

20 April 2018: Footwear distribution

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The *Autorité de la concurrence* clears two separate acquisitions but which raise similar questions: Sarenza by Monoprix (Casino group) André by Spartoo

On 16 March Monoprix, and subsequently on 4 April 2018, Spartoo notified the *Autorité de la concurrence* of two distinct take-over projects of Sarenza by Monoprix, and André by Spartoo. These two mergers, which are distinct but have been examined in parallel, are part of an overall trend of omnichannel group development including physical distribution services and online selling platforms, in the retail sector in France.

Following an examination of the effects of these transactions on the footwear retail markets in France, the *Autorité de la concurrence* cleared both transactions as it considered that they were not liable to harm competition.

The two transactions examined

The two transactions examined simultaneously have the common characteristic of involving stakeholders in the e-commerce (Sarenza and Spartoo) and physical distribution (Casino/Monoprix and André) sectors.

• *The acquisition of Sarenza by Monoprix*

The Monoprix company belongs to the Casino group¹, a stakeholder in the food retail distribution sector via its retail store network, and its monoprix.fr and monshowroom.com websites. The group also owns the Cdiscount company, a

generalist pure player. The Casino group is owned by the Euris company, which also controls the GO Sport group, active in clothes and sports shoe retail distribution through a network of stores and two websites, go-sport.com and courir.com.

The Sarenza company is mainly active in the retail distribution of shoes and leather goods, solely via its sarenza.com website.

- ***The acquisition of André by Spartoo***

The Spartoo company is primarily active in the retail distribution of shoes and leather goods, via its spartoo.com website, but also through its 12 stores located in medium-size cities.

The André company, wholly owned by the Vivarte company, is a historical operator in retail distribution of shoes and leather goods, through its 149 retail outlets located in metropolitan France.

As the transactions are not likely to harm competition, the *Autorité* cleared them without conditions

As in the analysis carried out during the merger of Darty and Fnac, the *Autorité* took into account the competition exerted by the players in the e-commerce sector on the mortar shop distributors, however without concluding to the existence of a single market. Indeed, the vast majority of the shoe sales are generated in stores (85 %) and result from a choice by the consumer, made especially according to the alternatives available in the geographical area close to their home. The competitive analysis was carried out at national level, but also on a local scale in order to take into account the existence of local competition parameters.

- ***Regarding the acquisition of Sarenza by Monoprix***

Thus, following the acquisition control of Sarenza by Monoprix, the *Autorité de la concurrence* noted that the new entity would hold limited market shares in all of the markets assessed, except for (if applicable) the sports shoe retail distribution market, in the catchment area of GO Sport in Stenay in the Meuse *département*. Nonetheless, the *Autorité de la concurrence* considered that an important market share pre-existed the transaction, with the Casino group operating the only store specialized in sports shoe retail in this zone. Furthermore, the transaction only entails a small overlap of activities between the parties and leaves room for a broad range of online stakeholders to remain, among which are Zalando and Spartoo.

- ***Regarding the acquisition of André by Spartoo***

Regarding the acquisition of André by Spartoo, all potential risks to competition were dismissed by the *Autorité de la concurrence*, insofar as the new entity would hold market shares below 10% in all the assessed markets.

A trend towards a strengthening of the « phygital » market

The *Autorité de la concurrence* thus cleared two merger operations, which illustrate a recent tendency observed in the retail distribution sector in France. The *Autorité* indeed notes that the ongoing development of distributors involves the formation of omnichannel players // means that omnichannel players must form, via the acquisition of an active competitor in another distribution channel² or by the strengthening of stakeholders present simultaneously in the physical distribution and online sales distribution³ channels .

¹*Decision 13-DCC-90 of 11 July 2013 regarding the acquisition of sole control of Monoprix by Casino Guichard-Perrachon*

²*Decision of the Autorité de la concurrence 18-DCC-01 regarding the acquisition of sole control of La Redoute by the Motier group (Galeries Lafayette group).*

³*Decision of the Autorité de la concurrence 16-DCC-111 regarding the acquisition of sole control of Darty by Fnac.*

> See décisions 18-DCC-50 and 18-DCC-53 of 20 April 2018

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