



Australian
Competition &
Consumer
Commission

GPO Box 3131 Canberra ACT 2601
23 Marcus Clarke Street Canberra ACT
tel: (02) 6243 1111 fax: (02) 6243 1199
www.accc.gov.au

NEWS RELEASE

ACCC NOT TO OPPOSE WOOLWORTHS' PROPOSED ACQUISITION OF MACRO WHOLEFOODS

The Australian Competition and Consumer Commission will not oppose Woolworths Limited's proposed acquisition of organic supermarket operator Macro Life Pty Ltd (trading as Macro Wholefoods Market).

The ACCC concluded the acquisition is unlikely to substantially lessen competition in the relevant organic food and grocery markets.

Woolworths will acquire Macro's organic supermarkets at Crows Nest, Hornsby and Mona Vale in NSW, and Richmond, Black Rock, Glen Waverley and Armadale in Victoria, and a store in Port Melbourne that Macro leased but never opened.

Macro's Bondi Junction store will be sold separately to an independent organic retailer, About Life.

Woolworths proposes to convert the eight sites into its Thomas Dux Grocer store format, which are smaller than its conventional supermarkets and sell premium groceries and produce that is generally not organic. Currently Woolworths has two Thomas Dux stores, at Lane Cove and Paddington in NSW.

In reaching its decision the ACCC considered the extent to which Macro and Woolworths compete in the retail sale of organic food and grocery products. The ACCC found that competition was limited due to key differences in their retail offering.

"Organic products are only a small component of the range in Thomas Dux stores and make up less than one per cent of sales in Woolworths' full-range supermarkets; their closest competitors are other supermarkets," Acting ACCC Chairman, Mr Peter Kell, said.

"In contrast, Macro focuses almost entirely on organic products. It is less competitive on price, instead emphasising range, quality, service, location and convenience. The ACCC's extensive inquiries found Macro's closest competitors to be smaller, independent retailers with a similar focus. These competitors will remain in the market after the acquisition, continuing to provide consumers with choice."

In addition to noting the prevalence of small independent retailers in the retail sale of organic products, the ACCC's inquiries found that non-organic retailers could also readily expand their organic offering to meet demand; indeed, some already have.

The ACCC also found that if the acquisition did not proceed, Macro was unlikely to operate as a strong competitive force in future due to its declining financial position.

In relation to wholesale markets, the ACCC found the acquisition would have little impact in relation to organic produce, which will continue to comprise only a small minority of Woolworths' and Thomas Dux's fresh produce sales, and that Woolworths' plans to introduce the Macro brand as a private label for packaged organic products would not allow it to significantly influence wholesale prices.

Media inquiries: Ms Lin Enright (02) 6243 1108 or 0414 613 520

General inquiries: Infocentre 1300 302 502

NR 137/09

17 June 2009

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