

**Sarah Cardell**

Chief Executive  
Competition and Markets Authority  
The Cabot  
25 Cabot Square  
London  
E14 4QZ

Via email: [sarah.cardell@cma.gov.uk](mailto:sarah.cardell@cma.gov.uk)

Friday 9 October 2026

Dear Sarah,

**RE: Groceries Supply Code of Practice: retailer designation and consolidation in grocery retail**

I am writing as the new Chief Executive of the British Brands Group (BBG), having recently succeeded Tom Reynolds. The BBG is the UK's only not-for-profit organisation dedicated to fast moving consumer goods (FMCG) brands. Our members range in size from entrepreneurial, challenger brands, SMEs and global businesses. We have a longstanding interest in ensuring that markets work effectively for consumers, suppliers and retailers.

We have engaged actively with the CMA across a number of competition and consumer issues, most recently in relation to lookalike or "copycat" products and the questionable legality under the Digital Markets, Competition and Consumers Act 2024 of products whose presentation comes close to passing off established branded goods. I hope to continue that constructive engagement with you and your colleagues.

We are also strong supporters of the Groceries Supply Code of Practice (GSCOP). The BBG has worked for many years to help suppliers become confident in using the Code, including through our GSCOP training programme, and we maintain a close dialogue with the Groceries Code Adjudicator on suppliers' experiences and GSCOP's continuing effectiveness. The Code remains an important response to the imbalance in bargaining power that can exist between large grocery retailers and their suppliers, and to the risk that unfair practices can ultimately inhibit investment, innovation and consumer choice. These concerns go back to the findings of the Competition Commission's groceries market investigation from which the Code itself emerged.

We would welcome an update from the CMA on two retailers which appear to meet the criteria for designation, and would also like to discuss the implications for suppliers if further consolidation in grocery retail takes place.

### **Designation of In-Scope Retailers**

#### **Boots**

My predecessor John Noble contacted the CMA in 2025 regarding Boots, setting out BBG's understanding that the business had exceeded £1 billion in annual UK sales of categories falling within the definition of groceries in the Groceries (Supply Chain Practices) Market Investigation Order 2009. We understood that the CMA would consider the position, but we have not received an update on any review which took place.

#### **This remains a matter of considerable importance to our members.**

We continue to hear concerns from branded suppliers about unfair trading practices in their dealings with Boots which, were Boots designated, would fall within the protections that the Code is intended to provide.

The issue has acquired renewed importance following the announcement earlier this week of the £6.7 billion deal to acquire Boots, encompassing its UK and Ireland store estate. The change of ownership makes clarity about Boots' regulatory status particularly timely.

#### **Farmfoods**

We would also ask the CMA to consider the position of Farmfoods as part of its annual review. Newly filed accounts reportedly show turnover increasing by 18.4% to approximately £1.2 billion in the 53 weeks to 3 January 2026. This is not an isolated crossing of the £1 billion threshold: Farmfoods has now reported turnover above £1 billion for three consecutive years, having first passed the mark in 2023.

We recognise that the relevant statutory measure is UK annual groceries turnover, rather than total company turnover. However, given the nature of Farmfoods' retail offer, we would expect the overwhelming majority of its turnover to fall within the grocery categories covered by the Order. The persistence and growing scale of turnover above £1 billion therefore makes a formal assessment particularly important.

The CMA reviews the market annually, gathering information from relevant retailers and considering for designation retailers whose UK annual groceries turnover exceeds £1 billion.

Previous designations demonstrate the importance of ensuring that the coverage of the Code evolves as the retail market changes: Home Bargains was designated following growth in its

groceries turnover, while Amazon was brought within the Code in 2022 after its UK grocery activities reached the relevant threshold.

SME and challenger brands in particular, require GSCOP to ensure they receive fair treatment, when dealing with retailers where there is a clear power imbalance.

Ensuring fair treatment for challenger brands, as well as established brands, is important as it positively benefits the economy. Smaller brands have almost 49% average annual sales growth, compared with 3.4% for the rest of the industry combined (Challenger 50, FMCG 2025, MNC Media Report).

**Both Boots and Farmfoods appear to have reached the threshold as set out in the Order.**

**We would therefore be grateful for an update on the CMA's consideration of the evidence previously submitted by BBG and in particular, whether the CMA has reached, or expects to reach, a view on whether Boots' UK groceries turnover meets the test for designation under the Order.**

**We would welcome confirmation that Farmfoods is being assessed by the CMA and, if its UK groceries turnover meets the statutory threshold, an indication of the likely timetable for designation.**

### **Consolidation and retailer buyer power**

Finally, we have noticed increasing discussion in the market about the potential for further consolidation among major grocery retailers. Most recently, it has been reported that Sainsbury's held preliminary discussions with Morrisons about a merger taking place.

Those discussions do not appear to have progressed, but a transaction would have created a business with a grocery market share of around 24%. With Tesco accounting for 28-29% of the UK grocery market, a combined Sainsbury's/Morrisons business would have meant that around half of the UK grocery market was in the hands of just two retail groups.

While market share is not in itself determinative of competitive harm, the prospect of such a significant proportion of UK grocery sales, and therefore grocery purchasing, being concentrated in two businesses underlines why the implications of further consolidation deserve particularly close scrutiny.

The BBG does not take a position against consolidation as a matter of principle, and we recognise that transactions can generate efficiencies capable of benefiting consumers. However, we are concerned about the cumulative effect that further concentration of grocery purchasing could have on the bargaining relationship between retailers and suppliers, particularly branded manufacturers.

The CMA's own consideration of the proposed Sainsbury's/Asda merger provides an important precedent. In that investigation, the CMA specifically considered whether increased buyer power could squeeze suppliers and produce knock-on consumer effects through reduced investment and innovation. Its supplier research found that half of the branded-goods suppliers surveyed considered that the merger might affect their investment, with concerns particularly focused on incentives for new product development.

Those considerations remain highly relevant to the structure of the grocery market today. Scale can undoubtedly produce efficiencies, but excessive concentration in the routes through which brands reach consumers can also progressively ratchet up retailer buyer power. That can affect not simply the distribution of margin between suppliers and retailers, but suppliers' ability and incentive to invest in new products, brands and capacity. Ultimately, those effects matter for competition, choice and consumers as well as for suppliers.

**We would therefore be grateful if the BBG is treated as an interested stakeholder and in the event that a significant merger or acquisition involving major UK grocery retailers comes before the CMA, we are invited to present evidence on the impact this would have.**

We would be particularly well placed to gather confidential evidence from branded suppliers on the likely effects on negotiations, investment, innovation and routes to market. We would equally welcome informal engagement with CMA officials at an earlier stage where the views and experience of our members might assist in the understanding of market developments.

The Code has proved a valuable and durable remedy to problems first identified almost two decades ago. Its continued effectiveness, however, depends both on its coverage keeping pace with changes in the retail market and on preserving effective competition within grocery retail.

I would be pleased to discuss any of these matters with you or the relevant teams at the CMA and look forward to continuing BBG's constructive relationship with the Authority.

Yours sincerely,



**Sarah Garry**  
Chief Executive  
British Brands Group