

***Case No IV/M.1232 -
INGRAM /
MACROTRON***

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

Article 6(1)(b) NON-OPPOSITION
Date: 17/07/1998

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.7.1998

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

Subject: Case No. IV/M.1232 - INGRAM/MACROTRON

Notification of 23.6.1998 pursuant to Article 4 of Council Regulation No. 4064/89

1. On 23.6.1998, the U.S. company, Ingram Micro Inc. ("Ingram"), announced its acquisition of sole control over the German company, Macrotron, AG ("Macrotron"), a subsidiary of the U.S. company, Tech Data Corporation ("Tech Data").
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, as last amended by Regulation (EC) No 1310/97¹, and does not raise any serious doubts as to its compatibility with the common market and the functioning of the EEA agreement.

¹ OJ L 180, 9.7.1997, p.1; Corrigendum OJ L 40, 13.2.1998, p. 17.

I. THE PARTIES

3. Ingram is a market leader in wholesale distribution of microcomputer-related hardware and software products (e.g. personal computers, software, network products, peripheral and communication products) and a provider of the related services of after-sale support, training and financial services to customers. Ingram is active in more than 120 countries worldwide. In the Community, it is mainly active in Belgium, Denmark, the Netherlands and Sweden, to a lesser degree in France, Spain, Italy and the UK, and in a relatively limited way in Germany, Austria and Finland.
4. Macrotron carries out the same IT products wholesale distribution activities as Ingram. Its activities are mainly concentrated within the EU and largely in Austria and Germany, its most important presence being in Germany where it generates approximately 90% of its turnover. In other EU countries Macrotron has either a very limited, or no, presence. In 1997, Macrotron became a subsidiary of Tech Data, one of the leaders in IT products wholesale distribution worldwide.

II. THE OPERATION

5. Through the purchase of all of the capital stock of Macrotron, Ingram will acquire sole control over Macrotron's worldwide business of wholesale distribution of IT products and related services.

III. CONCENTRATION OF A COMMUNITY DIMENSION

6. The operation constitutes a concentration within the meaning of Article 3.1.(b) of the Merger Regulation.
7. The undertakings concerned have a combined aggregate worldwide turnover in excess of ECU 5,000 million [...]². Each of them has a Community-wide turnover in excess of ECU 250 million [...]³, 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, and does not constitute a co-operation case under the EEA Agreement.

IV. COMPATIBILITY WITH THE COMMON MARKET

A. The Relevant Product Market

8. The activities concerned in the operation, and in which both Ingram and Macrotron are active, consist of the wholesale distribution of a whole range of hardware and software computer products, categorized by Ingram as the core business, and the related services of after-sales support, training and financial services to customers.
9. Ingram describes its IT wholesale offering to customers as "one-stop shopping" by providing a comprehensive inventory of more than 100.000 distinct items from over 1.100 suppliers, including most of the microcomputer industry's leading hardware

² business secrets, deleted for publication

³ business secrets, deleted for publication

manufacturers, networking equipment suppliers, and software publishers. Ingram considers that the related services, described further above, constitute an integral part of the wholesale offering to the large retail customer base which, in the case of Ingram, reaches 40,000 in Europe, and 15,000 in the case of Macrotron.

10. In previous decisions ⁴ in cases concerning this same type of activities, the Commission has identified a relevant product market consisting of the wholesale distribution of IT products characterized by three main features, i.e. broad product offering, fast delivery (“within a day”), and logistic capacities. As the activities concerned by the present operation, as described above, fall within this product market definition, it has been retained as the relevant market for the purposes of the competitive assessment in the present case also.

B. The Relevant Geographic Market

11. Ingram has submitted that the relevant geographic market is at least EU-wide. In this context it has contended mainly i) that technical requirements at the level of voltage and plugs for devices such as computers are so similar that there is no limitation in their use in one specific region or Member State, ii) that peripherals such as keyboards can easily be switched to comply with the requirements of a specific language and iii) that IT software products are of easy transportation from one country to another.
12. However, the Commission in previous decisions ⁵ in this market has considered the geographic market for the wholesale distribution of IT products (including related services) to be more national (or possibly regional/cross-border in some instances) in scope than European. The main elements considered significant by the Commission in this respect were i) the fast delivery (“within a day”) feature which is characteristic of this market and which constitutes a significant deterrent to cross border trade, with the possible exception of those borders which do not constitute language barriers, such as Belgium/France, Germany/Austria, ii) the “pick-up” nature of many of the purchases of these products, as yet another feature requiring a local presence at a national level on the part of the supplier, and iii) the need for a national presence for the provision of the related after-sales services of training and technical support. Moreover, the Commission considered that the fact that both retailers and wholesalers of IT products tend to organize their activities on a national basis was still another element indicating a national scope for this market.
13. Thus, as all the above conditions are present in this case, the Commission has considered that the competitive effects of the present operation should be examined at the level of national markets. Nonetheless, given the lack of any competition concerns at this level as a result of the present operation, as was also the case in the previous Commission decisions referred to, the Commission can continue to leave the precise definition of the geographic scope of the market open in the present case.

⁴ Case No. IV/M.1179 – Tech Data/Computer 2000 and Case No. IV/M.1192 – CHS Electronics/Metrologie International

⁵ Case No. IV/M.1179 – Tech Data/Computer 2000 and Case No. IV/M.1192 – CHS Electronics/Metrologie International

V. ASSESSMENT

14. The market share resulting from the operation at EEA level is [...] ⁶. At a national level, it will only lead to affected markets in the case of Belgium, Denmark, the Netherlands and Sweden, in which countries Ingram already has a strong presence, with market shares of approximately [...] ⁷ in Belgium and Denmark respectively, and approximately [...] ⁸ in the Netherlands and in Sweden. As Mactrotron's presence is very limited in these Member States, the operation leads to a very insignificant overlap [...] ⁹ in all cases. Consequently, the position of Ingram remains substantially unchanged in the said markets.
15. Furthermore, although Ingram will be the most important player in all of the aforementioned Member States, there are at least two other important players, often with sizeable, or even comparable, market shares, present in all of them. The new merged entity will face competition: in Belgium from Computer 2000, with a [...] ¹⁰ market share, and CHS and Actebis, with [...] ¹¹ each; in Denmark from CHS, Scribona and Computer 2000 with [...] ¹² [...] ¹³ respectively; in the Netherlands from Computer 2000 and CHS, with [...] ¹⁴ and [...] ¹⁵ respectively; and in Sweden from CHS, Scribona and Computer 2000 with [...] ¹⁶, respectively. In all of these countries, there are also several other smaller players competing in what are largely fractionated markets.
16. Thus, given the small increment in market share and the size of the combined market shares themselves which result from this operation in the four Member States concerned, together with the general conditions in the market in all four countries, in terms of the relatively large presence of other important players, as well as numerous smaller ones, the present operation does not give rise to any concerns with regard to its competitive impact in the affected markets. Consequently, it is considered that 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.

VI. CONCLUSION

⁶ business secret: between 5 and 10 %

⁷ business secret: between 20 and 25 %

⁸ business secret: between 10 and 20 %

⁹ business secret: between 0 and 2 %

¹⁰ business secret: between 15 and 25 %

¹¹ business secret: between 5 and 10 %

¹² business secret: between 15 and 20 %

¹³ business secret: between 5 and 10 %

¹⁴ business secret: between 10 and 15 %

¹⁵ business secret: between 0 and 5 %

¹⁶ business secret: between 10 and 15 %

17. 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 EEA Agreement. This decision is adopted in application of Article 6.1.(b) of Council Regulation (EEC) No. 4064/89.

For the Commission,