

Anticipated Acquisition by Arçelik A.Ş. of Whirlpool Corporation's EMEA Major Domestic Appliances Business

Decision on relevant merger situation and substantial lessening of competition

ME/7044/23

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

SUMMARY

Overview of the CMA's decision

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Arçelik A.Ş. (**Arçelik**) of Whirlpool Corporation's (**Whirlpool**) EMEA Major Domestic Appliances Business (the **Target**) (the **Transaction**), gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of washing machines, tumble dryers, dishwashers and cooking appliances in the UK.
2. On 16 January 2023, Arçelik and Whirlpool entered into a Contribution Agreement, under which Arçelik will set up a new standalone business, Beko Europe B.V. (**Beko Europe**). The Target comprises Whirlpool's Europe, Middle East and Africa (**EMEA**) major domestic appliances business. Arçelik will hold c.75% of the shares in Beko Europe and Whirlpool will contribute the Target business in exchange for a minority shareholding of c.25%. Arçelik and Whirlpool are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
3. As the CMA has found that the Transaction gives rise to a realistic prospect of an SLC, the Parties have until 5 October 2023 to offer an undertaking in lieu of a reference to phase 2 (**UIL**) to the CMA. If no such undertaking is offered, then the

CMA will refer the Transaction pursuant to sections 33(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).

Who are the businesses and what products/services do they provide?

4. Arçelik is a Turkish company that supplies globally a broad range of home appliances and consumer electronics. In the UK, Arçelik supplies major domestic appliances (**MDA**) primarily under the Beko, Blomberg and Grundig brands.
5. Whirlpool is a US company that manufactures and markets globally a full line of domestic appliances and related products, in particular, MDA and small domestic appliances. In the UK, Whirlpool supplies MDA under the Whirlpool, Indesit and Hotpoint brands.
6. The product markets that the CMA investigated were washing machines, tumble dryers, dishwashers, refrigerators, freezers and cooking appliances.

Why did the CMA review this transaction?

7. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so. The CMA has concluded that it has jurisdiction to review this Transaction: the CMA believes it is or may be the case that each of Arçelik and the Target is an enterprise and that they will cease to be distinct as a result of the Transaction, and that the turnover test is met given that the Target generated more than £70 million turnover in the UK in the most recent financial year.
8. Arçelik announced in January 2023 by way of a press release that it had agreed to acquire the Target in exchange for shares in Beko Europe. The Transaction is conditional on receiving merger control clearance from the CMA and other competition authorities.

What evidence has the CMA looked at?

9. In assessing this Transaction, the CMA considered a wide range of evidence in the round.
10. The CMA received several submissions and responses to requests for information from the Parties. This included data on the Parties' revenues, prices and shares of supply across different MDA product categories. The CMA also examined the

Parties' internal documents, which show how they run their business, how they view their competitors and how they assess the relevant markets.

11. The CMA also spoke to and gathered evidence from other market participants, including customers and competitors of the Parties, to better understand the competitive landscape.

What did the evidence tell the CMA...

...about the effects on competition of the Transaction?

12. The CMA looked at whether the Transaction would lead to an SLC in the supply of each of washing machines, tumble dryers, dishwashers, refrigerators, freezers and cooking appliances in the UK.
13. The CMA found that the Transaction raises significant competition concerns as a result of horizontal unilateral effects in the supply of washing machines, tumble dryers, dishwashers, and cooking appliances because:
 - (a) the Parties have high shares of supply in each of these product categories, and the Merged Entity would be the largest individual supplier in each category;
 - (b) evidence from internal documents, third parties and the CMA's pricing analysis indicates that the Parties compete closely with each other, particularly in the low- to mid- price ranges; and
 - (c) although the Parties will continue to face some competition from alternative suppliers, including established European providers (such as BSH operating under its Bosch, Siemens and Neff brands), Chinese providers (such as Haier with its Candy and Hoover brands) and **Private label** brands (Private label products are manufactured by an MDA6 supplier or other third party manufacturer but sold under the retailer's own brand name(s)), the constraint from these suppliers is unlikely to be sufficient to prevent a significant reduction in competition in these product categories. In particular, most of these suppliers compete less closely with the Parties than the Parties do with each other, for example because they are less present in the price ranges where the Parties are strongest.
14. The CMA found that the Transaction does not raise significant competition concerns in the supply of refrigerators and freezers. Although the Parties do appear to

compete closely in these product categories, they have comparatively lower market shares and face considerable competitive constraints from a range of suppliers that also compete closely with the Parties, including BSH, Hisense (including its Fridgemaster brand) and Private label brands. This is consistent with evidence gathered from third parties, internal documents and the CMA's pricing analysis (which indicates that the Parties are comparatively stronger in the higher price ranges in these product categories, competing more directly with suppliers such as BSH).

15. The Parties submitted to the CMA that their customers are sophisticated and have a high degree of buyer power, meaning that they can easily switch between MDA suppliers, or preference their own Private label products. However, the CMA considers that the Transaction would lead to the removal of a significant competitor (the Target business), which would reduce the number of alternative suppliers that customers could feasibly switch to. In the product categories where it found that this would lead to a realistic prospect of an SLC, the CMA therefore considers that there would be a corresponding reduction in any buyer power from the Parties' customers.

...about any entry or expansion?

16. The CMA considers that there are barriers to entry and/or expansion in the market, including brand awareness and barriers to entering and competing in different price segments. Additionally, the CMA has not received evidence to indicate that any entry or expansion in response to the Transaction would be timely, likely and sufficient to prevent the SLCs from arising.

What happens next?

17. As a result of these concerns, the CMA believes the Transaction gives rise to a realistic prospect of SLCs in the supply of washing machines, tumble dryers, dishwashers and cooking appliances in the UK. The Parties have until 5 October 2023 to offer an undertaking which might be accepted by the CMA to address the SLCs. If no such undertaking is offered, or the CMA decides that any undertaking offered is insufficient to remedy its concerns to the phase 1 standard, then the CMA will refer the Transaction for an in-depth phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.

ASSESSMENT

PARTIES, TRANSACTION AND TRANSACTION RATIONALE

18. Arçelik, a publicly listed joint-stock company incorporated in Turkey, is a global supplier of a broad range of home appliances and consumer electronics. In the UK and European Economic Area (**EEA**), Arçelik supplies MDA primarily under the following brands: Beko, Blomberg, Flavel, Grundig, Arctic, Altus, and Elektrabregenz.¹ Arçelik generated approximately £[redacted] of turnover in 2022.^{2,i}
19. Whirlpool, a US company listed on the New York Stock Exchange, manufactures and markets a full line of domestic appliances and related products, in particular MDAs and small domestic appliances (such as toasters and mixers). In the UK and EEA, Whirlpool sells MDAs primarily under the Hotpoint, Indesit, Whirlpool, Bauknecht, Ignis, and Privileg brands.³ The Target comprises Whirlpool's EMEA MDA business, including 38 European subsidiaries and nine production sites, as well as the previously mentioned Whirlpool brands.⁴ The Target generated approximately £[redacted] of turnover in 2022.^{5,ii}
20. The Transaction involves the acquisition by Arçelik of Whirlpool's EMEA MDA business pursuant to a Contribution Agreement dated 16 January 2023, under which Arçelik will set up a new standalone business, Beko Europe B.V. (**Beko Europe**). Arçelik will contribute its European MDA and SDA businesses to Beko Europe in exchange for c.75% of the shares in Beko Europe. Whirlpool will contribute the Target business, in exchange for c.25% of the shares in Beko Europe.⁶
21. Arçelik submitted that its strategic rationale for the Transaction is as follows:⁷

¹ Final Merger Notice submitted to the CMA on 2 August 2023 (**FMN**), paragraph 1.4.

² FMN, Table 1. This turnover figure is of Koç Holdings A.Ş., the ultimate controlling entity of Arçelik.

³ FMN, paragraph 1.5.

⁴ FMN, paragraph 1.6.

⁵ FMN, Table 1.

⁶ FMN, paragraph 2.2.

⁷ FMN, paragraph 2.18—2.21. Parties' presentation at the Issues Meeting, 8 September 2023, slide 14. Parties' response to the Issues Letter, 11 September 2023, paragraph 2.22.

- (a) to improve its ability to compete with the broad range of MDA players in the UK and EEA by reducing costs, while continuing to drive innovation and sustainability efforts;
- (b) to offer a wider range of products to respond faster to new market trends;
- (c) to gain a complementary geographic presence to offer more comprehensive aftersales support;
- (d) to enhance its competitiveness in the UK and EEA by combining the Parties' manufacturing expertise, brands, supply chains, distribution and sales networks, and product pipelines; and
- (e) the possibility for growth in Beko Europe's market, by combining the Parties' innovation, research and development facilities, procurement and production systems.

22. Whirlpool submitted that its main strategic rationale for the Transaction is the opportunity to accelerate its portfolio transformation away from the European MDA sector [redacted].⁸

PROCEDURE

23. As part of its phase 1 investigation, the CMA gathered a significant volume of evidence from the Parties and other market participants. The Parties also had opportunities to make submissions and comment on the CMA's emerging thinking throughout the phase 1 investigation.

24. The Transaction was considered at a Case Review Meeting.⁹

JURISDICTION

25. The CMA considers that each of Arçelik and the Target is an enterprise within the meaning of section 129 of the Act. As a result of the Transaction, Whirlpool will contribute the Target business to Beko Europe and Arçelik will have a controlling

⁸ FMN, paragraph 2.23—2.27.

⁹ [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), December 2020, from page 65.

interest in Beko Europe. Accordingly, Arçelik (via Beko Europe) and the Target will cease to be distinct.¹⁰

26. The UK turnover of the Target exceeds £70 million, so the turnover test in section 23(1)(b) of the Act is satisfied.¹¹
27. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.¹²
28. The initial period for consideration of the Transaction under section 34ZA(3) of the Act started on 3 August 2023 and the statutory 40 working day deadline for a decision is therefore 28 September 2023.

COUNTERFACTUAL

29. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹³ In an anticipated merger, the counterfactual may consist of the prevailing conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the prevailing conditions of competition.¹⁴ In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.¹⁵
30. The Parties submitted that the CMA should assess the competitive effects of the Transaction against the prevailing conditions of competition and that they see no reason for the CMA to depart from its usual approach at phase 1.¹⁶
31. However, the CMA notes that Whirlpool has also made several submissions stating that its position in the market has been [~~]~~ declining over recent years,¹⁷ and that, absent the Transaction, the most likely outcome would be that Whirlpool would [~~]~~

¹⁰ For the purposes of sections 23(1)(a) and 26 of the Act.

¹¹ FMN, paragraph 5.1.3.

¹² Section 33(1)(a) of the Act.

¹³ [Merger Assessment Guidelines \(CMA129\)](#), 18 March 2021, paragraph 3.1.

¹⁴ [CMA129](#), paragraph 3.2.

¹⁵ [CMA129](#), paragraph 3.9.

¹⁶ FMN, paragraph 11.1.

¹⁷ See, for example, FMN, paragraph 15.19 and Whirlpool's counterfactual paper, 2 August 2023, paragraph 2.

its EMEA MDA business¹⁸ by either [redacted] or [redacted] reducing [redacted].¹⁹ Given the nature of these submissions, the CMA considers they are most appropriately addressed in the counterfactual.

Whirlpool's submissions

32. Whirlpool submitted that, faced with the [redacted] financial decline of its EMEA MDA business [redacted], it initiated a strategic review of its EMEA business in March 2022 which was publicly announced in April 2022.²⁰ According to Whirlpool's submissions to the CMA, Whirlpool concluded following this strategic review that its EMEA MDA business would need to be either:
- (a) divested; or
 - (b) [redacted] reduced [redacted].²¹
33. Whirlpool submitted that this second option (referred to by Whirlpool as the **Continuation Scenario**) would consist of a [redacted] restructuring [redacted] which would involve Whirlpool [redacted] or [redacted] reducing its MDA offering, [redacted].²²
34. When asked by the CMA to confirm whether the Continuation Scenario would be implemented absent the Transaction, Whirlpool stated that the position presented to the Whirlpool Board was that the EMEA MDA business should be sold but that, if it could not be sold, the Continuation Scenario should be implemented instead.²³
35. Whirlpool submitted that it had a concrete plan to [redacted] its EMEA MDA operations absent the Transaction, and that the Continuation Scenario would have comprised a 'three-prong' approach that would have [redacted]:²⁴
- (a) Prong 1: [redacted].²⁵
 - (b) Prong 2: [redacted].

¹⁸ Whirlpool's response to the CMA's Request for Information (RFI) 5 (part 2), 15 August 2023, paragraphs 1.1—1.3, and Whirlpool's counterfactual paper, 2 August 2023, paragraph 2.

¹⁹ Whirlpool's response to the CMA's RFI 5 (part 2), paragraph 3.1.

²⁰ See Whirlpool's news update announcing the [strategic review](#).

²¹ See, for example, Whirlpool's counterfactual paper, 2 August 2023, paragraph 2.

²² Whirlpool's response to the CMA's RFI 5 (part 2), 15 August 2023, paragraphs 3.1—3.2.

²³ Whirlpool's response to the Issues Letter, 11 September 2023, paragraphs 4.1—4.2.

²⁴ Whirlpool's response to the Issues Letter, 11 September 2023, paragraphs 4.4—4.9.

²⁵ For completeness, Whirlpool submitted that [redacted]. See also Whirlpool's response to the CMA's RFI 5 (part 2), 15 August 2023, paragraph 3.1.

(c) Prong 3: [redacted].

CMA analysis

36. As noted above, although the Parties have submitted that the prevailing conditions of competition is the appropriate counterfactual, Whirlpool has also made several submissions regarding the [redacted] financial decline of the EMEA MDA business and its strategy absent the Transaction which the CMA considers are most appropriately addressed in the counterfactual analysis given their nature.
37. Whirlpool has not asked the CMA to assess these submissions against the ‘exiting firm’ framework and the CMA agrees that applying the two-limb set of cumulative conditions for assessing an exiting firm scenario is not necessary in this case given that Whirlpool has not indicated that it would have [redacted] any of the [redacted] absent the Transaction.²⁶
38. Notwithstanding this, the CMA considers it is nonetheless necessary to carry out a rigorous assessment of Whirlpool’s submissions and to give close and careful consideration to the evidence, [redacted].
39. Based on evidence from internal documents and public statements, the CMA considers it is likely that Whirlpool would have pursued an alternative strategy to its pre-Transaction strategy in EMEA MDA absent the Transaction. The CMA notes, for example, that Whirlpool’s senior management recognised in public statements regarding the strategic review of the EMEA MDA business that ‘all options’²⁷ were under consideration (eg [redacted]) and that ‘even in a keep situation’ (in which Whirlpool would retain the business in whole or in part), there would be a ‘fundamentally different business structure’ than prior to the strategic review.²⁸
40. However, the CMA considers there is considerable uncertainty as to what form this revised strategy would take, and insufficient evidence of the scenario’s impact on Whirlpool’s MDA product portfolio, for the CMA to have confidence in the extent or timing [redacted]. In particular, the CMA notes that Whirlpool appears to have focused its efforts on [redacted]²⁹ and, as such, there is limited evidence in internal documents as to what form any ‘Continuation Scenario’ would take. In particular, the CMA has not

²⁶ [CMA129](#), paragraphs 3.21-3.25.

²⁷ [Transcript of Whirlpool Q1 2022 Earnings Call](#), 26 April 2022, pages 9 and 11.

²⁸ [Transcript of Whirlpool Q2 2022 Earnings Call](#), 26 July 2022, page 12.

²⁹ See, for example, Whirlpool internal document, Annex 42 to the FMN, [redacted], October 2022, slide 11, which states the [redacted].

seen evidence (eg minutes of Board meetings) stating that [redacted], and the CMA notes there appears to be some inconsistency in Whirlpool's internal documents on this point.³⁰

Conclusion on counterfactual

41. The CMA therefore considers that while there is evidence to suggest that Whirlpool's senior management would have pursued an alternative strategy for the EMEA MDA business absent the Transaction, there is considerable uncertainty as to what precise strategy would have been pursued, and the impact of such a strategy on Whirlpool's product portfolio in the UK. There is therefore also considerable uncertainty as to how and whether (and over what timeframe) Whirlpool would have [redacted] absent the Transaction.
42. On this basis, the CMA considers the prevailing conditions of competition to be the appropriate counterfactual.

FRAME OF REFERENCE

43. Where the CMA makes an SLC finding, this must be 'within any market or markets in the United Kingdom for goods or services'.³¹ An SLC can affect the whole or part of a market or markets. Within that context, the assessment of the relevant market(s) is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.
44. Market definition involves identifying the most significant competitive alternatives available to customers of the merger parties and includes the sources of competition to the merger parties that are the immediate determinants of the effects of the merger.³² While market definition can be a useful tool, it is not an end in itself, and

³⁰ By way of example, Whirlpool submitted to the CMA that the Continuation Scenario would involve Whirlpool [redacted]. Whirlpool provided a slide deck presented to the Board in August 2022 by way of evidence. See Whirlpool's response to the Issues Letter, 11 September 2023, paragraph 4.6 and Whirlpool internal document, Annex 61 to the FMN [redacted], August 2022, slide 10 ([redacted]). However, this slide deck appears to be contradicted by a more recent internal document dating from October 2022 which [redacted]. According to this document, Whirlpool would continue to manufacture [redacted]. See Whirlpool internal document, Annex 244 to the FMN, [redacted], October 2022, slide 9. Although the CMA does not believe that this more recent document necessarily represents the [redacted] strategy that Whirlpool would pursue absent the Transaction, it considers this document supports the CMA's finding that there is insufficient and contradictory evidence as to the final form of any 'Continuation Scenario'.

³¹ [CMA129](#), paragraph 9.1.

³² [CMA129](#), paragraph 9.2.

the CMA's assessment of the competitive effects of the merger does not need to be based on a highly specific description of any particular market.³³ In this context, the CMA has identified below its current thinking on the appropriate frame of reference for its assessment of the Transaction.

Product scope

45. In the UK, the Parties overlap in the supply of several MDA product categories.³⁴ The CMA focused its assessment on whether the Transaction would lead to an SLC in the supply of washing machines, tumble dryers, dishwashers, refrigerators, freezers and cooking appliances in the UK.³⁵ These six product categories are together referred to as **MDA6**.
46. The Parties submitted that in its previous decisions, the European Commission (**EC**) has identified separate markets for each MDA6 product category.³⁶ The EC has also considered whether certain MDA categories should be further segmented into (i) built-in versus freestanding models, and/or (ii) connected versus non-connected appliances, and (iii) whether cooking appliances should be further segmented into ovens, hobs and cookers. The Parties noted that the EC has previously left the exact market definition open and submitted that it would not be appropriate to further segment any category of MDA based on the above criteria, or between branded and non-branded (ie Private label) MDA.
47. In line with the Parties' submissions, the CMA has taken as its starting point that each MDA6 product category is a distinct frame of reference. The sub-sections below consider evidence relating to each of the potential segmentations listed above, as well as a possible segmentation based on price (eg between 'entry', 'mid-range' and 'premium' MDA products).³⁷

³³ [CMA129](#), paragraphs 9.4—9.5.

³⁴ The Parties also manufacture MDA appliances, although primarily do so outside of the UK [X].

³⁵ On the basis of evidence gathered by the CMA, the CMA concluded at an early stage in its investigation that there are no plausible competition concerns in respect of the supply of hoods and microwave ovens as a result of the Transaction. These categories are therefore not discussed further in this Decision.

³⁶ That is, MDA6 constitutes six distinct product markets. FMN, paragraphs 13.12—13.14. The Parties noted that there is no recent CMA precedent regarding MDA products.

³⁷ The CMA did not receive any evidence to indicate that connectivity features (allowing the appliance to connect with other devices or systems over the internet) are an important driver of consumer choice, and notes that connected appliances account for a small share of overall MDA sales. The CMA has therefore not discussed this segmentation further.

Built-in vs freestanding MDA appliances

48. The Parties submitted there is a high degree of supply-side substitutability between built-in and freestanding MDA appliances, with the majority of manufacturers supplying both types of appliances,³⁸ with flexible manufacturing lines that allow them to produce both built-in and freestanding models.³⁹ The Parties also submitted that there is a high degree of demand-side substitutability, as consumers generally compare the price and features of both built-in and freestanding versions of a given model.⁴⁰
49. On the demand side, the CMA considers that there is a degree of substitution between freestanding and built-in appliances, as both types of product have similar functions and main features.⁴¹ However, the overall evidence on demand side substitution is mixed, for example with some internal documents considering the two types of product separately.⁴² One customer also noted that the extent of substitutability will be determined by what a customer already has in their home.⁴³
50. On the supply side, the CMA notes that most major MDA suppliers produce a range of both freestanding and built-in models, at least for some MDA categories, and the Parties' shares are generally similar for both types of appliance.⁴⁴ The CMA's third-party questionnaire also asked the Parties' competitors how easily they could switch production between various MDA products, and just over half stated that it was either easy or moderately difficult to switch production.
51. The CMA therefore considers that there is mixed evidence as to the extent of demand and supply side substitution between freestanding and built-in appliances. Based on the above, the CMA has focused its assessment on overall frames of reference including both built-in and freestanding appliances, but it has taken differences into account where relevant in the competitive assessment.

³⁸ Parties' response to the Supplementary Issues Letter, 19 September 2023, paragraph 3.10.

³⁹ FMN, paragraph 13.17.

⁴⁰ FMN, paragraph 13.17—13.24.

⁴¹ For example, in a document considering customers' purchasing criteria for MDA appliances, the factors listed are [redacted]. The factors did not include freestanding or built-in (albeit this may be partly captured under [redacted]): Arçelik internal document, Annex 13 to the FMN, [redacted], September 2022, slide 11.

⁴² See for example, Whirlpool internal documents, Annex 40 to the FMN, [redacted], September 2022. and Annex 62 to the FMN, [redacted], November 2021.

⁴³ Note of call with a third party, June 2023, paragraph 25.

⁴⁴ FMN, Table 8 and Annex 8. A notable exception to this is cooking appliances, in which the Parties' shares also vary across different types of appliance (ie between cookers, hobs and ovens).

Cooking appliances

52. The Parties submitted that cooking appliances should not be further segmented into separate frames of reference for cookers, hobs and ovens as there is a certain degree of both demand-side and supply-side substitution between the products ('cookers' being a mostly freestanding combination of a hob and oven, whereas hobs and ovens are built into kitchen units).⁴⁵
53. On the demand side, the Parties submitted that a cooker ultimately serves the same purpose as a combination of an oven and hob; that there is a high degree of price overlap between cookers and (a combination of) hobs and ovens for any given brand; and that the industry is witnessing a change in demand from freestanding cookers to built-in ovens, suggesting that consumers see the two sub-segments as substitutes.⁴⁶ On the supply side, the Parties submitted that many MDA suppliers sell cookers as well as hobs and ovens; from a manufacturing perspective, cookers have similar components and technology to ovens and hobs with minor exceptions; and although it is common within the industry to manufacture ovens and hobs on different production lines, it is possible for ovens and hobs to be manufactured at the same plant.⁴⁷
54. The CMA considers that there is a degree of demand-side and supply-side substitutability between different cooking appliances, although again the evidence is somewhat mixed. For example, the CMA has seen some internal documents in which these appliances are considered together, and others in which they are considered separately.⁴⁸ Further, although a number of competitors supply each type of appliance, shares of supply differ somewhat. For example, as explained in paragraph 78 below, the Parties' shares differ markedly by type of appliance: [40-50]% in cookers, [20-30]% in ovens and [10-20]% in hobs.
55. Based on the above, the CMA has focused its assessment on an overall frames of reference for cooking appliances but has distinguished by type of appliance where relevant in its competitive assessment.

⁴⁵ Parties' response to the CMA's RFI 6, 22 August 2023, paragraphs 6.1—6.13 and Parties' response to the Supplementary Issues Letter, 19 September 2023, paragraph 3.1—3.13.

⁴⁶ Parties' response to the Supplementary Issues Letter, 19 September 2023, paragraph 3.5—3.8.

⁴⁷ Parties' response to the Supplementary Issues Letter, 19 September 2023, paragraph 3.9—3.13.

⁴⁸ For example, Whirlpool internal document, Annex 411 to the FMN, [redacted], February 2023, considers both the [redacted] as a whole, and [redacted] separately. Annex 280 to the FMN considers freestanding cookers and built-in ovens, and Arçelik internal document, Annex 360 to the FMN, [redacted], considers freestanding and built-in ovens, and built-in hobs.

Branded vs non-branded (Private label) MDA appliances

56. The Parties submitted that consumers view Private label products as close substitutes for branded MDAs, such that if the Merged Entity were to increase its prices, it would lose a significant part of its sales to Private label MDAs.⁴⁹ The Parties further submitted that most OEMs active in the UK produce both branded and non-branded MDAs, using the same production plants and manufacturing lines.
57. The CMA has not considered it necessary to define separate product frames of reference for branded and Private label MDA appliances. For example, the evidence indicates that there is a degree of demand side substitution, as the CMA has seen comparisons of branded and Private label products in the Parties' internal documents,⁵⁰ and a number of third parties stated that Private Label suppliers provide a competitive constraint on the Parties.⁵¹ The CMA has analysed the competitive constraint that both branded and Private label suppliers exercise on the Parties in its competitive assessment.

Price segmentation

58. The Parties submitted that it would not be appropriate to define separate frames of reference based on price, as there is no clear-cut separation between different price segments, and therefore any segmentation would be arbitrary and involve a high degree of subjectivity.⁵² The Parties also submitted that there is a high degree of supply-side substitution, as manufacturers offer MDA products across a large spectrum of prices, and are able to reposition or extend their product portfolio, eg by adding or removing features, re-branding products manufactured by other OEMs, or via promotions and discounts.⁵³ The Parties also stated that even at the lower end of the price spectrum, the Parties face, and will continue to face post-Transaction, effective competitive constraints from multiple competitors across MDA6, which are well positioned to expand their presence in the lower price bands.⁵⁴
59. The CMA recognises that there is a continuum of prices at which MDA products are sold, and that both the Parties and third parties define price categories in different

⁴⁹ FMN, paragraph 13.31—13.33.

⁵⁰ See for example, Arçelik internal document, Annex 494 to the FMN, [§<], February 2023.

⁵¹ Note of a call with a third party, June 2023, paragraph 23. Note of a call with a third party, June 2023, paragraph 21.

⁵² FMN, paragraph 15.64.

⁵³ FMN, paragraph 15.66. Parties' response to the Issues Letter, 11 September 2023, paragraph 4.2.

⁵⁴ Parties' response to the Issues Letter, 11 September 2023, paragraph 4.3.

ways. Based on the above, the CM has focused its assessment on overall categories of MDAs without segmenting these categories by price level but has analysed how competitive constraints may vary across pricing levels in its competitive assessment.

Geographic scope

60. The Parties submitted that the geographic market covers at least the EEA and the UK.⁵⁵ The Parties submitted that the large majority of MDA products sold in the UK are manufactured abroad, and that the share of European-manufactured products has fallen significantly in recent years.⁵⁶ The Parties also submitted that it is relatively easy to import MDA products into the UK due to low transport costs and the absence of tariffs or other regulatory barriers.⁵⁷
61. Whilst the CMA recognises that the majority of MDA products sold in the UK are imported, the evidence shows that that conditions of competition vary materially across European countries (and between the UK and EEA in particular). This is reflected, for example, in the Parties' and their competitors' national shares, and the presence of certain brands in some European countries but not the UK.⁵⁸ The CMA also notes, as explained in the Parties' submissions, that certain brands and MDA providers that are present in the UK are positioned differently (eg in terms of strength of the provider and their focus on different price segments) in some European countries.⁵⁹
62. The Parties' internal documents also show that markets have national characteristics, including different brand positioning and performance,⁶⁰ and the CMA understands that negotiations between MDA suppliers and customers typically take place at a national level.⁶¹
63. Based on the above, the CMA considers that the appropriate geographic frame of reference is the UK.

⁵⁵ FMN, paragraph 13.48.

⁵⁶ FMN, paragraph 1.18.

⁵⁷ FMN, paragraph 1.17—1.18.

⁵⁸ See, for example, Annex 8 to the FMN.

⁵⁹ Parties' response to the Issues Letter, Table 14, 18, 22, 26, 30 and 34. Parties' response to the Supplementary Issues Letter, Table 1 and 2.

⁶⁰ See for example, Whirlpool internal documents, Annex 19 to the FMN, [redacted], April 2022; and Annex 66 to the FMN, [redacted], July 2021. Arçelik internal document, Annex 10 to the FMN, [redacted], March 2021.

⁶¹ Note of a call with a third party, June 2023, paragraph 8. Note of a call with a third party, June 2023, paragraph 3. See also, note of a call with a third party, June 2023, paragraphs 4—6.

Conclusion on frame of reference

64. For the reasons set out above, the CMA has assessed the impact of the Transaction in the following frames of reference:
- (a) the supply of washing machines in the UK;
 - (b) the supply of tumble dryers in the UK;
 - (c) the supply of dishwashers in the UK;
 - (d) the supply of refrigerators in the UK;
 - (e) the supply of freezers in the UK; and
 - (f) the supply of cooking appliances in the UK.

COMPETITIVE ASSESSMENT

Horizontal unilateral effects

65. Horizontal unilateral effects are the most common type of theory of harm that can give rise to competition concerns in mergers considered by the CMA.⁶² They may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality and other non-price aspects of its offering on its own and without needing to coordinate with its rivals.⁶³ Horizontal unilateral effects are more likely when the parties to a merger are close competitors.⁶⁴ However, the merger firms need not be each other's closest competitors for unilateral effects to arise.⁶⁵ It is sufficient that the merger firms compete closely and that the remaining competitive constraints are not sufficient to offset the loss of competition between them.
66. The CMA assessed whether it is or may be the case that the Transaction gives rise to a realistic prospect of an SLC in relation to horizontal unilateral effects in each of the six frames of reference in paragraph 64 above. That is, the CMA has assessed six separate theories of harm, relating to each MDA6 product category.

⁶² [CMA129](#), paragraph 2.11.

⁶³ [CMA129](#), paragraph 4.1.

⁶⁴ [CMA129](#), paragraph 4.8.

⁶⁵ [CMA129](#), paragraph 4.8.

67. To assess these theories of harm, the CMA considered evidence from: (i) the Parties' submissions; (ii) shares of supply; (iii) price range analysis; (iv) internal documents; (v) third parties; and (vi) excess capacity and buyer power. Many of the Parties' submissions, and many categories of evidence, were similar across MDA categories. The CMA has structured its analysis below based on the categories of evidence, and for each category discussed the evidence relevant to each MDA6 product category where relevant.

The Parties' submissions

68. This section sets out the Parties' key submissions regarding closeness of competition and competitive constraints in the supply of MDA6 in the UK. The Parties have also made submissions regarding specific pieces of analysis undertaken by the CMA, such as shares of supply and pricing analysis, and those submissions are reflected in subsequent sections. Further, the Parties made specific submissions regarding excess capacity and buyer power, which are considered separately in paragraphs 106-116 below.
69. The Parties submitted that they are not uniquely close competitors, with MDA products being largely commoditised appliances.⁶⁶ More specifically, the Parties submitted that they face strong competition from numerous suppliers, including traditional Western suppliers, growing Asian players and Private label suppliers, and that the Parties are not particularly close competitors in any hypothetical price segment.⁶⁷ The Parties noted that several MDA suppliers are active in the UK including US groups (such as Whirlpool), European groups (such as BSH, Electrolux, Smeg, Miele, Glen Dimplex, and Brandt), and Asian groups (such as LG, Samsung, Haier and Hisense). The Parties noted that Asian suppliers' collective share of MDA6 has grown by approximately [10-20] percentage points in the UK since 2010. The Parties also noted that Whirlpool's share has declined by approximately [10-20] percentage points over the period since 2010.⁶⁸
70. The Parties submitted that some MDA suppliers (including the Parties) operate under multiple brands (eg BSH includes Bosch, Neff and Siemens); while other suppliers (such as Miele, Samsung and LG) instead sell under a single brand.⁶⁹

⁶⁶ FMN, paragraphs 1.19, 1.22—1.29 and 15.56.

⁶⁷ The Parties submitted that the fact that the Parties' combined shares are higher at some price segments should not concern the CMA due to strong supply-side and demand-side considerations that will constrain the Parties post-Transaction. Parties' response to the Issues Letter, 11 September 2023, paragraph 1.11.

⁶⁸ Parties' response to the Issues Letter, 11 September 2023, paragraphs 1.7, 2.2—2.3 and 2.5—2.19.

⁶⁹ FMN, paragraphs 1.24—1.26 and 15.52.

Further, some MDA suppliers (including the Parties) manufacture and sell products to wholesalers and retailers to be sold under the retailers' own Private label brands, such as Logik and Essentials (Currys), Bush (Argos), Lamona (Howdens), John Lewis, and IKEA.⁷⁰

71. In relation to the Parties' submissions on closeness of competition and alternative suppliers, the CMA has considered evidence on overall shares of supply, whether the Parties have higher or lower shares within specific price ranges (as an indicator of closeness of competition), internal documents and third-party evidence for both MDA6 overall, and in relation to individual MDA6 product categories. The CMA has also considered evidence on the growth of Asian players in its assessment of entry and expansion (paragraphs 121-133 below).

Shares of supply

72. The CMA considers that MDA6 products are differentiated products. For example, the CMA notes that the prices of MDA products vary significantly within each product category, and that MDA products are differentiated based on features, quality and brand.⁷¹
73. Given the differentiation in these products, the CMA considers that the evidence on closeness of competition discussed further below is more informative than the shares of supply calculated for each MDA category. However, shares of supply can be indicative of the relative competitive strength of each supplier, and the extent to which consumers consider them to be a viable alternative. In this section, the CMA has therefore considered shares of supply for each MDA6 product category.

Methodology

74. The Parties have based their shares of supply on GfK data. GfK collects retail sales data for each MDA category from a representative panel of retailers, allocating retail sales to brand owners.⁷² The CMA understands that the GfK data is a reliable and

⁷⁰ FMN, paragraphs 12.23, 15.14—15.16, 15.52.

⁷¹ Regarding product features and quality: Response to the CMA questionnaire from a number of third parties, July 2023, question 4. Regarding branding: Response to the CMA questionnaire from a number of third parties, July 2023, question 4.

⁷² GfK estimates that it has 80-95% market coverage from the UK, varying by MDA product category. It then extrapolates to estimate retail-level sales and total market size. FMN, paragraph 14.6—14.7; Parties' response to the CMA's RFI 5, 14 August 2023, paragraph 11.2.

widely used source for market shares among MDA suppliers,⁷³ although there are some limitations.⁷⁴

75. The CMA considers that there is no evidence to suggest that these limitations of the GfK data would have a significant (or substantively impactful) impact on the Parties' shares of supply analysis. For each MDA6 category, the CMA has therefore considered shares of supply based on the GfK analysis provided by the Parties.
76. The CMA has presented shares of supply for 2022 as it is the most up to date available information. The CMA recognises the Parties' submissions that shares have evolved over the last 10-15 years, and in particular that Whirlpool's share has fallen by at least [10-20] percentage points since 2009.⁷⁵ However, the CMA notes that the Parties' shares have been broadly stable for the last five years (albeit sometimes slightly declining for Whirlpool), while Asian competitors generally had only modest increases in shares over the same time period.⁷⁶ The CMA has considered market dynamics, including the growth of Asian suppliers, in its assessment of internal documents, third-party evidence and barriers to entry and expansion.

Shares of supply in each MDA6 product category

77. The shares of supply for each of washing machines, tumble dryers, dishwashers, refrigerators, freezers and cooking appliances are set out in Table 1 below.

⁷³ For example, see Note of a call with a third party, June 2023, paragraph 2; Note of a call with a third party, June 2023, paragraph 16; Note of a call with a third party, June 2023, paragraph 17. FMN, paragraph 14.3—14.5.

⁷⁴ The GfK dataset only tracks business to business to consumer (**B2B2C**) market sales and does not include (i) direct to consumer (**D2C**) sales; or (ii) business to business (**B2B**) sales (to distributors and homebuilding and construction companies). As a result of not tracking D2C sales, Whirlpool's direct sales to consumers through its websites are not captured by GfK. Whirlpool submits that D2C sales represent [X] of Whirlpool's total UK sales. Arçelik does not make any MDA6 sales through the D2C channel. See Parties' response to the CMA's RFI 5, 14 August 2023, paragraph 11.5 and 20.2—20.3. Additionally, GfK data is for Great Britain only, and does not include Northern Ireland. Therefore, overall volumes would be higher with the inclusion of Northern Ireland data. With regard to B2B sales, Arçelik estimates that B2B sales ([X]) amount to approximately [1.5-2 million] units a year within the MDA6 categories, plus hoods. This excludes customers already captured by GfK data. The Parties submitted that this means B2B sales represent around [10-20]% of the total market. The GfK data records Private label sales under the aggregated category 'Tradebrand and Exclusive'. FMN, paragraph 15.25 and Parties' response to the CMA's RFI 5, 14 August 2023, paragraph 15.2. The CMA notes that the Parties subsequently estimated total volumes in the B2B segment amounted to [X] in 2022. Parties' response to the CMA's RFI 5, 14 August 2023, paragraph 6.2.

⁷⁵ Parties' response to the Issues Letter, 11 September 2023, paragraph 2.2. The CMA notes that the majority of this share loss occurred between 2009 and 2018.

⁷⁶ For example, Parties' response to the Issues Letter, 11 September 2023, Table 1.

Table 1: Share of supply estimates for TOH1-6 in the UK in 2022, by volume

	<i>2022 estimated market share, by volume</i>					
	<i>Washing machines</i>	<i>Tumble dryers</i>	<i>Dishwashers</i>	<i>Refrigerators</i>	<i>Freezers</i>	<i>Cooking appliances</i>
Arçelik	[10-20]%	[20-30]%	[20-30]%	[10-20]%	[20-30]%	[10-20]%
Whirlpool	[20-30]%	[10-20]%	[10-20]%	[5-10]%	[5-10]%	[10-20]%
Combined	[30-40]%	[40-50]%	[30-40]%	[20-30]%	[20-30]%	[30-40]%
BSH Group	[10-20]%	[5-10]%	[30-40]%	[5-10]%	[0-5]%	[10-20]%
Electrolux Group	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[10-20]%
Haier Group	[10-20]%	[20-30]%	[0-5]%	[5-10]%	[0-5]%	[0-5]%
Hisense Group	[0-5]%	[0-5]%	[0-5]%	[10-20]%	[10-20]%	[0-5]%
Samsung Group	[10-20]%	[5-10]%	[0-5]%	[5-10]%	[0-5]%	[0-5]%
Private label suppliers	[5-10]%	[10-20]%	[10-20]%	[20-30]%	[30-40]%	[20-30]%
Others	[5-10]%	[0-5]%	[0-5]%	[5-10]%	[5-10]%	[10-20]%

Source: CMA analysis of data submitted by the Parties, FMN, Table 17, 20, 22, 25, 28, 31. As explained in footnote 74, this is based on GB data.

78. Table 1 shows that the Merged Entity would be the largest single supplier in each MDA6 product category, although Private label suppliers' collective share in refrigerators and freezers is similar to or higher than any single supplier, including the Merged Entity. The Parties' shares vary somewhat by product category, being comparatively smaller (ie below [30-40]%) in refrigerators and freezers ([20-30] and [20-30] respectively), compared to combined shares of more than [30-40] in dishwashers ([30-40]%), cooking appliances ([30-40]%), washing machines ([30-40]%) and tumble dryers ([40-50]%). Although not shown in Table 1, the CMA notes that within cooking appliances, the Parties have a high combined share in cookers ([40-50]%), and comparatively lower shares in ovens ([20-30]%) and hobs ([10-20]%).
79. Similarly, the increment varies across product categories, again being lower (ie below [10-20]%) in refrigerators and freezers ([5-10] and [5-10] respectively), compared to the other MDA categories (where the increment is between [10-20] in each).
80. The competitors in each MDA6 category vary to an extent, with most competitors being stronger in some categories than others. No third party is strong across all MDA6 categories, although most are present in all. For example, the CMA notes:
- (a) Private label suppliers collectively have shares in excess of [20-30] in refrigerators ([20-30]%) and cooking appliances ([20-30]%), and have a

particularly strong presence in freezers ([30-40]%). Private label suppliers' collective share is lowest in washing machines ([5-10]%) and the collective share is between [10-20]% in tumble dryers and dishwashers;

- (b) BSH has a particularly high share in dishwashers ([30-40]%), with material shares also in washing machines ([10-20]%) and cooking appliances ([10-20]%)
- (c) Haier (which acquired the Candy and Hoover brands in 2019) has material shares of [20-30]% in tumble dryers and [10-20]% in washing machines, but is smaller in each of the other categories (with shares between [0-5]% in dishwashers, freezers and cooking appliances and [5-10]% in refrigerators);
- (d) Hisense (which acquired Fridgemaster in 2012 and Gorenje in 2019) is largest in refrigerators and freezers (with shares of [10-20]% and [10-20]% respectively), but has shares below [5-10]% in each of the other categories; and
- (e) Electrolux has a share of [10-20]% in cooking appliances, but less than [5-10]% in each of the other categories.

81. In relation to tumble dryers specifically, the Parties submitted that as of July 2025, new regulations will mean that only heat pump dryers can effectively be sold in the EU and UK, which is expected to [X] Whirlpool's European dryer manufacturing capacity [X].⁷⁷ The Parties further submitted that several other competitors (including Miele, Samsung, BSH and Hisense) are already [X] European suppliers of heat pump dryers, such that Whirlpool's market shares are [X] in this category ([X]).⁷⁸

82. The CMA understands that both Parties already produce heat pump dryers, and, therefore already have the technical know-how and capabilities to compete in the supply of such products. Suppliers' market positions in each MDA category are not determined only by the specifics of their current manufacturing sites, but encompass their wider operations, technical know-how and branding. Further, and notwithstanding the uncertain nature as to when (and in what form) relevant UK regulations may be introduced, the CMA has not seen sufficient evidence to indicate that future regulations regarding tumble dryers will lead to a material change in

⁷⁷ FMN, paragraphs 1.22, 12.14 and 15.135.

⁷⁸ FMN, paragraph 15.135.

competitive conditions in this market. The CMA therefore considers that shares of supply in tumble dryers are informative, although it has considered a range of other evidence on closeness of competition (and market developments) in its competitive assessment.

83. Overall, the shares of supply show that the Parties have a strong market position in each MDA6 category. While there are several other competitors present, their shares vary across categories, and the Merged Entity would be the largest single supplier in each category. However, the Parties' combined shares and increment are comparatively lower in refrigerators and freezers. In these categories, Private label brands have comparatively higher shares of supply, particularly in freezers, as does Hisense (including its Fridgemaster brand).

Price range analysis

84. The Parties' internal documents⁷⁹ and third-party responses to the CMA's questionnaires⁸⁰ indicate that price is an important indicator of closeness of competition in the supply of MDA products. For example, several of the Parties' internal documents assess competition within particular price segments, [§<]. The CMA recognises that product features, quality, and brand, which vary with, and are important factors that consumers take into account alongside, price.⁸¹ The CMA has considered other evidence on closeness of competition throughout its competitive assessment (eg internal documents and third-party evidence).
85. The CMA has therefore analysed the competitive strength of each supplier across different price points and ranges to assess closeness of competition between the Parties and their competitors. The CMA's primary approach has been to examine shares of supply across 'price quartiles', ie across price ranges that account for a

⁷⁹ For example: Whirlpool internal documents, Annex 531 to the FMN, [§<], March 2022, slides 1—2, 9—10, 15—16 and 21—23, and Annex 533 to the FMN, [§<], February 2022, slides 6—20 and 23—32; Arçelik internal documents, Annex 369 to the FMN, [§<]; 2023, slide 4—9; Annex 372 to the FMN, [§<]; May 2021, slide 5; Annex 373 to the FMN, [§<], undated, slide 7.

⁸⁰ For example, all customers listed price as one of the most important factors for end consumers. Response to the CMA questionnaire from a number of third parties, July 2023, question 4. In addition, some third parties mentioned that at lower price points, price is the most important factor for consumers, while at higher price points, factors such as quality/brand/features/efficiency may become more important.

⁸¹ For example, the Parties submitted that consumers use online comparison tools (such as Youreko) to identify higher priced appliances —often GBP 100 or more expensive—that have lower lifetime running costs than cheaper products. As a result, the Parties state that products sold at different price points still compete with one another. Parties' response to the Issues Letter, 11 September 2023, paragraph 1.11.2. The CMA notes however that the Parties did not submit evidence of the prevalence of such tools, or that the existence/use of these tools means that sale price is not an indicator of closeness.

quarter of all volumes in each MDA category.⁸² The CMA considers that this approach is informative of closeness of competition, because it reflects the extent to which each supplier is active (and successful) across the price spectrum. As noted in the paragraph above, price is an important driver of consumer choice, meaning that suppliers which are active at materially different price points are less likely to be close competitors than suppliers which are active at similar price points, and this dynamic is reflected in the Parties' assessments of competitive constraints in their internal documents.

86. The CMA does not consider that these price quartiles represent separate product markets. The CMA has used the price quartile assessment as a tool to understand whether competitive constraints may vary across pricing levels.
87. The CMA's price quartile charts are presented in Appendix A. These charts show that the Parties are generally strongest in the low-mid price segments (ie quartiles 1, 2 and 3), and less strong in the premium segment (quartile 4). In these low-mid price segments, in most MDA categories, the Parties appear to face competition mostly from Private label suppliers and Haier. Within the more premium price segment, there is generally a wider range of competitors present, including BSH, Samsung and Electrolux.
88. In terms of the individual MDA6 categories:
 - (a) **Washing machines:** the Parties have high shares in the bottom two quartiles, with a combined share of [40-50]% in the first quartile and [60-70]% in the second quartile. Within these lower quartiles, the only other competitors with material shares are Private label suppliers and Haier.
 - (b) **Tumble dryers:** the Parties have high shares in the middle quartiles, with a combined share of [60-70]% in the second quartile and [40-50]% in the third

⁸² The CMA used the MDA model-level GfK data submitted by the Parties in response to the CMA's RFI 2, Annex 502. This data includes, for all competitors and MDA categories, value and volume sales by MDA model in the UK in 2022. The CMA has (after removing negative value and volume entries) used the data to calculate the price for each MDA model by dividing the value sales by volume sales. The CMA excluded the top and bottom 5% of models to remove what appeared likely to be incorrect (too high and too low) price values. The CMA then ranked the volume sales by price, from lowest to highest and divided the volumes sold into quartiles (where each quartile captures 25% of the total volume of sales). The CMA considered similar analysis done by arbitrarily chosen £100 price bands. The CMA notes the results were substantively the same but has presented the quartile analysis as this captures an indication of volumes sold.

quartile. Within these quartiles, the only other competitor with material shares is Haier, and Private label suppliers to a lesser extent.

- (c) **Dishwashers:** the Parties' shares are much higher in the first three quartiles than the top quartile, with a combined share of [30-40]% in the first quartile, [50-60]% in the second quartile, and [30-40]% in the third quartile. In the first and second quartile, the only other competitor with a material share is Private label suppliers. In the third quartile, only BSH has a material share.
- (d) **Refrigerators:** the Parties have high shares in the third quartile, with a combined share of [50-60]%. This contrasts with the other MDA6 categories, where the Parties are typically strongest in the bottom two quartiles. Within the third quartile, the Parties compete with a range of competitors, such as BSH, Hisense, Haier, Samsung and Private label suppliers (albeit each competitor has a smaller share than the Merged Entity). The CMA notes that Private label suppliers account for more than [50-60]% of each of the bottom two quartiles of the refrigerator market.
- (e) **Freezers:** the Parties' shares are higher in the top two quartiles, with a combined share of [40-50]% in the fourth quartile, and [30-40]% in the third quartile. As with refrigerators, this contrasts with the other MDA6 categories, where the Parties are typically stronger in the bottom two quartiles. Within the third and fourth quartiles, the Parties compete largely with Private label suppliers and some other competitors such as BSH, Hisense, Haier, Electrolux and others. The CMA notes that Private label supply is considerably larger in freezers than other MDA6 categories, with a share of [30-40]% of the overall market, and more than [60-70]% of the bottom two quartiles.
- (f) **Cooking appliances:**⁸³ the Parties' shares are highest in the bottom three quartiles, with a combined share of [30-40]% in the first quartile, [30-40]% in the second quartile, and [40-50]% in the third quartile. Within these lower quartiles, the only other competitors with material shares are Private label

⁸³ The CMA notes that the cooking appliances frame of reference includes cookers, hobs and ovens (with a cooker being a combination of a hob and oven in a single appliance). As such, the price range analysis is likely to be less meaningful for this product category, as hobs and ovens are likely to be cheaper on a standalone basis than a comparable cooker. A competitor that sells a large volume of hobs (say) could therefore have a material share in the lower price quartiles, even if that competitor is primarily selling higher end products. That is, in this product category, the price range analysis may not be comparing competitors on a like-for-like basis. The CMA has therefore presented graphs for cooking appliances using the combined frame of reference, and for individual appliances within this in Appendix A.

suppliers, Electrolux and to a lesser extent BSH. The CMA also notes that, within cooking appliances, the Parties have particularly high combined shares for some quartiles in cookers and ovens. In particular, for cookers, the Parties have a combined share of [50-60]% in the second quartile and 92% in the third quartile; for ovens, the Parties have a combined share of [40-50]% in the first quartile, and [50-60]% in the second quartile.

89. The Parties submitted that the price quartiles analysed by the CMA are arbitrary and subjective and do not reflect the reality of competition in the MDA market; that it is inappropriate to consider models and brands as competing solely on the basis of these artificial price brackets; and that consumers take into account many variables in addition to price, such as size, volume, aesthetics, noise level and energy class.⁸⁴
90. The Parties presented some alternative pricing analysis, including price positioning graphs in the form of box and whisker charts (in response to similar analysis undertaken by the CMA), and an analysis of the number of alternative branded and Private label models within a 10% price range of the Parties' top five models (based on 2022 revenues). The Parties submitted that these analyses show that there is a continuum of competitors' prices and positioning, such that any assessment based on price 'segments' is necessarily uninformative and unreliable, and that there is no product, category, or hypothetical segment (including in relation to price) in which Whirlpool and Arçelik are unique or face only a small number of competitors.⁸⁵
91. The CMA recognises that there is no standard price segmentation used in the industry, and that suppliers active in one segment may still face a competitive constraint from those active in other segments. Indeed, for this reason, the CMA has not considered it appropriate to define separate frames of reference based on price. Notwithstanding these limitations, the CMA nonetheless considers that its pricing analysis is informative as to the Parties' and their competitors' relative strength and product focus by price. The CMA has considered this analysis in the round with the other categories of evidence it has gathered in order to assess closeness of competition between the Parties, and between the Parties and third-party suppliers.
92. The CMA notes that the analysis submitted by the Parties shows that several competitors are active even at the lower price points. However, the CMA considers that to accurately capture the extent to which alternative suppliers exercise a competitive constraint on the Parties, it is important to analyse the volumes sold at

⁸⁴ Parties' response to the Issues Letter, 11 September 2023, paragraphs 4.11—4.15.

⁸⁵ Parties' response to the Issues Letter, 11 September 2023, Table 3 and paragraphs 3.27 and 4.14.

different price points. A supplier that offers a product that generates only limited sales is unlikely to exercise a material constraint, whereas a supplier that offers a product that generates significant sales is more likely to exercise a material constraint. The CMA considers that its approach of analysing shares across price quartiles is a meaningful way to do this, and that alternative approaches (such as those submitted by the Parties) show substantively similar results.⁸⁶

93. In summary, the price range analysis indicates that the Parties are particularly strong in the low-mid price segments (quartiles 1, 2 and 3) for washing machines, tumble dryers, dishwashers and cooking appliances. Within these segments, the Parties have high combined shares (well over [50-60]% in many cases), and the only other competitors with material shares are Haier and Private label suppliers.
94. Comparatively, the Parties do not appear to be as strong in the low-mid price segments for refrigerators and freezers, and are instead stronger in the top two quartiles, where a broader range of competitors generate material sales, including Private label suppliers (which are particularly sizeable in freezers), BSH, Hisense, Haier and Electrolux (in freezers).

Internal documents

95. The Parties submitted a number of ordinary course internal documents (as well as some documents prepared by third-party consultants), that either assess MDA6 in the round or aggregate multiple MDA categories together. Additionally, the Parties submitted a number of internal documents that discuss individual MDA6 categories independently.⁸⁷ The Parties did not dispute that the internal documents show that each of the Parties benchmarks its products against the other Party, but submitted that their internal documents show that they regularly benchmark and reposition themselves against an array of competitors, including at price points that the CMA is considering.⁸⁸

⁸⁶ The CMA considers that the Parties' analysis does not contradict the CMA's findings. For example, the alternative price positioning graphs indicate that while the Parties have overlaps with Asian manufacturers and some smaller competitors, they have more limited overlaps with Samsung, BSH, LG, Electrolux, Miele and John Lewis private label, although this varies by MDA category. In addition, the analysis showing the alternatives to the top 5 models of each Party within a +/- 10% price implies similarly high (if not sometimes higher) combined shares of supply for the Parties in all product categories compared to the CMA's analysis.

⁸⁷ The CMA notes that it has received a more material volume of internal documents for certain segments, particularly for washing machines and tumble dryers.

⁸⁸ Parties' response to the Issues Letter, paragraph 3.1—3.2 and with regard to the specific MDA6 categories paragraph 3.3—3.28.

96. The CMA notes that many of the Parties' internal documents contain information that appears to largely replicate standard GfK data, rather than show particular competitor sets selected by the Parties.⁸⁹ The CMA considers that these types of documents are of limited relevance to its competitive assessment, and that its share of supply and price range analysis presented for each theory of harm above (paragraphs 77-81 and 87-88 respectively) provide a more accurate illustration of the Parties' and their competitors' overall position than documents that replicate GfK data sets (which, by their nature, include a broad competitor set given they are based on industry-wide data). In turn, the CMA considers the most informative aspects of the Parties' internal documents to be those that are internally produced to directly monitor and react to competitors' activities. The CMA has therefore placed more weight on internal documents that contain specific references to the competitive constraint a competitor places on the Parties, and less weight on more generic evidence of benchmarking which appears to simply recreate GfK data on, for example, shares of supply.
97. The Parties' internal documents demonstrate that, in addition to monitoring each other, they monitor a wide range of competitors including (i) European brands (eg Bosch, Electrolux and [redacted] Miele), (ii) Korean brands (LG and Samsung), (iii) Chinese brands (eg Candy, Hoover, Frigdemaster and Midea) and (iv) Private label suppliers.⁹⁰ These competitors are active across a wide range of price ranges, from

⁸⁹ See for example the following documents, which replicate tables produced by GfK in the Parties' internal documents. Arçelik internal documents, Annex 314 to the FMN, [redacted], December 2022, slide 4; Annex 317 to the FMN, [redacted], January 2021, slide 5; Annex 329 to the FMN, [redacted], November 2022, slide 4. Whirlpool internal documents, Annex 19 to the FMN, [redacted], April 2022, slide 8; Annex 66 to the FMN, [redacted], slide 5; Annex 57 to the FMN, [redacted], October 2021, slide 28.

⁹⁰ See, for example, [redacted] provided by Arçelik (which the CMA understands to contain UK-specific updates for Arçelik senior management) containing monthly updates [redacted] of several MDA manufacturers (Arçelik Group against Whirlpool Group, [Competitor Group 1], [Competitor Group 2], [Competitor Group 3], [Competitor Group 4] and [Competitor Group 5]) and several brands (Beko against [Competitor 1], Hotpoint, Indesit, [Competitor 2] and [Competitor 3]) – for example, Annex 344 to the FMN, [redacted], June 2022, slide 11 (see also further [redacted] at Arçelik internal documents Annex 339 to Annex 347, Annex 349 to Annex 352, and Annex 356 to Annex 358 of the FMN which contain similar share overviews, some of which mention additional brand names such as [Competitor 4], [Competitor 5], [Competitor 6], [Competitor 7], [Competitor 8], [Competitor 9], [Competitor 10] and [Competitor 11]). For Whirlpool, see for example Whirlpool internal document Annex 19 to the FMN, [redacted], April 2022, slide 8, which lists volume shares by MDA manufacturer in several countries including the UK and compares Whirlpool's [redacted] against [Competitor 20], [Competitor 11], [Competitor 5], [Competitor 9], Arçelik, [Competitor 4] and 'Others'; and Whirlpool internal document Annex 40 to the FMN, [redacted], September 2022, slide 18, which again shows UK volume shares by MDA manufacturer and compares Whirlpool's [redacted] against [Competitor 20], [Competitor 11], [Competitor 5], [Competitor 9], Arçelik, [Competitor 21], [Competitor 4] and 'Others' (which includes [Competitor 19], [Competitor 22], [Competitor 23], [Competitor 24], [Competitor 25], [Competitor 26], [Competitor 10], [Competitor 27], [Competitor 28], [Competitor 29], [Competitor 30], [Competitor 31], [Competitor 18], [Competitor 32], and [Competitor 33]). Annex 40 to the FMN also contains a [redacted] overview of the following [redacted]: [Competitor 4], Arçelik, [Competitor 9], [Competitor 5], [Competitor 11] and [Competitor 20].

the low-mid to premium end of the spectrum. However, the CMA notes the Parties appear to monitor each other particularly closely and that there are various examples of internal documents which either (i) contain explicit references to the other Party as a close or main competitor⁹¹ or (ii) compare several competitors simultaneously but include evidence indicating the Parties are particularly close to each other.⁹²

98. The more limited number of internal documents that discuss specific MDA6 categories are in line with the above in respect of closeness of competition between the Parties and monitoring of other suppliers. For example:

- (a) **Washing machines:** An Arçelik review of market pricing movements recognises Indesit and [Competitor 1] as Beko's main competitors for smaller washing machines, and [Competitor 2] and [Competitor 3] for slightly larger washing machines but also notes that Indesit is promoting those machines '[<]'.⁹³ Arçelik internal documents also monitor prices and features of [Competitor 4], [Competitor 5], Hotpoint and Private Label appliances and compare them against Arçelik's washing machines.⁹⁴ Similarly, a Whirlpool analysis into freestanding washing machines, analyses Indesit against Beko and Private label suppliers noting several times that Indesit is 'losing share to Beko'.⁹⁵ The Hotpoint brand on the other hand is compared against

⁹¹ For example, Arçelik's internal documents include several monthly KPI reports produced by Beko which refer to '[<] competitors [Competitor 1] and Hotpoint' – see, for example, Arçelik internal document, Annex 304 to the FMN, [<], slide 4 (see also equivalent references to Hotpoint and [Competitor 1] as '[<] competitors' in Arçelik internal documents, Annex 302, Annex 303, Annex 312, Annex 314, Annex 319, Annex 323, Annex 331 and Annex 332 to the FMN). In Whirlpool internal document, Annex 69 to the FMN, [<], October 2022, Arçelik is referred to as Indesit's 'main competitor' (see slide 12 and slide 14 which directly compares Indesit [<] against Beko and 'Trade Brand' but no other competitors).

⁹² See, for example, Whirlpool internal document, Annex 62 to the FMN, [<], November 2021, slide 9 which compares the ratio of freestanding vs. built-in volumes supplied by several competitors in EMEA including Arçelik and shows that [<] (although the CMA notes that, from Arçelik's perspective, [Competitor 11] is closer); and slide 10 which compares [<] MDA9 for several competitors including Arçelik [<] and shows that Arçelik's profile [<] is the closest to Whirlpool's (the CMA again notes that, from Arçelik's perspective, [Competitor 11] is closer than Whirlpool). See also Whirlpool internal document, Annex 40 to the FMN, [<], September 2022, slide 73 which sets out a 'UK snapshot' showing that, of Whirlpool's 'top 9 competitors' by units sold, Arçelik and Whirlpool [<] followed by [Competitor 21] ([<]) and then several smaller competitors ([<]: [Competitor 4], [Competitor 11], [Competitor 5], [Competitor 9], [Competitor 10], [Competitor 20], [Competitor 26]).

⁹³ Arçelik internal document, Annex 585 to the FMN, [<], July 2022, slide, 2.

⁹⁴ Arçelik internal document, Annex 494 to the FMN, [<], February 2023, slide 11, 12 and 14. Arçelik internal document, Annex 498 to the FMN, [<], February 2023, slide 12 and 13 which mentions Hotpoint in particular [<].

⁹⁵ Whirlpool internal document, Annex 69 to the FMN, [<], October 2022, slide 12 and 13.

[Competitor 2] and [Competitor 5].⁹⁶ Likewise, another Whirlpool document notes that ‘Beko & [Competitor 5] [redacted] in ‘washing’ and that Beko [redacted] whereas [Competitor 5] is [redacted].⁹⁷ When benchmarking the prices of its washing machines, Whirlpool sometimes distinguishes between its built-in products (which typically sell at higher price points and which represent a smaller proportion of its sales) and its freestanding washing machines (which typically sell at low- to mid-range price points and represent the bulk of its sales). While Whirlpool considers a broader competitor set including suppliers such as [Competitor 4] and [Competitor 5] when benchmarking its built-in premium washing machines, when benchmarking its main freestanding product lines it often focuses on Beko and [Competitor Group 1] (with the [Competitor 2] and [Competitor 3] brands).⁹⁸

- (b) **Tumble dryers:** Arçelik internal documents provide somewhat mixed evidence in respect of its views of Whirlpool. Arçelik tracks the average prices of Whirlpool’s Hotpoint and Indesit brands across dryers, albeit alongside other competitor brands, including [Competitor 6], [Competitor 2] and [Competitor 3]. However the CMA notes that the price averages of Beko, Hotpoint and Indesit are most closely aligned to one another.⁹⁹ Similarly, another Arçelik internal document compares tumble dryer prices from [Competitor 6], [Competitor 5], [Competitor 2], Indesit and [Competitor 3], but the prices vary significantly with [Competitor 2], Hotpoint and [Competitor 3] being in a similar price range.¹⁰⁰ Also Whirlpool’s documents track both Beko and other competitors: one 2022 document tracks prices for individual Beko models when assessing non-premium tumble dryers, along with [Competitors 2 and 3] and its own brands. The same document discusses pricing in a [redacted].¹⁰¹ The same document also indicates that Hotpoint, Indesit, [Competitor 3] and Beko are active in the same low-price ranges.¹⁰²
- (c) **Dishwashers:** One Arçelik internal document, which tracks average price for brands, shows that Arçelik monitors Whirlpool, [Competitor 6], [Competitor 2]

⁹⁶ Whirlpool internal document, Annex 69 to the FMN, [redacted], October 2022, slide 28.

⁹⁷ Whirlpool internal document, Annex 70 to the FMN, [redacted], slide 5.

⁹⁸ Whirlpool internal document, [redacted].

⁹⁹ Arçelik internal document, Annex 247 to the FMN, [redacted], February 2023, slide 5.

¹⁰⁰ Arçelik internal document, Annex 450 to the FMN, [redacted], September 2022, slide 35. See also Arçelik internal document, Annex 563 to the FMN, [redacted], November 2022, slide 25, which indicates similar prices and pricing movements between Beko, Hotpoint and Hoover.

¹⁰¹ Whirlpool internal document, Annex 535 to the FMN, [redacted], 2022, slides 12—15 and 16.

¹⁰² Whirlpool internal document, Annex 535 to the FMN, [redacted], 2022, slide 14.

and [Competitor 3]'s price and brand movements in the dishwasher market to define its own pricing / branding strategies while also showing that average prices and price movements are very similar between Beko, Hotpoint and [Competitor 2].¹⁰³ Likewise, a strategic planning document indicates that Arçelik's investment should focus on dishwashers to [redacted] [Competitor 6]'s [redacted], although it also notes that Arçelik needs to [redacted] Whirlpool in the dishwashers segment as well.¹⁰⁴ A benchmarking presentation prepared for Whirlpool management notes that Whirlpool is aligned with most competitor brands such as [Competitor 7], [Competitor 2], [Competitor 6] and [Competitor 5] [on price], but that Beko stands out with a better rating.¹⁰⁵ Another benchmarking document also compares its current and new dishwasher models against [Competitor 8], [Competitor 9] and Beko, taking into account various factors such as energy class, noise, and, washing/drying technology.¹⁰⁶

- (d) **Refrigerators:** An Arçelik internal document compares the prices and brand position of its competitors, including the following brands: Indesit, Hotpoint, [Competitor 2], [Competitor 3], [Competitor 10] and [Competitor 5].¹⁰⁷ Another document monitors competitor promotional activities, including [Competitor 4] and [Competitor 5] but particularly [Competitor 10], which is noted to be 'within Beko range' as they are putting pressure on Beko's products.¹⁰⁸ Another document indicates that [Competitor 10] has doubled its shares since February 2023, and that [Competitor 6] models have been promoted heavily, and it discusses how Beko can react to this.¹⁰⁹ Another document indicates that Arçelik sees [Competitor 6], Indesit and [Competitor 5] as its key competitors for its best-selling cabinet in the market.¹¹⁰ A Whirlpool internal document indicates that Beko and [Competitor 11] are [redacted];¹¹¹ and a Whirlpool management presentation covering [redacted] 'cooling' compares Hotpoint with Beko, [Competitor 11] and [Competitor 12] when discussing fridge-freezers.¹¹²

¹⁰³ Arçelik internal document, Annex 563 to the FMN, [redacted], November 2022, slide 29.

¹⁰⁴ Arçelik internal document, Annex 10 to the FMN, [redacted], March 2021, slide 16.

¹⁰⁵ Whirlpool internal document, Annex 533 to the FMN, [redacted], February 2022, slide 2.

¹⁰⁶ Whirlpool internal document, Annex 534 to the FMN, [redacted], November 2022, slide 19.

¹⁰⁷ Arçelik internal document, Annex 578 to the FMN, [redacted], slide 2. See also Arçelik internal document, Annex 553 to the FMN, [redacted], April 2022, slide 11.

¹⁰⁸ Arçelik internal document, Annex 308 to the FMN, [redacted], undated, slide 1 and 2.

¹⁰⁹ Arçelik internal document, Annex 698 to the FMN, [redacted], July 2023.

¹¹⁰ Arçelik internal document, Annex 620 to the FMN, [redacted], May 2022, slide 5.

¹¹¹ Whirlpool internal document, Annex 70 to the FMN, [redacted], August 2022, slide 6.

¹¹² Whirlpool internal document, Annex 538 to the FMN, [redacted], 2022, slide 5.

- (e) **Freezers:** An Arçelik internal document notes that Beko is [redacted] Hotpoint and [Competitor 10] for freestanding upright freezers. This document compares the top models of freestanding upright freezers, including [Competitor 10], [Competitor 5], [Competitor 6], and Hotpoint against Beko. Similarly, it also compares the top models for chest freezers, including [Competitor 10], [Competitor 11], [Competitor 13], [Competitor 14], Hotpoint, and [Competitor 15] against Beko.¹¹³ This same document also notes that Private label suppliers are losing market share for UK freezers, [redacted]. A global brand health study prepared by a third-party for Arçelik notes that Beko is the [redacted]. [Competitor 5] is listed [redacted] Hotpoint.¹¹⁴
- (f) **Cooking appliances:** Two Arçelik internal documents compare Beko's market movements against different brands (Indesit, Hotpoint, [Competitor 7], [Competitor 16], [Competitor 17] and Private label for built-in ovens;¹¹⁵ and [Competitor 7], Hotpoint, Indesit, [Competitor 5] and [Competitor 11] for built-in hobs¹¹⁶). The document regarding built-in hobs also notes that Whirlpool is a major competitor in this segment. A Whirlpool document containing an overview of the EMEA cooking business lists Arçelik, [Competitor 9], [Competitor 18], [Competitor 19], [Competitor 5] and [Competitor 11] as competitor.¹¹⁷ The document also indicates Arçelik focuses on entry price segments [redacted].

99. Based on the above, the CMA considers that the Parties' internal documents on washing machines, tumble dryers, dishwashers and cooking appliances indicate that the Parties monitor a number of competitors regularly, but that they monitor each other particularly closely. Regarding refrigerators and freezers, whilst the CMA has seen internal documents which suggest that they monitor the other Party, they monitor a similar range of competitors, including BSH, Haier, Hisense, Samsung, Private Label suppliers and some smaller players, [redacted], and contain references to how the Parties are constrained by them.

Third-party evidence

100. The CMA received feedback from third parties (including customers and competitors) on the Transaction. This included feedback on competition across

¹¹³ Arçelik internal document, Annex 361 to the FMN, [redacted], 2021, slide 45.

¹¹⁴ Arçelik internal document, Annex 287 to the FMN, [redacted], December 2021, slide 33.

¹¹⁵ Arçelik internal document, Annex 553 to the FMN, [redacted], April 2022, slide 15.

¹¹⁶ Arçelik internal document, Annex 604 to the FMN, [redacted], November 2022, slide 7.

¹¹⁷ Whirlpool internal document, Annex 411 to the FMN, [redacted], February 2023, slide 4, 13 and 16.

MDA product categories as a whole, and feedback on competition within each individual product category.

101. Third-party evidence indicates that the Parties are close competitors in the supply of MDA products overall, with the Parties' products being similar in terms of features, and both Parties primarily competing at the lower end of the price spectrum.¹¹⁸ In terms of alternative constraints:
- (a) Although some third-party evidence indicates the Parties face competition from other established brands, it largely suggests that some competitors such as BSH, Samsung, LG and Miele, operate mainly within higher price ranges and therefore do not compete as closely with the Parties.¹¹⁹
 - (b) Almost all customers indicated that Chinese suppliers are a competitive constraint on the Parties, at least to some extent.¹²⁰ In particular, half of customers stated that Haier (which acquired the Candy and Hoover brands in 2019 and whose highest shares are in tumble dryers and washing machines) and/or Hisense (which acquired Fridgemaster in 2012 and Gorenje in 2019 and whose highest shares are in refrigerators and freezers) compete with the Parties,¹²¹ although a number of customers indicated that this only applies to certain well-established Haier brands, such as Hoover and Candy.¹²²
 - (c) Two thirds of customers considered Private label brands to be a competitive constraint on the Parties,¹²³ although the remaining one third did not.¹²⁴ Those that did not consider Private label brands to be a constraint indicated that

¹¹⁸ Note of a call with a third party, June 2023, paragraphs 13—14. Note of a call with a third party, June 2023, paragraph 9. Response to the CMA questionnaire from a third party, July 2023, question 1.

¹¹⁹ Two customers explained that the Parties do not directly compete with brands such as Bosch, Miele and LG, which sit above them, although there is some crossover at the thresholds. Note of a call with a third party, June 2023, paragraph 15. Note of a call with a third party, July 2023, paragraph 10. A competitor did not consider the Parties its direct competitors, as they operate on a different price point than this competitor across MDA categories. Note of a call with a third party, June 2023, paragraph 15. Another competitor said it considered the Parties to be a key competitor, along with several other competitors, despite the Parties operating in different price segments. Note of a call with a third party, June 2023, paragraph 15 and 34.

¹²⁰ The CMA asked customers to what extent they considered that Chinese suppliers competed against the MDA products offered by Arçelik and Whirlpool. Response to the CMA questionnaire from a number of third parties, July 2023, question 10.

¹²¹ Response to the CMA questionnaire from a number of third parties, July 2023, question 10.

¹²² Response to the CMA questionnaire from a number of third parties, July 2023, question 10.

¹²³ The CMA asked customers to what extent they considered that private label MDA products competed against the MDA products offered by Arçelik and Whirlpool. Response to the CMA questionnaire from a number of third parties, July 2023, question 9.

¹²⁴ Response to the CMA questionnaire from a number of third parties, July 2023, question 9.

private label features are not as good as the Parties, they do not have the brand reputation customers want, and they are at a lower price specification and therefore do not directly compete.

102. The CMA also asked customers to list the Parties' top three competitors in each MDA6 product category:
- (a) **Washing machines:** the majority of customers listed Arçelik as Whirlpool's closest competitor in washing machines and vice versa.¹²⁵ Some customers also noted that the Parties have a particularly large presence in laundry and the freestanding laundry segment in particular.¹²⁶ Further, almost all customers listed Arçelik and Whirlpool amongst each other's top three competitors. The following third parties were also listed amongst the Parties' top three competitors: Haier (by a large majority of customers), BSH (by a minority of or half of customers), Electrolux (by a minority of customers), Private label (by a small minority of customers), and Samsung (by a small minority of customers).
 - (b) **Tumble dryers:** the majority of customers listed Arçelik as Whirlpool's closest competitor in tumble dryers and vice versa, further, the large majority of customers listed Arçelik and Whirlpool amongst each other's top three competitors.¹²⁷ The following third parties were also listed amongst the Parties' top three competitors: Haier by almost all customers, BSH (by a minority of or half of customers), Electrolux (by a minority of customers), Private label (by a minority of customers), and Samsung (by one customer).
 - (c) **Dishwashers:** Arçelik and Whirlpool were more frequently listed as each other's top competitor than any third party, except for BSH which was slightly more frequently listed as the top competitor to each of the Parties.¹²⁸ Further, almost all customers listed Arçelik and Whirlpool amongst each other's top three competitors. The following third parties were also listed amongst the

¹²⁵ Some other competitors were also listed as each Party's top competitor, although only by a small minority of customers: Haier, Electrolux, Samsung and Private label.

¹²⁶ Note of a call with a third party, June 2023, paragraph 20. Note of a call with a third party, June 2023, paragraph 30. Note of a call with a third party, June 2023, paragraph 11. Note of a call with a third party, July 2023, paragraph 9.

¹²⁷ Some other competitors were also listed as each Party's top competitor: Haier by a minority of or a small minority of customers, and the following competitors by a small minority of customers: Electrolux, and BSH.

¹²⁸ A minority of customers listed Arçelik as Whirlpool's closest competitor in dishwashers, and vice versa. Some other competitors were also listed as each Party's top competitor by customers: BSH by a minority of or half of customers, Haier by a minority of or one customer(s), Electrolux by a small minority of customers, and Private label suppliers by one customer.

Parties' top three competitors: BSH (by a large majority of customers), Haier (by a minority of or half of customers), Electrolux (by a minority of customers), and Private label (by a small minority of customers).

- (d) **Refrigerators:** Arçelik was more frequently listed as Whirlpool's top competitor than any third party, while Whirlpool was listed as frequently as Haier, Electrolux and Hisense as Arçelik's top competitor.¹²⁹ The large majority of customers listed Arçelik and Whirlpool amongst each other's top three competitors. The following third parties were also listed amongst the Parties' top three competitors: Haier (by half of customers), BSH (by a majority or half of customers), Electrolux (by a minority of customers), Hisense (by a minority of customers), Private label (by a small minority of customers), and Samsung (by a small minority of customers).
- (e) **Freezers:** Arçelik and Whirlpool were more frequently listed as each other's top competitor than any third party, except for BSH which was slightly more frequently listed as the top competitor for Arçelik. Further, the large majority of customers listed Arçelik and Whirlpool amongst each other's top three competitors.¹³⁰ The following third parties were also listed amongst the Parties' top three competitors: BSH (by a majority or half of customers), Haier (by a minority of customers), Hisense (by a minority of customers), Electrolux (by a minority of customers), Private label by a minority of customers), and Samsung (by one customer).
- (f) **Cooking appliances:** Arçelik and Whirlpool were more frequently listed as each other's top competitor than any third party, and the large majority or almost all of customers listed Arçelik and Whirlpool amongst each other's top three competitors.¹³¹ The following third parties were also listed amongst the Parties' top three competitors: BSH (by a majority of customers), Electrolux (by

¹²⁹ A minority of customers listed Arçelik as Whirlpool's closest competitor in refrigerators, and a small minority of customers listed Whirlpool as Arçelik's closest competitor. Some other competitors were also listed as each Party's top competitor: BSH by a minority of or a small minority of customers, and the following competitors by a small minority of customers: Electrolux, Hisense, Haier, Samsung, and Private label.

¹³⁰ Half of customers listed Arçelik as Whirlpool's closest competitor in freezers, and a small minority of customers listed Whirlpool as Arçelik's closest competitor. Some other competitors were also listed as each Party's top competitor: BSH by a minority of or one customer(s); and the following competitors by a small minority of customers: Haier, Hisense, Electrolux, Samsung, and Private label.

¹³¹ Half of customers listed Arçelik as Whirlpool's closest competitor in cooking appliances, and vice versa. Some other competitors were also listed as each Party's top competitor, although only by a small minority of customers: BSH, Electrolux, and Private label.

a majority of or half of customers), Private label (by a minority of customers), Haier (by a minority of customers), and Hisense (by one customer).

103. Overall, the evidence from third parties therefore indicates that the Parties are close competitors in each MDA6 product category. For example, with the exception of dishwashers and to an extent refrigerators and freezers, in all product categories the Parties were more frequently listed by customers as each other's closest competitor than any other competitor, and almost all customers considered the Parties to be amongst each other's top three competitors for all product categories.
104. Although other competitors, such as Haier, BSH and Electrolux, were listed amongst the Parties' closest competitors, the evidence from third parties indicates that these suppliers do not compete as closely with Arçelik and Whirlpool as the Parties do with each other. Further, although Private label brands were listed amongst the Parties' closest competitors by several customers, this varies somewhat by product category, and some third parties indicated that Private label brands are a weaker constraint in general (see paragraph 101(c)). Finally, the CMA notes that Hisense was generally not listed amongst the Parties' closest competitors, with the exception of refrigerators and freezers, where a minority of customers listed Hisense amongst the Parties' top three competitors.
105. The CMA also sought third-party views regarding the overall impact of the Transaction on competition across MDA categories. Overall, the CMA notes that third-party feedback on the Transaction was mixed.¹³² However, the CMA notes that approximately a third of responding customers raised concerns about the Transaction, with some customers noting that the Merged Entity would have a very high market share, particularly in the entry price level.

Excess capacity and buyer power

Excess capacity

106. The Parties submitted that the MDA industry in the UK is characterised by excess capacity, which acts as an important competitive constraint on MDA suppliers,¹³³ and that large suppliers from China, South Korea and Turkey have the ability to

¹³² For example, approximately a third of customers raised concerns about the Transaction. Approximately a quarter of customers said they did not have concerns about the Transaction. A minority of customers gave mixed or unclear views about the Transaction. The remainder did not give their views on the Transaction.

¹³³ Parties' response to the Issues Letter, 11 September 2023, paragraph 2.26.

substantially increase sales to the UK.¹³⁴ The Parties cited the entry and expansion by Asian players in the UK (including Haier, Hisense, LG, Samsung and Midea),¹³⁵ where their volume sales have collectively risen from [5-10]% to [20-30]% between 2010 and 2022.¹³⁶

107. The Parties also submitted that rival producers, such as Samsung, BSH, Electrolux and LG that currently produce appliances sold at higher price points could easily expand or divert capacity to produce low-mid priced appliances in direct competition with the Parties.¹³⁷ In addition, the Parties stated that Samsung and BSH have already expanded into the low-mid priced bands in the UK, and explained that this expansion is not driven by discounts, but by the launch of new models that have lower prices.¹³⁸
108. The CMA has considered the Parties' submissions on entry and expansion in paragraphs 121-133 below. On spare capacity more generally, the CMA considers that whilst, in principle, firms that have spare capacity are better able to compete in differentiated markets, capacity arguments are more relevant to undifferentiated product markets. In this case, evidence received from third parties does not indicate that excess capacity is likely to lead to expansion into lower price segments. For example, while a number of competitors indicated that they have excess capacity, many of these competitors have also said that they would not enter lower price segments, even if market conditions changed. Only one competitor indicated plans to expand into the lower priced segments, although the CMA notes that this competitor currently has very limited market presence, and it did not explain timeliness or scale of this planned expansion.¹³⁹
109. Further, the CMA notes that it has seen no evidence from the Parties' internal documents to indicate significant concern regarding the expansion of competitors into lower priced segments. This indicates that it may not be easy, or commercially viable, for competitors to expand into the lower priced segments.

¹³⁴ FMN, paragraph 21.2.

¹³⁵ See Parties' response to the Issues Letter, 11 September 2023, paragraph 2.14—2.18.

¹³⁶ FMN, paragraph 13.50.

¹³⁷ Parties' response to the Issues Letter, 11 September 2023, paragraph 4.3.

¹³⁸ Parties' response to the Issues Letter, 11 September 2023, paragraph 4.5—4.6.

¹³⁹ Further detail on entry and expansion is provided in paragraphs 121—133 below.

Buyer power

110. The Parties submitted that their customers are sophisticated and have a high degree of buyer power. This is due to (i) the large number of alternative suppliers, customers' ability to switch suppliers¹⁴⁰ and low brand loyalty among customers which the Parties submitted is evidenced by retail customers delisting suppliers' products,¹⁴¹ (ii) the retailers' importance to MDA suppliers (eg acting as gatekeepers),¹⁴² and retailer recommendations being key to consumer choice,¹⁴³ and (iii) some retailers being incentivised to sell and preference their Private label products.
111. The Parties submitted an analysis by Oxera (**Oxera paper**) quantifying illustrative price rises (**IPRs**) associated with the Transaction which are then used to estimate the extra profit that the Merged Entity would derive from this price increase. The Oxera paper then goes on to divide this additional profit by the Parties' total gross profit to derive a metric that it refers to as Critical Switching Ratios (**CSRs**). The Oxera paper posits that the retailers have the ability to inflict losses at least as large as the CSRs, such that the Merged Entity would have no incentive to raise prices.¹⁴⁴
112. In relation to the Parties' arguments on retailer buyer power, the CMA considers, in line with its guidance, that buyer power depends on the availability of good alternatives that customers can switch to, which in the context of an SLC will have been reduced.¹⁴⁵ In its competitive assessment, the CMA has therefore considered whether the Transaction removes a significant and close competitor to Arçelik, and the extent to which this materially reduces the viable alternatives that customers can switch to. The CMA therefore does not consider that the Parties' submissions on retailer sophistication and size should be considered as a separate line of argument to an assessment of closeness of competition and the strength of alternative suppliers.¹⁴⁶

¹⁴⁰ FMN, paragraph 1.31.

¹⁴¹ FMN, paragraph 1.31.1 and 15.41.

¹⁴² Parties' response to the Issues Letter, 11 September 2023, paragraph 1.12.

¹⁴³ Parties' response to the Issues Letter, 11 September 2023, paragraphs 5.3—5.6.

¹⁴⁴ Oxera Critical Upstream Switching Paper and Technical Annex, 25 August 2023.

¹⁴⁵ [CMA129](#), paragraph 4.20.

¹⁴⁶ Market power and buyer power are two sides of the same coin, and an SLC can be interpreted as a substantial lessening of customers' buyer power. [CMA129](#), paragraph 4.20.

113. However, the CMA finds it helpful to summarise its views in relation to some of the specific evidence submitted by the Parties above in support of its arguments around buyer power.
114. On the evidence of retailers delisting the Parties' products, the CMA considers that whilst delisting may provide evidence of the availability of alternatives, the evidence the Parties have submitted presents only a partial picture and is insufficient to support a conclusion that retailers would be able to switch away from the merged entity. First, the CMA has not received information about how these delisting events relate to regular retailer processes of delisting some models while adding others. Second, in some cases the extent of delisting and its impact on the Parties' sales is not sufficiently clear. Third, the CMA has not received information about the extent to which delisting has been enabled by the constraint provided by the other merging party.
115. The CMA considers that the Oxera paper does not substantially add to other evidence already submitted by the Parties. The IPRs are calculated using diversion ratios based on the shares of supply¹⁴⁷ and according to the Oxera paper itself 'no assumption is made on current or future levels of buyer power'.¹⁴⁸ As set out in the paper, the analysis 'does not demonstrate [...] that sufficient credible alternatives will remain post-merger for customers to turn to, to deter Beko Europe from raising its prices, without themselves losing sales and/or profits to any significant extent.'¹⁴⁹ Instead, the analysis submits that 'when combining the CSR results with the variations in customers' purchases from the Parties year-on-year, as well as market-wide fluctuations in market shares and the market share of the Parties' rivals, in all likelihood the Parties' customers will have the ability to switch enough volumes away from Beko Europe to its rivals, in order to deter Beko Europe from raising its prices, without themselves losing sales and/or profits'.
116. Given the above, the CMA does not consider the modelled profit increases as a share of the Parties' total profits referred to by the Oxera paper as CSRs themselves to be informative. According to the Oxera paper itself, the 'only conclusion [Oxera] draw from this analysis is that complete delisting or even large-scale partial delisting is not needed for customers to deter Beko Europe from raising

¹⁴⁷ The calculation of IPRs in the Oxera paper also includes data on margins and assumes that demand is linear.

¹⁴⁸ Parties' response to the Issues Letter, 11 September 2023, Annex 709 - Critical upstream switching in UK major domestic appliances by Oxera, paragraph 1.10—1.11.

¹⁴⁹ Parties' response to the Issues Letter, 11 September 2023, Annex 709 - Critical upstream switching in UK major domestic appliances by Oxera, paragraph 1.24.

prices post-merger'.¹⁵⁰ The CMA considers that complete delisting may not be required to make any price rises unprofitable and does not make this assumption anywhere in its assessment.

Conclusion on horizontal unilateral effects

117. The CMA found that the Transaction raises significant competition concerns as a result of horizontal unilateral effects in the supply of washing machines, tumble dryers, dishwashers and cooking appliances in the UK. In particular:

- (a) the Parties have high shares of supply in each of these product categories, and the Merged Entity would become the largest individual supplier in each category;
- (b) evidence from internal documents, third parties and the CMA's price range analysis indicates that the Parties compete closely with each other, particularly in the low- to mid-price ranges; and
- (c) the Parties will continue to face some competitive constraint from European and Asian competitors, Private label suppliers and other smaller suppliers. However, the constraint from these suppliers is unlikely to be sufficient to prevent a substantial reduction in competition. For example, the evidence shows in the low- to mid-price ranges providers such as BSH have limited presence, and the only suppliers with material sales are Private label brands and Haier.

118. For refrigerators and freezers, the CMA found that:

- (a) the Parties' combined shares and increment are comparatively lower than in other product categories, with a comparatively stronger presence of Private label brands (particularly in freezers) and Hisense (including through its Fridgemaster brand); and
- (b) evidence from internal documents, third parties and the CMA's price range analysis indicates that although the Parties do appear to compete closely, they also face competitive constraints from a broader range of suppliers, including

¹⁵⁰ Parties' response to the Issues Letter, 11 September 2023, Annex 709 - Critical upstream switching in UK major domestic appliances by Oxera, paragraph 2.2.

Private label suppliers, European and Asian suppliers (including BSH and Hisense), and some more limited constraint from other smaller suppliers.

119. Accordingly, the CMA found that the Transaction does not raise significant competition concerns as a result of horizontal unilateral effects in relation to the supply of refrigerators and freezers in the UK.

COUNTERVAILING FACTORS

Entry and expansion

120. Entry or expansion of existing firms can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. The CMA will consider the possibility of entry and/or expansion plans of rivals in direct response to the merger as a countervailing measure to what might otherwise be an SLC finding.¹⁵¹ In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.¹⁵²

The Parties' submissions

121. The Parties submitted that barriers to entry and expansion are minimal,¹⁵³ and that MDA manufacturers can easily adjust production within MDA categories in a given plant or configure or expand production lines for entirely different MDA categories.¹⁵⁴ Additionally, [X] the components and underlying technology are widely available and [X].¹⁵⁵
122. The Parties submitted that the significant growth of Asian suppliers was driven by the lack of barriers to entry or expansion, their deep pockets for marketing investments to achieve a greater penetration with retailers and brand recognition with consumers, as well as their low-cost manufacturing base compared to European suppliers.¹⁵⁶ The Parties also submitted that suppliers which are relatively strong in other European countries could easily expand in the UK.¹⁵⁷

¹⁵¹ [CMA129](#), paragraph 8.29.

¹⁵² [CMA129](#), from paragraph 8.40.

¹⁵³ FMN, paragraph 1.37.

¹⁵⁴ FMN, paragraph 21.11—21.13.

¹⁵⁵ FMN, paragraph 13.48.

¹⁵⁶ Parties' response to the Issues Letter, 11 September 2023, paragraph 2.11.

¹⁵⁷ For example, Parties' Response to the Issues Letter, 11 September 2023, paragraph 6.16 in relation to washing machines.

123. The Parties further submitted that the fact that many retailers source Private label products from MDA suppliers that also sell appliances under their own brands makes it particularly straightforward for retailers to sponsor entry and expansion.¹⁵⁸

CMA assessment

Historic share of supply data

124. The CMA notes that although the shares of some Asian suppliers have grown over the last 10-15 years, much of this growth occurred more than five years ago, and recent growth appears to have been more limited (see paragraph 76 above). Over the last five years for example, each of Haier, Samsung, LG and Midea have gained less than [0-5] percentage points across MDA6 as a whole (by volume), and Hisense has gained less than [0-5] percentage points.¹⁵⁹
125. The CMA also considers that the growth of certain Asian producers has been driven at least in part through acquisitions of already established brands, eg Haier acquiring the Candy and Hoover brands in 2019, and Hisense acquiring the Fridgemaster and Gorenje brands (in 2012 and 2019 respectively). Other Asian players, such as Midea, have been present in the UK for several years without gaining material market share, whilst Samsung and LG have focussed on the more premium segments of the market. The CMA therefore considers that the historic share of supply data does not necessarily indicate that expansion is easy or can be achieved rapidly.
126. The CMA also considers that the fact that certain MDA suppliers have higher shares in other European countries does not necessarily imply that it is easy (or a strategic priority) for them to expand in the UK. For example, high shares in particular European countries may reflect country-specific consumer preferences across brands, eg because a certain brand is produced in that country.¹⁶⁰ Differences across countries may also reflect suppliers' overall strategy and focus and historic brand strengths. The CMA has considered specific entry and expansion plans in the UK below (including across price segments).

¹⁵⁸ Parties' response to the Issues Letter, 11 September 2023, paragraph 1.11.1.

¹⁵⁹ Parties' response to the Issues Letter, 11 September 2023, Table 1.

¹⁶⁰ Eg BSH has high shares in Germany, its home country (see table 19, Parties' Response to Issues Letter, 11 September 2023), Electrolux in its home country Sweden (see table 20 and 28, Parties' Response to Issues Letter, 11 September 2023) and Amica in its home country Poland see table 21, Parties' Response to Issues Letter, 11 September 2023.

Internal documents

127. The CMA notes that barriers to entry are not mentioned frequently in the Parties' internal documents. In particular, these documents do not suggest the Parties are constrained by concerns about potential entry. The CMA has identified just one Arçelik internal document, which [redacted].¹⁶¹ However, the CMA has placed limited evidentiary weight on this document, as it is unclear what evidence the statement is based on, and the document was produced during the contemplation of the Transaction.

Third-party evidence

128. One customer stated that new entry is possible in the supply of MDA, although a number of competitors indicated that there were barriers to entry and expansion.¹⁶² One competitor stated that growing scale requires investment,¹⁶³ another competitor stated that the ability to enter can be restricted by the lack of brand awareness within the consumer sector/market,¹⁶⁴ and another highlighted that product differentiation requires additional investment to manufacture products to varying specifications.¹⁶⁵ The large majority of competitors indicated that it was difficult or very difficult to switch production between different MDA categories.¹⁶⁶
129. A minority of competitors said that it would be easy to switch production across price segments, although the majority of competitors who responded said it was either difficult or moderately difficult.¹⁶⁷ One competitor stated that cost competitiveness and scale can be a barrier to expansion in the low-price segment,¹⁶⁸ and another competitor explained that some premium or low price products are produced in specific factories, so it is more difficult to switch across these products as the production lines are different.¹⁶⁹ Another competitor stated that retailers and consumers recognise brands as positioned in particular price segments, so moving

¹⁶¹ Arçelik internal document, Annex 433 to the FMN, [redacted], Undated, slide 2.

¹⁶² Note of a call with a third party, June 2023, paragraph 13.

¹⁶³ Response to the CMA questionnaire from a third party, July 2023, question 8.

¹⁶⁴ Response to the CMA questionnaire from a third party, July 2023, question 8. Another third party indicated that brand recognition is important, including to the kitchen companies. Response to the CMA questionnaire from a third party, July 2023, question 4.

¹⁶⁵ Response to the CMA questionnaire from a third party, July 2023, question 8.

¹⁶⁶ Response to the CMA questionnaire from a number of third parties, July 2023, question 6. Response to the CMA questionnaire from a third party, September 2023, question 6.

¹⁶⁷ Response to the CMA questionnaire from a number of third parties, July 2023, question 6. Response to the CMA questionnaire from a number of third parties, September 2023, question 6.

¹⁶⁸ Response to the CMA questionnaire from a third party, July 2023, question 5.

¹⁶⁹ Response to the CMA questionnaire from a third party, September 2023, question 6.

brands across price segments would be difficult because of historic brand positioning and perception, as well as product features.¹⁷⁰

130. Further, a number of competitors stated they would not consider entering the lower price segments, including if market conditions changed, and one customer noted that some competitors have tried to enter the lower end/budget sector of the market by reducing the price of their cheapest products, but this entry was not sustained in the longer-term.¹⁷¹
131. Although some competitors, including Chinese suppliers, cited examples of their own expansion plans in the supply of MDA products¹⁷² only one of these competitors mentioned any specific plans to enter the low-mid price segments, while others indicated they would continue focussing on their core range in the higher priced segments. The CMA has therefore not received evidence from third parties to indicate that their expansion plans would be timely, likely or sufficient to prevent an SLC from arising.
132. When asked whether retailers could influence consumers' MDA purchasing decisions to switch to, or away from, specific products and brands, all the respondents indicated that this was possible in some circumstances, although this was not a core part of their business strategy.

Conclusion on barriers to entry and expansion

133. For the reasons set out above, the CMA considers that any entry or expansion would not be timely, likely or sufficient to prevent a realistic prospect of an SLC occurring as a result of the Transaction.

Efficiencies

Parties' submissions

134. In some instances, mergers can give rise to efficiencies.¹⁷³ The Parties submitted that the efficiencies resulting from the Transaction are merger-specific, quantifiable,

¹⁷⁰ Response to the CMA questionnaire from a third party, September 2023, question 5.

¹⁷¹ Note of a call with a third party, June 2023, paragraph 18.

¹⁷² Response to the CMA questionnaire from a number of third parties, July 2023, question 9. Response to the CMA questionnaire from a third party, September 2023, question 9.

¹⁷³ [CMA129](#), paragraph 8.2—8.5.

and will ultimately create additional consumer benefit in the form of lower prices.¹⁷⁴

The efficiencies submitted include:

- (a) Beko Europe will benefit from both fixed and variable cost savings in production, distribution and back-office operations, giving it the ability and active incentive to charge lower prices in all the main MDA markets.¹⁷⁵
- (b) the Transaction will lead to efficiency in the manufacturing of MDAs, as Beko Europe would [~~]~~ and improve capacity utilisation.¹⁷⁶
- (c) Beko Europe will be able to offer better products and services for consumers including greater sustainability, enhanced product portfolio, service network, procurement synergies and improved logistics.¹⁷⁷

CMA assessment

135. To find that efficiencies would counter an SLC, the CMA must receive compelling evidence to be satisfied that efficiencies will (i) enhance rivalry in the supply of those products where an SLC may otherwise arise; (ii) be timely, likely and sufficient to prevent an SLC from arising; (iii) be merger-specific; and (iv) benefit customers in the UK.¹⁷⁸

136. The CMA considers that it has not received sufficiently compelling evidence in line with the CMA's framework to support the Parties' claims that (i) the Transaction would give rise to efficiencies meeting these conditions, (ii) that the Transaction is the only way for either of the Parties to achieve efficiencies, and (iii) the extent to which any such efficiencies would benefit consumers. More specifically:

- (a) the CMA considers that the assumed cost synergies have been based on preliminary analysis that has not been further substantiated by the Parties. The CMA also notes in that regard that the claimed benefits include reductions in fixed costs which normally will not be taken into account in the efficiency analysis by the CMA, and the Parties have not made any submissions as to why they should be considered differently in this case. Finally, the CMA notes that the claimed cost reductions are expected to materialise within [~~]~~, which

¹⁷⁴ FMN, paragraphs 24.1—24.16.

¹⁷⁵ Parties' response to the Issues Letter, 11 September 2023, paragraph 7.4.

¹⁷⁶ Parties' response to the Issues Letter, 11 September 2023, paragraph 7.7.

¹⁷⁷ Parties' response to the Issues Letter, 11 September 2023, paragraph 7.8.

¹⁷⁸ [CMA129](#), paragraph 8.8.

is a relatively long time period and which casts doubt on the Parties' statements that the claimed efficiencies will offset the negative effects of the Transaction and also whether those claimed efficiencies are Transaction-specific and could not have been attained through other means.¹⁷⁹

- (b) the CMA considers that the Parties have not submitted compelling evidence as to why the Transaction is required to [redacted] in order to improve capacity utilisation, ie that these efficiencies are merger-specific. For example, both Parties submitted that they [redacted], some of which are located in [redacted],¹⁸⁰ and the CMA therefore considers that footprint optimisation and capacity utilisation could be achieved by [redacted], or by [redacted], which the Parties said they could do (and have done in the past).¹⁸¹
- (c) in relation to being able to offer better products and services for customers, the Parties have not provided compelling evidence that these could not be obtained without the Transaction. For example, the Parties have submitted no evidence of specific R&D knowledge that would enable the production of improved products, or any other merger-specific innovation improvements. The CMA notes that Arçelik has already introduced successful innovations in recent years, including its HarvestFresh technology for refrigerators and IronFinish for tumble dryers, which were then emulated by other competitors.
- (d) the Parties have not provided compelling evidence showing that any efficiencies brought about by the Transaction (eg from procurement-related savings or better service network) would be passed on to customers in the form of lower prices or improved quality.

137. The CMA therefore considers the Parties have not demonstrated that the claimed efficiencies would be timely, likely and sufficient to prevent an SLC from arising.

¹⁷⁹ [CMA129](#), paragraph 8.12.

¹⁸⁰ See FMN, paragraph 13.48.3 where the Parties are describing that their competitors have centralised production in low-cost jurisdictions, for example, Haier has production plants in China, France, Italy, Russia and Turkey.

¹⁸¹ FMN, paragraph 15.69, 21.11 and 21.13. The Parties argued that all MDA manufacturers at any price level are able to reallocate production lines within MDA categories they already manufacture in a given plant or reconfigure or expand production lines for entirely different MDA categories; and that competitors can and do invest in product development and brand awareness, which helps them to increase or decrease the price positioning of their brands. [redacted]. [redacted].

CONCLUSION ON SUBSTANTIAL LESSENING OF COMPETITION

138. Based on the evidence set out above, the CMA believes that it is or may be the case that the Transaction may be expected to result in an SLC as a result of horizontal unilateral effects in relation to the supply of washing machines, tumble dryers, dishwashers and cooking appliances in the UK.

DECISION

139. Consequently, the CMA believes that it is or may be the case that (i) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and (ii) the creation of that situation may be expected to result in an SLC within a market or markets in the United Kingdom.
140. The CMA therefore believes that it is under a duty to refer under section 33(1) of the Act. However, the duty to refer is not exercised whilst the CMA is considering whether to accept undertakings under section 73 of the Act instead of making such a reference.¹⁸² The Parties have until 5 October 2023¹⁸³ to offer an undertaking to the CMA.¹⁸⁴ The CMA will refer the Transaction for a phase 2 investigation¹⁸⁵ if the Parties do not offer an undertaking by this date; if the Parties indicate before this date that they do not wish to offer an undertaking; or if the CMA decides¹⁸⁶ by 12 October 2023 that there are no reasonable grounds for believing that it might accept the undertaking offered by the Parties, or a modified version of it.

Sorcha O’Carroll
Senior Director, Mergers
Competition and Markets Authority
28 September 2023

¹⁸² Section 33(3)(b) of the Act.

¹⁸³ Section 73A(1) of the Act.

¹⁸⁴ Section 73(2) of the Act.

¹⁸⁵ Sections 33(1) and 34ZA(2) of the Act.

¹⁸⁶ Section 73A(2) of the Act.

APPENDIX A: PRICE RANGE ANALYSIS

A.1 This appendix sets out the results of the price range analysis conducted by the CMA, as set out in paragraphs 84-94.

Figure 1: Share of supply estimates by volume in the UK in 2022 for washing machines, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 2: Share of supply estimates by volume in the UK for tumble dryers, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 3: Share of supply estimates by volume in the UK for dishwashers, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 4: Share of supply estimates by volume in the UK for refrigerators, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 5: Share of supply estimates by volume in the UK for freezers, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 6: Share of supply estimates by volume in the UK for cooking appliances, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 7: Share of supply estimates by volume in the UK for cookers, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 8: Share of supply estimates by volume in the UK for hobs, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

Figure 9: Share of supply estimates by volume in the UK for ovens, by quartile

[✂]

Source: CMA analysis of data submitted by the Parties.

ⁱ Arçelik's turnover mentioned in paragraph 18 was generated in the UK.

ⁱⁱ The Target's turnover mentioned in paragraph 19 was generated in the UK.