



DETERMINATION OF MERGER NOTIFICATION M/09/004-

UNILEVER / TIGI

Section 21 of the Competition Act 2002

Proposed acquisition by Unilever Overseas Holdings Limited and Conopco, Inc. of TIGI Salon Hair Care Products Business

11 March 2009

Introduction

1. On 13 February 2009, in accordance with section 18(1) of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed transaction whereby Unilever Overseas Holdings Limited and Conopco, Inc. (collectively, "Unilever") would acquire the TIGI salon hair product business and its supporting advanced education academies (the "Target Businesses") from the brothers, Bruno Mascolo, Gaetano Mascolo and Anthony Mascolo (the "Mascolo Brothers"). Under the proposed transaction, Unilever will acquire all of the issued share capital in Mascolo Brothers Limited ("MBL"), TIGI Americas, LP and MBL/TIGI Products, LP (the "MBL Group").
2. At present, in addition to the Target Businesses, MBL carries on the business of operating hair salons under the name "Toni & Guy" in the Americas¹. Since the hair salon business is not part of the proposed transaction, the proposed transaction contemplates, as a precondition for completion, a restructuring of the business interests of the Mascolo Brothers.

The Undertakings Involved

The Acquirer

3. Unilever Overseas Holdings Limited and Conopco, Inc. are subsidiaries of the Unilever Group. Unilever Overseas Holdings Limited is a holding company incorporated in the United Kingdom. Conopco Inc., incorporated under the laws of New York, U.S.A., is the Unilever Group's principal operating company in the U.S.A. The Unilever Group is active worldwide in the business of manufacturing and supply of so-called 'fast moving consumer goods'².
4. In the State, the Unilever Group is active through its subsidiaries such as Unilever Ireland (Holdings) Limited and Unilever Ireland Limited, and supplies consumer goods under the categories of "Foods", "Home Care" and "Personal Care" for retail sale. In the Personal Care

¹ North America, Central America and South America.

² These are products sold quickly and at relatively low cost; they generally include a wide range of frequently purchased consumer products such as toiletries, soap, cosmetics, shaving products and detergents.

category, Unilever supplies hair care, skin care and body hygiene products under brands such as "Lynx", "Dove", "Lux", "Sure" and "Sunsilk" (collectively, the "Unilever Products").

The Target

5. MBL is the ultimate holding company of the interests of the Mascolo Brothers in the salon hair product business under TIGI brands, its supporting education academies and the business of operating hair salons in the Americas. As noted above, Unilever will be acquiring MBL without the hair salon business.
6. TIGI Americas, LP, a limited partnership organised under the laws of Texas, U.S.A., is the primary wholesaler and marketer of the TIGI branded products to distributors throughout South America, Canada, Asia, Europe and Australia.
7. MBL/TIGI Products, LP, a limited partnership organised under the laws of Texas, U.S.A., is the primary company that licenses the trademarks of the TIGI branded products.
8. The Target Businesses include the following:
 - Salon hair care products including the TIGI brands such as "Bed Head", "Bed Head for Men", "Catwalk TIGI", "S-Factor" and "Rockaholic";
 - A limited range of skin-care and body hygiene products, which are being phased out;
 - Make-up products; and,
 - The operation of professional hairdresser academies in the U.S.A., UK and Italy and the offering of a limited line of hairdresser accessories (hair dryers, curling irons, etc.) primarily for promotional purposes.
9. In the State, the MBL Group is involved through TIGI Ireland Limited, a subsidiary of TIGI International Limited, which wholesales TIGI hair care products.
10. For the purposes of this determination we refer to the first three above-mentioned product groups as the "TIGI Salon Hair Care Products".

The Proposed Transaction

11. Unilever submitted that following completion of the proposed transaction it plans to manage the Target Businesses as a separate international unit of Unilever Overseas Holdings Limited. According to Unilever, the proposed transaction would enable it to: (i) enter the business of supplying salon hair care products [...].

Analysis

Overlap

12. Both parties are involved in the supply of hair care products, skin care products and body hygiene products. The parties, however, target and sell their respective products to different customers in the State.
13. The parties submitted that the TIGI Salon Hair Care Products are sold exclusively to professionals for use in providing hairdressing services in hair salons and/or selling over-the-counter in hair salons to end-users on the advice of the hairdresser while the Unilever Products are bought by consumers for their hair care needs in large retail chains, for example, supermarkets and chemists.
14. Furthermore, the parties submitted that the TIGI Salon Hair Care Products and the Unilever Products differ in packaging size, quality, branding and advertising. Moreover, salon hairdressers are trained to offer value-added services, for example, expert advice on which particular TIGI Salon Hair Care Products to use. In this regard, close contact with the salons is required to enhance product reputation and credibility of the TIGI Salon Hair Care Products. Unilever, on the other hand, promotes its products through significant consumer advertising expenditures and brand investment. As a result of these differences, Unilever noted that the prices of the TIGI Salon Hair Care Products are, on average, three to four times higher than the Unilever Products.
15. The Authority's own market enquiry, which involved a retailer survey, in-store visits and internet research, confirmed the parties' claim that their products are sold to different categories of customers through two different distribution channels in the State. For example, one customer submitted that "consumers see TIGI products as high-end specialist products and therefore not substitutable with the Unilever [products]". As such, the Authority considers that there is no competitive overlap in the activities of the parties in the State.
16. The Authority therefore concludes that the proposed acquisition of the Target Businesses by Unilever is unlikely to raise any competition concerns in the State.

Determination

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition by Unilever Overseas Holdings Limited and Conopco, Inc. of all of the issued share capital in Mascolo Brothers Limited, TIGI Americas, LP and MBL/TIGI Products, LP, will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Dr Stanley Wong

Member of the Competition Authority