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Press release

## **CMA revises provisional findings in Amazon/Deliveroo case**

The CMA has provisionally cleared Amazon's 16% investment in Deliveroo, on the basis that it is not likely to result in a substantial lessening of competition.

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Competition and Markets Authority (<https://www.gov.uk/government/organisations/competition-and-markets-authority>)



In its initial provisional findings (<https://www.gov.uk/government/news/cma-provisionally-clears-amazon-s-investment-in-deliveroo>), published in April, the Competition and Markets Authority (CMA) provisionally cleared Amazon's investment on the basis that Deliveroo would have exited the market without it, because of the negative impact of the coronavirus (COVID-19) pandemic on its business. The CMA considered that the imminent exit of Deliveroo would have been worse for competition than allowing the Amazon investment to proceed.

Since its initial provisional findings, the CMA has continued to gather and analyse evidence. A detailed assessment of Deliveroo's finances shows considerable improvement in its financial position, reflecting, in part, changes which were not foreseeable during the early stages of the pandemic. Consequently, the CMA has now provisionally concluded that Deliveroo would no longer be likely to exit the market in the absence of this transaction. Given this, the CMA is instead required to base its provisional decision specifically on the impact of the transaction on competition between the two businesses.

The CMA has reviewed extensive evidence, including large volumes of internal documents from Amazon and Deliveroo, a survey of over 3,000 consumers, and extensive submissions from interested third parties. It has focused, in particular, on how the shareholding held by Amazon could affect its incentives to compete independently with Deliveroo.

Based on this detailed analysis, the CMA has provisionally found that the investment should be cleared because it is not expected to damage competition in either restaurant delivery or online convenience grocery delivery.

This decision reflects the 16% shareholding that Amazon is acquiring at the present time. Were Amazon to acquire a greater level of control over Deliveroo, in particular by making a full acquisition of the company, this could trigger a further investigation by the CMA.

Stuart McIntosh, Inquiry Chair, said:

The impact of the coronavirus pandemic, while initially extremely challenging, has not been as severe for Deliveroo as was anticipated when we reached our initial provisional findings in April.

The updated evidence no longer shows that Deliveroo would exit the market in the absence of this transaction. This has required us to re-evaluate our initial provisional findings.

We've carefully considered how this investment could affect competition between the two businesses in future. Looking closely at the size of the shareholding and how it will affect Amazon's incentives, as well as the competition that the businesses will continue to face in food delivery and convenience groceries, we've found that the investment should not have a negative impact on customers.

The CMA is now asking for views on these provisional findings by 10 July 2020 and will assess all evidence provided before making a final decision. The statutory deadline for the CMA's final report is 6 August 2020.

For more information, visit the Amazon / Deliveroo merger inquiry page. (<https://www.gov.uk/cma-cases/amazon-deliveroo-merger-inquiry>)

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