



CRA Announcement Competition

CRA Charles River
Associates

June 2016

CRA advises Lowe's on \$3.2 (CAN) billion acquisition of RONA

CRA economists advised counsel to Lowe's on its acquisition of RONA throughout the Competition Bureau's review of the transaction. On May 12, 2016, the Bureau issued a "No Action Letter" and concluded the transaction is unlikely to lessen or prevent competition substantially. CRA's main econometric analyses focused on product and geographic market definition and competition in local markets.

CRA economists analyzed market entry events and transaction data from the parties to assess the competitive effects of Lowe's entry in geographic markets where RONA was already present. CRA also conducted analyses to test whether the parties' transaction prices were materially lower in local areas of overlap compared to areas where the two retailers were not both present. CRA's findings supported the conclusion that the transaction would not be likely to lessen or prevent competition substantially, in light of sufficient effective remaining competition existing from national retailers, such as Home Depot, Home Hardware and Canadian Tire, as well as other home improvement retailers and specialty stores.

Lowe's entered the Canadian market in 2007 and is currently operating 42 corporate stores in four provinces, Ontario, Saskatchewan, Alberta and British Columbia. At the time of announcement of the transaction, RONA had 496 corporate and dealer owned stores across Canada.

CRA's team was led by [Margaret Sanderson](#) and included [Ioana Dan](#), [Isabel Tecu](#), Eric Mackay, and Mark Schneider.

[About CRA's Antitrust & Competition Economics Practice](#)

In 1965, CRA's founders envisioned a company that would apply the then-burgeoning area of quantitative methods in economics to real-world issues. Our ability to apply theoretical concepts and superior analytics to create meaningful solutions to client challenges has been a source of pride and differentiation since the founding of the firm. Our consultants and academic affiliates continue to lead the way in developing innovative economic concepts and applying sophisticated economic analysis to complex cases. Read more about the practice [here](#).

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