Anticipated Acquisition by McCormick & Company, Inc. of the foods business of Unilever PLC

Summary of the phase 1 decision

ME/7154/26

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by McCormick & Company, Inc. (**McCormick**) of substantially all of Unilever PLC's global food business (**Unilever Foods**) gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of dry ingredient mixes and separately, the supply of dry sauces to retailers in the United Kingdom (**UK**).

2. McCormick has agreed to acquire substantially all of Unilever PLC's global food business (some food businesses will remain with Unilever PLC) pursuant to a merger agreement and Unilever PLC will receive shares in McCormick as well as the right to appoint members of the McCormick board. The CMA refers to this acquisition as the **Merger**. McCormick, Unilever Foods and Unilever PLC are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

3. As the CMA has found that the Merger gives rise to a realistic prospect of an SLC, the Parties have until 18 November 2026 to offer undertakings in lieu of a reference (**UILs**) to the CMA that will remedy the competition concerns identified. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).

Who are the businesses and what products/services do they provide?

4. In the UK, McCormick's consumer business includes the sale of dry ingredient mixes and sauces under the Schwartz brand, and condiments and sauces under brands such as French's.

5. Unilever PLC is a UK-headquartered consumer goods group. Unilever Foods is a business group of Unilever PLC, and, in the UK, it offers various types of food products under the Knorr, Maille and Colman's brands.

6. The products that the CMA looked at in detail were:

   (a) The supply of dry ingredient mixes (eg chilli con carne) and dry sauces (eg parsley sauce) to retailers in the UK; and

   (b) The supply of mustard to retailers (eg supermarkets) in the UK.

Why did the CMA review this Merger?

7. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so. In this case, the CMA has concluded that it has jurisdiction to review this Merger because a relevant merger situation has been created on the basis of the turnover test, as the UK turnover of each of McCormick and Unilever Foods exceeds £100 million.

8. The Merger is conditional on receiving merger control clearance from relevant competition authorities including from the CMA.

What evidence has the CMA looked at?

9. In assessing this Merger, the CMA considered a wide range of evidence in the round.

10. The CMA received several submissions and responses to information requests from the Parties. The CMA gathered information about the products provided by the Parties and the competitive landscape in which they operate.

11. The CMA also examined the Parties' own internal documents, which show how they run their business and how they view their rivals in the ordinary course of business.

12. The CMA spoke to and gathered evidence from customers and competitors of the Parties to understand better the competitive landscape, and to get their views on the impact of the Merger.

What did the evidence tell the CMA…

…about the effects on competition of the Merger?

13. The CMA considered whether the Merger would lead to an SLC in the supply of dry ingredient mixes and the supply of dry sauces to retailers in the UK as well as in the supply of mustard to retailers in the UK.

14. In relation to both dry cooking ingredient mixes and dry pour over sauces, the CMA found that the Merger will combine the two largest branded suppliers and the Merged Entity will be the largest supplier of dry ingredient mixes and dry sauces by far. The CMA also found that the Parties are closely competing in dry ingredient mixes and dry sauces. While private label and branded competitors (including Maggi in dry ingredient mixes and Bisto in dry sauces) exert some degree of competitive constraint, their products - as well as those from other branded suppliers and other product types - impose only a limited constraint on the Parties in dry ingredient mixes and dry sauces.

15. The CMA found that the Parties offer different types of mustard. McCormick supplies American style mustard under the French's brand and Unilever supplies English style mustard under the Colman's brand, as well as French style mustard under the Maille brand. Evidence from large supermarkets indicated that end-consumers typically do not consider English, French and American style mustards to be suitable alternatives to one another, and as a result, it is important for supermarkets to stock each of the different types of mustard. As there is limited meaningful competitive interaction between the different types of mustard, the CMA found that each of the different types of mustard form separate product markets and there is no overlap between the Parties' products. In addition, no retailers raised any concerns that the Merged Entity would try to leverage market power in a given mustard type to harm the competitiveness of its rivals in another mustard type, or types. Therefore, the CMA found no realistic prospect of competition concerns in relation to mustard.

…about any entry or expansion?

16. The CMA found that it is difficult to enter and/or expand in dry ingredient mixes and dry sauces, due to limited shelf space in supermarkets and the well-established position of existing suppliers (in particular the Parties and private label). The CMA has also not seen any significant growth in the relevant product markets that would suggest new entry or expansion would be sufficient to constrain the Merged Entity.

What happens next?

17. As a result of these concerns, the CMA believes the Merger gives rise to a realistic prospect of SLCs in the supply of dry ingredient mixes and separately, dry sauces to retailers in the UK. The Parties have until 18 November 2026 to offer undertakings which might be accepted by the CMA to address the SLC(s). If no such undertaking is offered, or the CMA decides that any undertaking offered is 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 33(1) and 34ZA(2) of the Act.