

DETERMINATION OF MERGER NOTIFICATION M/25/013 – MUSGRAVE LIMITED/CARRICK SUPERMARKET LIMITED

Section 21 of the Competition Act 2002

Proposed acquisition by Musgrave Limited of sole control of Carrick Supermarket Limited

Dated: 25 March 2025

Introduction

1. On 20 February 2025, 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 Musgrave Limited (“Musgrave”) would acquire sole control of Carrick Supermarket Limited (“Carrick”) (the “Proposed Transaction”).¹

The Proposed Transaction

2. The Proposed Transaction is to be implemented by way of a share purchase agreement, dated [REDACTED], between Musgrave, [REDACTED] and [REDACTED] [REDACTED]² (the “SPA”).³

The Undertakings Involved

The Acquirer – Musgrave

3. Musgrave is a wholly owned subsidiary and the main operating entity in the State of Musgrave Group Plc which is the holding company of the Musgrave Group (the “Musgrave Group”). The

¹ Musgrave and Carrick are referred to collectively in this determination as the “Parties”.

² [REDACTED] and [REDACTED] are the shareholders of Carrick. [REDACTED] is described as ‘the covenantor’ in the SPA.

³ [REDACTED]

Musgrave Group is a food retail, wholesale and food-service group active on the island of Ireland, in the UK, and in Spain. The Commission has issued several merger determinations in relation to transactions involving the Musgrave Group.⁴

4. The Musgrave Group owns a number of brands across the food retail, wholesale and foodservice sectors in the State, including *SuperValu*, *Centra*, *Daybreak*, *DayToday*, *Donnybrook Fair*, *Musgrave Marketplace*, *Musgrave Foodservice*, *La Rousse Foods*, *Frank and Honest* and *Italicatessan*. The Musgrave Group also operates cash and carry retail outlets⁵ on the island of Ireland and in Spain.
5. Musgrave is principally a wholesaler-franchisor and operates through franchise agreements with independently owned retail stores. Musgrave also directly owns and operates its own food retail stores. Its main retail brands include:
 - ***SuperValu***: There are 221 *SuperValu* stores in the State, [REDACTED] of which are directly owned and operated by Musgrave. The remainder are franchise stores.
 - ***Centra***: There are 510 *Centra* stores in the State, [REDACTED] of which are directly owned and operated by Musgrave. The remainder are franchise stores.
 - ***Donnybrook Fair***: There are 5 *Donnybrook Fair* stores in the State, all of which are directly owned and operated by the Musgrave Group.
6. For the financial year ended 31 December 2023, the Musgrave Group's total worldwide turnover was approximately €5.023 billion, of which approximately €4.1 billion was generated in the State.

The Target – Carrick

7. Carrick operates one *SuperValu* retail grocery store in the State that is located in Carrick-on-Suir, Co. Tipperary (the "Target Store"). Carrick operates the Target Store as a Musgrave Group franchisee, namely under the *SuperValu* brand.
8. For the financial year ended 30 September 2023, Carrick's total worldwide turnover was approximately [REDACTED], all of which was generated in the State.

⁴ The Commission's most recent determinations involving Musgrave include *M/24/062 – Musgrave/Healy Supermarkets*; *M/24/006 – Musgrave/Febrve*; *M/23/036 – Musgrave/Doyle's Veg Prep*; and *M/22/065 – Musgrave Limited/Caufield Supermarket UC*.

⁵ Self-service wholesale stores.

Rationale for the Proposed Transaction

9. The Parties stated the following in the merger notification form:

“It is the Musgrave Group’s intention to preserve the SuperValu brand in the existing location post completion of the Proposed Transaction, safeguarding employees and thereby ensuring that customers in the area can continue to have the benefits of the SuperValu brand and its services. This will ensure that there is no change to existing levels of competition in any market, as from the perspective of the consumer, the [Target Store] will continue to trade as a SuperValu Supermarket.

From the perspective of the sellers of [Carrick], the Proposed Transaction represents an opportunity to realise a fair valuation for their interests [in Carrick].”⁶

Third-Party Submissions

10. No third-party submissions were received.

Competitive Analysis

Horizontal Overlap

11. There is a horizontal overlap between the Parties in the State, as both are active in the retail sale of grocery goods through their respective stores.

Vertical Relationship

12. There is a vertical relationship between the Parties in the State, as Musgrave supplies grocery goods to Carrick.

Relevant Markets

Product market

Parties’ views

13. In the merger notification form, the Parties state that: “[t]he definition of the relevant product and geographic markets can be left open as, on any plausible basis, the Proposed Transaction

⁶ Merger notification form, section 2.6, paragraphs 24-25.

does not give rise to a substantial lessening of competition as it will not lead to any change in any market in which [Carrick] operates".⁷

14. The Parties, accounting for the previous decisional practice of the Commission and the European Commission, provided information in the merger notification form by reference to: (i) a market for the retail sale of grocery goods; and (ii) an associated market for the wholesale supply of grocery goods.⁸

Previous determinations of the Commission

15. The Commission has considered the grocery retail sector in several previous determinations.⁹ In these previous determinations, the Commission has considered: (i) the upstream wholesale grocery sector; and (ii) the downstream retail grocery sector.

Upstream wholesale grocery sector

16. The Commission considered the upstream wholesale grocery sector in several previous determinations.¹⁰ In *M/24/062 – Musgrave/Healy Supermarkets*, its most recent determination in relation to the upstream wholesale grocery sector, the Commission assessed that transaction by reference to the wholesale supply of grocery goods.¹¹

Commission's view

17. The Commission has found no reason to depart from its most recent approach to the upstream wholesale grocery sector. Therefore, the Commission has assessed the vertical relationship between the Parties by reference to the wholesale supply of grocery goods.¹²

Downstream retail grocery sector

18. The Commission considered the retail sale of grocery goods in detail in its Phase 2 determination in *M/21/071 – Tesco Ireland/Joyce's Supermarkets ("Tesco/Joyce's")*. In *Tesco/Joyce's*, the Commission considered the retail sale of grocery goods and general merchandise in Large and

⁷ Merger notification form, section 5.1, paragraph 70.

⁸ Merger notification form, section 5.1, paragraph 70.

⁹ For example, see *M/24/062 – Musgrave/Healy Supermarkets*, *M/22/065 – Musgrave Limited / Caulfield Supermarket UC* and *M/21/071 – Tesco/Joyce's*.

¹⁰ *M/23/010 – BWG/Tuffy Wholesale* and *M/22/055 – Musgrave / Italicatessen*.

¹¹ *M/24/062 – Musgrave/Healy Supermarkets*.

¹² While it is likely that there are different segments within the wholesale supply of grocery goods, the Proposed Transaction does not raise vertical competition concerns. Consequently, the Commission considers that it is not necessary to consider these segments in detail in relation to the Proposed Transaction.

Small Supermarkets. This market was defined as including: (i) Large Supermarkets; and (ii) Small Supermarkets.¹³ This market did not include convenience stores, service stations or kiosks.

19. The Commission's approach in *Tesco/Joyce's* was followed in *M/24/062 – Musgrave/Healy Supermarkets*,¹⁴ the Commission's most recent determination which considered the downstream retail grocery market.

Commission's view

20. The Commission is of the view that the approach taken in *Tesco/Joyce's*, and subsequently in *M/24/062 – Musgrave/Healy Supermarkets*, is the most appropriate basis to assess the downstream retail grocery sector in respect of the Proposed Transaction.
21. 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 market, as doing so will not alter the Commission's assessment of the horizontal competitive impact of the Proposed Transaction.
22. However, for the purposes of the Commission's assessment of the horizontal overlap between the Parties, the Commission has followed the approach taken in *Tesco/Joyce's* and *M/24/062 – Musgrave/Healy Supermarkets* and has assessed the Proposed Transaction by reference to the following potential relevant product market: The retail sale of grocery goods and general merchandise in Large and Small Supermarkets.

Commission's conclusion on product market

23. 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 market, as doing so will not alter the Commission's assessment of the competitive impact of the Proposed Transaction. However, for the purposes of its assessment of the overlaps between the Parties, the Commission has followed the approach taken in *M/24/062 – Musgrave/Healy Supermarkets*, and has assessed the Proposed Transaction by reference to the following potential relevant product markets:

¹³ In *Tesco/Joyce's*, the Commission broadly categorised grocery retail outlets into four distinct types of stores: (i) Hypermarkets (greater than 2,500 square metres); (ii) Large supermarkets (1,000 to 2,500 square metres) ("Large Supermarkets"); (iii) Small supermarkets (400 to 1000 square metres) ("Small Supermarkets"); and (iv) Convenience shops (up to 400 square metres).

¹⁴ *M/24/062 - Musgrave/Healy Supermarkets*.

- the wholesale supply of grocery goods¹⁵; and
- the retail sale of grocery goods and general merchandise in Large and Small Supermarkets.

Geographic market

Parties' views

24. In the merger notification form, the Parties provided information regarding the Proposed Transaction by reference to (i) the retail sale of groceries within a 10 km radius/10-minute drivetime of the Target Store; and (ii) the wholesale supply of groceries goods on a national level.¹⁶

Previous determinations of the Commission

25. In *M/24/062 – Musgrave/Healy Supermarkets*, while ultimately leaving the precise geographic market definition open, the Commission assessed the following potential geographic markets:
- The retail sale of grocery goods and general merchandise in Large and Small Supermarkets within a drivetime of 10 minutes from Healy's *SuperValu* (the target store in that determination); and
 - The wholesale supply of grocery goods in the State.

Commission's view on geographic market

26. 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 market, as doing so will not alter the Commission's assessment of the competitive impact of the Proposed Transaction. However, for the purposes of its assessment of the overlap between the Parties, the Commission has followed the approach taken in *M/24/062 – Musgrave/Healy Supermarkets*, and has assessed the Proposed Transaction by reference to the following potential relevant geographic markets:

¹⁵ While it is likely that there are different segments within the wholesale supply of grocery goods, the Proposed Transaction does not raise vertical competition concerns. Consequently, the Commission considers that it is not necessary to consider these segments in detail in relation to the Proposed Transaction.

¹⁶ Merger notification form, section 5.1, paragraph 82.

- The retail sale of grocery goods and general merchandise in Large and Small Supermarkets within a drivetime of 10 minutes from the Target Store; and
- The wholesale supply of grocery goods in the State.

Conclusion on relevant markets

27. 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 retail sale of grocery goods and general merchandise in Large and Small Supermarkets within a drivetime of 10 minutes of the Target Store (the “10 minute catchment area”); and
- The wholesale supply of grocery goods in the State.

Competitive Assessment

Horizontal Effects

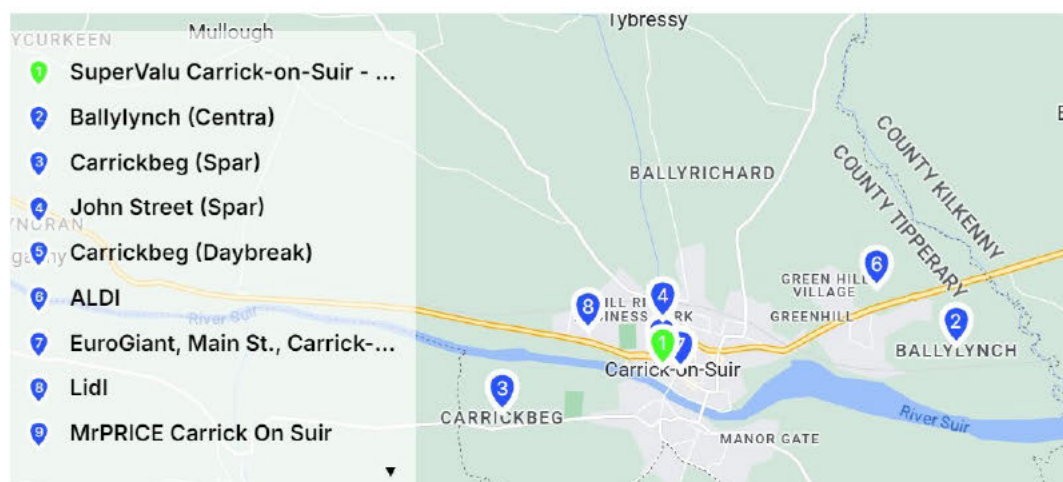
28. As noted above, the Parties are both active in the retail sale of grocery goods and general merchandise.

The retail sale of grocery goods and general merchandise in Large and Small Supermarkets within the 10 minute catchment area

29. Figure 1 shows the location of the Target Store (green marker, number 1) and other Large and Small Supermarkets within the 10-minute catchment area.¹⁷

¹⁷ The Commission does not have information in relation to the specific size of each store within the 10-minute catchment area. Therefore, the Commission has estimated which stores can be classified as Large or Small Supermarkets.

Figure 1: Large and Small Supermarkets in the 10-minute catchment area



Source: The Commission

30. Table 1 lists Large and Small Supermarkets within the 10-minute catchment area, as well as their respective distance and drivetime from the Target Store.

Table 1: Third party Large and Small Supermarkets distance from the Target Store

Large and Small Supermarkets	Distance from the Target Store (km, drive-time)	
Mr Price, Carrick-on-Suir	50m	1 min
EuroGiant, Carrick-on-Suir	120m	1 min
Lidl, Carrick-on-Suir	650m	2 min
Spar, John Street, Carrick-on-Suir	400m	2 min
Aldi, Carrick-on-Suir	2.1km	5 min
Centra Ballylynych	2.6km	6 min
Spar, Carrickbeg, Carrick-on-Suir	900m	3 min
Daybreak, Carrick-on-Suir	850m	3 min

Source: The Commission and the Parties

31. Musgrave does not own a Large or Small Supermarket within the 10-minute catchment area. There are two Musgrave franchisees, *Centra Ballylynych* and *Daybreak*, within the 10-minute catchment area.

32. The Commission considers that the Proposed Transaction will not give rise to competition concerns in the retail sale of grocery goods and general merchandise in Large and Small Supermarkets within the 10-minute catchment area for the following reasons:
33. First, there is a range of Large and Small Supermarkets that will continue to compete within the 10-minute catchment area following the implementation of the Proposed Transaction. As shown in Figure 1 and Table 1 above, there is a range of Large and Small Supermarkets within the 10-minute catchment area which will continue to exert a competitive constraint on Musgrave following the implementation of the Proposed Transaction. These include *Lidl* and *Aldi*, which each operate a Large Supermarket within a 5-minute drive of the Target Store.
34. Second, there is no horizontal overlap between the Parties in the local catchment area as Musgrave does not own a Large or Small Supermarket within a 10-minute drive of the Target Store. The closest Musgrave-owned retail store to the Target Store is a *SuperValu* store located at [REDACTED] approximately [REDACTED] from the Target Store and far outside of the 10-minute catchment area. There are two Musgrave franchisees within the 10-minute catchment area (*Centra* Ballylynch and *Daybreak*).
35. Therefore, for the reasons outlined above, the Commission considers that the Proposed Transaction does not raise horizontal competition concerns in the potential market for the retail sale of grocery goods and general merchandise in Large and Small Supermarkets in the 10-minute catchment area.

Conclusion on horizontal effects

36. For the reasons outlined above, the Commission considers that the Proposed Transaction does not raise horizontal competition concerns in the State.

Vertical Relationship

37. There is a vertical relationship between the Parties, as Musgrave supplies grocery goods to the Target Store. As a *SuperValu* franchise, Carrick sources the vast majority [REDACTED] of its goods from Musgrave.¹⁸

The wholesale supply of grocery goods in the State

¹⁸ Merger notification form, section 4.2, paragraph 43.

38. The Commission considers that the Proposed Transaction will not give rise to vertical foreclosure concerns in relation to the wholesale supply of grocery goods in the State for the following reasons:

- **Input foreclosure:** The Commission considers that the Proposed Transaction will not give rise to input foreclosure in relation to the supply of wholesale grocery goods in the State. Musgrave's share in the wholesale supply of grocery goods in the State will not materially change as a result of the Proposed Transaction, as it is only acquiring one additional store, and the Target Store is one which Musgrave already supplies as a franchisee. Furthermore, over [REDACTED] of Musgrave's wholesale sales in 2023 were to its franchise stores or its directly owned stores; [REDACTED]

[REDACTED] The Commission considers that Musgrave will not gain the ability and/or incentive to engage in input foreclosure (in the State or locally) as a result of the Proposed Transaction.

- **Customer foreclosure:** The Commission considers that the Proposed Transaction will not give rise to customer foreclosure in relation to the supply of wholesale grocery goods in the State. Musgrave is acquiring a store which already sources most of its products from Musgrave. Therefore, the Proposed Transaction will have a minimal effect on Musgrave's share in the retail sale of grocery goods and general merchandise in Large and Small Supermarkets, either nationally or on a local basis. The Commission considers that Musgrave will not gain the ability and/or incentive to engage in customer foreclosure (in the State or locally) as a result of the Proposed Transaction.

39. Therefore, for the reasons outlined above, the Commission considers that the Proposed Transaction does not raise vertical competition concerns in the potential market for the wholesale supply of grocery goods in the State.

Conclusion on vertical relationship

40. For the reasons outlined above, the Commission considers that the Proposed Transaction does not raise vertical competition concerns in the State.

Conclusion of Competitive Assessment

41. 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

42. The Parties stated that certain sub-clauses in Clause 10 of the SPA contain restrictions that are directly related and necessary to the implementation of the Proposed Transaction.
43. The Commission notes that Clause 10.1.3 of the SPA contains a non-solicitation obligation on the Warrantors.²⁰ The Commission considers that Clause 10.1.3 is limited in scope and does not exceed the maximum duration acceptable to the Commission.²¹ The Commission therefore considers the restriction contained in Clause 10.1.3 of the SPA to be directly related and necessary to the implementation of the Proposed Transaction.
44. The Commission notes that Clause 10.1.5 of the SPA contains a non-compete obligation on the Warrantors. The Commission notes that this restraint does not exceed the maximum scope or duration acceptable to the Commission. The Commission therefore considers the restriction contained in Clause 10.1.5 of the SPA to be directly related and necessary to the implementation of the Proposed Transaction.

²⁰ [REDACTED]

²¹ 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: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2005:056:0024:0031:EN:PDF>.

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 Musgrave Limited would acquire sole control of Carrick Supermarket 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.

Úna Butler

Member

Competition and Consumer Protection Commission