

COMPLETED ACQUISITION BY JD SPORTS FASHION PLC OF FOOTASYLUM PLC

Summary of hearing with Company A held on 11 November 2019

Customers

1. [✂]
2. Company A explained that price, breadth of range and product type is most important to customers. [✂].
3. [✂].

Competitive assessment

4. [✂]
5. Company A set out that in its view the key suppliers in the market are actively supporting JD Sports to become a more powerful player in the market with greater market share, through access to the best products at higher volumes. [✂].
6. [✂]
7. Company A identified the growth of the direct-to-consumer offer by some suppliers as having a big impact on competition in the market.
8. Company A identified Footasylum, both online and in-store, as the only major competition to JD Sports of any scale or significance, other than suppliers in footwear. In apparel, Company A stated that Footasylum and JD Sports definitely compete with one another. It noted that the Parties may stock different apparel brands at times but that their similar footwear offer would draw customers to them.
9. Company A commented that following the merger, JD Sports would be the only remaining multi-brand retailer that stocks the full range of footwear and apparel products in this market.

Geographic scope

10. Company A said that for footwear and apparel, decisions on what products are stocked in-store are made at a national level. However, there is some variation on what is stocked in-store locally. This is determined by using algorithms to ascertain customer demand by store and what stock availability needs to be to meet that demand.
11. [✂]

Relationship with suppliers

12. Company A explained that suppliers play a key role in defining the market in footwear and apparel based on their products.
13. Company A explained that each buying season various suppliers will show Company A the products available for order. Company A will then place its order, including in some instances, suggestions from particular suppliers about what these orders should include. Between placing the order and delivery, Company A said it is not always clear what products Company A will receive, as some suppliers may cancel the delivery of products without explanation.
14. [✂]
15. Company A explained that suppliers have an influence over the positioning of different brands in its stores. [✂]
16. [✂]
17. Company A commented that for footwear, depending on the product, it does not always keep to the recommended retail price of its suppliers. It also said that recommended retail price does differ between in-store and online.

Barriers to entry and expansion

18. Company A identified the main barrier to entry into this market as the need to have the support of suppliers and access to their products, in both footwear and apparel. It also identified costs as a barrier to entry and expansion for an in-store offer.