Dear Competition and Markets Authority,

Re: Potential designation of Aldi Stores Limited, Lidl Great Britain Limited and Lidl Northern Ireland Limited as Large Grocery Retailers under the Groceries Market Investigation (Controlled Land) Order 2010

I am writing to strongly support the CMA's provisional finding that Aldi Stores Limited, Lidl Great Britain Limited and Lidl Northern Ireland Limited should be designated as Large Grocery Retailers ("LGRs") under the Groceries Market Investigation (Controlled Land) Order 2010 ("the Order").

In my view, there is now a compelling case for the CMA to make that designation final.

The purpose of the Order is not to favour one supermarket over another. It is to protect competition by preventing large grocery retailers from using control of land, restrictive covenants, exclusivity arrangements or similar mechanisms to prevent competing grocery retailers from establishing stores nearby.

That principle should apply consistently to all grocery retailers that meet the criteria for designation. Given the substantial development of Aldi and Lidl since the Order was introduced in 2010, continuing to exclude them would no longer reflect the competitive realities of the UK grocery market.

1. Aldi and Lidl have fundamentally changed since 2010

When the Order was introduced, Aldi and Lidl were treated as Limited Assortment Discounters ("LADs"). That classification reflected their business models and significantly narrower product ranges at the time.

The relevant question, however, is whether that classification remains appropriate today.

The CMA's provisional findings indicate that it does not.

The CMA has provisionally concluded that Aldi, Lidl GB and Lidl NI now satisfy the three relevant criteria for designation: they operate larger grocery stores across the relevant geographic areas; they carry a full range of groceries; and they purchase groceries directly from suppliers through an integrated grocery wholesaling function.

Those are precisely the characteristics that formed the basis for designation of the existing LGRs.

The fact that Aldi and Lidl may offer fewer individual product choices within certain categories does not, in my view, justify treating them as fundamentally different from the existing LGRs. The relevant distinction is between a genuinely limited-assortment retailer and a major grocery retailer offering a comprehensive grocery proposition to consumers.

Aldi and Lidl have plainly moved into the latter category.

2. The statutory and regulatory criteria should be applied consistently

The Order itself defines the relevant criteria by reference to:

- operation of Larger Grocery Stores throughout Great Britain or Northern Ireland, or a considerable part of the UK;
- carrying a full range of groceries for retail sale; and
- maintaining an integrated grocery wholesaling function which purchases directly from grocery suppliers.

These criteria are important because they provide an objective basis for determining whether a retailer should be subject to the Order.

The original designation of the seven existing LGRs was based on those characteristics.

If Aldi, Lidl GB and Lidl NI now meet the same criteria, it would be difficult to justify maintaining a regulatory distinction between them and the existing designated retailers.

The Order itself expressly provides a mechanism for designating other grocery retailers where they meet the applicable criteria.

Accordingly, designation would not represent a change in principle. It would represent the proper application of the existing regulatory framework to changed market circumstances.

3. Aldi and Lidl are now significant competitors for the same grocery customers

Aldi and Lidl are no longer peripheral or niche grocery operators.

They have become major national grocery retailers with extensive store networks and substantial competitive significance.

Consumers routinely regard Aldi and Lidl as alternatives to the existing major supermarket groups. Their stores compete for the same household grocery expenditure, operate in many of the same local markets and increasingly provide consumers with a complete grocery shopping proposition.

This is particularly important from a competition perspective.

The purpose of the Order is ultimately to protect consumer choice. If a retailer has become sufficiently significant that preventing it from obtaining access to suitable sites can materially affect local grocery competition, there is a strong case for ensuring that the retailer is subject to the same land-control rules as its major competitors.

The competitive importance of Aldi and Lidl means that their exclusion from the Order risks creating an uneven regulatory framework.

4. Excluding Aldi and Lidl could create an asymmetry in the competitive landscape

There is a particularly important principle at stake here.

The existing LGRs are subject to restrictions designed to prevent them from using land agreements to frustrate competing grocery development.

If Aldi and Lidl are now major grocery retailers meeting the same criteria, there should be

no regulatory loophole whereby one major supermarket can be subject to the Order while another major supermarket operating in the same local market is not.

The objective should be a level competitive playing field.

It would be inconsistent with that objective if a retailer could grow to national scale, operate large stores across the UK, offer a full grocery range and compete directly with the existing LGRs, while retaining an exemption from the land-control regime simply because it was historically classified as a Limited Assortment Discounter.

Market regulation should reflect current market circumstances rather than historical classifications.

5. The relevant issue is the effect of land control on competition, not the retailer's branding or business model

Aldi and Lidl may operate distinctive business models and may deliberately maintain a more streamlined range than some competitors.

That does not alter the competitive significance of land.

A supermarket site is a scarce and strategically important asset. Where a retailer has a substantial local presence, control over a site or restrictions affecting neighbouring land can potentially influence whether another grocery retailer can enter or expand within the same catchment.

The competitive concern identified by the Competition Commission when the Order was introduced was precisely that incumbent retailers could control land in highly concentrated local markets and thereby create barriers to entry.

That underlying economic rationale has not disappeared.

If anything, it makes consistent application of the Order more important as the UK grocery market has evolved.

The Order was introduced because control of land could weaken competition and reduce consumer choice. The identity of the retailer controlling that land should not determine whether the underlying competition concern exists.

6. The designation would benefit consumers, regardless of which supermarket ultimately wins the competition

Designation should not be viewed as an attempt to help Aldi or Lidl expand at the expense of Tesco, Sainsbury's, Asda, Morrisons, Co-op, Waitrose or Marks & Spencer.

The benefit is broader.

The purpose is to ensure that competing grocery retailers have a fair opportunity to acquire and develop suitable sites.

That creates genuine competitive pressure.

Where competing retailers can establish stores in close proximity, consumers are better able to compare prices, ranges, quality, service and convenience.

Conversely, where land agreements prevent competitors from opening nearby, consumers may have fewer realistic alternatives and less competitive pressure on the incumbent.

The same principle applies whether the incumbent is Tesco, Sainsbury's, Aldi, Lidl or any other major grocery retailer.

The regulatory principle should therefore be retailer-neutral.

7. The distinction between Aldi/Lidl and the existing LGRs has become increasingly artificial

The original LAD distinction served a legitimate purpose when Aldi and Lidl operated substantially narrower grocery ranges and occupied a different competitive position.

However, the market has changed substantially since 2010.

Aldi and Lidl have expanded their store networks, geographic coverage and grocery offerings and have become major participants in the UK grocery market.

It would therefore be inappropriate for the CMA to treat the historical LAD classification as a permanent exemption.

The question should be whether the characteristics that justified exclusion in 2010 remain present today.

The CMA's provisional conclusion is that they do not.

I strongly support that conclusion.

8. Designation would restore consistency rather than impose an unreasonable new burden

The proposed designation would not introduce an entirely new regulatory concept.

The Controlled Land Order already establishes the relevant rules and already applies to the seven existing LGRs.

Those rules are specifically designed to address land agreements capable of restricting grocery competition.

Applying them to Aldi, Lidl GB and Lidl NI would therefore create consistency across the major grocery retail sector.

Moreover, the Order contains safeguards and exceptions, including provisions concerning operational land and circumstances where restrictions may be legitimate.

The existence of those safeguards means that designation does not amount to an indiscriminate prohibition on legitimate commercial property arrangements.

Rather, it provides an established competition framework for assessing potentially harmful land restrictions.

9. The designation is particularly justified given the importance of local grocery competition

Grocery competition is experienced by consumers locally.

A consumer does not simply choose between national market shares; they choose between the stores realistically accessible to them.

Consequently, the availability of a competing supermarket within a particular town, district or catchment area can materially affect consumer choice and prices.

Land restrictions can therefore have effects far beyond the immediate parties to a property agreement.

A restriction preventing a competing supermarket from opening on a strategically located site can potentially affect thousands of consumers who would otherwise have had another grocery option.

The CMA should therefore continue to focus on preventing large retailers from acquiring or exercising land rights in a manner that unnecessarily restricts competing grocery retail.

That rationale applies equally to Aldi and Lidl.

10. Equal treatment is particularly important in a highly concentrated market

The UK grocery market is a major part of household expenditure and competition between the principal grocery retailers has a direct impact on consumers.

Aldi and Lidl have become important sources of competitive pressure within that market.

It would therefore be counterproductive to allow them to occupy a position where they benefit from the protections of competitive markets while potentially retaining access to land arrangements that the Order prevents other designated LGRs from using.

The appropriate approach is straightforward:

If Aldi and Lidl meet the criteria that determine whether a retailer is an LGR, they should be subject to the same rules as the other LGRs.

The regulatory framework should not create different rules for competing retailers based upon their historical origins or business model.

11. The CMA's provisional findings provide a sound basis for final designation

The CMA has already undertaken the relevant review and provisionally concluded that:

1. Aldi Stores Limited operates larger grocery stores across Great Britain;
2. Lidl Great Britain Limited operates larger grocery stores across Great Britain;
3. Lidl Northern Ireland Limited operates larger grocery stores across Northern Ireland;
4. each retailer carries a full range of groceries;
5. each has an integrated grocery wholesaling function purchasing directly from suppliers; and
6. consequently, the retailers no longer qualify as Limited Assortment Discounters for the purposes of the Order and meet the criteria for designation as LGRs.

Those findings provide a strong and coherent basis for final designation.

The CMA should therefore proceed to confirm its provisional view unless substantive evidence is produced demonstrating that one or more of those criteria is not satisfied.

12. Final request

For all of the reasons above, I respectfully urge the CMA to make its provisional findings final and designate:

- **Aldi Stores Limited**
- **Lidl Great Britain Limited**
- **Lidl Northern Ireland Limited**

as Large Grocery Retailers under the Groceries Market Investigation (Controlled Land) Order 2010.

In particular, I believe designation is justified because:

First, Aldi and Lidl have evolved substantially since 2010 and can no longer reasonably be regarded as limited-assortment discounters for the purposes of this Order.

Second, they meet the same substantive criteria used to identify the existing LGRs.

Third, they are now major competitors for consumers' grocery expenditure and operate extensively in local markets throughout Great Britain and Northern Ireland.

Fourth, land remains an important potential barrier to entry and expansion in local grocery markets.

Fifth, the competition concerns addressed by the Order apply to major retailers irrespective of their particular business model or historical classification.

Sixth, excluding Aldi and Lidl while regulating other major supermarket groups risks creating an unnecessary regulatory asymmetry and an uneven competitive playing field.

Finally, designation would promote the fundamental objective of the Order: ensuring that consumers have genuine choice between competing grocery retailers and that competition, rather than control of strategically important land, determines which retailers can serve local communities.

I therefore strongly support the CMA's provisional decision and respectfully request that Aldi Stores Limited, Lidl Great Britain Limited and Lidl Northern Ireland Limited be formally designated as Large Grocery Retailers under the Order.

Yours faithfully,

Anonymous Shopper