Motorway catering: the Autorité imposes conditions on the acquisition of the Sirestco Group by the Areas Group

Published on July 25, 2023

Background

On 15 May 2023, the Areas Group notified the Autorité de la concurrence of a proposed merger leading to the acquisition of sole control of Sirestco.

The Autorité has identified risks of harm to competition in several markets for the provision of motorway catering services. On the A5 and A19 motorways, the Areas Group would have had a market share in excess of 50% following the merger, which would have led to a risk of price rises and a reduction in the quality of the offer for consumers.

To resolve these competitive risks, the Areas Group has made commitments involving, on the one hand, divesting the sub-concession contract for the catering and food retail activities of the specialist shop at the Troyes-Fresnoy service station on the A5 motorway, and, on the other, transferring the lease management contract for the operation of the "*Casino Everyday*" shop and entering into a third-party operating contract for catering activities at the Loiret service station on the A19 motorway.

Parties to the transaction

Sirestco and Areas are two groups active in the concession catering sector in motorway service stations. Concession catering involves providing a catering

service in areas mainly used for a different activity such as transport (airports, train stations, etc.), sports and leisure (museums, cinemas, amusement parks, stadiums, etc.), retail (shopping centres, department stores, etc.) and other public places. The service provider pays the licensor a fee in return for the right to operate part of the concession area on its own behalf.

The Areas Group operates 127 restaurants and 68 shops in 82 motorway service stations under a variety of brand names, including "*À Table*", "*L'Arche Cafétéria*" and "*Ouishop*", as well as franchises and brand licences ("*Burger King*", "*Courtepaille*", "*Maison Pradier*", "*McDonald's*", "*Starbucks*", "*Subway*", "*Paul*", "*Casino Everyday*", etc.).

Sirestco is part of the Sighor Group and operates 51 restaurants and 15 shops in 23 service stations, both under own brands ("*Léo Bistrot*", "*Léo Resto*", "*Léo La Boutique*", "*Origin'R*") and under franchise or brand licences ("*La Mie Câline*", "*Steak N'Shake*", "*Subway*", "*Carrefour Express*", etc.).

The Autorité considered that there were risks of harm to competition in the markets for catering in the strict sense of the term and light refreshments on the A5 motorway and in the markets for food sales and tobacco retail on the A19 motorway.

The parties to the transaction are mainly active in the concession catering sector at motorway service stations. As such, they are present, on the one hand, in the upstream market for the awarding of motorway catering concessions, which brings together motorway concession-holding companies and companies wanting to operate the catering outlets (mainly oil operators and "pure players" such as Autogrill, Areas and Sighor, as well as small independent players). They are also present in the downstream market for the provision of motorway catering services, which brings together the companies operating the concession catering outlets and the end consumer.

With regard to this downstream market, decision-making practice distinguishes between the markets for catering in the strict sense of the term, light refreshments and the sale of food products in shops and vending machines.

In addition, the parties are simultaneously present in the motorway tobacco retail market.

In the upstream market for the supply of food products, the risks of harm to competition could be ruled out, given the parties' limited market shares and the fact that there would still be a sufficient alternative offer after the transaction, in particular with competition from oil operators in this market.

Following its analysis, however, the Autorité considered that the transaction raised risks of harm to competition in several markets for the provision of catering services on the A5 and A19 motorways. More specifically, on the A5, the Autorité found that the new entity would have market shares in excess of 50% in both directions of traffic in the strict catering and light refreshments markets. On the A19, the Autorité also found that the new entity would have market shares in excess of 50% in both directions of traffic in the market for the sale of food products. Furthermore, the new entity would have a monopoly in the tobacco retail market on this motorway. As a result, the Autorité considered that the transaction raised risks of price rises and a reduction in the quality of the offer on these two motorways, linked to the new entity's strengthened position in the markets and the absence of sufficient alternative competition following the transaction.

The Areas Group has made commitments concerning the Troyes-Fresnoy service station (A5 motorway) and the Loiret service station (A19 motorway).

To resolve the competition problems identified, the Areas Group has committed to divest the sub-concession contract for the Troyes-Fresnoy service station on the A5 motorway. The Areas Group has also committed to transfer the management lease for the Casino Everyday shop and enter into a third-party operating contract for the catering business at the Loiret service station on the A19 motorway.

On the A5 and A19 motorways, these commitments will make it possible to completely eliminate the overlapping activities between the parties that would

have resulted from the transaction in the markets concerned, and therefore restore the pre-transaction competitive situation on these motorways. They will also enable competing operators to strengthen their presence or become established on the motorways concerned and so compete with the new entity.

The buyers presented will have to be approved by the Autorité, which will ensure that they are independent of the new entity and able to stimulate competition. An independent divestiture trustee approved by the Autorité will ensure the implementation of these commitments.

FULL TEXT OF THE DECISION

The full text of the decision will soon be available on the Autorité's website

See merger control decisions

Contact(s)

Maxence Lepinoy
Chargé de communication,
responsable des relations avec les médias
06 21 91 77 11
Contact us by e-mail