

DETERMINATION OF MERGER NOTIFICATION M/22/016 – KEARY MOTORS/RENAULT RETAIL GROUP IRELAND

Section 21 of the Competition Act 2002

Proposed acquisition by Keary Motors Limited of the entire issued share capital, and thus sole control, of Renault Retail Group Ireland Limited

Dated: 13 May 2022

Introduction

1. On 1 April 2022, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed acquisition whereby Keary Motors Limited (“Keary”) would acquire the entire issued share capital, and thus sole control, of Renault Retail Group Ireland Limited (“RRGIL”) (“the Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction involves the purchase by Keary of a *Renault/Dacia* motor vehicle dealership and associated properties in Tallaght in Dublin 24 from Renault Retail Group SA.
3. The Proposed Transaction will be effected by means of a Share Purchase Agreement (“SPA”) between Keary and Renault Retail Group SA (“Renault Retail Group”) dated 31 March 2022, by which Keary will acquire the entire issued share capital of RRGIL from Renault Retail Group.

The Undertakings Involved

The Purchaser – Keary

4. Keary is a wholly owned direct subsidiary of [...], and is a private limited company incorporated in Ireland under registered number 478411, with its registered office at Kinsale Road

Roundabout, Cork. Keary and other subsidiaries of [...] form the Kearys Motor Group which has dealerships, operating out of various locations, which are active in: (a) the retail sale of new and demonstration passenger and light commercial vehicles of specific brands (namely, *Renault*, *Dacia*, *Hyundai*, *Nissan*, *BMW* and *Mini*); (b) the sale of pre-owned vehicles of any make of vehicle; and (c) the provision of aftersales services and the sale of parts and accessories for those brands. It is also engaged in the sale of new and pre-owned motorcycles from *BMW Motorrad*, and offers intermediary finance and insurance services.

5. Keary currently operates the following outlets listed in Table 1 below. Fourteen of the fifteen outlets are located in Cork and one is located in Dublin¹.

Table 1: Overview of Keary outlets in the State

No	Dealership/Business	Outlet Address	New Vehicle Brands Sold
1	Kearys BMW Cork	Eastgate Business Park,	<i>BMW</i>
2	Kearys BMW Motorrad Cork	Little Island, Cork	
3	Kearys Dacia Cork	Kinsale Road Roundabout, Cork	<i>Dacia</i>
4	Kearys Dacia Midleton	Cork Road, Midleton, Co.	
5	Kearys Hyundai Midleton	Cork	<i>Hyundai</i>
6	Kearys Hyundai Cork	Kinsale Road Roundabout, Cork	
7	Kearys Hyundai Mallow	Limerick Road, Mallow, Cork	
8	Kearys Mini Cork	Kinsale Road	<i>Mini</i>
9	Kearys Nissan Cork	Roundabout, Cork	<i>Nissan</i>
10	Kearys Renault Cork		<i>Renault</i>
11	Kearys Renault Midleton	Cork Road, Midleton, Co. Cork	

¹ In this determination, unless the context otherwise requires, “Dublin” refers to Dublin city and the surrounding areas of Dun Laoghaire-Rathdown, Fingal and South Dublin.

12	Kearys Renault PRO+	1 Doughcloyne Industrial Estate, Sarsfield Road, Wilton, Cork	
13	Kearys Carstore	Kylemore Road, Dublin 12	N/A (pre-owned vehicles of almost all brands)
14	Kearys Carstore	PD 2 Togher Industrial Estate, Cork	
15	Kearys Leasing	Kearys Leasing, Kinsale Rd. Roundabout, Cork	N/A (leasing only)

Source: The parties

6. The outlets referred to in rows 1 to 11 inclusive of Table 1 are dealerships for new and pre-owned cars. The outlet referred to in row 12 (Kearys Renault PRO+) relates to the sale of commercial vehicles (e.g. vans). The outlets referred to in rows 13 and 14 (Kearys Carstore, Kylemore Road, Dublin 12, and Kearys Carstore PD 2 Togher Industrial Estate, Cork) sell pre-owned vehicles only and do not sell new vehicles. The outlet referred to in row 15 (Kearys Leasing) provides vehicle leasing only and does not provide vehicle sales.
7. For the financial year ending 28 February 2021, Keary's turnover was approximately €[...], [...] of which was generated in the State.

The Target – RRGIL

8. RRGIL is [...]. RRGIL is Renault Retail Group's only dealership in the State.
9. RRGIL is engaged primarily in the sale of new *Renault*- and *Dacia*-branded vehicles, as well as the provision of parts, vehicle servicing and associated financial products. RRGIL is also engaged in the sale of pre-owned vehicles of any make. The business currently operated by RRGIL, and which forms part of the Proposed Transaction, is located at the following three locations with [...] *Renault*-branded vehicles, [...] *Dacia*-branded vehicles:
 - a. The Belgard Motor Centre, Belgard Road, Tallaght, Dublin 24;
 - b. Units 35, 36, 37 & 38, Airton Terrace, Tallaght, Dublin 24; and
 - c. Unit 32, Airton Terrace, Airton Road, Tallaght, Dublin 24.

10. For the financial year ending 31 December 2021, RRGIL's turnover was approximately €[...] of which €[...] was generated in the State.

Rationale for the Proposed Transaction

11. The parties state the following in the notification:

"[Keary] proposes to acquire [RRGIL] to continue the growth of [Keary] as a motor sales retailer and aftersales service provider in a challenging and evolving market and to open a dealership in Dublin for the first time and thereby enter into the dealership sector in Dublin."

and

[...]²

Third Party Submissions

12. No third party submission was received.

Competitive Analysis

Horizontal Overlap

13. There are three potential horizontal overlaps between the activities of the parties in the State:

- a. the sale of new and demonstration *Renault*-branded passenger cars and light commercial vehicles, including the supply of intermediary financial services, aftersales services, repair services and the sale of parts and accessories for *Renault*-branded vehicles;
- b. the sale of new and demonstration *Dacia*-branded passenger cars and light commercial vehicles, including the supply of intermediary financial services, aftersales services, repair services and the sale of parts and accessories for *Dacia*-branded vehicles;
- c. the sale of pre-owned passenger cars and pre-owned light commercial vehicles.

²[...]

14. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise product markets because the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State would be the same however those markets were defined. Nonetheless, the Commission has assessed the likely impact of the Proposed Transaction in respect of the three product areas in which the activities of the parties overlap in the State as described in paragraph 13 above.
15. Similarly, it is not necessary for the Commission to define the precise geographic markets because the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State would be the same however those markets were defined. However, for the purpose of its assessment, the Commission has assessed the likely impact of the Proposed Transaction with respect to both (more broadly) the State as a whole and (more narrowly) Dublin specifically.

The sale of *Renault*-branded new and demonstration passenger cars and light commercial vehicles in the State

16. There is a horizontal overlap between the activities of the parties in relation to the sale of *Renault*-branded new and demonstration passenger cars and light commercial vehicles in the State. Both Keary and RRGIL have dealerships which are active in the sale of *Renault*-branded new and demonstration passenger cars and light commercial vehicles. The parties submitted to the Commission in the notification that Keary and RRGIL held [0-10]% and [10-20]% shares of the total retail sales of new and demonstration *Renault*-branded passenger cars and light commercial vehicles in the State, respectively, in 2021. Following implementation of the Proposed Transaction, Keary's estimated share of the total retail sale of new and demonstration *Renault*-branded passenger cars and light commercial vehicles in the State will be approximately [10-20]%, representing an increase of [10-20] percentage points. The Commission is of the view that in this instance, the expected share of sales by Keary post the Proposed Transaction will not be significantly larger than the share of sales by RRGIL prior to the Proposed Transaction.
17. Furthermore, following implementation of the Proposed Transaction, there will remain a number of competitors which will continue to exert a competitive constraint on Keary in the sale of *Renault*-branded new and demonstration passenger cars and light commercial vehicles

in the State. The Commission notes that there are 25 *Renault* dealerships in the State other than those of the parties.

18. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect of the sale of new and demonstration *Renault*-branded passenger cars and light commercial vehicles, including the supply of intermediary financial services, aftersales services and repair services and the sale of parts and accessories for *Renault*-branded passenger cars, in the State.

The sale of *Renault*-branded new and demonstration passenger cars and light commercial vehicles in Dublin

19. Keary does not currently operate any dealership in Dublin. RRGIL's only dealership is based in Dublin.³ Therefore, there is no horizontal overlap in relation to the sale of *Renault*-branded new and demonstration passenger cars and light commercial vehicles in Dublin. In 2021, RRGIL's share of sales of new and demonstration *Renault*-branded passenger cars and light commercial vehicles sold in Dublin was [20-30]%.

The sale of *Dacia*-branded new and demonstration passenger cars and light commercial vehicles in the State

20. There is a horizontal overlap between the activities of the parties in relation to the sale of *Dacia*-branded new and demonstration passenger cars and light commercial vehicles in the State. Both Keary and RRGIL have dealerships that are active in the sale of *Dacia*-branded new and demonstration passenger cars and light commercial vehicles. The parties submitted to the Commission in the notification that Keary and RRGIL held [0-10]% and [0-10]% shares of the total retail sales of new and demonstration *Dacia*-branded passenger cars and light commercial vehicles in the State, respectively, in 2021. Following implementation of the Proposed Transaction, Keary's estimated share of the total retail sale of new and demonstration *Dacia*-branded passenger cars and light commercial vehicles in the State will be approximately [0-10]%, representing an increase of [0-10] percentage points. The Commission is of the view that in this instance, the expected increase in Keary's share of sales will be relatively small following the Proposed Transaction.

³ As noted in Table 1, Keary has a "Carstore" in Dublin, which sells only pre-owned vehicles.

21. Furthermore, following implementation of the Proposed Transaction, there will remain a number of competitors which will continue to exert a competitive constraint on Keary in the sale of *Dacia*-branded new and demonstration passenger cars and light commercial vehicles in the State. The Commission notes that there are 25 *Dacia* dealerships in the State other than those of the parties.
22. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect to the sale of new and demonstration *Dacia*-branded passenger cars and light commercial vehicles, including the supply of intermediary financial services, aftersales services and repair services and the sale of parts and accessories for *Dacia*-branded passenger cars, in the State.

The sale of *Dacia*-branded new and demonstration passenger cars and light commercial vehicles in Dublin

23. Keary does not currently operate any dealership in Dublin. RRGIL's only dealership is based in Dublin.⁴ Therefore, there is no horizontal overlap in relation to the sale of *Dacia*-branded new and demonstration passenger cars and light commercial vehicles in Dublin. In 2021, RRGIL's share of sales of new and demonstration *Dacia*-branded passenger cars and light commercial vehicles sold in Dublin was [20-30]%.

The sale of pre-owned passenger cars and pre-owned light commercial vehicles

24. There is a horizontal overlap between the activities of the parties in the sale of pre-owned passenger cars and pre-owned light commercial vehicles in the State. The Commission notes, however, that most, if not all, motor dealerships in the State sell pre-owned passenger cars and light commercial vehicles. Based on information provided by the parties to the Commission from the Society of the Irish Motor Industry ("SIMI"), there were 328 SIMI-registered dealers selling pre-owned vehicles in the State in 2021. The Commission is of the view that these dealers, along with other non-SIMI-registered dealers and importers, will exert a strong competitive constraint on Keary following implementation of the Proposed Transaction. Furthermore, the parties submitted to the Commission in the notification that Keary and RRGIL held only an estimated [0-10]% of the share in 2021 of the total retail sale of pre-owned passenger cars and pre-owned light commercial vehicles in the State.

⁴ As noted in Table 1 above, Keary has a "Carstore" in Dublin, which sells only pre-owned vehicles.

25. Even if the geographic scope of the analysis were to be narrowed to Dublin only, the SIMI figures provided by the parties to the Commission indicate that there are approximately 85 SIMI-registered dealers located in Dublin which offer pre-owned passenger cars and pre-owned light commercial vehicles for sale. These dealers, along with other non-SIMI registered dealers and importers, will exert a strong competitive constraint on Keary following implementation of the Proposed Transaction.
26. The parties submitted to the Commission that Keary and RRGIL held [0-10]% and [0-10]% shares respectively in 2021 of the total retail sales of pre-owned passenger cars and pre-owned light commercial vehicles in Dublin. Following implementation of the Proposed Transaction, Keary's estimated share of the total retail sales of pre-owned passenger cars and pre-owned light commercial vehicles in Dublin will be approximately [0-10]%, representing an increase of [0-10] percentage points. The Commission is of the view that in this instance, the expected increase in Keary's share of sales will be relatively small following the Proposed Transaction.
27. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in respect to the sale of pre-owned passenger cars and pre-owned light commercial vehicles in the State or in Dublin.

Vertical Relationship

28. The parties submit in the notification that “[RRGIL] is not a wholesaler, nor manufacturer, or distributor of vehicles. Renault Ireland Ltd, rather than [RRGIL], is the distributor for Renault/Dacia products in the State and this will continue to be the case following the Proposed Transaction”.
29. The parties have highlighted a potential vertical overlap in their activities in the State. On occasion, RRGIL will sell some individual vehicles on an ad-hoc basis to other dealers. The parties have informed the Commission in the notification that “[...]”.
30. In light of the minimal nature of the vertical overlap between the activities of the parties, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

31. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

32. No ancillary restraints were notified.

Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition, whereby Keary Motors Limited would acquire the entire issued share capital, and thus sole control, of Renault Retail Group Ireland Limited, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Brian McHugh

Member

Competition and Consumer Protection Commission