15 November 2017: Books and stationery

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The *Autorité de la concurrence* clears the acquisition of Gibert Jeune's activity by Gibert Joseph

Parties to the operation

On 9 May 2017, Gibert Joseph notified the *Autorité de la concurrence* of its intention to take control of Gibert Jeune. This acquisition comes within the scope of the opening of judicial reorganisation proceedings by the Paris commercial court on 26 April 2017. By letter of 15 May 2017, the *Autorité de la concurrence* granted a derogation from the suspensive effect of merger control to Gibert Joseph, authorising the conclusion of the transaction without waiting for the final decision, which was issued today[1].

The activities of the parties revolve mostly around the books and stationery products retailing sectors

Gibert Jospeh and Gibert Jeune groups are both independent groups.

Gibert Joseph is made up of 16 companies involved in the retailing of second-hand and new books, CDs and DVDs and stationery products. It operates 18 physical shops, three of them in inner Paris as well as its own e-commerce website.

Gibert Jeune is comprised of Gibert Jeune Groupe, Gibert Jeune Rive Gauche and Gibert Jeune Rive Droite companies, involved in the retailing of second-hand and new books along with stationery products. It operates several physical shops in Paris, as well as its own e-commerce website.

Despite market shares that were sometimes high, especially in Paris, all potential risks to competition which might have arisen from the operation were dismissed by the *Autorité*

On the books and stationery retailing sectors, the newly created entity will face competition from numerous stakeholders, like the Fnac-Darty or Cultura (books), Office Dépôt (stationery products) groups as well as a vast number of independent bookshops, and various supermarkets and hypermarkets.

The new group will hold its most prominent positions in Paris, in the retail of second-hand books in physical shops market. In order to avoid any harm to competition, the *Autorité* took into account, among others, the competition that represent bookshops specialized in second-hand books retailing, especially from competitors like the Boulinier bookshops. The new group will also face competition from booksellers set up on the banks of the Seine, book fairs organized in schools and universities, and, more broadly, from a combination of independent professionals and individuals who are selling second-hand books via trade fairs, flea markets or associations.

Besides, online stakeholders, like Amazon, Cdiscount, Chapitre.com or PriceMinister exert growing competitive pressure on physical shops, so that the Gibert Joseph and Gibert Jeune bookshops will have to act with regards to the trade policy. In this regard, the *Autorité* already acknowledged on different occasions, despite the differences that exist between these two distribution channels, that players on the online retail market sector exert competitive pressure on traditional retailers, at least for some categories of products and certain consumers. It recently acknowledged the existence of a single market regarding the retail of electrical products.

[1] See box below.

What is a derogation from the suspensive effect?

If the effective conclusion of a merger is subject to approval from the *Autorité de la concurrence*, in certain exceptional circumstances, duly argued by the parties, the *Autorité* may issue a derogation enabling them to finalise part or all of the transaction without waiting for the approval decision.

Although derogations from the suspensive effect are by definition exceptional, cases in which offers to take over concern companies subject to receivership or liquidation proceedings can lead to beneficial decisions. A derogation may also be justified in other exceptional circumstances, such as a risk of imminent dissolution of the acquisition target, the initiation of collective proceedings or the need for an acquiring party to provide guarantees or obtain financing to keep the target afloat.

However, the issue of a derogation by the *Autorité* is without prejudice to the final decision made in the light of its full assessment.

> The full text of the decision will soon be published on the Autorité's website

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