

Completed acquisition by JRJR 33, Inc. (formerly CVSL Inc.) of Betterware Limited

Decision on relevant merger situation and substantial lessening of competition

ME/6582-15

The CMA's decision on reference under section 22(1) of the Enterprise Act 2002 given on 6 May 2016. Full text of the decision published on 27 May 2016.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

SUMMARY

1. On 15 October 2015, JRJR 33, Inc. (known as CVSL Inc. at the time of the transaction¹) (**JRJR**) acquired Betterware Limited (**Betterware**) (the **Merger**). JRJR and Betterware are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that the Parties' enterprises have ceased to be distinct and that the share of supply test is met. The four-month period for a decision, as extended, has not yet expired. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
3. Through JRJR's ownership of Kleeneze Limited (**Kleeneze**), the Parties overlap in the sale of mainly homeware (such as kitchen and household products) via direct selling in the UK. In this case, 'direct selling' refers to catalogue sales made via a network of self-employed distributors. The CMA did not conclude on the appropriate product frame of reference but, as a pragmatic basis on which to assess the Merger, included in its analysis of the competitive constraints exerted on the Parties all the retail suppliers of homeware (including catalogue companies, bricks and mortar retailers and online retailers). Any differences in the strength of the constraints exerted by

¹ On 28 January 2016 CVSL Inc. changed its name to JRJR 33, Inc. trading under the name JRJR Networks.

these suppliers on the Parties resulting from the use of different sales channels is taken into account in the competitive assessment.

4. In terms of the geographic frame of reference, the impact of the Merger was assessed in the UK.
5. The CMA assessed whether the Merger would give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the retail supply of homeware in the UK. This involved analysing the extent to which the Parties competed pre-Merger (so that the constraint lost as a result of the Merger could be identified) and then examining whether there would be sufficient competitors remaining post-Merger to prevent the merged entity from raising prices or reducing the quality of its products or service.
6. Despite the Parties operating similar business models, the CMA found that the extent of competition between them was limited. Evidence which documented the Parties' price setting processes showed that other competitors are more important pricing benchmarks for each of the Parties, and a survey conducted for Kleeneze suggested its customers more readily identify other suppliers (rather than Betterware) as similar to Kleeneze. Also, the CMA found that customers rarely would possess each Party's catalogue at the same time and, therefore, could not make comparisons of the products in the catalogues when placing an order. This suggested reduced scope for competitive interaction between the Parties.
7. In terms of competitors remaining post-Merger, the evidence showed that the merged entity would face sufficient competitive constraints from a range of retail suppliers of homeware using various sales channels. The price benchmarking evidence and survey referred to above indicated that the merged entity would continue to be constrained by bricks and mortar retailers, as well as online retailers to some extent. Furthermore, both Parties have suffered a marked revenue decline in recent years (and a larger drop in profits), which is consistent with the loss of significant numbers of customers to suppliers in other sales channels.
8. Accordingly, the CMA concluded that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the retail supply of homeware in the UK.
9. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

10. JRJR is a company incorporated in the USA with no direct business in the UK. Prior to the Merger, it owned Kleeneze Limited and My Secret Kitchen Limited.² Kleeneze supplies primarily kitchen, cleaning and other household products, as well as health, beauty and outdoor products, to UK consumers through a network of self-employed distributors in the UK. Kleeneze's turnover for the year ending March 2014 was £45.2 million.
11. Betterware is a privately owned company registered in the UK. Betterware supplies primarily kitchen, cleaning and other household products to UK consumers (as well as a limited range of health, beauty and outdoor products) through a network of self-employed distributors in the UK. Betterware's turnover for the year ending February 2015 was £22.8 million.
12. Both Kleeneze's and Betterware's business models involve self-employed distributors hand-delivering catalogues directly to customers' homes. Customers can order from the catalogue using a variety of methods: completing the order forms and leaving it for the distributor to collect from their front doorstep, by telephone, or online. The catalogues are collected again by distributors approximately one to two days after delivery. Each Party has its own central warehouse complex from which it delivers goods to either its coordinators (in case of Betterware) or its distributors (in case of Kleeneze). Distributors then deliver the products to the customers.

Transaction

13. On 15 October 2015, JRJR, through its wholly owned subsidiary Trillium Pond AG, acquired the entire issued share capital of Stanley House Distribution Limited (the owner of Betterware) for a total consideration of £5.86 million.

Jurisdiction

14. As a result of the Merger, the enterprises of JRJR and Betterware have ceased to be distinct.
15. The Parties overlap mainly in the sale of homeware via direct selling in the UK. JRJR estimated that the Parties' combined share of supply in the sale of

² My Secret Kitchen Limited (**MSK**) is a privately owned company registered in the UK. JRJR holds a controlling interest in MSK. MSK sells food ingredients, such as herbs spices and oils, using a 'tasting party' model. There is no overlap with Betterware.

homeware via direct selling in the UK would be in excess of 50%.³ The CMA believes that the sale of homeware via direct selling is a reasonable description of goods or services in the UK and, therefore, believes that the share of supply test in section 23 of the Act is met.

16. The Merger completed on 15 October 2015 and was first made public on the same day. The four-month deadline for a decision under section 24 of the Act is 15 May 2015, following an extension under section 25(2) of the Act.
17. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
18. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 16 March 2015 and the statutory 40 working day deadline for a decision is, therefore, 13 May 2015.
19. The CMA opened an own-initiative investigation into the Merger by sending an enquiry letter to JRJR on 10 December 2015.⁴

Counterfactual

20. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For completed mergers the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.⁵
21. JRJR submitted that [redacted] consolidation is the only way of ensuring both businesses have sufficient scale to be able to compete with suppliers in other sales channels. In this respect, JRJR noted that:
 - (a) Betterware's revenue declined [redacted]% from [redacted], and from [redacted] its profit decreased by [redacted]%. Similarly, Kleeneze's revenue declined [redacted]% between [redacted], with profit dropping by [redacted]% in the same period;

³ Paragraph 31(ii), of the summary of the Parties' key arguments dated 16 February 2016.

⁴ See *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, paragraphs 6.9-6.19 and 6.59-60.

⁵ *Merger Assessment Guidelines* (OFT1254/CC2), September 2010, from paragraph 4.3.5. The *Merger Assessment Guidelines* have been adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, Annex D).

(b) The number of distributors delivering Betterware catalogues fell from [X] to [X] over the period [X], and the number of catalogues delivered declined from [X] in [X] to [X] in [X]. Information for Kleeneze shows a similar decline, with distributor numbers falling from [X] to [X] over the period [X].

22. [X]. The CMA therefore believes the pre-Merger conditions of competition to be the relevant counterfactual.

Frame of reference

23. The CMA considers that market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merger parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.⁶

Product scope

24. The Parties overlap mainly in the sale of homeware via direct selling. Both Parties sell the product lines that are listed in Table 1, which shows that most of Betterware's ([70-80]%) and Kleeneze's ([60-70]%) revenues were from sales of homeware. Given that the main area of overlap is in homeware, the CMA focused its assessment on that overlap.

⁶ [Merger Assessment Guidelines](#), paragraph 5.2.2.

Table 1: Estimated proportion of each Party's revenue accounted for by each of the main product areas (2015)

| Product line | Share of revenue (%) | |
|-----------------------------|----------------------|----------|
| | Betterware | Kleeneze |
| Cleaning | [20-30] | [20-30] |
| Kitchen | [20-30] | [10-20] |
| Other household | [30-40] | [20-30] |
| Total for Homeware Products | [70-80] | [60-70] |
| Health and beauty | [X] | [X] |
| Gardening and outdoors | [X] | [X] |
| Christmas | [X] | [X] |
| Fashion/clothing | [X] | [X] |
| Other | [X] | [X] |
| Total | 100% | 100% |
| Total (£) | [X]m | [X]m |

Source: Parties

(Note: Figures do not total 100% due to rounding)

25. The Parties also submitted revenue data showing that their respective revenues have been generated nearly entirely through customers completing physical order forms that accompany the catalogues and then leaving those forms for the distributor to collect from their front doorstep (see Table 2).

Table 2: Parties' revenue split between physical order forms and internet/telephone orders

| Party | Revenue split (%) | |
|-------------------------|----------------------|---------------------------|
| | Physical order forms | Internet/telephone orders |
| Betterware ⁷ | [X] | [X] |
| Kleeneze ⁸ | [X] | [X] |

Source: Parties

26. JRJR submitted that the relevant product frame of reference should include:

⁷ Share of Betterware's turnover in year to February 2015.

⁸ Share of Kleeneze's total sales 12 months year to date (as of January 2016).

- (a) Sales of homeware by all catalogue companies;
 - (b) Sales of homeware through retail stores, including value general merchandise (**VGM**) retailers and, to some extent, single price point retailers and the large grocery multiples; and
 - (c) Sales of homeware by online retailers.
27. JRJR submitted that any distinction between different sales channels is artificial, and noted that, from a customer perspective, Betterware and Kleeneze's business model is not materially different to that of other catalogue companies as customers will not differentiate between catalogue delivery methods and other product order methods when shopping from home through a catalogue. JRJR also said that [✂].
28. The UK competition authorities have previously examined markets involving catalogue-based home shopping, with this precedent suggesting that suppliers operating a catalogue model are constrained by suppliers in other sales channels. When the Competition Commission (**CC**) examined the home shopping channel in its 2004 *March/Gus* inquiry,⁹ it concluded that 'the relevant market for the home shopping aspects of the inquiry should [not] be confined simply to the agency mail order (**AMO**) [business], but... that the relevant market is a wider one in which the AMO companies are constrained by competition from other forms of home shopping and high street retailing'.¹⁰
29. There are a number of similarities between AMO and the business model operated by the Parties.¹¹ In particular, in *March/GUS* the CC noted that both business models involve sales agents who receive commissions and bundled prices which include the cost of goods, delivery, return and commissions.
30. However, the CC also noted that there were a number of differences between AMO and the business model operated by the Parties, including that AMO businesses employ 'big books', selling a wide range of products (whereas the Parties' product range is more concentrated on homeware) and AMO businesses all make credit, or payments though instalment, widely available (whereas the Parties do not).
31. More recently, the Office of Fair Trading (**OFT**) also had the opportunity to consider the scope of the market involving AMO businesses. In *Littlewoods /*

⁹ CC case *March UK Ltd and the home shopping and home delivery businesses of GUS plc* (2004).

¹⁰ *March UK Ltd and the home shopping and home delivery businesses of GUS plc*, paragraph 2.96.

¹¹ Based on *March UK Ltd and the home shopping and home delivery businesses of GUS plc*, paragraphs 2.23 – 2.36.

*Redcats*¹² the OFT noted that the evidence indicated that the product market is wider than just AMO and included at least Direct Mail Order,¹³ other home shopping channels and catalogue-based mail order shopping via the Internet.¹⁴ However, the OFT decided that it was not necessary to conclude on the exact product market in this case.

32. The European Commission (**EC**) has also considered the relevant market involving AMO businesses. In *Otto/ Primondo Assets*¹⁵ the EC left open the question of whether all retail sales channels form one product market.¹⁶ However, the market investigation provided evidence that all home-shopping channels, in particular whether home-shopping by internet or home-shopping by catalogue, form part of the same relevant market.
33. The CMA notes that, although each of the above cases is from several years ago, the continued growth of online shopping means that the constraint from online suppliers is unlikely to have diminished.
34. The CMA contacted a number of other suppliers of homeware using a variety of sales channels in order to understand the extent to which they considered they compete with the Parties. In general, third party suppliers did not see Betterware or Kleeneze as a significant competitor, noting that the more important competitive constraints on their businesses come from larger suppliers operating in the bricks and mortar and online sales channels. This is consistent with the relatively small presence of Betterware and Kleeneze compared to other homeware suppliers.
35. One competitor, a catalogue company cited by the Parties as a significant competitor, noted that its key competitors are the larger retailers such as John Lewis, Amazon, Debenhams and Argos. This competitor's view was that the Parties are likely to be constrained by online suppliers, especially Amazon, because of its large range of products.
36. The CMA also obtained a range of evidence from the Parties on the appropriate product frame of reference to employ in this case. This included a customer survey conducted for Kleeneze, documentation of the Parties' price setting processes and information on when and where each Party delivers its catalogue to customers. This evidence is discussed in greater detail in the competitive assessment below, but generally shows that Kleeneze's

¹² *Anticipated acquisition by Littlewoods Shop Direct Group Limited of the agency mail order business of Redcats (Brands) Limited* (2008).

¹³ Direct mail order companies send catalogues to customers through the post, or, as inserts in magazines, for example.

¹⁴ This transaction concerned home-shopping of a wide range of consumer goods.

¹⁵ EC case No Comp/M.5721 - *Otto/ Primondo Assets* (2010).

¹⁶ This transaction concerned home-shopping of a wide range of consumer goods.

customers view suppliers in other sales channels as similar to the Parties (and therefore potentially viable alternatives) and also shop for homeware at those suppliers, and that the Parties do not closely monitor each other.

Conclusion on product market

37. Identifying the appropriate frame of reference is a useful tool, but not an end in itself. The boundaries of the frame of reference do not determine the outcome of the CMA's analysis of the competitive effects of a merger in any mechanistic way.¹⁷ In this case, the CMA has not concluded on the appropriate product frame of reference but, as a pragmatic basis on which to assess the Merger, included in its analysis of the competitive constraints exerted on the Parties all the retail suppliers of homeware (including catalogue companies, bricks and mortar retailers and online retailers). Any differences in the strength of the constraints exerted by these suppliers on the Parties resulting from the use of different sales channels is taken into account in the competitive assessment.

Geographic scope

38. JRJR submitted that both Betterware and Kleeneze supply to customers located across the whole of the UK, with the sales being spread broadly in line with the population densities and with no differentiation in their products or the catalogues between regions.
39. JRJR also noted that the Parties set prices nationally with no local flexing of competitive parameters (price, quality, range, service). The evidence obtained by the CMA (including, in particular, documentation of the Parties' price setting processes) suggests that the Parties' nationally-set prices are not based on the aggregation of local competitive constraints, but rather a broad assessment of prices from a range of players with national coverage.
40. Accordingly, the CMA has considered the impact of the Merger in the UK.

Competitive assessment

Horizontal unilateral effects

41. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or degrade quality on its own and

¹⁷ [Merger Assessment Guidelines](#), paragraph 5.2.2.

without needing to coordinate with its rivals.¹⁸ Horizontal unilateral effects are more likely when the merger parties are close competitors. In this case, the CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in the retail supply of homeware in the UK.

42. In order to assess the above theory of harm, the CMA considered:
- (a) Shares of supply;
 - (b) The closeness of competition between the Parties; and
 - (c) Competitive constraints from alternative suppliers, particularly those using other sales channels.

Shares of supply

43. JRJR submitted that they do not hold data on competitors who operate similar self-employed distributor models. However, JRJR estimated that for the market including only multi-category retailers with self-employed distributor models, the merged entity's share of supply would probably be in excess of 50%.
44. JRJR also submitted that their share of supply would fall rapidly if a wider view of the market is used, for example, if all companies operating a self-employed distributor model are included (for example, including Avon and Amway etc.). On this approach, JRJR estimated that its share of supply would fall to approximately [10-20]%.

Closeness of competition

45. Where products or services are differentiated, for example by branding or quality, unilateral effects are more likely where the merger firms' offerings compete closely.¹⁹ Accordingly, the CMA analysed the extent to which the Parties competed against each pre-Merger.
46. JRJR submitted that although they operate similar business models, the Parties are not each other's closest competitors, but are primarily constrained by online retailers (such as Amazon and eBay) and VGM retailers (such as Wilkinsons and B&M Bargains). It also submitted that whilst some customers

¹⁸ [Merger Assessment Guidelines](#), paragraph 5.4.1.

¹⁹ [Merger Assessment Guidelines](#), paragraph 5.4.6.

cannot shop online, the majority can, so the presence of online retailers significantly constrained the Parties' behaviour.

47. As a starting point, the CMA noted that the Parties overlap in the range of products they offer and that the direct selling business model employed by both are similar. Consistent with this, an internal document discussing the proposed acquisition explained the similarities in the Parties' business models and in this respect noted that 'Betterware UK is one of Kleeneze's biggest competitors in the UK market'. JRJR told the CMA that this statement was made to emphasise the similarities between the two businesses to investors, rather than a view of the main competitive constraints on Kleeneze. Other internal documents explained that the core rationale for the acquisition was the prospect of 'massive efficiencies' from back-office integration.
48. JRJR provided information on the catalogue distribution patterns of each Party and the CMA also talked to a number of the Parties' distributors about these patterns. The distributors told the CMA that they choose when to distribute the catalogues and this could be over a period of weeks for both publications. Catalogues are left in a household for one to two days before being collected (and then re-used), regardless of whether a purchase is made or not.
49. A consumer would possess both catalogues at the same time only if the independent distributors of each Party's catalogue happened to target the same households at the same time. Given the unstructured delivery times and geographic dispersion of distributors, and the short period for which catalogues are left with a customer, it is unlikely that a household would receive both catalogues at the same time and, if it did occur, this would be infrequent.
50. Accordingly, the CMA considered that, even if a household received catalogues from both Betterware and Kleeneze, customers generally could not make comparisons of the products in the Parties' catalogues before placing an order. This suggested reduced scope for competitive interaction between the Parties, particularly given nearly all of the Parties' customers' purchases are made using the physical catalogue and accompanying order form.
51. JRJR submitted a number of documents which evidenced each Party's price setting processes, both of which involved the following key steps:
 - (a) The Party calculates the price they will need to pay for the product to be delivered to its warehouse, known as the 'landing price'. This includes the wholesale cost of the product and any transportation and/or import costs;

- (b) The Party then adds a margin to the landing price. The landing price plus margin is the 'proposed product price';
- (c) The Party then compares its proposed product price by searching for similar products online and checking the prices at which those products are selling. The aim of this exercise is to ensure that the proposed product price is within a reasonable range of product prices offered online by various providers.
52. JRJR provided a statistical analysis of the price comparisons undertaken by the Parties, which was verified by the CMA. That analysis showed that Betterware compared prices most frequently to products available at large online suppliers. In particular, of a total of 369 price comparisons, 108 (29%) were made with eBay and 63 (16%) were made with Amazon. Comparisons were also made with Lakeland, Etsy, Boots, John Lewis, Argos and others. Betterware compared prices with Kleeneze on only four occasions (1%).
53. The Kleeneze data showed that Kleeneze made no price comparisons with Betterware, and that Amazon and Argos were most frequently referenced.
54. JRJR also submitted a survey of 68 Kleeneze customers conducted by Matter Communications in 2012. The survey addressed a number of areas, including customer profile, market penetration and brand awareness. The results relating to two questions were relevant to the CMA's consideration of how closely the Parties compete.
55. The first question was 'Which of the following retailers would you most liken Kleeneze to?'. Twenty-four percent of customers identified Wilkinsons as the retailer that is most similar to Kleeneze, with other responses including Asda (19%), Betterware (19%), Lakeland (19%), and Tesco (13%). While a significant proportion of Kleeneze's customers viewed Betterware as most similar, several other retailers (including bricks and mortar) also featured strongly in the response. This indicated to the CMA that Kleeneze's customers may view a number of other suppliers as viable alternatives, and that Betterware is not seen as a uniquely similar alternative.
56. The customer survey also asked 'Where else do you currently shop for household goods?'. A small share of Kleeneze customers also bought from Betterware (10%), but more customers bought from other retailers including Tesco (44%), Wilkinsons (35%), Asda (30%), Sainsbury's (15%) and Lakeland (9%). This suggested that Kleeneze customers may switch purchases more to other suppliers (including bricks and mortar retailers) than they would to Betterware.

57. Finally, JRJR provided an event analysis of a 2015 catalogue-wide price rise by Betterware. Following the price increase, Betterware identified 17 products which suffered a material loss of catalogue share (42.5% on average). JRJR noted that of those 17 products, only four were also sold by Kleeneze, of which only one was cheaper at Kleeneze than Betterware. JRJR submitted that this evidence showed that the majority of the lost volumes must have been to suppliers other than Kleeneze.

Conclusion on the closeness of competition

58. The evidence detailed above indicates that there was limited competitive interaction between the Parties pre-Merger. Because of the catalogue delivery patterns, it is unlikely that the Parties were reaching the same customers at the same time, which suggests a reduced scope for competitive interaction. There is a negligible level of price benchmarking between the Parties. And the customer survey suggests that Kleeneze's customers also shop for homeware at alternative bricks and mortar suppliers more than they do at Betterware.

Remaining competitors

59. Unilateral effects resulting from a merger are more likely where customers have little choice of alternative suppliers.²⁰ In this case, the CMA focused on whether the competitive constraint emanating from various sales channels (sales via home-delivered catalogue, bricks and mortar stores and online) would effectively constrain the merged entity.
60. JRJR submitted that the Parties are primarily constrained by online retailers (such as Amazon and eBay), as well as VGM retailers (such as Wilkinsons and B&M Bargains).
61. Much of the evidence discussed in the closeness of competition section above is relevant to the assessment of remaining competitors. The documents setting out who the Parties compare their prices against indicate that their pricing decisions are influenced by the prices of online retailers.
62. The 2012 survey conducted for Kleeneze also provided a useful insight into Kleeneze's customer attributes. The CMA was more likely to be concerned with the Merger if the Parties' customers did not have access to the internet or had mobility issues which meant that they would have had difficulty in shopping at bricks and mortar retailers. This was because, in the absence of access to online and/or bricks and mortar retailers, the Parties' customers

²⁰ [Merger Assessment Guidelines](#), paragraph 5.4.12.

may be more captive and have difficulty in switching to suppliers in other sales channels.

63. The survey indicated to the CMA that most of Kleeneze's customers had no such access issues. As discussed above, the survey showed that Kleeneze customers also shop at bricks and mortar suppliers (including Tesco, Wilkinsons, Asda and Sainsbury's) more than they do at Betterware. Additionally, 64% of respondents to the survey stated that they have online access and 44% use the internet to shop online. This indicated that a substantial proportion of customers have the capability to switch to online suppliers.
64. The CMA also noted the marked decline in sales revenue of the Parties in recent years, discussed above in paragraph 21. The scale of the decline (Betterware lost [X]% of revenue from [X], and Kleeneze lost [X]% of revenue between [X]) is consistent with the Parties losing significant numbers of customers to suppliers in other sales channels.

Conclusion on remaining competitors

65. The weight of evidence that the CMA found shows that the merged entity will continue to face sufficient competition from suppliers operating across the various sales channels. In particular, the customer survey indicates that customers shop for homeware at bricks and mortar retailers, the price comparison evidence suggests that the Parties' pricing decisions are influenced by online retailers, and the Parties' marked decline in sales revenues in recent years is consistent with the Parties losing customers to suppliers in other sales channels.

Conclusion on horizontal unilateral effects

66. On the basis of the evidence above, the CMA considers that there was limited competitive interaction between the Parties pre-Merger and that the merged entity will continue to face sufficient competition post-Merger. The CMA therefore believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the retail supply of homeware in the UK.

Third party views

67. The CMA contacted competitors and distributors of the Parties. No third parties raised concerns about the Merger. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

68. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom.
69. The Merger will therefore **not be referred** under section 22(1) of the Act.

Stephanie Canet
Director, Mergers
Competition and Markets Authority
6 May 2016