



DETERMINATION OF MERGER NOTIFICATION M/18/074 – QUARRY PARK MOTORS/CERTAIN ASSETS OF LINDEN COPSE

Section 21 of the Competition Act 2002

Proposed acquisition by Quarry Park Motors Limited of certain assets comprising part of the property, stock and business assets associated with Linden Copse Limited located at Enniscorthy, Co Wexford.

Dated 12 October 2018

Introduction

1. On 04 September 2018, 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 J.A. Boland Holdings Limited (“J.A. Boland Holdings”) through its wholly-owned subsidiary Quarry Park Motors Limited (“Quarry Park”) (collectively the “Acquirer”) would acquire certain assets comprising part of the property, stock, and business assets associated with the Skoda dealership of Linden Copse Limited (“Linden Copse”), located at Enniscorthy, Co Wexford (“the Target Assets”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Target Assets comprise the site and premises at which the Skoda motor showrooms of Linden Copse are located, and the stock, business assets and employees associated with the Skoda dealership of Linden Copse.
3. The Proposed Transaction is to be implemented pursuant to (i) a particulars and conditions of sale agreement dated 16 August 2018 between Daniel M. Kickham, Patrick Kickham and Prosper Kickham¹ and Quarry Park and (ii) an asset purchase agreement

¹ Daniel M. Kickham, Patrick Kickham and Prosper Kickham are the owners of the site and buildings currently occupied by J. Donohue (Motors) Limited and Linden Copse.



dated 16 August 2018 between Quarry Park, Linden Copse, and Daniel M. Kickham, Patrick Kickham and Prosper Kickham.

4. Pursuant to the above agreements, Quarry Park will acquire ownership and, thus, sole control of the Target Assets.

The Undertakings Involved

The Acquirer

5. Quarry Park, a newly incorporated company, is a wholly owned subsidiary of J.A. Boland Holdings. J.A. Boland Holdings is a holding company and is 100% owned by Gerard Boland.² J.A. Boland Holdings has the following subsidiaries:
 - a. J.A. Boland & Sons (Wexford) Limited, which has its registered office at Ferrybank, Wexford. It is an authorised Ford, Volvo and Hyundai dealer in Wexford operating from forecourt premises in Ferrybank, Wexford.
 - b. J.A. Boland (Carlow) Limited, which has its registered office at Dublin Road, Carlow. It is an authorised Skoda, Volvo, Peugeot and Mazda dealer operating from forecourt premises on the Dublin Road, Carlow.
 - c. GTI Investments Limited, which has its registered office at Strandfield, Rosslare Road, Wexford. It is an authorised Volkswagen dealer in Wexford operating from forecourt premises on the Rosslare Road, Wexford.
6. For the financial year ended 31 December 2017, J.A. Boland Holdings' worldwide turnover was approximately €77.4 million, all of which was generated in the State.

Linden Copse/J. Donohoe (Motors) Limited

7. Linden Copse is a company owned by J. Donohoe (Motors) Limited, Daniel M. Kickham, Prosper Kickham and Patrick Kickham. Linden Copse has a Skoda dealership operating from their premises in Enniscorthy, Co Wexford, and trades as Donohoe Skoda.

² Gerard Boland is also a director and shareholder of W.C.S. Automania Limited, a used trade sales outlet, and a director of Mexgrade Limited, which holds the SEAT franchise based in Enniscorthy.



8. J. Donohoe (Motors) Limited is a BMW/MINI³ motor retailer in Enniscorthy, Co Wexford, and trades from the same business location as Linden Copse.

Target Assets

9. The Target Assets comprise the site and premises at Quarry Park, Enniscorthy, Co Wexford, where the Skoda motor showrooms are located, as well as the stock, business assets and employees associated with the Skoda dealership of Linden Copse.
10. For the financial year ending 31 October 2017, Linden Copse's worldwide turnover was approximately €[...], all of which was generated in the State.

Rationale for the Proposed Transaction

11. The Acquirer states in the notification that:

“The commercial objective by this proposed transaction is the future growth strategy of the business of Quarry Park Limited in terms of retail vehicle sales, after sales, intermediary services & repairs. The proposed purchase is also in line with Quarry Park Limited's objective of supporting local employment in the South East Region of Ireland.”

Third Party Submissions

12. The Commission received two submissions from individual consumers raising competition concerns in relation to the proposed transaction. The concerns raised were assessed as part of the review process.

Competitive Analysis

13. There are two potential horizontal overlaps between the activities of the parties within the State:
- a. the sale of new and demonstration Skoda-branded passenger cars, including the supply of intermediary financial services, aftersales services, repair services and the

³ The proposed acquisition by a separate company, Alavina Investments Limited, of certain assets comprising part of the property, stock and business assets associated with the BMW/MINI dealership of J. Donohoe (Motors) Limited is the subject of a separate notification to the Commission, M/18/073 – Alavina Investments (MMM Limited)/Certain Assets of J. Donohoe (Motors) Limited.



- sale of parts and accessories for Skoda-branded vehicles (“the sale of Skoda-branded new passenger cars”); and
- b. the sale of pre-owned passenger cars and pre-owned light commercial vehicles.
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 doing so does not alter the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State. Nonetheless, the Commission assessed the likely impact of the Proposed Transaction in respect of the 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 doing so does not alter the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State. However, for the purpose of its assessment, the Commission assessed the likely impact of the Proposed Transaction with respect to both the State and the narrower geographic market⁴ of counties Carlow, Kilkenny, Tipperary, Waterford, Wexford and Wicklow (the “South East Area”).

The sale of Skoda-branded new passenger cars in the State

16. In 2017, Skoda held an estimated market share of approximately 6.8% for all new and demonstration branded passenger cars sold in the State.⁵ The parties submitted that they held the following estimated market shares in 2017, respectively, in relation to the total retail sale of new and demonstration Skoda-branded passenger cars in the State: Target Assets – 2.1% and Acquirer – 2.1%.⁶

⁴ For a similar approach, please see previous Commission determinations M/14/041 – JDM Automotive/Commons Road Cars (available at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-14-041-JDM-Automotive-Commons-Road-Cars-Determination.pdf>), M/15/071 – JDM Automotive/Karmann Auto (available at https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-15-071-Determination-JDM-Automotive_Karmann-Auto.pdf) and M/18/020 – Armalou-Spirit Ford/Lillis O'Donnell (available at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/02/M.18.020-Public-Determination.pdf>).

⁵ Market shares estimates were sourced from statistics gathered by the Society of the Irish Motor Industry, available at <https://stats.beeper.ie>.

⁶ Market share figures were provided by the parties and were based on the parties' own internal sales figures.



17. Therefore, following implementation of the Proposed Transaction, the Acquirer's estimated share of the total retail sale of new and demonstration Skoda-branded passenger cars in the State will be approximately 4.2%, representing an increase of 2.1 percentage points. Additionally, there are a large number of competitors⁷ which will continue to exert a competitive constraint on the Acquirer in the sale of Skoda-branded new passenger cars in the State following the implementation of Proposed Transaction.
18. The Commission also considered the likely impact of the Proposed Transaction in the narrower geographic market of the South East Area. Based on information provided by the parties, the majority of new Skoda vehicle sales (just over 75%)⁸ in the South East Area are provided by other dealers in the area or from dealers outside the area.⁹ These dealers (including Laharts Kilkenny; George Corbett Motors, Waterford; Sinnott Autos, Wicklow and Ryan Motor Power, Clonmel) will continue to exert a competitive constraint on the parties post transaction.
19. In the light of the above, the Commission considers that the Proposed Transaction is not likely to lead to any negative horizontal competitive effects in respect of the sale of new and demonstration Skoda-branded passenger cars – including the supply of intermediary financial services, aftersales services and repair services – and the sale of parts and accessories for Skoda-branded passenger cars in the State and in the South East Area.

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

20. 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 pre-owned light commercial vehicles. Based on information provided by the Society of the Irish Motor Industry ("SIMI"), there were 719 dealers registered with SIMI¹⁰ selling pre-owned vehicles in the State in 2017. These

⁷ SIMI lists 29 Skoda franchised retailers on its website, <https://www.simi.ie/en/find-a-member>.

⁸ Based on SIMI statistics and internal sales figures provided the parties.

⁹ In addition, the Acquirer realised approximately 40% of its new Skoda sales outside the South East Area. Sales outside the South East Area represented approximately 26% of the total new Skoda sales realised by the Target Assets.

¹⁰ The Commission notes that dealers and/or franchises which operate in the State are not obliged to register with SIMI.



dealers, along with other non-SIMI registered dealers and importers, will act as a strong competitive constraint on the merged entity following implementation of the Proposed Transaction.

21. Even if the relevant geographic market were to be defined more narrowly to comprise the South East Area, SIMI figures indicate that there are currently 223 dealers located in the South East Area 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 the merged entity following implementation of the Proposed Transaction.
22. In the light of the above, the Commission considers that the Proposed Transaction is not likely to lead to any negative horizontal competitive effects in respect of the sale of pre-owned passenger cars and pre-owned light commercial vehicles within the State and in the South East Area.

Vertical Relationship

23. The parties have stated in the notification that there is no vertical relationship between the Acquirer and the Target Assets. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

24. 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

25. 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 J.A. Boland Holdings Limited, through its wholly-owned subsidiary Quarry Park Motors Limited, would acquire certain assets comprising part of the property, stock and business assets associated with the Skoda dealership of Linden Copse Limited, located at Enniscorthy, Co Wexford, 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