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Case No IV/M.300 - KINGFISHER / DARTY

Only the English text is available and authentic.

REGULATION (EEC) No 4064/89
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
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COMMISSION
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Brussels, 22.3.1993

PUBLIC VERSION

MERGER REGULATION -
ARTICLE 6(1) b DECISION

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To the notifying party

Dear Sirs,

Re. : Case No IV/M.300 - KINGFISHER/DARTY
Notification of 19.02.1993 pursuant to Article 4 of Council Regulation No. 4064/89 (Merger Regulation)

1. The notified operation concerns the proposed acquisition by Kingfisher plc ("Kingfisher") of the majority of the share capital of Financière Darty S.A. which controls Etablissements Darty et Fils and the group's other operating subsidiaries (together "Darty").

I. THE PARTIES

2. Kingfisher is one of the largest non-food retailers in the U.K. Its retailing activities are confined to the UK and conducted principally through four wholly-owned subsidiaries : B & Q plc which operates a chain of do-it-yourself retail outlets, stocking a wide range of products for home, car or garden care; Comet Group plc which retails domestic appliances ("white goods") and consumer electronics ("brown goods"); Superdrug Stores plc which supplies mainly self-service toiletries and general personal care goods and Woolworths plc which retails a variety of products including toys, records, tapes, confectionery, childrens' clothing, home and garden products and stationery. Other activities include Charlie Browns Autocentres plc, which provide car servicing facilities and retail a range of automotive products; Entertainment UK Ltd, a wholesaler and distributor of recorded music and videos and Chartwell Land plc, a property investment and development company.

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3. Darty is the leading specialist electrical retailer in France. It currently operates through 130 stores mostly located in Paris and in the larger provincial cities. Darty has also a minority financial interest in Vanden Borre S.A., a Belgian electrical retailer. Darty sells domestic appliances and consumer electronics and offers after-sale services.

II. CONCENTRATION OF COMMUNITY DIMENSION

4. Under the terms of a Share Purchase Agreement and a Share Exchange Agreement, Kingfisher intends to acquire at least 95 % of Financière Darty S.A.'s share capital. The operation therefore constitutes a concentration within the meaning of Article 3 of the Regulation.

5. The aggregate worldwide turnover of Kingfisher and Darty exceeded 5 billion ECU in 1991/1992 (4.8 billion for Kingfisher, 1.2 billion for Darty). Both have Community wide turnover of more than 250 million ECU. The parties do not achieve more than two-thirds of their respective Community-wide turnovers in one and the same Member State.

   The proposed concentration thus has a Community dimension in accordance with Article 1(2) of the Merger Regulation.

III. COMPATIBILITY

6. In assessing a concentration in the retail business sector it is necessary to consider the market power that can be exercised both towards consumers and suppliers.

   Consumers

7. Kingfisher and Darty are both retailers of consumer electrical goods, respectively in the UK and France. Since retail stores draw their customers from a local catchment area there is no geographic overlap between the two businesses, and consequently the transaction will not give rise to any addition of market shares.

   Both Kingfisher, through its subsidiary Comet, and Darty occupy leading positions in their respective markets as multispecialist electricals retailers. In the UK the Kingfisher group accounts for 9 % of the electricals retailing market (641 million ECU sales out of a total market of 7.236 million ECU). It is second only to Dixons/Currys which holds 22 % of the market.

In France, Darty is the market leader in multispecialist electricals retailing with a market share of nearly 13 %. Its competitors are not only other multispecialists (FNAC 3 %, Connexion 3 %, Boulanger 2 %) but also hypermarkets (Carrefour 10 %, Auchan 4 %, Casino-Rallye 4 % and Cora 2 %).

Suppliers

9. Where the same manufacturers supply both Kingfisher and Darty, the merged entity might, theoretically, represent a sufficiently large proportion of that supplier's sales in France and the UK for it to be able to dictate terms to the supplier. This would not appear to be an issue in this case. While many manufacturers do supply both Darty and Kingfisher, only one supplier relies on them for a substantial proportion of sales in both the UK and France. Large numbers of manufacturers only supply one of the parties and even where they do supply both, products frequently differ as a result of varying national tastes (e.g. in washing machines) or different technical standards (e.g. in entertainment electronics). The views of manufacturers expressed to the Commission were that the concentration would not alter the current commercial balance between suppliers and distributors in this sector.

Conclusion

10. The concentration will not, therefore, create or strengthen a dominant position as a result of which effective competition will be significantly impeded in the common market or in a substantial part of it.

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For the above reasons, the Commission has decided not to oppose the notified concentration and to declare it compatible with the common market. This decision is adopted in application of Article 6(1)(b) of Council Regulation No. 4064/89.

For the Commission,