The Autorité clears the takeover of 128 La Halle stores by Chaussea, subject to the divestiture of 4 stores

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On 17 June 2020, Chaussea notified the Autorité de la concurrence of its plan to acquire 128 stores operating under the La Halle brand. The acquisition is in the context of the opening of a judicial reorganisation proceedings before the Commercial Court of Paris on behalf of the La Halle Group. On 26 June 2020, the *Autorité de la concurrence* exceptionally granted a derogation (see box), allowing Chaussea to proceed with the acquisition, without waiting for the final decision, which has now been issued by the *Autorité*.

Parties to the transaction

Chaussea operates stores which sell entry-level footwear for men, women and children, primarily in France. The 128 stores of La Halle acquired in the context of this transaction are also active in the retail distribution of entry-level footwear for men, women and children.

Unlike for other products (consumer electronics[1], toys[2], books[3], etc.), the *Autorité* deemed it appropriate to analyse the in-store sales and online sales separately, among other things in view of the relatively small proportion of sales of footwear made online.

At the national level, before any acquisition, Chaussea and La Halle are two important players in the market for the retail distribution of entry-level footwear, on which not only the major national footwear retailers operate (Besson, Chauss'Expo, Gémo and Kiabi), but also the major food retailers. Following the

acquisition, their market shares will be between 20% and 30%, even if only formal footwear is taken into account.

At the local level, the *Autorité* examined whether the acquisition of this large number of footwear retail stores (La Halle) by Chaussea was likely to distort competition in the catchment areas where the stores of both chains are simultaneously present.

The *Autorité* found that in almost all areas, consumers will continue to benefit from alternative offerings to those of the new entity, which are equivalent in terms of price and product range. These competing stores - which include the Besson, Chauss'Expo, Gémo and Kiabi chains mentioned above, but also major food stores and regional chains specialising in the sale of entry-level footwear, such as Chauss34 in the Hérault department and Pointure Plus in the Gironde department - are still sufficient in number to prevent the new entity from being inclined to increase the price of the products sold or to lower the quality of the products sold in its stores.

The risks to competition identified in 4 catchment areas

Following its analysis, the *Autorité* nevertheless identified risks to competition in the catchment areas of the La Halle stores located in Dole (39), Lure (70), Manosque (04) and Saint-Memmie (51).

In these areas, the acquisition was likely to reduce competitive pressure and could lead to price rises or a reduction in the diversity of the offering, to the detriment of consumers, in particular in view of the high combined market share of the parties.

Chaussea has undertaken to sell 4 stores to resolve the identified competition-related concerns

To address these competition-related concerns, Chaussea has undertaken to sell one Chaussea or La Halle store in each of these areas, to one or more competitors. These commitments will ensure that a sufficient level of competition is maintained, and that the interests of consumers are safeguarded in the relevant markets.

The acquiring party presented will need to be approved by the *Autorité*, which will ensure that they are able to provide a credible alternative in footwear retail distribution in each of the areas in question.

The stores affected by the divestiture are the following:

Area in question	Store	Address	Post code	City
Dole Intermarché	La Halle*	22 rue Léon Bel	39 100	Dole
Lure	La Halle*	2 rue de Froideterre	70 200	Lure
Manosque	Chaussea	ZAC Saint-Joseph, allée Nicéphore Niépce	04 100	Manosque

Area in question	Store	Address	Post code	City
Saint-Memmie	La Halle*	ZAC Mercuria, 59 avenue du Président Roosevelt	51 470	Saint-Memmie

** Became Chaussea following a ruling by the Commercial Court of Paris on 8 July 2020.*

Divestiture of stores does not mean closure of stores, but takeover with change of store name

The divestitures of the stores that are the subject of the commitments is intended to safeguard adequate local competitive dynamism.

The aim is to allow a competitor to take over the stores and its activities in order to safeguard competition in the area in question, thereby ensuring that consumers have a diversified offering in terms of prices and products. For the divestitures in question, it must be ensured that the stores are taken over under proper conditions of viability, in order to be approved by the *Autorité*.

What is a derogation from the suspensive effect?

If the effective conclusion of a merger is subject to approval from the *Autorité de la concurrence*, in certain exceptional circumstances, duly argued by the parties, the *Autorité* may issue a derogation enabling them to finalise part or all of the transaction without waiting for the approval decision, in order to allow the business activities to continue.

By definition, the granting of such a derogation is exceptional. In particular, a derogation may be granted where takeover bids have been submitted for companies in liquidation or in insolvency proceedings, as in the present case.

However, the granting of a derogation by the *Autorité* is without prejudice to the final decision taken at the end of the investigation.

Previous decisions recently issued in the clothing and footwear sector

This is the 7th decision issued by the *Autorité* in the clothing and footwear sector since 2020:

- Acquisition of the Cyrillus group by the company MGA Paris (Des Petits Hauts and Harris Wilson) / 21-DCC-77 of 5 May 2021
- Acquisition of 366 La Halle stores by the Beaumanoir group (Cache Cache, Morgan, Bonobo) / 21-DCC-43 of 24 March 2021
- Acquisition of the ready-to-wear clothing chain JOTT by L Catterton Europe (BA&SH) / 21-DCC-09 of 19 January 2021

- Acquisition of 511 Camaïeu stores by Financière Immobilière Bordelaise / 20-DCC-172 of 8 December 2020
- Acquisition of the ready-to-wear clothing chain Burton by Thierry Le Guenic (Habitat) / 20-DCC-158 of 17 November 2020
- Merger of the groups Oosterdam (Pimkie, Grain de Malice) and Happychic (Jules, Brice, Bizzbee) / 20-DCC-63 of 30 April 2020

[1] See Decision 16-DCC-111 of 27 July 2016 regarding the acquisition of sole control of Darty by Fnac/ see press release of 18 July 2016.

[2] See Decision 19-DCC-65 of 17 April 2019 regarding the acquisition of joint control of the company Luderix International by Jellej Jouets alongside the undivided ownership resulting from the estate of Mr Stéphane Mulliez/ see press release of 19 April 2019.

[3] See Decision 17-DCC-186 of 10 November 2017 regarding the acquisition of sole control of Gibert Jeune by Gibert Joseph/ see press release of 15 November 2017.

DECISION 21-DCC-73

of 20 May 2021 will soon be available on the Autorité's website

See merger decisions

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