EUROPEAN COMMISSION

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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Rolex Holding SA
Rue François-Dussaud 3-7
1227 Les Acacias, Geneva
Switzerland

Subject: **Case M.11246 - ROLEX / BUCHERER**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 6 June 2024, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Rolex Holding SA ('Rolex' or the 'Notifying Party', Switzerland) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of Bucherer Holding AG and Bucherer Immobilien AG ('Bucherer', Switzerland) (the 'Transaction').[3] Rolex and Bucherer are hereinafter referred to as the 'Parties'.

1. THE PARTIES

(2) Rolex, headquartered in Switzerland, is mainly active in the manufacturing and supply of luxury watches and offers in this regard repair and maintenance services as well as supply of spare parts. Rolex is to a limited extent also active in the retail

[1] OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
[2] OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
[3] Publication in the Official Journal of the European Union No C/2024/3833, 14.6.2024.

of luxury watches. Rolex operates five production facilities in Switzerland, as well as one retail store in Switzerland and two retail stores in Greece.[4] Rolex's luxury watch brands are Rolex and Tudor. Rolex is ultimately solely controlled by Fondation Hans Wilsdorf (Switzerland).

(3) Bucherer, headquartered in Switzerland, is mainly active in the retail of luxury watches and luxury jewellery. Bucherer is also active in the manufacturing and supply of luxury watches and luxury jewellery, as well as the repair and maintenance in this respect. Bucherer operates one production plant in Switzerland and several retail stores in Austria, Denmark, France, Germany, Switzerland, the United Kingdom, and the USA. Bucherer's luxury watch brand is CFB (Carl F. Bucherer) and its jewellery brand is Bucherer Fine Jewellery. Bucherer was ultimately solely controlled by Mr. Jörg G. Bucherer until his passing on 6 November 2023. Since then, Bucherer is part of Jörg G. Bucherer's inheritance which is subject to the contractual obligation under the Share Purchase Agreements of 23 August 2023 to carry out the Transaction.

2. THE OPERATION

(4) Pursuant to two Share Purchase Agreements of 23 August 2023, Rolex will acquire all shares in Bucherer Holding AG and Bucherer Immobilien AG. By both Share Purchase Agreements, Rolex will ultimately acquire sole control over Bucherer. Both of these agreements are legally inter-conditional.

(5) The Transaction therefore results in the acquisition of sole control by Rolex of Bucherer pursuant to Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(6) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million (Rolex: EUR […] in 2023; and Bucherer: EUR […] in 2023). Each of them has an EU-wide turnover in excess of EUR 250 million (Rolex: EUR […] in 2023; and Bucherer: EUR […] in 2023). Furthermore, the Parties do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The Transaction therefore has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

4. INTRODUCTION

4.1. Parties' activities

(7) Rolex is mainly and primarily active in the manufacturing and supply of luxury watches. Rolex operates five production facilities in Switzerland. Rolex's luxury watch brands are Rolex and Tudor. In total, Rolex supplies luxury watches to over 1 540 retail stores in more than 90 countries around the world. Rolex has a product portfolio of wristwatches for men and women in 13 model series and more than 1 000 different variations. In 2023, Rolex sold over […] Rolex-branded luxury watches. Rolex is to a limited extent active in the retail of luxury watches. In the

[4] For the sake of clarity, all other retail stores selling Rolex's luxury watches in the EEA are operated by third parties either as Rolex mono-brand stores or multi-brand stores.

EEA, Rolex owns and operates only two brick-and-mortar retail stores in Greece.[5] It does not operate retail stores in any other Member State.

(8) Furthermore, Rolex provides repair and maintenance services and supplies spare parts solely in respect of Rolex-branded luxury watches. Moreover, Rolex offers to provide certification and warranty for pre-owned watches sold by end customers to retailers as an added service to retailers before the retailers re-sell the certified luxury watch back to another end customer. Luxury watches sold under the Rolex certified pre-owned programme display a special 'Rolex Certified Pre-Owned' plaque. In addition, Rolex manufactures and supplies components, tools, and machinery for the manufacture of luxury watches. Rolex has no business activities in relation to luxury jewellery.[6]

(9) Bucherer is mainly and primarily active in the retail of luxury watches. In total, Bucherer operates 112 brick-and-mortar stores and employs around […] people worldwide. In the EEA, Bucherer is active in the retail of luxury watches in Austria, Denmark, France, and Germany. To a limited extent, Bucherer sells luxury watches through its online stores. In total, Bucherer carries over […] different models from […] different manufacturers, including the entire Rolex and Tudor product range. Bucherer is to a limited extent active in manufacturing and supply of luxury watches. Bucherer operates one production facility in Switzerland. Bucherer's luxury watch brand is CFB (Carl F. Bucherer). In 2023, Bucherer sold approximately […] CFB-branded luxury watches worldwide.[7]

(10) Furthermore, Bucherer provides repair and maintenance services in relation to its own and third-party luxury watches subject to the agreements with the respective manufacturers awarding Bucherer the status of a certified service provider. Bucherer supplies spare parts in relation to its own CFB-branded luxury watches. In addition, Bucherer buys pre-owned luxury watches from end customers and re-sells them to other end customers following a certification process. Bucherer manufactures and supplies components, tools, and machinery solely for its own CFB-branded luxury watches. Finally, Bucherer manufactures and sells its own luxury jewellery at the manufacturing and supply level under the brand Bucherer Fine Jewellery, sells its own and third-party luxury jewellery of other manufacturers at retail level, and provides ancillary services in this respect.[8]

4.2. Transaction rationale

(11) According to Rolex, the rationale of the Transaction is driven by the special historical relationship between Rolex and Bucherer. Bucherer has been selling Rolex's luxury watches since 1924. Currently, the sales of Rolex's luxury watches represent […] of Bucherer's turnover. Bucherer was ultimately solely controlled by Mr. Jörg G. Bucherer until his passing on 6 November 2023. Before his passing, Mr. Jörg G. Bucherer, having no heirs, selected Rolex as a trusted and long-established partner to take over the business. According to Rolex, its business strategy relies on a network of third-party multi-brand retailers, such as Bucherer.

5 Form CO, paragraphs 32 et seq.
6 Form CO, paragraphs, 148, 315 et seq., 360 et seq., 489 et seq., 499 et seq.
7 Form CO, paragraphs 41 et seq.
8 Form CO, paragraphs 46 et seq.

Rolex's intention is to retain Bucherer as an independent third party multi-brand retailer to benefit Rolex's retail strategy and customers.[9]

5. MARKET DEFINITION

5.1. Manufacturing and supply of luxury watches

5.1.1. Product market definition

5.1.1.1. The Commission's past practice

(12) In previous decisions, the Commission has considered the manufacturing and supply of luxury watches as a separate relevant product market.[10] The Commission further considered segmentations within luxury watches with a view to price bands (i.e., above/below EUR 5 000, 10 000, 50 000, 100 000) and luxury watches designed for men, women, and unisex. Ultimately, the Commission left the exact product market definition open.[11]

5.1.1.2. The Notifying Party's view

(13) The Notifying Party considers that manufacturing and supply of luxury watches constitutes a separate relevant product market. However, the Notifying Party argues that further segmentations of the market for manufacturing and supply of luxury watches are not warranted. In the Notifying Party's view, there are no grounds for a segmentation with a view to price bands. The Parties do not recognise bright lines (i.e. specific thresholds, factors, or bands) in pricing of their luxury watches. Most manufacturers and suppliers in the EEA offer luxury watches across most of the price bands previously considered by the Commission. There are no insurmountable barriers to offering luxury watches across all these price bands.[12]

(14) In the Notifying Party's view, there are no grounds for a segmentation with a view to luxury watches designed for men, women, or unisex either. There are no longer clear objective criteria for ascertaining typical differentiating features for such luxury watches, such as a particular size of the watch or specific design (e.g. gemstones). There are no specificities in respect of manufacturing of luxury watches for respectively men, women, and / or unisex. The classification of a particular luxury watch as designed for men, women, or unisex used to be more of a reflection of each manufacturer's respective promotional and marketing decisions.[13]

5.1.1.3. The Commission's assessment

(15) The results of the market investigation confirmed that a separate relevant product market for the manufacturing and supply of luxury watches exists.[14]

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9 Form CO, paragraphs 16 et seq.

10 M.9695 - *LVMH/Tiffany*, paragraphs 26 et seq., 47 et seq., and 53 et seq.

11 M.9695 - *LVMH/Tiffany*, paragraphs 12, 47 et seq.

12 Form CO, paragraphs 206 et seq.

13 Form CO, paragraphs 567 et seq.

14 Replies to 01 - Questionnaire to Competitors, question C.A.1; 02 - Questionnaire to Customers, question C.A.1.

(16) The majority of manufacturers and suppliers indicated that a further segmentation of the market for manufacturing and supply of luxury watches with a view to price bands or luxury watches designed for men, women, and unisex is not relevant.[15] One competitor, for instance, explained that "*breaking down watches by price would be artificial*". This competitor "*offers its watches for sale in various price ranges*" and "*there are no different production lines for different models / price categories*".[16] Another competitor considered "*it difficult to segment the market for luxury watches based on specific price points, as there are no exact thresholds in this regard. A variety of factors influence the price of a watch*."[17] The majority of manufacturers and suppliers of luxury watches that have expressed their view confirmed that they manufacture and sell watches across all price bands and luxury watches designed for men, women, and unisex.[18]

(17) The majority of retailers of luxury watches indicated that a further segmentation of the market for manufacturing and supply of luxury watches with a view to price bands and luxury watches designed for men, women, and unisex would be warranted from suppliers' and customers' perspective.[19] Still, one customer explained that "*it is difficult to distinguish men's watches from women's watches, as there is an overlap. Diameter serves as a key metric to classify watches, with sizes up to 36mm generally associated with ladies' watches, while larger sizes are typically attributed to men's timepieces. However, these distinctions are not absolute*."[20]

(18) The market investigation showed that there is no consensus among market participants in respect of the segmentation of the market for manufacturing and supply of luxury watches based on price bands or luxury watches designed for men, women, and unisex. Moreover, even those market participants that recognise the relevance of these segments either struggle to delineate the respective segments or use varying thresholds, e.g. in terms of exact price bands and factors distinguishing luxury watches designed for men, women and unisex (e.g. diameter of the dial, and materials used). Despite these differing views, the results of the market investigation did not exclude that these segmentations may be appropriate for assessing competitive dynamics on the relevant market.

(19) In any event, the Commission considers that for the purpose of this decision the exact definition of the relevant product market can be left open, as far as the segmentations based on price bands and luxury watches designed for men, women, and unisex are concerned, because the Transaction does not raise serious doubts on the basis of any plausible definition of the relevant product market. Therefore, for the purposes of this decision, the Commission will carry out its competitive assessment on the basis of the narrowest plausible market for manufacturing and supply of luxury watches including segmentation by price bands and luxury watches designed for men, women, and / or unisex.

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15 Replies to 01 - Questionnaire to Competitors, question C.A.3.

16 Non-confidential minutes of a call with a competitor, 15 December 2023, paragraph 13.

17 Non-confidential minutes of a call with a competitor, 19 February 2024, paragraph 19.

18 Replies to 01 - Questionnaire to Competitors, question C.A.5.

19 Replies to 02 - Questionnaire to Customers, question C.A.3.

20 Non-confidential minutes of a call with a customer, 31 January 2024, paragraph 7.

5.1.2. Geographic market definition

5.1.2.1. The Commission's past practice

(20) In previous decisions, the Commission considered that manufacturing and supply of luxury watches is at least EEA-wide or wider in scope but left the exact geographic market definition open.[21]

5.1.2.2. The Notifying Party's view

(21) The Notifying Party submits that the market for manufacturing and supply of luxury watches is worldwide in scope. Manufacturers and suppliers offer their luxury watches globally but typically operate only a limited number of production facilities, often within only one country. Transportation costs are negligible compared to the retail price of luxury watches and regulatory barriers to cross-border trade are generally low. The Notifying Party applies the same prices and conditions to its customers on a worldwide basis. Bucherer, as manufacturer and supplier of luxury watches, negotiates prices and conditions with its customers, i.e. retailers on a global level.[22]

5.1.2.3. The Commission's assessment

(22) The results of the market investigation suggest that the market for manufacturing and supply of luxury watches is likely global in scope. The majority of market participants indicated that similar pricing and other conditions of supply prevail worldwide in relation to the market for manufacturing and supply of luxury watches as well as its segments based on price bands and luxury watches designed for men, women, and unisex.[23] The majority of manufacturers and suppliers of luxury watches is active across the EEA.[24] The majority of manufacturers and suppliers of luxury watches indicated that it is important to have a direct local presence in an EEA country.[25]

(23) As the Transaction does not give rise to serious doubts under any plausible geographic market definition (i.e. EEA-wide or global), it is not necessary to conclude on the exact scope of the geographic market.

5.2. Retail of luxury watches

5.2.1. Product market definition

5.2.1.1. The Commission's past practice

(24) In previous decisions, the Commission has considered a separate product market for retail of luxury watches. The Commission has further considered a distinction between brick-and-mortar retail, online retail, and travel retail (i.e. retail outlets at airports, on-board aircraft, on-board ships), as well as segmentations within luxury watches with a view to price bands (i.e., above/below EUR 5 000, 10 000, 50 000,

21 M.9695 - *LVMH/Tiffany*, paragraphs 59 et seq., 67 et seq.

22 Form CO, paragraphs 253 et seq., paragraphs 708 et seq.

23 Replies to 01 - Questionnaire to Competitors, question D.A.1; 02 - Questionnaire to Customers, question D.A.1.

24 Replies to 01 - Questionnaire to Competitors, question D.A.3; 02 - Questionnaire to Customers, question D.A.3.

25 Replies to 01 - Questionnaire to Competitors, question D.A.5.

100 000) and luxury watches designed for men, women, and unisex. Ultimately, the Commission left the exact product market definition open.[26]

5.2.1.2. The Notifying Party's view

(25) The Notifying Party considers that the retail of luxury watches constitutes a separate relevant product market. However, the Notifying Party argues that further segmentations of the market for retail of luxury watches are not warranted. Retailers increasingly pursue an omnichannel strategy offering luxury watches online and through their brick-and-mortar retail stores. Prices, assortment, variety of products offers, customers' average time spent shopping and product customisation do not significantly vary among brick-and-mortar, online and travel retail sales.[27]

(26) In the Notifying Party's view, there are no grounds for a segmentation with a view to price bands or luxury watches designed for men, women, and unisex essentially for the same reasons as set out in relation to manufacturing and supply of luxury watches above.[28]

5.2.1.3. The Commission's assessment

(27) The results of the market investigation confirmed that there is a separate relevant product market for retailing of luxury watches.[29]

(28) The majority of retailers of luxury watches indicated that further segmentations within retail of luxury watches with a view to price bands, luxury watches designed for men, women, and unisex, as well as sales through brick-and-mortar stores compared to online sales are warranted.[30] Still, the majority of the market participants confirmed that they sell luxury watches across all the price bands, luxury watches designed for men, women, and unisex as well as through brick-and-mortar stores and online.[31]

(29) The majority of retailers of luxury watches considered that end customers can easily switch between purchasing luxury watches through brick-and-mortar stores and online across all relevant segments except for the price bands EUR 10 000 - 49 999, EUR 50 000 - 99 999, and EUR 100 000 and more.[32] Moreover, the majority of market participants indicated that in relation to retail of luxury watches both sales through brick-and-mortar stores and online sales compete with each other.[33] However, the majority of market participants indicated that online sales still play only a limited role at the retail level across all relevant segments.[34]

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26 M.9695 - *LVMH/Tiffany*, paragraphs 47 et seq. and 53 et seq.

27 Form CO, paragraphs 271 et seq.

28 Form CO, paragraphs 431 et seq., 601.

29 Replies to 01 - Questionnaire to Competitors, question C.B.1; 02 - Questionnaire to Customers, question C.B.1.

30 Replies to 02 - Questionnaire to Customers, question C.B.3.

31 Replies to 01 - Questionnaire to Competitors, question C.B.5; 02 - Questionnaire to Customers, question C.B.5.

32 Replies to 02 - Questionnaire to Customers, question C.B.7.

33 Replies to 01 - Questionnaire to Competitors, question C.B.10; 02 - Questionnaire to Customers, question C.B.10.

34 Replies to 01 - Questionnaire to Competitors, question C.B.9; 02 - Questionnaire to Customers, question C.B.9.

(30) On balance, the results of the market investigation did not call into question the Commission's past approach to assess competitive dynamics considering segmentations of the retail of luxury watches based on price bands, luxury watches designed for men, women, and unisex and luxury watches sold through brick-and-mortar stores and online.

(31) In any event, the Commission considers that for the purpose of this decision the exact definition of the relevant product market can be left open, as far as the segmentations based on price bands, luxury watches designed for men, women, and unisex, and sales through brick-and-mortar stores and online sales is concerned, because the Transaction does not raise serious doubts on the basis of any plausible definition of the relevant product market. Therefore, for the purposes of this decision, the Commission will carry out its competitive assessment on the basis of the narrowest plausible market for retail of luxury watches including segmentation by price bands, luxury watches designed for men, women, and/or unisex as well as brick-and-mortar stores and online sales. For completeness, neither Rolex nor Bucherer operate retail stores that would qualify as travel retail.

5.2.2. Geographic market definition

5.2.2.1. The Commission's past practice

(32) In previous decisions, the Commission considered that retail of luxury watches is national or possibly wider in scope but ultimately left the market definition open.[35]

5.2.2.2. The Notifying Party's view

(33) The Notifying Party considers that the market for retail of luxury watches is EEA-wide in scope. The end customers of luxury watches are highly mobile. Retailers procure the same luxury watches from the same suppliers subject to the same conditions across the EEA which leads to comparable retail prices. The same retailers operate in different EEA countries and often follow same or similar portfolio strategies. Customer preferences do not vary across the EEA. There are no barriers between the different EEA countries. Travel distances and costs are redundant.[36]

5.2.2.3. The Commission's assessment

(34) The results of the market investigation suggest that the market for retail of luxury watches is likely EEA-wide in scope. The majority of market participants indicated that similar pricing and other conditions of supply prevail at the EEA-wide level across all relevant segments based on price bands, luxury watches designed for men, women, and unisex as well as brick-and-mortar store and online sales.[37]

(35) Nonetheless, the majority of retailers of luxury watches indicated that it is important to have a local presence in an EEA country.[38] Bucherer's own sales data shows that in 2022 the majority of its end customers in Austria, Denmark, France,

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35 M.9695 - *LVMH/Tiffany*, paragraphs 69 et seq.

36 Form CO, paragraphs 283 et seq.

37 Replies to 01 - Questionnaire to Competitors, question D.B.1; 02 - Questionnaire to Customers, question D.B.1.

38 Replies to 01 - Questionnaire to Competitors, question D.B.3; 02 - Questionnaire to Customers, question D.B.3.

and Germany came from that respective country.[39] Bucherer's sales data also indicates that the average retail sales price (excluding VAT) of the same luxury watch models varies by more than 10% between Austria, Denmark, France, and Germany.[40] Rolex's sales data show that in the past six years, merely approximately 10% of its luxury watches were sold through retailers of luxury watches that operate in several EEA countries.[41] Moreover, the Parties' estimates on competitors' market shares in respect of retail of luxury watches show that the identity of the main competing retailers is different in each of Austria, Denmark, France, and Germany.[42]

(36) Further, the majority of manufacturers and suppliers of luxury watches indicated that end customers would not travel to a different country within the EEA provided they are able to procure a luxury watch of Rolex or Bucherer in this other country at a lower price or would receive a better service compared to their home country in the EEA.[43] The majority of retailers indicated that end customers would be willing to do that.[44]

(37) The results of the market investigation showed that despite the majority of market participants considering the market for retail of luxury watches as EEA-wide in scope with a view to the competitive conditions, there are several elements that point to the national scope of this market, such as the importance of local presence, end customers typically buying luxury watches from retailers in their home country, and the identity of competing retailers being to a large extent different from country to country.

(38) In any event, as the Transaction does not give rise to serious doubts under any plausible geographic market definition (i.e. national or EEA-wide), it is not necessary to conclude on the exact scope of the geographic market.

5.3. Repair and maintenance services for luxury watches

5.3.1. Product market definition

5.3.1.1. The Commission's past practice

(39) The Commission has not previously considered a concentration concerning the repair and maintenance of luxury watches.

5.3.1.2. The Notifying Party's view

(40) The Notifying Party argues that repair and maintenance services are not independent from the manufacturing, supply, and retail of luxury watches. Ultimately, the Notifying Party submits that the precise product market definition can be left open.[45]

39 Form CO, Annex 6.1., Q.40 - national.
40 Form CO, Annex 6.1., Q.21 - Bucherer.
41 Form CO, Table 6.1.3.
42 Form CO, Table 8.1.4.3.
43 Replies to 01 - Questionnaire to Competitors, question E.C.12.
44 Replies to 02 - Questionnaire to Customers, question E.B.14.
45 Form CO, paragraphs 342-348.

5.3.1.3. The Commission's assessment

(41) The results of the market investigation are not conclusive as to whether repair and maintenance services for luxury watches constitute a separate product market from the sale of such watches.[46] A majority of retailers held that repair and maintenance services for luxury watches are not separate from the sale of luxury watches. Among other things, this is because of the high level of competence that is held by manufacturers and retailers of luxury watches and required to provide repair and maintenance services in this respect. Another reason is the end customer expectation to be able to receive repair and maintenance services from a retailer as part of a luxury watches' lifecycle.[47] However, watch manufacturers' views in this regard were not conclusive[48] with several referring to that it is an ancillary service.[49]

(42) Nevertheless, the market investigation confirmed that there is not a single market for repair and maintenance services for all watch brands, as the majority of both retailers and watch manufacturers held that repair and maintenance services are specific to each watch brand,[50] citing significant differences in terms of spare parts, tools, equipment and know-how needed.[51]

(43) Ultimately, whether repair and maintenance services for Rolex and Tudor luxury watches are separate markets from the sale of these luxury watch brands can be left open, as the Transaction does not under any plausible definition give rise to serious doubts with regard to repair and maintenance services. For the purposes of this decision, the Commission will carry out its competitive assessment in relation to repair and maintenance services on the narrowest plausible market for Rolex and Tudor luxury watches separately.

5.3.2. Geographic market definition

5.3.2.1. The Commission's past practice

(44) The Commission has not previously considered a concentration concerning the repair and maintenance of luxury watches.

5.3.2.2. The Notifying Party's view

(45) The Notifying Party argues that repair and maintenance services for Rolex and Tudor luxury watches are at least EEA-wide in scope. Ultimately, the Notifying Party submits that the precise geographic market definition can be left open.[52]

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46 For the sake of completeness, in the Commission decision rejecting a complaint in case AT.39097 - *Watch Repair*, paragraphs 86 et seq., for the purposes of that decision and primarily based on submissions of the complainant, the Commission preliminarily concluded that repair and maintenance services for prestige watches constitute a separate market.

47 Replies to 02 - Questionnaire to Customers, question G.A.1 and G.A.2.

48 Replies to 01 - Questionnaire to Competitors, question G.A.1.

49 Replies to 02 - Questionnaire to Customers, question G.A.2.

50 Replies to 01 - Questionnaire to Competitors, question G.A.3; 02 - Questionnaire to Customers, question G.A.3.

51 Replies to 02 - Questionnaire to Customers, question G.A.4.

52 Form CO, paragraphs 342-348.

5.3.2.3. The Commission's assessment

(46) A majority of market participants held that it is important or very important to have a physical presence (i.e. a repair location) in a country in order to provide repair and maintenance services for luxury watches to end customers in that country.[53] In this regard, several market participants explained that end customers typically prefer to hand in the luxury watch for repair and maintenance in person, and preferably at the retailer from whom they bought the luxury watch given the high value of luxury watches, the considerable time that repair and maintenance might take, as well as the ability to explain any issues with the luxury watch in person, and a higher level of trust in contact at a physical location compared to sending the luxury watch for repair and maintenance via mail.[54]

(47) The exact geographic market definition can be left open, as the Transaction does not under any plausible market definition give rise to serious doubts with regard to repair and maintenance services. For the purposes of this decision, the Commission will carry out its competitive assessment at national level.

5.4. Supply of spare parts for luxury watches

5.4.1. Product market definition

5.4.1.1. The Commission's past practice

(48) The Commission has not previously considered a concentration concerning the supply of spare parts for luxury watches.

5.4.1.2. The Notifying Party's view

(49) While the Notifying Party agrees that spare parts for luxury watches of different brands cannot substitute one another, they argue that the supply of spare parts is not independent from the manufacturing and supply of luxury watches. However, the Notifying Party submits that the precise product market definition can ultimately be left open.[55]

5.4.1.3. The Commission's assessment

(50) A majority of retailers argued that the supply of spare parts for luxury watches is not separate from the sale of such watches,[56] with one explaining that these activities are closely connected and provided by the same watch manufacturer.[57]

(51) Competitors' views were however inconclusive.[58] One manufacturer explained that the after-sales market is strongly tied to the primary market as the customer services reflect positively or negatively on the brand image and can thus influence the end customers' decision on which luxury watch brand to purchase.[59]

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53 Replies to 01 - Questionnaire to Competitors, question G.B.1; 02 - Questionnaire to Customers, question G.B.2.

54 Replies to 02 - Questionnaire to Customers, question G.B.3.

55 Form CO, paragraphs 349-359.

56 Replies to 01 - Questionnaire to Competitors, question H.A.1; 02 - Questionnaire to Customers, question H.A.1.

57 Questionnaire to Customers, question H.A.2.

58 Replies to 01 - Questionnaire to Competitors, question H.A.1.

59 Replies to 01 - Questionnaire to Competitors, question H.A.2.

(52) Nevertheless, a majority of market participants confirmed that spare parts are specific to each luxury watch brand, since spare parts of one brand cannot be used for repairing another luxury watch brand[60] as this would impact, e.g. the functionality, precision, warranty and value of the watch.[61] A majority of market participants further confirmed that watch consumers typically request original spare parts.[62]

(53) Ultimately, whether the supply of spare parts for Rolex and Tudor luxury watches are separate markets from the sale of these luxury watch brands can be left open, as the Transaction does not under any plausible definition give rise to serious doubts with regard to the supply of spare parts. For the purposes of this decision, the Commission will carry out its competitive assessment in relation to the supply of spare parts on the narrowest plausible markets for Rolex and Tudor luxury watches separately.

5.4.2. Geographic market definition

5.4.2.1. The Commission's past practice

(54) The Commission has not previously considered a concentration concerning the supply of spare parts for luxury watches.

5.4.2.2. The Notifying Party's view

(55) The Notifying Party argues that the supply of spare parts for Rolex and Tudor luxury watches is at least EEA-wide in scope, as spare parts are supplied worldwide from Rolex's headquarters in Switzerland. However, the Notifying Party submits that, ultimately, the precise geographic market definition can be left open.[63]

5.4.2.3. The Commission's assessment

(56) In the market investigation, a majority of watch manufacturers submitted that they deliver spare parts to customers located worldwide, while a majority of retailers held that they source spare parts from watch manufacturers located across the EEA.[64]

(57) The exact geographic market definition can be left open, as the Transaction does not give rise to serious doubts with regard to spare parts. For the purposes of this decision, the Commission will carry out its competitive assessment at the EEA-wide level.

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60 Replies to 01 - Questionnaire to Competitors, question H.A.3; 02 - Questionnaire to Customers, question H.A.3

61 Replies to 01 - Questionnaire to Competitors, question H.A.4; 02 - Questionnaire to Customers, question H.A.4.

62 Replies to 01 - Questionnaire to Competitors, question H.A.6and H.A.7; 02 - Questionnaire to Customers, question H.A.5 and H.A.6.

63 Form CO, paragraphs 349-359.

64 Replies to 01 - Questionnaire to Competitors, question H.B.1; 02 - Questionnaire to Customers, question H.B.1.

6. COMPETITIVE ASSESSMENT

6.1. Introduction

(58) The Transaction only gives rise to two horizontally affected market segments, namely (i) the manufacturing and supply of luxury watches in the price band EUR 10 000 - 49 999 in the EEA and worldwide, and (ii) the manufacturing and supply of luxury watches for men in the EEA and worldwide.[65]

(59) The Transaction also gives also rise to two vertically affected markets / segments, namely (i) the manufacturing and supply of luxury watches (upstream) and retail of luxury watches (downstream) in the EEA and worldwide; and (ii) the supply of spare parts for luxury watches (upstream) and provision of repair and maintenance services for luxury watches (downstream) in the EEA.

(60) For completeness, during the market investigation complaints in relation to Rolex's activities and conduct were raised which were however not merger specific. These concerned mostly alleged restrictions of online sales as well as other alleged sale limitations imposed on authorised retailers within the selective distribution system. For the avoidance of doubt, this decision is without prejudice to the assessment and enforcement of the Parties' activities and conduct pursuant to applicable antitrust rules.

6.2. Horizontal effects - Legal framework

(61) The Commission's Guidelines on the assessment of horizontal mergers under the Merger Regulation (the 'Horizontal Merger Guidelines') distinguish two main ways in which mergers between actual or potential competitors on the same relevant market may significantly impede effective competition, namely non-coordinated effects and coordinated effects.[66]

(62) Non-coordinated effects may significantly impede effective competition by eliminating the competitive constraint imposed by one merging party on the other, as a result of which the merged entity would have increased market power without resorting to coordinated behaviour. According to recital 25 of the Merger Regulation, a significant impediment to effective competition can result from the anticompetitive effects of a concentration even if the merged entity would not have a dominant position on the market concerned. In this regard, the Horizontal Merger Guidelines consider not only the direct loss of competition between the merging firms, but also the reduction in competitive pressure on non-merging firms in the same market that could be brought about by the merger.[67]

(63) The Horizontal Merger Guidelines list a number of factors, which may influence the rise of substantial non-coordinated effects from a merger, such as: the large market shares of the merging firms; the fact that the merging firms are close

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65 The Transaction also results in horizontal overlaps and vertical links for a number of other markets. However, none of these overlaps or links give rise to affected markets within the meaning of recital 25(g) Annex I to Regulation (EU) 2023/914, as they meet the conditions for review under point 5 or benefit from the flexibility clauses of point 8 of the Notice on Simplified Treatment. Therefore, these overlaps and vertical links will not be further discussed in this decision.

66 Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 5.2.2004, p. 5–18. The remainder of this Decision focuses on non-coordinated effects.

67 Horizontal Merger Guidelines, paragraphs 24-38.

competitors; the limited possibilities for customers to switch suppliers; or the fact that the merger would eliminate an important competitive force. The list of factors also applies if a merger would create or strengthen a dominant position or would otherwise significantly impede effective competition due to non-coordinated effects. Furthermore, not all of those factors need to be present to make significant non-coordinated effects likely and the list itself is not an exhaustive list.[68]

6.3. Horizontal overlaps in relation to manufacturing and supply of luxury watches

(64) The Transaction gives rise to the following horizontally affected segments in relation to manufacturing and supply of luxury watches.

Table 1 – Manufacturing and supply of luxury watches in the price band EUR 10 000 - 49 999 and for men

Relevant market segment	Bucherer		Rolex		Combined	
	Value	Volume	Value	Volume	Value	Volume
Global market for manufacturing and supply of luxury watches in the price band EUR 10 000 – 49 999 (2023)	[0-5]%	[0-5]%	[50-60]%	[50-60]%	**[50-60]%**	**[50-60]%**
EEA-wide market for manufacturing and supply of luxury watches in the price band EUR 10 000 – 49 999 (2023)	[0-5]%	[0-5]%	[50-60]%	[60-70]%	**[50-60]%**	**[60-70]%**
Global market for manufacturing and supply of luxury watches designed for men (2022)	[0-5]%	[0-5]%	[50-60]%	[30-40]%	**[50-60]%**	**[30-40]%**
EEA-wide market for manufacturing and supply of luxury watches designed for men (2022)	[0-5]%	[0-5]%	[50-60]%	[40-50]%	**[50-60]%**	**[40-50]%**

Form CO, Table 8.1.3.1.d; Annex 6.1 - Q.33, Q.24 - wholesale; Annex 8.1.3.a. - Q.23.

6.3.1. The Notifying Party's view

(65) The Notifying Party submits that the Transaction does not give rise to horizontal concerns since the increment resulting from the Transaction is negligible considering the marginal share of Bucherer. Moreover, in 2023, Bucherer sold globally approximately only […] luxury watches compared to over […] luxury watches sold by the Notifying Party worldwide.[69]

6.3.2. The Commission's assessment

(66) For the reasons set out below, the Commission considers that the Transaction does not give rise to serious doubts in respect of the horizontally affected segments of manufacturing and supply of luxury watches.

(67) The Transaction brings about only a very limited increment of well below 1% in terms of market share (in terms of value and volume) regardless of the exact product or geographic market definition.

(68) Furthermore, Rolex and Bucherer are not close competitors in terms of market share, product offering or brand positioning. The majority of market participants indicated that Rolex and Bucherer do not compete closely in relation to

68 Horizontal Merger Guidelines, paragraphs 24-38.

69 Form CO, paragraphs 408 et seq., 793 et seq.

manufacturing and supply of luxury watches.[70] Market participants indicated major global players, such as Richemont, Patek Philippe, Swatch Group, LVMH, Breitling, Audemars Piguet, and Richard Mille as Rolex's closer competitors.[71] One manufacturer and supplier of luxury watches regarded Bucherer as a "*small market player in the manufacturing market*" not indicating Bucherer as Rolex's competitor.[72] Similarly, some retailers of luxury watches did not mention Bucherer at all as Rolex's competitor in relation to manufacturing and supply of luxury watches.[73]

(69) Moreover, there is no overlap among the top 20 retailers of respectively Rolex and Bucherer in the EEA.[74]

(70) The Parties will continue to be constrained by established global competitors that are active across all relevant segments with established brands. These include the following competitors in relation to:[75]

(a) the price band EUR 10 000 – 49 999 (market shares in terms of value in 2023): Richemont (global: [10-20]%; EEA-wide: [10-20]%); Swatch Group (global: [10-20]%; EEA-wide: [5-10]%); LVMH (global: [0-5]%; EEA-wide: [0-5]%); Patek Philippe (global: [0-5]%; EEA-wide: [0-5]%); and Audemars Piguet (global: [0-5]%; EEA-wide: [0-5]%); and

(b) in relation to luxury watches designed for men (market shares in terms of value in 2022): Richemont (global: [10-20]%; EEA-wide: [10-20]%); Swatch Group (global: [10-20]%; EEA-wide: [10-20]%); LVMH (global: [5-10]%; EEA-wide: [5-10]%); Patek Philippe (global: [5-10]%; EEA-wide: [5-10]%); and Audemars Piguet (global: [5-10]%; EEA-wide: [5-10]%).

(71) The majority of market participants indicated that more than five alternative manufacturers and suppliers of luxury watches will remain post-Transaction in respect of the price band EUR 10 000 - 49 999 as well as luxury watches designed for men in the EEA.[76]

(72) Finally, the majority of market participants consider that the impact of the Transaction, among others, in respect of the horizontally affected market segments in relation to manufacturing and supply of luxury watches is neutral. No substantiated concerns were raised in this respect.[77]

(73) In light of the foregoing, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects in respect of the market for manufacturing and

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70 Replies to 01 - Questionnaire to Competitors, question E.A.1; 02 - Questionnaire to Customers, question E.A.1.

71 Replies to 01 - Questionnaire to Competitors, question E.A.3; 02 - Questionnaire to Customers, question E.A.3.

72 Non-confidential minutes of a call with a competitor, 15 December 2023, paragraph 16.

73 Non-confidential minutes of a call with a customer, 31 January 2024, paragraph 12; non-confidential minutes of a call with a customer, 26 January 2024, paragraph 25.

74 Form CO, Annex 6.1 - Q.35 - Bucherer, Q.35 - Rolex.

75 Form CO, Annex 8.1.3.a - Q.25 - price bands; Q.25 - gender.

76 Replies to 01 - Questionnaire to Competitors, question E.C.5; 02 - Questionnaire to Customers, question E.B.5.

77 Replies to 01 - Questionnaire to Competitors, questions F.1 to F.6; 02 - Questionnaire to Customers, questions F.1 to F.6.

supply of luxury watches, or any of its plausible segmentations at global level or in the EEA.

6.4. Vertical effects - Legal framework

(74) According to the Commission's Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Non-horizontal Merger Guidelines'), foreclosure effects may principally occur where actual or potential rivals' access to supplies or markets is hampered or eliminated as a result of the merger, thereby reducing these companies' ability and / or incentive to compete.[78]

(75) In assessing the likelihood of an anticompetitive input foreclosure scenario, the Commission examines, first, whether the merged entity would have, post-merger, the ability to substantially foreclose access to inputs, second, whether it would have the incentive to do so, and third, whether a foreclosure strategy would have a significant detrimental effect on competition downstream.[79] These three conditions are cumulative so that the absence of any of them is sufficient to rule out the likelihood of anti-competitive input foreclosure.

(76) In assessing the likelihood of an anticompetitive customer foreclosure scenario, the Commission examines, first, whether the merged entity would have the ability to foreclose access to downstream markets by reducing its purchases from its upstream rivals, second, whether it would have the incentive to reduce its purchases upstream, and third, whether a foreclosure strategy would have a significant detrimental effect on end customers in the downstream market.[80]

(77) The Commission also examines whether the merged entity may, by vertically integrating, gain access to commercially sensitive information regarding the upstream or downstream activities of rivals. For instance, by becoming the supplier of a downstream competitor, a company may obtain critical information, which allows it to price less aggressively in the downstream market to the detriment of end customers. It may also put competitors at a competitive disadvantage, thereby dissuading them to enter or expand in the market.[81]

6.5. Vertical relationship between manufacturing and supply and retail of luxury watches

(78) The Transaction gives rise to the following main vertically affected markets and segments with a view to manufacturing and supply of luxury watches and retail of luxury watches.[82]

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78 Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 265, 18.10.2008, p. 6–25, paragraph 18.

79 Non-horizontal Merger Guidelines, paragraph 32.

80 Non-horizontal Merger Guidelines, paragraph 59.

81 Non-horizontal Merger Guidelines, paragraph 78.

82 For completeness, neither Rolex nor Bucherer operate retail stores that would qualify as travel retail. Furthermore, Rolex is not active in relation to online retail of luxury watches in the EEA. Bucherer's market shares in respect of online retail of luxury watches are well below 1% at respectively the EEA-wide and national level in Austria, Denmark, France, and Germany. Since Bucherer's shares in relation to brick-and-mortar retail of luxury watches are very similar to its shares on the overarching market for retail of luxury watches at respectively the EEA-wide and national level, and no specific concerns were raised with a view to either specifically brick-and-mortar sales and / or online sales, these segments are not assessed separately in this decision.

Table 2 - Manufacturing and supply as well as retailing of luxury watches

Relevant market / segment	Bucherer		Rolex		Combined	
	Value	Volume	Value	Volume	Value	Volume
Upstream						
Global market for manufacturing and supply of luxury watches (2023)	[0-5]%	[0-5]%	[30-40]%	[20-30]%	**[30-40]%**	**[20-30]%**
EEA-wide market for manufacturing and supply of luxury watches (2023)	[0-5]%	[0-5]%	[30-40]%	[20-30]%	**[30-40]%**	**[20-30]%**
Global market for manufacturing and supply of luxury watches in the price band EUR 5 000 - 9 999	[0-5]%	[0-5]%	[40-50]%	[30-40]%	**[40-50]%**	**[30-40]%**
EEA-wide market for manufacturing and supply of luxury watches in the price band EUR 5 000 - 9 999	[0-5]%	[0-5]%	[40-50]%	[40-50]%	**[40-50]%**	**[40-50]%**
Global market for manufacturing and supply of luxury watches in the price band EUR 10 000 – 49 999 (2023)	[0-5]%	[0-5]%	[50-60]%	[50-60]%	**[50-60]%**	**[50-60]%**
EEA-wide market for manufacturing and supply of luxury watches in the price band EUR 10 000 – 49 999 (2023)	[0-5]%	[0-5]%	[50-60]%	[60-70]%	**[50-60]%**	**[60-70]%**
Global market for manufacturing and supply of luxury watches designed for men (2022)	[0-5]%	[0-5]%	[50-60]%	[30-40]%	**[50-60]%**	**[30-40]%**
EEA-wide market for manufacturing and supply of luxury watches designed for men (2022)	[0-5]%	[0-5]%	[50-60]%	[40-50]%	**[50-60]%**	**[40-50]%**
Downstream						
EEA-wide market for retail of luxury watches (2023)	[0-5]%	[0-5]%	[0-5]%	[0-5]%	**[0-5]%**	**[0-5]%**
EEA-wide market for retail of luxury watches in the price band EUR 5 000 - 9 999 (2023)	[0-5]%	[0-5]%	[0-5]%	[0-5]%	**[0-5]%**	**[0-5]%**
EEA-wide market for retail of luxury watches in the price band EUR 10 000 - 49 999 (2023)	[0-5]%	[0-5]%	[0-5]%	[0-5]%	**[0-5]%**	**[5-10]%**
EEA-wide market for retail of luxury watches designed for men (2022)	[5-10]%	[0-5]%	[0-5]%	[0-5]%	**[5-10]%**	**[0-5]%**
Market for retail of luxury watches in Denmark (2023)	[30-40]%	[20-30]%	[0-5]%	[0-5]%	**[30-40]%**	**[20-30]%**
Market for retail of luxury watches in the price band EUR 5 000 - 9 999 in Denmark (2023)	[30-40]%	[30-40]%	[0-5]%	[0-5]%	**[30-40]%**	**[30-40]%**
Market for retail of luxury watches in the price band EUR 10 000 - 49 999 in Denmark (2023)	[40-50]%	[50-60]%	[0-5]%	[0-5]%	**[40-50]%**	**[50-60]%**
Market for retail of luxury watches designed for men in Denmark (2022)	[40-50]%	[40-50]%	[0-5]%	[0-5]%	**[40-50]%**	**[40-50]%**

Form CO, Table 8.1.3.1.d; Annex 6.1 - Q.33, Q.24 - wholesale and Q.24 - retail; Annex 8.1.3.; Annex 8.1.3.a. - Q.23; Table 8.1.3.1.; Table 8.1.3.3.; Table 8.1.3.3.b; Table 8.1.3.3.c., the Notifying Party's reply to RFI 15.

(79) For the sake of completeness, the Commission notes that despite technically resulting in vertically affected markets (market segments), Bucherer's shares in respect of (i) the market for retail of luxury watches in Austria, France, and Germany, (ii) the market segments for retail of luxury watches in Denmark in the price bands EUR 1 000 – 4 999, EUR 50 000 – 99 999, and EUR 100 000 and more as well as the market segment for retail of luxury watches designed for women/unisex; and (iii) the market segments across all price bands and luxury watches designed for men, women/unisex in Austria, France and Germany, are respectively (well) below 20%.[83]

6.5.1. The Notifying Party's view

(80) The Notifying Party submits that the merged entity would neither have the ability nor the incentive to engage in input and / or customer foreclosure.

(81) In respect of input foreclosure, the Notifying Party argues that it has been historically its strategy to rely on third-party retailers. The Notifying Party intends

83 Form CO, Table 8.1.3.3; Annex 8.1.3; Annex 6.1 - Q.24 - retail.

to continue with this strategy. Furthermore, the Notifying Party could not rely solely on the retail network of Bucherer to capture the additional demand at retail level and compensate for the losses at the manufacturing and supply level resulting respectively from input foreclosure. Moreover, there are many alternative manufacturers and suppliers that offer luxury watches of the same quality and at the same price level. The Notifying Party's luxury watch brands are not considered 'must-have'. In addition, the profitability at the downstream retail level is lower than the profitability at the upstream manufacturing and supply level. Thus, an input foreclosure strategy would not be profitable. An input foreclosure strategy would also impair the Notifying Party's relationship with other third-party multi-brand retailers across the EEA which the Notifying Party relies on.[84]

(82) In respect of customer foreclosure, the Notifying Party argues that given Bucherer's moderate market shares at EEA-wide and national level, Bucherer is not an important customer with market power at the downstream retail level. Furthermore, Bucherer's multi-brand business model relies on being able to offer luxury watches of various brands. Moreover, Bucherer achieves a material share of its retail sales with luxury watches of other manufacturers and suppliers than the Notifying Party. In addition, there is a large number of competing retailers that manufacturers and suppliers of luxury watches can switch to.[85]

(83) In respect of transparency in the markets that the Parties' access to the respective other Party's information post-Transaction would bring about, the Notifying Party argues that it intends to run Bucherer as an independent business. The Notifying Party's strategy is not dependent on end customer data that Bucherer collects, and hence Bucherer's information on end customers has no added value for the Notifying Party. If Bucherer were to share information on its other manufacturers and suppliers of luxury watches with the Notifying Party, this would likely result in those manufacturers and suppliers ceasing their supplies to Bucherer which would result in material losses for Bucherer. Moreover, since Bucherer accounts only for approximately [5-10]% of the Notifying Party's sales of luxury watches in the EEA, such information would be incomplete and not representative. Equally, information that the Notifying Party collects on its other retailers of luxury watches concerns merely the Notifying Party's luxury watches, and hence such information has no added value for Bucherer.[86]

6.5.2. The Commission's assessment

(84) Given that the market investigation has not revealed significant differences across market (segments) and geographies, the following sections apply equally in relation to all vertically affected markets (segments) at national, EEA-wide and global level.

(85) The traditional concept for the retail of luxury watches is that of selective distribution, with a majority of sales being made through third-party retail stores in their respective multi-brand stores. When Rolex sees the opportunity and decides to add a point of sale in a certain city / area, Rolex will look at all potential retailers that could serve that purpose. In this case, Rolex will open an application process and all retailers that apply will have the same opportunity to obtain Rolex's luxury

84 Form CO, paragraphs 415 et seq.
85 Form CO, paragraphs 466 et seq.
86 Form CO, paragraphs 126 et seq.

watches. Selective distribution agreements between Rolex and its customers (i.e., independent third-party retailers) are typically concluded for an indefinite period and can be terminated by either side with six months' prior notice. The authorised dealer must display a representative selection of Rolex's luxury watches in showcases within the point of sale in conditions consistent with the luxury watches' reputation and prestige. Sales personnel must be qualified, experienced, and of good appearance. Technical staff must be qualified, have confirmed training as watchmakers, and must undergo regular further training required by the specific characteristics of Rolex's products.[87]

6.5.2.1. Input foreclosure

6.5.2.1.1. Ability

(86) An important prerequisite for input foreclosure concerns to arise is that the merged entity must have a significant degree of market power in the upstream market.

(87) Considering the overarching market for manufacture and supply of luxury watches at the global level and in the EEA, Rolex has a market share of below 40% in terms of value and volume (Bucherer's share is well below 1% regardless of the exact market definition). Rolex's market share exceeds 40% only when considering specific segments based on price bands as well as luxury watches designed for men. However, as noted above, the results of the market investigation in relation to further segmentation of the market for manufacturing and supply of luxury watches based on price bands and luxury watches designed or men, women, and unisex were inconclusive. It appears questionable whether an input foreclosure strategy could be implemented in relation to any of these specific segments alone as the Parties do not recognise bright lines (i.e. specific thresholds, factors, or bands) segmenting their luxury watches this way and the majority of the manufacturers and suppliers of luxury watches that have expressed their view confirmed that they manufacture and sell watches across all price bands and luxury watches designed for men, women, and unisex[88] as well as the majority of retailers confirmed that they sell luxury watches across all the price bands, and luxury watches designed for men, women, and unisex.[89] Moreover, Rolex's and Bucherer's (in both cases as manufacturers and suppliers of luxury watches) supply contracts with retailers of luxury watches do not relate to (i) specific price bands, e.g. luxury watches in the price band EUR 10 000 – 49 999; or (ii) specific gender, e.g. luxury watches designed for men, but relate more generally to various models of the luxury watch brand x.[90]

(88) The outcome of the market investigation confirmed that there are more than five alternative manufacturers and suppliers of luxury watches to Rolex (and Bucherer) in the EEA in respect of luxury watches in general and in respect of the relevant segments based on price bands and luxury watches designed for men where Rolex's shares are high.[91] Thus, in relation to manufacturing and supply of luxury watches in the EEA, retailers will continue to have a choice among a number of

87 Form CO, paragraphs 818 et seq.

88 Replies to 01 - Questionnaire to Competitors, question C.A.5.

89 Replies to 01 - Questionnaire to Competitors, question C.B.5; 02 - Questionnaire to Customers, question C.B.5.

90 The Notifying Party's reply to RFI 16.

91 Replies to 01 - Questionnaire to Competitors, questions E.C.5, E.C.6, and E.C.10; 02 - Questionnaire to Customers, question E.B.5 and E.B.6.

globally active players with well-established brands, such as (market shares for 2023 in terms of value in the EEA) Richemont ([10-20]%); Swatch Group ([10-20]%); LVMH ([5-10]%); and Patek Philippe ([5-10]%).[92]

(89) That being said, the majority of retailers of luxury watches consider the luxury watch brands of Rolex to be 'must-have'[93] whilst manufacturers and suppliers have an opposite view.[94] Thus, despite the availability of alternative manufacturers and suppliers, it cannot be excluded that Rolex would have the ability to supply Rolex-branded luxury watches solely to Bucherer post-Transaction. Nonetheless, as shown below, there would be no incentive for such an input foreclosure strategy.

6.5.2.1.2. Incentive

(90) The incentive to foreclose depends on the degree to which foreclosure would be profitable. The vertically integrated firm will take into account how its supplies of inputs to competitors downstream will affect not only the profits of its upstream division, but also of its downstream division. Essentially, the merged entity faces a trade-off between the profit lost in the upstream market due to a reduction of input sales to (actual or potential) rivals and the profit gain, in the short or longer term, from expanding sales downstream or, as the case may be, being able to raise prices to consumers.

(91) In the present case, if Rolex were to stop its sales of luxury watches to other retailers and sell solely through Bucherer, this would lead to reduced sales of its luxury watches, and hence losses at the upstream manufacturing and supply level. This would not be profitable for Rolex. It seems unlikely that Bucherer could capture all or a sufficiently large part of the foreclosed retail sales of its competitors at the downstream retail level. Bucherer is present merely in four EEA countries and its market share exceeds 30% (even 20%) only in Denmark, on the overarching market as well as in relation to specific price bands and luxury watches designed for men.[95]

(92) The data provided by Rolex shows that Rolex could not rely on Bucherer as its sole retail customer at the EEA-wide level or respectively in Austria, Denmark, France, or Germany in order to capture sufficient demand downstream and compensate for losses upstream, respectively as a consequence of an input foreclosure strategy.[96]

(93) Bucherer represents only approximately [0-5]% of all points of sale in the EEA that offer Rolex's luxury watches.[97] Bucherer's retail sales of Rolex's luxury watches account for approximately only [5-10]% of Rolex's wholesale revenue in the EEA. In order to reach its customers, capture downstream demand, and compensate for upstream losses, Rolex would need to dramatically increase Bucherer's retail throughput at the EEA-wide level and in each of Austria, Denmark, France, and Germany.[98] Moreover, contrary to some of its major competitors, Rolex has not

92 Form CO, Table 8.1.4.2.
93 Replies to 02 - Questionnaire to Customers, question E.B.1.
94 Replies to 01 - Questionnaire to Competitors, question E.C.1. For completeness, the market investigation results in relation to the status of Rolex's luxury watch brands as 'must-have' at the EEA-wide level were inconclusive.
95 Form CO, Table 8.1.3.3.
96 Form CO, paragraphs 446 et seq.
97 Form CO, paragraph 446.
98 Form CO, paragraphs 421, 447.

vertically integrated downstream into the retailing of luxury watches in the past. Even when Rolex took over two retail stores in Greece for legacy reasons, Rolex continued to supply third-party retailers. Since Rolex does not have a viable prospect of selling its luxury watches solely through Bucherer, any change of Rolex's strategy to increase the downstream vertical integration would not be merger specific.

(94) Rolex's sales of luxury watches at the manufacturing and supply level surpass by far Bucherer's retail sales in the EEA and at national level. For instance, in 2023, Rolex sold […] luxury watches at the manufacturing and supply level in the EEA, whereas Bucherer sold only […] luxury watches (of Rolex and other manufacturers and suppliers of luxury watches) at the retail level in the EEA.[99] Moreover, independent third-party multi-brand retailers (including Bucherer) currently account for a high share of Rolex's sales (2022): EEA ([70-80]%); Austria ([80-90]%); Denmark ([90-100]%); France ([50-60]%); and Germany ([80-90]%).[100]

(95) The majority of market participants that expressed a view during the market investigation indicated, on balance, that Rolex could not reasonably sell its luxury watches solely through Bucherer, neither in the EEA, in general, nor respectively in Austria, Denmark, France, or Germany, in particular.[101] One manufacturer and supplier of luxury watches explained that it "*would not be economically or financially viable for Rolex to satisfy the entire demand for its watches solely through Bucherer's stores*" and added that "*it is not likely that Rolex would give preferential treatment to Bucherer, as it would entail 'putting all eggs in one basket'*".[102] Another manufacturer and supplier of luxury watches added "*Rolex needs to sell 1.5 to 2M watches per year : so they need a lot of doors*".[103]

(96) Another manufacturer and supplier noted that it "*does not see it as a profitable approach for Rolex to focus only on selling Rolex watches through Bucherer, as Bucherer does not seem to be a major retailer of Rolex watches […]. It means that there are no reasons for Rolex to sell its watches exclusively through Bucherer. This kind of a strategy would not be profitable. In addition, Rolex is currently producing a million watches annually and intends to increase its production. If Rolex increases production levels, it also needs more customers, i.e. retailers*."[104] One retailer of luxury watches added: "*No. This would not work. So if it would, why is there a network of retailers (more than 1000 POS)? You need to have a very detailed network to have the best service for your local clients.*"[105]

(97) Thus, the results of the market investigation did not yield any evidence that would suggest that Rolex could viably and profitably sell its luxury watches solely through Bucherer post-Transaction, and hence have the incentive to implement an input foreclosure strategy.

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99 Form CO, Table 8.1.3.3.n.

100 Form CO, Annex 6.1, Q.44 - Rolex.

101 Replies to 01 - Questionnaire to Competitors, question E.C.7; 02 - Questionnaire to Customers, question E.B.7.

102 Non-confidential minutes of a call with a competitor, 17 January 2024, paragraph 17.

103 Replies to 01 - Questionnaire to Competitors, question E.C.8.

104 Non-confidential minutes of a call with a competitor, 24 January 2024, paragraph 19.

105 Replies to 02 - Questionnaire to Customers, question E.B.8.

6.5.2.1.3. Effect

(98) The market investigation did not reveal any substantiated evidence that would suggest that Rolex's potential input foreclosure strategy post-Transaction would appreciably negatively impact effective competition in terms of price, other conditions of purchase, related service, availability, or innovative offering, etc.[106]

6.5.2.1.4. Conclusion

(99) Therefore, in light of the results of the market investigation and the evidence available to it, the Commission considers that it is not likely that the merged entity would have the ability and / or incentive to engage in an input foreclosure strategy post-Transaction. Thus, the Commission concludes that the Transaction does not give rise to serious doubts of input foreclosure.

6.5.2.2. Customer foreclosure

6.5.2.2.1. Ability

(100) An important prerequisite for customer foreclosure concerns to arise is that the merged entity must have a significant degree of market power in the downstream market.

(101) Bucherer's position at the downstream market for retail of luxury watches is moderate. Bucherer is present merely in four EEA countries and its market share exceeds 30% only in Denmark in relation to the overarching market for retail of luxury watches and specific segments based on price bands and luxury watches designed for men. Bucherer's share in relation to the EEA, Austria, France and Germany as well as other segments in Denmark is (well) below 20%. Similarly, Bucherer's procurement share at the retail level exceeds 30% only in Denmark.[107] It appears questionable whether a customer foreclosure strategy could be implemented in relation to any of these specific segments alone as the Parties do not recognise bright lines (i.e. specific thresholds, factors, or bands) in segmenting their luxury watches this way and the majority of the manufacturers and suppliers of luxury watches that have expressed their view confirmed that they manufacture and sell watches across all price bands and luxury watches designed for men, women, and unisex[108] as well as the majority of retailers confirmed that they sell luxury watches across all the price bands, and luxury watches designed for men, women, and unisex.[109] Moreover, Rolex's and Bucherer's (in both cases as manufacturers and suppliers of luxury watches) supply contracts with retailers of luxury watches do not relate to (i) specific price bands, e.g. luxury watches in the price band EUR 10 000 - 49 999; or (ii) specific gender, e.g. luxury watches designed for men, but relate more generally to various models of the luxury watch brand x.[110]

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106 Replies to 01 - Questionnaire to Competitors, questions F.1 to F.6; 02 - Questionnaire to Customers, questions F.1 to F.6.

107 Form CO, Annex 8.1.3.a - Q.22.

108 Replies to 01 - Questionnaire to Competitors, question C.A.5.

109 Replies to 01 - Questionnaire to Competitors, question C.B.5; 02 - Questionnaire to Customers, question C.B.5.

110 The Notifying Party's reply to RFI 16.

(102) The results of the market investigation indicated on balance that Bucherer is not an important customer at the EEA-wide level or respectively in Austria, Denmark, France, and Germany in respect of luxury watches overall as well as specific segments based on price bands, luxury watches designed for men, women, and unisex as well as online sales and sales through brick-and-mortar stores.[111] One manufacturer and supplier of luxury watches noted that Bucherer is "*not a must have partner anywhere within the EEA*"[112] and another explained that even "*in the unlikely scenario that Bucherer adopts a mono-brand retail strategy (i.e. exclusively selling Rolex products), this would not have a significant impact […] as Bucherer is only one of many retail partners*".[113]

(103) The results of the market investigation indicated on balance that there are more than five alternative retailers of luxury watches to Bucherer in the EEA and in each of Austria, Denmark, France, and Germany across specific segments based on price bands, luxury watches designed for men, women, and unisex as well as online sales and sales through brick-and-mortar stores.[114] Moreover, the majority of competing manufacturers and suppliers of luxury watches indicated that they would have sufficient alternative routes to end customers (including alternative retailers and vertical downstream integration) at the EEA-wide level and in each of Austria, Denmark, France, and Germany even if Bucherer were to cease reselling their luxury watches.[115]

(104) In relation to the market for retail of luxury watches, manufacturers and suppliers of luxury watches will continue to have a choice among a number of retailers, such as (market shares in 2023 based on points of sale in relation to market for retail of luxury watches):[116]

(a) *Austria*: Schullin ([10-20]%); Juwelier Wagner ([10-20]%); Uhrmachermeister Hübner ([10-20]%); Juwelier S.M.WILD ([5-10]%); and Gebr. Dallinger ([5-10]%).

(b) *Denmark*: Watches of Switzerland ([10-20]%); Hvelplund Watches & Jewellry ([5-10]%); Ole Mathiesen ([5-10]%); Knud Petersen ([5-10]%); and Klitgaard ([5-10]%).

(c) *France*: LePrintemps ([10-20]%); Frojo ([5-10]%); Maier ([5-10]%); and Arije ([5-10]%).

(d) *Germany*: Christ Uhren & Schmuck ([60-70]%); Juwelier Rüschenbeck ([5-10]%); and Wempe ([5-10]%).

6.5.2.2.2. Incentive

(105) Based on the data provided by Rolex, in 2023 in the EEA, Bucherer achieved a material share of its retail sales with luxury watches of other manufacturers and suppliers than Rolex (approximately [30-40]% in terms of value; and [40-50]% in terms of volume). Ceasing to re-sell luxury watches of competing manufacturers

111 Replies to 01 - Questionnaire to Competitors, question E.D.3.
112 Non-confidential minutes of a call with a competitor, 15 December 2023, paragraph 18.
113 Non-confidential minutes of a call with a competitor, 19 February 2024, paragraph 24.
114 Replies to 01 - Questionnaire to Competitors, question E.D.5; 02 - Questionnaire to Customers, question E.C.3.
115 Replies to 01 - Questionnaire to Competitors, question E.D.7.
116 Form CO, Table 8.1.4.3.

and suppliers of luxury watches would thus result in material losses for Bucherer and would destroy its reputation as a multi-brand retailer.[117]

(106) The results of the market investigation did not yield any evidence that would suggest that Bucherer could viably and profitably sell solely Rolex's luxury watches post-Transaction, and hence have the incentive to implement a customer foreclosure strategy. One manufacturer and supplier explained that "*there does not appear to be strong incentives to deviate from Bucherer's existing business model. It seems likely that Bucherer would continue to operate as an independent business post-transaction.*"[118]

6.5.2.2.3. Effect

(107) The market investigation did not reveal any substantiated evidence that would suggest that the merged entity's potential customer foreclosure strategy post-Transaction would appreciably negatively impact end customers in terms of price, other conditions of purchase, related service, availability, or innovative offering, etc.

6.5.2.2.4. Conclusion

(108) Therefore, in light of the results of the market investigation and the evidence available to it, the Commission considers that that it is not likely that the merged entity would have the ability and / or incentive to engage in a customer foreclosure strategy post-Transaction. Thus, the Commission concludes that the Transaction does not give rise to serious doubts in relation to customer foreclosure.

6.5.2.3. Access to commercially sensitive information

(109) Given the relatively moderate shares of the Parties in relation to the overarching market for manufacturing and supply of luxury watches as well as overarching market for retail of luxury watches in the EEA and Bucherer's relatively moderate shares in merely four EEA countries with the exception of market shares in Denmark (for retail of luxury watches overall and in specific segments based on price bands and luxury watches designed for men), the Parties would gain, if at all, only rather limited insights into rivals' upstream and downstream businesses.

(110) Furthermore, given the above conclusions on input and customer foreclosure, market participants would be able to take necessary steps in order to manage any potential disclosure of commercially sensitive information, such as limiting purchasing from Rolex or limiting selling through Bucherer.

(111) The results of the market investigation on whether Rolex acquiring data on Bucherer's end customers, or Bucherer's other manufacturers and suppliers of luxury watches, would provide Rolex with a competitive advantage were inconclusive.[119] The same holds true in relation to Bucherer acquiring data on Rolex's other retailers of luxury watches.[120]

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117 Form CO, paragraph 468.

118 Non-confidential minutes of a call with a competitor, 16 February 2024, paragraph 26.

119 Replies to 01 - Questionnaire to Competitors, questions E.E.1 and E.E.3; 02 - Questionnaire to Customers, questions E.D.1 and E.D.3.

120 Replies to 01 - Questionnaire to Competitors, question E.E.5; 02 - Questionnaire to Customers, question E.D.5.

(112) Moreover, according to Rolex, appropriate ring-fencing measures and firewalls would be introduced in order to ensure that any exchange of commercially sensitive information between Rolex and Bucherer is in line with competition laws post-Transaction:[121]

(a) Access of Bucherer's employees to commercially sensitive information would be restricted on a 'need-to-know' basis, i.e. limited to employees that need the information for the dedicated purpose.

(b) Bucherer's employees would be restricted from sharing commercially sensitive information among Bucherer's various manufacturers and suppliers of luxury watches.

(c) Bucherer would continue to operate its own IT system separately from Rolex's IT system.

(d) Rolex would have access only to aggregated information on Bucherer in order to monitor its overall performance. Should Rolex require more detailed information it would be ensured that the recipient at Rolex does not have strategic day-to-day responsibilities for making decisions in relation to sales, pricing, marketing research and development or other commercially sensitive areas.

(113) The Commission considers the above-mentioned restrictions on information sharing to be sufficient to alleviate concerns in this respect. Any information exchange would be restricted already within Bucherer to individuals that require the information in the ordinary course of their business with the limitation on sharing this information among different manufacturers and suppliers. The creation of such 'clean teams' would ensure that access to information is restricted and controlled as well as limited to exchanges objectively necessary for the intended purpose. Any exchange with Rolex would be limited already organisationally by means of maintaining separate IT systems. Further, Rolex would typically only receive aggregated information which is generally less strategic for the purpose of monitoring Bucherer's performance. Should the exchange of commercially sensitive information be required, it would be ensured that Rolex's employees accessing the information cannot use the information in taking strategic decisions on behalf of Rolex. All these limitations of information exchange are broadly in line with recommended measures to reduce the risk of competition law infringements.[122]

(114) In any event, should the Parties' conduct not be in compliance with EU competition laws, the relevant provisions of the TFEU and national laws continue to remain applicable.

(115) In view of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market and the functioning of the EEA Agreement based on access to commercially sensitive information.

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121 Form CO, paragraphs 133 et seq.

122 Communication from the Commission – Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal co-operation agreements, OJ C 259, 21.7.2023, p. 1–125, paragraphs 406 et seq.

6.6. Vertical relationship between supply of spare parts for luxury watches, and provision of repair and maintenance services

(116) The Transaction gives rise to vertical links in relation to the after-sales markets, i.e. between Rolex's production and supply of spare parts for Rolex and Tudor luxury watches in the EEA (upstream), and Bucherer's provision of repair and maintenance services for these watch brands in Austria, Demark, Germany, and France (downstream).

(117) Upstream, in the market for the production and supply of original spare parts for Rolex and Tudor luxury watches, Rolex is the sole supplier.

(118) Downstream, it is estimated that Bucherer's market shares in the provision of repair and maintenance services for Rolex and Tudor luxury watches do not exceed 15% in each of Austria, France, and Germany, ([123]) while in Denmark, its market share is [60-70]% for Rolex luxury watches and [60-70]% for Tudor luxury watches.[124]

(119) Since Rolex is the sole supplier of original spare parts for Rolex-branded luxury watches, there is a need to assess whether Rolex would have the ability and the incentive to cease supplying original spare parts to other retailers than Bucherer post-Transaction as well as the effects of such input foreclosure strategy even separately from the possible input foreclosure concerning Rolex's supplies of luxury watches to retailers other than Bucherer.

(120) However, there is no need to analyse customer foreclosure concerns in respect of the supply of original spare parts and provision of repair and maintenance services separately from the analysis of customer foreclosure concerning Bucherer's retail sales of luxury watches of other manufacturers and suppliers than Rolex. As noted, the upstream market comprises solely Rolex's production and supply of spare parts for Rolex and Tudor luxury watches in the EEA. This excludes any customer foreclosure concerns, as considering this upstream market there are no original spare parts of other manufacturers and suppliers that Bucherer could cease to use to provide repair and maintenance services.

(121) Even when considering the provision of repair and maintenance services based on spare parts of other manufacturers and suppliers, a separate analysis of customer foreclosure in this respect is not warranted. Once Bucherer is authorised to sell the luxury watches of a particular brand, as typically required by the manufacturer and supplier, Bucherer also offers related repair and maintenance services and receives spare parts from the respective manufacturer and supplier of luxury watches. Given the importance for Bucherer to be able to offer repair and maintenance services[125] based on original spare parts to the end customer buying a luxury watch, not least given the end customers' expectations to be able to do that, Bucherer would need to cease to sell the luxury watches of a particular manufacturer and supplier if Bucherer intended not to provide related after-sale services. Since the Commission considers that that it is not likely that the merged entity would have the ability and/or incentive to engage in a customer foreclosure strategy in relation to retail sale of luxury watches of other manufacturers and suppliers than Rolex

[123] Bucherer's market share in repair and maintenance of Rolex luxury watches is approx. [10-20]% in Austria, [5-10]% in France, and [10-20]% in Germany. Its market share is the same or lower when considering Tudor luxury watches in each of these countries.

[124] Form CO, Table 8.1.3.4.b.

[125] Replies to 02 - Questionnaire to Customers, question G.A.1 and G.A.2.

post-Transaction, it is equally unlikely that the merged entity would have the ability and/or incentive to engage in a customer foreclosure strategy in relation to providing repair and maintenance services based on original spare parts of other manufacturers and suppliers than Rolex post-Transaction.

6.6.1. The Notifying Party's view

(122) The Notifying Party submits that the merged entity would neither have the ability nor the incentive to engage in input foreclosure in relation to spare parts for Rolex and / or Tudor luxury watches vis-à-vis its authorised service centres, i.e. other than the ones of Bucherer.[126]

(123) In respect of input foreclosure, the Notifying Party argues, *inter alia*, (i) that the Notifying Party's strategy is to have all of its authorised retailers meet the requirements to also be authorised service centres so that end customers can easily and reliably find a place to address issues with their luxury watches, (ii) that Bucherer would not have the capacity to match the end customers' servicing needs that would follow from the input foreclosure, (iii) that there are contractual safeguards which ensure the authorised retailers' access to spare parts, as under their contracts, the retailers who qualify as authorised service centres are obliged to stock a certain array of spare parts and to only source these from the Notifying Party, meaning that the Notifying Party must ensure the provision of spare parts to the authorised retailers to enable them to fulfil their obligations, (iv) that input foreclosure would severely undermine the brand image of Rolex and Tudor luxury watches as it would imply a burdensome process for end customers to service their watches, (v) and that repair and maintenance services are not profitable and the retailers' turnover generated with such services in relation to their total sales is marginal.[127]

6.6.2. The Commission's assessment

(124) Despite Rolex being the only supplier upstream of original spare parts for Rolex and Tudor luxury watches, and Bucherer having a significant position downstream in Denmark, Rolex would not have the ability or incentive to engage in input foreclosure in relation to the supply of spare parts vis-à-vis Rolex's authorised service centres in Denmark, let alone in Austria, France, Germany, or the EEA where Bucherer's downstream position is limited.

6.6.2.1. Ability

(125) Rolex would not have the ability to engage in an input foreclosure strategy for spare parts for Rolex and / or Tudor luxury watches in Austria, Denmark, France or Germany post-Transaction.

(126) First, Rolex supplies spare parts only to its network of authorised third-party providers of repair and maintenance services for its luxury watches, which in the EEA comprises 383 authorised Rolex service centres.[128] If authorised retailers are admitted as 'authorised service centres' by fulfilling certain qualitative requirements, such as having a certified watchmaker, they are authorised by Rolex to carry out repair and maintenance services for Rolex and / or Tudor luxury

126 Form CO, paragraph 503 et seq.
127 Form CO, paragraphs 504 et seq.
128 Form CO, Table 6.2.3 and Table 6.2.4.

watches.[129] In the market investigation, authorised retailers confirmed that their contracts with Rolex establish that, if they have qualified as authorised service centres, they shall have access to spare parts.[130]

(127) Second, Bucherer's purchase share in the EEA is limited to [5-10]% for Rolex spare parts and [5-10]% for Tudor spare parts.[131] Bucherer represents only 1 of 50 Rolex authorised service centres in France, 1 of 10 centres in Austria, 4 of 8 centres in Denmark, and 10 of 107 centres in Germany.[132] Thus, Bucherer would have to excessively increase its capacity for repair and maintenance services in order to absorb the additional volumes of spare parts and to meet the increase in demand for repairs that would follow from an input foreclosure strategy. This would imply the need for additional watchmakers and larger workshop space, which would take considerable time and investments to set up. Market participants explained that Bucherer does not have the capacity to handle more repairs, and that Bucherer would face difficulties in expanding as there is a lack of watchmakers.[133]

6.6.2.2. Incentive

(128) Rolex would not have the incentive to engage in an input foreclosure strategy for spare parts for Rolex and / or Tudor luxury watches in Austria, Denmark, France, Germany, or the EEA post-Transaction.

(129) First, it would not be profitable for Rolex to foreclose authorised service centres from accessing spare parts. In Denmark, the only country where Bucherer has a significant downstream market share, Bucherer's gross margins in 2023 with repair and maintenance services relating to Rolex luxury watches were only at [5-10]%, while the margins were […][134] in relation to Tudor luxury watches.[135] While the Parties have not been able to estimate Bucherer's net margins for repair and maintenance services, these should be lower considering that repair and maintenance services are labour intensive. A majority of market participants also confirmed that repair and maintenance services for luxury watches are generally not profitable.[136] […].[137] The gross margins upstream are […] than the gross margins downstream in relation to repair and maintenance services, which would render an input foreclosure strategy for spare parts unprofitable for Rolex.

(130) Second, Rolex and Tudor luxury watches are luxury watches, which imply a certain quality and duration of the products. The market investigation confirmed that repair and maintenance services for luxury watches are mainly provided to maintain the brand image of the luxury watch, as these services are generally

129 Form CO, paragraph 469 and footnotes 120-121.
130 Replies to 02 - Questionnaire to Customers, question H.C.2.
131 Form CO, paragraph 501.
132 Form CO, Table 6.2.2 and paragraph 496 et seq.
133 Replies to 01 - Questionnaire to Competitors, question H.C.4; 02 - Questionnaire to Customers, questions H.C.6 and H.C.7.
134 The Parties submit that the data for Tudor is not representative for the typical business since the data is affected by either misspecification in the underlying data base or very low quantities or high discounts.
135 Form CO, Table 9.1.3.
136 Replies to 01 - Questionnaire to Competitors, question G.C.6; 02 - Questionnaire to Customers, question G.C.7.
137 The Notifying Party's reply to RFI 13, question 1.

not profitable.[138] In line with this, a majority of retailers and manufacturers indicated that limiting the supply or raising prices of spare parts for Rolex and/or Tudor luxury watches would significantly damage Rolex's brand image.[139] The market participants further explained that a foreclosure strategy would make it more difficult and less efficient for end customers to have their luxury watches repaired, that a luxury watch brand must offer the same service and quality everywhere, and that end customers do not want to be forced to turn to only one specific place for repairs.[140]

(131) Third, the Parties generate marginal revenues in the after-sale markets compared to the Parties' total revenues. Rolex's revenues achieved with the supply of spare parts represented only [0-5]% of its total revenues in the EEA and [0-5]% of its total revenues in Denmark in 2023, while Bucherer's revenues achieved with repair and maintenance services represented only [0-5]% of its total revenues in Denmark in 2023.[141] An input foreclosure strategy in relation to spare parts to the detriment of Rolex's brand image, which would negatively affect Rolex's and Bucherer's positions do therefore not appear likely.

(132) Fourth, the market investigation did not reveal any substantiated evidence that Rolex would have the incentive to foreclose authorised repair centres from accessing spare parts for Rolex or Tudor luxury watches in Austria, Denmark, France, Germany or the EEA post-Transaction.[142]

6.6.2.3. Effect

(133) A majority of market participants indicated that the Transaction would not have any impact on the price or availability of spare parts for Rolex or Tudor luxury watches in Austria, Denmark, France, Germany or the EEA.[143]

6.6.2.4. Conclusion

(134) Therefore, in light of the results of the market investigation and the evidence available to it, the Commission considers that the merged entity would not have the ability and/or incentive to engage in an input foreclosure strategy regarding spare parts and repair and maintenance services post-Transaction.

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138 Replies to 01 - Questionnaire to Competitors, question G.C.6; 02 - Questionnaire to Customers, question G.C.7.

139 Replies to 01 - Questionnaire to Competitors, question H.C.3; 02 - Questionnaire to Customers, question H.C.5.

140 Replies to 01 - Questionnaire to Competitors, question H.C.4; 02 - Questionnaire to Customers, questions H.C.6 and H.C.7.

141 Form CO, Table 8.1.3.6; Reply to RFI 10, question 1, Table 1.

142 Replies to 01 - Questionnaire to Competitors, questions H.C.9; 02 - Questionnaire to Customers, question H.C.9.

143 Replies to 01 - Questionnaire to Competitors, question H.C.10; 02 - Questionnaire to Customers, questions H.D.1 and H.D.2.

7. CONCLUSION

(135) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President