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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 Where possible the information omitted has been replaced by ranges of figures or a general description.

EC Investments a.s.
Pařížská 130/26
Josefov, 110 00 Prague 1
Czech Republic

Bonak a.s.
Evropská 2690/17
Dejvice, 160 00 Prague 6
Czech Republic

Subject: **Case M.10364 - ECI / BONAK / FAST GROUP**
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 27 September 2021, the Commission received notification of a concentration pursuant to Article 4 of the Merger Regulation, which would result from a proposed transaction by which EC Investments a.s. ('ECI', incorporated in the Czech Republic) and Bonak a.s. ('Bonak', incorporated in the Czech Republic) intend to

[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').

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acquire joint control, within the meaning of Article 3(1)(b) and 3(4) of the Merger Regulation, over various companies incorporated in the Czech Republic, Slovakia, Hungary and Poland (together referred to in this Decision as the 'Fast Group' or 'the Target')[3] by way of a purchase of shares ('the Transaction').[4] In this Decision, ECI and Bonak are referred to as 'the Notifying Parties' and are, together with the Fast Group, collectively referred to as 'the Parties'. The entity that would result from the Transaction is referred to as 'the Merged Entity'.

1. THE PARTIES

(2) **ECI** is a Czech company solely controlled by the EP Corporate Group ('EPCG', the Czech Republic). EPCG is active in the e-commerce and wholesale sectors, including via the Metro Group, a specialist food and non-food wholesaler active across the EU, and in the online retail of daily consumer goods in the Czech Republic, via MFresh and its subsidiary Košík. Additionally, ECI jointly controls – together with Bonak – the Mall Group, which is primarily an e-commerce retailer in Central and Eastern Europe;

(3) **Bonak** is a company belonging to the PPF Group N.V., which is an international investment group active globally ('PPF N.V.', the Netherlands). PPF N.V. controls, in particular, (i) the PPF Group ('the PPF Group', the Czech Republic) which is active in the e-commerce retail sector in Central and Eastern Europe through the Mall Group and – among others – (ii) the mobile operators O2 (active in the Czech Republic and Slovakia) and Telenor (active in Hungary, Bulgaria, Serbia and Montenegro); and

(4) **The Fast Group** is a wholesaler and retailer of consumer electronics, household appliances and IT and telecommunication ('TC') products and other non-food products primarily in Central and Eastern Europe, both via brick-and-mortar shops and e-shops. Furthermore, the Fast Group provides after-sales repair services.

2. THE CONCENTRATION

(5) The Transaction is to be achieved by means of the execution of a share purchase agreement ('SPA') dated 9 June 2021, by which ECI and Bonak are to acquire [...]% of the issued share capital of the Fast Group and each to own indirectly[5] […]% of the shares.[6] The Board of Directors of BidCo shall be composed by [shareholders' nomination rights]. [Executive authority and veto rights].

(6) Post-Transaction, the undertakings forming the Fast Group will remain full-function. In particular, the Fast Group will continue to have sufficient resources to operate and

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3 The Fast Group is represented by (i) FAST ČR, a.s., incorporated in the Czech Republic; (ii) FAST PLUS, a.s., incorporated in Slovakia; (iii) FAST HUNGARY Kereskedelmi Korlátolt Felelősségű Társaság, incorporated in Hungary; (iv) FAST POLAND sp. z o.o., incorporated in Poland, (vi) SENCOR EUROPE, spol. s r.o. incorporated in the Czech Republic; (v) Favia s r.o., incorporated in the Czech Republic; and (vi) PLANEO BETA, spol. s r.o., incorporated in the Czech Republic.

4 Publication in the Official Journal of the European Union No C 405, 07.10.2021, p. 5.

5 Through the vehicle company BidCo.

6 A minority shareholder, Rockaway (owning the remaining […]% of the issued share capital), will have no form of control over the FAST Group.

expand its business activities, will continue to have its own management, will remain an independent market player and will deal with both the Notifying Parties and third parties based on standard commercial conditions.

(7) In light of the above, the Transaction will result in a concentration within the meaning of Articles 3(1)(b) and 3(4) of the Merger Regulation.

3. UNION DIMENSION

(8) The Parties have a combined aggregate world-wide turnover of more than EUR 5 000 million[7] (ECI: EUR […]; Bonak: EUR […]; the Fast Group: EUR […]). Each of at least two of them has a Union-wide turnover in excess of EUR 250 million (ECI: EUR […]; Bonak: EUR […]; the Fast Group: EUR […]), but none of the Parties achieves more than two-thirds of their aggregate Union-wide turnover within one and the same Member State.

(9) The concentration, therefore, has a Union dimension within the meaning of Article 1(2) of the Merger Regulation.

4. MARKET DEFINITION

4.1. Activities of the Parties

(10) The Parties activities that give rise to overlaps are (i) the procurement of electronics, (ii) the wholesale and retail of electronics and other non-food products, and (ii) the retail of mobile telecommunication services. While the Notifying Parties are mainly online players, the Target achieves the majority of its sales in its brick-and-mortar stores.

(11) This Section examines the product and geographic market definitions for all products in relation to which the Parties' activities overlap horizontally or are vertically related, namely (i) the procurement of electronics, (ii) the wholesale of electronics, (iii) the wholesale of non-food products, (iv) the retail of electronics, (v) the retail of non-food products and (vi) the retail of mobile telecommunication services.

4.2. Product market definition

4.2.1. Procurement of electronics

4.2.1.1. The Commission's past practice

(12) With respect to the procurement of electronics, the Commission's decisional practice considered a possible market encompassing all types of electronics, as well as possible narrower segments according to product group,[8] while leaving the exact

[7] Turnover calculated in accordance with Article 5 of the Merger Regulation.

[8] Namely, procurement of (i) brown goods (television sets, audio equipment, and similar household appliances), (ii) large domestic appliances ('LDA', non-portable or semi-portable machines used for routine housekeeping tasks such as cooking, washing laundry, or food preservation), (iii) small domestic appliances ('SDA', portable or semi-portable machines, generally used on table-tops, counter-

market definition open.[9] More recently, the Commission considered only one overall electronics procurement market encompassing all potential product segments in a case concerning a referral to a national competition authority.[10]

(13) Additionally, the Commission considered whether the procurement market includes solely procurement from manufacturers or also from other wholesalers, while ultimately leaving the exact market definition open.[11]

4.2.1.2. The Notifying Parties' view

(14) The Notifying Parties submit that the procurement market should comprise all types of electronics, as the majority of market participants (both retailers and wholesalers) typically procure the entire portfolio of products.[12] The Notifying Parties are also of the view that no distinction should be made between direct procurement from manufacturers and procurement from wholesalers.[13]

4.2.1.3. The Commission's assessment

(15) The Commission considers that, consistently with its past practice, plausible relevant product markets for the procurement of electronics could encompass all types of electronics, as well as possible narrower segments according to product groups. Besides, a further distinction based on procurement from manufacturers or wholesalers might be relevant.

(16) The results of the market investigation support the fact that market participants procure a wide range of consumer electronics, household appliances, IT, and telecommunication products as opposed to individual product groups only.[14] Additionally, the results of the market investigation support the fact that companies sourcing electronics would generally procure indifferently from both manufacturers and wholesalers.[15] It is not, however, entirely possible to exclude narrower product markets.

(17) In any event, the Commission considers that the exact product market definition can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any

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tops or other platforms, to accomplish a household task, and include i.a. microwave ovens, toasters, humidifiers, food processors and coffeemakers), (iv) IT products ('IT'), i.e. any computer related software, subscription or information technology hardware including but not limited to PC hardware, PC software, accessories and peripherals, and (v) telecommunication products ('TC'), i.e. products that are primarily intended to fulfil or enable the function of information processing and communication by electronic means, including transmission and display, including but not limited to mobile phones, tablets, wearables.

9 See, e.g. Commission decision of 18 May 2017 in Case M.8469 - Sonepar Italia/Sacchi, paragraph 14; Commission decision of 25 June 2014 in Case M.7259 - Carphone Warehouse/Dixons, paragraphs 26-28; Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraphs 14-15.

10 Commission decision of 26 June 2020 in Case M.9894 - Mobilux/Conforama France, paragraphs 13-15.

11 Commission decision of 30 November 2006 in Case M.4392 – DSGI / FR-INVEST / FGROUP JV, paragraph 15.

12 Form CO, paragraph 120.

13 Form CO, paragraph 121.

14 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 7.

15 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 8.

plausible product market definition. Under a very conservative approach, the Transaction will be assessed (i) by both product groups and sub-segments thereof and/or (ii) distribution channels (distinguishing between procurement from manufacturers and from wholesalers).

4.2.2. Wholesale of electronics

4.2.2.1. The Commission's past practice

(19) With regard to the wholesale of electronics, while leaving the exact market definition open, the Commission has considered separate product markets[16] for (i) the wholesale of IT products (e.g. PC hardware and PC software), (ii) the wholesale of consumer electronics ('CE') products (e.g. televisions, digital projectors, microwave ovens, air conditioners, camcorders and digital cameras), and (iii) the wholesale of TC products (e.g. mobile phones and media tablets).[17] While the Commission considered a possible market encompassing the wider segment of products under the broader CE category, it also considered possible narrower segments based on other product categories, while ultimately leaving the exact market definition open.[18] Further, in a number of decisions concerning primarily the wholesale of IT/TC devices, while leaving the exact market definition open, the Commission considered separate product markets for (i) the wholesale of IT products[19] and (ii) the wholesale of TC products[20], but also considered potential sub-segmentation according to even more narrowly defined product categories relevant for the assessment of the merger in question.

(20) With regard to product channel (or procurement), the Commission considered in previous decisions whether the markets should comprise separate markets for direct and indirect sales (i.e. sales by manufacturers and wholesalers respectively), or whether the direct and indirect markets should be considered as belonging to the same market. In some cases, the Commission's market investigation provided support in favour of the inclusion of direct sales in the same market as indirect sales. On the other hand, in some other cases, the Commission concluded that direct sales and indirect sales might potentially belong to separate relevant product markets.[21]

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16 Please refer to FN 7 for the definition of the relevant product groups.

17 Commission decision of 10 December 2010 in Case M.5986 - SCHINDLER/DROEGE/ALSO/ACTEBIS, paragraphs 10-17.

18 Commission decision of 25 June 2014 in Case M.7259 – Carphone Warehouse/Dixons, paras. 26-28; Commission decision of 30 November 2006 in Case M.4392 – DSGI/FR-Invest/F-Group JV, paras. 14-15.

19 See, e.g. Commission decision of 19 May 2008 in Case M.5099 - ARROW ELECTRONICS/LOGIX, paragraphs 13-22; Commission decision of 5 October 2007 in Case M.4868 - AVNET/MAGIRUS EID, paragraphs 7-12; or Commission decision of 25 September 2008 in Case M.5303 - ARQUES/SHC, paragraphs 27-30.

20 See e.g. Commission decision of 25 September 2008 in Case M.5303 - ARQUES/SHC, paragraphs 31-34.

21 See, e.g. Commission decision of 19 May 2018 in Case M.5099 - ARROW ELECTRONICS/LOGIX, paragraphs 14-17; or Commission decision of 5 October 2007 in Case M.4868 - AVNET/MAGIRUS EID, paragraph 8.

(21) Finally, when assessing mergers concerning electronics manufacturers (i.e. direct sales), the Commission sub-segmented broader product categories (IT, CE or TC products) on an individual product basis.[22]

4.2.2.2. The Notifying Parties' view

(22) The Notifying Parties submit that, taking into account that the Target is a non-specialised full-range wholesaler, the segmentation corresponding to the standard retail-market segmentation, i.e. of (i) brown goods, (ii) LDA, (iii) SDA, (iv) IT products and (v) TC products should be retained. According to the Notifying Parties, this definition should include both direct sales by manufacturers and indirect sales by wholesalers.[23]

4.2.2.3. The Commission's assessment

(23) The Commission considers that plausible relevant product markets for the wholesale of electronics could be defined according to broad product categories such as brown goods, LDA, SDA, IT, TC, or sub-segments (e.g. electrical cooking pots, juicers/pressers, home audio systems, tablets etc.).

(24) The results of the market investigation support the fact that wholesalers sell the whole range of products with regard to consumer electronics, household appliances, IT and telecommunication (or at least most of them[24]), and that retailers usually source from both direct and indirect sales channels.[25] It is not, however, entirely possible to exclude narrower product markets.

(25) In any event, for the purpose of this Decision, the Commission considers that the exact product market definition can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible product market definition. Under a conservative approach, the Transaction will be assessed (i) by both product groups and sub-segments thereof, and (ii) distinguishing between direct/indirect sales.

4.2.3. Wholesale of non-food products

4.2.3.1. The Commission's past practice

(26) With regard to the wholesale of non-food products, the Commission has previously considered markets consisting of broad product categories such as (i) the wholesale supply of electrical products (comprising electrical installation equipment, conduits

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22 Commission decision of 13 December 2018 in Case M.9139 - HAIER/CANDY, paragraphs 6 et seq.; Commission decision of 19 November 2012 in Case M.6717 - Whirlpool/Alno, paragraphs 12 et seq.; Commission decision of 7 July 2010 in Case M.5859 - Whirlpool/Privileg Rights, paragraphs 10-11; Commission decision of 11 November 2003 in Case M.2621 - SEB/MOULINEX, paragraph 59; Commission decision of 21 November 2016 in Case M.8091- SEB INTERNATIONALE/WMF GROUP, paragraphs 31-32; Commission decision of 29 September 2009 in Case M.5421 - Panasonic/Sanyo.

23 Form CO, paragraph 159.

24 Replies to Q3 - questionnaire to wholesalers in the Czech Republic, question 6; Replies to Q4 - questionnaire to wholesalers in Slovakia, question 6.

25 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 4, Replies to Q2 - questionnaire to retailers in the Slovakia, question 4; Replies to Q3 - questionnaire to wholesalers in the Czech Republic, question 3; Replies to Q4 - questionnaire to wholesalers in Slovakia, question 3.

and cables, lighting, security products, communication products and tools)[26] and (ii) the wholesale of cookware products (comprising all non-electric kitchen appliances that are primarily used for cooking purposes, such as pots, pans, pressure cookers and woks).[27] In its previous decisional practice concerning the non-food retail segment, the Commission has also considered other non-food products than electrical and cookware products, and distinguished non-food categories by large product groups such as: (i) clothing and footwear; (ii) DIY, home improvement and garden centres; (iii) health and beauty; (iv) toys and games; and (v) sporting goods and camping.[28]

4.2.3.2. The Notifying Parties' view

(27) The Notifying Parties submit that, consistent with the Commission's product-based approach in these markets and the products procured by the Target, the wholesale of non-food products can be divided into the following product type categories for the purposes of this Transaction: (i) household goods; (ii) garden/DIY goods; (iii) maternity products; (iv) motor car accessories; (v) toys and games; (vi) watches and jewellery; (vii) sports goods; and (viii) musical instruments.[29]

4.2.3.3. The Commission's assessment

(28) The Commission considers that, consistently with its past practice, plausible relevant product markets for the wholesale of non-food products could be defined according to the broad product categories referred to in paragraph (26), but will under a very conservative approach also look at even narrower segments (i.e. maternity products and toys and games).

(29) In any event, for the purpose of this Decision, it can be left open whether the market for the wholesale of non-food products should be segmented by product type as the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible product market definition. The Transaction will be assessed based on (i) product groups and sub-segments thereof, and (ii) distribution channels (distinguishing between direct/indirect sales).

4.2.4. Retail of electronics

4.2.4.1. The Commission's past practice

(30) In its previous decisional practice concerning the retail of electronics, the Commission considered dividing the market (i) according to the use of the products and (ii) into different distribution channels.

(31) In relation to point (i), while leaving the exact definition of the relevant market open, the Commission generally considered segmenting the electronics retailing market into four markets: (a) retail of brown goods, (b) retail of LDA, (c) retail of SDA and

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26 E.g., Commission decision of 22 February 2008 in Case M.4963 - REXEL/HAGEMEYER.

27 E.g., Commission decision of 21 November 2016 in Case M.8091 - SEB INTERNATIONALE/WMF GROUP.

28 Commission decision of 16 February 2010 in Case M.5721 - OTTO/PRIMONDO ASSETS, paragraph 19.

29 Form CO, paragraph 172.

(d) retail of IT/TC products.[30] Additionally, while leaving the exact definition of the relevant market open, the Commission also considered further sub-segmentation of brown goods (divided into photographic products, audio, vision and games) and IT/TC products (divided into PC hardware, PC software, communications and accessories/peripherals)[31]. Finally, in the Carphone Warehouse / Dixons case concerning specialised retailers of mobile phones and tablets, for the purposes of that concentration, the Commission defined two separate sub-markets for the retail of IT/TC products, i.e. (a) the retail sale of mobile phones and (b) the retail sale of tablets.[32]

(32) In relation to point (ii), in past cases the Commission considered a distinction between brick-and-mortar shops (also known as 'offline retailing') and home shopping (which includes 'online shopping' and 'shopping by catalogue').[33] The Commission has in the main left the exact product market definition open in previous decisions, although in the Carphone Warehouse / Dixons decision, most respondents to the Commission's market investigation reckoned that customers view brick-and-mortar shops and online channels as substitutable for the purpose of purchasing mobile phones and tablets. Furthermore, a large majority of respondents confirmed that customers compare prices between internet distribution channels and brick-and-mortar shops before engaging in any purchasing decision.[34]

4.2.4.2. The Notifying Parties' view

(33) The Notifying Parties submit that, in line with the Commission's precedents, the retail of electronics should be segmented into (i) retail of brown goods, (ii) retail of LDA, (iii) retail of SDA and (iv) retail of IT/TC products, but not further.[35] Additionally, the Notifying Parties are of the view that both offline and online sales channels are part of the same product market.[36]

4.2.4.3. The Commission's assessment

(34) The Commission considers that, consistently with its past practice, plausible relevant product markets for the retail of electronics could be defined according to (i) the use of the products and (ii) distribution channels.

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30 See, e.g. Commission decision of 22 February 2013 in Case M.6847 - TRITON/SUOMEN LÄHIKAUPPA, paragraph 17; Commission decision of 29 June 2006 in Case M.4226 - DSGI/FOTOVISTA, paragraph 9; Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraph 9; or Commission decision of 18 June 1998 in Case IV/M.1188 - KINGFISHER/WEGERT/PROMARKT, paragraph 10.

31 Commission decision of 29 June 2006 in Case M.4226 - DSGI/FOTOVISTA, paragraph 10; or Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraphs 10 and 13.

32 Commission decision of 25 June 2014 in Case M.7259 - Carphone Warehouse/Dixons, paragraph 19.

33 Commission decision of 29 June 2006 in Case M.4226 - DSGI/FOTOVISTA, paragraph 14; or Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraph 12.

34 Commission decision of 25 June 2014 in Case M.7259 - Carphone Warehouse/Dixons, paragraph 20. See also Commission decision of 21 December 2016 in Case M.8274 - CINVEN/PERMIRA/ALLEGRO/CENEO, paragraph 23.

35 Form CO, paragraph 186.

36 Form CO, paragraph 196.

(35) The results of the market investigation seem to indicate that retailers sell the whole range of consumer electronics, household appliances and IT and telecommunication products (i.e. brown goods, LDA, SDA, and IT/TC).[37] Additionally, market participants seem to consider the competitive dynamics between brick-and-mortar and online sales to be quite similar.[38] It is not, however, entirely possible to exclude that the market for the retail of electronics should not be further segmented (i) by product group; and/or (ii) distribution channel.

(36) In any event, the exact product market definition can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible product market definition. Under a conservative approach the Transaction will be assessed based on (i) product groups and sub-segments thereof. and (ii) distribution channels (distinguishing between brick-and-mortar (offline) and online sales (offline).

4.2.5. Retail of non-food products

4.2.5.1. The Commission's past practice

(37) In its previous decisional practice concerning the retail of non-food products, the Commission considered distinctions according to (i) product groups and (ii) distribution channels.

(38) In relation to point (i), in its previous decisional practice the Commission considered that the non-food retail segment could be divided into the following product categories: (a) clothing and footwear; (b) furniture and furnishings; (c) electronics and appliances; (d) DIY, home improvement and garden centres; (e) health and beauty; (f) toys and games; and (g) sports goods and camping.[39]

(39) In relation to point (ii), in past cases the Commission, while ultimately leaving the market definition open, considered a potential distinction between online and offline (also referred to as brick-and-mortar) distribution channels. The Commission further acknowledged that the level of interrelation between offline and online retailing could depend on the product category.[40]

4.2.5.2. The Notifying Parties' view

(40) The Notifying Parties submit that, in line with the activities of the Target, retail of non-food products should be segmented into (i) household goods; (ii) garden/DIY goods; (iii) maternity products; (iv) motor car accessories; (iv) toys and games; (v) watches and jewellery; and (vi) sports goods.[41] Additionally, the Notifying

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37 Replies to Q1 - questionnaire to retailers in the Czech Republic, questions 9 and 10; Replies to Q2 - questionnaire to retailers in Slovakia, question 6.

38 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 12; Replies to Q2 - questionnaire to retailers in Slovakia, question 7.

39 Commission decision of 16 February 2010 in Case M.5721 - Otto/Primodo Assets, paragraphs 19 and 30; Commission decision of 21 December 2016 in Case M.8274 - CINVEN/PERMIRA/ALLEGRO/CENEO, paragraph 21.

40 Commission decision of 21 December 2016 in Case M.8274 - CINVEN/PERMIRA/ALLEGRO/CENEO, paragraph 23.

41 Form CO, paragraph 229.

Parties are of the view that both offline and online sales channels are part of the same product market.[42]

4.2.5.3. The Commission's assessment

(41) The Commission considers that, consistently with its past practice, it is not possible to exclude that the market for the retail of non-food products should not be further segmented (i) by product groups and/or (ii) distribution channels. Under a very conservative approach, the Commission will also consider sub-segments of product groups (i.e. maternity products and toys and games) for the purposes of this Decision.

(42) In any event, the Commission considers that the exact product market definition can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible product market definition. The Transaction will be assessed (i) by product groups and sub-segments thereof, and (ii) by distribution channels (distinguishing between brick-and-mortar (offline) and online sales).

4.2.6. Retail of mobile telecommunications services

4.2.6.1. The Commission's past practice

(43) In its past decisional practice, the Commission stated that the product market for retail mobile telecommunications services included mobile services such as voice, SMS/MMS, data and international roaming services. As regards potential further segmentations of the market for retail mobile telecommunications services, in case M.7612 - HUTCHISON 3G UK / TELEFONICA UK the Commission considered the following potential segmentations: (i) according to the type of technology (2G, 3G and 4G); (ii) between voice, SMS and data services; (iii) between prepaid and post-paid services; (iv) between SIM-only and handset subscriptions; and (v) between private and business customers. Ultimately, the Commission defined the relevant product market as the retail market for mobile telecommunications services without any further segmentation.[43] The Commission confirmed this approach in a number of its subsequent decisions, even though it has based its competitive assessment on a segmentation of the retail market between residential and business customers.[44]

4.2.6.2. The Notifying Parties' view

(44) The Notifying Parties believe that it is not necessary to segment the individual markets for mobile telecommunications services.[45]

4.2.6.3. The Commission's assessment

(45) The Commission considers that, consistently with its past practice, it is not entirely possible to exclude that the market for the retail of non-food products should not be

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42 Form CO, paragraph 228.

43 Commission decision of 26 June 2017 in Case M.7612 - HUTCHISON 3G UK / TELEFONICA UK.

44 Commission decision of 27 July 2018 in Case M.8883 - PPF GROUP / TELENOR TARGET COMPANIES.

45 Form CO, paragraph 250.

further segmented based on (i) the type of mobile telecommunications services offered and (ii) the type of customers.

(46) In any event, the Commission considers that the exact product market definition can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible product market definition. For the purpose of this decision, since there are no affected markets on the segments based on type of mobile telecommunication services offered or type of customers, the Transaction will be assessed on the overall market for the retail of mobile telecommunication services.

4.3. Geographic market definition

4.3.1. Procurement of electronics

4.3.1.1. The Commission's past practice

(47) In its previous decisional practice the Commission considered the geographic scope of the respective procurement markets to be at least national, while leaving the precise market definition open.[46]

4.3.1.2. The Notifying Parties' view

(48) The Notifying Parties are of the view that the geographic scope of the procurement market is wider than national. The Notifying Parties submit that many of the European market participants procure electronics on an EU-wide basis or at least on a regional basis (such as Central Europe, the pan-Nordic area, etc.). Furthermore, according to the Notifying Parties, market participants tend to procure the products centrally for their entire business groups or organise their purchasing activities in purchasing co-operations. Moreover, many global electronics manufacturers have wider than national sales operations.[47]

4.3.1.3. The Commission's assessment

(49) With respect to the procurement of electronics, the majority of respondents submit that they procure the majority of products either at the EEA level or globally. With regard to IT/TC products, respondents submit that they procure these at the EEA level or in the same country where the sales take place.[48] In line with its past decisional practice, the Commission considers, however, that it is not entirely possible to exclude that the geographic market for the procurement of electronics should be narrower and, in particular, formed by a cluster of countries or national.

(50) In any event, for the purpose of this Decision, the exact geographic market definition with regard to the procurement of electronics may be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement regardless of the precise geographic market

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46 See, e.g., Commission decision of 25 August 2020 in Case M.9894 - MOBILUX/CONFORAMA FRANCE, paragraph 17; Commission decision of 25 June 2014 in Case M.7259 - Carphone Warehouse/Dixons, paragraph 35-37; Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraphs 19-21.

47 Form CO, paragraph 126.

48 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 10.

definition. Under a conservative approach, the Commission will analyse the market of procurement of electronics on a national basis.

4.3.2. Wholesale of electronics

4.3.2.1. The Commission's past practice

(51) In its past decisional practice, the Commission considered the wholesale of electronics (primarily of IT products), to be either EU/EEA-wide[49] or national.[50]

4.3.2.2. The Notifying Parties' view

(52) The Notifying Parties are of the view that the geographic scope of the wholesale markets is at least EEA-wide. This is primarily because larger retailers throughout Europe procure on the EEA level, since higher purchase volumes of goods typically command lower prices. Wholesalers therefore typically organise their sales operations on an EEA-wide level.[51]

4.3.2.3. The Commission's assessment

(53) With respect to the wholesale of electronics, the majority of respondents submit that they sell the majority of electronic products to a cluster of countries at the EEA level.[52] The Commission considers, however, that it is not entirely possible to exclude that the geographic market for the wholesale of electronics should be narrower and, in particular, national.

(54) In any event, for the purpose of this Decision, the exact geographic market definition with regard to the wholesale of electronics may be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement regardless of the precise geographic market definition. Under a conservative approach, the Commission will analyse the markets for the wholesale of electronics on a national basis.

4.3.3. Wholesale of non-food products

4.3.3.1. The Commission's past practice

(55) In its decisions concerning the wholesale supply of electrical products (i.e. electrical installation equipment, conduits and cables, lighting, security products, communication products and tools), the Commission considered the relevant markets

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49 Commission decision of 24 March 2003 in Case M.3107 - TECH DATA CORPORATION/AZLAN GROUP, paragraph 14.

50 See, e.g., Commission decision of 19 May 2008 in Case M.5099 - ARROW ELECTRONICS/LOGIX, paragraph 23-26; Commission decision of 5 October 2007 in Case M.4868 - AVNET/MAGIRUS EID, paragraphs 13-15; or Commission decision of 10 December 2010 in Case M.5986 - SCHINDLER/DROEGE/ALSO/ACTEBIS, paragraphs 18-20.

51 Form CO, paragraph 163.

52 Replies to Q3 - questionnaire to wholesalers in the Czech Republic, question 7; Replies to Q4 - questionnaire to wholesalers in Slovakia, question 7.

to be national.[53] Similarly, in a case concerning the wholesale market for cookware products, the Commission considered the market national in scope.[54]

4.3.3.2. The Notifying Parties' view

(56) In line with the Commission's past practice, the Notifying Parties do not oppose a national market definition.[55]

4.3.3.3. The Commission's assessment

(57) The Commission considers, in line with its past practice, that the relevant geographic markets for the wholesale of non-food Products are likely national in scope, and will make its competitive assessment on this basis.

(58) In any event, for the purpose of this Decision, the exact geographic market definition with regard to the wholesale of non-food products may be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement regardless of the precise geographic market definition.

4.3.4. Retail of electronics

4.3.4.1. The Commission's past practice

(59) In its past decisional practice, while ultimately leaving the exact geographic market definition open, the Commission considered the geographic market for electrical retailing to likely be national in scope. The Commission has also considered wider markets, as in case DSGI/FR-Invest/F-Group JV where it stated that the market investigation supported the proposition that electrical retailing markets tend to be national, although there is evidence of cross-border parallel imports.[56] The possibility of a narrower scope was, however, also taken into account with regard to offline shopping (20 – 30-minute driving time catchment areas around a store).[57]

4.3.4.2. The Notifying Parties' view

(60) The Notifying Parties submit that the relevant market should be defined as national. In particular, the Notifying Parties argue that (i) the market for the retail sale of electronics in the Czech Republic and Slovakia is characterised by online players and retail chains operating on a countrywide basis; (ii) online sales represent a substantial part of the electronics retailers' turnover and their importance is steadily

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53 E.g., Commission decision of 22 February 2008 in Case M.4963 - REXEL/HAGEMEYER, paragraphs 25-27.

54 Commission decision of 21 November 2016 in Case M.8091 - SEB INTERNATIONALE/WMF GROUP, paragraph 30.

55 Form CO, paragraph 178.

56 Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraph 18.

57 Commission decision of 30 November 2006 in Case M.4392 - DSGI/FR-Invest/F-Group JV, paragraph 16; or Commission decision of 25 June 2014 in Case M.7259 - Carphone Warehouse/Dixons, paragraph 30.

increasing; and (iii) all major players who previously sold electronics primarily through brick-and-mortar stores also run an online store.[58]

4.3.4.3. The Commission's assessment

(61) With respect to the retail of electronics, all respondents submit that electronic products and appliances are usually sold at national level, both online and offline.[59] The Commission considers, however, that it is not entirely possible to exclude that the geographic market for the offline retail of electronics should be narrower, consisting of local catchment areas around a particular store.

(62) In any event, the Commission considers that the exact geographic market definition can be left open since the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible geographic market definition. Under a conservative approach, the Transaction should be assessed based on local markets for the offline segment. As the Notifying Parties submit, however, that, to the best of their knowledge, there are no local offline markets that would be affected, the Commission will base the competitive assessment on national markets.

4.3.5. Retail of non-food products

4.3.5.1. The Commission's past practice

(63) In its past decisional practice, the Commission considered the geographic market for the retail of non-food products as being at most national in scope.[60] For the brick-and-mortar channel the Commission considered also regional or even local markets, typically in the form of catchment areas corresponding to the specific driving time required for reaching a store.[61]

4.3.5.2. The Notifying Parties' view

(64) The Notifying Parties submit that the geographic scope of the individual non-food products retail markets should be defined as national.[62] In particular, the Notifying Parties bring forward the same arguments as those outlined in paragraph (60) above with regard to the retail of electronics.

4.3.5.3. The Commission's assessment

(65) The Commission considers that, consistently with its past practice, the relevant geographic markets for the online retail of non-food products is likely national, whereas the offline segment could be local, regional or national in scope.

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58 Form CO, paragraph 216.

59 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 14; Replies to Q2 - questionnaire to retailers in Slovakia, question 9.

60 Commission decision of 21 December 2016 in Case M.8274 - CINVEN/PERMIRA/ALLEGRO/CENEO, paragraph 26.

61 Commission decision of 16 February 2010 in Case M.5721 - Otto/Primondo Assets, paragraphs 31-33; Commission decision of 26 June 2020 in Case M.9894 - MOBILUX/CONFORAMA FRANCE, paragraph 16; Commission decision of 21 December 2016 in Case M.8274 - CINVEN/PERMIRA/ALLEGRO/CENEO, paragraph 26.

62 Form CO, paragraph 235.

(66) In any event, for the purpose of this Decision, the exact geographic market definition with regard to the retail of non-food products may be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement regardless of the precise geographic market definition. Under a conservative approach the Transaction should be analysed based on local markets for the offline segment, but as the Notifying Parties submit that, to the best of their knowledge, there are no local offline markets that would be affected, the Commission will base the competitive assessment of (i) both the offline and the online segment and (ii) the online segment, on national markets.

4.3.6. Retail of mobile telecommunications services

4.3.6.1. The Commission's past practice

(67) The Commission has consistently found that the markets for retail mobile services provided to end consumers are national in scope.[63]

4.3.6.2. The Notifying Parties' view

(68) In line with the Commission's past decisional practice, the Notifying Parties submit that the geographic scope should be defined as national.[64]

4.3.6.3. The Commission's assessment

(69) For the purpose of this Decision, the exact geographic market definition with regard to the retail of telecommunication services may be left open, as the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement regardless of the precise geographic market definition. The Commission will base its competitive assessment on national markets for the retail of mobile telecommunication services.

4.4. Affected markets

(70) **ECI** is active in the wholesale of food and non-food products via the Metro Group, and in e-commerce retail via the Mall Group. **Bonak** is also active in e-commerce retail via the Mall Group, and in the provision of mobile telecommunication services via O2 and Telenor. **The Fast Group** is active in the wholesale and retail of consumer electronics, household appliances, IT/TC products and other non-food products.

(71) The Transaction leads to the following affected markets in the Czech Republic, Slovakia, Bulgaria, Croatia and Slovenia:[65]

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63 Commission decision of 27 July 2018 in Case M.8883 - PPF GROUP/TELENOR TARGET COMPANIES, para. 15.

64 Form CO, paragraph 252.

65 The Transaction leads to additional technically horizontally affected markets, namely (i) market for electronics wholesale in the Czech Republic and certain sub-segmentations, (ii) market for electronics online retail in the Czech Republic and certain sub-segmentations, (iii) market for non-food online retail in the Czech Republic and certain sub-segmentations, (iv) market for electronics procurement in Slovakia and certain sub-segmentations, (v) market for electronics wholesale in Slovakia and certain sub-segmentations, (vi) market for electronics online retail in Slovakia and certain sub-segmentations and (vii) market for non-food online retail in Slovakia and certain sub-segmentations. In these

Table 1: Summary of those of the Parties' activities that lead to affected markets[66]

Country	Markets	Horizontal or vertical	Activities of the Parties
CZ	Procurement of electronics	Horizontal	The Mall Group, the Metro Group, O2 and the Target.
CZ	Retail of electronics	Horizontal	The Mall Group, O2 and the Target.
SK	Retail of electronics	Horizontal	Activities of the Mall Group, O2 and the Target.
CZ	Wholesale/Retail of electronics	Vertical	Upstream: the Target's wholesale activities. Downstream: the Mall Group's retail activities.
CZ	Wholesale of electronics/Retail of telecommunication services	Vertical	Upstream: the Target's wholesale activities. Downstream: O2's activities concerning the retail sale of IT/TC devices.
CZ	Wholesale/Retail of non-food products	Vertical	Upstream: the Target's wholesale activities. Downstream: the Mall Group's retail activities.
SK	Wholesale/Retail of electronics	Vertical	Upstream: the Target's wholesale activities. Downstream: the Mall Group's retail activities.
SK	Wholesale/Retail of non-food products	Vertical	Upstream: the Target's wholesale activities. Downstream: the Mall Group's retail activities.
BG	Wholesale of electronics/Retail of telecommunication services	Vertical	Upstream: the Target's wholesale activities. Downstream: Telenor's activities concerning the retail sale of IT/TC devices.
HR	Wholesale/Retail of electronics	Vertical	Upstream: the Target's wholesale activities. Downstream: the Mall Group's retail activities.
SLO	Wholesale/Retail of electronics	Vertical	Upstream: the Target's wholesale activities. Downstream: the Mall Group's retail activities.

technically affected markets the increment is *de-minimis*, i.e. (i) the combined market shares under all plausible product and geographic market definitions are less than 50% and (ii) the increment (delta) of the HHI resulting from the concentration is below 150. As explained in point 6 of the Commission Notice on a simplified procedure for treatment of certain concentrations under Council Regulation (EC) No 139/2004 (the 'Notice'), such overlaps are unlikely to raise competition concerns. The Commission notes that none of the characteristics set out in the Notice that could lead to a full merger assessment despite point 6 being satisfied are met in relation to those markets. In addition, no concern was raised during the market investigation on those markets. Taking into consideration that the Notifying Parties confirmed that there are no horizontal overlaps in the offline retail markets, and also that the upstream and downstream market shares for local offline markets are all below 30%, these markets are not analysed for the purpose of this Decision.

66 Form CO, Annex 33.

5. COMPETITIVE ASSESSMENT

5.1. Legal framework of the assessment

(72) Pursuant to Article 2(2) and (3) of the Merger Regulation, the Commission must assess whether a concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position. In this respect, a merger can entail horizontal and/or non-horizontal effects.

(73) As regards the analysis of horizontal overlaps, the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings[67] (hereinafter, the 'Horizontal Merger Guidelines') distinguish two main ways in which mergers between actual or potential competitors in the same relevant market may significantly impede effective competition, namely coordinated and non-coordinated effects. Non-coordinated effects can significantly affect competition by removing significant competitive constraints on one or more undertakings, which would then have market power without resorting to coordination of behaviour. In this respect, the Horizontal Merger Guidelines not only consider the direct loss of competition between the merging firms, but also the reduction of the competitive constraint on third party firms active in the same market that may result that may result from the merger.

(74) The Horizontal Merger Guidelines lists a number of factors that may influence the likelihood of a transaction giving rise to significant non-coordinated effects, such as the high market shares of the merging parties, the fact that the merging parties are close competitors, limited opportunities for customers to switch suppliers, or the fact that the transaction eliminates an important driver of competition. It is not necessary for all factors considered relevant to the analysis of non-coordinated effects in the Horizontal Merger Guidelines to be present to make the existence of significant horizontal effects likely. Furthermore, the list of factors set out in the Horizontal Merger Guidelines should not be considered exhaustive.

(75) As regards non-horizontal relationships, anti-competitive effects may arise when the parties to a concentration operate on different levels of the supply chain in certain relevant markets (vertical effects). The Commission appraises non-horizontal effects in accordance with the guidance set out in the Non-Horizontal Merger Guidelines.[68]

(76) The Non-Horizontal Merger Guidelines distinguish between two main ways in which mergers between companies operating at different levels of the supply chain may significantly impede effective competition, namely non-coordinated and coordinated effects.

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67 Commission guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (OJ C 31, 05.02.2004, pages 5-18), in particular paragraphs 4 and 22.

68 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).

(77) In non-horizontal mergers, non-coordinated effects may arise, inter alia, when the concentration gives rise to foreclosure. In vertical mergers, foreclosure can take the form of input foreclosure, where the merger is likely to raise costs of downstream rivals by restricting their access to an important input; and/or the form of customer foreclosure, where the merger is likely to foreclose upstream rivals by restricting their access to a sufficient customer base.[69]

(78) In assessing the likelihood of an anticompetitive foreclosure scenario, the Commission examines whether the Merged Entity would have post-transaction the ability to foreclose access to either inputs or customers, whether the Merged Entity would have the incentives to do so and whether such foreclosure strategy would have a detrimental effect on competition.[70]

(79) The present Section assesses whether the Transaction is likely to raise horizontal or vertical non-coordinated effects on the markets examined in Section 4 above.

5.2. Horizontal overlaps

5.2.1. Market for the procurement of electronics in the Czech Republic

(80) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to horizontally affected markets for the procurement of electronics in the Czech Republic on a number of markets.[71] As the Notifying Parties confirmed that, to the best of their knowledge, the Merged Entity's market shares would not be higher when segmenting the procurement market between manufacturers and wholesalers, the market shares assessed in this chapter will include both procurement from manufacturers and from wholesalers.[72]

(81) The Notifying Parties confirmed that, with regard to the procurement markets of electronics (overall and for all sub-segments, i.e. brown goods, LDA, SDA and IT/TC), the combined market share of the Merged Entity would be below 20% at the EEA level.[73] At national level, the combined market share of the Merged Entity in the Czech Republic would be [20-30]% in the overall market for the procurement of electronics, [20-30]% for the procurement of brown goods, [20-30]% for the procurement of LDA and [30-40]% for the procurement of SDA.[74]

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69 Non-Horizontal Merger Guidelines, para 30.

70 Non-Horizontal Merger Guidelines, para 30.

71 Based on the market shares communicated by the Notifying Parties, the Transaction would not give rise to horizontally affected markets for the procurement of electronics in segments other than those outlined in Table 2.

72 The Notifying Parties' response to RFI 3, 26 October 2021.

73 The Notifying Parties' response to RFI 2, 13 October 2021.

74 The Notifying Parties submit that, at national level, the combined market share of the Merged Entity for the procurement of IT and TC devices in the Czech Republic would be below 20%. (Annex D to the Notifying Parties' reply to Pre-Notification RFI 2, 10 September 2021)

(82) Table 2 outlines the Parties' market shares for all relevant sub-segments of brown goods, LDA and SDA.

Table 2: Market shares for electronic procurement in the Czech Republic in 2020[75]

Segment	Sub-segment	Notifying Parties	Fast Group	Combined
Brown goods	audio home systems	[10-20]%	[10-20]%	[20-30]%
	TVs (PTV/flat)	[10-20]%	[10-20]%	[20-30]%
	video gaming, consoles	[10-20]%	[5-10]%	[20-30]%
LDA	Cooking	[5-10]%	[10-20]%	[20-30]%
	Cooling	[5-10]%	[10-20]%	[20-30]%
	dishwashers	[10-20]%	[5-10]%	[20-30]%
	freezers	[10-20]%	[5-10]%	[20-30]%
	hoods	[5-10]%	[10-20]%	[20-30]%
	tumble dryers	[5-10]%	[10-20]%	[20-30]%
	washing machines	[10-20]%	[10-20]%	[30-40]%
SDA	air treatment	[10-20]%	[5-10]%	[20-30]%
	electrical cooking pots	[10-20]%	[5-10]%	[20-30]%
	food preparation[76]	[5-10]%	[30-40]%	[40-50]%
	shaving/hair cutting	[5-10]%	[10-20]%	[10-20]%
	hair care	[5-10]%	[10-20]%	[20-30]%
	hot beverage makers	[10-20]%	[30-40]%	[40-50]%
	irons	[10-20]%	[10-20]%	[20-30]%
	juicers/pressers	[10-20]%	[10-20]%	[20-30]%

(83) The Transaction is not likely to raise serious doubts as to its compatibility with the internal market as regards the above markets for the procurement of electronics in the Czech Republic for the following reasons.

(84) Firstly, the Merged Entity's market shares post-Transaction would still be at 30% or below both on the overall procurement market, as well as for all product groups in

75 Form CO, Annex 33.

76 This sub-segment includes the following items grouped by the research agency GFK: (i) grilling, (ii) cutting and mincing, (iii) mixing and whipping, (iv) baking, (v) food robots and food processors, (vi) sandwich makers and toasters, (vii) kitchen scales, (viii) soda stream home carbonation systems, and (ix) fruit dryers.

the Czech Republic. Even when looking at sub-segments of those product groups, the Merged Entity's combined market shares would not be above approx. 45%.

(85) Secondly, a healthy number of viable competitors are active with regard to all product groups and sub-segments thereof, as confirmed by the market investigation.[77] These competitors include large multiproduct electronics retailers, specialised electronics wholesalers and/or retailers typically focused on one of the electronics product groups, mobile operators and generalist retailers offering at least some electronics categories within their retail portfolio. The key competitors of the Merged Entity for the procurement of electronics in the Czech Republic are Alza (approximate market share of [20-30]%), HP Tronic (approximate market share of [20-30]%), OKAY Elektro (approximate market share of 5-10%), NAY Group (approximate market share of 5-10%), as well as other smaller players. For product groups and sub-segments thereof, the key competitors are as follows:

(a) procurement of brown goods and sub-segments thereof in the Czech Republic: Alza (approximate market share of [20-30]%), HP Tronic (approximate market share of [20-30]%), NAY Group (approximate market share of [10-20]%), as well as other smaller players;

(b) procurement of LDA and sub-segments thereof in the Czech Republic: HP Tronic (approximate market share of [20-30]%), Alza (approximate market share of [10-20]%), OKAY Elektro (approximate market share of 5-10%), as well as other smaller players;

(c) procurement of SDA and sub-segments thereof in the Czech Republic: Alza (approximate market share of [20-30]%), HP Tronic (approximate market share of [10-20]%), OKAY Elektro (approximate market share of 5-10%), as well as other smaller players.[78]

(86) In conclusion, on the basis of the results of the market investigation and the information provided by the Notifying Parties, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the market for the procurement of electronics in the Czech Republic.

5.2.2. Market for the retail of electronics in the Czech Republic

(87) Based on the data communicated by the Notifying Parties, at national level, besides the narrow sub-segments in Table 3 below, the combined market shares of the Merged Entity in the Czech Republic for the overall retail of electronics as well as for the main product groups (namely, brown goods, LDA, SDA, IT and TC), when considering the online and offline distribution channels together would not give rise to affected markets.[79] The combined market shares of the Merged Entity in the Czech Republic for the online segment only would result in a number of technically affected markets with *de minimis* increments that according to the assessment provided in footnote 63 raise no serious doubts as to its compatibility with the internal market.

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77 Replies to Q1 - questionnaire to retailers in the Czech Republic, questions 17, 18 and 19.
78 Form CO, paragraph 465.
79 Form CO, Annex 32.

(88) With regard to the offline segment only, the Notifying Parties' submit that, to the best of their knowledge, there are no local offline markets that would be horizontally affected in the Czech Republic.[80]

(89) Table 3 below reports the Parties' market shares for all relevant sub-segments of brown goods, LDA, SDA, IT and TC.

Table 3: Market shares for the retail of electronics overall (online + offline) in the Czech Republic in 2020[81]

Segment	Sub-segment	Notifying Parties	Fast Group	Combined
Brown Goods	set-top-boxes	[5-10]%	[10-20]%	[20-30]%
SDA	electrical cooking pots	[10-20]%	[5-10]%	[20-30]%
	food preparation	[5-10]%	[10-20]%	[20-30]%

(90) The Transaction is not likely to raise serious doubts as to its compatibility with the internal market as regards the market for the retail of electronics (the sub-segments in Table 3) in the Czech Republic for the following reasons.

(91) Firstly, the Merged Entity's market shares post-Transaction would be modest and, in any event, they would be below 25% for all sub-segments for the retail of electronics.

(92) Secondly, the business models of the Parties differ largely. The Notifying Parties control The Mall Group which is mainly an online player, whereas the Target achieves the majority of its electronics sales (including the product segments discussed above and their sub-segments) in its brick-and-mortar stores. Only approx. […]% of the Target's sales in 2020 was represented by online sales.[82]

(93) Thirdly, a healthy number of viable competitors are active in the overall market for the retail of electronics in the Czech Republic, as well as with regard to all relevant product groups and sub-segments thereof. For the retail of brown goods and sub-segments thereof, the main competitors in the Czech Republic are Alza (approximate market share of [20-30]%), HP Tronic (approximate market share of [20-30]%) and the NAY Group (approximate market share of [10-20]%). For the retail of SDA and sub-segments thereof, the main competitors in the Czech Republic are Alza (approximate market share of [20-30]%), HP Tronic (approximate market share of [10-20]%) and OKAY Elektro (approximate market share of 5-10%). Furthermore, the market investigation confirmed that the level of competition in the retail sale of each of brown goods and SDA (both online and offline) in the Czech Republic is very high.[83]

(94) Fourthly, with regard to potential barriers to enter the Czech electronics retail market, entering the electronics market is generally not restricted by legal or factual barriers.

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80 Form CO, paragraph 398.
81 Form CO, Annex 33.
82 Form CO, paragraph 514.
83 Replies to Q1 - questionnaire to retailers in the Czech Republic, question 20.

(95) In conclusion, based on the results of the market investigation and the information provided by the Notifying Parties, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the market for the retail of electronics in the Czech Republic.

5.2.3. Market for the retail of electronics in Slovakia

(96) Based on the data communicated by the Notifying Parties, at national level, the combined market share of the Merged Entity in Slovakia for the overall retail of electronics or main product groups (brown goods, LDA, IT, TC) does not give rise to affected markets on any segmentation by distribution channels.[84] The only exception is the SDA segment (online and offline combined), on which the Merged Entity would have a market share of [20-30]%. On narrower sub-segments of the main product groups, the Merged Entity would also have market shares above 20% (see Table 4 below).[85]

(97) With regard to the offline segment only, the Notifying Parties submit that, to the best of their knowledge, there are no local offline markets that would be horizontally affected in Slovakia.[86]

(98) Table 4 below reports the Parties' market shares for all relevant sub-segments of brown goods, LDA, SDA and IT.

Table 4: Market shares for the retail of electronics (online and online+offline) in Slovakia in 2020[87]

Segment	Sub-segment	Notifying Parties	Fast Group	Combined
Online+Offline				
Brown goods	audio home systems	[0-5]%	[20-30]%	[30-40]%
IT	accessories and peripherals	[10-20]%	[0-5]%	[20-30]%
LDA	freezers	[5-10]%	[10-20]%	[20-30]%
SDA	air treatment	[10-20]%	[10-20]%	[20-30]%
	electrical cooking pots	[10-20]%	[20-30]%	[30-40]%
	food preparation	[5-10]%	[30-40]%	[30-40]%
	hair care	[5-10]%	[10-20]%	[20-30]%
	hot beverage makers	[5-10]%	[10-20]%	[20-30]%
	irons	[5-10]%	[10-20]%	[20-30]%
	juicers/ pressers	[5-10]%	[10-20]%	[20-30]%
	kettles	[5-10]%	[20-30]%	[30-40]%
	vacuum cleaners	[5-10]%	[10-20]%	[20-30]%
Online				
SDA	food preparation	[10-20]%	[5-10]%	[20-30]%

84 Form CO, Annex 32.
85 Form CO, annex 33.
86 The Notifying Parties' response to RFI 3, 26 October 2021.
87 Form CO, Annex 33.

(99) The Transaction is not likely to raise serious doubts as to its compatibility with the internal market as regards the market for the above markets for the retail of electronics in Slovakia for a number of reasons.

(100) Firstly, the Merged Entity's market shares post-Transaction would be modest even on the very narrow sub-segments presented in Table 4. They would be below or around 30%, with the only exception being the very narrow segment of 'food preparation', for which market shares still remain below 40%.

(101) Secondly, a healthy number of viable competitors are active in the overall market for the retail of electronics in Slovakia, as well as on the narrower segments for the main product groups and sub-segments thereof. For the retail of electronics in Slovakia, the main competitors are Alza (approximate market share of 25-35%), NAY Group (approximate market share of 20-30%), HP Tronic (approximate market share of 5-10%) and OKAY Elektro (approximate market share of 5-10%).[88] Furthermore, the market investigation confirmed that the level of competition in the retail sale of electronic products in Slovakia, as well as for the narrower product groups and sub-segments thereof, is high.[89]

(102) Thirdly, with regard to potential barriers to enter the Slovak electronics retail market, entering the electronics market is generally not restricted by legal or factual barriers.[90]

(103) In conclusion, based on the results of the market investigation and the information provided by the Notifying Parties, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards the market for the retail of electronics in Slovakia.

5.2.4. Conclusion on horizontal non-coordinated effects

(104) In light of the considerations outlined in paragraphs 5.2.1 – 5.2.3, and based on the results of the market investigation as well as on all the information available to it, the Commission concludes that the concentration does not raise serious doubts as to its compatibility with the internal market with respect to horizontal non-coordinated effects in (i) the markets for the procurement of electronics in the Czech Republic, (ii) the markets for the retail of electronics in the Czech Republic and (iii) the markets for the retail of electronics in Slovakia.

5.3. Vertical relationships

5.3.1. Market for the wholesale (upstream) and retail (downstream) of electronics in the Czech Republic

(105) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of certain SDA products (upstream) by the Fast Group and the Mall Group's activities concerning the retail sale of the same products (downstream) in the Czech Republic.

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88 Form CO, paragraph 472.
89 Replies to Q2 - questionnaire to retailers in Slovakia, questions 13 and 14.
90 Form CO, paragraph 519.

(106) With regard to the wholesale of electronics, Table 5 reports the Parties' market shares for all relevant sub-segments to the main product groups including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[91]

Table 5: Market shares for the wholesale and retail of electronics in the Czech Republic in 2020[92]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
SDA (wholesale of food preparation)	[40-50]%	Online retail of food preparation	[10-20]%
		Offline retail of food preparation	[20-30]%
		Overall retail of food preparation	[20-30]%
		Online retail of SDA	[10-20]%
		Offline retail of SDA	[20-30]%
		Overall retail of SDA	[10-20]%
SDA (wholesale of juicers/ pressers)	[30-40]%	Online retail of juicers/pressers	[10-20]%
		Offline retail of juicers/pressers	[10-20]%
		Overall retail of juicers/pressers	[10-20]%
		Online retail of SDA	[10-20]%
		Offline retail of SDA	[20-30]%
		Overall retail of SDA	[10-20]%
SDA (wholesale of electrical cooking pots)	[20-30]%	Offline retail of electrical cooking pots [40-50]%	
SDA (wholesale overall)	[20-30]%		

(107) The Transaction is not likely to either lead to input or customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose the Merged Entity's upstream and downstream competitors for the following reasons.

(108) Firstly, the 30% threshold in the upstream market is exceeded solely in relation to two narrow sub-segments, namely products for food preparation and juicers/pressers. Equally, in the downstream market, the 30% threshold is exceeded only in one narrow segment, i.e., the offline retail of electrical cooking pots. Overall, even considering these narrow sub-segments, markets shares remain modest. Also, the

91 The Notifying Parties' response to RFI 3, 26 October 2021.
92 Form CO, Annex 33.

market investigation revealed that the Merged Entity would not have the ability or incentive to increase wholesale prices or reduce supply to competing retailers for the above segments of SDA products.[93]

(109) Secondly, the respondents in the market investigation consider that wholesalers will have sufficient customers for SDA products.[94] Several competitors (i.e. large multiproduct electronics retailers) are active in the downstream market: Alza ([20-30]%), HP Tronic ([20-30]%), NAY Group ([10-20]%), K+B Progres ([0-5]%), Mironet ([0-5]%), TS Bohemia ([05]%), OKAY Elektro ([0-5]%), Exasoft ([0-5]%).[95]

(110) Thirdly, the majority of the respondents in the market investigation consider[96] that the Transaction will not have a negative impact on any of the product segments in Table 5.

(111) Fourthly, input foreclosure would be unlikely as a sufficient number of competitors would remain for the affected markets at the wholesale level: Philips Česká Republika S.R.O. ([20-30]%), Delonghi Appliances SRL ([20-30]%), Groupe SEB ČR S.R.O. ([10-20]%), BSH Domácí Spotřebiče S.R.O. ([10-20]%), HP Tronic ([0-5]%), Alza ([0-5]%), Singer Sewing Machine CO., SPOL. S ([0-5]%), and Remoska S.R.O. ([0-5]%).[97]

(112) In conclusion, in light of the above, the Commission considers that the Merged Entity would not have the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact on effective competition.

(113) Based on the considerations above, and in light of the results of the market investigation and of the evidence available to it, the Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement because of vertical non-coordinated effects in the markets for the wholesale to retailers of electronics, as well as in the market for the retail sale of electronics in the Czech Republic.

5.3.2. Wholesale of electronics (upstream) and retail of mobile telecommunication services (downstream) in the Czech Republic

(114) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of certain IT/TC products (upstream) by the Fast Group and O2's activities concerning the retail sale of IT/TC devices as part of its retail mobile telecommunications services (downstream) in the Czech Republic. Table 6 reports the Parties' market shares for the narrowest possible markets.

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93 Replies to Q3 - questionnaire to wholesalers in the Czech Republic, question 16.
94 Replies to Q3 - questionnaire to wholesalers in the Czech Republic, questions 17 and 18.
95 Form CO, paragraph 469.
96 Replies to Q3 - questionnaire to wholesalers in the Czech Republic, question 15.
97 Form CO, paragraph 466.

(115) With regard to the wholesale of IT/telecommunication devices, Table 6 reports the Parties' market share including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[98]

(116) With regard to the retail of mobile telecommunication services, Table 6 reports the Parties' market share for the overall market, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher under all possible segmentations (i.e. based on (i) the type of mobile telecommunications services offered and (ii) the type of customers).[99]

Table 6: Market shares for the wholesale of IT/TC products and retail of mobile telecommunication services in the Czech Republic in 2020[100]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of IT devices	[0-5]%	Market for retail of mobile telecommunications services	[30-40]%
Wholesale of telecommunication devices	[0-5]%		
Wholesale of mobile phones	<3%		
Wholesale of tablets	<3%		

(117) The Transaction is not likely to lead to customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose the Merged Entity's upstream competitors for the following reasons.

(118) Firstly, post-Transaction, the Merged Entity's market share downstream is relatively low ([30-40]%). The upstream IT/TC segment would be very small (approx. [0-5]%).[101]

(119) Secondly, the mobile devices are essentially used as a marketing tool to promote the services[102] and there are sufficient retailers who sell them on a standalone basis.[103]

98 The Notifying Parties' response to RFI 3, 26 October 2021.
99 The Notifying Parties' response to RFI 3, 26 October 2021.
100 Form CO, Annex 33.
101 Form CO, paragraph 418.
102 Paragraph 34 of the Non-Horizontal Guidelines.
103 Form CO, paragraph 480.

(120) In conclusion, based on the above considerations and in light of the results of the market investigation and of the evidence available to it, the Commission considers that the Merged Entity would have neither the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact of effective competition.

5.3.3. Wholesale (upstream) and retail (downstream) of non-food products in the Czech Republic

(121) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of certain non-food products by the Fast Group (upstream) and the Mall Group's activities concerning the retail sale of the same products (downstream) in the Czech Republic.

(122) In Table 7 below, the Parties' market shares for all relevant sub-segments are presented. With regard to these sub-segments, namely wholesale of maternity products and toys and games, the Parties' market share are presented including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[104]

(123) With regard to the retail of maternity products and toys and games, the Notifying Parties confirmed that, to the best of their knowledge, there are no local offline markets that would be affected in the Czech Republic.[105]

Table 7: Market shares for the wholesale and retail of non-food products in the Czech Republic in 2020[106]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of maternity products	<2%	Market for online retail of maternity products	[30-40]%
Wholesale of toys and games	[0-5]%	Market for online retail of toys and games	[30-40]%

(124) The Transaction is not likely to lead to customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose the Merged Entity's upstream competitors for the following reasons.

(125) Firstly, post-Transaction, the Merged Entity's market shares downstream are moderate, at around [30-40]%, even on the very narrow sub-segments in Table 7. On an overall retail market for maternity products, the Merged Entity's market share would amount to approximately [5-10]%,[107] whereas the Merged Entity's market share on the overall retail market for toys and games would amount to approximately [10-20]%.[108]

104 The Notifying Parties' response to RFI 3, 26 October 2021.
105 The Notifying Parties' response to RFI 3, 26 October 2021.
106 Form CO, Annex 33.
107 Form CO, paragraph 483.
108 Form CO, paragraph 485.

(126) Secondly, the market share of the Fast Group on the upstream (wholesale) market is negligible (below 2% with regard to the wholesale market for the supply of maternity products as well as toys and games).[109]

(127) Thirdly, in the Czech Republic the online retail market for maternity products represents approx. 15% of the overall retail market for maternity products,[110] whereas the online retail market for toys and games represents approx. 35% of the overall retail market for toys and games.[111]

(128) In conclusion, based on the above considerations and in light of the results of the market investigation and of the evidence available to it, the Commission considers that the Merged Entity would not have the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact on effective competition.

(129) Based on the considerations above, and in light of the evidence available to it, the Commission concludes that the Transaction does not give rise to anti-competitive vertical non-coordinated effects with regard to the wholesale to retailers of non-food products in the Czech Republic.

5.3.4. Wholesale (upstream) and retail (downstream) of electronics in Slovakia

(130) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of brown goods and SDA products by the Fast Group (upstream) and Mall Group's activities concerning the online retail sale of SDA (downstream) in Slovakia.

(131) Table 8 below reports the Parties' market shares for all relevant product groups and sub-segments. The market shares presented in Table 8 include both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[112]

Table 8: Market shares for the wholesale and retail of electronics in Slovakia in 2020[113]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
SDA (wholesale of food preparation)	[30-40]%	Online retail of food preparation	[20-30]%
		Offline retail of food preparation	[50-60]%
		Overall retail of food preparation	[30-40]%
		Online retail of SDA	[10-20]%
		Offline retail of SDA	[30-40]%
		Overall retail of SDA	[20-30]%

109 Form CO, Annex 33.
110 Form CO, paragraph 483.
111 Form CO, paragraph 485.
112 The Notifying Parties' response to RFI 3, 26 October 2021.
113 Form CO, Annex 33.

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of audio home systems	[10-20]%	Market for offline retail of audio home systems	[50-60]%
Wholesale of brown goods	[5-10]%		
Wholesale of SDA	[10-20]%	Market for offline retail of SDA	[30-40]%
Wholesale of air treatment	[5-10]%		
Wholesale of SDA	[10-20]%	Market for offline retail of air treatment	[30-40]%
Wholesale of electrical cooking pots	[20-30]%		
Wholesale of SDA	[10-20]%	Market for offline retail of electrical cooking pots	[40-50]%
Wholesale of food preparation	[30-40]%		
Wholesale of SDA	[10-20]%	Market for offline retail of food preparation	[50-60]%
Wholesale of hot beverage makers	[5-10]%		
Wholesale of SDA	[10-20]%	Market for offline retail of hot beverage makers	[30-40]%
Wholesale of kettles	[10-20]%		
Wholesale of SDA	[10-20]%	Market for offline retail of kettles	[30-40]%
Wholesale of vacuum cleaners	[5-10]%	Market for offline retail of vacuum cleaners	[30-40]%
Wholesale of SDA	[10-20]%		
Wholesale of audio home systems	[10-20]%	Market for overall retail of audio home systems	[30-40]%
Wholesale of brown goods	[5-10]%		
Wholesale of electrical cooking pots	[20-30]%	Market for overall retail of electrical cooking pots	[30-40]%
Wholesale of SDA	[10-20]%		
Wholesale of food preparation	[30-40]%	Market for overall retail of food preparation	[30-40]%
Wholesale of SDA	[10-20]%		
Wholesale of hot beverage makers	[5-10]%	Market for overall retail of kettles	[30-40]%
Wholesale of SDA	[10-20]%		

(132) The Transaction is not likely to lead to input or customer foreclosure as, post-Transaction, the Parties would likely not have the ability to foreclose the Merged Entity's upstream or downstream competitors for the following reasons.

(133) Firstly, at the wholesale (upstream) level, the markets shares of the Fast Group are modest, reaching a maximum of [30-40]% in the very narrow sub-segment of wholesale of products for food preparation. Consistent with these data, the market investigation revealed that the Merged Entity would not have the ability or incentive to increase wholesale prices or reduce supply to competing retailers for the above segments of brown goods of SDA products[114].

[114] Replies to Q2 - questionnaire to retailers in Slovakia, question 18, Replies to Q4 - questionnaire to wholesalers in Slovakia, questions 13 and 14.

(134) Secondly, at the retail (downstream) level, apart from some relatively high market shares in certain very narrow market sub-segments, namely the offline retail of products for food preparation ([50-60]%), the offline retail of audio home systems ([50-60]%) and the offline retail of electrical cooking pots ([40-50]%), the market shares of the Mall Group are modest. The respondents to the market investigation consider that wholesalers will have sufficient customers[115] and retailers would be able to switch suppliers in the hypothetical case of prices increases/supplies reduction, including for food preparation, audio home systems and electrical cooking pots[116].

(135) Thirdly, the majority of the respondents to the market investigation consider that the Transaction will not have a negative impact on any of the product segments from Table 8.[117]

(136) Fourthly, for the offline retail segments listed in Table 8, the Transaction would not have a significant effect because beside Metro Groups' estimated [0-5]% market share on any market segment, the rest of the upstream and downstream offline activity belongs to the Fast Group.[118]

(137) Fifthly, for the overall markets presented in Table 8, there would be sufficient competitors with regard to all the product groups and sub-segments thereof post-Transaction.[119] At the wholesale level, the Merged Entity would have competitive restraints in the affected markets from the following companies: Philips Česká Republika S.R.O. (15-25%), Delonghi Appliances SRL (15-25%), Groupe SEB ČR S.R.O. (15-25%), BSH Domácí Spotřebiče S.R.O. (5-10%), HP Tronic (15-25%), Alza ([0-5]%), Singer Sewing Machine CO., SPOL. S ([0-5]%), and Remoska S.R.O. ([0-5]%).[120] Also at retail level there enough competitors remaining on the market: Alza (20-30%), NAY Group (20-30%), HP Tronic ([10-20]%), OKAY Elektro (5-10%), Andrea shop ([5-10]%), TPD ([0-5]%), Domoss ([0-5]%) and IKEA ([0-5]%).[121]

(138) Based on the considerations above, and in light of the results of the market investigation and of all the evidence available to it, the Commission concluded that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement because of vertical non-coordinated effects in the markets presented in Table 8.

5.3.5. Wholesale (upstream) and retail (downstream) of non-food products in Slovakia

(139) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of maternity products by the Fast Group (upstream) and Mall Group's activities concerning the online retail sale of maternity products and of toys and games (downstream) in Slovakia. Table 9 reports the Parties' market shares for the narrowest possible markets.

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115 Replies to Q2 - questionnaire to retailers in Slovakia, question 19.
116 Replies to Q2 - questionnaire to retailers in Slovakia, question 20.
117 Replies to Q4 - questionnaire to wholesalers in Slovakia, question 15.
118 Form CO, paragraph 488.
119 Form CO, paragraph 489.
120 Form CO, paragraph 466.
121 Form CO, paragraph 472.

(140) With regard to the wholesale maternity products and toys and games, Table 9 reports the Parties' market share including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[122]

Table 9: Market shares for the wholesale and retail of non-food products in the Slovakia in 2020[123]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of maternity products	<2%	Market for online retail of maternity products	[40-50]%
Wholesale of toys and games	<2%	Market for online retail of toys and games	[40-50]%

(141) The Transaction is not likely to lead to customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose the Merged Entity's upstream competitors for the following reasons.

(142) Firstly, notwithstanding the fact that the Mall Group's market shares in the downstream markets for the online retail of maternity products and toys and games are relatively high ([40-50]% and [40-50]% respectively), post-Transaction there would be credible alternative online retailers for these two segments in Slovakia. Alternative online retailers of maternity products in Slovakia include Alza (5-10%), Feedo (5-10%), as well as others.[124] Alternative online retailers of toys and games in Slovakia include DRÁČIK – DIVI s.r.o. (20-40%), Alza ([10-20]%), as well as others.[125]

(143) Secondly, in Slovakia some degree of competitive constraint is represented by the offline retail market, as the online retail market for maternity products represents approx. 10% of the overall retail market for maternity products,[126] whereas the online retail market for toys and games represents approx. 20% of the overall retail market for toys and games.[127]

(144) Thirdly, post-Transaction, the Merged Entity's market share on the overall retail market for maternity product would amount to approximately [5-10]%,[128] whereas the Merged Entity's market share on the overall retail market for toys and games would amount to approximately [5-10]%.[129]

122 The Notifying Parties' response to RFI 3, 26 October 2021.
123 Form CO, Annex 33.
124 The Notifying Parties' response to RFI 1, 11 October 2021.
125 The Notifying Parties' response to RFI 1, 11 October 2021.
126 Form CO, paragraph 490.
127 Form CO, paragraph 491.
128 Form CO, paragraph 490.
129 Form CO, paragraph 491.

(145) Fourthly, the market share of the Fast Group on the upstream (wholesale) market is negligible (below 2% with regard to the wholesale market for the supply of maternity products as well as toys and games).[130]

(146) In conclusion, in light of the above, the Commission considers that the Merged Entity would not have the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact of effective competition.

(147) Based on the considerations above, and in light of the results of the market investigation and of all the evidence available to it, the Commission concluded that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement because of vertical non-coordinated effects in the markets presented in Table 9.

5.3.6. Market for the wholesale of electronics (upstream) and the retail of telecommunication services (downstream) in Bulgaria

(148) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of IT/TC products by the Fast Group (upstream) and Telenor's activities concerning the retail sale of telecommunication services (downstream) in Bulgaria. Table 10 reports the Parties' market shares for all the relevant segments and sub-segments.

(149) With regard to the wholesale of IT/Communication devices, Table 10 reports the Parties' market share including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[131]

(150) With regard to the retail of mobile telecommunication services, Table 10 reports the Parties' market share for the overall market, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher under all possible segmentations (i.e., based on (i) the type of mobile telecommunications services offered and (ii) the type of customers).[132]

Table 10: Market shares for the wholesale of IT/TC products and the retail of telecommunication services in Bulgaria in 2020[133]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of IT/communication devices	<1%	Market for retail of mobile telecommunications services in Bulgaria	[30-40]%

130 Form CO, Annex 33.
131 The Notifying Parties' response to RFI 3, 26 October 2021.
132 The Notifying Parties' response to RFI 3, 26 October 2021.
133 Form CO, Annex 33.

(151) The Transaction is not likely to lead to customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose Merged Entity's upstream competitors for the following reasons.

(152) Firstly, Telenor's market shares in the downstream markets for the retail of telecommunication services is modest, amounting to [30-40]%. This means that, post-Transaction, there would be credible alternative telecommunication mobile operators in Bulgaria besides Telenor. Mobile operators active in Bulgaria include A1 ([30-40]%) and Vivacom ([30-40]%).[134]

(153) Secondly, the Fast Group's market share on the Bulgarian wholesale market of IT/TC devices would be safely below 1% under any potential relevant market definition and the turnover generated by its wholesale of products belonging to the categories IT and TC in Bulgaria is negligible (approx. EUR […] in 2020).[135]

(154) In conclusion, in light of the above, the Commission considers that the Merged Entity would not have the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact of effective competition.

(155) Based on the considerations above, and in light of the results of the market investigation and of all the the evidence available to it, the Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement because of vertical non-coordinated effects in the markets for the wholesale sales to retailers of IT/communications devices, as well as in the market for the retail sale of mobile telecommunication services in Bulgaria.

5.3.7. Market for the wholesale (upstream) and retail (downstream) of electronics in Croatia

(156) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of SDA products by the Fast Group (upstream) and Mall Group's activities concerning the online retail sale of SDA (downstream) in Croatia. Table 11 reports the Parties' market shares for all the relevant segments.

(157) With regard to the wholesale of SDA, Table 11 reports the Parties' market share including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[136]

134 Form CO, paragraph 472.
135 Form CO, paragraph 346.
136 The Notifying Parties' response to RFI 3, 26 October 2021.

Table 11: Market shares for the wholesale and retail of electronics in Croatia in 2020[137]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of SDA (as well as under any potential relevant-market definition)	<1%	Market for online retail of SDA	[30-40]%

(158) The Transaction is not likely to lead to customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose the Merged Entity's upstream competitors for the following reasons.

(159) Firstly, the Merged Entity's market share in the downstream markets for the online retail of SDA in Croatia would be modest, amounting to [30-40]%. Additionally, a sufficient number of credible alternative (online) retailers of SDA remain active in Croatia, namely Elipso ([20-30]%), eKupi ([10-20]%), Emmezeta ([10-20]%), Pevex ([10-20]%) and others.[138]

(160) Secondly, the Fast Group's market share on the Croatian wholesale market would be safely below 1% under any potential relevant market definition and the turnover generated by its wholesale of SDA products is negligible (approx. EUR […] in 2020), represented by cross-border sales.[139]

(161) In conclusion, in light of the above, the Commission considers that the Merged Entity would not have the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact on effective competition.

(162) Based on the considerations above, and in light of the results of the market investigation and of all the evidence available to it, the Commission concluded that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement because of vertical non-coordinated effects in the markets for online wholesale sales (direct and indirect) of SDA and online retail sale of SDA in Croatia.

5.3.8. Market for the wholesale (upstream) and retail (downstream) of electronics in Slovenia

(163) Based on the market shares communicated by the Notifying Parties, the Transaction would give rise to a vertical relationship between the wholesale supply of electronic products by the Fast Group (upstream) and Mall Group's activities concerning the retail sale of electronic products (downstream) in Slovenia. Table 12 reports the Parties' market shares for all the relevant segments and sub-segments.

137 Form CO, Annex 33.
138 The Notifying Parties' response to RFI 1, 11 October 2021.
139 Form CO, paragraph 492.

(164) With regard to the wholesale of electronics, Table 12 reports the Parties' market share including both direct and indirect sales, as the Notifying Parties confirmed that, to the best of their knowledge, the combined market share of the Merged Entity would not be higher when segmenting between direct and indirect sales.[140]

Table 12: Market shares for the wholesale and retail of electronics in Slovenia in 2020[141]

Affected upstream market/sub-segment	Combined	Affected downstream market/sub-segment	Combined
Wholesale of CE (as well as under any potential relevant-market definition)	<0.1%	Market for overall (online and offline) retail of CE	[30-40]%
Market for wholesale of electronics (as well as under any potential relevant-market definition)	<0.1%	Market for online electronics retail	[60-70]%
Market for wholesale of brown goods (as well as under any potential relevant-market definition)	<0.1%	Market for online retail of brown goods	[60-70]%

(165) The Transaction is not likely to lead to customer foreclosure as, post-Transaction, the Parties would likely not have the ability nor the incentive to foreclose the Merged Entity's upstream competitors for the following reasons.

(166) Firstly, the Mall Group's market shares in the downstream markets for the online retail of CE in Slovenia is modest, amounting to [30-40]%. Despite the fact that the Mall Group's market shares in the downstream markets for the online retail of electronics and brown goods in Slovenia are more substantial ([60-70]% and [60-70]% respectively), a sufficient number of credible alternative (online) retailers of electronics overall, and brown goods in particular, remain active in Slovenia, namely Big Bang ([10-20]% in both markets), Harvey Norman ([5-10]% in both markets), Enaa ([5-10]% in both markets) and others.[142]

(167) Secondly, the Fast Group's presence in Slovenia is negligible, therefore rendering any potential foreclosure strategy of the Merged Entity unlikely to succeed, as the Merged Entity would not have capacity (upstream) to meet its own demand (downstream). The Fast Group's market share on the Slovenian wholesale market would be safely below 1% under any potential relevant market definition and the turnover generated by its wholesale of electronics in Slovenia is represented by marginal sales of brown goods (approx. EUR […] in 2020).[143]

140 The Notifying Parties' response to RFI 3, 26 October 2021.
141 Form CO, Annex 33.
142 The Notifying Parties' response to RFI 1, 11 October 2021.
143 Form CO, paragraph 348.

(168) In conclusion, in light of the above, the Commission considers that the Merged Entity would not have the ability nor the incentive to engage in a foreclosure strategy and that, in any event, a foreclosure strategy would not have a significant impact of effective competition.

(169) Based on the considerations above, and in light of the results of the market investigation and of all the evidence available to it, the Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement because of vertical non-coordinated effects in the markets for the wholesale sales (direct and indirect) of electronics and the retail sale of electronics in Slovenia.

5.3.9. Conclusion on vertical non-coordinated effects

(170) In light of the considerations outlined in paragraphs 5.3.1 – 5.3.8, and based on the results of the market investigation as well as on all the information available to it, the Commission concludes that the concentration does not raise serious doubts as to its compatibility with the internal market with respect to vertical non-coordinated effects in (i) the markets for the wholesale (upstream) and retail (downstream) of electronics in the Czech Republic; (ii) the markets for the wholesale of electronics (upstream) and retail of mobile telecommunication services (downstream) in the Czech Republic; (iii) the markets for the wholesale (upstream) and retail (downstream) of non-food products in the Czech Republic; (iv) the markets for the wholesale (upstream) and retail (downstream) of electronics in Slovakia; (v) the markets for the wholesale (upstream) and retail (downstream) of non-food products in Slovakia; (vi) the markets for the wholesale of electronics (upstream) and the retail of telecommunication services (downstream) in Bulgaria; (vii) the markets for the wholesale (upstream) and retail (downstream) of electronics in Croatia; and (viii) the markets for the wholesale (upstream) and retail (downstream) of electronics in Slovenia.

6. CONCLUSION

(171) For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the functioning of 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