



IV warsztaty Ekonomia Prawa Konkurencji

Koncentracje wertykalne

Warszawa, 28 lutego 2018

Recent UK vertical mergers

UOKIK workshop on vertical mergers
28 February 2018

Kirsten Edwards-Warren



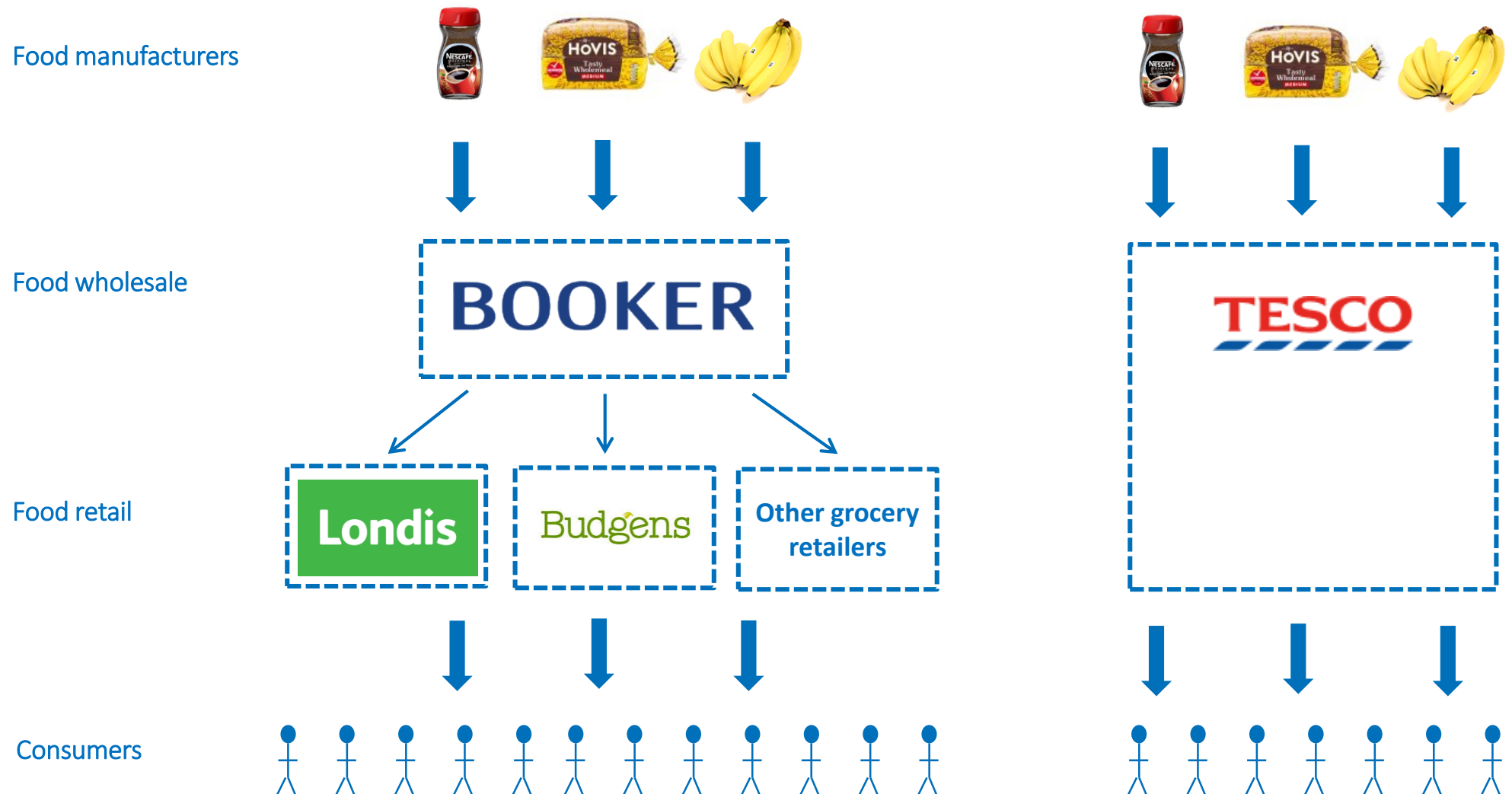
WHAT I MEANT TO SAY WAS...

“Bardzo dziekuje za zaproszenie mnie na dzisiejsze spotkanie. Bardzo sie ciesze ze moge byc tutaj. Przykro mi, ze nie mowie po polsku, wiec przejde do angielskiego....”

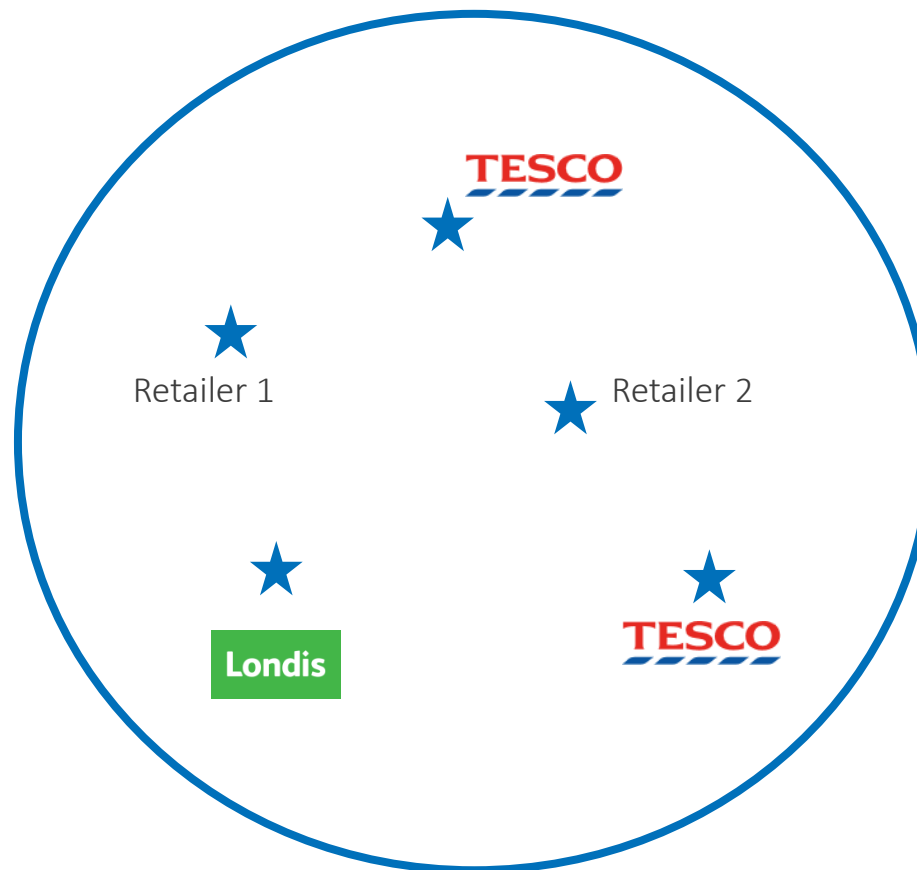
Tesco/Booker



TESCO / BOOKER



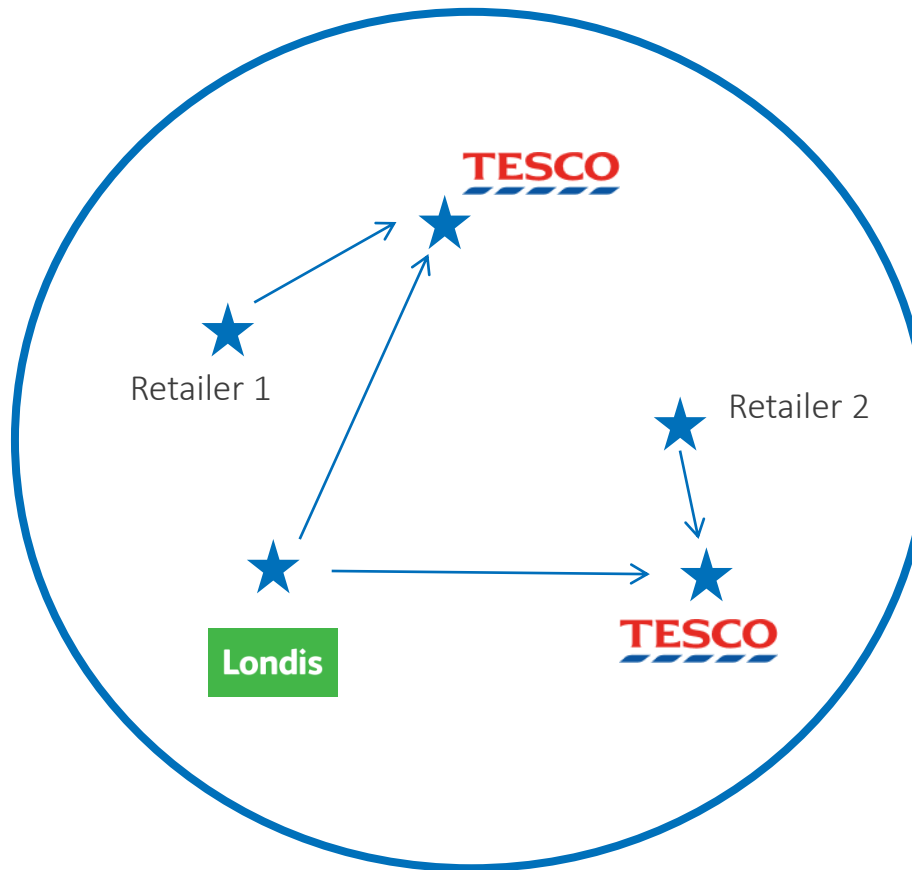
VERTICAL CONCERN #1



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Strategy:

Booker increases wholesale prices to customers in local areas where Tesco is present



Cost:

Booker loses volumes and wholesale margin

Benefit:

Tesco gains volumes and retail margin

VERTICAL GUPPI (VGUPPI)

Diagram illustrating the components of the Vertical GUPPI (VGUPPI) formula:

Diversion ratio from Booker-supplied store to Tesco

Price ratio of Booker wholesale to Booker-supplied retail margin

Price ratio of Tesco's wholesale price to Booker's retail price

$$vGUPPI = DR \times \alpha \times \frac{p_{BW}}{p_{BS}} \times \frac{m_{BW}}{m_{BS}} \times \frac{p_T}{p_{BW}}$$

Incentive to increase Booker's wholesale prices post-merger

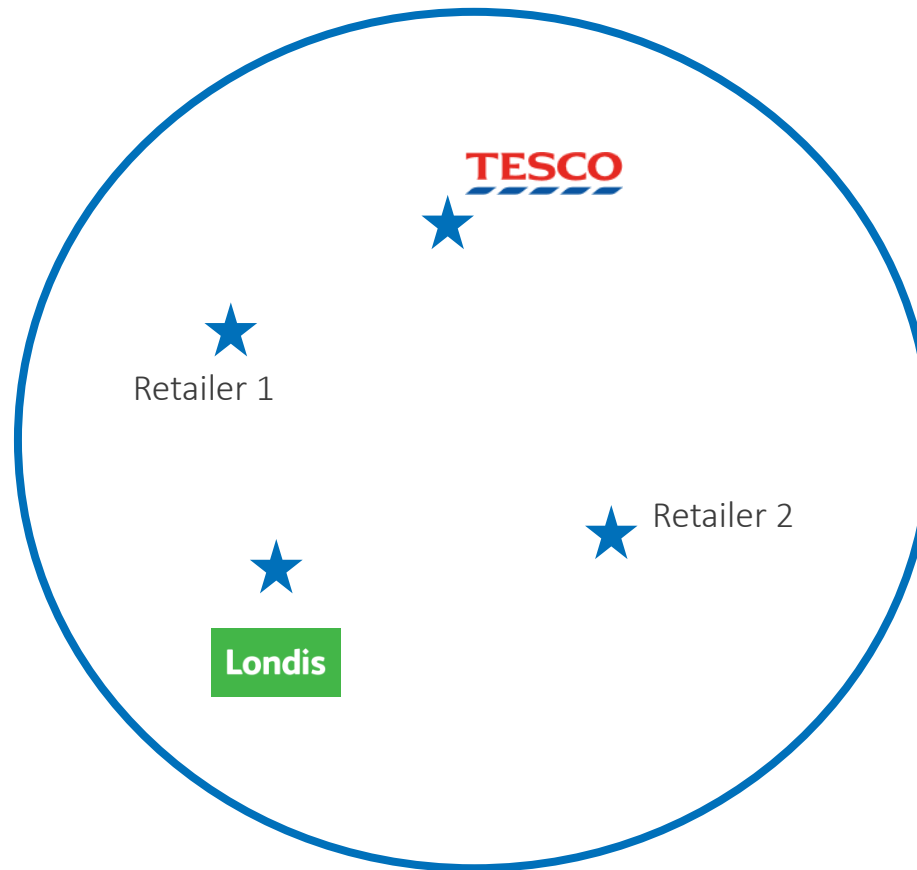
Booker supplied retailer's pass through rate

Ratio of Booker's wholesale margin to Booker-supplied retail margin

VERTICAL CONCERN #1

Ability	?
Incentive	x
Harm	x

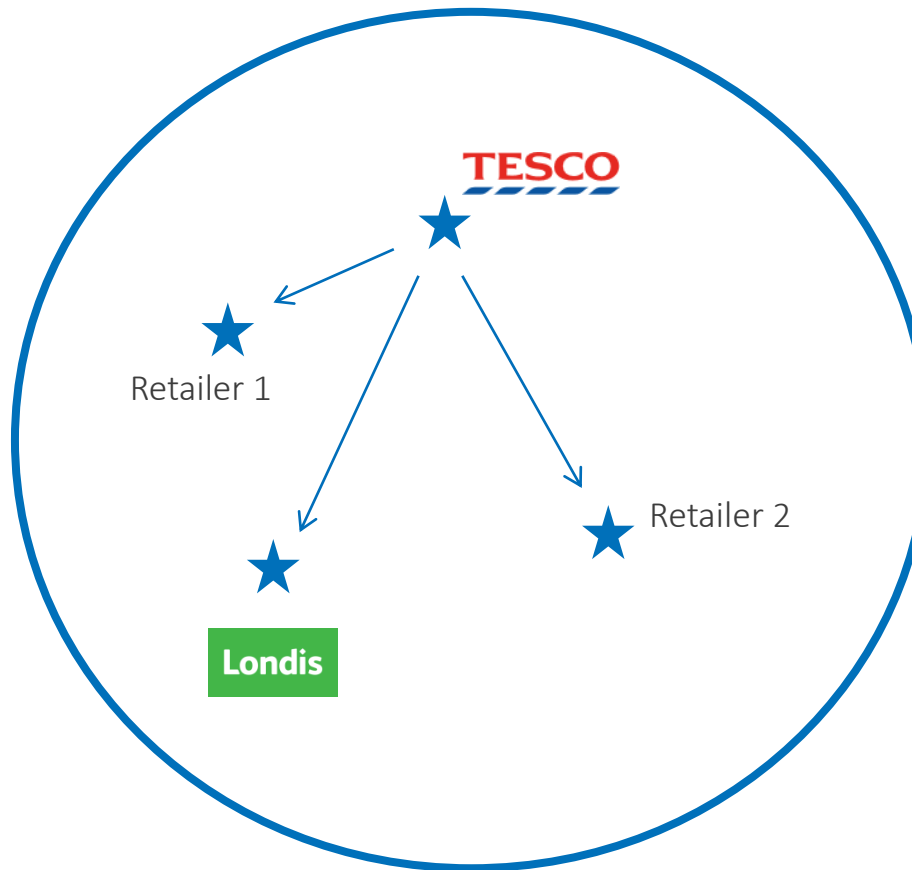
VERTICAL CONCERN #2



VERTICAL CONCERN #2

Strategy:

Tesco increases retail prices in areas where Booker retail customers are present



Cost:

Tesco loses volumes and retail margin

Benefit:

Booker gains volumes and wholesale margin

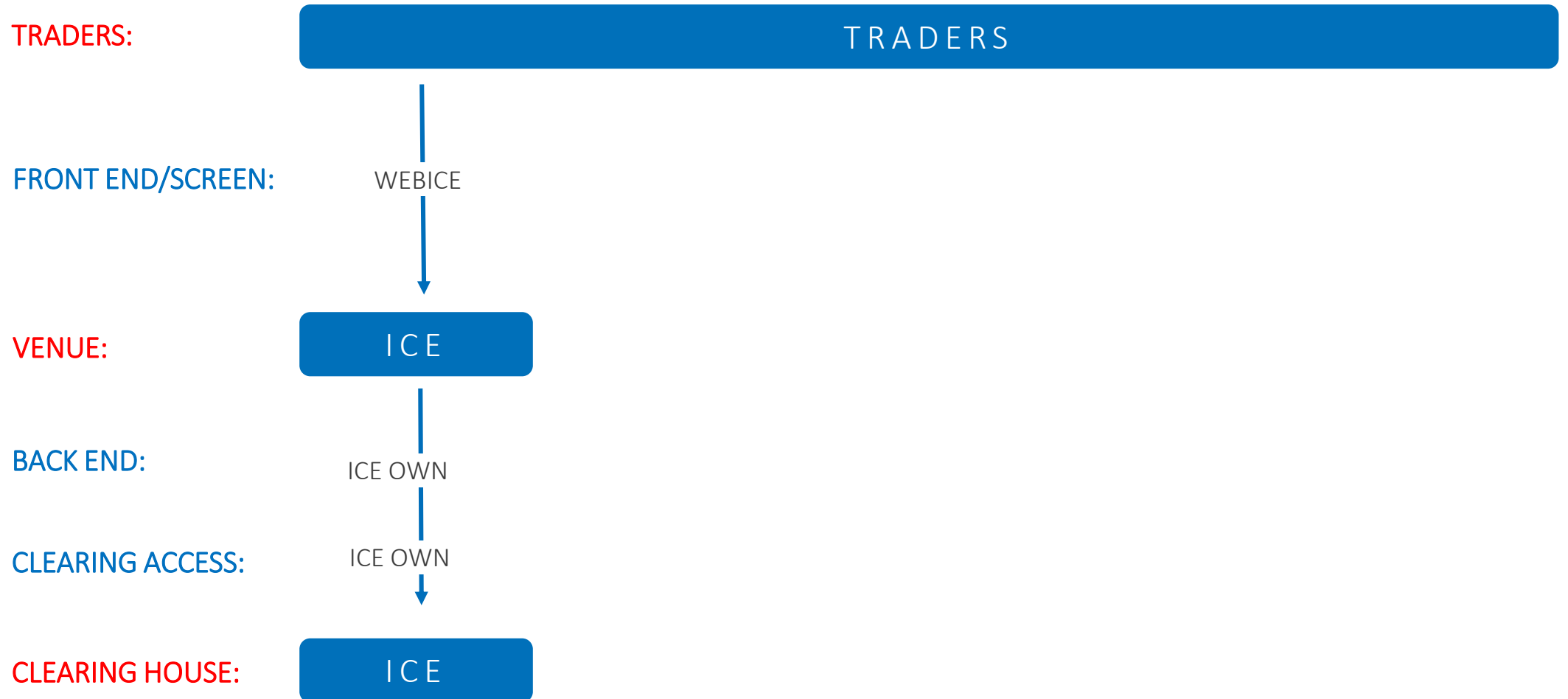
VERTICAL CONCERN #2

Ability	?
Incentive	x
Harm	x

ICE/Trayport

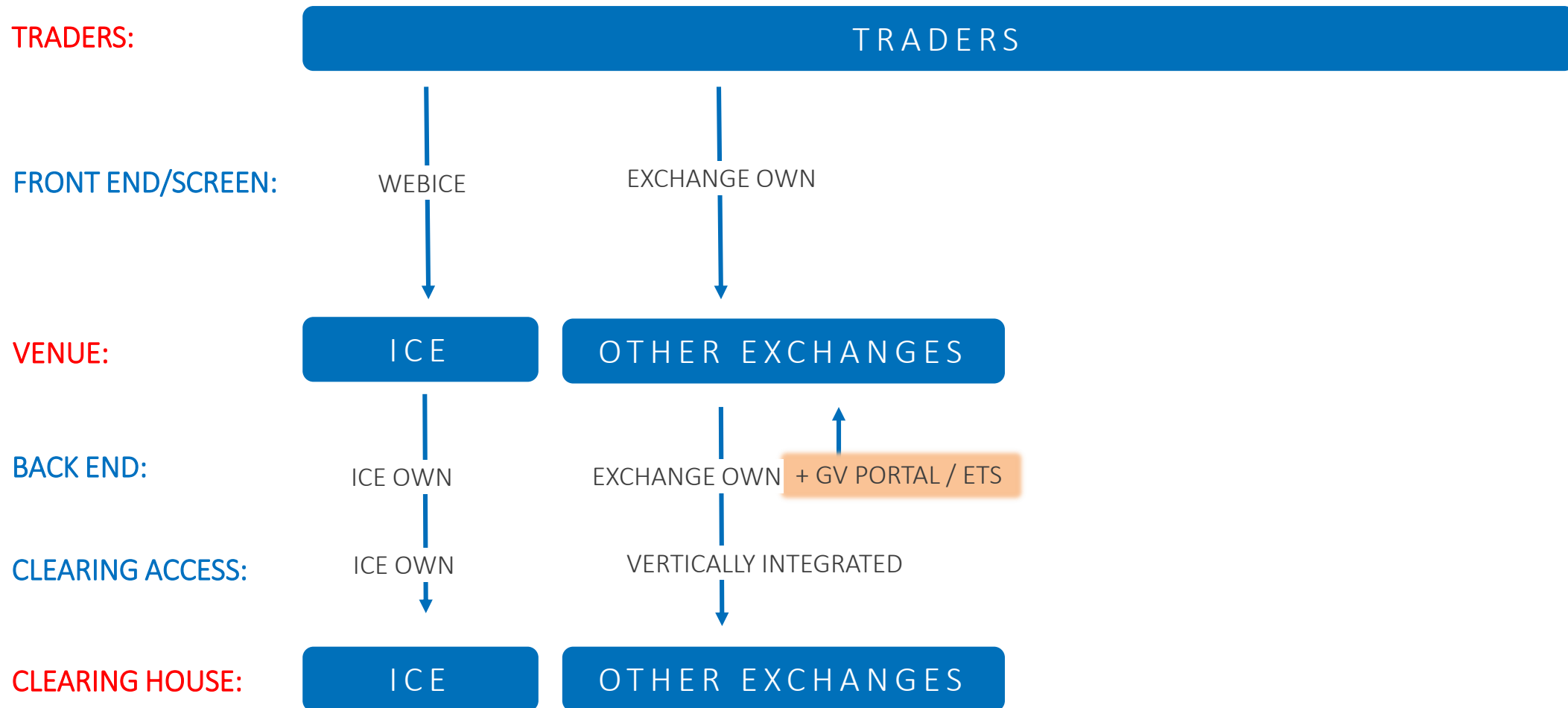
COMPASS LEXECON

ICE / TRAYPORT



SOURCE: CMA DECISION

ICE / TRAYPORT



SOURCE: CMA DECISION

ICE / TRAYPORT

TRADERS:

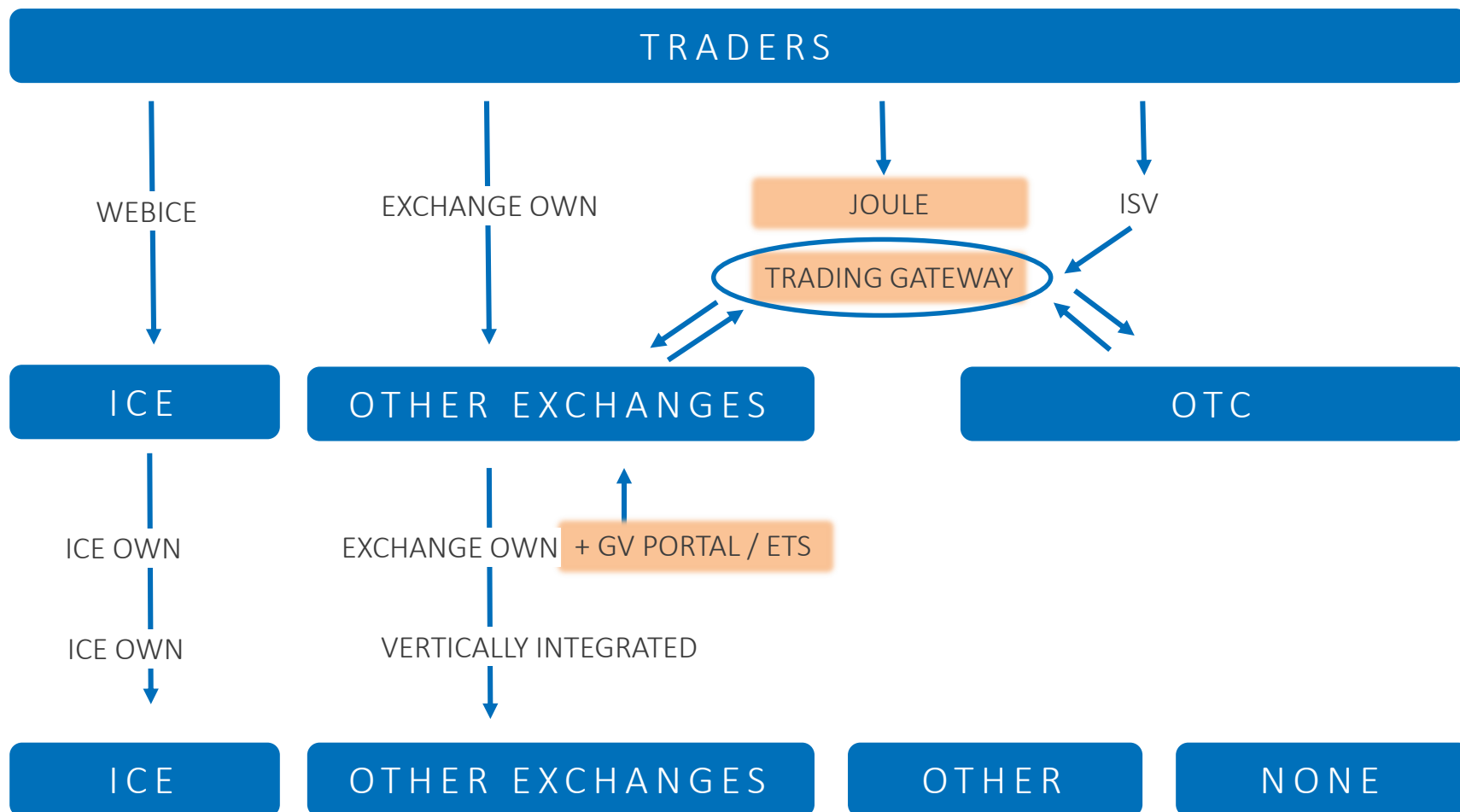
FRONT END/SCREEN:

VENUE:

BACK END:

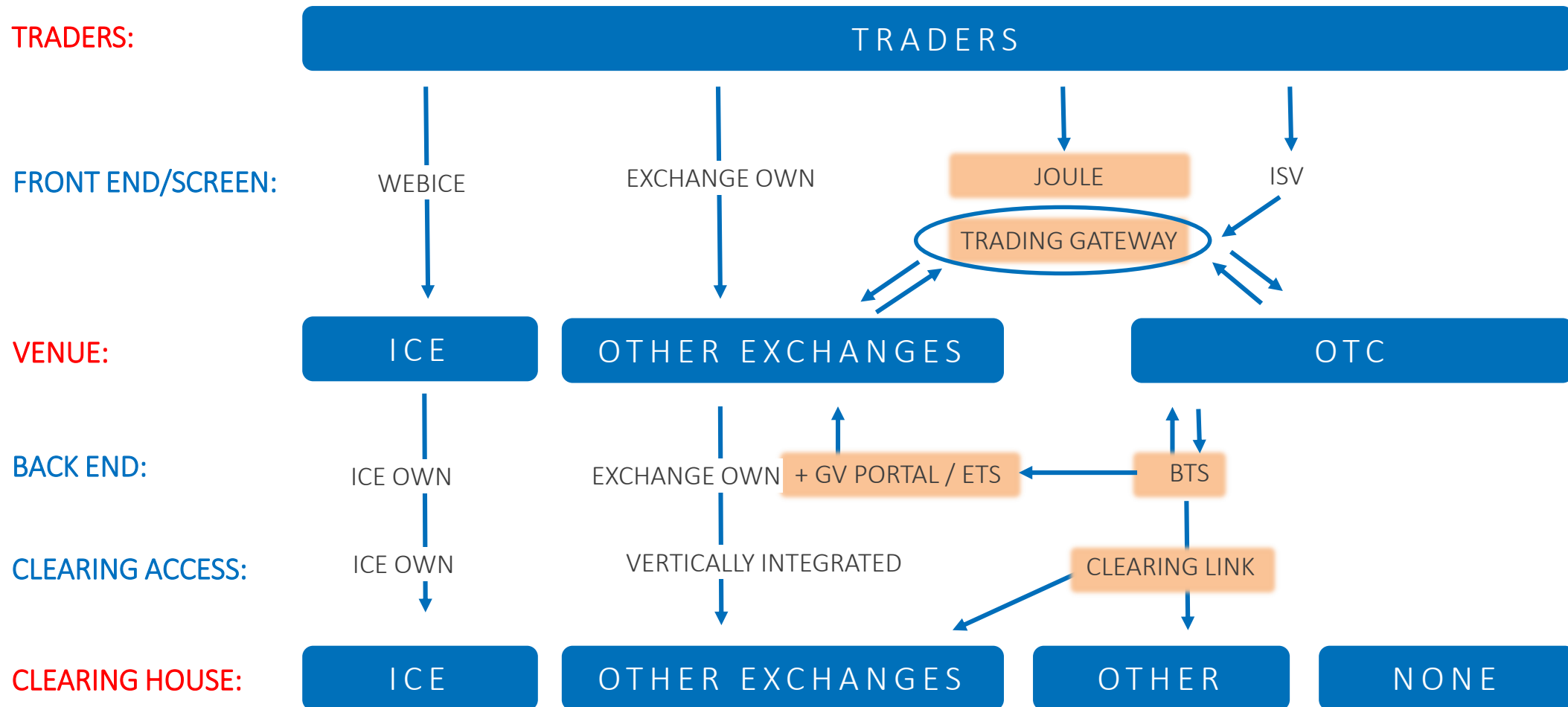
CLEARING ACCESS:

CLEARING HOUSE:



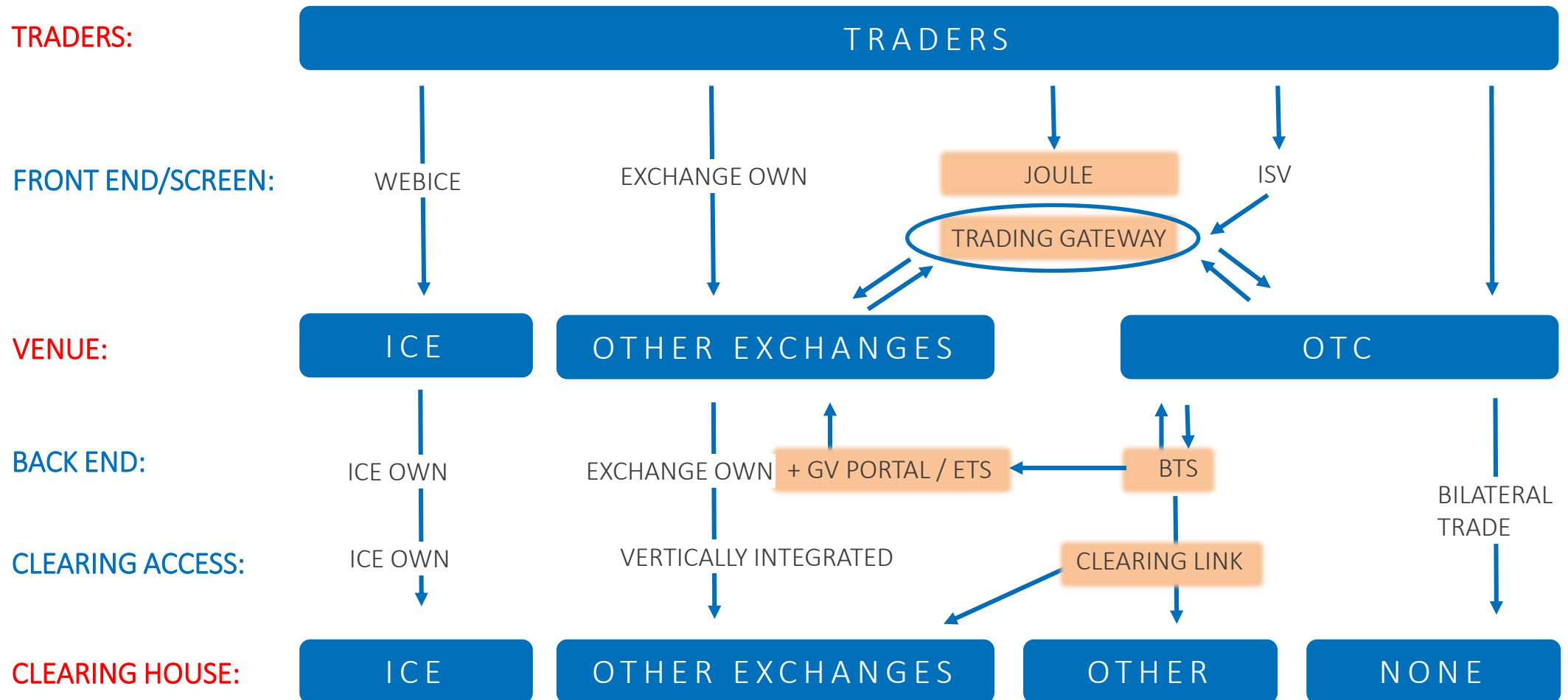
SOURCE: CMA DECISION

ICE / TRAYPORT



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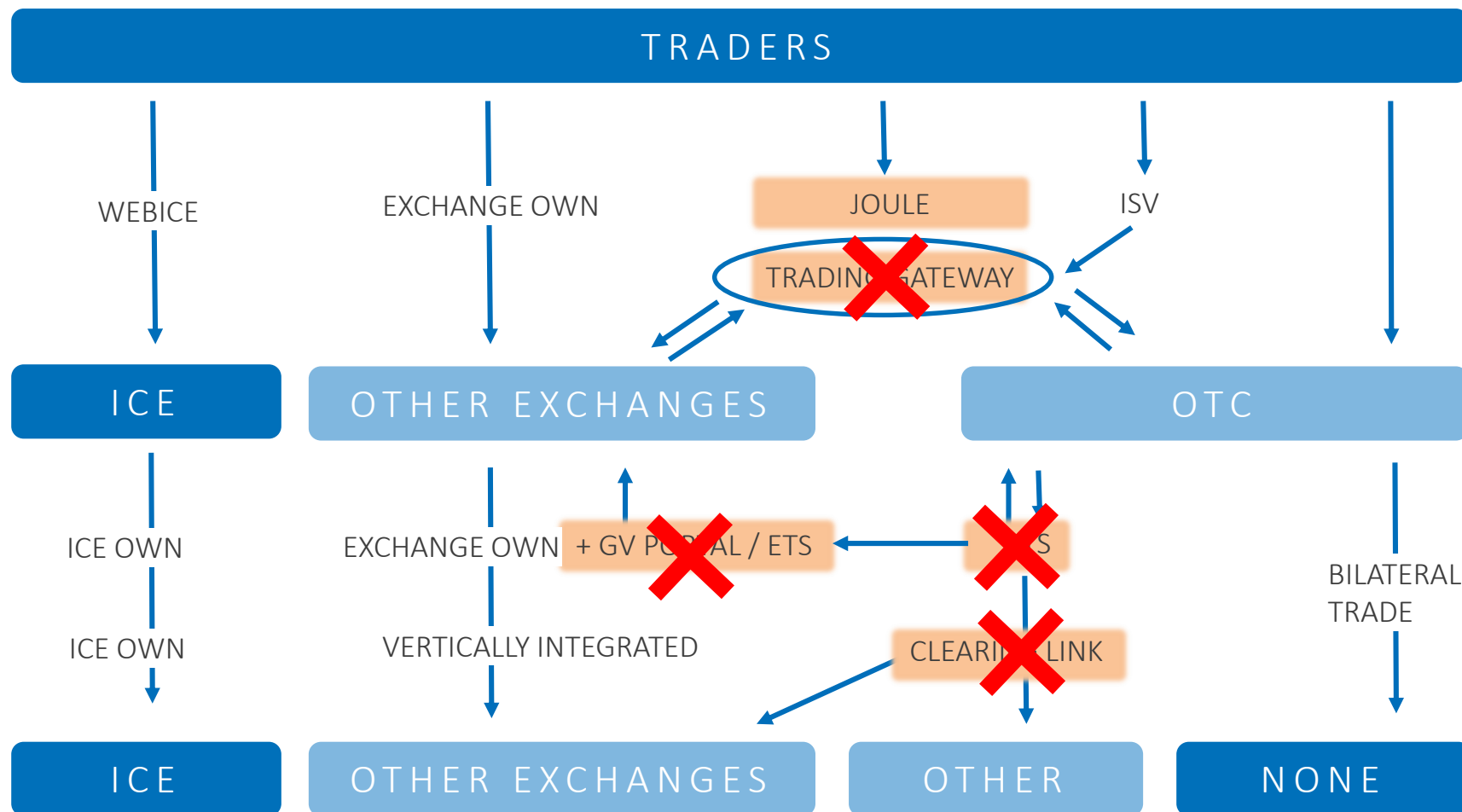
FRONT END/SCREEN:

VENUE:

BACK END:

CLEARING ACCESS:

CLEARING HOUSE:



SOURCE: CMA DECISION

VERTICAL CONCERN

Ability



Incentive



Harm



THANK YOU

Dziękuję za waszą uwagę!