

23 August 2018: Distribution in Martinique

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The Autorité de la concurrence clears, subject to conditions, the acquisition by Bernard Hayot Group of a Géant Casino hypermarket in Martinique

On 20 June 2018, Bernard Hayot Group ('BHG') notified the *Autorité de la concurrence* of its planned acquisition of a Géant Casino hypermarket and its shopping mall, which are located in Le Robert in Martinique (972).

BHG, an important and integrated player in the distribution sector in Martinique

BHG is present in Martinique predominantly in the food retail distribution sector, particularly via three hypermarket franchises operating under the Carrefour banner, and in the wholesale sector, supplying large and medium-sized supermarkets on the island.

Given the specific nature of the operation of the overseas markets, the Autorité made a careful examination of this merger, which enables a vertically integrated player to strengthen its position on the predominantly food retail distribution market in Martinique.

The Autorité identified competition problems that are addressed by the commitments proposed by BHG

In the predominantly food retail distribution sector in Martinique, BHG runs three hypermarkets under the Carrefour banner, all of which are located over fifteen minutes by car from the Géant Casino hypermarket in Le Robert which it is acquiring. Even though BHG is not present in an area within less than 15 minutes

of the hypermarket by car, another Carrefour franchise group does business as two Carrefour Market supermarkets. *Within this fifteen-minute area, after acquisition of the Géant Casino, which would then operate under the Carrefour banner, the market share under this banner would have especially significant.*

BHG will run the purchased hypermarket under the Euromarché banner and will have commercial independence from Carrefour

In order to remedy the risk of the harm to competition caused by such a level of market share, BHG has made a commitment not to run the hypermarket under the Carrefour banner, but instead under the Euromarché banner. The contract concluded with Carrefour, which owns the Euromarché brand, confers commercial independence on the store both in terms of product range and pricing policy.

This commitment will therefore enable BHG to compete effectively, in terms of price, quality and range of products on sale, with the Carrefour supermarkets in the area, as well as with the two other rival stores run under the Ecomax and Leader Price banners.

Upstream, BHG commits, in its capacity as a wholesaler/importer, to allocate the commercial cooperation budgets among its own stores and those of its rivals without discrimination

Given the upstream wholesale/importer activities of BHG, the Autorité identified another anti-competitive risk linked to access to and allocation of the commercial cooperation budgets¹ earmarked for its clients.

BHG, like most wholesalers/importers acting on behalf of large national brands, is responsible for allocating the commercial cooperation budgets granted by the national manufacturers to the various stores that distribute their products. The *Autorité* considered that, following the transaction, BHG could be tempted to favour its own stores to the detriment of its rivals when allocating these commercial cooperation budgets, and could also be favoured by using information about the promotional campaigns prepared by its rivals.

Such an issue had been identified in 2011 during the examination of an earlier acquisition by BHG in Martinique². The commitments entered into by BHG in 2011 to remedy this risk of harm to competition however expired at the end of 2017. Insofar as this issue is still relevant, the *Autorité* considers that similar commitments must be made again.

Therefore, BHG has committed to allocating the commercial cooperation budget among the stores that it owns and those of its rivals without discrimination and based on transparent, objective and verifiable business criteria.

A non-discriminatory allocation of these budgets will foster their use for funding trade operations and promoting competition among the stores on the island of Martinique.

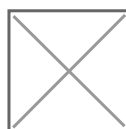
BHG has also committed to running its wholesale/importer activities and its retail distribution activities independently. In particular, the group commits not to disclose any of the information collected in its capacity as a wholesaler and relating to the sales promotions of its rival distributors to the entities in charge of sales promotion in its stores, especially as regards the promotions calendar, products on promotion and the scale of the promotions.

¹ *These budgets, which are funded by suppliers, are used by retail stores to run promotional campaigns or sales initiatives for the suppliers' products.*

² *See decision 11-DCC-134 of the *Autorité de la concurrence* of 2 September 2011 relating to the acquisition of full control of the assets of Louis Delhaize Group by Bernard Hayot Group and the press release.*

> See the full text of Decision 18-DCC-142 of 23 August 2018

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> *This decision was submitted before the Conseil d'Etat (pending case)*