

COMPLETED ACQUISITION BY JD SPORTS FASHION PLC OF FOOTASYLUM PLC

Summary of hearing with Company C held on 14 November 2019

Customer preferences

1. [REDACTED]
2. Company C told us it collaborates with global sports teams and uses product design to drive the desirability of its products. It also seeks to build customer loyalty through marketing. [REDACTED].
3. Company C differentiates itself by focusing on its history and authenticity in sport. It viewed its key competitors as other suppliers with a Direct to Consumer (DTC) offer, and some retailers who also offer sports and sports-inspired lifestyle products.

Wholesale supply

4. Company C has observed a high level of consolidation in the UK over the past 20 years in terms of its retailer customer base. Company C believed this consolidation was due to several factors including retailers being slow to adapt to changes to consumer buying behaviour, market forces and other trends in the market.
5. [REDACTED]
6. Company C's retailer segmentation approach has evolved over the years to reflect the ever-changing marketplace, including the increase in online development and the effect on consumer buying habits, retailer consolidation and expansion. [REDACTED].
7. [REDACTED]
8. Company C told us it had minimum turnover thresholds for retailers to be an Company C customer. [REDACTED]
9. [REDACTED]. Company C confirmed retailers were free to set their own pricing and bundle products; Company C did not get involved in disputes over pricing of its products between retailers. Company C conducts ongoing training for all sales team to ensure they are aware of the legal requirements relating to resale pricing.

10. Following Footasylum's profit warnings, [✂].

Direct To Consumer

11. [✂]
12. Company C viewed its direct-to-consumer offerings as competing with all multi-brand propositions for apparel and footwear but very much saw the value to consumers of multi-brand retailers.
13. Company C saw its online offering as competing more strongly with mono and multi-brand retailers' online offering as its own website offers the full range of Company C products.

Retail competition

14. Company C stated that the merging parties compete with one another and noted that Company C itself competes with the parties though more so on footwear than apparel. Company C said that in its view Footasylum tends to stock more third-party apparel brands than JD Sports and has an older demographic. Company C also viewed Footasylum as being more fashion-orientated and JD Sports more sports-orientated in apparel.
15. Whilst Company C discussed new openings with its retail partners, it did not have any influence in where retailers opened stores and allocations for new stores were not discussed with retailers.

Geographic scope

16. Company C confirmed it does not vary prices locally in the UK for either apparel or footwear, though discounted offers may vary between online and in-store.