Lego proposes commitments to the Autorité to modify its pricing policy

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The Autorité launches a market consultation to assess this proposal.

Cdiscount and EMC Distribution[1] (Casino Group's reference listing offices) lodged a complaint with the *Autorité de la concurrence* regarding practices implemented by the company Lego that markets the famous building sets. The complainants alleged that Lego would have implemented a discriminatory pricing policy disadvantaging online retailers.

The toy retail sector

Several global players are active in the toy manufacturing sector. Some of these manufacturers are specialised, like Lego in building sets.

The retail of toys on the French market is primarily carried out by specialised companies such as JouéClub, KingJouet, La Grande Récré or Toys'R'Us. However, the turnover of the specialised channels has declined with the development of online sales operators (Amazon, Cdiscount, …). Today, online sales represent 20 % of the sales of toys, as compared to 12 % in 2013 [2].

Competition concerns identified by the Autorité: Lego discount system

At the end of 2013, Lego reviewed its pricing policy towards its distributors. It decided a 15 % price increase for all its products and the simultaneous

implementation of a « functional discount » of up to 13 % based on qualitative criteria.

It appears from the information gathered by the investigation services that the discount difference between the pure players on the one side and the other distributors on the other side was significant (the difference ranged from seven to nine points of percentage depending on the period considered), mainly resulting from the fact that some of the rebate criteria excluded de facto the pure players.

These practices might constitute a discriminatory pricing likely to have anti-competitive effects, by disadvantaging the pure players and reducing the competitive pressure they could exert.

Proposed commitments

In response to these competition concerns, Lego France offered, in particular, commitments to modify the criteria for the functional discount applicable to the online sales distribution channel and to clarify the discount requirements.

Interested third parties are invited to send their observations on these commitment proposals by email until Tuesday 15 September 2020, 5 pm.

Further procedure

At the end of the procedure, if the proposed commitments, possibly supplemented and amended, are likely to respond to the competition concerns expressed, the *Autorité* may proceed to close the case, taking note of the commitments, which will then become mandatory.

[1] Now AMC Distribution.

[2] Data published by the *Fédération française des industries du jouet et de la puériculture (FJP)*.

MARKET CONSULTATION (PDF)

In French

See the market consultation

COMMITMENT PROPOSALS (PDF)

See the commitment proposals

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