23 May 2018: Retail of domestic electrical goods in the French overseas departments

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The Autorité de la concurrence clears the acquisition of the Dimeco society (Connexion, Circuit Ménager) by the Cafom group (But and Darty)

Parties to the transaction

On 18 April 2018, the Cafom group notified the *Autorité de la concurrence* of its project to acquire the Dimeco society, which operates two domestic electrical goods stores in Guadeloupe. After examining the effects of the planned transaction on local markets, the *Autorité de la concurrence* cleared the transaction without conditions.

Cafom and Dimeco are carrying out common activities in several markets

Cafom is a key player in the distribution of home improvement products. It owns the Habitat brand and also manages, especially in Guadeloupe, several domestic electrical goods stores, which market domestic electrical goods (brown goods, grey goods and white goods), under the But and Darty brands.

Dimeco manages at the moment twos stores under the Connexion and Circuit Ménager brands, located in Baie Mahault. Further, it holds the authorization to operate a shop in Dothemare (Les Abymes).

Parties to the transaction are thus competing in the retailing of white, grey and brown goods markets.

At the end of its competitive analysis, the *Autorité* considered that the transaction was not liable to have anticompetitive effects on competition in

Guadeloupe

During the review of the takeover of Darty by Fnac[1], the *Autorité* came to define the domestic electrical goods markets . In this decision, the *Autorité* had, for the first time, defined a market including in-store and online channels for the retail of brown and grey goods, considering that the competitive pressure exerted by online sales had become sufficiently important to be totally be integrated in the relevant market.

In this particular case, regarding the specificities of consumer habits in Guadeloupe, the *Autorité* reached a different conclusion in terms of market definition. The *Autorité* took into account, amongst others, the practices implemented by the existing players and the low development of online sales, which are mainly explained by Guadeloupe insular location (importance of transport costs and custom taxation). Markets were thus defined by taking into account only players that had brick-and-mortar retail points in the catchment areas of the two stores involved in the transaction.

However, the positions of the new entity will remain below 40% insofar as the Cafom group decided not to make use of the commercial authorization held by the Dimeco society in Dothemare and to close its Darty retail point in Baie Mahault . The *Autorité* takes note of it.

Therefore, in its prospective analysis of the transaction, the *Autorité* included these reductions in the sales spaces which entail that the positions held by Cafom remain below the threshold likely to raise competition concerns.

Further, the *Autorité* noted the existence of several competing brands that own one or several store(s) in the markets concerned by the operation, such as Euronics Gitem, Digital and Carrefour.

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http://www.autoritedelaconcurrence.fr/user/standard.php?id_rub=630&id_article=2823

> See Full text of Decision 18-DCC-79 of 23 May 2018 regarding the acquisition of sole control of Dimeco by Cafom

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