



EUROPEAN COMMISSION
DG Competition

Case M.11198 - TELEPERFORMANCE / MAJOREL

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

Article 6(1)(b) NON-OPPOSITION
Date: 20/10/2023

***In electronic form on the EUR-Lex website under document
number 32023M11198***



EUROPEAN COMMISSION

Brussels, 20.10.2023
C(2023) 7189 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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Teleperformance SE
21-25 rue Balzac
75008 Paris
France

Subject: **Case M.11198 – TELEPERFORMANCE / MAJOREL**
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 18 September, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Teleperformance SE (“Teleperformance”) will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Majorel Group Luxembourg S.A. (“Majorel”) (the “Transaction”).³ Teleperformance and Majorel are designated hereinafter as the ‘Parties’.

1. THE PARTIES

- (2) **Teleperformance** is a global provider of customer experience services and other business process services. It offers business services to help its clients streamline their businesses in meaningful ways. Its portfolio includes consulting and business

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 Publication in the Official Journal of the European Union, OJ C 339, 26.9.2023, p. 14.

process outsourcing (“BPO”) services. It is present in the Americas, Africa, Europe, and Asia-Pacific. Teleperformance is a European entity (societas europaea) headquartered in Paris, France, and listed on the Paris Stock Exchange. No shareholder has sole or joint control over Teleperformance within the meaning of the Merger Regulation.

- (3) **Majorel** is a global customer services provider that designs, builds and delivers end-to-end solutions for brands worldwide. It is present in the Americas, Africa, Europe, and Asia-Pacific. Majorel is a public limited company (société anonyme) headquartered in Luxembourg City, Luxembourg, and listed on the Amsterdam Stock Exchange. Majorel is currently jointly controlled by Bertelsmann Luxembourg S.à r.l., Luxembourg, Saham Customer Relationship Investments Limited, UAE and Saham Outsourcing Luxembourg S.à r.l., Luxembourg (together the “Major Shareholders”).

2. THE OPERATION

- (4) Teleperformance will acquire Majorel by means of a voluntary public takeover offer (the “Offer”). In connection with the Offer, Teleperformance concluded a Tender Offer Agreement (“TOA”) dated 26 April 2023 with the Major Shareholders, that hold approximately 78.98% of Majorel’s shares. Teleperformance will hold sole control over Majorel once it has acquired all the outstanding and issued shares and voting rights of the Major Shareholders.⁴ At present, Majorel is controlled by the Major Shareholders and there are no shareholders, other than the Major Shareholders, that have any veto rights over Majorel. Upon settlement of the Offer, Teleperformance intends to acquire all the remaining shares (tendered in the context of the Offer or not), including through a ‘squeeze out’.⁵
- (5) The governing bodies of Majorel are the Management Board, the Supervisory Board and the General Meeting. More specifically, Majorel is managed by its Management Board under the supervision and control of the Supervisory Board. Post-Transaction, Teleperformance will be able to amend the Articles of Association, including the provisions regarding the composition and the decision-making process of the Management Board and the Supervisory Board.
- (6) Therefore, the Transaction consists of the acquisition of sole control by Teleperformance of Majorel within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

- (7) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million (Teleperformance: EUR 8 154 million; Majorel: EUR 2 109

⁴ In accordance with applicable Dutch takeover law and the TOA, Teleperformance filed an offer memorandum with the Dutch financial market regulator, the Autoriteit Financiële Markten (“AFM”) on 21 June 2023. Once AFM approval is obtained, the offer period will begin, and closing of the Transaction will occur after customary regulatory approvals and the end of the additional offer period. The Parties expect to obtain all regulatory approvals, including from the AFM, by November 2023.

⁵ Teleperformance plans to implement a squeeze-out for the remaining shares, provided it holds at least 95% of the share capital and voting rights in Majorel following the settlement of the Offer. The 95% minimum threshold results from the Luxembourg Law of 19 May 2006 on public takeover offers. If Teleperformance does not reach this 95% threshold immediately after the Offer, Teleperformance will explore other possibilities [...].

million).⁶ Each of them has a Union-wide turnover in excess of EUR 250 million ([...]), but they do not achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State. The notified operation therefore has a Union dimension pursuant to Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

4.1. Introduction

- (8) The Transaction concerns the provision of IT services and its possible sub-segments, where both Parties are active. In particular, the Parties' activities overlap in the following segments of IT services: (i) IT consulting services and (ii) BPO services (also referred to as business process services or BPS), including a sub-segment of BPO services for (iii) customer management ("CXM") services.⁷
- (9) CXM services include the contracting-out of direct customer contact activities (including customer acquisition and targeting, marketing and customer services) within an organization to a third-party service provider. Providers of CXM services engage end-users using a variety of channels and technologies including contact centres, email response management, SMS text services and mobile applications, web chat and social customer resource management services, knowledge management for web-based self-service, interpretation and translation services, and automated services including virtual assistance.⁸

4.2. IT Services

4.2.1. Product market definition

4.2.1.1. Commission precedents

- (10) In previous decisions, the Commission has considered the overall market for IT services, as well as potential segmentations thereof. In those cases, the Commission considered, but ultimately left open, whether IT services could be segmented by (i) functionality, by (ii) industry sector or (iii) by both functionality and industry sector, taking as a reference the segmentations considered in the reports of the market intelligence company Gartner.⁹
- (11) First, with respect to *functionality*, based on the 2022 Gartner report on Market Definitions and Methodology for IT Service (the "Gartner report"),¹⁰ the overall market for IT services may be further segmented into (i) IT consulting; (ii) application implementation and managed services; (iii) infrastructure implementation and managed services; (iv) infrastructure as a service (IaaS); (v) hardware support; and (vi) BPO services. These functionalities are also referred to in the industry as 'service level 2' of the Gartner report.

⁶ Turnover calculated in accordance with Article 5 of the Merger Regulation.

⁷ Form CO, paragraphs 56, 57, and 61-63; and Annex 9 to the Form CO.

⁸ Form CO, paragraph 77.

⁹ Commission decisions in Case M.9460 – *Capgemini/Altran*, paragraphs 9-15; Case M.8765 – *Lenovo/Fujitsu/FCCL*, paragraph 23; Case M.7458 – *IBM/INF Business of Deutsche Lufthansa*, paragraphs 15-29; Case M.6127 – *Atos Origin/Siemens IT Solutions & Services*, paragraph 14.

¹⁰ Annex 11 to the Form CO, Market Definitions and Methodology: IT Services – 9 September 2022 (Gartner, Inc. Report ID G00770613).

- (12) The Commission has further considered, but ultimately left open, whether the market for IT services, segmented by functionality, could be further sub-segmented by the different categories of a specific service (i.e., by service levels beyond service level 2 of the Gartner report).¹¹
- (13) Regarding the BPO services segment, where the activities of the Parties overlap, the Commission has considered, but ultimately left open, a further segmentation of BPO services following the Gartner report (i.e., by service levels beyond service level 2 of the Gartner report). Hence, the BPO services segment may be further segmented into (i) administration; (ii) customer management (also referred to as customer experience management or CXM); (iii) finance and accounting, (iv) human resources; (v) operations; and (vi) supply chain management.¹²
- (14) Second, with respect to *industry sector* (also referred to as industry verticals), the Commission has previously considered, but ultimately left open, whether the overall market for the provision of IT services, as well as its relevant segments (by functionality) can be further segmented into (i) banking and investment services; (ii) communications, media and services; (iii) education; (iv) government; (v) healthcare and life sciences; (vi) insurance; (vii) manufacturing and natural resources; (viii) retail; (ix) transportation; (x) oil and gas; (xi) power and utilities; and (xii) wholesale trade.¹³

4.2.1.2. The Notifying Party's views

- (15) The Notifying Party submits that the relevant product market to be considered is the overall market for IT services.
- (16) Additionally, should the overall market for IT services be segmented by functionality, the Notifying Party does not consider that further segmentation of the BPO functionality segment is necessary. According to the Notifying Party, most BPO service providers offer a full range of BPO services, and BPO services are highly (and increasingly) supply-side substitutable. On the demand side, clients increasingly expect providers to offer holistic, fully integrated and consolidated BPO solutions.¹⁴

4.2.1.3. The Commission's assessment

- (17) A majority of respondents to the market investigation indicated that there is an overall market for IT services that could be segmented according to functionality (based on the Gartner reports and up to service level 2).¹⁵ While the majority considered that this segmentation of the provision of IT services is accurate, some market participants indicated that IT service providers can offer all types of IT services and that most players provide various types of IT services.¹⁶ In addition, customers typically expect IT service providers to offer a comprehensive IT service portfolio and source multiple different IT services from the same provider.¹⁷

¹¹ Case M.6921 – *IBM ITALIA / UBIS*, paragraphs 14-17 and 25.

¹² Case M.11132 – *Concentrix/Webhelp*, paragraphs 20-25. Form CO, paragraph 74.

¹³ Case M.9460 – *Capgemini/Altran*, paragraph 10 and the precedents cited therein.

¹⁴ Form CO, paragraphs 68, 81 and 101.

¹⁵ Response of competitors to the Commission's Questionnaire Q1, question B.2; Response of customers to the Commission's Questionnaire Q2, question B.2.

¹⁶ Response of a competitor to the Commission's Questionnaire Q1, question B.2.

¹⁷ Response of a competitor to the Commission's Questionnaire Q1, question B.2.

- (18) The results of the market investigation are mixed with respect to a further distinction of IT services market segments such as BPO services by service levels beyond service level 2 according to the Gartner report. The majority of respondents to the market investigation expressing a view indicated that the market for BPO services could be further segmented (into (i) administration, (ii) CXM, (iii) finance and accounting, (iii) human resources, (iv) operations, and, (v) supply chain management).¹⁸ However, some market participants considered that such further segmentation would not be appropriate due to a high degree of supply-side substitutability. For instance, one market respondent explained that large BPO service suppliers simultaneously provide different types of BPO services: *“the same set of skills that apply to one type of service solution can be applied to the other sub-segments. In this regard, major global BPO services providers are active (to varying degrees) across many different types of BPO services, including CXM BPO.”* In addition, a market respondent noted that many clients purchase all BPO services from a single service provider or a limited number of preferred providers.¹⁹ Another market participant concluded that *“Therefore, these market sub-segments are not definitive and do not necessarily reflect the market reality”* and that the segmentation up to level 2 of the Gartner report remains appropriate.²⁰ With respect to a possible separate market for CXM services, the majority of competitors considered that CXM services could be regarded as interchangeable with other types of BPO services for reason of their characteristics, performance, price, and intended use.²¹ In addition, the majority of competitors considered that BPO services providers active across a range of BPO services, could start supplying CXM services quickly (e.g. in a few months) and at no significant cost.²² On the other hand, the majority of customers held the opposite view that CXM services are not substitutable with other types of BPO services.²³
- (19) Overall, market investigation respondents were split on the question whether IT services should be segmented according to the industry sector in which the customer is active.²⁴ Some respondents considered that such segmentation would not be appropriate as all industries have similar requirements in terms of IT services, also pointing out that the core of the services remains the same regardless the vertical in which these services are being provided.²⁵ Others suggested that different industries may have unique IT service needs due to their specific characteristics and requirements.²⁶
- (20) In light of the above, the Commission considers that, for the purpose of this Decision, the relevant product market is the market for IT services. The question whether the market for IT services should be segmented by (i) functionality (whether by service levels up to or beyond service level 2 of the Gartner report), (ii) industry sector or (iii) both functionality and industry in combination, can be left open as the

¹⁸ Response of competitors to the Commission’s Questionnaire Q1, question B.3; Response of customers to the Commission’s Questionnaire Q2, question B.3.

¹⁹ Response of a competitor to the Commission’s Questionnaire Q1, question B.4.

²⁰ Response of a competitor to the Commission’s Questionnaire Q1, question B.4.

²¹ Response of competitors to the Commission’s Questionnaire Q1, question B.7.

²² Response of competitors to the Commission’s Questionnaire Q1, question B.5.

²³ Response of customers to the Commission’s Questionnaire Q2, question B.4.

²⁴ Response of competitors to the Commission’s Questionnaire Q1, question B.9; Response of customers to the Commission’s Questionnaire Q2, question B.7.

²⁵ Response of competitors to the Commission’s Questionnaire Q1, question B.10; Response of customers to the Commission’s Questionnaire Q2, question B.8.

²⁶ Response of a customer to the Commission’s Questionnaire Q2, question B.8.

Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product market definition.

4.2.2. *Geographic market definition*

4.2.2.1. Commission precedents

- (21) In previous decisions, the Commission considered whether the markets for IT services and its sub-segments were worldwide, EEA-wide, regional²⁷, or national in scope, but ultimately left the precise geographic market definition open.²⁸

4.2.2.2. The Notifying Party's views

- (22) The Notifying Party submits that the relevant geographic market for each plausible relevant product market should be worldwide or alternatively at least EEA-wide for several reasons.²⁹ First, all major providers of IT services operate globally. Second, clients frequently use worldwide or at least Europe-wide and multi-national tenders when awarding contracts.³⁰

4.2.2.3. The Commission's assessment

- (23) The market investigation provided mixed results with respect to the geographic scope of IT services and its sub-segments. A majority of customer respondents who expressed a view in the market investigation indicated that they procure IT services globally.³¹ Similarly, a majority of competitors providing a view responded that they procure IT services globally.³² Some market participants also explained that while national presence is not in itself a key requirement, services should be tailored to the specific countries due to language barriers.³³ Sometimes, language support might not be scalable outside the country being served, rendering local presence a requirement.³⁴ For this reason, a majority of customer respondents who expressed a view in the course of the market investigation considered that the ability to offer IT services in a national language is a key requirement to select IT service providers in specific countries.³⁵ Some customers explained that particularly CXM services being offered in a national language enhances communication, customer experience, and compliance with local regulations.³⁶
- (24) For the purpose of this Decision, the Commission considers that the relevant geographic market for IT services, and all its possible sub-segments (whether national, regional, EEA-wide or worldwide) can be left open as the Transaction does

²⁷ Based on the Gartner Report, which distinguishes between Western Europe (including countries such as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom), and Eastern Europe (including countries such as the Czech Republic, Hungary, Poland). Case M.9460 — *Capgemini/Altran*, footnote 22.

²⁸ Case M.7458 — *IBM/INF Business of Deutsche Lufthansa*, paragraphs 30-32; Case M.8765 — *Lenovo/Fujitsu/FCCL*, paragraphs 35-36; and case M.9460 — *Capgemini/Altran*, paragraph 23.

²⁹ Form CO, paragraph 107.

³⁰ Form CO, paragraphs 111 and 112.

³¹ Response of customers to the Commission's Questionnaire Q2, question B.9.

³² Response of competitors to the Commission's Questionnaire Q2, question B.12.

³³ Response of customers to the Commission's Questionnaire Q2, question B.13.

³⁴ Response of customers to the Commission's Questionnaire Q2, question B.15.

³⁵ Response of customers to the Commission's Questionnaire Q2, question B.14.

³⁶ Response of customers to the Commission's Questionnaire Q2, question B.15.

not raise serious doubts as to its compatibility with the internal market under any plausible product market definition.

5. COMPETITIVE ASSESSMENT

5.1. Identification of the horizontally affected markets

- (25) The Parties' activities overlap in the provision of IT services and certain segments thereof. Within IT services and in relation to all industry verticals, the Parties' activities overlap in the market for the provision of (i) IT consulting services; (ii) BPO services; and, within BPO services, (iii) CXM services.
- (26) However, the Parties' combined market shares are modest, and the Transaction gives rise only to three affected markets, which correspond to the narrowest possible market definition from a product and geographic standpoint.³⁷
- (27) In this regard, the following three markets are affected because the Parties' combined market shares are above 25%, and the delta of the Herfindahl-Hirschman Index (HHI) is above 150: (i) CXM services for the Retail & e-commerce industry in the Netherlands (combined market share [40-50]%) (ii) CXM services for the Telecom & Media industry in Spain (combined market share [20-30]%); and (iii) CXM services for the Travel & Hospitality industry in Spain (combined market share [30-40]%).
- (28) Table 1 below sets out the market shares and HHI deltas for the three horizontally affected markets.

Table 1: Horizontally affected markets

Market shares (value, in %)	Provision of CXM for Retail and e- commerce in the Netherlands, 2022	Provision of CXM for Telecom and Media in Spain, 2022	Provision of CXM for Travel and Hospitality in Spain, 2022
Teleperformance	[40-50]	[0-10]	[0-10]
Majorel	[0-10]	[10-20]	[20-30]
Combined	[40-50]	[20-30]	[30-40]
HHI delta	[150-200]	[300-350]	[400-450]

Source: Annex 1 to the Parties' response to RFI 6

- (29) The Transaction does not give rise to any vertical or conglomerate relationships.

³⁷ The Transaction also results in other overlaps on a number of possible markets. However, all of these overlaps do not give rise to affected markets as a result of the application of the Commission Notice on a simplified treatment for certain concentrations under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the "Notice") (Official Journal C 160, 5.5.2023, p. 1-10). In particular, under the narrowest possible market definition, the Transaction gives rise to the following six additional overlaps where the combined market share of the Parties is above 20%: The Provision of CXM services for Travel and Hospitality in (i) France, (ii) Germany, (iii) the Netherlands, (iv) Poland, (v) Portugal, and (vi) Romania. However, all six overlaps fall under the flexibility clause set out in point 8 of the Notice, and none of the safeguards and exclusions set out in Section II.C. of the Notice applies. Therefore, as provided in point 3 of the Notice, these overlaps will not be discussed further in this Decision.

- (30) Each of these affected markets is discussed in turn in the following sections. After setting out the analytical framework (section 5.2) and the market shares in the relevant markets (section 5.3), the Commission will assess the potential horizontal non-coordinated effects stemming from the Transaction (section 5.4).

5.2. Analytical Framework

- (31) The Guidelines on the assessment of horizontal mergers (“Horizontal Merger Guidelines”)³⁸ describe two main ways in which horizontal mergers may significantly impede effective competition. In particular, the proposed concentration might be creating or strengthening a dominant position: (i) by eliminating important competitive constraints on one or more firms, which consequently would have increased market power, without resorting to coordinated behaviour (non-coordinated effects); and (ii) by changing the nature of competition in such a way that firms that previously were not coordinating their behaviour, are significantly more likely to coordinate and raise prices or otherwise harm effective competition (coordinated effects).³⁹
- (32) A merger giving rise to horizontal non-coordinated effects might significantly impede effective competition by creating or strengthening the dominant position of a single firm that, typically, would have an appreciably larger market share than the next competitor post-merger. Moreover, mergers that do not lead to the creation of or the strengthening of a single firm’s dominant position may create competition concerns under Articles 2(2) and 2(3) of the Merger Regulation. Regarding mergers in oligopolistic markets, the Merger Regulation clarifies that “*under certain circumstances, concentrations involving the elimination of important competitive constraints that the merging parties exerted upon each other, as well as a reduction of competitive pressure on the remaining competitors, may, even in the absence of a likelihood of coordination between the members of the oligopoly, result in a significant impediment to effective competition*”.⁴⁰
- (33) The Horizontal Merger Guidelines list a number of factors, which may influence whether or not significant horizontal non-coordinated effects are likely to result from a merger such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force. However, not all of these factors need to be present to make significant non-coordinated effects likely and it is not an exhaustive list.⁴¹

³⁸ Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (“Horizontal Merger Guidelines”), OJ C 31, 05.02.2004.

³⁹ Horizontal Merger Guidelines, paragraph 22.

⁴⁰ Merger Regulation, recital 25. Similar wording is also found in paragraph 25 of the Horizontal Merger Guidelines. See also Commission decision of 2 July 2014 in case M.7018 – *Telefónica Deutschland/E-Plus*, recital 113; Commission decision of 28 May 2014 in case M.6992 – *Hutchison 3G UK/Telefónica Ireland*, recital 179; Commission decision of 12 December 2012 in case M.6497 – *Hutchison 3G Austria/Orange Austria*, recital 88.

⁴¹ Horizontal Merger Guidelines, paragraph 26.

- (34) Furthermore, in some markets, a merger may give rise to coordinated effects where the structure is such that firms would consider it possible, economically rational, and hence preferable, to adopt on a sustainable basis a course of action on the market aimed at selling at increased prices.⁴² According to the Horizontal Merger Guidelines, coordination is more likely where it is relatively simple to reach a common understanding on the terms of coordination. Moreover, three conditions need to be met for coordination to be sustainable: (i) the coordinating firms must be able to monitor to a sufficient degree whether the terms of the coordination are being adhered to; (ii) there must be some form of credible deterrent mechanism that can be activated if deviation is detected; and (iii) the reactions of outsiders as well as customers should not be able to jeopardise the results expected from the coordination.⁴³

5.3. Market shares

- (35) According to the Horizontal Merger Guidelines, in the assessment of the effects of a merger, market shares constitute a useful first indication of the structure of the markets at stake and of the competitive importance of the relevant market players.⁴⁴
- (36) In the following recitals, the Commission presents the value-based⁴⁵ market shares of the Parties to the Transaction and their competitors,⁴⁶ in all horizontally affected markets where the Parties have combined market shares above 25%, with an HHI delta above 150 in 2022.⁴⁷

5.3.1. Provision of CXM services to Retail and e-commerce customers in the Netherlands

- (37) Table 2 below sets out the Parties' and their main competitors' market shares on the market for the supply of CXM services to Retail and e-commerce customers in the Netherlands by value for the year 2022, and for the years 2020 and 2021 for the Parties. Combined, the Parties' market share in value was at [40-50]% in 2022. The Parties' competitors held a market share in value of [50-60]%, that was split between 5 competitors at least, including Yource ([20-45]%), Webhelp/Concentrix ([10-20]%), and Wengage ([5-15]%).

⁴² Horizontal Merger Guidelines, paragraph 39.

⁴³ Horizontal Merger Guidelines, paragraph 41.

⁴⁴ Horizontal Merger Guidelines, paragraph 14.

⁴⁵ The Parties do not estimate their market shares on all product and geographic segments of IT services in the ordinary course of their business and have therefore examined market reports from the industry specialists Gartner and Everest, to estimate market sizes (estimated in the reports in revenue or end-user spending) and input their own revenue information to determine market shares. The Parties did not provide readily available volume-based metrics allowing for estimating volume-based shares.

⁴⁶ The Parties have extremely limited visibility on the activities of their competitors, and do not collect market share information on all product and geographic segments of IT services in the ordinary course of business. The Parties have made a best effort to calculate shares based on the market size data provided by Everest, and due to limitations in the data, the estimates provided for the competitors are the narrowest ranges within which the Parties are comfortable that accuracy can be maintained.

⁴⁷ Horizontal Merger Guidelines, paragraphs 17 and 20.

Table 2: Supply of CXM services, Retail & e-commerce, The Netherlands, 2020–2022

Market shares (value, in %)	2022	2021	2020
Teleperformance	[40-50]	[50-60]	[40-50]
Majorel	[0-10]	[0-10]	[0-10]
Combined	[40-50]	[60-70]	[50-60]
Yource	[20-45]	[20-45]	N/A
Webhelp / Concentrix	[10-20]	[10-20]	N/A
Wengage	[5-15]	[5-15]	N/A
Foundever	[5-15]	[5-15]	N/A
Transcom	[0-5]	[0-5]	N/A

Source: Form CO Table 12; Annex 14 to the Form CO; and Annex 1 to the Parties' response to RFI 6

5.3.2. *Provision of CXM services to Telecom and Media customers in Spain*

- (38) Table 3 below sets out the Parties' and their main competitors' market shares on the market for the supply of CXM services to Telecom and Media customers in Spain by value for the year 2022, and for the years 2020 and 2021 for the Parties. Combined, the Parties' market share in value was at [20-30]% in 2022. The Parties' competitors held a market share in value of [70-80]%, that was split between 5 competitors at least, including Konecta ([10-30]%), Webhelp/Concentrix ([10-20]%), and Atento ([5-15]%).

Table 3: Supply of CXM services, Telecom & Media, Spain, 2020–2022

Market shares (value, in %)	2022	2021	2020
Teleperformance	[0-10]	[10-20]	[10-20]
Majorel	[10-20]	[20-30]	[20-30]
Combined	[20-30]	[30-40]	[30-40]
Konecta	[10-30]	N/A	N/A
Webhelp / Concentrix	[10-20]	N/A	N/A
Atento	[5-15]	N/A	N/A
Intelcia	[0-10]	N/A	N/A
Transcom	[0-5]	N/A	N/A

Source: Form CO Table 11; Annex 14 to the Form CO; and Annex 1 to the Parties' response to RFI 6

5.3.3. *Provision of CXM services to Travel and Hospitality customers in Spain*

- (39) Table 4 below sets out the Parties' and their main competitors' market shares on the market for the supply of CXM services to Travel and Hospitality customers in Spain

by value for the year 2022, and for the years 2020 and 2021 for the Parties. Combined, the Parties' market share in value was at [30-40]% in 2022. The Parties' competitors held a market share in value of [60-70]%, that was split between 5 competitors at least, including Webhelp/Concentrix ([10-20]%), TELUS International ([5-15]%), and Atento ([5-15]%).

Table 4: Supply of CXM services, Travel & Hospitality, Spain, 2020–2022

Market shares (value, in %)	2022	2021	2020
Teleperformance	[0-10]	[10-20]	[10-20]
Majorel	20.7	[0-10]	[0-10]
Combined	[30.-40]	[20-30]	[20-30]
Webhelp / Concentrix	[10-20]	N/A	N/A
TELUS International	[5-15]	N/A	N/A
Atento	[5-15]	N/A	N/A
CPM International	[0-5]	N/A	N/A
Transcom	[0-5]	N/A	N/A

Source: Form CO Table 10; Annex 14 to the Form CO; and Annex 1 to the Parties' response to RFI 6

5.4. Horizontal Assessment

5.4.1. Provision of CXM services to Retail and e-commerce customers in the Netherlands

5.4.1.1. Notifying Party's views

- (40) The Notifying Party submits that the Transaction does not raise serious doubts in the market for the supply of CXM services to Retail and e-commerce customers in the Netherlands for the following reasons.
- (41) First, the merger-specific increment of the Parties' combined market share is limited, only [0-10]% corresponding to Majorel's share before the Transaction. Therefore, the Transaction does not appear to bring about a significant change in the market structure with regard to the competitive dynamics on such market.
- (42) Second, in addition to the merged entity, there appear to be numerous additional CXM service providers active in the Netherlands focusing on retail and e-commerce customers, including notably Yource, Webhelp/Concentrix, Wengage, Foundever, and Transcom, that exert and will continue to exert significant competitive pressure on the merged entity. Some of these competitors operate globally and have significant resources.
- (43) Third, CXM services do not appear to be characterized by high levels of brand loyalty, and individual sectors would not be an exception to this trend.

5.4.1.2. Commission's assessment

- (44) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a

result of possible horizontal non-coordinated effects in the markets for CXM services to Retail and e-commerce customers in the Netherlands for the following reasons.

- (45) First, the increment brought about by Majorel in this market is small: [0-5]% by value in 2022.
- (46) Second, a sufficient number of competitors will continue to compete and exert significant competitive pressure on the merged entity. There are several large CXM service providers active in the Netherlands focusing on retail and e-commerce customers, such as Yource ([20-45]%) and Webhelp/Concentrix ([10-20]%). In addition, the combined entity will compete against several other providers such as Wengage, Foundever, and Transcom.
- (47) The existence and power of alternative CXM service providers has also been confirmed by the respondents to the market investigation. When expressing their views, the majority of CXM services customers and all CXM services competitors considered level of competition in the supply of CXM services to be high or very high.⁴⁸ In addition, the majority of competitors considered that the market for IT services is highly dynamic and that there are no substantial barriers to entry and/or expansion on the market for IT services and any possible sub-segments, including CXM services.⁴⁹ With respect to the Netherlands more specifically, the majority of customers and competitors expressing an opinion on the matter, thought that there are sufficient competitors to the Parties in the market for CXM services in the Netherlands.⁵⁰ Furthermore, the market investigation results confirmed that customers generally multi-source their CXM services. While customers are generally loyal to the brand of the CXM service suppliers of their choice⁵¹, the majority of customers confirmed they source CXM services from multiple different providers.⁵² For instance, one customer explained that they multisource *“To mitigate risk, to have flexibility, to compare performance / results, and to create competition”*.⁵³ The majority of competitors agreed with this view noting that customers usually have several service providers in order to manage and diversify risk and avoid dependency on a single provider.⁵⁴ In that respect, one competitor explained that *“clients are often served by several CXM BPO providers (5-10 or more for some large clients) and can shift volumes, lines of business or projects easily between them in a short period of time”* noting that *“This is due to the fragmented nature of the CXM BPO sector and the number of strong competitors.”* The Commission notes that half of customers considered that they could not switch from one CXM services provider to another quickly and at no significant costs.⁵⁵ However, if the combined entity increased prices post-Transaction, a large majority of customers consider they would be able to find sufficient alternative supply of CXM services from other providers.⁵⁶
- (48) Third, the combined entity will also remain constrained by several competitors that are active in the broader BPO segment, who could easily expand and start providing

⁴⁸ Response of customers to the Commission’s Questionnaire Q1, question C.1; Response of competitors to the Commission’s Questionnaire Q1, question C.1.

⁴⁹ Response of competitors to the Commission’s Questionnaire Q1, question C.9.

⁵⁰ Response of customers to the Commission’s Questionnaire Q1, question C.11-1.

⁵¹ Response of customers to the Commission’s Questionnaire Q1, question C.8.

⁵² Response of customers to the Commission’s Questionnaire Q1, question C.4.

⁵³ Response of customers to the Commission’s Questionnaire Q1, question C.5.

⁵⁴ Response of competitors to the Commission’s Questionnaire Q1, question C.4 and C.5.

⁵⁵ Response of customers to the Commission’s Questionnaire Q1, question C.6.

⁵⁶ Response of customers to the Commission’s Questionnaire Q1, question C.10.

CXM services to customers in the retail and e-commerce industry in the Netherlands. Either those that are already providing CXM services in the Netherlands to customers in other industry sectors, those that are offering other BPO services to customers in the retail and e-commerce sector in the Netherlands, or those that offer CXM services to customers in the retail and e-commerce industry in neighbouring countries.

- (49) Finally, the Commission notes that it has not received any substantiated complaints from the respondents to the market investigation regarding horizontal non-coordinated effects on the horizontally affected market for CXM services to Retail and e-commerce customers in the Netherlands.

5.4.1.3. Conclusion

- (50) In light of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of possible horizontal non-coordinated effects in the potential market for CXM services to Retail and e-commerce customers in the Netherlands.

5.4.2. *Provision of CXM services to Telecom and Media industries customers in Spain*

5.4.2.1. Notifying Party's views

- (51) The Notifying Party submits that the Transaction does not raise serious doubts in the markets for the supply of CXM services to Telecom and Media customers in Spain for the following reasons.
- (52) The merger-specific increment, corresponding to Teleperformance's share before the Transaction, would be limited, below 10%, such that the Notifying Party does not expect the Transaction to have an important impact on the structure of those markets.
- (53) Additionally, there appear to be numerous alternative CXM service providers active in Spain, many of whom also operate globally, including notably Konecta, Webhelp/Concentrix, Atento, Intelcia, and Transcom.

5.4.2.2. Commission's assessment

- (54) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of possible horizontal non-coordinated effects in the market for the supply of CXM services to Telecom and Media customers in Spain for the following reasons.
- (55) First, the increment brought about by Teleperformance in this market is below 10% by value in 2022 and therefore modest.
- (56) Second, a sufficient number of competitors will continue to compete and exert significant competitive pressure on the merged entity. There are several large CXM service providers active in Spain focusing on Telecom and Media customers, such as Konecta ([10-30]%) and Webhelp/Concentrix ([10-20]%). In addition, the combined entity will compete against several other providers such as Atento, Intelcia and Transcom.
- (57) The respondents to the market investigation provided similar replies to those of the respondents to the market investigation conducted in the market for the Provision of CXM services to Retail and e-commerce customers in the Netherlands (developed in

recital (47) above), and also confirmed the existence and power of alternative CXM services providers in the market for the provision of CXM services to Telecom and Media industries customers in Spain. In addition, the majority of customers expressing an opinion on the matter, considered that there are sufficient competitors to the Parties in the market for CXM services in Spain.⁵⁷

- (58) Third, the combined entity will also remain constrained by several competitors that are active in the broader BPO services segment, who could easily expand and start providing CXM services to customers in the Telecom and Media industry in Spain. Either those that are already providing CXM services in Spain to customers in other industry sectors, those that are offering other BPO services to customers in the telecom and media sector in Spain, or those that offer CXM services to customer in the telecom and media industry in neighbouring countries.
- (59) Finally, the Commission notes that it has not received any substantiated complaints from the respondents to the market investigation regarding horizontal non-coordinated effects on the horizontally affected market for CXM services to Telecom and Media customers in Spain.

5.4.2.3. Conclusion

- (60) In light of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of possible horizontal non-coordinated effects in the potential market for CXM services to Telecom and Media customers in Spain.

5.4.3. *Provision of CXM services to Travel and Hospitality customers in Spain*

5.4.3.1. Notifying Party's views

- (61) The Notifying Party submits that the Transaction does not raise serious doubts in the markets for the supply of CXM services to Travel and Hospitality customers in Spain for the following reasons.
- (62) The merger-specific increment would be limited, below 10%, such that the Notifying Party does not expect the Transaction to have an important impact on the structure of those markets.
- (63) In addition, there are numerous alternative CXM service providers active in Spain, such as Webhelp/Concentrix, TELUS International, Atento, CPM International, and Transcom.

5.4.3.2. Commission's assessment

- (64) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of possible horizontal non-coordinated effects in the market for the supply of CXM services to Travel and Hospitality customers in Spain for the following reasons.
- (65) First, the increment brought about by Teleperformance in this market is below 10% by value in 2022 and therefore modest.

⁵⁷ Response of customers to the Commission's Questionnaire Q1, question C.11-1.

- (66) Second, a sufficient number of competitors will continue to compete and exert significant competitive pressure on the merged entity, such as Webhelp/Concentrix ([10-20]%) as well as several other smaller providers such as TELUS International, Atento, CPM International and Transcom.
- (67) The respondents to the market investigation provided similar replies to those of the respondents to the market investigation conducted in the market for the Provision of CXM services to Retail and e-commerce customers in the Netherlands (developed in recital (47) above), and also confirmed the existence and power of alternative CXM services providers in the market for the provision of CXM services to Travel and Hospitality customers in Spain. In addition, the majority of customers expressing an opinion on the matter, thought that there are sufficient competitors to the Parties in the market for CXM services in Spain.⁵⁸
- (68) Third, the combined entity will also remain constrained by several competitors that are active in the broader BPO services segment, who could easily expand and start providing CXM services to customers in the Travel and Hospitality industry in Spain. Either those that are already providing CXM services in Spain to customers in other industry sectors, those that are offering other BPO services to customers in the Travel and Hospitality industry in Spain, or those that offer CXM services to customer in the Travel and Hospitality industry in neighbouring countries.
- (69) Finally, the Commission notes that it has not received any substantiated complaints from the respondents to the market investigation regarding horizontal non-coordinated effects on the horizontally affected market for CXM services to Travel and Hospitality customers in Spain.

5.4.3.3. Conclusion

- (70) In light of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of possible horizontal non-coordinated effects in the potential market for CXM services to Travel and Hospitality customers in Spain.

6. CONCLUSION

- (71) 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)
Didier REYNDERS
Member of the Commission

⁵⁸ Response of customers to the Commission's Questionnaire Q1, question C.11-1.