

***Case No COMP/M.7351 -  
HENKEL/ SPOTLESS GROUP***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 25/09/2014

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## EUROPEAN COMMISSION

Brussels, 25.9.2014  
C(2014) 7049 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party:**

Dear Sirs,

**Subject: Case M.7351 – HENKEL/ SPOTLESS GROUP**  
**Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004<sup>1</sup>**

1. On 25 August 2014, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking Henkel AG & Co. KGaA, ('Henkel', Germany) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of Spotless Group SAS, ('Spotless', France) by way of purchase of shares<sup>2</sup>. Henkel is hereinafter referred to as the 'Notifying Party' while Henkel and Spotless are collectively referred to as the 'Parties'.

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<sup>1</sup> 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.

<sup>2</sup> Publication in the Official Journal of the European Union No C293, 2.9.2014, p. 16.

## **I THE PARTIES**

2. **Henkel** is a German manufacturer and supplier of laundry and home care products, in particular laundry detergents, fabric softeners and certain household cleaners. Henkel also produces beauty care and adhesives technology products.
3. **Spotless** is a French manufacturer of a range of branded domestic household and laundry care products including laundry additives, shoe care products, insecticides, glass lens cleaners, septic tank care and plant and pet care products.

## **II THE OPERATION**

4. On 5 June 2014, the Parties concluded a Sale and Purchase Agreement by which Henkel intends to acquire all shares and securities issued by Spotless. Post-transaction, Henkel will hold 100% of Spotless' share capital and voting rights and will thus have sole control of Spotless.
5. The proposed transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## **III UNION DIMENSION**

6. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR [...] million (Henkel: EUR 16 355 million; Spotless: EUR [...] million). Each of them has a Union-wide turnover in excess of EUR 250 million (Henkel: EUR [...] million; Spotless: EUR [...] million), but they do not achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State.
7. The notified operation therefore has a Union dimension within the meaning of Article 1(2) of the Merger Regulation.

## **IV COMPETITIVE ASSESSMENT**

### **IV.1. General remarks**

8. The Parties' activities overlap in certain domestic cleaning products, including fabric care products and household cleaning ('HHC') products.

### **IV.2. Relevant product market definitions**

#### *IV.2.1. Categories of domestic cleaning products*

9. In its previous decisions, the Commission has considered that domestic cleaning products can be segmented into four categories, namely: i) household cleaners, ii) fabric care products, iii) dishwashing products and iv) other cleaning products.<sup>3</sup> As the Parties' activities only overlap in certain sub-segments of fabric care products

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<sup>3</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paras 7 and 15, and COMP/M.5658 – *Unilever / Sara Lee*, paragraphs 1261–1263 and 1375–1377.

and household cleaners, the remaining categories, dishwashing products and other cleaning products, are not considered further in this decision.

#### *IV.2.2. Fabric care products*

10. In the same decisions, the Commission has considered that fabric care products may further be divided into four sub-categories: i) laundry detergents, ii) laundry aids iii) fabric conditioners and iv) carpet cleaners.<sup>4</sup>
11. In *Reckitt + Colman / Benckiser*, the Commission found indications that customers will switch from a branded fabric care product to a private label of the same product when the price for the branded product is substantially increased. Consequently, the Commission included private label products in the same market as branded products in its assessment in that case as well as in the later *Unilever / Sara Lee* case.<sup>5</sup> The Notifying Party agrees with this approach.
12. As the Parties' activities only overlap in laundry aids and carpet cleaners, the other sub-categories of fabric care products, laundry detergents and fabric conditioners, are not considered further in this decision.

##### *IV.2.2.1. Laundry aids*

13. Laundry aids are laundry additives ('LAD') that are used in fabric care applications to supplement detergents and conditioners in order to enhance the fabric cleaning or conditioning result (for example stain removing, colour catching, whitening, etc.). LAD products include primarily stain removers, colour catching sheets, colour changers, whiteners, additives with an antibacterial function and bleaches, which have a whitening/decolouring, antibacterial and stain removing functionality.
14. The Parties' activities only overlap with respect to a particular type of LADs, namely LAD bleaches. Those bleaches are used to whiten or decolour fabrics, remove stains and disinfect fabrics through a chemical reaction.
15. However, the Notifying Party argues that LAD bleaches do not constitute a distinct relevant product market. Instead, it submits that LAD bleaches and HHC bleaches can be used interchangeably in many applications. Moreover, the Notifying Party submits that there is also a high degree of supply-side substitutability between LAD and HHC bleaches: LAD and HHC bleaches may both be based on, among others, sodium hypochlorite, and suppliers are easily able to switch production between them just by changing the viscosity, perfume and labelling.
16. In addition, the Notifying Party submits that consumers can substitute LAD bleach products by non-bleach whitening, decolouring, stain removing and hygiene products and vice versa.

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<sup>4</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paragraphs 7 and 15, and COMP/M.5658 – *Unilever/Sara Lee*, paragraphs 1263 and 1270–1277.

<sup>5</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paragraphs 9 and 23. Private label products were also included in the market in the assessment of fabric care products in *Unilever/Sara Lee*, see. COMP/M.5658 – *Unilever/Sara Lee*, e.g. paragraphs 1285 and 1291.

17. Nonetheless, the exact product market definition can be left open as the proposed transaction does not give rise to serious doubts even under the narrowest feasible product market definition.

#### *IV.2.2.2. Carpet cleaners*

18. Carpet cleaners are products that are specifically labelled and marketed to clean carpets in households. In a previous decision, the Commission has considered that carpet cleaners constitute a separate relevant product market.<sup>6</sup>
19. The Notifying Party submits that the relevant product market is broader than only carpet cleaners as consumers can use any kind of stain removers, detergents, soap, dishwashing liquids or even hair shampoos and shower gels to remove carpet stains or odours.
20. The results of the market investigation do not support the Notifying Party's claims about demand-side substitutability at the end-user level. Instead, a clear majority of both customers and competitors responded that consumers were not likely to substitute carpet cleaners with any other product even when faced with a permanent increase of 5–10% in the price of carpet cleaners.<sup>7</sup>
21. Nonetheless, the exact product market definition can be left open as the proposed transaction does not give rise to serious doubts even under the narrowest feasible product market definition.

#### *IV.2.3. Household cleaning products*

22. The Commission has in previous decisions considered that HHC products may be further divided into i) multipurpose cleaners used to clean non-permeable surfaces and suitable for general household use, ii) lavatory cleaners used for cleaning and removal of bad odours in lavatories, iii) polishes and waxes used to clean, shine and protect furniture and wooden or tiled floors, and iv) metal polishes used to clean and shine metals.<sup>8</sup> In those decisions, the Commission assessed private label products as part of the same market as branded products.<sup>9</sup>
23. The Notifying Party nonetheless submits that different HHC products can be used in a variety of ways and applications because of their chemical composition and that consumers sometimes use differently marketed HHC products interchangeably if the products have a similar function. To this end, the Notifying Party has distinguished five different main functionalities of various products, namely (i) degreasing, (ii) descaling, (iii) bleaching, (iv) multi-purpose cleaning and (v) special-purpose polishing and waxing.

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<sup>6</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paragraphs 7 and 15.

<sup>7</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, question 1 and to Questionnaire 3 – Competitors of carpet cleaners in France, question 1.

<sup>8</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paragraphs 7 and 15, and COMP/M.5658 – *Unilever/Sara Lee*, paragraphs 1375–7.

<sup>9</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paragraphs 9 and 23, and COMP/M.5658 – *Unilever/Sara Lee*, paragraphs 1382 and 1384.

24. According to the Notifying Party, the Parties' activities overlap and result in potentially affected markets in five HHC product sub-segments, namely: (i) metal polishes, (ii) HHC bleaches, (iii) multi-purpose cleaners, (iv) floor cleaners and (v) power descalers.
25. *Metal polishes*: Metal polishes are used to clean and brighten metals. The Notifying Party submits that the relevant product market is nonetheless much broader than only metal polishes as consumers would also use various other products to clean metals, namely abrasive creams, degreasers and multi-purpose cleaners.
26. The results of the market investigation do not support the Notifying Party's claims about demand-side substitutability at the end-user level. Instead, a clear majority of both customers and competitors responded that consumers were not likely to substitute metal polishes with any other product even when faced with a permanent increase of 5–10% in the price of metal polishes.<sup>10</sup>
27. *HHC bleaches*: Bleaches are products that can be used to clean and disinfect various surfaces in a household. They can be used for the same purposes as lavatory cleaners but, according to the Notifying Party, also for cleaning other surfaces such as the bathroom and floors that could also be cleaned with multi-purpose cleaners as well.
28. The Notifying Party nonetheless considers that HHC bleaches do not constitute a separate relevant product market. Instead, LAD bleaches would belong to the same relevant product market because of both supply- and demand-side substitutability. Moreover, the Notifying Party submits that various non-bleaching products, such as multi-purpose cleaners, should be included in the same relevant product market.
29. *Multipurpose cleaners*: Multipurpose cleaners are designed to clean various non-permeable surfaces in a household. The Notifying Party submits that since they are designed for all areas in a household, consumers also use other products that are marketed for a specific area/room (kitchen, bathroom, floors) as well as for a specifically required cleaning result (bleaches and descalers) to clean the same area or surface. There would therefore be some degree of substitutability between multi-purpose cleaners and 'special' cleaners marketed for specific applications even if substitutability was not fully bi-directional.
30. *Floor cleaners*: Floor cleaners are universal cleaners designed to clean floors in a household. The Notifying Party argues that floor cleaners are, however, in fact multi-purpose cleaners only marketed for floor cleaning and do not, therefore, constitute a separate relevant product market.
31. *Power descalers*: Descalers are products used to descale hard surfaces, for example in the toilet/lavatory and the bathroom. The Notifying Party nonetheless submits that descalers do not constitute a separate relevant market but that at least other lavatory and general bathroom cleaning products should be included in the same market. According to the Notifying Party, when a consumer needs a product to remove limescale in, for example, the lavatory, the consumer may use a 'power

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<sup>10</sup> Replies to Questionnaire 2 – Customers of metal polishes in Sweden, question 1 and to Questionnaire 4 – Competitors of metal polishes in Sweden, question 1.

descaler' or a bathroom cleaner which typically has a descaling functionality and they should therefore include all cleaning products with a descaling function irrespective of how they are labelled.

32. Nonetheless, the exact product market definitions can be left open as the proposed transaction does not give rise to serious doubts even under the narrowest feasible product market definitions.

### **IV.3. Relevant geographic market definitions**

33. The Commission has previously left open whether the market for the products relevant for the present case are EEA-wide or national in scope.<sup>11</sup>
34. The Notifying Party argues that there is a clear trend towards EEA-wide markets for consumer products.
35. Nonetheless, the exact geographic market definitions can be left open as the proposed transaction does not give rise to serious doubts even under the narrowest, that is to say national, geographic dimension.

### **IV.4. Competitive assessment**

#### *IV.4.1. Horizontal aspects*

36. The proposed transaction gives rise to seven potentially affected markets: (i) carpet cleaners in France, (ii) metal polishes in Sweden, (iii) LAD bleaches in Spain, (iv) HHC bleaches in Spain, (v) floor cleaners in Hungary, (vi) multi-purpose cleaners in Finland and (vii) power descalers in Germany. There are no affected markets at the EEA level.

#### *IV.4.1.1. Carpet cleaners in France*

##### *The Notifying Party's view*

37. Henkel is active in the market for carpet cleaners in France with its brand MiR whereas Spotless sells its carpet cleaner under the brand Eau Ecarlate. According to the Notifying Party, Henkel had a market share (by value) of about [40-50] % while Spotless' market share was only about [0-5] % in 2013. However, Spotless purchased the K2r brand in 2013 from a company called Hedoga,[...]. According to the Notifying Party, K2r had a market share of about [5-10] % in 2013. If the market shares of that product were attributed to Spotless' market share, the Parties' combined market share in 2013 would have reached [50-60] %.

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<sup>11</sup> COMP/M.1632 – *Reckitt + Colman / Benckiser*, paragraphs 16 – 19, and COMP/M.5658 – *Unilever/Sara Lee*., paragraphs 1378–1380.

**Table 1 Market shares - carpet cleaners in France (value)**

	<b>2012</b>	<b>2013</b>	<b>2014 (Year to 15 June)</b>
Henkel (MiR)	[40-50] %	[40-50] %	[40-50] %
Spotless (Eau Ecarlate)	[0-5] %	[0-5] %	[0-5] %
S.C. Johnson (K2r)	[5-10] %	[5-10] %	[5-10] %
Combined	[50-60] %	[50-60] %	[50-60] %
Reckitt-Benckiser	[10-20] %	[10-20] %	[10-20] %
Private label	[20-30] %	[20-30] %	[20-30] %
Others	[0-5]%	[5-10] %	[5-10] %

*Source: The Notifying Party*

38. The Notifying Party argues that while most carpet cleaners are quite similar in properties and formulation, there are differences between Henkel's products and the K2r-branded carpet cleaners. For example, the K2r carpet cleaner is marketed with an additional benefit, namely protection against stains and impregnation of fibres, while Henkel's carpet cleaner does not offer such a technology and focuses on stain removing, deodorising and protecting the colours and fibres.
39. Moreover, the Notifying Party argues that the Parties face competition from a number of sophisticated suppliers of branded carpet cleaner products such as Reckitt Benckiser (with a market share of [10-20] % in 2013) and from retailers offering their own private label products, which accounted for a value share of [20-30] % of all carpet cleaner sales in France in 2013. In addition, there would be strong countervailing buying power by a number of large retailers according to the Notifying Party.

*Commission's assessment*

40. First, the Commission notes that combined market shares of the Parties have been decreasing in the last two and a half years, from [50-60] % in 2012 to [50-60] % in mid-2014. This decrease results from the loss of sales of both the Eau Ecarlate and the K2r brands, which together represented [10-20] % in 2012 and now only represent [5-10]% of the market. In contrast, private label represents a substantial part of the market ([20-30] % in the first half of 2014) and have slightly increased in the last years. Private labels can be used by retailers to exert pressure on branded products suppliers, including the merged entity, and to restrict their ability to raise prices.
41. Respondents to the market investigation have also confirmed that there are several alternatives to the Parties' products. The brands mentioned by customers include Mc Bride, Kozmo, Colep, BFC, HG, Starmax as well as the private labels of the retailers.<sup>12</sup> Moreover, while market participants considered that MiR, Eau Ecarlate and K2r are in general similar products (in terms of functionalities, target

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<sup>12</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, question 5.



customers and presence in retail shops),<sup>13</sup> the majority of both customers and competitors nonetheless indicated that the closest competing products to the each of Parties' brands are the retailer's private labels and Reckitt Benckiser's Vanish brand.<sup>14</sup> Respondents to the market investigation also considered that there are no significant entry barriers to the introduction of new carpet cleaners in France.<sup>15</sup>

42. Finally, a clear majority of both customers and competitors did not express significant concerns related to the proposed transaction. While one customer referred to possible price increases, even that customer considered that several competing suppliers would remain even after the proposed transaction.<sup>16</sup>
43. In light of the above, the Commission concludes that the proposed transaction does not raise serious doubts in the market for carpet cleaners in France.

#### IV.4.1.2. Metal Polishes in Sweden

##### *The Notifying Party's view*

44. Henkel is active in the market for metal polishes in Sweden with its brand Häxan whereas Spotless sells metal polishes under the Bistro brand. According to the Notifying Party, Henkel had a market share (by value) of [40-50] % in 2013 whereas Spotless had a market share of [0-5] % in 2013. Other competitors included S.C. Johnson ([20-30] %), Herdins Färgverk ([10-20] %) and W.J. Hagerty ([10-20] %).

**Table 2 Market shares – metal polishes in Sweden (value)**

	<b>2011</b>	<b>2012</b>	<b>2013</b>
Henkel	[40-50] %	[40-50] %	[40-50] %
Spotless	[0-5] %	[0-5] %	[0-5] %
Combined	[50-60] %	[40-50] %	[50-60] %
S.C. Johnson	[20-30] %	[20-30] %	[20-30] %
Herdins Färgverk	[10-20] %	[10-20] %	[10-20] %
WJ Hagerty & Sons	[10-20] %	[10-20] %	[10-20] %
Others	[5-10] %	[0-5] %	[0-5] %

*Source: The Notifying Party*

45. According to the Notifying Party, the total size of the Swedish market for metal polishes is very small with an approximate value of only EUR [...] million. The Parties' own aggregate sales to retailers amounted to only EUR [...] million in

<sup>13</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, questions 8 and 9 and to Questionnaire 3 – Competitors in carpet cleaners in France, questions 7 and 8.

<sup>14</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, question 7 and to Questionnaire 3 – Competitors in carpet cleaners in France, question 6.

<sup>15</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, question 13 and to Questionnaire 3 – Competitors in carpet cleaners in France, question 11.

<sup>16</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, questions 15 and 17.

2013. Consequently, winning or losing even a low-value deal could have a notable effect on market shares.

46. The Bistro brand is owned by the Danish manufacturer [...].
47. The Notifying Party also submits that Häxan and Bistro are marketed very differently since Häxan is positioned as a premium product while Bistro is positioned in a lower price segment. Moreover, Henkel will continue to face strong countervailing buyer power as Henkel's largest Swedish customer accounted for [60-70] % of all its sales of metal polishes the country while the four largest customers in Sweden accounted for [90-100] % of its sales of metal polishes.

*Commission's assessment*

48. The Swedish market for metal polishes is characterised by the strong presence of Henkel's brand Häxan already prior to the proposed transaction. A number of respondents to the market investigation noted that Häxan has been on the market for a considerable length of time and has a high degree of brand awareness amongst purchasers of metal polishes. However, the same did not apply to Bistro, which the clear majority of respondents did not consider to enjoy any special advantages on the market.<sup>17</sup>
49. While numerous respondents to the market investigation referred to Bistro and Häxan being close competitors to each other,<sup>18</sup> a clear majority of customers responding nonetheless indicated that a number of alternative suppliers and brands existed, supplied by both domestic and multinational undertakings. The brands mentioned by the customers included, for instance, MP52 and Mr Muscle.<sup>19</sup> While some of the alternatives mentioned are not on the market in Sweden at present, customers nonetheless referred to them as possible solutions should the merged entity try to raise prices. Moreover, a customer also indicated that it had already been offered such a product by its foreign supplier.<sup>20</sup>
50. A majority of respondents to the market investigation, including both large and smaller customers, indicated that they saw no competition concerns as a result of the proposed transaction.<sup>21</sup>
51. In light of the above, the Commission concludes that the proposed transaction does not raise serious doubts in the market for metal polishes in Sweden.

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<sup>17</sup> Replies to Questionnaire 2 – Customers of metal polishes in Sweden, questions 10 and 11; and replies to questionnaire 4 – competitors in metal polishes in Sweden, question 13.

<sup>18</sup> Replies to Questionnaire 2 – Customers of metal polishes in Sweden, questions 8 and 9; and replies to Questionnaire 4 – Competitors in metal polishes in Sweden, questions 10 and 11.

<sup>19</sup> Replies to Questionnaire 2 – Customers of metal polishes in Sweden, question 18.

<sup>20</sup> Replies to Questionnaire 2 – Customers of metal polishes in Sweden, question 18.

<sup>21</sup> Replies to Questionnaire 2 – Customers of metal polishes in Sweden, questions 15 and 17; and replies to Questionnaire 3 – Competitors in metal polishes in Sweden, questions 17 and 19.

IV.4.1.3. Other markets

52. The Notifying Party's estimates for the Parties' market shares in the other potentially affected markets are shown in the table below.

**Table 3 - Parties' market shares in other markets in 2013 (value)**

<b>Market</b>	<b>Henkel's market share</b>	<b>Spotless' market share</b>	<b>Combined</b>
<b>LAD bleaches, Spain</b>	[50-60] %	[0-5] %	[50-60] %
<b>HHC bleaches, Spain</b>	[30-40] %	[0-5] %	[40-50] %
<b>Bleaches (combined), Spain</b>	[40-50] %	[0-5] %	[40-50] %
<b>Floor cleaners, Hungary</b>	[50-60] %	[0-5] %	[50-60] %
<b>Power descalers, Germany</b>	[20-30] %	[0-5] %	[20-30] %
<b>Multi-purpose cleaners, Finland</b>	[30-40] %	[0-5] %	[30-40] %

Source: The Notifying Party.

53. In each case, the increment in market share brought about by the proposed transaction is negligible at one percentage point or less. As such, the proposed transaction is unlikely to lead to a significant change in market structure.
54. Customers responding to the market investigation did also not refer to any substantiated competition concerns with respect to any of the markets in question.<sup>22</sup> In this regard, they confirmed that the merged entity would continue to face competition from a sufficient number of alternative suppliers in each of the markets concerned, including those for bleaches in Spain and floor cleaners in Hungary where the merged entity would reach its highest market shares. Some customers also referred to the market position of private label products.<sup>23</sup>
55. In light of the above, the Commission concludes that the proposed transaction does not raise serious doubts with respect to any of the markets concerned.

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<sup>22</sup> Replies to Questionnaire to customers in Finland, Hungary, Germany and Spain, questions 1, 3 and 4.

<sup>23</sup> Replies to Questionnaire to customers in Finland, Hungary, Germany and Spain, question 3.

#### IV.4.2. Conglomerate aspects

56. According to a number of previous Commission decisions, conglomerate effects might arise in cases where the merging parties hold a significant portfolio of brands and have large market shares in several product markets where their activities do not overlap.<sup>24</sup> Henkel and Spotless each offer a wide range of household cleaning products and their respective portfolios will be combined as a result of the proposed transaction.
57. The Notifying Party nonetheless submits that this does not create scope for tying or bundling strategies. Moreover, the Notifying Party would continue to face customers with substantial purchasing power, as well as significant competitive pressure from major competitors with similar product ranges.
58. Most of the customers responding to the market investigation have not raised concerns related to conglomerate effects, and some of them indicated that the proposed transaction could be beneficial if Henkel were able to offer a wide range of cleaning products using Spotless' know-how.<sup>25</sup> Others pointed to the merged entity being able to use its increased buyer power to achieve lower input materials costs.<sup>26</sup> Some customers however raised the concern that the merged entity would hold a strong portfolio of cleaning products and that this would increase the dependency of retailers on the merged entity.
59. Respondents to the market investigation have however confirmed that whilst each of the Parties already has a large portfolio today, retailers will continue to have alternative suppliers in all of the affected markets discussed in this decision. These alternative suppliers include other multinational producers that also can offer a wide range of products and have strong brand portfolios. Moreover, retailers will continue selling private label products which allows them to exert pressure on the merged entity. The risk of portfolio effects resulting from the proposed transaction is mitigated considerably by the ability and incentive of retailers to exercise such threat.
60. In light of the above, the Commission concludes that the proposed transaction does not raise serious doubts due to conglomerate aspects.

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<sup>24</sup> See for example COMP/M.3732 – *Procter & Gamble / Gillette*, paragraph 110, COMP/M.938 – *Guinness / Grand Metropolitan*, paragraphs 40-42.

<sup>25</sup> Replies to Questionnaire 1 – Customers of carpet cleaners in France, question 12; replies to questionnaire 2 – Competitors in carpet cleaners in France, question 10; replies to Questionnaire 3 – Customers of metal polishes in Sweden, question 12; and replies to Questionnaire 4 – Competitors in metal polishes in Sweden, question 14.

<sup>26</sup> According to the Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 265, 18.10.2008, paragraph 118, conglomerate mergers may produce cost savings in the form of economies of scope (either on the production or the consumption side), yielding an inherent advantage to supplying the goods together rather than apart.

## V CONCLUSION

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*