



10 July 2024

Mr George Cunningham
Director | Merger Exemptions & Digital Division | Supermarkets Inquiry
Australian Competition & Consumer Commission
Meeanjin
Level 25,
32 Turbot Street
BRISBANE QLD 4000

Dear Mr Cunningham

Many thanks for the opportunity of allowing Kaufland Australia Pty Ltd (Kaufland) to make a contribution in relation to the current Supermarkets Inquiry being undertaken by the ACCC.

As you are aware, we have discussed the queries raised with management of the Schwarz Group – Kaufland's holding company based in Germany.

From our discussions with management, and with the press release issued by Kaufland Australia at the time of its' withdrawal from Australia, Kaufland justified the discontinuation of its expansion in Australia in January 2020 (refer attached Australian Media Release dated 22 January 2020).

Due to the increasing concentration in European food retailing, Kaufland withdrew from the Australian market after intensive examination and decided to concentrate on its European core markets. In Europe in particular, there was great potential for growth for the full-range of products. It represented an opportunity to actively shape the consolidation of the European retail trade and thus to further strengthen the leading position of the Schwarz Group.

A significant contributor to the deliberations by the Schwarz Group was a concurrent announcement by a competitor to divest themselves of a substantial number of hypermarket stores trading under the Real brand. This provided the Kaufland/Schwarz Group an economically attractive (and very rare) opportunity to significantly expand its' market position in its' home market in Germany.

The opportunity to significantly increase the number of stores in Germany through the acquisition of the Real chain from the Metro group was considered at the time to be a “once in a lifetime opportunity” and the reality was that it was not possible to achieve this whilst simultaneously entering the Australian market. Accordingly, the orderly withdrawal from Australia was purely a strategic one from Kaufland’s perspective. This enabled the group to concentrate completely on the Real acquisition.

Please do not hesitate to contact us should you have any further queries.

Sincerely



Dr Mark Pizzacalla

Director



Andres Reith

Director