19 December 2017: Homeware and general merchandise stores

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The Autorité de la concurrence clears the acquisition of stores owned by the Tati group (Tati, Fabio Lucci, Giga Store) by Gifi (GPG group), subject to a number of conditions

Parties to the transaction

On 12 June 2017, the GPG group (retailer Gifi) notified the *Autorité de la concurrence* of its intention to acquire the companies Lilnat, Vetura and Agora Distribution (retailers Tati, Fabio Lucci and Giga Store), owned by the Tati group. The transaction was being carried out in the context of three judicial reorganisation proceedings initiated by the commercial court of Bobigny on 4 May 2017 for the companies Lilnat, Vetura and Agora Distribution. By means of its decision of 14 June 2017, the *Autorité de la concurrence* had, on an exceptional basis[1], granted a derogation allowing the GPG group to proceed with the transaction without awaiting the final decision, issued today.

The parties operate both in the low- and medium-price homeware and in the general merchandise retail sector.

GPG (Gifi) has made a number of commitments to address competition issues identified in five catchment areas

The *Autorité* considered that the transaction was likely to have serious anticompetitive effects in several local catchment areas.

The *Autorité* found that, post-transaction, the new entity would have very high

market share in the areas concerned and this was likely to lead to local price rises.

Its clearance was therefore dependent on the sale of four stores and a behavioural commitment concerning a further store.

GPG made commitments to sell one Gifi retail outlet, two Tati retail outlets and one Giga Store retail outlet to a competitor and not to sell homewares and general merchandise at a Fabio Lucci store for a period of five years renewable once. These commitments are intended to ensure that adequate competition is maintained in the affected areas.

The divestitures mean that stores will change retailer rather than close

The required divestitures are justified by the disappearance of local competitive pressure on the new entity after the transaction.

Their purpose is to enable stores and their business to be taken over by a retailer other than Gifi, Tati, Fabio Lucci or Giga Store, in order to maintain dynamic competition in the affected catchment area and ensure that consumers have continued access to a diversified homeware and general merchandise offer.

[1] *Although a merger can be completed only after the Autorité de la concurrence has cleared the transaction, under certain exceptional circumstances such as the take-over of companies in liquidation or subject to judicial reorganisation proceedings, duly reasoned by the parties, the Autorité can grant a derogation allowing them to proceed with all or part of the transaction before its clearance decision has been issued.*

> To see the full text of decision 17-DCC-216 of 18 December 2017

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