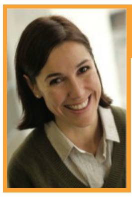
EUROFRUIT

The international marketing magazine for fresh produce buyers in Europe



By Maura Maxwell

Thursday 25th April 2019, 8:35 GMT

Sainsbury's-Asda merger blocked

Sainsbury�s CEO claimed the decision would rob customers of �1bn in savings

The UK's competition watchdog has blocked Sainsbury's proposed £12bn merger with Asda, claiming it would lead to higher prices in stores, online and in petrol stations.

The CMA found the deal would lead to a "substantial lessening of competition" at a national and local level for people shopping in supermarkets across the country, not just where the two retailer's stores overlapped.

The group's chair, Stuart McIntosh, said: "It's our responsibility to protect the millions of people who shop at Sainsbury's and Asda every week.

"Following our in-depth investigation, we have found this deal would lead to increased prices, reduced quality and choice of products, or a poorer shopping experience for all of their UK shoppers.

"We have concluded that there is no effective way of addressing our concerns, other than to block the merger."

But Sainsbury's CEO Mike Coupe said the decision by the Competition and Markets Authority (CMA) would rob customers of £1bn in savings.

"The specific reason for wanting to merge was to lower prices for customers. The CMA's conclusion that we would increase prices post-merger ignores the dynamic and highly competitive nature of the UK grocery market. The CMA is today effectively taking £1bn out of customers' pockets," Coupe said.

"Sainsbury's is a great business and I am confident in our strategy. We are focused on offering our customers great quality, value and service and making shopping with us as convenient as possible."

The news caused Sainsbury's shares to slump to their lowest level since 2016, falling by over 5 per cent from 226p to 214p.

Asda said it was disappointed by the decision but would continue to find better ways to serve its customers.

"Asda's DNA is delivering low prices for hard working families and that will never change," stated CEO Roger Burnley.

"We were right to explore the potential merger with Sainsbury's, which would have delivered great benefits for customers and supported the long term, sustainable success of our business.

"We're disappointed with their findings but will continue to find ways to put money back into customer's pockets and deliver great quality and service in an ever changing and demanding market."