

## Consolidation in Dutch Food Retail is inevitable - Here's why

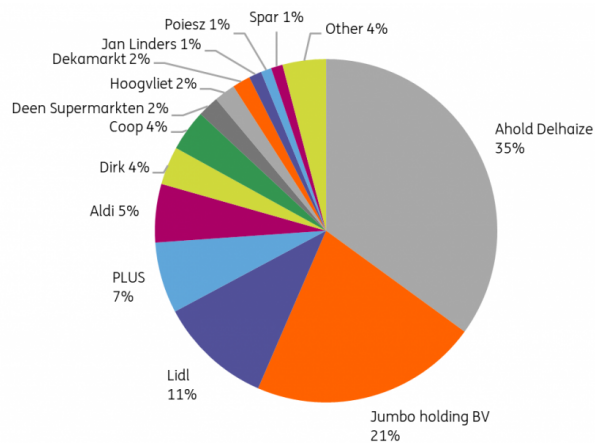
Another step to consolidate the scattered Food Retail landscape has been taken in the Netherlands



### How a purchasing alliance slows down consolidation

For a small country, the Netherlands has many supermarkets and we believe the scattered landscape is bound for consolidation. But this will require patience. One of the key reasons why the Dutch Food Retail landscape is so fragmented is that many players are members of a purchasing alliance: SuperUnie. This way, smaller players can compete with the big boys on price. But price is not the only criteria that consumers look at. Growing demand for convenience and 'out-of' home consumption will require food retailers to keep up and invest in a strong omni-channel platform. The problem is that these investments can be significant and aren't always feasible. A second trigger for consolidation, in our view, is the lack of succession. Most of these smaller players are family owned, and there isn't always another generation to take over the reins. We believe this will also be an important trigger for further consolidation over the coming years.

## Expected change in Dutch Food Retail landscape



The Dutch market has two large players: Ahold Delhaize and Jumbo, followed by discount chains Aldi and Lidl with a combined market share of 16.2%. Earlier this year, DEEN decided to sell its business to Ahold Delhaize, Vomar and DekaMarkt. One of the reasons given by Deen to sell was the expected heavy investment to stay relevant and mechanise logistics and e-commerce. This week, Plus and Coop announced their intention to merge and continue operations under the Plus banner, stating that they would be stronger together. Although we believe the Dutch Food Retail consolidation requires patience, 2020 has been eventful so far and is likely to change the landscape for 2022.

## Expected Dutch Food Retail market share 2022

