereby passing the decision rule), the CMA considers that the entry is also sufficient to address the potential SLC in the area.¹⁰¹

5.3.3 Conclusion on theory of harm 1

72. For the reasons set out above, the CMA considers that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the retail supply of groceries in convenience stores in local areas centring around nine CGL stores and 10 Southern stores as set out in Annex 1.

5.4 Theory of harm 2: Horizontal unilateral effects in the supply of attended at-need and pre-paid funeral services locally

5.4.1 Attended at-need and pre-paid funerals

73. In Central England Co-op/Midcounties, the CMA assessed the impact of the merger on competition through the use of a decision rule. In that case, the CMA noted that it has often used a ‘four to three’ or ‘five to four’ fascia count threshold,¹⁰² but ultimately left open the appropriate threshold given that none of the parties’ overlaps would fail either threshold.¹⁰³ In that case, the CMA did not separately conduct a local analysis for pre-paid funerals, as the Parties provided evidence indicating that the vast majority of their local rivals also supplied pre-paid funeral plans. As such, the CMA found that the competitive assessment of pre-paid funeral plans was substantially the same as that of at-need funerals.¹⁰⁴
74. In this case, for attended at-need funeral services, the Parties conducted a local analysis in line with the CMA’s decisional practice and identified the following two sites where only three fascia would remain in the local area post-Merger.¹⁰⁵

¹⁰⁰ Submission to the CMA from CGL, August 2026. See also Fareham Borough Council [decision](#) (P/25/1272/FP), 30 June 2026. The proposed opening of the Lidl store is also publicly reported – see eg [Lidl gets green light for new 15,000 sq foot supermarket in English seaside town](#); [Lidl is given planning permission to open store in Segensworth](#); [Lidl set to open new budget supermarket in Hampshire | Daily Echo](#).

¹⁰¹ [CMA129](#), paragraphs 8.28–8.39.

¹⁰² [Central England Co-op/Midcounties](#), paragraph 30.

¹⁰³ [Central England Co-op/Midcounties](#), paragraphs 36–41.

¹⁰⁴ [Central England Co-op/Midcounties](#), paragraphs 43–44.

¹⁰⁵ FMN, paragraph 14.76. In [Central England Co-op/Midcounties](#), the CMA noted in paragraph 30 that it has often used a ‘four to three’ or ‘five to four’ fascia count threshold to identify potentially problematic overlaps in previous retail merger cases, but did not conclude the appropriate fascia threshold for its local assessment of at-need and pre-paid funerals because, post-merger, at least five fascias would remain in every local area where the parties overlapped. In this case, the CMA has not found it necessary to conclude on the appropriate threshold because the number of local areas failing the filter does not change regardless of whether a ‘four to three’ or ‘five to four’ threshold is used.

- (a) Alton, 71 High Street, Alton GU34 1AB (a Southern site), which overlaps with the CGL site Co-op Farnham; and
- (b) Earley, 572 Wokingham Road, Earley, Reading, Berkshire, RG6 7JD (a CGL site), which overlaps with two Southern sites, namely (i) [X<] and (ii) [X<].

75. The CMA has separately verified the result of the Parties' local analysis above. The Parties accepted that the test for reference is met in respect of the supply of attended at-need and pre-paid funeral services in local areas centring around the two sites mentioned in paragraph 74 above.¹⁰⁶

5.4.2 Conclusion on theory of harm 2

76. For the reasons set out above, the CMA considers that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of attended at-need and pre-paid funeral services in local areas centring around one CGL site and one Southern site mentioned in paragraph 74 above.

5.5 Theory of harm 3: Input foreclosure in the supply of funeral services locally

77. The CMA considered whether it is or may be the case that the Merger resulted, or may be expected to result, in an SLC as a result of input foreclosure in the supply of funeral services locally, by CGL restricting downstream rival funeral directors' access to Southern's crematoria upstream, in particular, The Oaks Havant Crematorium (**The Oaks**) and Tamar Valley Crematorium (**Tamar Valley**).¹⁰⁷

78. In assessing this concern, the CMA considered whether the following three cumulative conditions are satisfied:¹⁰⁸

- (a) Would the Merged Entity have the ability to use its control of inputs to harm the competitiveness of its downstream rivals?
- (b) Would it have the incentive to actually do so, ie would it be profitable?
- (c) Would the foreclosure of these rivals substantially lessen overall competition?

¹⁰⁶ Parties' submission to the CMA, August 2026.

¹⁰⁷ In the early stages of its investigation, the CMA also considered whether the Merger could give rise to competition concerns in the supply of crematoria services with respect to Southern's East Devon Crematorium. Based on the evidence received by the CMA, the CMA considered at an early stage in its investigation that there was no realistic prospect of competition concerns in relation to this area, and it is therefore not discussed further in this Decision.

¹⁰⁸ [CMA129](#), paragraphs 7.9–7.10.

5.5.1 Ability

5.5.1.1 Parties' submissions

79. The Parties submitted that the Merged Entity would have limited ability to foreclose rival funeral homes' access to Southern's crematoria. In particular, the Parties submitted that:
- (a) Article 8 of the Funerals Market Investigation Order 2021 'creates an implicit requirement for all crematoria to make their services available to all local funeral homes' and that this would 'make it impractical for the merged entity to engage in selective or opaque price-based discrimination against rival funeral homes, as any such attempt would be immediately visible and therefore difficult to sustain'.¹⁰⁹ Article 8 of the Funerals Market Investigation Order 2021 requires crematoria to share price information to local funeral directors, defined as funeral directors within a 30-minute cortege-speed drive-time, or the nearest funeral director, on its premises and online.¹¹⁰
 - (b) Any non-price foreclosure strategy would also face practical difficulties:¹¹¹
 - (i) Funeral directors have access to a real-time online funeral booking system, which would make selective allocation of slots difficult to execute and immediately transparent.
 - (ii) It would also be difficult for the Merged Entity to identify and systematically allocate less desirable service times in a way that consistently disadvantaged rival funeral homes, for example because customers' preferences for service times vary.
 - (iii) While many customers already have an idea of which crematorium they expect to use before approaching a funeral director, in circumstances where the choice of crematorium is constrained or regarded as particularly important, customers are likely to be willing to adjust aspects of the crematoria service, such as the timing of the service, rather than switch to an alternative funeral home.
 - (c) Most rival funeral homes that are within the catchment area of Tamar Valley and The Oaks are also within the catchment area of at least one other crematorium, which would significantly limit the Merged Entity's ability to foreclose rival funeral directors in those local areas.¹¹²

¹⁰⁹ Parties' submission to the CMA, 'Assessing the risks of vertical foreclosure in the Co-operative Group/Southern Co-operative Merger', August 2026 (**Parties' Vertical Submission**), page 11.

¹¹⁰ [Funerals Market Investigation Order 2021](#), part 4.

¹¹¹ Parties' Vertical Submission, pages 11–12.

¹¹² Parties' Vertical Submission, pages 12–13.

- (d) The Merged Entity is unlikely to have the ability to foreclose local rival funeral directors from Tamar Valley because it only opened in October 2025, and is less well-known locally compared with the nearby and much bigger Plymouth Crematorium.¹¹³

5.5.1.2 CMA's assessment

80. In assessing the Merged Entity's ability to foreclose, the CMA considered:

- (a) The potential foreclosure mechanisms through which the Merged Entity could harm downstream rivals. These included whether the Merged Entity could: (i) increase prices for customers of rival funeral directors; (ii) reduce quality, for example by restricting rival funeral directors' access to its crematoria to certain times of the day; or (iii) completely refuse access to its crematoria to rival funeral directors;
- (b) Southern's market power upstream, in the supply of crematoria services with respect to The Oaks and Tamar Valley; and
- (c) The importance of the input (ie access to the crematoria) to competing suppliers downstream in the market for funeral services.

81. The CMA found that the price transparency requirements of Article 8 of the Funerals Market Investigation Order 2021 are likely to limit the Merged Entity's ability to price discriminate and set higher prices for customers of rival funeral directors. Therefore, the CMA considers that any foreclosure strategy would be limited to restricting access to its crematoria by rival funeral directors, for example by restricting rival funeral directors access to popular time slots, or completely refusing access.

5.5.1.2.1 Southern's market power upstream

82. In the Funerals Market Investigation, the CMA found that there are high barriers to entry in the provision of crematoria services and that the vast majority of local markets are concentrated, with many being highly concentrated.¹¹⁴ In particular, the Funerals Market Investigation found that 50% of crematoria did not have a rival within 30 minutes' drive-time at cortege speeds and 80% had at most one rival.¹¹⁵

83. The CMA found that The Oaks and Tamar Valley face limited competitors in their local area. Both The Oaks and Tamar Valley have no competitors within 30 minutes' drive-time at cortege speeds.¹¹⁶ Using a wider 40-minute drive-time

¹¹³ Parties' Vertical Submission, page 14.

¹¹⁴ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 4.104, 4.110 and 4.111.

¹¹⁵ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraph 4.104.

¹¹⁶ Annex 385 to the FMN.

catchment (at cortege speeds), The Oaks has two competitors;¹¹⁷ and Tamar Valley has one competitor.¹¹⁸

84. When asked about potential alternative crematoria, funeral directors mentioned a small number of alternatives:
- (a) In relation to The Oaks, Portchester Crematorium is the closest crematorium to The Oaks and appears to be the main alternative. All three funeral directors identified Portchester Crematorium as an alternative to The Oaks and two rated it as a very suitable or fully suitable alternative to The Oaks.¹¹⁹ Two funeral directors identified Chichester Crematorium as an alternative to The Oaks,¹²⁰ and one funeral director considered that Guildford Crematorium would be the main alternative to The Oaks.¹²¹
 - (b) In relation to Tamar Valley, all three funeral directors identified The Park as an alternative to Tamar Valley.¹²² Two rated The Park as a moderately suitable alternative to Tamar Valley, and one rated it as a fully suitable alternative.¹²³ One funeral director also identified Glynn Valley Crematorium as an alternative.¹²⁴

5.5.1.2.2 *Importance of the input*

85. In assessing ability, the CMA also considered the importance of access to Southern's crematoria for funeral directors' ability to compete. In particular, the CMA considered: (i) the extent to which access to Southern's crematoria influences customers' choice of funeral director; and (ii) the extent to which customers would be willing to use alternative crematoria.
86. In the Funerals Market Investigation, the CMA found that:
- (a) Customers generally have an idea of which crematorium they want to use, usually based on location or previous experience.¹²⁵

¹¹⁷ Portchester Crematorium is 32.5 minutes away and Chichester Crematorium is 33.6 minutes away from The Oaks.

¹¹⁸ The Park is 33.3 minutes away from Tamar Valley (Annex 385 to the FMN). Southern estimated that, by volume, The Oaks accounted for [30–40]% of cremations within its local area in 2025. The Parties submitted that no market share estimate by volume of cremations was available for Tamar Valley for 2025, as it only commenced trading in October 2025. The CMA notes that the area Southern used in this estimate is different to the drive-time catchment areas considered by the CMA. Annex 305 to the FMN, table 3 and Annex 267 to the FMN, sheet: '[3<]', cell: P15.

¹¹⁹ On a scale of: Not suitable at all, slightly suitable, moderately suitable, very suitable or fully suitable. Responses to the CMA questionnaire from a number of third parties, July 2026, question 15; note of a call with a third party, August 2026, paragraph 5.

¹²⁰ Response to the CMA questionnaire from a third party, July 2026, question 15; note of a call with a third party, August 2026, paragraph 13.

¹²¹ Note of a call with a third party, August 2026, paragraph 10.

¹²² Responses to the CMA questionnaire from a number of third parties, July 2026, question 15.

¹²³ On a scale of: Not suitable at all, slightly suitable, moderately suitable, very suitable or fully suitable. Responses to the CMA questionnaire from a number of third parties, July 2026, question 15.

¹²⁴ Response to the CMA questionnaire from a third party, July 2026, question 15.

¹²⁵ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 6.77–6.79.

- (b) Customers do not usually shop around nor consider more than one funeral director and generally choose one based on recommendations, reputation, familiarity or proximity, with price playing a limited role.¹²⁶
 - (c) Once a funeral director has been chosen customers generally do not consider switching.¹²⁷
87. The CMA received mixed views from funeral directors on the extent to which customers would be willing to use alternatives to Southern's crematoria:
- (a) Some funeral directors considered that customers would be willing to use alternative crematoria, although they also noted that the alternatives may be more expensive or further away.¹²⁸
 - (b) Some funeral directors indicated that customers would only be willing to switch to a limited extent, due to alternatives being more expensive, further away or offering lower levels of customer service.¹²⁹
88. Consistent with the findings from the Funerals Market Investigation, funeral directors indicated that customers choose funeral directors based on trust, reputation, recommendations and previous experiences with the funeral director.¹³⁰
89. The majority of funeral directors also indicated that customers are unlikely to switch funeral directors because their chosen funeral director could not arrange a funeral at their preferred crematorium. They noted, however, that such situations rarely arise in practice, as funeral director are generally able to arrange funerals at customers' preferred crematoria.¹³¹ However, one funeral director submitted that customers would be highly likely to switch funeral directors in such a situation.¹³²
90. A competitor crematorium submitted that families usually have a preferred crematorium in mind.¹³³ It considered that if a funeral director did not work with a customer's preferred local crematorium, the customer would likely change funeral directors to one that did.¹³⁴

¹²⁶ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 3.192, 5.6 and 5.9–5.15.

¹²⁷ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraphs 3.194, 3.195 and 5.11.

¹²⁸ Responses to the CMA questionnaire from a number of third parties, July 2026, question 14; note of a call with a third party, August 2026, paragraph 10.

¹²⁹ Responses to the CMA questionnaire from a number of third parties, July 2026, question 14.

¹³⁰ Note of a call with a third party, July 2026, paragraphs 20–22; note of a call with a third party, June 2026, paragraph 12; note of a call with a third party, June 2026, paragraph 16.

¹³¹ Responses to the CMA questionnaire from a number of third parties, July 2026, question 4.

¹³² Response to the CMA questionnaire from a third party, July 2026, question 4.

¹³³ Note of a call with a third party, July 2026, paragraph 10.

¹³⁴ Note of a call with a third party, July 2026, paragraphs 26–27.

5.5.1.2.3 *Conclusion on ability*

91. Based on the evidence above, the CMA considers that the Merged Entity may have the ability to foreclose by limiting rival funeral directors' access to its crematoria, either by reducing quality, for example by restricting rival funeral directors' access to its crematoria to certain times of the day, or by completely refusing access. The evidence indicates that Southern has upstream market power in the respective local areas and faces limited competition from alternatives. Customers also generally have existing preferences for crematoria and at least some appear willing to switch funeral director if their preferred crematorium is not available. However, the CMA considers that the Merged Entity's ability to foreclose is not particularly strong, as the evidence also suggests that some families may prefer to change the crematorium rather than the funeral director, limiting the Merged Entity's ability to foreclose.

5.5.2 **Incentive**

5.5.2.1 *Parties' submissions*

92. The Parties submitted that:
- (a) The Merger only leads to a small increase in the Parties' combined share in the downstream market,¹³⁵ which is highly unlikely to increase its incentive to foreclose.¹³⁶
 - (b) Crematoria require high initial investment and therefore are incentivised to maximise their share of funerals.¹³⁷ Southern's crematoria are heavily reliant on volumes from third-party funeral directors.¹³⁸
 - (c) Southern's crematoria have sufficient capacity to meet additional demand for attended funerals. If capacity were to become constrained, the Merged Entity would have an incentive to add a service hall as it is relatively low cost and would increase capacity.¹³⁹

5.5.2.2 *CMA's assessment*

93. As part of its assessment of incentives, the CMA assessed the business strategy of both Southern and its rivals:

¹³⁵ The CMA notes that the Parties' submission is based on the share of cremations at The Oaks arranged by the Parties. However in assessing incentive, the CMA considers the appropriate measure is the increase in the Parties' combined share in the downstream supply of funeral services in the relevant local area. Using that measure, the CMA notes that the Parties' increment in the downstream market as a result of the Merger is larger than suggested by the Parties' submission. Annex 420 to the FMN, Sheet: 'Number of sites and shares'.

¹³⁶ Parties' Vertical Submission, page 17.

¹³⁷ FMN, paragraph 18.62.

¹³⁸ Parties' Vertical Submission, page 15.

¹³⁹ Parties' Vertical Submission, page 16; FMN paragraph 18.45.

- (a) In the Funerals Market Investigation, the CMA found that crematoria have high fixed costs, and therefore a new crematorium would need to conduct a sufficient number of cremations to be profitable.¹⁴⁰
- (b) One Southern internal document indicates that carrying out a [X] of cremations was [X].¹⁴¹ Another document shows that Southern aimed to [X].¹⁴² Another document also shows that [X] was an important factor Southern considered when identifying potential locations for a new crematorium.¹⁴³
- (c) The CMA also found limited evidence that rival vertically integrated crematoria restrict access to rival funeral directors:
 - (i) Funeral directors told the CMA that they have not had any difficulty in arranging cremations at a customer's preferred crematorium.¹⁴⁴
 - (ii) The CMA is only aware of one vertically integrated crematorium which can only be used for its own funeral services.¹⁴⁵ Other vertically integrated crematoria competitors confirmed that they do not restrict funeral directors' access to their crematoria.¹⁴⁶ One specified that it has never charged different prices or offered more favourable slots to different funeral directors.¹⁴⁷

94. Third party evidence also indicates that crematoria generally have an incentive to allow access by third-party funeral directors.

- (a) Some funeral directors considered that the Merged Entity would be unlikely to restrict access to its crematoria, as some funeral directors conduct a significant number of funerals at its crematoria and the Merged Entity would be unlikely to have sufficient volumes from its own funerals to offset the loss.¹⁴⁸
- (b) A competitor crematorium submitted that it did not consider that the Merged Entity could divert funerals to Southern's crematoria, as that would cause it to lose business.¹⁴⁹ Consistent with the Funerals Market Investigation, a

¹⁴⁰ [CMA's Funerals Market Investigation Final Report](#), December 2020, paragraph 4.61.

¹⁴¹ Southern Internal Document, Annex 270 to the FMN, '[X]', June 2025, slides 2–3.

¹⁴² Southern Internal Document, Annex 271 to the FMN, '[X]', June 2025, slide 23.

¹⁴³ Southern Internal Document, Annex 272 to the FMN, '[X]', December 2024, slides 9 and 19.

¹⁴⁴ Note of a call with a third party, July 2026, paragraph 25; note of a call with a third party, August 2026, paragraph 9.

¹⁴⁵ Note of a call with a third party, June 2026, paragraph 31; [Cremation & Funeral Price List - Harbour View, Full Pricelist and Additional Information](#), page 2 which states that 'Cremation is available only as part of a package of our services'.

¹⁴⁶ Note of a call with a third party, July 2026, paragraph 32; note of a call with a third party, July 2026, paragraphs 24–25.

¹⁴⁷ Note of a call with a third party, July 2026, paragraphs 24–25.

¹⁴⁸ Note of a call with a third party, August 2026, paragraph 13; note of a call with a third party, August 2026, paragraph 24.

¹⁴⁹ Note of a call with a third party, August 2026, paragraph 33.

competitor also indicated that operating near capacity is important for the profitability of crematoria.¹⁵⁰ However, competitors also noted that their crematoria could still be profitable operating significantly below full capacity.¹⁵¹

- (c) Nearly all funeral directors expressed a neutral or positive view on the Merger overall, suggesting they were not concerned about foreclosure.¹⁵² Only one funeral director had a negative view on the Merger, citing concerns that the Merged Entity could restrict rival funeral directors' access to its crematoria.¹⁵³

5.5.2.3 Conclusion on incentive

- 95. Based on the evidence above, the CMA found that the Merged Entity does not have the incentive to foreclose. The CMA considers that, given the third-party evidence and the findings of the Funerals Market Investigation, the costs of foreclosure are likely to be considerable, and it has not seen evidence that the benefits of foreclosure would outweigh these, particularly given that the Merged Entity's ability to foreclose is not particularly strong. The evidence also indicates that crematoria are incentivised to maximise cremation volumes, consistent with limited evidence of other vertically integrated crematoria restricting access.

5.5.3 Conclusion on theory of harm 3

- 96. On the basis that the Merged Entity would not have an incentive to foreclose, the CMA has found that the Merger would not give rise to a realistic prospect of an SLC as a result of input foreclosure in the supply of funeral services locally.

6. CONCLUSION ON SUBSTANTIAL LESSENING OF COMPETITION

- 97. Based on the evidence set out above, the CMA believes that it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in (i) the retail supply of groceries in convenience stores in local areas centring around the sites listed in Annex 1, 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 mentioned in paragraph 74 above.

¹⁵⁰ Note of a call with a third party, July 2026, paragraph 33.

¹⁵¹ Note of a call with a third party, July 2026, paragraph 33; note of a call with a third party, July 2026, paragraph 20. The CMA notes that these competitor crematoria are older than Tamar Valley and The Oaks and therefore may be more likely to have recouped the fixed costs of construction. See also [3<].

¹⁵² Responses to the CMA questionnaire from a number of third parties, July 2026, question 17.

¹⁵³ Response to the CMA questionnaire from a third party, July 2026, question 17. However, cremations at Southern's crematoria account for a relatively small proportion of cremations arranged by this funeral director, suggesting that the Merged Entity has limited ability to foreclose this funeral director.

DECISION

98. Consequently, the CMA believes that it is or may be the case that (i) a relevant merger situation has been created; and (iii) the creation of that situation has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
99. The CMA therefore believes that it is under a duty to refer under section 22(1) of the Act. However, the duty to refer is not exercised whilst the CMA is considering whether to accept undertakings under section 73 of the Act instead of making such a reference.¹⁵⁴ CGL has until 22 September 2026¹⁵⁵ to offer an undertaking to the CMA.¹⁵⁶ The CMA will refer the Merger for a phase 2 investigation¹⁵⁷ if CGL does not offer an undertaking by this date; if CGL indicates before this date that it does not wish to offer an undertaking; or if the CMA decides¹⁵⁸ by 29 September 2026 that there are no reasonable grounds for believing that it might accept the undertaking offered by CGL, or a modified version of it.
100. The statutory four-month period mentioned in section 24 of the Act in which the CMA must reach a decision on reference in this case expires on 26 November 2026. For the avoidance of doubt, the CMA hereby gives CGL notice pursuant to section 25(4) of the Act that it is extending the four-month period mentioned in section 24 of the Act. This extension comes into force on the date of receipt of this notice by CGL and will end with the earliest of the following events: the giving of the undertakings concerned; the expiry of the period of 10 working days beginning with the first day after the receipt by the CMA of a notice from CGL stating that it does not intend to give the undertakings; or the cancellation by the CMA of the extension.

Joel Bamford
Executive Director, Mergers
Competition and Markets Authority
15 September 2026

¹⁵⁴ Section [22\(3\)\(b\)](#) of the Act.

¹⁵⁵ Section [73A\(1\)](#) of the Act.

¹⁵⁶ Section [73\(2\)](#) of the Act.

¹⁵⁷ Sections [22\(1\)](#) and [34ZA\(2\)](#) of the Act.

¹⁵⁸ Section [73A\(2\)](#) of the Act.

ANNEX 1

Store brand	Store address	Store postcode
The Co-operative Group	Bracklesham Lane, Bracklesham Bay, Chichester	PO20 8JA
The Co-operative Group	The Parade, Pagham, Bognor Regis	PO21 4TW
The Co-operative Group	1 Bridge Yard, Bradford-On-Avon	BA15 1EJ
The Co-operative Group	14–20 The Broadway, Newhaw, Addlestone	KT15 3HA
The Co-operative Group	255 High Street, Guildford	GU1 3BS
The Co-operative Group	36–37 Easton Square, Portland	DT5 1BY
The Co-operative Group	Botley Road, North Baddesley, Southampton	SO52 9DW
The Co-operative Group	1 Buckingham Drive, Harrietsham, Maidstone	ME17 1GF
The Co-operative Group	58–60 Oxford Street, Whitstable	CT5 1DG
Southern Co-op	1–5 Seymour Lane, Southampton, North Baddesley	SO52 9FN
Southern Co-op	8 Faversham Road, Lenham	ME17 2PN
Southern Co-op	63 Long Lane, Southampton, Holbury	SO45 2LG
Southern Co-op	223 Winsley Road, Bradford-on-Avon	BA15 1QT
Southern Co-op	Main Road, Arundel	BN18 0EY
Southern Co-op	The Square, Emsworth, Westbourne	PO10 8UE
Southern Co-op	11B Weston Road, Portland	DT5 2BY
Southern Co-op	1 Crosier Close, Old Sarum	SP4 6GX
Southern Co-op	40 Snowberry Crescent, Havant	PO9 2FE
Southern Co-op	1 Cuckoo Lane, Fareham	PO14 3LJ