Sale of hearing aids: the Autorité de la concurrence clears the acquisition of Audilab by the Demant group, subject to conditions.

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Background

After an in-depth examination of the hearing aids sector in its 2016 sector-wide inquiry and having made several recommendations aiming to ensure its competitive operation (see opinion 16-A-24 / press release of 14 December 2016), the Autorité issues today a decision regarding the planned acquisition of Audilab hearing aids distributor by the Demant group.

Following its analysis, the Autorité identified competition issues in the hearing aid product distribution market in three catchment areas.

The Demant group responded to these concerns by making a commitment to divest itself of some hearing centres to a competitor to maintain sufficient competition in this market.

The Autorité therefore decided to clear the transaction subject to the condition that Demant divest itself of two retail outlets.

Parties to the transaction

The Demant group is one of the main manufacturers of hearing aid products in Europe. It also engages in distribution activities through the networks of the

companies Audika and Bauhaud, which have 570 and 15 hearing centres in France respectively.

Audilab is a major retailer of hearing aid products, with 213 hearing centres in France.

The transaction

The transaction will enable the Demant group to acquire the entire network of Audilab hearing centres, of which it had joint control until 2015, before subsequently losing it. The Autorité had already examined the merger between the Audilab and Audika networks at that time (see Decision 15-DCC-115/press release of 18 September 2015). When it examined this previous transaction, the Autorité considered that the new entity was likely to harm competition in 12 local catchment areas. To address these competition issues, the Demant group made a commitment to divest itself of eleven hearing centres.

These markets are characterised by retail outlet openings and closures, so the local areas analysed in 2015 are not all the same as those analysed for this transaction. This competitive analysis takes account of the current structure of local markets in the 154 catchment areas where the parties' activities overlap.

Following its analysis, the Autorité identified three problematic catchment areas.

After a detailed examination of the transaction's effects, the Autorité found that the transaction would significantly strengthen the Demant group's presence in the hearing aid product retail distribution market in 3 catchment areas (Apt, Châtellerault Blossac and Châtellerault Foch).

In these areas, the parties' retail outlets together hold large market shares and existing competitors cannot exert enough competitive pressure to constrain the new entity's behaviour, particularly regarding prices.

To prevent any harm to competition, the Demant group will divest itself of two hearing centres

In the areas concerned, the Demant group has made a commitment to divest itself of 2 integrated centres.

These measures will maintain a balanced competitive situation by preventing the accumulation of market share as a result of the transaction. The divestiture of one hearing centre will thus address two competition issues in Châtellerault. These measures will ensure the consumers concerned have a competitive and diversified market for their purchases of hearing aid products.

For a period of ten years, William Demant will be prohibited from acquiring the divested hearing centres.

Catchment areas where stores must be divested (around the Audika centres at the following addresses):

Area	Retail outlet proposed in the commitment	Address
Apt	Centre Audika d'Apt	39, place du Postel 88400 Apt

Area	Retail outlet proposed in the commitment	Address
Châtellerault Blossac	Centre Audika de Châtellerault	22, avenue Treuille 86100 Châtellerault
Châtellerault Foch	Centre Audika de Châtellerault	22, avenue Treuille 86100 Châtellerault

> See the full text of Decision 19-DCC-244 of 11 December 2019

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