



EUROPEAN COMMISSION
DG Competition

Case M.10762 - H&F / IRI

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 01/07/2022

***In electronic form on the EUR-Lex website under document
number 32022M10762***



EUROPEAN COMMISSION

Brussels, 1.7.2022
C(2023)4763 final

PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

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**Subject: Case M.10762 - H&F / IRI
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹ and Article 57 of the Agreement on the European Economic
Area²**

Dear Sir or Madam,

- (1) On 24 May 2022, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Hellman & Friedman Capital Partners X, L.P. and its parallel funds³ ('H&F', United States) will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of over Information Resources, Inc. ('IRI', United States) (the 'Transaction').⁴ H&F and IRI are designated hereinafter as the 'Parties' and H&F is designated as the 'Notifying Party'.

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 1, 3.1.1994, p. 3 (the 'EEA Agreement').

³ These parallel funds are: [...]. These funds are all ultimately controlled by [...].

⁴ Publication in the Official Journal of the European Union No C 223, 8.6.2022, p.48.

1. THE PARTIES

- (2) **H&F** is a global private equity firm, headquartered in the United States. It focuses on investments in businesses in select sectors including software & technology, financial services, healthcare, consumer & retail, and other business services.
- (3) **IRI** is a market research company, headquartered in the United States, which provides consumer, shopper, and retail market intelligence and analysis. IRI's solutions include: market performance and strategy (market measurement/point-of-sale ('POS') tracking, in-store performance audits and forecasting); Market Shopper Intelligence ('MSI'); data management, cloud and advanced software solutions; analytics and in-market execution; retail; media solutions. Prior to the Transaction, IRI is controlled by New Mountain Capital ('NMC') and Vestar Capital Partners ('Vestar')(both United States).

2. THE OPERATION

- (4) Pursuant to a merger agreement concluded on 6 April 2022, H&F will acquire sole control over IRI and subsequently, combine IRI with NPD Group L.P., ('NPD', United States), a portfolio company solely controlled by H&F. NPD is a United States based market research company.
- (5) Post-Transaction, H&F will exercise sole control over the combined IRI and NPD entity through HoldCo, a special purpose vehicle created by H&F for the purpose of the Transaction. A number of IRI's current shareholders will rollover a portion of their interest in IRI and become shareholders of the combined IRI and NPD entity without acquiring joint control rights over that entity.
- (6) Following the Transaction, it is expected that H&F will hold equity interests in Holdco representing approximately [...] % of the aggregate issued and outstanding common equity interests of the combined IRI and NPD entity as of closing. The remaining issued and outstanding common equity interests in the combined IRI and NPD entity will be held by smaller investors, namely Vestar ([...] %), NMC ([...] %), Heathcote Holdings Inc.⁵ ([...] %) and other shareholders⁶ ([...] %).
- (7) Therefore, through the Transaction H&F will acquire sole control of over IRI within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

- (8) The Parties' combined aggregate worldwide turnover is more than EUR 2.500 million [...] and the aggregate Community-wide turnover of each of H&F [...] and IRI [...] is more than EUR 100 million. In each of three Member States, the combined aggregate turnover of H&F and IRI is more than EUR 100 million [...] and H&F [...] and IRI [...] have a turnover in excess of EUR 25 million each in these three Member States. IRI and H&F do not achieve two-thirds of their aggregate Community-wide turnover within one and the same Member State.

⁵ [...] is an existing equityholder of NPD and an entity formed by [...].

⁶ "Other shareholders" include [...].

- (9) The Transaction therefore has a Union dimension within the meaning of Article 1(3) of the Merger Regulation.

4. RELEVANT MARKETS

- (10) In the EEA, the Parties' activities overlap in the provision of market research services.

4.1. Product Market

- (11) The Commission has previously assessed the product market for market research services as encompassing a wide range of services and products aimed at measuring and understanding consumer attitudes and purchasing behaviour. In previous cases, the Commission considered a possible sub-categorization of the relevant product market into (i) consumer panel services, (ii) retail measurement services ('RMS') and (iii) customised market research.⁷ The Commission has furthermore considered a possible distinction of market research services by business area (in particular for health and automotive research).⁸ However, the final product market definition with regard to these potential sub-segmentations was left open in previous decisions.

- (12) The Parties' competitors contacted by the Commission generally consider appropriate to sub-segment the market research activities in consumer panel services, RMS and customized market research. Moreover, some stakeholders suggested that a sub-segmentation according to business area or product segments, as suggested by the Parties, would be appropriate.⁹ This would be mainly due to the fact that different products are purchased through different sales channels for which different types of services are required.¹⁰ Market participants therefore tend to specialize in particular product categories and sales channels.

- (13) The product market definition for market research services can ultimately be left open, because the Transaction does not raise serious doubts regardless of the product market definition adopted.

4.2. Geographic Market

- (14) In previous decision, the Commission left open whether the geographic market for market research services is national or EEA-wide.¹¹

- (15) Some of the Parties' competitors contacted by the Commission consider that the markets for market research activities are national because customers will assess the quality and value of the service at a national level.¹²

⁷ M.5232 – *WPP/TNS*, paragraph 13; COMP/M.2291 – *VNU/ACNielsen*, Annex 1 to the decision.

⁸ M.5232 – *WPP/TNS*, paragraph 13;

⁹ See minutes of calls with competitors of 13, 14 and 15 June 2022.

¹⁰ See minutes of a call with a competitor of 14 June 2022.

¹¹ M.5232 – *WPP/TNS*, paragraph 20.

¹² See minutes of calls with competitors of 14 and 15 June 2022.

- (16) The geographic market definition for market research services can ultimately be left open, because the Transaction does not raise serious doubts on any plausible geographic market.

5. COMPETITIVE ASSESSMENT

- (17) If a narrow market definition sub-segmenting the RMS market were to be retained, the Parties' activities would not overlap because within the RMS market the Parties have a different focus. IRI offers RMS for consumer packaged goods ('CPG') while NPD offers RMS for General Merchandise Products ('GMP'). Overlaps however arise in the overall market for market research services and the market for RMS both at the EEA level and at the national level in Germany, France, Italy, Spain, and The Netherlands.¹³
- (18) The Transaction gives rise to affected markets in the markets for RMS in France and Italy.

5.1. Analytical Framework

- (19) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing, pursuant to Articles 2(2) and (3), whether they would significantly impede effective competition in the internal market or in a substantial part of it, in particular as a result of the creation or strengthening of a dominant position.
- (20) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. The Commission appraises horizontal effects in accordance with the Horizontal Merger Guidelines.¹⁴ Horizontal effects may be non-coordinated or coordinated. Non-coordinated horizontal effects may arise where a concentration removes an important competitive constraint from one or more undertakings, which consequently may have increased market power. The most direct effect of the concentration may be the loss of competition between the undertakings concerned. In addition, it may also result in less competitive pressure on third parties. This reduction in these competitive constraints could lead to significant price increases in the relevant market.¹⁵
- (21) As regards horizontal non-coordinated effects, according to paragraph 26 of the Horizontal Merger Guidelines, a number of factors (the list of which is non-exhaustive) may be taken into account in order to determine whether significant non-coordinated effects are likely to result from a concentration, including the combined entity's market power and closeness of competition.

5.2. Assessment of affected markets

- (22) The Transaction gives rise to affected markets in the markets for RMS in France and Italy.

¹³ Form CO, paragraphs 6.42 and 7.1.

¹⁴ Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Horizontal Merger Guidelines'), OJ C 31, 5.2.2014.

¹⁵ Horizontal Merger Guidelines, paragraph 24.

Table 1: RMS MARKET SHARES 2021 (FRANCE AND ITALY)

Company	France	Italy
IRI	[10-20]%	[20-30]%
NPD	[0-5]%	[0-5]%
Combined	[20-30]%	[20-30]%
Nielsen IQ	[20-30]%	[20-30]%
IQVIA	[10-20]%	[20-30]%
GfK	[5-10]%	[10-20]%
Dunnhumby	[5-10]%	[5-10]%
JATO	[0-5]%	[0-5]%
Red Slim	[0-5]%	[0-5]%
Others	[10-20]%	[0-5]%
Total	100%	100%

- (23) The two affected markets for RMS in France (combined share [20-30]%) and Italy (combined share [20-30]%) both only lead to moderate combined market shares of the Parties well below [20-30]% and involve only moderate market share increments of [0-5]%-points and [0-5]%-points in France and in Italy, respectively. Moreover, post-Transaction, the merged entity would continue to face competition from strong competitors with market shares comparable to their own both in France and in Italy, namely Nielsen IQ (market share of [20-30]% in France and [20-30]% in Italy) and IQVIA (market share of [10-20]% in France and [20-30]% in Italy). In addition, there remain several smaller competitors in France and Italy, in particular GfK and Dunnhumby, which each have market shares above 5%. The Transaction furthermore does not lead to high concentration levels, particularly in France. In France, the Parties have a combined market share of less than 50% and an HHI-delta below 150, which are indicative that competition concerns are unlikely to arise.¹⁶ In Italy, while the Parties' combined market shares are well below 50%, the HHI-delta is slightly above 150.
- (24) In addition to relatively moderate combined market shares and concentration levels post-Transaction and the presence of sizeable competitors, IRI and NPD are not close competitors to each other in the market for RMS in Italy and France.

¹⁶ See: paragraphs 19 and 20 of the Horizontal Merger Guidelines; and paragraph 6 and 1 of the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) NO 139/2003, OJC 366, 14 December 2013, p.5-9 ('Simplified Notice').

- (25) As indicated in paragraph (12), market research companies tend to specialize in the provision of RMS for particular business areas, such as CPG, GMP and pharma products. This was confirmed by the market investigation.¹⁷ In this regard, NPD provides RMS focused on GMP. NPD exclusively targets retailers who sell GMP (most of whom are specialist retailers who only offer GMP). The GMP POS data, which NPD collects and the associated analytics which NPD provides, are purchased by GMP manufacturers to use as a benchmark to measure their performance. IRI's product offering within the EEA on the other hand in RMS is entirely focused on CPG products. IRI's focus for its CPG offering in the EEA is on collecting raw CPG POS data from CPG retailers. IRI also exclusively targets retailers who sell CPG products and IRI's collected data/associated analytics are in turn provided to CPG manufacturers.¹⁸ The Parties' competitors contacted by the Commission confirmed that the Parties specialize in different product and business segments.¹⁹
- (26) According to the Parties, these services are not substitutable, because the type of RMS services, which companies procure, are tailored to the products that they supply. Customers would therefore not be interested in POS data not related to their business area.²⁰ The Parties further argue that RMS providers cannot readily provide RMS for business areas in which they are not already active, as they would not have a database of relevant RMS data for another business area,²¹ and due to the limited substitutability of the data, customers would not be interested in their services. The Parties' competitors contacted by the Commission confirmed that it would be possible, but would require additional investments, for RMS suppliers to expand their services to new business areas in which they are not active.
- (27) In addition, the Parties claim that RMS providers source data from different categories of retailers: CPG measurement service providers collect POS data mostly from supermarkets, while GMP measurement service providers collect POS data mostly from specialist stores (e.g. department stores). This was confirmed by the market participants contacted by the Commission.²²
- (28) The Parties appear to have competitors, with which they compete more closely than with each other. IRI, in all EEA countries where the company is active in the provision of CPG measurement services, faces strong competition from Nielsen and to a lesser degree from Dunhumby.²³ Nielsen confirmed that it considers IRI to be its closest competitor in the markets for RMS in the EEA.²⁴ These companies in turn are not particularly active in GM measurement services, where NPD is active. Correspondingly, NPD faces strong competition from GfK and to a lesser degree from JATO for GMP measurement services, which in turn do not compete with IRI for CPG measurement services.²⁵ Indeed, a competitor stated that both

¹⁷ See minutes of calls with competitors of 13, 14 and 15 June 2022.

¹⁸ Form CO, paragraphs 6.25-6.38.

¹⁹ See minutes of calls with competitors of 13, 14 and 15 June 2022.

²⁰ Form CO, paragraph 6.34.

²¹ For example, IRI's POS data is comprised of only CPG data whilst NPD's POS data is comprised of only GM data; see Form CO, paragraph 6.31.

²² See minutes of calls with competitors of 13, 14 and 15 June 2022.

²³ See Table 1.

²⁴ See minutes of a call with a competitor of 14 June 2022.

²⁵ See Table 1.

NPD and IRI would offer similar services but for different product segments and that therefore, they would not compete with, but rather complement each other.²⁶

- (29) The Commission therefore considers that the Parties are not close competitors in the markets for RMS in the EEA, including in Italy and France.
- (30) On the basis of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the common market.

6. CONCLUSION

- (31) 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 and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President

²⁶ See minutes of a call with a competitor of 15 June 2022.