

DETERMINATION OF MERGER NOTIFICATION M/23/023 – COMPASS/GLANMORE

Section 21 of the Competition Act 2002

Proposed acquisition by Compass Catering Services Ireland Limited of sole control of Glanmore Foods Limited

Dated: 28 June 2023

Introduction

1. On 24 May 2023, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Compass Catering Services Ireland Limited (“Compass”) would acquire the entire issued share capital, and thus sole control, of Glanmore Foods Limited (“Glanmore”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a share purchase agreement, dated 24 May 2023, between Compass, CNB Investments Limited, John Mooney and Jennifer Mooney¹ (the “SPA”). Under the terms of the SPA, Compass will acquire the entire issued share capital, and thus sole control, of Glanmore from CNB Investments Limited.

The Undertakings Involved

The Acquirer – Compass

3. The Compass Group plc is a British contract foodservice company that operates across a range of different sectors in 40 countries and is listed on the London Stock Exchange. Compass is a wholly owned indirect subsidiary of the Compass Group plc and operates within the State.
4. In the State, Compass provides catering services to organisations in sectors including business and industry, education, sports and leisure. Compass operates under three brands in the State:

¹ [...] are the ultimate beneficial owners of Glanmore.

- *Compass Ireland* provides catering services to the business and industry and education sectors;
 - *Levy* provides catering services to the sports and hospitality sectors; and
 - *Fitzers Catering* provides catering services to the sports and hospitality sectors.
5. Compass, in addition to its catering services, also offers a range of ancillary services, such as cleaning, reception management services and facilities services. [...].
6. For the financial year ending 30 September 2022, the Compass Group plc's worldwide turnover was approximately €30.1 billion, €[...] of which was generated in the State.

The Target - Glanmore

7. Glanmore is active in the manufacture and supply of a range of different food options to the education sector in the State, including pre-packed cold lunches, ready-made hot meals, healthy snacks and in-school catering services.² Glanmore is the largest manufacturer and supplier of school lunches in the State. Glanmore operates exclusively in the State.
8. Glanmore provides catering services to approximately 400 primary and secondary schools throughout the State through several programmes:
- *School Meal Local Projects Scheme*: Glanmore provides school lunches to almost 300 schools under this government scheme, which are predominately located in Munster and Leinster. This programme accounted for [...] % of Glanmore's revenue in 2021 and is likely to grow in light of government policy initiatives.³
 - *Urban School Meals Scheme*: Under this Dublin City Council programme, Glanmore provides milk, fruit and sandwiches to approximately 220 schools in Dublin city.
 - *Food Dudes Healthy Eating Programme*: Glanmore distributes fruit and vegetables on behalf of Bord Bia to over 1,500 schools participating in the scheme.⁴

² These school lunches include pre-packed cold lunches, ready-made hot meals, healthy snacks and lunches provided through in-school catering.

³ See government press release announcing plans for hot meals to all primary schools in the State, accessible at: [gov.ie - Minister Humphreys announces plans for roll-out of Hot School Meals to all Primary Schools \(www.gov.ie\)](https://www.gov.ie/en/minister-humphreys-announces-plans-for-roll-out-of-hot-school-meals-to-all-primary-schools/)

⁴ The EU School Fruit and Vegetables Scheme is implemented in primary schools through the Food Dudes Healthy Programme.

- On-site catering in secondary schools: Glanmore provides on on-site catering services to approximately 40 secondary schools.
9. For the financial year ending 30 June 2022, Glanmore’s worldwide turnover was €[...], all of which was generated in the State.

Rationale for the Proposed Transaction

10. The parties state the following in the notification:

“From [the Compass Group plc’s] perspective, [...]”

“From [Glanmore’s] perspective, the Proposed Transaction [...]”

Third-Party Submissions

11. No third-party submission was received.

Industry Background

12. Bord Bia, in its *Irish Foodservice Market and Consumer Insights 2022* report (“Bord Bia Report”), defines foodservice as *“the term used to describe all food and drink consumed and prepared out of the home. It includes everything from restaurants, pubs, hotels and coffee shops to workplace, hospitals and education catering.”*⁵ Contract catering services form part of this sector and involves the provision of food and drink to customers (usually organisations) for a specified period. Contract catering services are often provided to businesses, wherein the caterer will operate a workplace canteen. Contract catering services are also provided to education institutions or at sporting and leisure events.
13. As noted above, while Compass provides contract catering services to organisations across a range of sectors, Glanmore only provides contract catering services to the education sector. The education sector consists of primary schools, secondary schools and universities.⁶

Competitive Analysis

Horizontal overlap

⁵ See Bord Bia Report, p. 8. Accessible at https://www.bordbia.ie/globalassets/bordbia.ie/industry/insights/2022_irish-foodservice-marketconsumer-insights_report_final.pdf

⁶ See Bord Bia Report, p. 77. Accessible at https://www.bordbia.ie/globalassets/bordbia.ie/industry/insights/2022_irish-foodservice-marketconsumer-insights_report_final.pdf

14. There is a horizontal overlap between the parties in respect of the supply of contract catering services in the State, specifically to the education sector.

Relevant Markets

Product market

15. The Commission has previously considered the provision of contract catering services in its determination in *M/20/004 – WSH Investments/Hesscroft*.⁷ In that determination, the Commission, while ultimately leaving the precise product market definition open, assessed the competitive impact of that transaction by reference to the provision of contract catering services.⁸
16. The European Commission (the “EC”) has previously considered the provision of contract foodservices. In *M.9455 Compass/Frazer Food Services*, the EC considered the provision of “contract foodservices”,⁹ which the Commission considers to be equivalent to contract catering services. The EC, while ultimately leaving the precise product market definition open, assessed the provision of contract foodservices to various customer segments, namely (i) business & industry (staff canteens in both private and public sectors); (ii) education; (iii) healthcare & welfare; and (iv) defence.¹⁰
17. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant product markets because, regardless of whether the potential product market is defined broadly (i.e. provision of contract catering services) or narrowly, (i.e. provision of contract catering services to the education sector), doing so will not alter the Commission’s assessment of the competitive effects of the Proposed Transaction. For the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction by reference to two potential product markets:

- The provision of contract catering services; and

⁷ *M/20/004 – WSH Investments/Hesscroft*, accessible at: <https://www.cccp.ie/business/wp-content/uploads/sites/3/2020/02/M-20-004-WSH-Investments-Hesscroft-Public-Determination.pdf>

⁸ *M/20/004 – WSH Investments/Hesscroft*, see paragraph 14.

⁹ The EC defined contract foodservices as “the provision of foodservices outside the home performed by third parties, typically on the premises of public or private sector customers and involving the supply of food and drink to customers for whom that service is not the primary reason for their presence on the premises”. See paragraph 27, accessible at: https://ec.europa.eu/competition/mergers/cases1/202111/m9455_838_3.pdf

¹⁰ *M.9455 Compass/Frazer Food Services*, see paragraph 43.

- The provision of contract catering services to the education sector.

Geographic market

18. In its determination in *M/20/004 – WSH Investments/Hesscroft*,¹¹ while ultimately leaving the precise geographic market definition open, the Commission assessed the competitive impact of that transaction by reference to the provision of contract catering services in the State.¹² Similarly, in *M.9455 Compass/Frazer Food Services*, the EC stated that “*the geographic market for contract foodservices is national in scope.*”¹³
19. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant geographic markets because doing so will not alter the Commission’s assessment of the competitive effects of the Proposed Transaction. For the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction on a national basis.

Conclusion on relevant markets

20. For the purposes of carrying out its competitive assessment of the Proposed Transaction, the Commission has assessed the Proposed Transaction by reference to the following potential relevant markets:
- The provision of contract catering services in the State; and
 - The provision of contact catering services to the education sector in the State.

Competitive Assessment

The Provision of Contract Catering Services in the State

21. In the notification, the parties provided share estimates for the provision of contract catering services in the State based on their revenue and the Bord Bia Report,¹⁴ as shown in Table 1.

¹¹ *M/20/004 – WSH Investments/Hesscroft*, see paragraph 14.

¹² *M.9455 Compass/Frazer Food Services*, see paragraph 16.

¹³ *M.9455 Compass/Frazer Food Services*, see paragraph 66.

¹⁴ Accessible at: https://www.bordbia.ie/globalassets/bordbia.ie/industry/insights/2022_irish-foodservice-marketconsumer-insights_report_final.pdf

Table 1: Estimated shares for the provision of contract catering services in the State in 2022

Supplier	Value (€, m)	Share of provision
Compass	[...]	[15-20]%
Glanmore	[...]	[0-5]%
Combined	[...]	[20-25]%
Others	[...]	[75-80]%
Total	[...]	100%

Source: the Parties

22. As shown in Table 1 above, Compass would have an estimated [20-25]% share in the provision of contract catering services in the State following the implementation of the Proposed Transaction, an increase of approximately [0-5]% on its pre-merger share.¹⁵
23. Following implementation of the Proposed Transaction, there will remain a number of competitors to Compass, including *Aramark Ireland Holdings Limited*, *Sodexo Ireland Limited*, *Gather and Gather Ireland Limited* (part of the *CH&Co Group*), *ISS Ireland Ltd (ISS Facility Services)*, *WSH Investments Limited*, *Corporate Catering Services Ltd*, *KSG Catering Limited* and *The Mount Charles Group Limited*. These competitors will continue to exert a competitive constraint on Compass in the provision of contract catering services in the State following the implementation of the Proposed Transaction. Furthermore, *Aramark Ireland Holdings Limited* and *Sodexo Ireland Limited*, in particular are large international companies of comparable size and presence to Compass in the provision of contracting catering services in the State that will continue to exert a significant competitive constraint on Compass following the implementation of the Proposed Transaction.
24. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the provision of contract catering services in the State.

¹⁵ Bord Bia Report 2022. Accessible at https://www.bordbia.ie/globalassets/bordbia.ie/industry/insights/2022_irish-foodservice-marketconsumer-insights_report_final.pdf

The Provision of Contract Catering Services to the Education Sector in the State

25. The parties provided share estimates for the provision of contract catering services to the education sector in the State based on their revenue and the Bord Bia Report 2022, as shown in Table 2.

Table 2: Estimated shares for the provision of contract catering services to the education sector in the State in 2022

Supplier	Value (€, m)	Share of provision
Compass	[...]	[0-5]%
Glanmore	[...]	[20-25]%
Combined	[...]	[20-25]%
Others	[...]	[70-80]%
Total	[...]	100%

Source: the Parties

26. As shown in Table 2 above, Compass would have an estimated [20-25]% share in the provision of contract catering services to the education sector in the State following the implementation of the Proposed Transaction, an increase of approximately [20-25]% on its pre-merger share.¹⁶ With an estimated [0-5]% market share, Compass has a minor presence in the provision of contracting catering services to the education sector in the State.
27. Following the implementation of the Proposed Transaction, there will remain a number of competitors to Compass in the provision of contracting catering services to the education sector in the State. In addition to certain of the competitors listed in paragraph 23 above,¹⁷ the following providers *Ashdale Catering Ltd*, *Irish School Meals*, *Carambola Ltd*, *Fresh Today Catering Wexford Ltd*, *The Lunch Bag Ltd*, *The School Food Company Limited* and *The School Meals Company UK* will continue to exert a competitive constraint on Compass in the provision of contract catering services to the education sector in the State following implementation of the Proposed Transaction.

¹⁶ Bord Bia Report 2022. Accessible at https://www.bordbia.ie/globalassets/bordbia.ie/industry/insights/2022_irish-foodservice-marketconsumer-insights_report_final.pdf

¹⁷ *Aramark Ireland Holdings Limited*, *Gather and Gather Ireland Limited* (part of the *CH&Co Group*), *ISS Ireland Ltd* (*ISS Facility Services*), *Corporate Catering Services Ltd*, *KSG Catering Limited* and *The Mount Charles Group Limited*.

28. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the provision of contract catering services to the education sector in the State.

Vertical Overlap

29. The parties state in the notification that there is no vertical relationship between Compass and Glanmore. The Commission has not identified any actual or potential vertical relationship between the parties. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion of Competitive Analysis

30. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

31. Clause 16.1(a), 16.1(b) and 16.1(d) of the SPA contain non-compete and non-solicitation obligations on the Seller¹⁸ and [...].¹⁹ The Commission notes that these obligations are limited in scope and do not exceed the maximum duration acceptable to the Commission.²⁰ Therefore, the Commission considers Clauses 16.1(a), 16.1(b) and 16.1(d) of the SPA to be directly related to and necessary for the implementation of the Proposed Transaction, in so far as they relate to the State.

¹⁸ CNB Investments Limited.

¹⁹ [...].

²⁰ In this respect, the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” [2005] OJ C56/24, available at [c_05620050305en00240031.pdf](https://eur-lex.europa.eu/eli/reg/2005/772/oj) (europa.eu)

Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Compass Catering Services Ireland Limited would acquire the entire issued share capital, and thus sole control, of Glanmore Foods Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission.

Brian McHugh

Member

Competition and Consumer Protection Commission