



Jersey Competition Regulatory Authority (“JCRA”)

Summary of

Decision M644/10

Acquisition

of

Alberto Culver Company

by

Unilever

The Notified Transaction

1. On 15 December 2010, the JCRA received an application (the “**Application**”) for approval under Articles 20 and 21 of the Competition (Jersey) Law 2005 (the “**Law**”) concerning the proposed acquisition of Alberto Culver Company (“**Alberto Culver**”) by Unilever N.V. and Unilever Plc (together “**Unilever**”).
2. The JCRA published a notice of its receipt of the Application in the Jersey Gazette and on its website on 17 December 2010, inviting comments on the acquisition by 7 January 2011. In addition to public consultation, the JCRA conducted its own market enquiries concerning the acquisition. The JCRA and Office of Fair Trading (“**OFT**”) have cooperated in this matter.
3. Unilever is a worldwide supplier of fast moving consumer goods including personal care brands. Alberto Culver supplies personal care products, food and household products. Within Europe, Alberto Culver’s turnover is predominantly in the United Kingdom.
4. According to Article 20(1) of the Law, a person must not execute certain mergers or acquisitions except with and in accordance with the approval of the JCRA. The type of mergers and acquisitions subject to this requirement is set out in the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the “**Order**”).
5. The JCRA considered the possible impact on competition allowing for the possibility that there are two relevant product markets, namely (1) shampoos and (2) conditioners and treatments and in the case of hair styling, two relevant product markets, namely (1) hairspray and (2) hair styling products other than hairspray.
6. Given similarities between the UK and the Jersey markets, where many of the brands are seen in both jurisdictions, only if there were factors in Jersey materially different to that in the UK would the JCRA look to diverge from the OFT’s own analysis for this particular merger assessment.

7. The JCRA concludes that there is no evidence of any aspects, in relation to the proposed merger, that are specific to Jersey that would alter the conclusions of the OFT's assessment. To the extent that market shares in Jersey are different to the overall market share in the UK, the JCRA concludes that a supplier that has a significant market share in the UK would be a potential entrant in relation to the Jersey market, if the proposed merger would result in higher prices in Jersey. Therefore, the JCRA considers it appropriate to extend the conclusions drawn by the OFT in relation to the UK market to the Jersey market.
8. Under Article 22(1) of the Law, the JCRA may either approve the acquisition with or without attaching conditions, or may refuse to approve it if it is satisfied that the merger or acquisition would substantially lessen competition in Jersey or any part of Jersey.
9. The increase in market concentration as a result of the acquisition for bar soaps would suggest a risk of substantially lessening competition given the material increase in market share that is evident, particularly in terms of value. The size of the nearest competitor and the extent of competition posed by the remaining competitors are also major considerations informing this conclusion.
10. On the basis of the evidence provided, the JCRA concludes that the analysis contained in an OFT Paper of 18 March 2011¹ is not dissimilar to that of the JCRA. The JCRA has therefore sought to address any potential competition concerns that have been identified, by means of undertakings that the Parties have submitted to the OFT. Unilever offered to divest the bar soaps business of Alberto Culver in the UK, Ireland and the Channel Islands, which includes the Cidal, Wright's and Simple brands thereby remedying the competition concerns arising from the acquisition.
11. The proposed buyer for Alberto Culver's bar soap business, Lornamead, is identified in the undertakings in lieu, on which the OFT is currently consulting, which is due to end 3 June 2011, and Unilever has entered into a sale agreement

¹ OFT Decision ME/4805/10. http://www.of.gov.uk/shared_of/mergers_ea02/2011/Unilever.pdf

to transfer the business to the identified purchaser conditional upon OFT acceptance of the undertakings in lieu and completion of the transaction.

12. The OFT therefore gave notice on the 16 May 2011 that it is minded to accept undertakings in lieu in the form proposed by the Parties, but this is dependent on the public consultation. The OFT considers that the proposed undertakings offered by Unilever are clear cut and appropriate to remedy, mitigate or prevent the competition concerns identified in their Decision.
13. The JCRA therefore approves the acquisition on the condition that the proposed undertakings set out in the OFT consultation will apply to Jersey in geographical scope and are unchanged from those proposed by the OFT in its 16 May 2011 consultation. A full analysis of the JCRA's assessment of the application is available on request from the JCRA.

1 June 2011

By Order of the JCRA Board