

*Case No IV/M.1088 -  
THOMSON  
CORPORATION /  
FRITIDSRESOR*

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 004/02/1998

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 04.02.1998

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

[To the notifying party]

Dear Sirs,

**Subject : Case No IV/M.1088 - Thomson/Fritidsresor**

Notification of 22 December 1997 pursuant to Article 4 of Council Regulation (EEC) No 4064/89

1. On 22 December 1997, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which The Thomson Corporation ("Thomson"), through its subsidiary Thomson Finance S.A., acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of Fritidsresor AB ("Fritidsresor") by way of purchase of shares.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

**I. THE PARTIES' ACTIVITIES AND THE OPERATION**

3. Thomson is a Canadian-based undertaking which is active in leisure travel operations comprising tour operations, travel agency services and charter airline services in Europe through its subsidiaries. Thomson is mainly active in the United Kingdom where [...] % of its Community-wide turnover is generated. Thomson International S.A., which is a subsidiary of Thomson Finance S.A., is established for the purposes of organising Thomson's non-UK travel interest.

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<sup>1</sup>Deleted for publication.

4. Fritidsresor is a Swedish-based undertaking which provides tour operation services through its wholly owned subsidiaries in four Nordic countries, Sweden, Denmark, Finland and Norway. It is primarily active in Sweden where [...] % of its Community-wide turnover is generated. At the moment Fritidsresor is also active in seat reservation market through its interest in Galileo reservation system and scheduled airline activities, Transwede Airways, but is currently in the process of disposal its interest in reservation system as well as selling its 50 % interest in Transwede Airways. The latter is expected to take place prior to completion of the acquisition.
5. The operation involves the acquisition by Thomson of 100 % of Fritidsresors' shares from its three major institutional shareholders (holding 95 % of shares) and smaller shareholders (holding 5 % of shares) for a cash consideration.

## **II. CONCENTRATION**

6. An acquisition of the direct control of the whole of an undertaking constitutes a concentration within the meaning of Article 3(1)(b) of Council Regulation (EEC) No 4064/89.

## **III. COMMUNITY DIMENSION**

7. Thomson and Fritidsresor have a combined aggregate worldwide turnover in excess of ECU 5,000 million (Thomson, ECU 6,082 million; and Fritidsresor, ECU 670 million). Each of them has a Community-wide turnover in excess of ECU 250 million (Thomson, ECU [...]million; and Fritidsresor, ECU [...]million), but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

## **IV. COMPATIBILITY WITH THE COMMON MARKET**

### **A. Relevant product markets**

8. The notifying party states that the relevant product markets are tour operations, charter airline services, travel agency services and the provision of hotel services. Tour operations typically include return air travel through a charter airline and hotel or resort accommodation at the holiday destination. Business travel can not be substituted by these forms of travel operations and therefore it constitute a distinct market.<sup>2</sup> Charter airline services, travel agency services and the provision of hotel services can be, and in many cases are, connected with tour operations providing necessary services for that sector, but they have also characters of distinct markets.<sup>3</sup>
9. Whether tour operations need to be divided into further sectors consisting of city trips, senior holidays (lasting more than one month), cruises, winter sports

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<sup>2</sup>See, for example, Case No IV/M.867 - Wagon-Lits/Carlson.

<sup>3</sup>See, for example, Case No IV/M.625 - Nordic Capital/Transpool.

holidays, educational/theme holidays and “flight only” products can be left open as even in the narrowest market definition, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

## **B. Relevant geographic markets**

10. The notifying party states that the relevant geographic markets are national. Tour operators sell packages with a point of departure in a Member State and markets them to residents of that Member State. The market for tour operations has therefore a national dimension. There are practical difficulties in booking a holiday package with a foreign tour operator, i.e. lack of information, linguistic barriers, legal complications and additional travel costs<sup>4</sup>
11. Charter airline services can also be estimated to be national in character as they fly out and return to their country of origin and licensing. As regards the geographic scope of the market concerning travel agency services of the leisure travel market, the Commission has previously stated that the market is national in its scope.<sup>5</sup>

## **C. Assessment**

### *Tour operations*

12. Both parties are primarily active in tour operation markets. In the United Kingdom where Thomson operates through its wholly owned subsidiary Thomson Tour Operations it has a market share of around [...] % measured by the number of passengers. Other major players in the market are Air Tour and First Choice with market shares of around [...] % and [...] %<sup>8</sup> respectively. The rest of the market is divided among several players. In Ireland Thomson operates through its wholly owned subsidiary, Budget Travel Limited. Thomson’s overall tour operations consist of wide range of product types including shorthaul beach holidays, longhaul beach holidays and winter skiing holidays.
13. Fritidsresor operates in four Nordic countries. In Sweden it has a market share of around [...] %<sup>9</sup> measured by the number of passengers. The market leader in the

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<sup>4</sup>See Case No IV/M. 785 - Thomas Cook/Sunworld.

<sup>5</sup>See, for example, Case No IV/M. 785 - Thomas Cook/Sunworld.

<sup>6</sup>Deleted for publication: between 20-30%.

<sup>7</sup>Deleted for publication: between 15-25%.

<sup>8</sup>Deleted for publication: between 10-20%.

<sup>9</sup>Deleted for publication: between 30-40%.

Swedish market is Scandinavian Leisure Group with a market share of around [...]%. The third player in the market is Apollo with a market share of around [...]%.

14. With regard to other Nordic countries Fritidsresor has following market shares measured by the number of passengers. In Finland it has a market share of around [...]%. The market leader is Finnair Group with the market share of around [...]%. The third major player in the market is the Scandinavian Leisure Group with the market share of around [...]%. In Denmark, where Fritidsresor operates under the name of Star Tours, it has a market share of around [...]%. The market leader is Scandinavian Leisure Group with a market share of around [...]%. In Norway, where Fritidsresor operates also under the name of Star Tours, it has a market share of around [...]%. The market leader is Scandinavian Leisure Group with a market share of around [...]%.  
15. There is no overlap between the parties' activities in the tour operation markets and therefore no increase in the market shares. There is no change in the structure of the market.

#### *Charter airline services*

16. Both parties operate charter airline services which primarily service their respective national tour operation services. Thomson's wholly owned subsidiary, Britannia Airways Limited operates charter services out of the UK and provides some capacity of Budget Travel's tour operation customers in Ireland. Fritidsresor's wholly owned charter airline, Blue Scandinavia, operates charter services out of Sweden and Norway. In Finland and in Denmark Fritidsresor buys capacity from other charter companies. Only Fritidsresor provides "flight only" sales. The charter airline services of each party do not overlap. There is no overlap in routes and no substitutability between different routes.

#### *Travel agency operations*

17. Thomson is active in travel agency market in the UK and Ireland selling its holidays and those of other tour operators. In the UK it has around 795 retail

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<sup>1</sup>Deleted for publication: between 40-50%.

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<sup>1</sup>Deleted for publication: between 10-20%.

<sup>1</sup>Deleted for publication: between 10-20%.

<sup>1</sup>Deleted for publication: between 35-45%.

<sup>1</sup>Deleted for publication: between 30-40%.

<sup>1</sup>Deleted for publication: between 45-55%.

shops through Lunn Poly Limited which is controlled by Thomson's wholly owned subsidiary Thomson Travel Group Limited. Currently it is a market leader in the UK holding a market share of around [...]%. In Ireland it is active through Budget travel shops which operates 17 retail outlets. Fritidsresor is not involved in the general travel agency market as it operates retail shops which only sell its tour operations.

*Provision of resort and hotel services*

18. Fritidsresor is active in the provision of resort and hotel services which it make available primarily for its own tour operations customers. However, when capacity is not being utilised by its own customers, the capacity is sold to other tour operators, including Thomson. Thomson is not active in this market.

**V. ANCILLARY RESTRICTIONS**

19. Thomson and Fritidsresor have agreed on a non-compete clause according to which a number of management shareholders in Fritidsresor have undertaken not to compete with the business of Fritidsresor for a period of two years in a matter specified in the Share Purchase Agreement. A number of selling shareholders have also undertaken not to solicit any of the key management of Fritidsresor for two years, other than by way of advertisement, as specified in Share Purchase Agreement. These clauses serve to guarantee the transfer of the full value of the assets transferred and are therefore directly related and necessary to the implementation of the concentration. The time period of two years is acceptable.

**VI. CONCLUSION**

20. Based on above there is no overlap due to the parties lack of presence in each other's geographic markets. Therefore, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.
21. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,

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<sup>1</sup>Deleted for publication: between 15-25%.