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**Competition and Markets Authority**

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To whom it may concern

**RE: Groceries Market Investigation (Controlled Land) Order 2010: Assessment of Aldi Stores Limited, Lidl Great Britain Limited and Lidl Northern Ireland Limited under the Controlled Land Order 2010**

1. This submission is made by Iceland Foods Limited (**Iceland**), and sets out its views regarding the Competition and Markets Authority's (**CMA**) provisional decision to designate Aldi Stores Limited (**Aldi**), Lidl Great Britain Limited (**Lidl GB**) and Lidl Northern Ireland Limited (**Lidl NI**)<sup>1</sup> as Large Groceries Retailers (**LGRs**) under the Groceries Market Investigation (Controlled Land) Order 2010 (the **CLO**) (the **Provisional Decision**).<sup>2</sup>
2. This submission is supplementary to Iceland's previous submissions<sup>3</sup> regarding the proposed designation of Aldi and Lidl as LGRs under the CLO, all of which ought to be reviewed together.<sup>4</sup>
3. Iceland welcomes the CMA's provisional decision to designate Aldi, Lidl GB **and** Lidl NI as LGRs under the CLO, and submits that this designation should be confirmed and finalised. Iceland sets out the reasons in support of its view, below.

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<sup>1</sup> For the avoidance of doubt, Lidl GB and Lidl NI are collectively referred to as "**Lidl**" in this submission. Iceland considers that each of Lidl GB and Lidl NI should be designated as an LGR, to ensure that the obligations set out in the CLO attach to the totality of Lidl's grocery retailing operations across the UK.

<sup>2</sup> Dated 7 August 2026, and available here:

[https://assets.publishing.service.gov.uk/media/6a7584d45a472b60f4ea6d26/provisional\\_decisions\\_report.pdf](https://assets.publishing.service.gov.uk/media/6a7584d45a472b60f4ea6d26/provisional_decisions_report.pdf)

<sup>3</sup> **[CONFIDENTIAL INFORMATION REMOVED]** (collectively the **Previous Submissions**).

<sup>4</sup> Unless otherwise defined, capitalised terms bear the meaning ascribed to them in Iceland's Previous Submissions and/or the CLO.

4. **Aldi and Lidl are no longer Limited Assortment Discounters:** The decision to classify Aldi and Lidl as Limited Assortment Discounters (**LADs**) when the CLO was first enacted was an evidentiary judgement based on their size, scale, strategic approach and business model at that time. Clearly, the market significance and competitive influence of each of Aldi and Lidl in 2010 was materially smaller than that exerted by retailers that were designated as LGRs at the same time.
5. The CMA and its predecessors have consistently identified that LADs adopt a “no frills” approach to grocery retailing, typically characterised by several factors including a significantly smaller, more limited and often less predictable product range<sup>5</sup>; smaller store formats and leaner staffing models; limited or regional geographic reach, and consistently lower prices. LADs typically have smaller market shares than LGRs which arguably reflects their limited substitutability with an LGR offering.<sup>6</sup> As a collective, LADs are deemed to exert a lesser degree of competitive influence on LGRs than other LGRs.<sup>7</sup>
6. The business model, strategy and scale of Aldi and Lidl have evolved materially over the sixteen years since the CLO was enacted<sup>8</sup>: Aldi and Lidl now consistently make available a broad and comprehensive product range, from a significantly wider geographic footprint.<sup>9</sup> More pertinently, customer and public perception regarding Aldi and Lidl has changed fundamentally since the inception of the CLO. Current switching and market share data<sup>10</sup> now clearly demonstrates that customers view Aldi and Lidl as credible grocery retailers and close substitutes or alternatives for other grocers already designated under the CLO. As a result of these changes, Aldi and Lidl now command a significant individual and combined share of the grocery market: according to recent data<sup>11</sup>, Aldi’s estimated market share as at 9 August 2026 was 9.3% and Lidl’s share was 7.7% making them the third and fifth largest grocery retailers in the UK respectively, with a combined share close to 20%. Aldi and Lidl now each exert a significant and compelling degree of competitive influence in the UK grocery market.
7. Any CLO classification should reflect these prevailing views and market realities. It is no longer reasonable or appropriate to classify Aldi, Lidl GB or Lidl NI as LADs.

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<sup>5</sup> For instance, it was identified in *Sainsbury’s/Asda* that LADs operate a “when it’s gone, it’s gone” principle for some of their ranges.

<sup>6</sup> At the time the CLO was enacted, Aldi and Lidl were reported to hold an estimated UK market share of 1.4% and 1.3% respectively. As set out in paragraph 6, their market shares have significantly increased since 2010. **[CONFIDENTIAL INFORMATION REMOVED]**

<sup>7</sup> See for instance the Market Investigation and also *Sainsbury’s/Asda* (2019), where the CMA found that the strength of the competitive constraint exerted by Aldi and Lidl was smaller than that exerted by other traditional grocers based on the difference in the totality of their respective offerings.

<sup>8</sup> This has been recognised by the CMA in merger assessments and market analyses conducted since the CLO was first enacted. See for instance, *Sainsbury’s / Asda* (“*Our analysis confirms they [Aldi and Lidl] are now an important presence in the market.*”, paragraph 17); and the 2023 Grocery Profitability assessment (Paragraph 1.26 states “*Throughout the last ten years the discounters (Aldi and Lidl) gained market share from the major supermarkets...*”).

<sup>9</sup> In addition, as set out in the Previous Submissions and noted in the Provisional Decision many LGRs run schemes whereby their price of household essentials are matched to the Aldi and/or Lidl price for an equivalent product. The effect of these schemes is that the prices of these core grocery products are often the same or similar at Aldi, Lidl and other LGRs.

<sup>10</sup> See Iceland’s Previous Submissions.

<sup>11</sup> Worldpanel by Numerator, Total Grocery, 12w/e 9<sup>th</sup> August 2026, spend share. Note that this market share data relates to GB only, and thus excludes the share of Lidl NI.

8. **Aldi and Lidl now satisfy all three of the Article 3(4) LGR designation criteria:** The fact that Article 3(4) was included in the CLO at the time of enactment indicates that the issue of LGR designation was not intended to be a static, one-off exercise. It was envisaged that other retailers may be designated as LGRs beyond those listed in Schedule 1 of the CLO.
9. Iceland considers that the Article 3(4) designation criteria are intended to operate collectively as a “sufficiency benchmark” to gauge whether a Grocery Retailer has the requisite size, scale and market significance to warrant designation under the CLO. In other words, does a potential designee exert a degree of competitive influence such that its conduct – including in particular its conduct relating to the acquisition, control and use of land – is capable of materially affecting competition in the UK grocery market?
10. On any reasonable interpretation, each of Aldi, Lidl GB and Lidl NI currently satisfy all three of the LGR designation criteria set out in Article 3(4).
11. In addition to the views Iceland set out in its Previous Submissions on this point, it notes that:
  - a. **Sufficient geographic presence:** The current operational scale of each of Aldi and Lidl is such that (i) their physical footprint spans across considerable parts of the UK; and (ii) the vast majority of their stores comprise Larger Grocery Stores.<sup>12</sup> It is the breadth of this physical presence which would enable Aldi and Lidl to deploy problematic land arrangements of the kind prohibited under the CLO, at scale and in a way that could have a material adverse impact on competition for groceries across the UK market.

Both Aldi and Lidl have materially grown their physical presence since the Market Investigation, and the Provisional Decision confirms that they currently operate more than 1,000 stores each.<sup>13</sup> Public reports also confirm an ongoing strategy to grow their Larger Grocery Store portfolio across the UK: in April 2026, Lidl announced a £600m investment to open 50 stores in 12 months<sup>14</sup>; and published a “wish list” for new store locations that can house Larger Grocery Stores.<sup>15</sup> Aldi also announced a £40m investment to open 8 new stores in London in April.<sup>16</sup> This growth strategy shows no sign of abatement, with some reports suggesting that each of Aldi and Lidl has a long-term ambition to open 1,500 stores across the

<sup>12</sup> The Provisional Decision indicates that Larger Grocery Stores account for 72%, 87% and 80% of the total number of stores currently operated by Aldi, Lidl GB and Lidl NI respectively. [CONFIDENTIAL INFORMATION REMOVED]

<sup>13</sup> Table 4.4 in the Provisional Decision indicates that Aldi currently operates 1,085 stores and Lidl operates 1,060 stores (1,016 by Lidl GB and 44 by Lidl NI).

<sup>14</sup> See: <https://www.thegrocer.co.uk/news/lidl-to-open-50-stores-in-12-months-in-600m-investment/717469.article>. See also these articles which detail new Lidl Larger Grocery Store openings in Ellesmere Port (<https://www.chesterstandard.co.uk/news/26062121.ellesmere-port-get-first-ever-lidl-store-great-sutton/>) and Warrington (<https://www.warringtonguardian.co.uk/news/26465258.lidl-confirms-closure-fennel-street-store-new-supermarket-opens/>).

<sup>15</sup> See: [https://www.thegrocer.co.uk/news/lidl-publishes-latest-wish-list-of-new-store-locations/718171.article?int\\_campaign=2&int\\_campaign\\_type=miso](https://www.thegrocer.co.uk/news/lidl-publishes-latest-wish-list-of-new-store-locations/718171.article?int_campaign=2&int_campaign_type=miso) and <https://view.ceros.com/rhapsody/lidl-site-requirements-brochure/p/2>

<sup>16</sup> See: <https://www.thegrocer.co.uk/news/aldi-to-open-eight-new-london-stores-in-40m-investment/717861.article>. In 2025, Aldi also published a list of priority locations to house new Aldi stores of at least 20,000ft<sup>2</sup> (c.1858m<sup>2</sup>). See here: <https://www.aldiexpresscentre.co.uk/business-news/aldi-reveals-latest-priority-locations-for-new-stores/>

UK.<sup>17</sup> If each achieved this ambition, Iceland understands that they would each operate more large format stores than any other LGR in the UK market.<sup>18</sup>

- b. **Sufficient range of core Groceries:** It is immaterial that the SKU count of each of Lidl and Aldi is still smaller than that available at other LGRs. The pertinent point is that Aldi and Lidl each make available a comprehensive range of essential household Grocery items across all Grocery categories, sufficient for them to each serve as a destination for a full, “regular” or routine weekly shop. It is the availability and price of this core range of groceries that drives the intensity of competition across the UK grocery market.<sup>19</sup>

Iceland notes the comments made by Aldi and Lidl in the Provisional Decision regarding the alleged lack of depth or variety in the product ranges they offer versus the ranges of LGRs.<sup>20</sup> Even if customers considered this lack of depth to materially differentiate Aldi and Lidl from other LGRs (which does not seem to be the case based on customer switching and market share data), the non-designation of Aldi and Lidl under the CLO could have the unintended effect of limiting customer choice in local areas. For example, if Aldi and Lidl – unconstrained by the provisions of the CLO – could legitimately agree long-term exclusivity agreements that operate in their favour, local communities would be deprived of the option of other grocers that do make available deeper, more varied or specialist grocery offerings.

From their own public statements, however, both Aldi and Lidl deliberately position themselves as non-specialist, mainstream supermarkets serving the essential grocery needs of the nation. As set out in the Previous Submissions, it is untenable for Aldi and Lidl to advertise that they offer a sufficient range of groceries for a customer to complete a full weekly shop; but an insufficient number or range to warrant designation as an LGR under the CLO. They cannot have it both ways.

- c. **Direct sourcing model:** Iceland understands that Article (3)(4)(c) was identified as one of the three LGR designation criteria to reflect the fact that only a retailer with a meaningful degree of competitive influence would have the scale and bargaining power to interact with, and source directly from, suppliers.

Iceland understands that Aldi and Lidl operated such a direct sourcing model even at the time of the Market Investigation, and this has not changed. However, the designation criteria set out in Article 3(4) are cumulative – the CLO provides that a retailer should be designated as an LGR, where it satisfies all three of the

<sup>17</sup> See: <https://www.thegrocer.co.uk/news/lidl-set-to-open-five-stores-on-thursday/715443.article>

<sup>18</sup> This assumes that the reported target store count of 1,500 relates to the number of Larger Grocery Stores operated (or to be operated) by each. For instance, public sources (e.g. annual reports/websites) currently indicate that Tesco operates c.800 large stores; Sainsbury's operates c.600 large stores, Asda operates c.900 large stores; Morrisons operates c.500 large stores.

<sup>19</sup> See Iceland's Previous Submissions.

<sup>20</sup> See for instance paragraph 4.39 of the Provisional Decision.

designation criteria simultaneously. As above, the development in Aldi and Lidl's (i) physical reach and (ii) product range, now means that they each satisfy the three Article 3(4) designation criteria simultaneously.<sup>21</sup>

12. **A decision to designate preserves the ongoing utility and efficacy of the CLO as a remedy:** Fresh designation of Aldi and Lidl as LGRs recalibrates the utility of the CLO to reflect evolving market conditions and developments. It ensures that the CLO remains effective to fulfil the purpose for which it was initially enacted: to prohibit retailers that exert material competitive influence from seeking to undermine robust competition for groceries through their use or control of land. This rationale has not changed, but the remit of the retailers to which the CLO applies must be adjusted to include all relevant retailers.
13. **A decision to designate re-levels the playing field and ensures equivalent regulatory treatment:** The classification of any Grocery Retailer as either a LAD or a LGR under the CLO necessarily requires an evidentiary-based assessment. As a matter of fairness, this assessment should be conducted on an objective, non-discriminatory and consistent basis taking account of robust evidence.
14. The Provisional Decision re-balances a prevailing disparity, whereby players with a market presence or significance smaller than that held by Aldi and Lidl were required to adhere to the CLO, when the same obligations did not apply to Aldi and Lidl themselves.
15. The Provisional Decision thus re-levels the playing field, by ensuring equivalent regulatory treatment of any retailer that satisfies the CLO's LGR designation criteria.
16. **A decision to designate is a proportionate outcome:** The Provisional Decision does not create a significant compliance or regulatory burden for Aldi or Lidl. Rather, it is a proportionate and justified outcome to eliminate actual or potential barriers which unduly foster market concentration and inhibit entry and growth in local grocery markets. It prevents the use of deliberately anti-competitive business practices.
17. It is also noteworthy that the CMA has identified some use of restrictive covenants and exclusivity arrangements in the land agreements of Aldi, Lidl GB and Lidl NI. Appendix A of the Provisional Decision notes that a 10% sampling exercise conducted in 2025 regarding the land agreements of each Aldi, Lidl GB and Lidl NI identified a number of provisions that would restrict grocery retailing (the **Sampling Exercise**). Appendix A indicates that 50-60% of Aldi's sample, 10-20% of Lidl GB's sample and 20-30% of Lidl NI's sample contained a restriction on grocery retailing. Considering the size and scale of their respective land portfolios, it stands to reason that the elimination of such restrictions (and a prohibition on agreeing such restrictions going forward) would have a positive effect on competitor growth and / or entry into local areas.

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<sup>21</sup> As set out in the Previous Submissions, Article 3(4)(c) also draws a link between the CLO and GSCOP. It is already materially anomalous that Aldi and Lidl GB are designated under GSCOP (the other remedy found to be required at the conclusion of the Market Investigation to promote and safeguard competition in the UK groceries market), but not the CLO.

18. For the avoidance of doubt, if the Provisional Decision is confirmed and Aldi and Lidl are designated as LGRs, Iceland understands that Aldi and Lidl will be required to adhere to all provisions of the CLO, and in particular:

- a. A list of restrictive covenants and exclusivity arrangements found by the CMA during the Sampling Exercise to restrict, prevent or distort competition, will be published in a way that is akin to Schedule 2a and 3a of the CLO.<sup>22</sup>
- b. Aldi and Lidl will be required to release any problematic restrictive covenants and/or will be prohibited from enforcing problematic exclusivity arrangements identified during the Sampling Exercise, as is required in Article 4 and Article 7 of the CLO respectively.
- c. Third parties will have the ability to challenge any existing restrictive covenant and/or exclusivity arrangement that operates in favour of Aldi and Lidl in land arrangements agreed prior to their designation, in accordance with the Schedule 4 test, as is contemplated in Articles 4 and 7 of the CLO. Aldi and Lidl will be required to release and/or cannot enforce any arrangement that fails the Schedule 4 test.
- d. Aldi and Lidl will be prohibited from agreeing any restrictive covenant and / or exclusivity arrangement of the kind contemplated in Article 5(1) and / or Article 8 of the CLO, going forward.

19. **A decision to designate is pro-consumer:** The Provisional Decision contributes to the CMA's wider mission to champion fair competition and create or preserve market conditions and structures that maximise freedom of choice for consumers in local communities, as to where and how they shop for groceries. As the CMA has noted, "*The rules [set out in the CLO] ensure supermarkets compete freely – and ultimately ensure shoppers have more choice about where to buy, and how much to pay for, their groceries*".<sup>23</sup>

20. Iceland trusts this is helpful to the CMA's ongoing work regarding this matter, and looks forward to the final outcome.

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<sup>22</sup> Schedule 2a and 3a of the CLO currently set out respectively the restrictive covenants and exclusivity arrangements that were agreed and/or that operated in favour of the originally designated LGRs, and which were found at the time to prevent, restrict or distort competition.

<sup>23</sup> See the CMA's press release dated 7 August regarding the Provisional Decision, available here:

<https://www.gov.uk/government/news/aldi-and-lidl-should-be-subject-to-the-same-rules-as-major-supermarkets>.

21. Please note that information highlighted in yellow in this response is confidential to Iceland.

**Yours sincerely,**

**Iceland Foods Limited**