The Autorité de la concurrence clears without conditions the acquisition of Nature & Découvertes by Fnac Darty

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Background

On 19 June 2019, Fnac Darty notified the Autorité de la concurrence of its intention to acquire Nature & Découvertes.

At the end of its competitive analysis, the Autorité identified that the acquisition would not harm competition and cleared the transaction.

Parties to the transaction

Fnac Darty sells products and services to consumers through its two main brands, Fnac and Darty.

The Fnac brand is active in the distribution of editorial products (music, video, books and board games) and electronic (photography, video-TV, sound, microcomputers, video games and consoles), ticketing, children's toys ("Fnac Kids" areas), high-end small electrical household appliances, stationery, telephony and connected objects. These products are distributed through more than 150 franchised or integrated stores in France.

The Darty brand, through more than 200 stores, integrated or franchised, is active in the distribution of white goods (large and small appliances), gray goods (communication and multimedia), brown goods (TVs and sound) as well as custom fitted kitchens.

Fnac Darty also distributes these products and services via the www.fnac.com, www.darty.com and www.mistergooddeal.com websites, which also include marketplaces.

Nature & Découvertes operates a distribution network of natural and well-being products through 81 stores in mainland France, and four franchised stores in Switzerland, Luxembourg, Belgium and Germany. It also owns the website www.natureetdecouvertes.com. Nature & Découvertes distributes mainly wellness and leisure products, books, food products, games and toys, and stationery. Nature & Découvertes also controls the company Terre d'OC Evolution, a manufacturer of tea and cosmetics.

Brands are both present in stores and online sale of books and toys

As mentioned above, Nature & Découvertes distributes products related to well-being and nature, a non-replicated concept to this day by another national brand. Fnac Darty does not therefore appear, in the first analysis, as a close competitor of Nature & Découvertes.

However, overlaps of activity between the parties have been identified on the basis of an analysis by product range: in fact, Fnac Darty and Nature & Découvertes both distribute, in stores and on their e-commerce sites, books and toys.

The Autorité de la concurrence was able to rule out any

risk of harming competition in the book and toy retail markets in all catchment areas where Nature & Découvertes' stores are located.

Regarding the retail sale of books, the Autorité first found that there was a retail book market, including in-store sales and online sales.

In this market, examined at the national level, but also at the local level, in catchment areas defined around Nature & Découvertes stores, the Autorité found that the new entity's market shares will be limited in most areas. If in some areas the number of competing stores selling books is very small, consumers will still benefit from a choice in the book offer, especially from online retailers, foremost among which are Amazon, which represent credible alternatives for the consumer.

The Autorité has also taken into account the fact that Nature & Découvertes, which also has very limited positions, is not a close competitor of the Fnac brand in the book retail markets. The Fnac brand is in fact mainly in competition with other cultural superstores (such as Cultura, Furet du Nord or Espace Culturels E. Leclerc) and online sales specialists, such as Amazon.

With regard to the retail distribution of toys, the combined market shares of the parties remain limited in all areas of overlapping activity, with the new entity still facing competition from many stores and online specialized retailers.

The transaction is also not likely to significantly strengthen the bargaining power of the new entity with shopping center managers.

Fnac Darty and Nature & Découvertes operate stores located in shopping centers.

For the first time, the Autorité de la concurrence focused on the risk of exclusion of current or potential competitors, who are present in shopping centers. Indeed, Fnac Darty's increased bargaining power vis-à-vis shopping center managers could have enabled it to obtain more favorable contractual terms for its stores or more unfavorable for its competitors, or to prevent the arrival of a new competitor.

After questioning the main shopping center managers in France, the Autorité concluded that the new entity would not have sufficient bargaining power to implement such an exclusion strategy.

At the end of its investigation, the Autorité cleared the transaction without conditions.

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regarding the sole control acquisition of Nature & Découvertes company by Fnac ...

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