

European Commission
Att.: DG Competition
1049 Bruxelles

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HT.1407- stakeholder input

The Danish Chamber of Commerce is representing the retail industry in Denmark. Among those retailers we have quite a few groups of independent retailers. Some of them are also member of UGAL.

I have read the UGAL comments dated 30th January 2009 concerning the review of the current regime for the assessment of horizontal cooperation agreements.

The Danish Chamber of Commerce generally shares the views from UGAL in the document mentioned, but I would like to stress some points which should be addressed by the Commission:

The biggest problem for a group of independent retailers is the retail price management.

Let me give an example:

A group of independent retailers form a supermarket-chain and establishes a central purchase office owned by the independent retailers. This office could be a limited company with the independent retailers as shareholders.

As mentioned in the UGAL document the central office of a group of retailers nowadays has a lot of functions. It is not only a simple purchase function. The office has a lot of marketing duties and provides the weekly flyer for all the independent shops. But since it is against the competition rules to predict the prices, the central office can not fix the prices in the flyer.

The Danish competition authorities only allow fixed maximum prices throughout the duration of campaigns. This is not satisfactory, since it ruins the brand and the consumers get confused when the price in the shops do not follow the price mentioned in the sales material. It makes the sales material unreliable, and a lot of shops within the group will stop supporting the sales material. This would definitely not be in the interest of the consumer.

Another example from daily business life in Denmark:

A group of independent furniture removers is promoting their business with a joint brand name, which in this case is a telephone number. This is very effective.

Like in taxi business they have a joint call center owned by the independent furniture removers. When the consumer calls the said number the consumer thinks that he is calling the remover company. Most of the time the consumers would like to have a fixed price for getting

his furniture moved from A to B. This again is not possible, since the call center cannot predict the price which the furniture remover in question is going to take for the tour.

We hope that those examples together with the remarks from UGAL will encourage the Commission to address the price-fixing problem. We have noticed that the Commission in the existing guidelines example 1 point 156 is aware of those problems and we suggest some of the points in the guidelines should be incorporated in a new Group exemption specifically dealing with problems in the retail sector.

A lot of those problems are common problems for voluntary chains, franchise and selective distribution since they all try to market one brand, which in turn should give them more power to keep up the competition with the big capital chains. If this problem isn't addressed very soon we will see an evolution in the retail sector where the big capital chains totally are taking over the market leaving no space for smaller independent entrepreneurs. This is not in favor of the consumer.

Yours sincerely,
Danish Chamber of Commerce



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