

COMPLETED ACQUISITION BY JD SPORTS FASHION PLC OF FOOTASYLUM PLC

Summary of hearing with Company B held on 12 November 2019

Customers

1. [✂].
2. Company B noted that the customer journey has changed markedly over the last 10 - 20 years, in particular due to mobile phone usage and social media. Customers now have the option to purchase in-store or online and this has to some extent changed how people shop.
3. Company B commented that brick and mortar stores remain important to consumers alongside online and that the customer journey had changed to 'clicks and bricks'. Company B noted that stores are important to its offer and it provides customers with an in-store experience. A visually appealing store is a key part of what appeals to customers.
4. Company B explained that product type is most important to its customers. Company B commented that it provides a unique multi-brand offering by giving its customers the option of being able to browse between different brands and different products within these brands. [✂].

Competitive assessment

5. Company B noted that its product offer comprised largely of footwear. It stated that any retailer that sold the same or similar footwear products could be considered a competitor and noted that this might also include suppliers in this market.
6. Company B explained that the 'direct to consumer' in-store offer of some suppliers helped to elevate the Company B brand by developing the footwear market and enabling Company B to offer different products to its customers.

7. Company B explained that it does not consider itself to compete closely with mono-brand offerings online [such as that provided by some suppliers of branded products] because its customers are multi-brand and want to compare products from different suppliers. Company B considered that suppliers needed multi-brand retailers.
8. Company B noted that it may be considered the closest competitor with JD Sports in footwear. Company B also stated that JD Sports and Footasylum can be considered as competing closely with one another in footwear.

Geographic scope

9. Company B noted that while there are some differences in product offering based on regional preferences eg Europe vs UK vs Asia, by and large its offer is the same globally. [REDACTED].
10. [REDACTED].

Relationship with suppliers

11. Company B noted that trends in the market can fluctuate and are difficult to predict.
12. Company B explained that it has a close connection with its suppliers and it has [REDACTED] discussions and meetings with suppliers to discuss upcoming trends in the market [REDACTED]. Company B also commented that its discussions with suppliers can inform to an extent the branding and product placement of products offer in-store. Company B explained that it might try out different approaches based on discussions with suppliers.
13. [REDACTED].

Barriers to entry and expansion

14. Company B noted that if a large retailer wanted to invest in the UK it could see no particular barriers that would prevent it from expanding its in-store offering or entering the market, other than capital constraints.
15. Company B explained that a significant amount of capital is needed in order to start up a company in the footwear market of a similar size to Company B if operating in-store and offline. A relationship with suppliers is also important where suppliers provide the right products in the right number and quantity.