



Case M948/13

Proposed acquisition of The Dental Laboratory Limited by Jersey Dental Technology Centre Limited

Decision

Document No: CICRA 13/07

8 March 2013

Jersey Competition Regulatory Authority
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The Notified Transaction

1. On 17 January 2013, the JCRA received an application (“**Application**”) for approval under Articles 20 and 21 of the *Competition (Jersey) Law 2005* (the “**Law**”) of the proposed acquisition by Jersey Dental Technology Centre Limited (“**JDTC**”) of The Dental Laboratory Ltd (“**TDL**”).
2. The JCRA registered a notice of its receipt of the Application on its website on 21 January 2013, inviting comments on the proposed acquisition. No comments were received.
3. The JCRA spoke to TDL’s top five customers in Jersey, to seek their views about the proposed acquisition, and their comments are detailed in paragraphs 14-17 below.

The Parties

4. According to the Application, JDTC is owned by Miss Andrea Lanson, and has been in operation for the last six years. Previously, the company traded as Holts Laboratory. TDL is owned by Ms Monika Jurkewitz, who wishes to leave the Island and has put the company up for sale. JDTC is taking over TDL’s business, and is acquiring the lease on its premises and its equipment.
5. The turnover for JDTC attributable to dental laboratory services in Jersey for the year ending 31 December 2012 was [redacted]. JDTC primarily provides dental laboratory services for prosthetics, crown and bridge repairs, orthodontic, plastic and chrome dentures.
6. The turnover for TDL, attributable to dental laboratory services in Jersey for the year ending 31 December 2012 was [redacted]. The dental laboratory services provided by TDL are for dental prosthetics (a specialist area of medicine which is

concerned with the re-creation of the dentition when there are missing or badly damaged teeth) only.

The Requirement for JCRA Approval

7. The proposed acquisition involves JDTC acquiring control of TDL, as defined under Article 2(1)(b) of the Law. The parties applied for JCRA approval of the proposed acquisition on the basis that there are currently only three dental laboratories in Jersey, and after the proposed acquisition, the number of local suppliers would be reduced to two. Together, JDTC and TDL are likely to have a share of 25% or more in the supply of dental laboratory services within Jersey and therefore the acquisition falls within the conditions of Article 2 of the *Competition (Mergers and Acquisitions) (Jersey) Order 2010* (the “**Order**”).
8. On the basis of these facts, pursuant to the Order and Article 20(1) of the Law, the JCRA’s approval is required before the proposed acquisition is executed.

Market definition

9. As noted in paragraph 7 above, the obligation to apply for the JCRA’s approval of the proposed acquisition arises by virtue of the parties’ existing share in the supply of dental laboratory services in Jersey. The parties state that the area of overlap between the respective undertakings is specifically prosthetics, although they submit that this does not form a separate product market, but is part of a broader market comprising all dental laboratory services.
10. Given that the proposed acquisition will not lead to a substantial lessening of competition on any plausible market definition, for the purposes of this decision, the JCRA accepts the parties’ submission that the relevant product market is dental laboratory services.

11. The parties state that the market for dental laboratory services is Europe-wide in scope, because dentists in Jersey procure dental laboratory services from suppliers in a wide range of locations, including Jersey, Alderney, UK, France, Germany and Sweden. In recent years, even suppliers in China have become increasingly important to Jersey dentists as a source for dental laboratory services. This was confirmed by interviews with dentists from six of the largest dental practices in the Island. On the basis of this evidence, the JCRA accepts the parties' submission that the geographic scope of the market is at least Europe-wide.

Effect on Competition

12. The JCRA has reached the view that the proposed acquisition will not substantially lessen competition in the supply of dental laboratory services in Jersey, for the reasons set out in the following paragraphs.

13. There are currently three dental laboratories in Jersey: JDTL, TDL and Dental Aesthetics. These three laboratories provide services to some 100 dentists on the Island.

14. The JCRA sought the views from the five dental practices that regularly use the dental laboratory services of TDL. These five dental practices comprise some 13 dentists, therefore representing about 13% of the Island's total number of dentists (although the JCRA does not hold data on the proportion of dental services in Jersey supplied by these practices). Despite the reduction in Jersey dental laboratories from three to two that would stem from the proposed acquisition, all five of these dental practices reported that this did not pose any concerns. They said that TDL is considered to be a relatively small laboratory, is limited in its range of services and that, in any case, the continuing presence of two on-Island laboratories, plus many off-Island laboratories, could satisfactorily meet all of their needs.

15. Off-Island laboratories in the UK and Sweden are about 50% cheaper than Jersey laboratories. However, dentists said that procuring off-island involves a trade-off in the form of longer turn-around times, as these consignments are reliant on the postal service for delivery. Some dentists informed the JCRA that despite the longer turnaround times, greater discounts are available from laboratories in China and these are increasingly being used.
16. The dentists we spoke to had varied views as to the relative proportion of services that they procured from on-Island and off-Island suppliers. There was general agreement that on-Island dental laboratory services are more expensive than off-Island services, but that on-Island suppliers will be more convenient, especially for more urgent jobs requiring a same-day service.
17. There seemed to be general agreement that the quality of the work from the three on-Island laboratories is high. Dentists observed that TDC and Dental Aesthetics were generally more expensive, with JDTC's prices tending to be up to 50% cheaper, and broadly similar to prices charged by UK-based dental laboratories.
18. Although not quantified, there is limited but additional indirect competition from UK-based dentists coming to the Island to perform some specialist forms of work e.g. implants, as well as Hungarian dentists coming to the Island to market dentistry procedures carried out on Jersey patients in surgeries in Hungary. In both cases, it was reported to the JCRA that these visiting dentists tend to use dental laboratory services in either the UK or Hungary.

Conclusion

19. Based on the preceding analysis, the JCRA hereby approves the proposed acquisition under Article 22(1) of the Law.

8 March 2013

By Order of the JCRA Board