15 December 2011: Anticompetitive practices in the toy and fancy goods sector

Published on December 16, 2011

The *Autorité de la concurrence* fines the distributor of Diddl products in France for imposing a retail price on its dealers.

> Version française

The *Autorité de la concurrence* has just pronounced a decision fining Kontiki, the distributor of Diddl products (postcards, soft toys, garments, school bags, etc.) in France, for imposing the same retail prices on its retailers between 2003 and 2007, eliminating any price competition at sales points.

Given Kontiki's exclusive rights to distribute Diddl products in France, all Diddl goods for children sold in France between 2003 and early 2007 were affected.

The *Autorité* today imposes a financial penalty of €1.34 million on the French distributor of these products.

The Diddl character: a real fashion phenomenon for children

Created in Germany in the 1990s, the character Diddl is a mouse with giant paws. Initially featured on a postcard, the character then appeared on a wide range of products. The mouse generated true "Diddl-mania" in children from the mid-2000s which died down after 2007.

Pursuing a scarcity strategy, Kontiki, the exclusive distributor of Diddl products in France, established a selective distribution network restricted to just 1,700 sales points.

Such practices eliminated any price competition among distributors

Between 2003 and 2007, Kontiki required its dealers, whether independent or members of a network (La Papethèque, Cadoon's, Virgin, Soho, etc.), to sign " *charters*" or agreements specifically rendering their listing on the website Diddl.fr dependent on their compliance with the retail prices notified in price lists, order forms or through pre-labelling of the products supplied.

The retail prices, described as "recommended prices", were in reality imposed: " *these are not minimum or maximum prices but the prices with which we must comply*"; "*we cannot sell below these prices", as testified by various retailers. Others referred to warnings or pressure when they charged retail prices below the asserted "recommended prices*".

The Autorité has imposed a financial penalty of €1.34 million Euros

The prices imposed by Kontiki had serious repercussions insofar as for more than five years, they restricted price competition among dealers to the detriment of consumers, whereas there was a high demand for Diddl products from children. Nevertheless the *Autorité de la concurrence* took account of Kontiki's highly specific individual situation given that its turnover is now significantly less than at the time of the events. It imposed a financial penalty of €1.34 million Euros.

> Link to the full text of decision 11-D-19 of 15 December 2011 on practices implemented in the fancy goods and toys distribution sector

> Press contact: André Piérard / Tel: +33 (0)1 55 04 02 28 / Contact by email

> See Judgement of the Paris Court of Appeal (16th May 2013)

> See Judgement of the Court of Cassation/Supreme Court of Appeal (7th October 2014)