

COMPLETED ACQUISITION BY JD SPORTS FASHION PLC OF FOOTASYLUM PLC

Summary of hearing with Company E held on 26 November 2019

Customer preferences

1. Company E told us that it aims to serve male and female customers equally as well as having a range of products for kids. It has various consumer categories for specific physical activities such as different sports, fitness, skateboarding etc, as well as a lifestyle category; these groups are not mutually exclusive and apply to both apparel and footwear. Company E's 'sweet spot' is consumers [REDACTED].
2. Company E told us it differentiates itself from other brands [REDACTED].
3. Company E had witnessed a significant relative shift from store to online purchasing of its products. This change in consumer habits over the past five years has been driven by the increase in influence of social media and the more comprehensive offering online, though many consumers still purchase products in-store, be it at [REDACTED] or a multi-brand retailer, after viewing online.

Direct to Consumer

4. Company E viewed its [REDACTED] that informs its sports and lifestyle offerings. Company E wants to build an assortment of its own brands in the store with the experience mirrored by its online platform which would also complement [REDACTED] by offering more products i.e. more SKUs including more colourways.
5. Company E has two types of physical outlets in the UK - [REDACTED]; the latter predominantly sell unsold products after the season to create space in the marketplace, whilst [REDACTED] create, serve and retain consumer demand. In [REDACTED], Company E wants to create an elevated experience for consumers to share with others, whilst establishing brand loyalty and being able to test products to bring out in the rest of the market.

6. Company E told us that its direct-to-consumer offer, [REDACTED], and wholesale supply serves the same consumer. [REDACTED]'s growth is driven by consumers' love of the brand, however Company E recognises there are many consumers who cherish the multi-brand environment, so Company E recognises the need for both mono-brand and multi-brand offerings.

Wholesale supply

7. Company E told us it segments retailers [REDACTED].
8. Company E assesses retailers in a number of ways including [REDACTED]. Company E assesses online and in-store [REDACTED].
9. When categorising retailers [REDACTED], Company E applies three main criteria: [REDACTED].
10. When categorising retailers [REDACTED], Company E tries to match consumer needs with its product-based retail channels. [REDACTED]
11. [REDACTED]
12. Company E audits the quality and service of its retail partners and gives retail partners negative feedback if appropriate; the consequences of such feedback may be a restriction or end to supply. However, [REDACTED]. Likewise, positive feedback is rewarded. [REDACTED]
13. Company E told us it wants to best serve all consumers, and therefore wants all of its retail partners to succeed. Company E told us that different retailers serve different consumers and that is reflected in its segmentation, so they can offer the best possible Company E products to consumers they serve. Whilst some partners want to serve everybody, Company E felt it is important, as a brand, that each partner finds its own consumer segment.
14. Company E stated that it considers 'positioning products' to be products that it provides to retailers in order to plug 'gaps' in their product range; for instance, by providing an additional colourway for an existing product franchise. Company E acknowledged that where retailers received such positioning products on a sole basis they tended to communicate that fact to consumers as it being exclusive.
15. Company E believed that setting recommended retail prices benefits retail partners as it provides guidance, however this could be ignored. [REDACTED]. Company E monitors the prices retailers sell its products at to assess the ongoing relevance of a product but does not discuss or require notification of discounts.

Retail competition

16. Company E believed that JD Sports and Footasylum are positioned slightly differently in the market but do overlap.

17. Company E viewed [X] as a complement to multi-brand stores. Company E did not consider that [X] really competes with multi-brand retailers' physical stores. Rather, [X] wanted to be considered as just one of the destinations for consumers, along with multi-brand retailers, when choosing Company E products, both in-store and online.
18. Company E viewed its main competitors in sports-inspired casual fashion as other suppliers including [X], however increasingly [X].