



# Ex-post analysis of Dutch supermarket mergers Discussion

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Alexis Walckiers, Belgian Competition Authority  
and Ecares, Université libre de Bruxelles

# Introduction

## Excellent paper!

- good that the ACM undertakes ex-post analyses!
  - excellent authors: who am I to comment?
  - up-to-date methodology
    - dif-in-dif and propensity score matching
- ex post analysis of three merger decisions involving supermarkets
  - supermarkets industry has attracted a lot of attention since turn of the century in the Netherlands
    - price war (?) and takeovers
  - these mergers (especially #7323) have reshaped the competitive landscape
  - #7323: 400 locations acquired by Jumbo, leading to the sales of 54 locations to COOP and 82 to Albert Heijn
- credible results
  - little effect on price
    - confirmed by interviews: « allowed Jumbo to compete more fiercely with Albert Heijn » and « economic downturn »
  - more significant effect on variety (-4% or -5%; less divestiture)



# Discussion

## Questions on the methodology

- database
  - self-reported prices
  - end up with 2\*40 stores and 3\*10 products (not systematic)
    - raises questions on representativeness and statistical significance
- effects of mergers take time to realize
  - conversion of Super de Boer to Jumbo took 1-2 years
  - conversion of C1000 to Jumbo not completed
  - exclude large cities
- geographic market definition
  - 15 minutes isochrones, which in practice coincides with administrative borders
  - 80% turnover calculated with loyalty cards?
  - exclude large cities
- dif-in-dif: local Vs national pricing
  - most chains seem to adopt a mainly national pricing policy
    - supported by questionnaires and interviews
    - Jumbo is an exception
  - procurement—in essence national—is affected by concentrations (contradicts asymmetry page 23?)



# Introduction

## Questions on the interpretation of the results

- in essence, most of the results are negative
  - the null hypothesis that prices have increased is rejected
  - would results be statistically significant with larger samples?
  - positive interpretation, eg, « The various analysis performed indicate that the variation in price for the treated stores [...] is not statistically different from the variation in price for the control stores [...], i.e. the merger has not had an effect on prices at the local level. »
  - no systematic interpretation of the (statistically not significant) coefficients
- time series are difficult to interpret
  - unclear when the structural break occurs
- depth of assortment vs length of assortment
  - consumer welfare implications are unclear

