

JLA/WASHSTATION MERGER INQUIRY

Summary of Discussion with Whirlpool Corporation on 11 June 2018

Background

1. Whirlpool Corporation (Whirlpool) is a multinational manufacturer of domestic appliances. Whirlpool is active in selling its laundry services machines for use across a number of segments in the UK, including the institutional space (healthcare and hospitality), the vended laundry space (laundrettes) and the multi-housing/accommodation space.

Higher education sector

2. Whirlpool said that it categorises its laundry services equipment based on capacity and noted that the equipment used in the multi-housing/accommodation space (single-load) generally has a smaller capacity than the equipment used in the institutional space (multi-load).
3. Whirlpool said that the business model for the multi-housing/accommodation space tends to be vend share arrangements, whereas the business model in both the institutional and vended laundry spaces tends to be more transactional. It also noted that self-supply occurs in the multi-housing/accommodation space.
4. Whirlpool said that sales of commercial laundry equipment under shared revenue agreements with higher education customers are larger in the UK than in the U.S. and other parts of Europe with a number of distributors offering these services to customers in the institutional space.

Laundry services equipment

5. Whirlpool competes with, among others, Alliance Laundry System, LG, Electrolux and Miele to manufacture machines which are suitable for higher education customers in Europe. In addition, Asko, Girbau and Haier (GE) make commercial laundry equipment which are suitable for higher education customers. If it does not do so already, Samsung could make such equipment.
6. Whirlpool categorises machines based on those that are coin-based and those that are not. Whirlpool noted that while both types of machine can be equipped with non-cash based payment infrastructure. Customers purchase machines that suit their needs, particularly given the higher price of coin-based machines. Customers go to third parties to develop and install suitable payment infrastructure.

Distribution

7. Whirlpool undertakes a standard evaluation to select its distributors in the UK to maximise its footprint, optimize service and generate revenue in the most economical way.

8. The scale that a prospective distributor would need to have to become a Whirlpool distributor depends on a variety of factors, [REDACTED]. At present JLA is the sole distributor of Whirlpool's machines in the UK. However, Whirlpool is currently in the process of appointing an additional distributor to supply machines to higher education customers in the UK. Whirlpool indicated that it has had discussions with [REDACTED], but is likely to appoint [REDACTED] and then [REDACTED].
9. Whirlpool said that it was unaware of the mark-up that a distributor would earn when selling machines to other managed laundry services providers.
10. Whirlpool said that it has a list price with a rebate based [REDACTED]. [REDACTED]. Whirlpool indicated that Washstation was growing fast in [REDACTED], but had not grown in [REDACTED].

Effects of the merger

11. Whirlpool indicated that from its perspective it has lost Washstation as customer.
12. Whirlpool said that the merger has led to expressions of interest from some customers and prospective distributors in purchasing and selling Maytag branded machines to the higher education customer segment.