

Sports fashion merger raises competition concerns

The Competition and Markets Authority (CMA) is concerned that the loss of competition brought about by the merger could result in a worse deal for customers, both in-store and online, through higher prices, worse choice in stores or reductions in service quality. JD Sports must now address the concerns identified or face a further, more in-depth, investigation.

JD Sports and Footasylum both sell sports-inspired casual clothing and footwear in stores across the UK, and through their apps and websites. JD Sports agreed to buy Footasylum in a £90 million deal announced earlier this year.

In 2018, UK consumers spent more than £5 billion on sports clothing and footwear. Sportswear is currently a significant influence on fashion trends, with sports styles replacing traditional casualwear, particularly among younger shoppers. Retailers carefully curate the selection of brands that they offer, and develop attention-grabbing offerings in-store and online, in order to compete for customers.

With over 400 stores, JD Sports is well-established as the leading UK retailer of sports fashion footwear and clothing. It already owns several well-known sports fashion brands on the UK high street – such as Size?, Scotts, Tessuti and Footpatrol, in addition to its signature JD brand – and generated revenues of over £2.14 billion in 2018 in the UK.

Since opening its first store in 2006, Footasylum has experienced strong market share growth and now operates around 70 stores across the UK. Footasylum generated revenues of close to £200 million in 2018.

The CMA's initial, Phase 1, investigation has found that the merger could remove one of JD Sports' closest competitors. While a wide variety of retailers sell sports clothing and footwear, the merging businesses are 2 of a smaller number of firms who have the brand relationships and market presence to be able to credibly meet the demands of sports fashion customers.

Colin Raftery, Senior Director at the CMA, said:

JD Sports is already by far the largest player in the growing sports fashion sector, so any deal that results in it buying up one of its closest competitors could clearly give cause for concern.

Our investigation has shown us that JD Sports and Footasylum have been competing strongly across the UK, with a sports fashion offering that few other retailers are able to match.

That's why we're concerned this deal could lead to higher prices, less choice and a worse shopping experience for customers.

JD Sports must now address the CMA's concerns. If it is unable to do so, the merger will be referred for an in-depth (Phase 2) investigation.

For more information, visit the JD Sports Fashion plc / Footasylum plc merger [inquiry page](#).