

Project Manager / Chairman of the Inquiry Group – Mr Phil Evans
Reckitt Benckiser / K-Y Brand merger inquiry
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD
Email: ReckittBenckiser.K-YBrand@cma.gsi.gov.uk

Dear Mr Evans,

3 Peaks Group Limited would like to submit an interest in the possibility of the K-Y Licence in the UK in response to the CMA's Notice of Possible Remedies in anticipated acquisition by Reckitt Benckiser Group PLC of the K-Y brand in the UK (22/05/2015)

3 Peaks Group Limited

Before I discuss the options for the brand in detail I would like to take you through who 3 Peaks Group is and importantly what they can offer to this brand. The company is a start-up company which we are currently setting up at the moment within the UK. The founders of the company have extensive knowledge of the UK market and in particular Healthcare Categories across multi-customers, channels and multi-formats. The Sexual well-being category in particular I have worked in both marketing and sales, and importantly sold sexual well-being brands in the UK to most of the customers you have spoken to in this inquiry. The company has initially been formed to acquire brands directly in the UK which have previously either not had the focused from a larger organisation or to manage a product licence knowing the future opportunity to further develop, expand and market the brand to ensure they expand the category and competition within the retailer landscape.

Within 3 peaks Group we have between us over 25 years' experience of the UK market and understand the needs and wants of both the consumers and the retailers to ensure that a brand can grow in a positive way and ensure the consumer and retailer are at the heart of that development.

Whilst we are still developing as a business this opportunity allows us to give K-Y our full 100% attention and we intend to build a team around this brand to ensure we have the right roles and people to take this brand forward and in doing so creating jobs for the UK market. In previous roles I have experience of licence agreements also and managing those through with the parent company to ensure the right decisions are made for the brand and I intend to use this experience to help grow K-Y as the brand sits today and future growth.

Options and remedies

We are supportive and aligned to the CMA's findings and some retailer direct feedback which is there needs to be more competition in this category and by having K-Y distributed by a 3rd Party arrangement in the UK would allow for this.

Due to the short-term and long-term investment required to set this brand up independently of J&J or Reckitt Benckiser we would look for initially a minimum term licence agreement of 10 years with a

clause of a further 10 years based on mutually agreed terms between the CMA, Reckitt Benckiser and 3 Peaks Group Ltd.

This would ensure Reckitt Benckiser had no visibility or voice in any commercial or marketing of the brand or any brand extension in the UK, we would be the sole distributor and a key competitor to Reckitt Benckiser in the sexual gels segment but also within the total sexual wellbeing category. During the licence agreement we would manage the full 5 P plans which includes; Retailer promotional plans and pricing, marketing campaigns, product development and product expansion, distribution of products into retailers, investment plans with customers and any data associated with the brand would be held within the 3 Peaks business.

We do however see a real benefit in RB continuing in manufacturing the products associated with the brand to ensure the consumer satisfaction and the brand equity is a key competitor to both Durex and Vagisil today and tomorrow. We would continue to work with Reckitt Benckiser on future product development to ensure we continue to bring innovation to UK shoppers and bring more competition for retailers in this very dominant category with only 2 key branded players.

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By delivering this model in the UK this will ensure that the brand continues to develop and has a local team which is knowledgeable about the UK market to drive this brand forward and be a real competitor to the Durex brand.

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Summary

Whilst we are a business in creation mode we are a serious alternative to be considered to ensure the K-Y brand is managed effectively in the UK and with our expertise we can give 100% focus on ensuring this brand flourishes in the right way and remains competitive against Durex, Vagisil and Own Label for future years.

It is important that we deliver value for money to the consumer, whilst supporting retailers and at the same time continuing to provide our shoppers with a continued relevant product in today's market place.

Should you have any further questions about our approach, our business progress or indeed us as individual's I would be more than happy to take any questions.

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Kind Regards

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3 Peaks Group Limited