

The French Competition Authority authorizes Fnac group to acquire Darty

➤ Decision of the French Competition Authority 16-DCC-111 regarding the acquisition of Darty by the Fnac group, July 18, 2016

After a five-month investigation and a Phase II in-depth review that has been conducted since March 2016, the FCA finally approved the exclusive take-over of the Darty group by Fnac. The FCA's approval is subjected to the divestment of six Fnac and Darty stores in Paris and its region.

Fnac won the take-over battle against another major player in the sector, Conforama. The group thereby succeeded in ensuring its control over Darty, one of the leaders in the French electrical retailing sector. This acquisition gives Fnac the opportunity to substantially strengthen its position over "brown" (TV, cameras and audio sets) and "grey" (communication and multimedia) products and to penetrate the "white" (electrical household appliance) products market.

This decision is remarkable insofar as the FCA admitted for the first time that relevant markets in the retail sector included both in-store and online retail channels. The FCA stressed in its press release that the inclusion of

both in-store and online retail sales is justified by the fact that *"competitive pressure exerted by online sales has become significant enough to be integrated in the concerned market, whether it comes from pure players (such as Amazon or Cdiscount) or from the stores' own websites which complete in-store physical sales"*.

In practice, the FCA specified that it conducted its analysis on local-sized markets considering, on the one hand, in-store physical sales and, on the other hand, online sales in the area. On that basis, the FCA considered that although the deal did not threaten competition in most local markets, such was not the case in Paris and in the Paris region, where, in the absence of sufficient alternatives, the Fnac group had to commit to divest itself of six stores in the area.

The divestiture of these six stores will include five Darty stores (Belleville, Italie 2, Paris Saint Ouen, Paris Wagram and Vélizy II) and one Fnac store (Beaugrenelle).