

***Case No COMP/M.6847 - TRITON/ SUOMEN
LÄHIKAUPPA***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION

Date: 22/02/2013

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Brussels, 22.02.2013
C(2013) 1160

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE

To the notifying parties:

Dear Sir/Madam,

**Subject: Case No COMP/M.6847 - TRITON/ SUOMEN LÄHIKAUPPA
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹**

1. On 21 January 2013, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004² by which Triton Managers III Limited and TFF III Limited (together "Triton", Jersey), indirectly via an acquisition vehicle Bodem Holding Finland Oy, acquire, within the meaning of Article 3(1)(b) of the Merger Regulation, control of the whole of Suomen Lähikauppa Oy ("Suomen Lähikauppa", Finland) by way of purchase of shares.³ Triton is referred to below as the "Notifying Party" and Triton and Suomen Lähikauppa are referred to together as the "Parties".

I. THE PARTIES

2. Triton is a private equity investment firm that manages investments on behalf of investment funds in European-based businesses. Triton forms part of the Triton Group, which is dedicated to investing in medium-sized businesses headquartered in Northern

¹ OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

² OJ L 24, 29.1.2004, p. 1 (the "Merger Regulation").

³ Publication in the Official Journal of the European Union No C 27, 29.01.2013, p. 9.

Europe with a focus on Austria, Germany, Switzerland, and the five Nordic countries: Denmark, Finland, Iceland, Norway, and Sweden.

3. Suomen Lähikauppa is the third largest daily consumer goods retailer in Finland and operates in the neighbourhood store, supermarket and hypermarket segments with three chain brands: Siwa (neighbourhood stores), Valintatalo (supermarkets) and Euromarket (hypermarkets).

II. THE OPERATION

4. The proposed transaction consists of the acquisition of indirect sole control by Triton of the whole of Suomen Lähikauppa through the sale of 100% of the shares in Suomen Lähikauppa to Bodem, an acquisition vehicle ultimately controlled by Triton.
5. Therefore, the proposed transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

III. EU DIMENSION

6. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁴ [Triton: [...]; Suomen Lähikauppa: 1 026 million]. Each of them has an EU-wide turnover in excess of EUR 250 million [Triton: [...]; Suomen Lähikauppa: 1 026 million]. While Suomen Lähikauppa achieves its entire turnover in Finland, Triton does not achieve more than two-thirds of its aggregate EU-wide turnover in Finland.
7. Therefore, the notified operation has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

IV. COMPETITIVE ASSESSMENT

1. Market definition

8. The proposed transaction does not give rise to any horizontal overlaps between the Parties' activities since Triton is not active in the retail of consumer goods in Finland or elsewhere.
9. However, one of Triton's portfolio companies, OBH Nordica AB ("OBH"), is active in the import of small domestic appliances which is vertically related to Suomen Lähikauppa's daily consumer goods retail activities.

⁴ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Consolidated Jurisdictional Notice (OJ C95, 16.04.2008, p1).

Retail market for daily consumer goods

10. In previous decisions⁵, the Commission considered that there is a separate product market in the retail of daily consumer goods carried out by retail outlets such as supermarkets, hypermarkets and discount chains. These retailers are active in different markets than other retailers, such as specialised outlets (butchers, bakers, etc.) and service stations, which have been consistently excluded from the relevant product market in previous decisions.⁶
11. In particular, the Commission has previously considered the retail market for daily consumer goods in Finland, and noted that the range of goods concerned principally includes food, drink, tobacco and non-food household consumables (i.e. cleaning products, toiletries, disposable paper products, and healthcare products).⁷ The Commission concluded that the relevant market consisted of the provision of a basket of fresh and dry food-stuffs, and non-food household consumables sold in a supermarket environment.⁸
12. According to the Notifying Party, the Finnish Competition Authority has considered that the Finnish retail market for daily consumer goods comprises three main types of retailers, namely hypermarkets, supermarkets and smaller self-service shops (convenience stores).⁹
13. The Notifying Party submits that the exact definition of the relevant product market can be left open in this case since it is unlikely that any competition concerns would arise, under any reasonable market definition.
14. In relation to the geographic market definition, the Commission has delineated the geographic market for the retail of daily consumer goods by the boundaries of a territory where the outlets can be reached easily by consumers (radius of approximately 10 to 30 minutes driving time).¹⁰
15. According to the Notifying Party, the Finnish Competition Authority has concluded that the geographic scope of the Finnish retail market for daily consumer goods to be either regional or national.¹¹

⁵ E.g. cases IV/M.784 *Kesko/Tuko*, paragraphs 19–20, COMP/M.1221 *Rewe/Meinl*, paragraphs 12-16, Case COMP/M. 3464 *Kesko/ICA/JV*, paragraph 17, COMP/M.1684 *Carrefour/Promodes*, paragraph 9 and Case No COMP/M.6506 - *Groupe Auchan / Magyar Hipermarket*, paragraph 8.

⁶ Cases IV/M.784 *Kesko/Tuko*, paragraphs 18-20, COMP/M.1221 *Rewe/Meinl*, paragraph 10, Case COMP/M.5790 *Lidl/Plus Romania/Plus Bulgaria*, paragraphs 11-13.

⁷ Case IV/M.784 *Kesko/Tuko*, paragraph 18.

⁸ Case No IV/M.784 *Kesko/Tuko*, paragraphs 18-20.

⁹ *SOK/Suomen Spar Oyj*, 657/8172005, 4.1.2006.

¹⁰ Cases IV/M.803 *Rewe/Billa*, IV/M.1085 *Promodes/Catteau*, paragraph 14, COMP/M.1221 *Rewe/Meinl*, paragraph 18, COMP/M.1684 *Carrefour/Promodes*, paragraph 24, COMP/M.1070 *Spar/Pfannkuch*, paragraph 12, COMP/M.4590 *Rewe/Delvita*, paragraphs 16-19 and Case No COMP/M.6506 - *Groupe Auchan / Magyar Hipermarket*, paragraph 13.

¹¹ *SOK/Suomen Spar Oyj*, 657/8172005, 4.1.2006.

16. The Notifying Party submits that the exact scope of the relevant geographic market can be left open in this case.

Import of small domestic appliances

17. The Commission has previously considered segmenting the electrical retailing market into the following sub-markets: (i) retail of brown goods (including audio and visual appliances); (ii) retail of large domestic appliances (including washing machines, freezers, etc.); (iii) retail of small domestic appliances (including toasters, irons, etc.); and (iv) retail of computers and communication devices. However it left the exact relevant product market definition open.¹²

18. The Notifying Party agrees that the relevant product market should be the import of small domestic appliances, that no further segmentation of this product market is necessary and that in any event, the exact relevant product market definition can be left open in this case.

19. In relation to the geographic market, the Commission has, in previous decisions considered that the geographic market for electrical retailing could be either national or local in scope.¹³ However, the exact relevant geographic market definition was ultimately left open.

20. The Notifying Party submits that exact scope of the relevant geographic market can also be left open in this case.

21. As the concentration does not raise serious doubts under any alternative definition, the Commission considers that the exact relevant product and geographic market definitions can be left open for the purposes of this decision.

2. Assessment

22. The proposed transaction gives rise to vertically affected markets as a result of the relationship between (i) OBH's activities in the import of small domestic appliances upstream; and (ii) Suomen Lähikauppa's daily consumer goods retail activities downstream.

23. OBH is active in the import of products for personal care and small electrical household appliances. These products fall into the category of small domestic appliances consisting of hundreds of different products.¹⁴ According to the Notifying Party, Suomen Lähikauppa

12 See cases No COMP/M.4392 - *DSGI / FR-Invest / F-Group JV*, paragraph 9, COMP/M.4226 - *DSGI / Fotovista*, paragraph 9, IV/M.1248 - *Kingfisher / BUT*, paragraph 8, and Case No IV/M.1188 - *Kingfisher / Wegert / Promarkt*, paragraph 10.

13 See cases No COMP/M.4392 - *DSGI / FR-Invest / F-Group JV* paragraph 16, COMP/M.4226 - *DSGI / Fotovista*, paragraph 15 and IV/M.1248 - *Kingfisher / BUT*, paragraph 11.

14 OBH's product selection includes e.g. food sealers, hair dryers, air humidifiers, ice cream makers, coffee makers, cookware, kitchen scales, toasters, curling irons, thermal blanket, spice grinders, microwave ovens, hand-held vacuum cleaner, hand-held blenders, irons, hair straighteners, hand mixers, blenders, kettles, waffle irons, food processors, oil and vinegar drizzlers.

has not been a significant retailer of OBH products in Finland and approximately [...] % of OBH's sales in Finland in 2012 were made through Suomen Lähikauppa's stores.¹⁵

24. At national level, the Parties' shares would not give rise to any affected markets since their shares are 7.8% for Suomen Lähikauppa in the retail of daily consumer goods in Finland and [10-20]% for OBH in the import of small domestic appliances in Finland.
25. If the geographic market for the retail of daily consumer goods were defined as narrower than national (i.e. regional or local), according to the Notifying Party, Suomen Lähikauppa's share in the retail of daily consumer goods exceeds 25% in a number of municipalities, namely Oripää ([50-60]%), Pelkosenniemi ([50-60]%), Loimaa ([30-40]%), Mänttä-Vilppula ([30-40]%), Rautalampi ([30-40]%), Pöytyä ([20-30]%), Ypäjä ([20-30]%), Multia ([20-30]%), Uurainen ([20-30]%), Aura ([20-30]%) and Uusikaupunki ([20-30]%).
26. The Notifying Party confirms that even if the geographic market for the import of small domestic appliances were defined on a narrower basis than national (i.e. regional or local), the market shares of OBH in such narrower markets in Finland would not be likely to materially differ from the national market share. Given OBH's modest shares upstream and the presence of a number of credible alternative suppliers such as Oy Electrolux Ab and Braun (Procter and Gamble Finland Oy) (both with a share of [10-20]% in Finland) as well as Philips Oy (with a share of [10-20]%), Technivorm-Monchamaster and BSH Group (both with a share of [5-10]%), the Commission considers that input foreclosure concerns are unlikely to arise as a result of the proposed transaction.
27. Customer foreclosure is also unlikely to arise in each of the downstream affected markets due to the presence of strong competition from the S Group, and Kesko. One or both of these players are present in each of the downstream affected markets namely Oripää (where Kesko has a share of [40-50]%), Pelkosenniemi (where Kesko has a share of [40-50]%), Loimaa (where the S Group and Kesko have shares of [30-40]% and [20-30]%, respectively), Mänttä-Vilppula (where the S Group and Kesko have shares of [30-40]% and [30-40]%, respectively), Rautalampi (where the S Group has a share of [60-70]% and another smaller retailer has a share of [5-10]%), Pöytyä (where the S Group and Kesko have shares of [50-60]% and [10-20]%, respectively), Ypäjä (where the S Group has a share of [70-80]%), Multia (where the S Group has a share of [70-80]%), Uurainen (where the S Group has a share of [70-80]%), Aura (where the S Group and Kesko have shares of [40-50]% and [20-30]%, respectively) and Uusikaupunki (where the S Group and Kesko have shares of [30-40]% and [30-40]%, respectively). Lidl is also active here with a share of [5-10]%.¹⁶ In addition, the Notifying Party submits that in three of these municipalities

15 In 2011, OBH's sales to all three Suomen Lähikauppa chains in Finland amounted to approximately [...] euros representing less than [...] % of OBH's sales in Finland (excluding internet sales). In 2012, OBH's sales to Suomen Lähikauppa have dropped to [...] euros representing [...] % of OBH's total sales in Finland. In addition, OBH's products have not been permanently in Suomen Lähikauppa's product portfolio in recent years.

16 Competitors' market shares have been provided by the Notifying Party.

namely Loimaa, Mänttä-Vilppula, and Uusikaupunki, there is one or more specialised stores with a wide selection of small domestic appliances.¹⁷

28. In view of the above, the Commission considers that the proposed transaction does not raise serious doubts with regard to the vertical relationship between the import of small domestic appliances and the retail of daily consumer goods.

V. CONCLUSION

29. For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

For the Commission

(signed)

Joaquín ALMUNIA

Vice-President

¹⁷ Furthermore, the German retail store Lidl is also active in the wider national market in Finland with a share of [5-10]%.