Distribution of food products in Martinique: the Parfait Group commits itself to divesting the Géant Casino La Batelière hypermarket in Martinique in response to competition problems identified by the Autorité de la concurrence

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Background

On 23 September 2021, the Parfait group notified the *Autorité de la concurrence* of a proposed merger leading to the acquisition of sole control of the Géant Casino La Batelière hypermarket on the one hand and of the commercial centre on the other. This notification followed Leclerc's withdrawal from the initial project, which had been notified to the *Autorité de la concurrence* on 10 April 2020.

In this case, the *Autorité* identified risks of harm to competition in the hypermarket retail distribution markets, since the completion of the merger would have given the Parfait group a market share of more than 60% in this geographical area, and would have created a duopoly between two operators, thus creating a risk of price increases and a reduction in the diversity of supply for consumers.

To remedy these competitive risks, the Parfait group proposed a series of commitments, including the sale of the hypermarket's business to a buyer approved by the *Autorité*.

Parties to the transaction

The Parfait Group

Through various companies primarily active in Martinique and Guadeloupe, the Parfait Group operates retail activities in the automotive, food and interior decoration sectors. It operates three hypermarkets under the Leclerc banner in Martinique, two of which are located in Lamentin and the third in Fort-de-France.

The La Batelière hypermarket

The target store is a hypermarket with a sales area of 2,693 m^2. This store is located in Martinique and more particularly in the area known as the 'Plaine foyalaise' (which corresponds to the territory of the conurbation Schœlcher - Fort de France - Le Lamentin), in the Ozanam – La Batelière shopping centre located in the municipality of Schœlcher. Until 2020, the business of the target store was operated under the Géant Casino banner by H Alimentation, a company owned by the Ho Hio Hen group. It was acquired by the Parfait Group on 30 April 2020, following a ruling by the combined commercial court of Fort de France.

Given the withdrawal of Leclerc from the operational plans of the business, the Parfait Group intended to operate this hypermarket under an independent brand "Hypermarché La Batelière".

The commercial centre

The Parfait Group had also acquired in April 2020, from the Ho Hio Hen Group, the walls of the shopping centre in which the business is operated,.

The *Autorité* has identified risks of harm to competition on the retail distribution market, mainly in the case of

products.

The parties to the transaction are mainly present on the market for retail distribution of food products. In addition, the parties are also present in the upstream market for the supply of food products and in the management of real estate assets market.

The *Autorité* has identified, at the end of its competitive analysis, risks of significant harm to competition within the retail distribution markets and more particularly within the market for hypermarkets in the 'Plaine foyalaise'. As a result of the transaction, the Parfait Group will have, in this zone, a significant market share, in excess of 60%, of the market for the provision of hypermarkets. In addition, the operation will lead to the disappearance of an operator, which will therefore create a duopoly within the hypermarket sector in the 'Plaine foyalaise' area. As a result, the *Autorité de la concurrence* considered the fact that the transaction would give rise to risks of price increases and a reduction in the diversity of supply.

In order to remedy the risks to competition identified by the *Autorité*, the Parfait Group has submitted a series of commitments.

The Parfait Group has undertaken to divest the business of the target hypermarket to a buyer approved by the *Autorité de la concurrence*.

Also, given that the Parfait Group acquired both the business of the La Batelière hypermarket and the real estate of the shopping mall in which it is located, the sale of the target business alone would not have made it possible to re-establish sufficient competition within the markets involved. Indeed, the buyer would have been a tenant of its competitor, the Parfait group. This new scheme could have created a risk of exchanges of sensitive information between the Parfait Group and the buyer. It would also have created a risk that the Parfait Group would have been able to interfere in the management of the shopping centre, to the

detriment of the buyer.

In order to resolve this difficulty, the Parfait Group is backing up its commitment to divest the business of the target hypermarket with a set of guarantees concerning the commercial lease to be concluded between the Parfait Group and the buyer of the business.

The Parfait Group also commits itself to amending the articles of association of the company owning the shopping mall real estate so that control of the direction and management of the company and its real estate assets is entrusted to a person independent of the Parfait Group.

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