

Anticipated acquisition by Whittan Intermediate Limited of Masondixie Ltd, parent company of Lion Steel Equipment Ltd

Decision on relevant merger situation and substantial lessening of competition

ME/6620/16

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 7 September 2016. Full text of the decision published on 15 September 2016.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

SUMMARY

1. Whittan Intermediate Limited (**Whittan**) has agreed to acquire Masondixie Ltd, the holding company of Lion Steel Equipment Ltd (**Lion**) (the **Merger**). Whittan and Lion are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that the Parties will cease to be distinct as a result of the Merger, that the share of supply test is met and that accordingly arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. The Parties overlap in the supply of all-steel lockers, shelving, benching and locker stands, locker installation services and locker spares in the UK. The CMA assessed the impact of the Merger in relation to the supply of each of these products.
4. With regard to the supply of all-steel lockers the CMA found that the Parties' combined share of supply is between [30-40] and [40-50]% with an increment of around [10-20]%. Whilst there is some evidence that the Parties compete

against each other for some customers, there is also evidence that they predominantly target different customer segments. Most importantly to its assessment, the CMA found that at least five competitors of a similar size to Lion would remain post-Merger and the CMA believes that these competitors would be able to expand production easily. In light of these findings, the CMA does not believe that there is a realistic prospect of a substantial lessening of competition (**SLC**) in relation to the supply of all-steel lockers.

5. With regard to the supply of shelving, the CMA found that the Parties' combined share of supply is between [30-40]% and [40-50]% and the increment is around [0-5]%. The CMA found that there are a large number of competitors. No third parties raised concerns or believed that Lion is a major competitor in this sector. In light of these findings, the CMA does not believe that there is a realistic prospect of an SLC in relation to the supply of shelving.
6. With regard to the supply of spare parts for lockers, the Parties estimated that they have a combined share of supply of around [20-30]% with an increment of [10-20]%. Given that spares, largely locks, keys and doors, are available from a number of suppliers, including the Parties' competitors in the supply of lockers, and the lack of concerns from third parties, the CMA does not believe that competition concerns arise in this segment.
7. With regard to the supply of associated seating and benching the Parties' combined share of supply is some [20-30]% with an increment of [10-20]%. The CMA found that both suppliers of lockers and other competitors (that do not supply lockers) all provide seating and benches. Given this evidence, and the lack of concerns from third parties, the CMA does not believe that competition concerns arise in this segment.
8. With regard to the supply of locker installation services the Parties' combined share of supply is [10-20]% with an increment of [5-10]%. Given the low share of supply and the lack of concerns from third parties, the CMA does not believe that competition concerns arise in this segment.
9. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

10. Whittan is a UK registered manufacturer of storage equipment (ie pallet racking, shelving and lockers). Its products are manufactured in four factories in the UK and Spain, and supplied across Europe by Whittan's own sales and

distribution operations/staff. Whittan trades under a number of brands, including Link51, Permar, Polypal and Moresecure. In the financial year to the end of March 2016, Whittan had a turnover of around [X] worldwide¹ and around [X] in the UK.

11. Lion is a UK-based manufacturer of lockers and cabinets, together with a limited range of shelving and benching/seating. It manufactures these products at two facilities located in Hyde, Greater Manchester and Saltney, near Chester and has a transport warehouse four miles from the Hyde factory. Lion serves customers both in the UK and in Europe and uses the Probe brand for all its products. It is a trade-only supplier using a network of approved distributors both in the UK and in export markets to access end customers. In the financial year to October 2015, Lion had a turnover of approximately [X] worldwide and around [X] in the UK.

Transaction

12. Whittan is acquiring the entire issued share capital of Lion, for a consideration of approximately [X]. [X].

Jurisdiction

13. As a result of the Merger, the enterprises of Whittan and Lion will cease to be distinct.
14. The Parties overlap in the supply of steel lockers, benching and locker stands and shelving with combined shares of supply, in each case above 25% with an increment resulting from the Merger. The CMA therefore believes that the share of supply test in section 23 of the Act is met.
15. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
16. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 20 July 2016 and the statutory 40 working day deadline for a decision is 14 September 2016.

¹ Figures for financial year ending 31 March 2016 based on draft unaudited accounts.

Counterfactual

17. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers the CMA generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.²
18. The Parties submitted that the appropriate counterfactual is the situation immediately preceding the date of the proposed transaction. They noted that Lion's current shareholders are committed to exiting the business but did not provide any additional information on this matter.
19. In the absence of evidence that the exit of Lion is inevitable, the CMA has adopted the prevailing conditions of competition to be the relevant counterfactual.

Frame of reference

20. The CMA considers that market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merger parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.³
21. The Parties overlap in the supply of steel lockers, benching and locker stands and shelving. The Parties also overlap in the supply of locker spares, primarily replacement locks, keys, and doors, and installation services.

² [Merger Assessment Guidelines](#) (OFT1254/CC2), September 2010, from paragraph 4.3.5. The [Merger Assessment Guidelines](#) have been adopted by the CMA (see [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, Annex D).

³ [Merger Assessment Guidelines](#), paragraph 5.2.2.

Product scope

Standardised steel lockers vs specialised steel lockers

Parties' views

22. The Parties submitted that the narrowest conceivable frame of reference is the supply of 'all-steel' lockers, with no distinction between standardised and specialised lockers, such as self-standing 'pod-shaped' lockers and laptop storage systems or other customised lockers.
23. The Parties are both active in the manufacture and supply of steel static storage systems and in particular the supply of all-steel lockers and shelving. In the all-steel locker segment, the Parties submit that they do not overlap to a significant extent in relation to the supply of specialised 'all-steel' lockers. Whittan manufactures a standard range of sizes, configurations and accessories of 'all-steel' lockers but it does not generally, due to its automated manufacturing processes, manufacture customised products. Lion, in contrast, operates more flexible manufacturing processes and has developed a reputation for its ability to respond to individual customers' demand for special sizes, internal configurations and different material gauges, but it also offers standardised all-steel lockers.

Third party views

24. The CMA received in total 17 responses from customers, 7 from end customers and 10 from resellers.
25. End customers commented that in response to a 5% price increase they would not switch from steel lockers to non-steel lockers because the price of non-steel lockers was typically more than 5% higher than that of steel lockers.
26. The majority of end customers that responded also commented that they would not switch between standardised and specialist steel lockers in response to a 5% price increase either because of a preference for steel lockers or because the functionality of the two types of lockers was different. However, one customer commented that it would consider switching if contracts allowed it.
27. Resellers concurred with the views of end customers that a non-steel locker was not a substitute for a steel locker, again on the basis of price. Resellers also stated that standardised and specialised lockers were not substitutes. For example, one reseller stated that specialised lockers are chosen because

of their specification whereas standardised lockers are selected on the basis of price. Only one reseller thought that switching would be an option.

28. On the supply-side competitors all stated that they could easily switch production between standardised and specialised lockers.

CMA analysis

29. The Parties overlap in both specialised and standardised steel lockers. The CMA considered whether starting with either type individually, there is a high degree of demand side or supply side substitution.
30. As set out above, responses from end customers and resellers indicate that there is not substantial demand side substitution between standardised and specialised steel lockers.
31. However, as competitors and the Parties appear to be able to make both standardised and specialised lockers and to some extent already do, and also appear to be able to expand production of either type, the CMA believes that there is likely to be supply-side substitution between these products.
32. The CMA notes that while shares of supply appear to differ between the two segments, it has obtained evidence that indicates that producers could quickly switch production between the two types using their existing production facilities.
33. Therefore, on the basis of the Parties' and third parties' submissions, the CMA considers that the appropriate frame of reference should not distinguish between standardised and specialised steel lockers.

All-steel lockers vs mixed/non-steel lockers

34. The Parties submitted that the narrowest frame of reference is all-steel lockers. End customers and resellers submitted that all-steel lockers and mixed materials or non-steel lockers are not substitutes because they have different prices and/or end uses.⁴ Competitors did not suggest that they could easily switch to, or produce mixed-material/non-steel lockers.
35. Therefore, on a cautious basis, the CMA has excluded mixed material or non-steel lockers from its frame of reference.

⁴ The CMA notes that differences in the price of products do not per se mean that they should be considered to be in different markets, however, a lack of willingness to switch between the products in response to a SSNIP is evidence that they should be considered to be in separate markets.

Shelving

36. In an earlier case, *Whittan/Apex*,⁵ the CMA found shelving to be a separate frame of reference from pallet racking, while lockers were not mentioned as a potential substitute for either.
37. In this case, the CMA found no evidence from the Parties or third parties to suggest that shelving should be considered to be in the same product sector as other static steel storage systems, including lockers.
38. From the demand side, as a result of the products' different functionality, including differing security considerations the CMA considers that a customer is highly unlikely to move to shelving in response to a SSNIP on lockers. On the supply side, both the Parties and end customers provided very different lists of suppliers for shelving compared to those for lockers. This implies that switching is not straightforward for a producer, and at the very least, that conditions of competition will differ substantially.
39. In light of the above, the CMA treated shelving as a distinct frame of reference.

Spares, seating and benches and installation services

40. The Parties both supply locker spares, associated seating and benches and installation services, which can each be considered to be secondary to the supply of lockers, as they are sold to customers who have already purchased lockers.
41. Spare parts for lockers primarily consist of replacement locks, keys, and doors. These tend to be supplied for local contractors or the end customers to fit in the event of breakage or equipment failure. The Parties submitted that locks and keys can be sourced from a number of different locker suppliers and do not have to be obtained from the original supplier. Most competitors that responded to the CMA's merger investigation confirmed that they can and do provide spares for competitors' lockers.
42. Locker manufacturers do not manufacture the locks that are used. Locks carry the manufacturer's brand, enabling customers to contact the manufacturer directly, meaning that customers have a number of options when sourcing spares. Spare keys and locks are also available to purchase directly from specialist lock and key providers on the internet. The Parties estimated that they have combined shares of supply of around [20-30]% with an increment of

⁵ [Whittan / Masondixie merger inquiry case page](#).

[10-20]%. Given this evidence, and the lack of concerns from third parties, the CMA does not believe that competition concerns arise in this segment and has therefore not discussed it further in this decision.

43. Some lockers would normally be supplied with seating or benches, for example gym lockers. The Parties submitted that these products are not solely supplied by locker manufacturers, and provided the names of a number of specialist manufacturers and suppliers, such as ESE Direct,⁶ AJ Binns,⁷ Broxap⁸ and Lockers and Benches⁹ that sell products either to other resellers or to contractors who supply products directly to end users (and also source and supply lockers to those customers as part of an overall package).
44. The Parties' combined share of supply for seating and benches is some [20-30]% with an increment of [10-20]%. The CMA found that both suppliers of lockers and other competitors (that do not supply lockers) provide seating and benches. Given this evidence, and the lack of concerns from third parties, the CMA does not believe that competition concerns arise in this segment and has therefore not discussed it further in this decision.
45. In installation services, the Parties' combined share of supply is [10-20]% with an increment of [5-10]%. The Parties submitted that locker installation services are also provided by resellers/distributors, main contractors, such as Carillion, and specialist washroom/cubicle installers as well as locker manufacturers. Given the low shares of supply and the lack of concerns from third parties, the CMA does not believe that competition concerns arise in this segment and has therefore not discussed it further in this decision.

Conclusion on product scope

46. For the reasons set out above, the CMA has assessed the impact of the Merger in the following product frames of reference:
 - all-steel lockers, and
 - shelving.

⁶ www.esedirect.co.uk

⁷ www.ajbinns.com

⁸ www.broxap.com

⁹ www.lockersandbenches.co.uk

Geographic scope

Parties' views

47. The Parties submitted that following EU and UK decisions, the geographic scope should be defined as UK wide and include direct imports. They also noted that several intermediaries import all-steel lockers, including Action Storage (from China), Key Industrial (from Turkey), Go Office (from the Middle East and Turkey) and Office Direct.
48. The Parties submitted that for shelving, the geographic scope should be wider than the UK, but did not provide supporting evidence.

Third party views

49. With regard to lockers, two end customers [X] stated that they would prefer to retain a UK supplier of lockers. While the [X] stated that they would buy lockers from outside the UK if lead times were the same.
50. In terms of resellers [X] stated that they would not purchase lockers from outside the UK. Four others [X] stated that it was possible to import lockers. However, one [X] considered that the transport cost and time were prohibitive. Another [X] commented that a 5% price rise in the UK would not make a difference since Chinese suppliers manufactured lockers that were already approximately half the cost of UK manufactured ones, and if customers were prepared to buy them, they were, most probably, already doing so. A third [X] commented that it would import lockers only if it made economic sense. While [X] stated that it already imports lockers, although this is not without logistical challenges.
51. All competitors that the CMA spoke to distribute throughout the UK. Two [X] stated that they have limited exports of lockers while another two [X] do not export. [X] commented that some customers import from China and Turkey but the range is limited and there are long delivery times. One competitor [X] told the CMA that it [X], which exports to the UK, [X].
52. With regard to shelving, end customers and resellers reported the existence of a mix of suppliers including direct imports and UK suppliers. This is consistent with the Parties' views that the geographic scope for the supply of shelving is wider than the UK.

CMA analysis

53. All third party responses indicated that imports of both lockers and shelving have longer lead times, which matters to customers, including resellers. Resellers all commented that they would either not import lockers, that it is difficult to import or that it is unclear whether imports are a viable response to a 5% price increase. Finally, three out of five competitors commented that importing lockers is not a realistic response to a 5% price increase.
54. Third parties did not make similar comments about the ease of importing shelving, and the CMA notes that the suppliers listed by customers and competitors include direct importers as well as UK suppliers.

Conclusion on geographic scope

55. In light of the above and on a cautious basis, the CMA has assessed the impact of the Merger on a UK-wide basis, taking into account the role of imports as a competitive constraint where relevant.

Conclusion on frame of reference

56. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- the supply of all-steel lockers in the UK, and
 - the supply of shelving in the UK.

Competitive assessment

Horizontal unilateral effects

57. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm to profitably raise prices or degrade quality on its own and without needing to coordinate with its rivals.¹⁰ Horizontal unilateral effects are more likely when the merger parties are close competitors. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in a substantial lessening of competition in relation to unilateral horizontal effects in:

¹⁰ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

- the supply of all-steel lockers in the UK; and
- the supply of shelving in the UK.

The supply of all-steel lockers in the UK

Shares of supply

58. The Parties estimated that their combined share of supply of all-steel lockers in the UK amounts to [30-40]% with an increment of around [10-20]%.

CMA analysis

59. The CMA believes that shares of supply are indicative of market power to some extent in this industry despite some level of differentiation between products, ie between standardised and specialised lockers. This is because all competitors that responded to the CMA have stated that they can, to some extent, produce both standardised and specialised lockers.

60. On the basis of the evidence before it, [X] the CMA estimated that the Parties' share of all-steel lockers in the UK is around [30-40]%. Furthermore, it may be the case that the Parties' combined share is as low as [30-40]% if the Parties' share estimates for the tail of smaller competitors are included. However, on a cautious basis, the CMA has taken the Parties' combined share to be [30-40]%.

61. The CMA considers that the Parties' share of supply, alone, is not sufficient to rule out a realistic prospect of an SLC.¹¹

Closeness of competition

62. The CMA analysed whether the Parties compete closely based on submissions from the Parties and the views of customers and competitors.

63. The Parties analysed their supply of all-steel lockers, split into standardised steel lockers, specialised steel lockers and customised steel lockers, and noted that with regard to standardised steel lockers, these represented about [X] of Lion's total business. Lion's focus is on specialised and customised products.

¹¹ The CMA's Merger Assessment Guidelines state that: 'In relation to market shares, previous OFT decisions in mergers in markets where products are undifferentiated suggest that combined market shares of less than 40% will not often give the OFT cause for concern over unilateral effects.'

64. The Parties also submitted that they have different routes to market and product offerings. Whittan sells both directly and via resellers through its Link51 and Moresecure businesses respectively.¹² Lion only sells via resellers. These differing routes to market suggest that the Parties' customer bases are to some extent complementary.
65. To support their view that they are not close competitors, the Parties submitted an analysis by an economics consultancy¹³ of the proportion of quotes given by each of Whittan and Lion (the **Quote Analysis**) where the other merging party also appeared to have submitted a quote for the same business, and the frequency with which either Whittan or Lion won such business. The Quote Analysis submitted by the Parties indicates that of the [X] Lion quotes and [X] Whittan quotes analysed, there were [X] where the Parties appeared to have quoted for the same work. The CMA considers that this low proportion may be indicative of a fairly broad competitor set. Of these [X] matches, Lion won [X] quotes and Whittan won [X]. However, it is not clear from the Quote Analysis whether both Parties retain all their quotes, and store them in a coherent manner, particularly if they are given informally at an early stage of the buying process. Therefore it is not sufficiently reliable evidence that the Parties are not close competitors. In addition, the extent to which resellers, Lion's exclusive customer base, use quotes is not clear. Furthermore, Third party resellers who replied to the CMA's merger investigation said that specialised lockers are sourced based on specification, rather than price. Consequently, the CMA believes that the Quote Analysis is more useful for standardised lockers where quotes may be used more often.

Third party views

66. The CMA received 17 responses from customers including 7 from end customers and 10 from resellers.
67. The majority¹⁴ of end customers were unconcerned by the Merger. End customers identified alternative strong competitors to the Parties, including Bisley, Garran and Action Storage.
68. The one end customer that expressed concerns [X] commented that it has used Helmsman for a number of years and considered that there is limited competition in the market.

¹² The Parties state that sales through resellers make up roughly [50-60]% of sales of all-steel lockers.

¹³ Charles River Associates.

¹⁴ Six of the seven that responded to the CMA merger investigation.

69. Six resellers expressed concerns, while four had no concerns.¹⁵ However, of the six that expressed concerns, one [redacted] commented that other competitors could be more competitive if more demand were to be put through them, and two [redacted] rated other competitors more highly than one or both of the Parties. Two [redacted] ranked the Parties as numbers one and two, but their comments suggested that this is in respect of particular niches, eg specialised lockers or small/larger quantities of supply. The final reseller that expressed concerns did not want to give further details.
70. The CMA believes that the views of end customers are more probative than those of resellers in relation to competition concerns. This is because end customers have the option of going directly to a manufacturer to source their supply (since it does not appear that resellers provide a delivery service – this is done by manufacturers) and that their concerns may be driven by fears that the merged entity may be less inclined to use resellers. This was specifically mentioned by one reseller.
71. Of the four resellers that had no concerns, all rated other competitors, including Elite, Garran, QMP, Helmsman, Bisley and Silverline, more highly than one or both of the Parties.
72. The CMA received responses from five competitors;¹⁶ two expressed concerns, while three¹⁷ did not. Those competitors that were unconcerned all indicated that expansion was very straightforward, and did not consider the Parties to be particularly close competitors. One concerned competitor¹⁸ considered that the Merger would provide opportunities for its own company as customers would want choice, while the other¹⁹ was concerned that prices might fall.

CMA's analysis

73. On the basis of the evidence before it, the CMA considers that for at least some customers, the Parties are the strongest and closest competitors.
74. The CMA considers that the Quote Analysis is, at face value, consistent with a view that competition between the Parties is limited, although the CMA does have some reservations about the methodology and as a result, the reliability of this analysis. The CMA also believes that, based on third party comments,

15 [redacted]
16 [redacted]
17 [redacted]
18 [redacted]
19 [redacted]

the Parties may be relatively close competitors in some instances and for some customers.

Competitive constraints

75. The CMA considered whether sufficient competitive constraints would remain post-Merger such that the merged entity would not be able to profitably implement price rises or deteriorate the quality of its offering.
76. Third parties that responded to the CMA's merger investigation provided evidence on the extent of the remaining competition from third parties. Only one end customer ranked the Parties as number one and two in competitive strength; this third party had switched between the two, but was unconcerned by the Merger on the basis that the market place for lockers is very large.
77. [REDACTED]. All competitors that responded to the CMA stated that production expansion was straightforward and that, despite being in different niches, each could easily make both standardised and specialised lockers.

CMA analysis

78. On the basis of the evidence before it, the CMA therefore believes that there are at least five viable competitors in the supply of all-steel lockers, with two of those concentrating more on specialised lockers, one concentrating more on standardised lockers, and two producing a more even combination of the two. Most customers named QMP, Bisley, Elite, Helmsman, Garran and Action Storage as being viable competitors.
79. The CMA therefore believes that there is sufficient remaining competition in all-steel lockers, such that the merged entity would not be able to profitably implement price rises or a deterioration of quality.

Conclusion on the supply of all-steel lockers in the UK

80. The CMA believes that there is some evidence of closeness of competition between the Parties and that the Merger creates a moderate increment, around [10-20] %. However, on the basis of the evidence before it, the CMA estimates that the Parties' combined share of supply is significantly lower than [40-50]%, given the Parties' [REDACTED]. Further, the Quote Analysis suggests that competition by the Parties for the same customers may be limited, and the CMA has found that there are at least five other viable competitors who said that they can expand production with existing resources, apart from hiring more labour, and that can produce both standardised and specialised lockers. There are, in addition, other competitors in the sector that the CMA was

unable to contact. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of all-steel lockers in the UK.²⁰

The supply of shelving in the UK

Shares of supply

81. The Parties estimated that their combined share of supply, by value, in the supply of shelving in the UK is [30-40]%, with an increment of [0-5]%.

Parties' views

82. The Parties submitted that shelving is a commodity product and one which is widely available from locker manufacturers, steel storage manufacturers and a wide variety of other sources. In addition, competition is primarily driven by price, reflecting the commodity nature of the product.

Third party views

83. End customers that responded to the CMA's merger investigation raised no competition concerns. These end customers referred to a number of alternative suppliers including: Eden, Radford, ITAB, Bunzl and Oehler (an importer).
84. No competition concerns were raised by resellers. Top suppliers were identified as Anco (an importer) and AR (a Spanish supplier). Only one shelving competitor²¹ responded. This competitor expressed concerns about Whittan's size, but it did not rank Lion in its top six competitors, which included: Whittan, SSI Schaefer, Dexion, BITO, Mecalux, and Rotadex.

Conclusion on the supply of shelving in the UK

85. The CMA notes that there is a lack of customer concern, the increment is small, and that there are a number of alternative suppliers, some of which are importers. In addition none of the third parties that responded mentioned Lion as a competitor in the supply of shelving. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of shelving in the UK.

²⁰ Although a combined share of 40% is a soft threshold for undifferentiated products.

²¹ [REDACTED]

Barriers to entry and expansion

86. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no substantial lessening of competition. In assessing whether entry or expansion might prevent a substantial lessening of competition, the CMA considers whether such entry or expansion would be timely, likely and sufficient.²²
87. The CMA notes that all competitors that responded to its merger investigation considered that expansion in the supply of all-steel lockers would be straightforward. However, the CMA has not had to conclude on barriers to entry or expansion as it believes that the Merger does not give rise to competition concerns on any basis.

Third party views

88. The CMA contacted customers and competitors of the Parties. Some customers, both end customers and resellers raised concerns regarding the effect of the Merger in the supply of all-steel lockers in the UK. These have been discussed above. No third parties raised concerns about the effect of the Merger in the supply of shelving in the UK.
89. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

90. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.
91. The Merger will therefore **not be referred** under section 33(1) of the Act.

Stephanie Canet
Director
Competition and Markets Authority
7 September 2016

²² [Merger Assessment Guidelines](#), from paragraph 5.8.1.