



# **Channel Islands Competition Laws**

## **CICRA 6a - Merger Application Form**

**PROPOSED PURCHASE OF SPAR (CHANNEL ISLANDS) LIMITED**  
**BY SANDPIPERCI RETAIL LIMITED**

**Dated 20 October 2016**

## ANNEXURES

Annex	Description	MAF paragraph(s)	Supply status
1	Seller's group structure charts	1.2, 2.3	Enclosed
2	Sandpiper Group structure charts	1.2, 2.3	Enclosed
3	Share purchase agreement	1.7, 2.5	Enclosed
4	Disclosure letter	1.7, 2.5	Enclosed
5	Sandpiper Group press release	2.8	Enclosed
6	Convenience Stores Market maps	4.3	Enclosed
PC1	Sandpiper Group turnover information	3.2	To be provided separately by Carey Olsen
PC2	Sandpiper Group annual accounts	3.2	To be provided separately by Carey Olsen
PC3	[REDACTED]	4.15	To be provided separately by Carey Olsen
SC1	Seller's group turnover information	3.2	To be provided separately by Bedell Cristin
SC2	Seller's group annual report / financial statements	3.3	To be provided separately by Bedell Cristin

[ALL PURCHASER AND SELLER CONFIDENTIAL ANNEXURES REDACTED]

# Merger Application Form

## 1. Preliminary Information

- 1.1 *Provide the contact details of all parties, including the business website address where applicable. For corporate undertakings, please state where the company is incorporated. If any of the parties or their parent entities are listed companies, please state the locations of listing.*

The proposed transaction (the "**Transaction**") involves the sale of Spar (Channel Islands) Limited (the "**Target**"), together with its subsidiaries, (together, the "**Target Group**") by Jmart Limited (the "**Seller**") to SandpiperCI Retail Limited (the "**Purchaser**").

The Seller and the Purchaser, together, are referred to in this Merger Application Form as the "**Notifying Parties**".

### **Seller:**

Contact: [REDACTED]  
Address: [REDACTED]  
Tel: [REDACTED]  
Email: [REDACTED]  
Website: None

The Seller is incorporated in Jersey.

### **Purchaser:**

Contact: [REDACTED]  
Address: [REDACTED]  
Tel: [REDACTED]  
Email: [REDACTED]  
Website: [www.sandpiperpci.com](http://www.sandpiperpci.com)

The Purchaser is incorporated in Jersey.

- 1.2 *If any party is part of a larger corporate group, provide the contact details for the ultimate parent entity and state where it is incorporated.*

### **Seller:**

The Seller is part of a larger corporate group. The holding company of the Seller's group is Mud Hut (Jersey) Limited, a company incorporated in Jersey. Mud Hut (Jersey) Limited is wholly-owned by [REDACTED], an individual resident in Jersey.

Structure charts setting out the structure of the Seller's group (including the Target Group) pre- and post-completion of the Transaction ("**Completion**") are set out at **Annex 1**.

## **Purchaser:**

The Purchaser forms part of the group of companies known as the Sandpiper CI group (the "**Sandpiper Group**"). The holding company of the Sandpiper Group is Sandpiper Topco Limited ("**Sandpiper Topco**"), a company incorporated in Jersey.

Structure charts setting out the structure of the Sandpiper Group pre- and post-Completion are set out at **Annex 2**.

Sandpiper Topco is owned by various investors together with certain members of the Sandpiper Group's management team.

Under Article 60 of the Competition (Jersey) Law 2005, as amended (the "**CJL**"), the Jersey Competition Regulatory Authority (the "**JCRA**") must attempt to ensure that, as far as possible, it interprets Jersey competition law consistently with the interpretation given to corresponding issues by the European Commission. This is further explained in the relevant Guidelines issued by the Channel Islands Competition and Regulatory Authorities ("**CICRA**").

In the *Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (2008/C 95/01)* (the "**Consolidated Jurisdictional Notice**") and previous decision-making practice, the European Commission sets out how the concept of "control" is interpreted under the EU Merger Regulation. It notes that control may take a number of forms:

- (a) "sole control" – where one person is able to exercise "decisive influence" alone;
- (b) "joint control" – this may be either on a *de jure* basis, for example where more than one person has formal blocking rights that allow them to exercise decisive influence (for example a jointly-owned joint venture company, where each parent company has the right to block strategic decisions) or (less commonly) where two or more persons will, in practice, always act together to give them *de facto* joint control; and
- (c) "no overall control" – where no single person can exercise sole control and there is no *de jure* or *de facto* joint control. Where there is no overall control, no single person or fixed combination of persons has the power to exercise decisive influence over the activities of the undertaking being acquired<sup>1</sup>.

It is submitted that, for a situation of "joint control" to arise in the case of a separate legal entity such as Sandpiper Topco, it is not sufficient for there to merely be a theoretical possibility that a particular combination or combinations of shareholders could (but may not) act together to exercise decisive influence over the entity; something more is required. In particular, it is submitted that "joint control" would not arise in a case where:

- (i) no two (or more than two) persons hold formal blocking or veto rights such that they must always agree in order for the entity to be able to take strategic decisions (because if they do not agree, a deadlock situation will arise); or

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<sup>1</sup> See, for example, *Case No. IV/M.548 Nokia Corporation/SP Tyres UK Ltd*

- (ii) there is no stable coalition between two or more shareholders of an entity meaning that, as a matter of fact, they will always act together and that they together have control.

It is submitted that, in such circumstances, the situation is properly characterised as one of no overall control, and not as one of joint control. This is made absolutely clear in paragraph 80 of the Consolidated Jurisdictional Notice, which states that (emphasis added):

*"In the absence of strong common interests such as those outlined above, **the possibility of changing coalitions between minority shareholders will normally exclude the assumption of joint control. Where there is no stable majority in the decision-making procedure and the majority can on each occasion be any of the various combinations possible amongst the minority shareholders, it cannot be assumed that the minority shareholders (or a certain group thereof) will jointly control the undertaking.** In this context, it is not sufficient that there are agreements between two or more parties having an equal shareholding in the capital of an undertaking which establish identical rights and powers between the parties, where these fall short of strategic veto rights. For example, in the case of an undertaking where three shareholders each own one-third of the share capital and each elect one-third of the members of the Board of Directors, the shareholders do not have joint control since decisions are required to be taken on the basis of a simple majority."*

Taking into account the foregoing and applying it to the ownership and control of Sandpiper Topco:

- (A) having reviewed the contractual arrangements amongst the shareholders of the Sandpiper Group, [REDACTED]; and
- (B) having taken into account all matters, facts and circumstances pertinent to the manner in which the Sandpiper Group is managed and controlled as a matter of fact, [REDACTED],

in each case applying the principles relevant to whether decisive influence exists as set out in the Consolidated Jurisdictional Notice.

In particular:

- (1) [REDACTED];
- (2) [REDACTED]; and
- (3) [REDACTED].

Consequently, it is the Purchaser's submission that, at a shareholder level, Sandpiper Topco falls within the category of "no overall control", and therefore none of its shareholders form part of its group and none of their businesses or business interests should be taken into account when assessing the Transaction from a competition law perspective.

1.3 *Provide the contact details for each party's authorised legal representative(s).*

Bedell Cristin are representing the Seller in connection with this application. Bedell Cristin's contact details are as follows:

Contact: Guy Le Sueur  
Address: 26 New Street, St Helier, Jersey JE2 3RA  
Tel: ++44 (0) 1534 814743  
Email: guy.lesueur@bedellcristin.com

Carey Olsen are representing the Purchaser in connection with this application. Carey Olsen's contact details are as follows:

Contact: James Willmott  
Address: 47 Esplanade, St Helier, Jersey JE1 0BD  
Tel: +44 (0) 1534 822 307  
Email: james.willmott@careyolsen.com

1.4 *Provide the contact details of the person who should receive the filing fee receipt (and the invoice for a fee for a second detailed review).*

Contact: [REDACTED]  
Address: [REDACTED]  
Tel: [REDACTED]  
Email: [REDACTED]

1.5 *Indicate whether the application is made under Article 21 of the Competition (Jersey) Law 2005 and/or regulation 5 of The Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations, 2012, and explain why the parties are required to seek approval for the merger under that legislation.*

**Article 21 of the CJL:**

References below to the "**Order**" are to the Competition (Mergers and Acquisitions) (Jersey) Order 2010.

**Article 2 of the Order:**

The Notifying Parties consider that approval of the Transaction is required pursuant to the Article 2 (*Horizontal Mergers or Acquisitions*) of the Order.

Article 2 of the Order applies where a transaction creates an undertaking with a share of 25% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey or enhances such a share held by an undertaking.

The Notifying Parties are of the view that, based on the principles set out in JCRA decision M 114/07 *Proposed Acquisition by Spar (Channel Islands) Limited of several stores from C.I. Newsagents Limited* and Competition & Markets Authority decision ME/6529-15 *Anticipated acquisition by Netto Limited of three grocery stores from Co-operative Group Limited* (the

"**Convenience Store Decisions**"), the combination of the Sandpiper Group and the business undertaken by the Target Group (the "**Target Business**") will create a relevant share of supply enjoyed by the Sandpiper Group in one or more Convenience Stores Markets (as defined below).

Further, if the JCRA accepts the Purchaser's submissions as to the economic markets relevant to the Transaction below, the combination of the Sandpiper Group and the Target Business will create a relevant share of supply enjoyed by the Sandpiper Group in:

- (a) the General Stores Market (as defined below) on an island-wide basis;
- (b) the supply of Convenience Items from a Convenience Store or an Other General Store (each as defined below):
  - (i) in one or more Convenience Stores Markets outside of the St Helier commercial centre; and
  - (ii) within the St Helier commercial centre.

Article 3 of the Order:

The Notifying Parties do not consider that that approval of the Transaction is required pursuant to the Article 3 (*Vertical Mergers or Acquisitions*) of the Order as there is no vertical overlap between the Target Business and the business of the Sandpiper Group (or any part thereof). The relationship between the Target Business and the business of the Sandpiper Group is of a horizontal rather than a vertical nature.

Article 4 of the Order:

The Notifying Parties consider that approval of the Transaction will be required pursuant to Article 4 (*Conglomerate mergers and acquisitions*) of the Order.

The Notifying Parties are of the view that, based on the principles set out in the Convenience Store Decisions, both the Target Group and the Sandpiper Group has a 40% or greater share of supply in one or more Convenience Stores Markets in the Island.

**Regulation 5 of The Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations, 2012 (the "Regulations"):**

The Notifying Parties do not consider that approval of the Transaction is required pursuant to Regulation 5 of the Regulations because:

- (a) the Target Group has no applicable turnover in Guernsey (calculated in accordance with the Competition (Calculation of Turnover) (Guernsey) Regulations, 2012); and
- (b) in accordance with accepted practice, it is not necessary to take into account the applicable turnover of the Seller in assessing whether the Transaction requires approval pursuant to Regulation 5 of the Regulations,

As a consequence of the foregoing, irrespective of the applicable turnover of the Sandpiper Group in Guernsey, limb (b) of the test set out in Regulation 1(1) of the Regulations is not satisfied and accordingly:

- (i) the Transaction is not a prescribed acquisition for the purposes of the Regulations; and
- (ii) the Transaction is incapable of giving rise to an approval requirement pursuant to Regulation 5 of the Regulations.

**1.6** *Indicate whether the parties are making a joint application.*

The Notifying Parties are making a joint application.

However, please note that certain of the information and submissions contained in this MAF is provided / are made by the Purchaser only (including all such information and submissions that relate exclusively to the Sandpiper Group and its business, and its future intentions for the Target Group).

The Seller has not verified and makes no representations as to the accuracy of such information or submissions.

**1.7** *What is the expected timescale for exchange of contracts and completion of the merger?*

A share purchase agreement in relation to the Transaction (the "SPA") was entered into on 15 September 2016. A copy of the SPA is provided at **Annex 3**. A copy of the disclosure letter in connection with the SPA is provided at **Annex 4**.

The approval of the Transaction by the JCRA is one of various conditions precedent to Completion.

The Notifying Parties are proceeding on the basis that, subject to all conditions being satisfied, the Transaction will complete by the end of November 2016.

**1.8** *Indicate whether any of the parties or their parent entities have previously received merger approval in Guernsey or Jersey.*

**Seller /Target Group:**

Case No.	Purchaser	Seller	Description	Industry	Decision
M114/07	Spar (Channel Islands) Limited	CI Newsagents Limited	Acquisition of 11 rStore convenience stores and 2 Pickwicks newsagents	Retail convenience stores and newsagents	Conditionally approved 19/09/07

**Purchaser / Sandpiper Group:**

Case No.	Purchaser	Seller	Description	Industry	Decision
M133/07	Sandpiper Bidco Limited	C.I. Traders Limited	Acquisition of entire issued share capital	Distribution and vending of tobacco; manufacture of convenience bakery supplies, and marine accessories; manufacture, bottling, distribution and	Approved 27/07/07



Case No.	Purchaser	Seller	Description	Industry	Decision
				vending of alcoholic and non-alcoholic beverages; production, processing and preserving of meat products; provision of financial intermediation, IT services, public houses, real estate activities, and restaurants; publication of magazines, maps, and guides; rental of audio-visual products; retail sale of alcohol, groceries, and motor fuel; wholesale distribution of biscuits, cleaning and hygiene products, confectionery (to vending machines), convenience bakery products, fish and produce, frozen goods, health and beauty products, and meat products	
M178/08	Juland Limited	SandpiperCI Limited	Acquisition by Jutland of the Sandpiper Group's pub estate, drinks and tobacco distribution and brewery business	Hospitality, manufacturing of beer, distribution of alcoholic and non-alcoholic beverages, tobacco products and snack foods	Approved 02/07/08
M431/09	Financière SDH	Mary Ann SARL	Acquisition by Financière SDH of Mary Ann SARL (which was then a member of the Sandpiper Group)	The production and distribution of carbolated and non-carbonated non-alcoholic drinks	Approved 14/07/09
M601	Waitrose Limited	Sandpiper Topco Limited	Acquisition by Waitrose of the Sandpiper Group's supermarket business	Food and grocery retail	Approved 30/07/10
1145J	Bidvest Foodservice International Limited	SandpiperCI Retail Limited	Acquisition by Bidvest Foodservice International Ltd of Cimandis Ltd from SandpiperCI Retail Ltd	Manufacturing, wholesaling and distribution of food, drink and non-food products to the foodservice and retail industries.	Approved 29/06/15

**1.9** *List any other competition authorities to whom the merger has been notified.*

The Transaction does not require notification to any other competition authorities anywhere in the world.

**1.10** *List any other regulatory body, whether in Guernsey or Jersey or elsewhere, that has been notified or will be notified of the merger. Please describe any pre-completion requirements that have been imposed and the expected satisfaction date of any such requirements.*

It may be necessary to seek the consent of the Jersey Financial Services Commission pursuant to the consents issued to the Target Group under the Control of Borrowing (Jersey) Order 1958. It is anticipated that, if required, any such consent(s) would be obtained well in advance of any JCRA approval.

**2. Description of the Merger**

**2.1** *Provide an executive summary of the merger, describing the parties involved and their areas of activity, a brief description of the business/es being acquired and their areas of activity, the*

*reasons for the merger and the nature of the transaction (i.e. statutory merger, share or asset acquisition, joint venture, public offer).*

**Parties:**

The parties to the Transaction are the Seller (as seller) and the Purchaser (as purchaser). The target is the Target Group, which operates the Target Business.

**Parties' areas of activity:**

**Seller:**

The Seller is the parent company of the Target Group.

Its business is acting as the franchisee of the Costcutter franchise in Jersey and the employer of certain managerial and back-office staff in connection with the operation of that franchise.

The Convenience Stores operated by the Target Group are as follows:

- (a) the Costcutter at La Route de St Aubin, St Helier (Millbrook);
- (b) the Costcutter at 1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour;
- (c) the Costcutter at Main Road, Gorey Village, Grouville;
- (d) the Costcutter at Augres Garage, La Route de la Trinité, Trinity;
- (e) the Costcutter at Links Hault, St Brelade, Vingtaine de la Moie;
- (f) the Costcutter at St Ouen's Motor Works, La Grande Route de St Ouen;
- (g) the Costcutter at Rue de L'Eglise, St John;
- (h) the Costcutter at Haute Croix, La Grande Route de St Jean, St John;
- (i) the Costcutter at La Grande Route de la Cote, St Clement;
- (j) the Costcutter at 2/4/6 Belmont Road, 79 Bath Street, St Helier;
- (k) the Costcutter at 1 - 5 Roseville House, Colomberie, St Helier;
- (l) the Costcutter at Unit 3, Spectrum, Gloucester Street, St Helier;
- (m) the Costcutter at 1, 3, 5, 7 and 9 Union Street, St Helier;
- (n) the Costcutter at No.2 Colomberie, Snow Hill, St Helier;
- (o) the Costcutter at No.2 and No. 3 New Town Buildings, David Place, St Helier;
- (p) 1 Pier Road, St Helier; and

(q) 1 & 2 Lewis Street and 61, 63 & 65 Kensington Gate, St Helier.

Purchaser:

The Sandpiper Group was established in 2007.

The Sandpiper Group's core strategy has been to reconfigure the group around its successful food retailing business and to develop its partnership with key UK retail partners. The Sandpiper Group is in the process of entering other markets in mainland Europe as it seeks to establish new avenues for growth and leverage the group's knowledge and relationships with major UK brands.

Currently the Sandpiper Group operates franchises for the following brands: Burger King, Costa, Crew Clothing Company, George, Hotel Chocolat, Iceland, Jack Wills, Moss Bros, M&S and The Cornish Bakery.

The Sandpiper Group also operates its own stores under the following brands: Benest / Food Hall, Checkers Xpress, Pound PowEr, The Bakery and Wine Warehouse.

For more information please see <http://www.sandpiperci.com>.

**Brief description of the business/es being acquired and their areas of activity:**

The Target Group consists of the holding, operating and property holding companies that operate the Costcutter convenience store franchise in Jersey (the Seller being the franchisor of that franchise and providing management and back-office support to the Target Group in relation to that business).

Following Completion the relevant stores will be re-branded by Sandpiper and will no longer be operated under the Costcutter franchise. [REDACTED].

**Reasons for the Transaction:**

Seller:

[REDACTED].

Purchaser:

The Transaction is a strategic acquisition for the Sandpiper Group to expand its retail offering in to parts of Jersey in which it does not currently operate and strengthen its retail offering in St Helier.

**Structure of the Transaction:**

The Transaction is structured as a sale and purchase of the entire issued share capital of the Target.

- 2.2 *Indicate whether the merger involves the whole of the parties involved, or whether some divisions or subsidiaries of the parties are not involved in the merger.*

**Seller:**

The Transaction represents a disposal of materially all of the Seller's business. Any residual contracts, leases etc will be wound down in an orderly manner post-Completion.

As noted at 4.3 below, the Costcutter at 1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour will be closed before Completion and so will not form part of the residual business of the Target Group (and the lease for that property will have been terminated / expired). The scheduled date for closure of that store is 31 October 2016.

**Purchaser:**

The Purchaser has existing business interests as summarised at paragraph 2.1 above and therefore its acquisition of the Target Group will not following Completion represent the entirety of its business interests.

- 2.3 *Provide a diagram showing the structure of the parties involved (including any companies which have ultimate control of the parties to the merger) before and after completion of the merger.*

**Seller:**

Structure charts setting out the structure of the Seller's Group pre- and post-Completion are set out at **Annex 1**.

Please note that, pursuant to the SPA, [REDACTED], all of which are members of the Target Group but are inactive, will be wound up before Completion and so will not transfer to the Purchaser at Completion. They are not therefore included in the post-Completion structure chart for the Seller's Group.

Following completion of the Transaction the Seller's group will only comprise of the Seller and its holding company, Mud Hut (Jersey) Limited.

**Purchaser:**

Structure charts setting out the structure of the Sandpiper Group pre- and post-Completion are set out at **Annex 2**.

Following Completion the Target Group will sit below the Purchaser in the existing structure. The Transaction will not otherwise affect the structure of the Sandpiper Group.

As noted above, pursuant to the SPA, [REDACTED] will be wound up before Completion and so will not transfer to the Purchaser at Completion. They are not therefore included in the post-Completion structure chart for the Sandpiper Group.

- 2.4 *Provide details of any ancillary arrangements between the parties or their parent entities that you believe are directly related and necessary to implement the merger.*

The Notifying Parties confirm that no such arrangements exist. In particular, all arrangements relating to the closure of the Costcutter at 1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour and the winding up of [REDACTED] are contained in the SPA.

- 2.5 *Provide a copy of the agreement between the parties effecting the merger (if available), and all ancillary agreements.*

A copy of the SPA is provided at **Annex 3**. A copy of the disclosure letter in connection with the SPA is provided at **Annex 4**.

- 2.6 *Provide copies of all internal and/or external studies, analyses, reports, and surveys prepared by or for any of the parties for the purpose of assessing or analysing the benefits or effects of the merger on markets, market shares, competition, competitors, potential for sales growth or expansion into new markets, and indicate (if not otherwise contained in the document itself) the date of preparation, and the name and title of the principal person who prepared each document. This includes any documents submitted to or prepared for any member/s of the board of directors and/or the shareholders' meeting for the purposes of assessing and analysing the merger.*

The Notifying Parties have not undertaken any external studies or prepared or commissioned any external analyses, reports, or surveys.

The results of all internal studies and analysis undertaken by the Notifying Parties in conjunction with their respective legal counsel are embodied in this Merger Application Form.

- 2.7 *If the proposed transaction is a public bid, provide a copy of the Offer Document and Listing Particulars.*

The Transaction is not a public bid.

- 2.8 *Provide a copy of any press release (including those in specialist or trading journals) announcing the merger and details of any official notifications to stock exchanges.*

A copy of the Sandpiper Group press release is enclosed at **Annex 5**. The Seller did not issue a press release. No stock market notifications are necessary or have been made.

### **3. Details of the Parties**

- 3.1 *Specify the industries, in Guernsey and/or Jersey and abroad, in which the parties to the merger, or, if different, their corporate groups, are active.*

Please refer to paragraph 2.1 above.

In addition, for reference, the Target Group and the Sandpiper Group operate in the following business sectors by reference to NACE Codes:

### **The Target Group:**

Industry	NACE Code	Location(s)
Retail sale of groceries	G47.1 - Retail sale in non-specialised stores	Jersey, Guernsey
Retail sale of motor fuel	G47.30 - Retail sale of automotive fuel in specialised stores	Jersey, Guernsey
Real estate activities	L68 - Real estate activities <sup>2</sup>	Jersey, Guernsey

The Target Group does not have any activities in any other business sector in Jersey and has no business in Guernsey.

### **The Sandpiper Group:**

Industry	NACE Code	Location(s)
Retail sale of groceries	G47.1 - Retail sale in non-specialised stores; NACE Code G47.1.1 – Retail sale in non-specialised stores with food, beverages or tobacco predominating. In addition to groceries, the Seller Group sells a range of other items in its supermarkets, including cosmetic and toilet articles, household equipment, homeware, cultural and recreational goods such as newspapers, books, DVDs and games	Jersey, Guernsey
Retail sale of alcohol	G47.25 - Retail sale of beverages in specialised stores	Jersey, Guernsey
Retail sale of motor fuel	G47.30 - Retail sale of automotive fuel in specialised stores	Jersey, Guernsey
Retail sale of clothing	G47.7 – Retail sale of other goods in specialised stores	Jersey, Guernsey
Retail sale of coffee and other beverages	G47.2.5 – Retail sale of beverages in specialised stores	Jersey, Guernsey
Retail sale of food and beverages	G47.2 – Retail sale of food, beverages and tobacco in specialised stores <sup>3</sup>	Jersey, Guernsey
Retail sale of furniture, lighting equipment and other household articles	G47.5.9 - Retail sale of furniture, lighting equipment and other household articles in specialised stores	Jersey, Guernsey
Real estate activities	L68 - Real estate activities	Jersey, Guernsey

The Sandpiper Group does not have any activities in any other business sector in Jersey or Guernsey.

- 3.2 *Provide the turnover for each party involved in the merger and, if different, their corporate groups, (i) worldwide, (ii) in Guernsey and (iii) in Jersey, for the last financial year for which such information is available and for any available interim period in the current year.*

### **Seller:**

Turnover information in relation to the Seller and its group will be provided to the JCRA as **Seller Confidential Annex SC1**.

<sup>2</sup> This relates to some flats above shops which are subject of leases, and is not a core business of the Target Group

<sup>3</sup> Noting that the specialised food and beverage stores (eg Costa, The Cornish Bakery) do not sell tobacco products

**Purchaser:**

Turnover information in relation to the Purchaser and the Sandpiper Group will be provided to the JCRA as **Purchaser Confidential Annex PC1**.

- 3.3 *Provide copies of the most recent annual reports, or (if no annual reports are available) the most recent audited financial statements, of the parties to the merger and, if different, their corporate groups.*

**Seller:**

A copy of the most recent annual financial statements of the Seller and its group will be provided to the JCRA as **Seller Confidential Annex SC2**.

**Purchaser:**

A copy of the most recent annual report of the Sandpiper Group will be provided to the JCRA as **Purchaser Confidential Annex PC2**.

**4. Effects on Competition**

- 4.1 *Specify each category of good or service produced, supplied, distributed or otherwise sold in Guernsey and/or Jersey during the previous two years by each party involved in the merger and provide each party's sales in Guernsey and/or Jersey for each category listed.*

Given that the Transaction requires JCRA approval in Jersey only and the Target Group has no turnover in Guernsey, the information provided relates to Jersey only.

**Seller and the Target Group:**

Category of goods and services	Sales 2015 (£m)	Sales 2016 January to August 2016 (£m)
Retail sale of groceries	[REDACTED]	[REDACTED]
Retail sale of motor fuel	[REDACTED]	[REDACTED]
Real estate activities	[REDACTED]	Not known

**Purchaser:**

Industry	Sales 2015 (£m)	Sales 2016 to 7 months to 27 <sup>th</sup> August 2016 (£m)
Retail sale of groceries	[REDACTED]	[REDACTED]
Retail sale of alcohol	[REDACTED]	[REDACTED]
Retail sale of motor fuel	[REDACTED]	[REDACTED]
Retail sale of clothing	[REDACTED]	[REDACTED]
Retail sale of coffee and other beverages	[REDACTED]	[REDACTED]
Retail sale of food and beverages	[REDACTED]	[REDACTED]
Real estate activities	[REDACTED]	[REDACTED]

4.2 With reference to CICRA Guideline 7 - Market Definition, explain what you consider to be the economic market(s) for the purpose of assessing the competition effects of the merger, giving reasons. Markets should be defined in terms of (i) product; and (ii) geography.

**Summary:**

Please see below for detailed market descriptions and definitions. By way of summary:

Product market	Geographic market	Reason market is relevant to Transaction
<b>Primary economic markets</b>		
Convenience Stores market	Individual Convenience Stores markets surrounding each Convenience Store (0.5 to 1 mile radius)	Both the Sandpiper Group and the Target Group are suppliers in this market and therefore the Transaction has possible horizontal effects
Wholesale Road Fuel Market	Whole of the island	Both the Sandpiper Group and the Target Group are consumers in this market and therefore the Transaction has possible horizontal effects
Retail Road Fuel Market	Whole of the island	Both the Sandpiper Group and the Target Group are suppliers in this market and therefore the Transaction has possible horizontal effects
<b>Secondary economic markets</b>		
Supermarkets market	Whole of the island (in effect – specifically a 15 minute drive time radius)	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Other General Stores market	Same as for Convenience Stores (see above)	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: cookware	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: linen, towels and bedding	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: women's clothing	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: men's clothing	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: children's clothing	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: hire of men's formal ware	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: home furniture	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Specialist Retail Market: premium chocolate products	Whole of the island	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
F&B Retail: barista-style coffee shops	On a "town centre" basis	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
F&B Retail: cafes, restaurants and coffee shops serving food and drinks in an informal setting	On a "town centre" basis	The Sandpiper Group is a supplier in this market and it is therefore relevant in a conglomerate merger context only
Sea Freight Market	Whole of the island	Both the Sandpiper Group and the Target Group are consumers in this market and therefore the Transaction has possible horizontal effects
International Land Freight Market	Whole of the island	Both the Sandpiper Group and the Target Group are consumers in this market and therefore the Transaction has possible horizontal effects



Product market	Geographic market	Reason market is relevant to Transaction
Wholesale F&B Market	Whole of the island	Both the Sandpiper Group and the Target Group are consumers in this market and therefore the Transaction has possible horizontal effects
Wholesale General Goods Market	Whole of the island	Both the Sandpiper Group and the Target Group are consumers in this market and therefore the Transaction has possible horizontal effects
Residential Letting Market	Whole of the island	Both the Sandpiper Group and the Target Group are suppliers in this market and therefore the Transaction has possible horizontal effects
<b>Alternative market definitions in the General Stores Market</b>		
General Stores Market as a whole	Whole of the island	Both the Sandpiper Group and the Target Group are suppliers in this market and therefore the Transaction has possible horizontal effects
Supply of Convenience Items from a Convenience Store or Other General Store	Same as for Convenience Stores (see above)	Both the Sandpiper Group and the Target Group are suppliers in this market and therefore the Transaction has possible horizontal effects

### **The Sandpiper Group:**

The Sandpiper Group operates a number of retail outlets in the Channel Islands, selling a wide variety of food and beverage / grocery and general merchandise. It is submitted that those retail outlets can be divided into the following broad headings (which are examined in more detail below by reference to what are submitted to be the relevant economic markets for the purposes of the assessment of the Transaction):

- (a) food and beverage / grocery and general merchandise retail other than in specialised stores (the "**General Stores Market**") under the brands Benest / Food Hall, Checkers Xpress, Iceland, M&S and Pound PowEr;
- (b) retail in specialised stores (the "**Specialist Retail Market**") under the brands Crew Clothing Company, George, Hotel Chocolat, Jack Wills, Moss Bros and Wine Warehouse, where a Wine Warehouse outlet does not form part of another food and beverage / grocery retail outlet within the first heading above);
- (c) retail of food and beverages from cafes, restaurants and coffee shops (referred to below as the "**F&B Retail Market**") under the brands Burger King, Costa, M&S Café, The Bakery and The Cornish Bakery; and
- (d) the retail sale of motor fuels (referred to below as the "**Road Fuel Retail Market**").

### **The Target Group:**

The Target Group operates a number of convenience stores in Jersey, all of which fall within the General Stores Market. Certain of those convenience stores also undertake the retail sale of motor fuels and therefore participate in the Road Fuel Retail Market.

All of the Target Group's retail outlets are currently operated as part of the Costcutter franchise under the Costcutter brand.

**The economic market(s) relevant to the Transaction: general:**

It is submitted that, for the purposes of assessing the Transaction, the General Stores Market should be differentiated from the Specialist Retail Market and the F&B Retail Market because the products offered, and the manner in which they are offered, are not properly interchangeable. For example, a consumer would not go to any of the outlets identified above as falling within the Specialist Retail Market or the F&B Retail Market to purchase products that they would generally be expected to purchase from a retail outlet within the General Stores Market (for example to buy ingredients for cooking at home, batteries, cleaning products etc). Further detail as to the basis for making such a differentiation is given below in examining how economic markets should be properly assessed.

On the basis above, given:

- (a) that the Transaction is principally one of a horizontal nature; and
- (b) the nature of the retail outlets operated by the Target Group,

it is submitted that the main economic markets relevant to the Transaction are:

- (i) the General Stores Market; and
- (ii) the Road Fuel Retail Market.

Further, it is necessary to consider the correlative supply-side economic markets in which the Sandpiper Group and the Target Group are customers / consumers in relation to the foregoing economic markets. These are considered below.

Given the terms of Article 4 of the Order, it is necessary (notwithstanding the Transaction being principally of a horizontal nature) to consider whether the Sandpiper Group and/or the Target Group has a 40% or greater share of supply in any product or services market even where there is no horizontal overlap. This is considered below by reference to relevant economic markets.

Finally, it is submitted that the Sandpiper Group's and the Target Group's real estate activities are not relevant for the purposes of assessing the Transaction, given that these are non-core activities undertaken simply to increase the capital utilisation of retail premises principally occupied for the purposes of retail activities (by renting out residential units above them). However, this economic market (described below as the "**Residential Letting Market**") has been considered further below.

**The economic market(s) relevant to the Transaction: specific retail markets:**

*CICRA Guideline 7 at page 12 states that "the objective of defining a market is to identify those actual competitors of the businesses involved that are capable of constraining those businesses' behaviour and preventing them from behaving independently of effective competitive pressure."*

The starting point for identifying those competitors is to ascertain all those products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the products' characteristics, their prices and their intended use<sup>4</sup>.

In relation to geographic market, this is defined as "*the area over which substitution takes place*", asking whether, in the event of an undertaking behaving in a monopolistic fashion, could enough consumers switch to products sold in other areas for that to act as a constraint on such behaviour<sup>5</sup>.

The broad economic markets listed above as being relevant to the assessment of the Transaction will now be taken in turn and their product and geographical sub-divisions detailed.

### The General Stores Market:

#### **Product market:**

As noted above, the Sandpiper Group operates, through its various franchises and brands, a variety of retail outlets of different sizes, opening times, and product ranges within the General Stores Market.

In relation to food and beverage / grocery retail, CICRA has consistently adopted a practice of dividing the market on the basis of the characteristics of certain varieties of outlet, with reference to consumer behaviour in purchasing food items and other sundries (hereafter referred to together as "**groceries**"<sup>6</sup>, and retail outlets selling groceries being referred to as "**grocery stores**"). It is submitted that this is appropriate, as the range of products supplied by grocery stores of a certain size tend to be very similar, and therefore grocery stores of similar sizes and characteristics are themselves interchangeable from the point of view of the consumer.

Given the range of products sold by the Sandpiper Group and the Target Group that fall within the broader General Stores Market, and that all of those retail outlets sell grocery products in some way, shape or form, it is submitted that, in the case of the Transaction, it is appropriate to look to the manner in which grocery retail outlets have been categorised and apply those categorisations to all of the retail outlets operated by the Sandpiper Group and the Target Group that fall within the broader General Stores Market.

In its report on food prices in Jersey<sup>7</sup>, CICRA makes reference to a division in the grocery market between supermarkets and convenience stores.

"Supermarkets" have consistently been defined as those outlets where consumers are likely to do their "*weekly grocery shop*"<sup>8</sup>, and it is stated in CICRA's *Review of the Grocery Market in*

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<sup>4</sup> See European Commission *Commission Notice on the definition of relevant market for the purposes of Community competition law* (97/C 372/03) at paragraph 7; Cases 7/72 and 7/72 *Europemballage and Continental Can Co v. Commission* at paras 32-24; Case 102/77 *Hoffman-La Roche v. Macrotron* at para 28; T-203/01 *Michelin v. Commission* at para 37

<sup>5</sup> See *CICRA Guideline 7* at page 12

<sup>6</sup> The treating of these items together is consistent with CICRA's approach in its *Review of the Grocery Market in Jersey and Guernsey* published on 31 January 2014

<sup>7</sup> *Comparison of Food Prices in Jersey and the United Kingdom*, 11 October 2005, at page 3

*Jersey and Guernsey* (CICRA document CICRA 14/06) (the "**CICRA Grocery Survey**") that the M&S, Benest / Food Hall and Iceland stores then operated by the Sandpiper Group are considered to be part of this market (with 96% of residents polled saying that they did their weekly grocery shop in one of those outlets or another of the similar stores listed that are not operated by the Sandpiper Group).

The *Review of the Grocery Market in Jersey and Guernsey* goes on to make reference to "convenience stores" such as Checkers Xpress in Jersey. In decision M114/07 *Spar (Channel Islands) Limited and CI Newsagents Limited* it was decided that the market for convenience stores constituted "*all the retail outlets that offer at least the range of products defined as food and non-food products that are normally found in convenience shops that are open for at least some hours on Sundays*". The degree of overlap between the groceries available in a convenience store and a supermarket will vary considerably, although it is submitted that a convenience store would not carry a broad enough range of products to allow consumers to regularly utilise them for their weekly grocery shop (as was indeed the finding of the CICRA's poll carried out as part of its *Review of the Grocery Market in Jersey and Guernsey*).

A more concrete distinction between supermarkets and convenience stores which has been identified by CICRA (as noted above) is that convenience stores with a floor space of less than 700 square metres may open on Sundays, whilst supermarkets cannot. Such convenience stores cannot therefore be constrained by supermarkets on Sundays.

The distinction above is consistent with the UK Competition and Market Authority classification of grocery stores into "one-stop" stores, "mid-sized" stores and "convenience" stores<sup>9</sup>. The UK competition authorities have also adopted a floor space test as a rule of thumb for distinguishing between different types of grocery store<sup>10</sup>, although it is submitted that the ranges that they quote would not be instructive in the Channel Islands, given the significant difference in population and available real estate. For the same reason, as set out below, it is submitted that in Jersey it is appropriate to divide the market into two rather than three different sizes of store.

It is therefore submitted that the groceries retail market in Jersey (and, for the reasons set out above, the General Stores Market) could be sub-divided as follows:

- (a) supermarkets with a floor space of 700 square metres or greater ("**Supermarkets**");
- (b) convenience stores with a floor space of less than 700 square metres that open for at least some hours on Sundays ("**Convenience Stores**"); and
- (c) other retail outlets within the General Stores Market with a floor space of less than 700 square metres and that do not fall within either of the foregoing headings ("**Other General Stores**"), for example farm shops that do not carry a sufficient range of products to be categorised as a Convenience Store, retail outlets that have the

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<sup>8</sup> Review of the Grocery Market in Jersey and Guernsey, page 8

<sup>9</sup> Decision ME6529-15 (*Co-operative Group and Netto Limited*)

<sup>10</sup> See *Safeway plc and Asda Group Limited (owned by Wal-Mart Stores Inc); Wm Morrison Supermarkets PLC; J Sainsbury plc; and Tesco plc: A report on the mergers in contemplation*

main characteristics of a Convenience Store in terms of size and range of products but which are not open for at least some time on a Sunday.

However, it is submitted that the above distinction is too simplistic, as it does not take into account other factors such as range of products, store ambience and (most importantly) consumer perception, factors which were taken into account in the CICRA Grocery Survey and resulted in a very different assessment of the market. For example, a number of Sandpiper Group stores that were classified as Supermarkets in the CICRA Grocery Survey (and which the Notifying Parties consider should properly be classified as Supermarkets) do not technically fall within the definition of a Supermarket.

Within the CICRA Grocery Survey itself there are categorisations which the Notifying Parties consider to be potentially problematic, specifically<sup>11</sup> that stores such as Co-op *Locale* appear to be treated as Supermarkets, where as the Notifying Parties consider that they should properly be treated as Convenience Stores.

Taking into account all of the above, the Notifying Parties consider that the stores within the General Stores Market (ie excluding farm shops etc) operated by the major retail groups in the island should properly be categorised as follows:

- (i) the following should properly be categorised as Supermarkets, whether or not they technically fall within or outside of the relevant definition above:
  - (A) M&S food halls;
  - (B) those Iceland stores that were open at the time the CICRA Grocery Survey was conducted;
  - (C) those Benest / Food Hall stores that were open at the time the CICRA Grocery Survey was conducted, with the exception of the Castle Quay Benest / Food Hall, which the Notifying Parties consider has all have the main characteristics of a Convenience Store despite its branding, and should therefore be properly considered a Convenience Store;
  - (D) the Checkers Xpress in Bath Street, St Helier (which is branded as a Checkers Xpress but falls within the Supermarket definition and has all of the other relevant factors which point to it being a Supermarket);
  - (E) Co-op *Grand Marché*;
  - (F) Waitrose; and
  - (G) Alliance; and
- (ii) the following should properly be categorised as Convenience Stores, whether or not they technically fall within or outside of the relevant definition above:

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<sup>11</sup> By implication; see the last paragraph of section 1.1 of the CICRA Grocery Survey: "While this study focusses on supermarkets, we acknowledge that sales of groceries also take place at fuel forecourts such as Co-op enroute and Checkers Xpress, at convenience stores such as Checkers Xpress in both islands and Island Shopper in Guernsey..." etc

- (A) all Checkers Xpress stores (other than the Checkers Xpress in Bath Street, St Helier);
- (B) all Costcutter stores;
- (C) those Iceland stores that have opened since the time the CICRA Grocery Survey was conducted (which all have the main characteristics of Convenience Stores despite their branding);
- (D) those Benest / Food Hall stores that have opened since the time the CICRA Grocery Survey was conducted, plus the Castle Quay Benest / Food Hall (see above);
- (E) all Co-op *Enroute* stores; and
- (F) all Co-op *Locale* stores.

**References in the remainder of this document and its annexures to Supermarkets and Convenience Stores, to the extent operated by the major retail groups in the island, are by reference to the categorisations set out above, and not to the technical definitions of Supermarkets and Convenience Stores.**

***Geographic Market:***

CICRA has previously noted that the geographic market for grocery stores that are different sizes (and therefore correspondingly used by consumers in different ways) should be treated as having different geographic markets<sup>12</sup>. In particular, it was noted that convenience stores have a "catchment area", within which consumers will be willing to travel and "*from which most of its customers will originate*". In this decision, CICRA follows UK precedent<sup>13</sup>, which states that convenience stores compete with other convenience stores within a five-minute drive-time and a one-mile radius in all areas and one-stop shops within a 10-minute drive time in urban areas or a 15 minute drive-time in rural areas, although CICRA instead uses a geographic "catchment area" of half a mile to a mile rather than the drive time (which CICRA confirms is also based on UK precedent).

In the context of Jersey it is submitted that the distinction between urban and rural areas is not significant, as the majority of the population either lives in a rural setting or in a small town.

It is therefore submitted that the grocery stores retail market in Jersey could be sub-divided as follows:

- (a) Supermarkets could be considered to compete with other such outlets within a 15 minute drive-time (which, given the location of the Supermarkets in the island, creates an island-wide market); and

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<sup>12</sup> Decision M114/07 *Spar (Channel Islands) Limited and CI Newsagents Limited*, at page 10

<sup>13</sup> Decision ME6529-15 *Co-operative Group and Netto Limited*

- (b) Convenience Stores and Other General Stores could be considered to compete with other such outlets within half a mile to a mile radius (each such geographic market being a separate "**Convenience Stores Market**").

Again, the Notifying Parties submit that such a distinction is overly simplistic, for three principal reasons:

- (i) Convenience Stores on the main artery routes in and out of the St Helier commercial centre are substantially used by commuters who pass by on their way to and from work, meaning that they compete with all stores within the General Stores Market that are open at the relevant time, have car parking and are reasonably on the relevant commuter's route;
- (ii) customers who live out of a town or village centre will frequently drive to a Convenience Store, and it is not necessarily the case that they will always go to the store that is geographically closest; and
- (iii) because competing Convenience Stores are rarely located next door to one another, it is extremely difficult (if not impossible) without undertaking a door-to-door survey to understand how many households are actually served by a particular Convenience Store and which other Convenience Stores actually compete with it.

Further detail and supporting evidence is provided below in relation to the Purchaser's submission that, in the context of the Transaction, alternative market definitions should be used in the General Stores Market.

However, given that the Notifying Parties are required to provide share of supply estimates and to do so requires applying some sort of geographic market, the Notifying Parties have so far as reasonably practicable followed the above. Please see paragraph 4.4 below for further information.

*Alternative market definitions within the General Stores economic market:*

***The General Stores Market as a whole:***

*Product market:*

As noted at paragraph 4.4 below, the total annual sales for Supermarkets is estimated to be £187.1m. The Purchaser further estimates that the total annual sales for Convenience Stores operated by the three main Convenience Store groups (ie the Sandpiper Group, the Target Group and Co-op) is £89m. This gives a total for the combined annual sales for Supermarkets and those main Convenience Stores of £276.1m, being split 67.8% Supermarkets and 32.2% Convenience Stores.

Based on the 2011 Jersey census<sup>14</sup> there were 86,450 dwellings and private households in Jersey, with 7% vacancy (ie 80,398 in use). Based on the 2014/15 spending survey<sup>15</sup>, average household weekly spend on:

<sup>14</sup>

See <http://www.gov.je/Government/JerseyInFigures/HousingLiving/Pages/Households.aspx>

- (a) [90-100]% of food and non-alcoholic drinks;
- (b) [90-100]% of alcohol and tobacco; and
- (c) [5-10]% of total spend on "house goods and services"<sup>16</sup>,

is £[REDACTED] in aggregate.

If the weekly average spend above is applied on an annual basis across 80,398 households, the total annual spend is £[REDACTED]m. This would mean that:

- (a) only [60-70]% of the total annual spend in Jersey on food and non-alcoholic drinks, alcohol and tobacco and other items one might expect to purchase in a Supermarket or Convenience Store (ie £[250m to 300m] of £438.97m) is actually at a Supermarket or a Convenience Store operated by one of the main retail groups;
- (b) the Sandpiper Group's share of supply of that [60-70]% following completion of the Transaction would be [40-50]% (up from [30-40]%);
- (c) Waitrose's share of supply of that [60-70]% is and would remain at [25-30]%; and
- (d) Co-op's share of supply of that [60-70]% is and would remain at [30-40]%.

Further, the CICRA Grocery Survey confirms that 96% of consumers use Co-Op, Waitrose, Iceland (ie the Iceland shops in operation at the time of that survey) or M&S for their "weekly shop". The total average annual spend above ex-Supermarkets sales is £251.9m (ie 57.4%). If the Supermarkets portion accounts for 96% of "weekly shops", it is evident that the function of the groceries market in Jersey is such that:

- (i) Convenience Stores and Other General Stores are used very little for the "weekly shop"; but
- (ii) a very significant proportion of groceries as a whole are not bought as part of a "weekly shop".

The foregoing is strong supporting evidence to suggest that the categorisation of the competitive and constraining factors on the groceries economic market as between and amongst Supermarkets, Convenience Stores and Other General Stores (or just Supermarkets and Convenience Stores) is unclear, and is certainly not as rigid as in the UK. It is submitted by the Purchaser that, as a matter of fact, consumer behaviour is much less focused on the "type" or size of store, and much more on product range and pricing. This proposition is supported in part by the CICRA Grocery Survey itself, which states as follows (emphasis added):

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<sup>15</sup> See <http://www.gov.je/Government/JerseyInFigures/HousingLiving/Pages/HouseholdIncomeSpending.aspx>

<sup>16</sup> This category covers various items and so the Purchaser has taken [5-10]% of the total as being goods one might buy from a supermarket; this is an arbitrary figure, but it used for illustration purposes only



*"While this study focusses on supermarkets, we acknowledge that sales of groceries also take place at fuel forecourts such as Co-op enroute and Checkers Xpress, at convenience stores such as Checkers Xpress in both islands and Island Shopper in Guernsey, and at farm shops. **Farm shops are a more prominent and important part of grocery shopping in the Channel Islands than in most regions of the UK.** However, many of the products that farm stores sell, i.e. fresh local produce, do not lend themselves to direct comparisons with other jurisdictions and we were conscious that our information requests would impose a disproportionate burden on smaller retailers such as farm shops and some convenience stores. Nevertheless, in recognition that groceries are bought at farm shops, within the consumer survey, we asked, for example if consumers shopped at farm shops."*

The Purchaser therefore submits that there is strong competition for both Supermarkets and Convenience Stores from Other General Stores, and that Other General Stores can also serve to constrain behaviour (including the behaviour of the Sandpiper Group) in both of those economic markets.

On that basis, the Purchaser submits that a reasonable alternative product market for the purposes of the assessment of the Transaction is to assess the General Stores Market as a whole.

*Geographic market:*

The vast majority of the population of Jersey work in St Helier and are able to convenience shop there as much as their local store (there are 24 Convenience Stores within a 1 mile radius in St Helier, please see the relevant map at **Annex 6**).

Further, defining a Convenience Stores Market as being within a 0.5 to 1 mile radius around a Convenience Store does not adequately address the fluidity of the Convenience Stores market and the influence on the road network. Virtually the whole of the Jersey market is easily accessible within a 15 min drive time, please see the drive time maps at **Annex 6**. The Purchaser would ask the JCRA to note the following in particular:

- (a) Materially the whole island is within a 15 minute drive of the centre of St Helier (the Purchaser has taken the David Place Costcutter as the centre point for this assessment).
- (b) Within a five minute drive of the Augres Costcutter there are a very significant number of Convenience Stores, as well as the Trinity Hill Waitrose and the St Helier Co-op Grand Marché.
- (c) Within a five minute drive of the Gorey Costcutter there are seven other Convenience Stores, and the St Saviour Waitrose is only marginally outside of a five minute drive time.
- (d) Within a five minute drive of the Green Island Costcutter there are a number of Convenience Stores, as well as the St Saviour Waitrose and both Iceland and M&S Supermarkets, and the St Helier Co-op Grand Marché is only marginally outside of a five minute drive time.

(e) The whole island is within a 15 minute drive time of the centre of the island.

The Purchaser recognises that these drive times may not necessarily be achievable at all times, particularly during rush hour. However, the foregoing illustrates that the nature (and size) of the island and the road network means that it is not, as a matter of act, as simple as to assess the competition facing Convenience Stores by reference to a 0.5 to 1 mile radius geographic market.

Consequently, in the case of the Transaction, which involves the acquisition of a number of Convenience Stores by the Sandpiper Group, which is already active in the entirety of the General Stores Market, the Purchaser submits that the proper geographic market for assessing the Transaction within the General Stores Market as a whole is the whole of the island.

***The Convenience Stores market and Other General Stores Market together:***

***Product market:***

As submitted above, Convenience Stores and Other General Stores could be said to compete with one another within the range of products that they provide.

Even if the JCRA does not accept the submission above that – based on evidence of actual consumer behaviour – the groceries market in Jersey is much more fluid in terms of where grocery items are purchased than suggested by previous economic market definitions, it is submitted that, whilst Other General Stores may not technically fall within the definition of Supermarkets or Convenience Stores, within the confines of the range of products they provide, Other General Stores can also compete with and/or act as a constraint on Convenience Stores.

If the above is accepted, the Purchaser submits that the relevant product market would be the supply of items consumers might expect to purchase from a Convenience Store from a Convenience Store or an Other General Store ("**Convenience Items**").

***Geographic market:***

The Purchaser submits that the proper geographic market for assessing the foregoing would be the Convenience Stores Market of each relevant Convenience Store, noting the issues set out

***The Road Fuel Retail Market:***

***Product market:***

In JCRA decision CICRA 14/64 *Proposed acquisition of Esso's wholesale road fuel supply business by Roberts Garages Ltd Case M1034J* the JCRA concluded that the Road Fuel Retail Market can be split in to two separate sub-markets, specifically:

- (a) "one in which forecourts negotiate contracts for the provision of road fuel to their premises, namely the wholesale market for road fuel" (the "**Wholesale Road Fuel Market**"), and
- (b) "another market where forecourts sell road fuels to end customers and compete with other forecourts for business, namely the retail market for road fuel" (the "**Retail Road Fuel Market**").

***Geographic market:***

In the same decision, the JCRA affirmed that the proper geographic market for the Road Fuel Retail Market (including the Wholesale Road Fuel Market and the Retail Road Fuel Market) is the whole of Jersey.

**Submission as to specific economic markets relevant to the Transaction:**

Given the nature of the Target Business, it is submitted that the specific economic markets principally relevant to the Transition (because both the Sandpiper Group and the Target Group are active in those economic markets as part of their principal retail businesses) are:

- (a) Convenience Stores, assessed on the basis of each relevant Convenience Stores Market; and
- (b) the Road Fuel Retail Market, as a retailer within the Retail Road Fuel Market and a consumer / customer within the Wholesale Road Fuel Market, in each case on an island-wide basis.

The Purchaser however submits that the alternative market definitions set out above in the General Stores Market may be more suitable for the assessment of the effects of the Transaction.

The Residential Letting market is also relevant for the same reason, but the Sandpiper Group's and Target Group's participation in that market is *de minimis*.

**Other economic markets that are potentially relevant to the Transaction:**

A consideration of other economic markets possibly relevant to the assessment of the Transaction follows. These economic markets could be potentially applicable to the Transaction for the following reasons:

- (a) in the case of the Specialist Retail Market and the F&B Retail Market, only if the Sandpiper Group has a 40% or greater share of supply in any relevant market or sub-market (because the Target Group does not operate in any such markets or sub-markets); and
- (b) in the case of the other economic markets below, because:
  - (i) both the Sandpiper Group and the Target Group are consumers in such markets (and so the Transaction could potentially give rise to a relevant increase in aggregated purchasing power); and/or

- (ii) the Sandpiper Group or the Target Group (alone) may have a 40% or greater share of purchasing power in such market.

Please note, the potential economic markets considered are not exhaustive: for example both the Sandpiper Group and the Target Group are consumers of public utilities, insurance, motor fuel (for own use) etc, but the Notifying Parties do not consider these types of markets relevant for the purposes of the assessment of the Transaction.

*The Specialist Retail Market:*

***Product Market:***

On the basis of product demand substitutability, it is submitted that the product markets within this heading that are relevant to the Transaction (because they form part of the Sandpiper Group's non-groceries retail offering) can be divided as follows:

- (a) cookware;
- (b) linen, towels and bedding;
- (c) women's clothing (which could theoretically be subdivided into formal, casual, adult and young-adult);
- (d) men's clothing (which could theoretically be subdivided into formal, casual, adult and young-adult);
- (e) children's clothing;
- (f) hire of men's formal ware;
- (g) home furniture; and
- (h) premium chocolate products.

As noted in relation to certain of these product markets, a greater degree of granularity is possible in relation to each product market on the basis of demand substitutability (for instance, within cookware a knife is not substitutable for a spoon). However, as *CICRA Guidance Note 7* on market definition notes, the purpose of market definition is to provide a framework for competition analysis in order to ascertain which suppliers of a given product act as a constraint on the market behaviour of other such suppliers. On this basis, in relation to the Sandpiper Group, which operates certain businesses that sell a wide array of different products (certain groupings of which are often available together in similar combinations from different retailers), it is appropriate to use market definition to identify which other retailers supply the same broad range of products, and thereby compete with the Sandpiper Group and therefore act as a constraint on the Sandpiper Group in relation to the same group of products (ie, taking the example above, anyone who sells knives with most likely also sell spoons). The Notifying Parties do not therefore consider it is reasonable or necessary to go into any further level of granularity than that set out above.

### ***Geographic Market:***

It is submitted that the relevant geographic market for all product markets under this heading is island-wide.

In Decision M072/06 *Acquisition of shares and assets of A de Gruchy & Co Limited* left the question of geographic market open but noted that this could be limited to the Island of Jersey, or include retailers further afield, in recognition of the possibility of internet shopping. The products de Gruchy sold were said to include "*ladies' fashions, lingerie, furniture/beds, cookshop/linens/housewares, contemporary fashions, children's fashions, etc.*", which are all products which are also sold by the Sandpiper Group within this product heading.

It is submitted that an island-wide geographic market is appropriate in this case as the products in question are all of a type that consumers would ordinarily travel into town to purchase, and that the demand for goods of this type is suitably homogenous across each island as to make competition on an island-wide basis practical<sup>17</sup>. The current distribution of outlets selling these types of product is currently heavily biased towards central St Helier and St Peter Port, which is further evidence that consumers are willing to travel within the island in question to access these products<sup>18</sup> (noting that, in the present case, only Jersey is relevant).

### **The F&B Retail Market:**

#### ***Product Market:***

On the basis of product demand substitutability, it is submitted that the relevant product markets within this heading be divided as follows:

- (a) barista-style coffee shops;
- (b) cafes, restaurants and coffee shops serving food and drinks in an informal setting;  
and
- (c) restaurants serving food in a more formal setting.

Each of these product markets will encompass a range of specific products, and the Notifying Parties are aware that it is possible to suggest further sub-divisions within the "*cafes, restaurants and coffee shops serving food and drinks in an informal setting*" product market that could arguably constitute separate product markets<sup>19</sup>. However, given the variety of products available at all of the relevant retail outlets operated by the Sandpiper Group<sup>20</sup> and

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<sup>17</sup> Commission Notice on the definition of relevant market for the purposes of Community competition law (97/C 372/03) at paragraph 46: "*The nature of demand for the relevant product may in itself determine the scope of the geographical market. Factors such as national preferences or preferences for national brands, language, culture and life style, and the need for a local presence have a strong potential to limit the geographic scope of competition.*"; Case 27/76 *United Brands v. Commission* at para 11

<sup>18</sup> Commission Notice on the definition of relevant market for the purposes of Community competition law (97/C 372/03) at paragraph 48: "*Current geographic pattern of purchases. An examination of the customers' current geographic pattern of purchases provides useful evidence as to the possible scope of the geographic market*"

<sup>19</sup> For example (a) take-away baked goods and (b) sandwiches and other light/lunch products

<sup>20</sup> In particular, all of the relevant outlets sell a range of food and drinks with a significant degree of overlap, including hot and soft drinks and sandwiches and other light/snack foods

(as stated above) on the basis of product demand substitutability<sup>21</sup>, they are considered by the Notifying Parties to be narrow enough to allow for an effective competition analysis to be made.

With reference to the market for coffee, it is accepted by the Notifying Parties that barista-style coffee, such as that sold by the Sandpiper Group in its Costa outlets, arguably constitutes a distinct market within the broader market for coffee, or for cafes, restaurants and coffee shops serving food and drinks in an informal setting. In Decision M984/13 *Acquisition of various assets from Sealyham Investments Limited by the Liberation Pub Group* CICRA stated that "*the focus for the purpose of market definition should be on customers' propensity to substitute between offerings*". This decision also states that "*pubs compete on a range of variables, such as location, ambience, the range of products sold, and the degree of substitutability between pubs and other licenced premises will vary considerably according to the individual characteristics of those pubs and other premises.*" It is accepted by the Notifying Parties that the reasoning applied to licenced premises in the *Sealyham* decision may also apply to coffee shops.

Notwithstanding the above, it is further submitted by the Notifying Parties that it is not correct to take the view that (for example) a Costa coffee shop is always in a separate product market from (for example) a café or restaurant serving food and drinks in an informal setting that is not branded as a barista-style coffee shop. This is because, consistent with the statements made in the *Sealyham* decision, factors such as the "*location, ambience, the range of products sold, and the degree of substitutability*" are a factor and therefore the "*individual characteristics*" of the particular outlets should be considered on a case-by-case basis. The Notifying Parties would also draw on the principle set out in JCRA decision CICRA 14 / 46 *The proposed acquisition of licensed premises The Old Court House Inn, St Aubin, Jersey by The Liberation Group Limited* that it is necessary to consider the breadth of goods and services provided at a particular outlet when determining the appropriate product market<sup>22</sup>; the product market should be assessed in light of substitutability through matters such as ambience and the range of products sold, rather than on an arbitrary categorisation.

So, for example, the Notifying Parties are of the view that the Costa in St Aubin, Jersey should be considered to be within the "*cafes, restaurants and coffee shops serving food and drinks in an informal setting*" product market, because it has seating for 44 customers (35 inside and nine outside) and serves a variety of foods to be eaten on the premises and is therefore substitutable with a general café or restaurant serving food and drinks in an informal setting; this can be contrasted with the Costa in Queen Street, St Helier, Jersey, which has far more limited seating and is arguably therefore within the "*barista-style coffee shops*" product market as opposed to the "*cafes, restaurants and coffee shops serving food and drinks in an informal setting*" product market.

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<sup>21</sup> It is submitted that there is a high degree of substitutability between many of the products within each possible sub-category (a sausage roll is substitutable with a pasty, for example)

<sup>22</sup> In that case the "*broad offer of the premises*" was relevant in determining the applicable geographic market; in the Notifying Parties' view the same could apply by analogy to product markets

### ***Geographic Market:***

It is submitted that the geographic market for cafes and coffee shops of whatever type should not be island-wide, but should be restricted to particular "town centres" (for example, the commercial heart of St Helier or St Aubin's village and the vicinity).

In Decisions M571/10 *Acquisition of The Bar by Citann Limited* and M984/13 *Acquisition of various assets from Sealyham Investments Limited by the Liberation Pub Group* CICRA identified the geographic market as "*the commercial heart of St Helier*", based on the fact that consumers selecting a pub or bar to frequent would consider as interchangeable any other bar offering similar products and ambience that was within walking distance (estimated to be between half a mile and mile). As above, it is submitted that consumer considerations when selecting a coffee shop are analogous to those in play when selecting a pub or bar, and therefore consumers would contemplate patronising any coffee shop within a reasonable walking distance that offered similar products an ambience. For this reason, it is submitted that the island-wide market can be sub-divided into the centres of their respective towns and settlements.

### ***Freight:***

#### ***Product Market:***

The freight services market (the "**Freight Services Market**") is an economic market involving the freight transport of goods on and off the island and within the island.

It is submitted that, on the basis of an assessment of whether services are properly interchangeable, the Freight Market can properly be sub-divided in to the following sub-markets:

- (a) sea freight services (the "**Sea Freight Market**");
- (b) on-island land freight services (the "**Local Land Freight Market**"); and
- (c) land freight services for transport of goods to the sea port for onwards transmission off-island without a change of vehicle and *vice versa* (the "**International Land Freight Market**").

### ***Geographic Market:***

It is submitted that the proper geographic market for the Freight Services Market (including the sub-markets referred to above) is island-wide.

### ***Export versus import***

Please note that neither the Target Group nor the Sandpiper Group has any export business, and therefore export share of purchasing power is not considered further.

Wholesale of food, beverages and other goods and merchandise for retail purposes:

The wholesale of food, beverages and other goods and merchandise for retail purposes (the "**Wholesale Market**") is an economic market involving local purchase or import of food, beverages and other goods and merchandise for sale to retail participants for onwards sale to retail customers.

**Product Market:**

On the basis of an assessment of whether services are properly interchangeable, it is submitted that the Wholesale Market can properly be sub-divided into the following sub-markets:

- (a) the "wholesale distribution of food and drink products"<sup>23</sup> (the "**Wholesale F&B Market**"); and
- (b) the wholesale distribution of other goods and merchandise for retail purposes (the "**Wholesale General Goods Market**").

It is submitted that, for the purposes of assessing the Transaction, it is not necessary or appropriate to further sub-divide the above markets (for example on the basis of particular product lines).

**Geographic Market:**

It is submitted that the proper geographic market for the Wholesale Market (including the sub-markets referred to above) is island-wide.

The Residential Letting Market:

**Product Market:**

It is submitted that the Residential Letting Market should, for the purposes of the Transaction, be considered to comprise the letting of residential properties for the purposes of residential occupation.

**Geographic Market:**

It is submitted that the proper geographic market for the Residential Letting Market is island-wide.

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<sup>23</sup>

See JCRA decision CICRA 15/29 *Proposed acquisition of Cimandis Limited by Bidvest Foodservice International Limited Case M1145J*



4.3 For each of the market(s) identified in 4.2, identify the areas of overlap between the parties to the merger, as appropriate.

**Convenience Stores:**

Please see the maps provided at **Annex 6** for reference (excluding the Convenience Stores Market around the Costcutter at 1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour for the reasons set out below).

**Convenience Stores outside of St Helier:**

There is a degree of overlap within the Convenience Stores Market of each of the following Convenience Stores situated outside of St Helier that form part of the Target Group and the Sandpiper Group (listed geographically across the island from west to east):

Target Group store location	Sandpiper Group store location
La Route de St Aubin, St Helier (Millbrook) <sup>24</sup>	Checkers Xpress at First Tower, La Route De St Aubin, St Helier, Jersey Benest / Food Hall at Queens Road, St Helier <sup>25</sup>
1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour	Checkers Xpress at Grand Vaux, St Saviour, Jersey Benest / Food Hall at Five Oaks, La Grande Route De St Martin, St Saviour
Main Road, Gorey Village, Grouville	Checkers Xpress at La Rue De La Croix, St Martin Iceland at La Rue a Don, Grouville, Jersey
Augres Garage, La Route de la Trinité, Trinity	Checkers Xpress at Grand Vaux, St Saviour, Jersey

Please note that the Seller intends to close the Costcutter at 1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour (and intends to do so whether or not Completion takes place). Pursuant to the terms of the SPA, however, this closure must take place before Completion, and so the Bagatelle Road Costcutter it will not form part of the Target Group as at Completion, and it is not therefore relevant to the assessment of the Transaction. The scheduled date for closure of that store is 31 October 2016.

The only Target Group Convenience Stores outside of the St Helier commercial centre relevant to the assessment of the Transaction within particular Convenience Stores Markets are therefore the Costcutter stores at La Route de St Aubin, St Helier, Main Road, Gorey Village, Grouville and Augres Garage, La Route de la Trinité, Trinity.

**Convenience Stores within St Helier:**

Within St Helier:

(a) Costcutter operates Convenience Stores from the following premises:

<sup>24</sup> Please note, whilst the address of this store is St Helier, the notifying parties do not consider it to be appropriate to treat it as being within St Helier for the purposes of assessing the Transaction as it is outside the commercial heart of St Helier

<sup>25</sup> Please note, the Sandpiper Group's Benest / Food Halls at Lisbon House, La Route De St Aubin, Millbrook also falls within this Convenience Stores Market, but for the reasons set out below is not relevant for the purposes of the Transaction in terms of Convenience Stores Markets

- (i) 2/4/6 Belmont Road, 79 Bath Street, St Helier;
  - (ii) 1 - 5 Roseville House, Colomberie, St Helier;
  - (iii) Unit 3, Spectrum, Gloucester Street, St Helier;
  - (iv) 1, 3, 5, 7 and 9 Union Street, St Helier;
  - (v) No.2 Colomberie, Snow Hill, St Helier;
  - (vi) No.2 and No. 3 New Town Buildings, David Place, St Helier;
  - (vii) 1 Pier Road, St Helier; and
  - (viii) 1 & 2 Lewis Street and 61, 63 & 65 Kensington Gate, St Helier; and
- (b) the Sandpiper Group operates Convenience Stores from the following premises<sup>26</sup>:
- (i) 38-39 Val Plaisant, St Helier (Checkers Xpress);
  - (ii) La Rue de L'Etau, St Helier (Castle Quay) (Benest / Food Hall); and
  - (iii) Queens Road, St Helier (Benest / Food Hall).

Consequentially, for the avoidance of doubt:

- (A) there is no overlap in any Convenience Stores Market between Convenience Stores operated by the Target Group and the Sandpiper Group in relation to the following retail outlets operated by the Target Group outside of St Helier (listed geographically across the island from west to east):
- (1) the Costcutter at Links Hault, St Brelade, Vingtaine de la Moie, the only Sandpiper Group retail outlets within the relevant Convenience Stores Market being the Iceland store at Les Quennevais Parade, St Brelade and the M&S at St Brelade Centrepont, La Route de Genets, St Brelade, Jersey;
  - (2) the Costcutter at St Ouen's Motor Works, La Grande Route de St Ouen, the only Sandpiper Group retail outlet within the relevant Convenience Stores Market being the Benest / Food Hall at St Ouen Village, St Ouen;
  - (3) the Costcutter at Rue de L'Eglise, St John, the only Sandpiper Group retail outlet within the relevant Convenience Stores Market being the M&S at La Route des Issues, St John;
  - (4) the Costcutter at Haute Croix, La Grande Route de St Jean, St John, there being no retail stores operated by the Sandpiper Group within the relevant Convenience Stores Market; and

<sup>26</sup>

Please note, the Sandpiper Group's Checkers Xpress at Bath Street, St Helier is not a Convenience Store as its retail space exceeds 700m<sup>2</sup> and it is not open on Sundays and has a range of products which the Purchaser considers to make it more properly be categorised as a Supermarket, see above

- (5) the Costcutter at La Grande Route de la Cote, St Clement, the only Sandpiper Group retail outlet within the relevant Convenience Stores Market being the M&S at La Grande Route de la Cote, St Clement and the Iceland at New Era, Georgetown, St Clement, Jersey, JE2 7QD; and
- (B) the following stores operated by the Sandpiper Group within St Helier are not Convenience Stores and are not therefore relevant for the purposes of assessing the Transaction:
- (1) the Iceland store at 4&5 The Parade, St Helier (on the basis it is a Supermarket);
  - (2) the M&S store at 4-58 King Street, St Helier (on the basis it is a Supermarket)<sup>27</sup>;
  - (3) the Checkers Xpress store at Bath Street, St Helier (on the basis it is a Supermarket, see above);
  - (4) the Pound PowEr store at 6-7 Mulcaster Street, St Helier (on the basis it is an Other General Store as it has no chilled convenience foods section and stocks only limited grocery products); and
  - (5) the Pound PowEr store at Liberty Wharf, La Rue de la Liberation, St Helier (on the basis it is an Other General Store for the same reasons as at (4) above).

**The Road Fuel Retail Market:**

The Sandpiper Group operates within the Road Fuel Market from the following locations:

- (a) the M&S store at La Route des Issues, St John ([REDACTED]);
- (b) the M&S store at La Grande Route de St Pierre, St Peter ([REDACTED]);
- (c) the Benest / Food Hall store at Five Oaks, La Grande Route De St Martin, St Saviour, Jersey;
- (d) the Checkers Xpress store at Georgetown, St Clement, Jersey; and
- (e) the Iceland store at La Rue a Don, Grouville, Jersey.

The Target Group operates within the Road Fuel Market from:

- (i) Costcutter at St Ouen's Motor Works, La Grande Route de St Ouen; and
- (ii) Costcutter at Augres Garage, La Route de la Trinité, Trinity.

<sup>27</sup>

Please also note that the M&S store at Liberty Wharf, La Rue de la Liberation, St Helier is an M&S Home store

In all of the cases above, the relevant retail outlet is both a retailer within the Retail Road Fuel Market and a consumer / customer within the Wholesale Road Fuel Market, and the relevant geographic market is the whole of Jersey.

However, please note that the fuel forecourt operations at the M&S store at La Route des Issues, St John and the M&S store at La Grande Route de St Pierre, St Peter are leased by the Sandpiper Group to, and are operated by, a third party and so are not included in the share of supply data set out at paragraph 4.4 below<sup>28</sup>.

#### **The Freight Services Market:**

Both the Sandpiper Group and the Target Group operate within the Freight Services Market as a consumer / customer, and the relevant geographic market is the whole of Jersey.

#### **The Wholesale Market:**

Both the Sandpiper Group and the Target Group operate within the Wholesale Market as a consumer / customer, and the relevant geographic market is the whole of Jersey.

#### **The Residential Letting Market:**

Both the Sandpiper Group and the Target Group operate within the Residential Letting Market as a landlord of residential property, and the relevant geographic market is the whole of Jersey.

#### **Alternative market definitions in the General Stores Market:**

Both the Sandpiper Group and the Target Group operate as a supplier in the two alternative markets within in the General Stores Market, ie the General Stores Market as a whole and the supply of Convenience Items from a Convenience Store or Other General Store market.

#### **Other economic markets:**

There is no overlap between the Target Group and the Sandpiper Group in the other economic markets identified in 4.2 above.

- 4.4 *For each of the market(s) identified in 4.2, specify market shares in Guernsey and/or Jersey (as relevant), before and after the merger, for each competitor (including the merging parties). Explain how you have calculated market shares and provide supporting evidence (e.g. turnover of the parties in the relevant market compared to turnover in Guernsey/Jersey as a whole).*

#### **General notes:**

The Notifying Parties are not aware of any third party sources of sales and share of supply or purchasing power data for the product markets in which the Target Group and the Sandpiper

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<sup>28</sup>

The annual volume of motor fuel sold at those two forecourts is [REDACTED] litres, which would increase the Sandpiper Group's share of supply from [5-10]% to [5-10]% but would not affect whether the combined share of supply / purchasing power (as applicable) of the combined Sandpiper Group and Target Group reached or exceeds 25%

Group is active in Jersey<sup>29</sup>, and so (to the extent that independent third party data is not available) the assessment of share of supply / purchasing power has been made based on the Notifying Parties' best estimates.

Further, in relation to the economic markets in which only the Sandpiper Group is active:

- **Market size data:** Given the shortage of detailed market sales information in the public domain, the Sandpiper Group has estimated the size of each market sub-sector by reference to States Household and other spending data, as well as a "bottom-up" store-level assessment of the sales of individual market participants, combined with data on online sales sourced from the Economic Affairs Scrutiny Panel. The Sandpiper Group has then compared the two methodologies and, given the similarity of the results, concluded that the estimates used, and hence the Sandpiper Group's share of supply in each market, is reasonable.
- **Sandpiper Group sales data:** Sales for each category for the current year have been forecasted using the latest management information (which is based on 8 periods of actual sales data, and 4 periods of forecast data).
- **Competitor and supplier details:** Where the Sandpiper Group has less than five major competitors, or less than five major suppliers, information for the relevant major competitors and suppliers is provided only.

### Summary:

Please see below for detailed share of purchasing power / supply analysis. By way of summary:

Product market	Geographic market	Target Group share of supply / purchasing power (%)	Sandpiper Group share of supply / purchasing power (%)	Combined share of supply / purchasing power
<b>Primary economic markets</b>				
Convenience Stores market	Individual Convenience Stores markets surrounding each Convenience Store (0.5 to 1 mile radius)	Various – including certain that are 40% or more (see below)	Various – including certain that are 40% or more (see below)	Various – including certain that are 40% or more (see below)
Wholesale Road Fuel Market	Whole of the island	[0-5]	[5-10]	[10% or more, but less than 25%]
Retail Road Fuel Market	Whole of the island	[0-5]	[5-10]	[10% or more, but less than 25%]
<b>Secondary economic markets</b>				
Supermarkets market	Whole of the island (in effect – specifically a 15 minute drive time radius)	[0-5]	[30-40]	[30-40]
Other General Stores market	Same as for Convenience Stores (see above)	[0-5]	[0-5]	[0-5]

<sup>29</sup> The Notifying Parties consider that the information contained in *Comparison of Food Prices in Jersey and the United Kingdom - JCRA Response to a Request Received from the Economic Development Committee under Article 6(4) of the Competition Regulatory Authority (Jersey) Law 2001*, 11 October 2005, and *Economic Impact of New Entry in the Retail Sector by a Large Supermarket Competitor - Advice to the Minister for Economic Development under Article 6(4) of the Competition Regulatory Authority (Jersey) Law 2001*, 14 March 2008, are now out-of-date

Product market	Geographic market	Target Group share of supply / purchasing power (%)	Sandpiper Group share of supply / purchasing power (%)	Combined share of supply / purchasing power
Specialist Retail Market: cookware	Whole of the island	[0-5]	[5-10]	[5-10]
Specialist Retail Market: linen, towels and bedding	Whole of the island	[0-5]	[5-10]	[5-10]
Specialist Retail Market: women's clothing	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
Specialist Retail Market: men's clothing	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
Specialist Retail Market: children's clothing	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
Specialist Retail Market: hire of men's formal ware	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
Specialist Retail Market: home furniture	Whole of the island	[0-5]	[0-5]	[0-5]
Specialist Retail Market: premium chocolate products	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
F&B Retail: barista-style coffee shops	On a "town centre" basis	[0-5]	[10% or more, but less than 25%] (St Helier only)	[10% or more, but less than 25%] (St Helier only)
F&B Retail: cafes, restaurants and coffee shops serving food and drinks in an informal setting	On a "town centre" basis	[0-5]	St Aubin <sup>30</sup> : [10% or more, but less than 25%] St Brelade (ex St Aubin): [5-10] St Helier: [0-5]	St Aubin: [10% or more, but less than 25%] St Brelade (ex St Aubin): [5-10] St Helier: [0-5]
Sea Freight Market	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
International Land Freight Market	Whole of the island	[0-5]	[10% or more, but less than 25%]	[10% or more, but less than 25%]
Wholesale F&B Market	Whole of the island	[5-10]	[5-10]	[10% or more, but less than 25%]
Wholesale General Goods Market	Whole of the island	[0-5]	[5-10]	[5-10]
Residential Letting Market	Whole of the island	[0-5]	[0-5]	[0-5]
<b>Alternative market definitions in the General Stores Market</b>				
General Stores Market as a whole	Whole of the island	[0-5]	[10% or more, but less than 25%]	[25-30]
Supply of Convenience Items from a Convenience Store or Other General Store	Same as for Convenience Stores (see above)	Various – including certain that are 40% or more (see below)	Various – including certain that are 40% or more (see below)	Various – including certain that are 40% or more (see below)

### **Convenience Stores (by Convenience Stores Market):**

The following information is based best estimates of annual non-fuel sales figures for Convenience Stores not operated by the Target Group or Sandpiper Group.

<sup>30</sup>

The Purchaser submits that the Costa in St Aubin should not be categorised as a barista-style coffee shop and is actually a café for the reasons set out above

### Convenience Stores outside of St Helier:

The following table covers Convenience Stores within each Convenience Stores Market surrounding a Convenience Store operated by the Target Group outside of the St Helier commercial centre (it does not cover Convenience Stores outside of the Convenience Stores Markets of the Convenience Stores operated by the Target Group).

Please note, in the following table there has been no accounting for the overlaps of the Convenience Stores Markets of Convenience Stores which are located *outside* of the Convenience Stores Market surrounding a Convenience Store operated by the Target Group because this impractical (if not impossible) to calculate. As a consequence, the figures below may as a matter of fact under-state the real competition effects of independent Convenience Stores on the relevant Sandpiper Group and Target Group Convenience Stores.

In order to mitigate this under-statement of actual third party competition, if a Convenience Store falls within the Convenience Stores Market of a Convenience Store operated by a member of the Target Group, *all* the sales for that Convenience Store have been included, which may as a matter of fact over-state the real competition effects of that Convenience Store on the Sandpiper Group and Target Group Convenience Stores.

Costcutter Convenience Store	Convenience Stores within relevant Convenience Store Market	Estimated non-fuel sales per annum (£k)	Share of supply (%)	Combined share of supply Target Group + Sandpiper Group (%)
La Route de St Aubin, St Helier (Millbrook)	Costcutter	[REDACTED]	[10% or more, but less than 25%]	[60-70] (increase from [40-50])
	Checkers Xpress at First Tower, La Route De St Aubin, St Helier, Jersey (Sandpiper Group)	[REDACTED]	[10% or more, but less than 25%]	
	Benest / Food Hall at Queens Road, St Helier (Sandpiper Group)	[REDACTED]	[30% or more, but less than 40%]	
	Roberts Bel Royal (independent)	650.0	[10% or more, but less than 25%]	
	Best One (independent)	1,000.0	[10% or more, but less than 25%]	
	Bay Stores (independent)	750.0	[10% or more, but less than 25%]	
1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour	Costcutter	[REDACTED]	[5-10]	[90-100] (increase from [90-100]) <sup>31</sup>
	Checkers Xpress at Grand Vaux, St Saviour, Jersey (Sandpiper Group)	[REDACTED]	[70-80]	

<sup>31</sup> However, please note that (as stated above) the Bagatelle Road Costcutter does not form part of the Transaction and is being closed (and will be closed whether or not Completion takes place), so this does not have an actual effect on the Sandpiper Group's share of supply in this Convenience Stores Market. The scheduled date for closure of that store is 31 October 2016.

Costcutter Convenience Store	Convenience Stores within relevant Convenience Store Market	Estimated non-fuel sales per annum (£k)	Share of supply (%)	Combined share of supply Target Group + Sandpiper Group (%)
	Benest / Food Hall at Five Oaks, La Grande Route De St Martin, St Saviour (Sandpiper Group)	[REDACTED]	[10% or more, but less than 25%]	
Links Hault, St Brelade, Vingtaine de la Moie	Costcutter	[REDACTED]	[10% or more, but less than 25%]	[10% or more, but less than 25%] (increase from [0-5])
	Co-op <i>Locale</i> St Brelade (independent)	3,900.0	[80-90]	
St Ouen's Motor Works, La Grande Route de St Ouen	Costcutter	[REDACTED]	[90-100]	[90-100] (increase from [0-5])
Rue de L'Eglise, St John	Costcutter	[REDACTED]	[90-100]	[90-100] (increase from [0-5])
Haute Croix, La Grande Route de St Jean, St John	Costcutter	[REDACTED]	[90-100]	[90-100] (increase from [0-5])
Augres Garage, La Route de la Trinité, Trinity	Costcutter	[REDACTED]	[10% or more, but less than 25%]	[10% or more, but less than 25%] (increase from [0-5])
	Co-op <i>Locale</i> Sion (independent)	1,850	[80-90]	
La Grande Route de la Cote, St Clement	Costcutter	[REDACTED]	[50-60]	[50-60] (increase from [0-5])
	Roberts Garage (independent)	650.0	[40-50]	
Main Road, Gorey Village, Grouville	Costcutter	[REDACTED]	[5-10]	[30-40] (increase from [25-30])
	Iceland at La Rue a Don, Grouville, Jersey (Sandpiper Group)	1,802	[25% - 30%]	
	Co-op <i>Locale</i> Grouville (independent)	3,380	[50-60]	
	Rosedale Stores Gorey (independent)	350.0	[5-10]	
	Independent Store (independent)	250.0	[0-5]	

### Convenience Stores within St Helier:

In relation to Convenience Stores within the St Helier commercial centre, whilst the Purchaser accepts the application of a Convenience Stores Market around each Convenience Store for this purpose (although see the Purchaser's other submissions relating to the Convenience Stores Market concept), given the size of St Helier and the relative proximity of Convenience Stores within it (see the applicable map provided at **Annex 6**) the Purchaser does not consider it reasonably practicable to make an assessment of share of supply within each relevant Convenience Stores Market. Consequentially, the following table sets out the share of supply of Convenience Stores operated by the Target Group, the Sandpiper Group and others within the St Helier commercial centre as a whole:



Store	Estimated non-fuel sales per annum (£k)	Share of supply (%)
Costcutter, 2/4/6 Belmont Road, 79 Bath Street, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, 1 - 5 Roseville House, Colomberie, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, Unit 3, Spectrum, Gloucester Street, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, 1, 3, 5, 7 and 9 Union Street, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, No.2 Colomberie, Snow Hill, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, No.2 and No. 3 New Town Buildings, David Place, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, 1 Pier Road, St Helier (Target Group)	[REDACTED]	[0-5]
Costcutter, 1 & 2 Lewis Street and 61, 63 & 65 Kensington Gate, St Helier (Target Group)	[REDACTED]	[0-5]
Checkers Xpress, 38-39 Val Plaisant, St Helier (Sandpiper Group)	[REDACTED]	[0-5]
Benest / Food Hall at La Rue de L'Etau, St Helier (Castle Quay) (Sandpiper Group)	[REDACTED]	[0-5]
Benest / Food Hall at Queens Road, St Helier (Sandpiper Group)	[REDACTED]	[0-5]
C 20x independents at £6k per week (independent)	5,200	[10% or more, but less than 25%]
Co-op <i>Locale</i> King Street (independent)	3,380	[5-10]
Co-op <i>Locale</i> Georgetown (independent)	4,940	[10% or more, but less than 25%]
Co-op <i>Locale</i> Colomberie (independent)	3,380	[5-10]
Co-op <i>Locale</i> Don Street (independent)	2,964	[5-10]
Co-op <i>Locale</i> Val Plaisant (independent)	2,340	[5-10]

Based on the above:

- (a) the share of supply of the Convenience Stores operated by the Target Group within the St Helier commercial centre is [25-30]%;
- (b) the share of supply of the Convenience Stores operated by the Sandpiper Group within the St Helier commercial centre is [10% or more, but less than 25]%; and
- (c) the combined share of supply of the Convenience Stores operated by the Target Group and the Sandpiper Group within the St Helier commercial centre is [40-50]%.

#### **The Road Fuel Retail Market:**

The following information is based on the Notifying Parties' best estimates of annual fuel figures by volume, and assumes that total volume is consistent with 2010 levels (obtained from the JCRA's *Review of the Jersey market for road fuels* August 2011). Further, it is assumed that all road fuel purchased in the Wholesale Road Fuel Market is then sold on to customers via the Retail Road Fuel Market within the relevant year.

### The Wholesale Road Fuel Market:

Business	Estimated annual volume (litres m)	Share of purchasing power (%)
The Target Group	[REDACTED]	[0-5]
The Sandpiper Group	[REDACTED]	[5-10]

Based on the above, the combined share of purchasing power for the Target Group and the Sandpiper Group in the Wholesale Road Fuel Market is [10% or more, but less than 25%].

### The Retail Road Fuel Market:

Business	Estimated annual volume (litres m)	Share of supply (%)
The Target Group	[REDACTED]	[0-5]
The Sandpiper Group	[REDACTED]	[5-10]

Based on the above, the combined share of supply for the Target Group and the Sandpiper Group in the Retail Road Fuel Market is [10% or more, but less than 25%].

### The Freight Services Market:

The following information is based on the Notifying Parties' best estimates of their respective annual freight usage by tonnage, compared to the total 2015 annual tonnage figures for freight passing through Jersey Harbours supplied to the Notifying Parties by Ports of Jersey Limited (being [REDACTED] tonnes per annum).

### Sea Freight Market:

Business	Estimated annual volume (tonnes k)	Share of purchasing power (%)
The Target Group	[REDACTED]	[0-5]
The Sandpiper Group	[REDACTED]	[10% or more, but less than 25%]

Based on the above, the combined share of purchasing power for the Target Group and the Sandpiper Group in the Sea Freight Market is [10% or more, but less than 25%].

### Local Land Freight Market:

Neither the Sandpiper Group nor the Target Group is a participant in the Local Land Freight Market. To the extent that goods are supplied to the relevant group by third parties utilising land freight services, those services would form part of the International Land Freight Market or deliveries would be made by local suppliers.

### International Land Freight Market:

In common with their major competitors, neither the Sandpiper Group nor the Target Group has its own on-island distribution service (although the Sandpiper Group has vans for moving smaller volumes of goods between retail outlets or warehouses). The Notifying Parties therefore believe that the share of purchasing power set out for the Sea Freight Market

above is also a reasonable estimate (plus or minus) of the respective groups' share of purchasing power within the International Land Freight Market (although it is possible that some deliveries to port are distributed by the end customer's own on-island distribution network).

### **The Wholesale Market:**

The following information is based on the Notifying Parties' best estimates of the Wholesale Market size. As the Notifying Parties are consumers in the Wholesale Market and no readily available market size data exists, previous workings submitted to CICRA relating to the sale by the Sandpiper Group of Cimandis have been used to demonstrate the size of the market. In that submission the Jersey food & beverage wholesale market was valued at £[REDACTED]m per annum. It is submitted that it is reasonable to assume that, including Jersey Dairy, Newspapers, beers, wines and spirits, tobacco and various other local wholesale products, the Wholesale Market is in the region of £[REDACTED]m to £[REDACTED]m per annum. However, for the purposes of the below the Notifying Parties have assumed each market is £[REDACTED]m per annum.

#### **Wholesale F&B Market:**

Business	Estimated annual purchases (£m)	Share of purchasing power (%)
The Target Group	[REDACTED]	[5-10]
The Sandpiper Group	[REDACTED]	[5-10]

Based on the above, the combined share of purchasing power for the Target Group and the Sandpiper Group in the Wholesale F&B Market is [10% or more, but less than 25%].

#### **Wholesale General Goods Market:**

Business	Estimated annual purchases (£m)	Share of purchasing power (%)
The Target Group	[REDACTED]	[0-5]
The Sandpiper Group	[REDACTED]	[5-10]

Based on the above, the combined share of supply for the Target Group and the Sandpiper Group in the Wholesale General Goods Market is [5-10]%.

### **The Residential Letting Market:**

Based on the 2011 States of Jersey housing statistics<sup>32</sup>, 7,806 private households in Jersey are occupied way of qualified private rental. If one assumes that the average monthly rental per property is £1,000 (which the Notifying Parties submit is a reasonable estimate, as the average household expenditure on housing, fuel and power in the qualified rental sector in 2014/2015<sup>33</sup> was £266 per week, ie £1,152.66 per calendar month), the aggregate annual rental income from those flats is £93.7m.

<sup>32</sup> See <http://www.gov.je/Government/JerseyInFigures/HousingLiving/Pages/Households.aspx>

<sup>33</sup> See States of Jersey Jersey Household Spending 2014.2015

This does not take into account social rental and non-qualified accommodation, which (based on the same 2011 source) accounts for an additional 8,219 properties. If we assume the average rental for those properties is £500 per month (which takes the lower social housing weekly housing, fuel and power figure per the States of Jersey 2014/2015 figures and applies a c.15% discount for fuel and power), this adds a further £49.3m to the aggregate annual rental income figure (ie giving £143m in total).

The following information is based on the foregoing and the Notifying Parties' best estimates of their respective annual rental income.

Business	Estimated annual rental income (£k)	Share of supply rentals (%)	Share of supply qualified private rental (%)
The Target Group	60	[0-5]	[0-5]
The Sandpiper Group	543	[0-5]	[0-5]

Based on the above, the combined share of supply for the Target Group and the Sandpiper Group in the Residential Letting Market is a maximum of [0-5]% (taking the narrower qualified private rental economic market only).

### **Supermarkets:**

Key competitors are the Channel Islands Co-op, Waitrose and Alliance. In addition, there are a plethora of independent retailers who supply the sector and, in many cases, are direct competitors with Supermarkets, either generally or in relation to specific categories of products, including farm shops, fish mongers (including the St Helier fish market), the retailers in the Central Market etc.

There are no published analyses of market share; however management estimates the share of the Sandpiper Group and each competitor as follows:

Store	Sales per annum (£m)	Market Share (%)
<b>Sandpiper Group stores</b>		
Benest / Food Hall	[REDACTED]	[5-10]
M&S	[REDACTED]	[10% or more, but less than 25%]
Iceland	[REDACTED]	[10% or more, but less than 25%]
<b><u>Subtotal</u></b>	<b><u>[REDACTED]</u></b>	[30% or more, but less than 40%]
<b>Others</b>		
Coop	36.4	[10% or more, but less than 25%]
Waitrose	70.5	[30% or more, but less than 40%]
Alliance	6.0	[0-5]
<b><u>Subtotal</u></b>	<b><u>112.9</u></b>	<b><u>[50-60]</u></b>
<b>Total</b>	<b><u>187.1</u></b>	<b>100</b>

### **Other General Stores:**

The only Others General Stores operated by the Sandpiper Group are Pound PowEr in St Helier. For the same reasons as submitted by the Purchaser in relation to Convenience Stores, it is not possible to assess share of supply on the basis of Convenience Stores Markets within St Helier.

Based on the Purchaser's assessment of turnover within the Other General Stores market in St Helier (see above), the Purchaser estimates that its share of supply in St Helier in the Other General Stores market to be as follows:

Other General Stores in St Helier	Estimated sales per annum (£k)	Share of supply (%)
Pound PowEr (Sandpiper Group)	[REDACTED]	[0-5]
Pound Magic (independent)	1,500	[0-5]
99p Store (independent)	1,000	[0-5]
St Helier Market (independent)	26,000	[50-60]
Boots (independent)	6,500	[10% or more, but less than 25%]
c. 10 independent Convenience Stores and Other General Stores @6k PW (independent) <sup>34</sup>	3,120	[5-10]
Dunnells (independent)	750	[0-5]
<b>TOTAL</b>	<b>[REDACTED]</b>	<b>100</b>

### **Specialist Retail Market:**

Please note the following in relation to linen, towels, bedding and furniture:

- **Market size data:** The 2010 Household Spending Survey States that Jersey Households spend was £44.60 per household per week on Household Goods and Services. The 2011 Census states that there are 44,700 households in Jersey. Using these two data points the local market size of Household Goods and Services in Jersey is £103.7m. As Cookware, Linen, Bedding, Towels and Furniture only represent a portion of the Household Goods and Services segment management has assumed it totals a maximum of 20% of the category.

In addition to this, the 2013 Jersey Tourism Report states that the total tourism spend on the island is £228m of which 18% is Retail. For the purposes of this analysis management has assumed that 5% of this retail spend is on Cookware, Linen & Furniture totalling £1.0m.

Combining the total of both local market and Tourism spend equates to a market size of £21.8m.

<sup>34</sup> The Purchaser has assumed for this purpose that 50% of the identified independent Convenience Stores and Other General Stores are Other General Stores

- **Other retailer sales data:** Sales for these stores were estimated with each store being "walked" by the Sandpiper Head of General Merchandise for Marks and Spencer, and by the Head of Finance - Franchises to estimate the space/sales and the subsequent £ per square foot, and subsequently reviewed for reasonableness. All significant sized stores on King/Queen Street were included, along with additional significant "Out of Town" premises such as Sports Direct and La Casa. Given the large volume of smaller retailers not specifically listed, an estimate was made on the total value of weekly takings by all these stores in the specific categories of c.£250k.
- **Online sales:** Online sales are quoted at £258m by the Economic Affairs Scrutiny Panel - Retail Policy 30th June 2014.

The £258m has been split across the 2010 Household spending survey data categories based on a review of the likelihood of online spend in each category with the remaining Mix weighted against the £258m spend. Based on this analysis Clothing and Footwear spend is estimated at £14.4m and Linen, Towels, Cookware and Furniture £4.2m.

- **Overall market share cross-check**

In order to validate the reasonableness of the market size estimate, and hence of the Sandpiper share of each sub-market, management has compared the market sizes implied by the two methodologies, as follows:

*Overall Market size data based on Household spending data (2010):*

Clothing & Footwear	£77.5m
Linen, Towels, Bedding, Cookware, Furniture	£21.8m
Total	£99.2m

*Built up store level analysis (Sandpiper):*

Clothing & Footwear	£81.8m
Linen, Towels, Bedding, Cookware, Furniture	£20.6m
Total	£102.4m

*Percentage Variance:*

Clothing & Footwear	(5.6) %
Linen, Towels, Bedding, Cookware, Furniture	+5.2%
Total	(3.2) %

Given the data points are 2010 (Household spending), 2013 (Tourism spend) and 2014 (Online spend) along with the degree of estimation in store takings, the overall 3.2% variance appears reasonable, and validates the reasonableness of the share data calculated.

Please note the following in relation to clothing:

- The 2010 Household Spending Survey States that Jersey Households spend was £24.50 per household per week on Clothing and Footwear. The 2011 Census states that there are 44,700 households in Jersey. Using these two data points the local market size of clothing and footwear in Jersey is £56.9m.
- In addition to this the 2013 Jersey Tourism Report states that the total tourism spend on the island is £228m of which 18% is Retail. For the purposes of this analysis management has assumed that 50% of this retail spend is on Clothing and Footwear totalling £20.5m.
- Combining the total of both local market and Tourism spend equates to a market size of £77.5m.
- Please also see above in relation to the overall market share cross-check undertaken.

Market share data for all relevant categories excluding premium chocolate products follows:

[REDACTED – SUMMARY AS FOLLOWS:

Sales (estimate)										
Store	Total PW	Womens (Inc Lingerie)	Mens	Kids (Baby to older girls etc)	Formal Hire	Total Clothing	Furniture	Cookware	Linen / Bedding / Towels	Total Home
Section A - Sandpiper										
M&S( ks+sb+lw)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
George	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]				-
Jack	[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]				-
Crew	[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]				-
Moss	[REDACTED]		[REDACTED]		[REDACTED]	[REDACTED]				-
Total Sandpiper		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Section B - Estimated Turnover										
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]				-
Total Estimated Turnover		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Section C - Online Turnover										
Online	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sandpiper Share		[10%-25%]	[10%-25%]	[10%-25%]	[10%-25%]	[10%-25%]	[0-5%]	[5-10%]	[5-10%]	[10%-25%]

\*BHS - Store closed September 2016, expectation that new store will be open prior to Xmas. At this stage it is unknown how this change in retailer will affect the overall market share and mix.

\*\* Austin Reed - Store closed August 2016, At this stage it is unknown how this change in retailer will affect the overall market share and mix.

[REDACTED]

]

In relation to premium chocolate products, Sandpiper Group stores (Hotel Chocolat) have been forecasted for the current year (which is based on 9 periods of actual sales data, and 3 periods of forecast data).

For the remainder of the market, sales have been estimated by Sandpiper management based on reviewing store sizes, range and location.

*Sandpiper Group:*

Hotel Chocolat	£[REDACTED]k
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*Others:*

Thorntons	£[REDACTED]k
The Chocolate Bar	£[REDACTED]k
Leonadis	£[REDACTED]k
Maison La Mare	£[REDACTED]k
Relish	£[REDACTED]k
Other stores	£[REDACTED]k
Total	£[REDACTED]k
Overall Total	£[REDACTED]k

**Sandpiper Group share**            **[10% or more, but less than 25%]**

**F&B Retail**

The Sandpiper Group has divided the markets into 4 sub-markets:

- Barista-style coffee shops – St Helier
- Cafes, restaurants and coffee shops serving food and drinks in an informal setting – St Aubin
- Cafes, restaurants and coffee shops serving food and drinks in an informal setting – St Brelade
- Cafes, restaurants and coffee shops serving food and drinks in an informal setting – St Helier

*Barista-style coffee shops – St Helier:*

The Sandpiper Group operates 4 Costa Coffee shops within St Helier – Bath Street, Liberty Wharf, York Street, and Queen Street. There are a minimum of 16 shops owned by competitors, which are as follows:

- Bean around the world
- Coffee Republic
- Big Maggies
- Dandy, Conway St
- Coopers x 3 (Halkett St, Castle Quay, Coop)
- Mange Tout x4 (Conway Street, Don Street, Sand Street, Colomberie)
- Jersey Potteries x2 (King Street, Colomberie)



- De Gruchy
- Voisins
- Don Street Deli

Sandpiper Group management does not have sales data for these shops, however on the assumption that their unit sales are comparable to that of a typical Costa Coffee outlet, which management has no reason to doubt, then it is likely that the Sandpiper share of the submarket is c.4/20, i.e. 10% or more, but less than 25%].

*Cafes, restaurants and coffee shops serving food and drinks in an informal setting – St Aubin:*

The Sandpiper Group operates one store in St Aubin – a Costa Coffee unit. There are a minimum of 7 shops which offer a broadly comparable range of products, which are as follows:

- Zoe kitchen
- DL deli
- Kiosk
- Boathouse
- Sprigs café
- Murrays

Sandpiper Group management does not have sales data for these shops, however on the assumption that their unit sales are comparable to that of a typical Costa Coffee outlet, which management has no reason to doubt, then it is likely that the Sandpiper share of the submarket is c.1/7, i.e. 10% or more, but less than 25%].

*Cafes, restaurants and coffee shops serving food and drinks in an informal setting – St Brelade (ex St Aubin):*

The Sandpiper Group operates one store in St Brelade – a The Bakery unit. There are a minimum of 12 shops which offer a broadly comparable range of products, which are as follows:

- The Coffee Bean
- Café des Sports
- The Poplars tearoom
- Coop store
- Waitrose store

- La Braye café
- Pizza Express
- Sugar Reef
- Point Break Café
- Portelet Bay Café
- The Tree house
- Wayside Café

Sandpiper Group management does not have sales data for these shops, however on the assumption that their unit sales are comparable to that of a typical The Bakery outlet, which management has no reason to doubt, then it is likely that the Sandpiper share of the submarket is c.1/13, i.e. [5-10]%.

*Cafes, restaurants and coffee shops serving food and drinks in an informal setting – St Helier:*

The Sandpiper Group operates 1 The Bakery unit in St Helier (previously Greggs), along with 1 The Cornish Bakery, 1 Burger King and a café in the Marks and Spencer store in King Street. There are a minimum of 87 shops owned by competitors, please see the table set out below. Sandpiper Group management does not have sales data for these shops, however on the assumption that their unit sales are comparable to that of a typical Sandpiper outlet, which management has no reason to doubt, then it is likely that the Sandpiper share of the submarket c.4/92, i.e. [0-5]%.

Name of Business	Units	Name of Business	Units
Mangetout	4	Le Petite Baguette	1
Taste	2	La Fricote	1
Jersey Pottery Café	3	Le Petit Greek	1
Mc Donalds	1	Café 1837	1
KFC	1	Life Boat Café	1
Hectors Fish Shop	1	Loaf	1
Henley Café	2	Love Boat	1
Replacement café in what was BHS	1	Market Tearoom	1
Simple Simon	1	Millennium Café	1
Delish	1	Moo	1
Bean Around The World	1	Move On Café	1
Alfonso Café	3	Natalies Café	1
Hot Stuff	1	Rosy Café	1
Pizza Quarter	3	Naughty Monkey	1
Roberts Garages	3	Oh! Café	1

Name of Business	Units	Name of Business	Units
Bruno Bakery	1	Nostagia Café	1
Pizza Hut	1	Parade Café	1
Pizza Express	1	Peppers Café	1
BJ	1	Pizza Roma	1
Fresh	1	Quayside Café	1
99p Store	1	Relish	1
Café JC	1	Refuel	1
Bi Maggies	1	S Bar	1
Bobbies Bites	1	Sailors Rest	1
Bloomers	1	Simons Take Away	1
Boots Chemist	2	Robin Hood	1
Chordz Café	1	Tasty Bites	1
Cheapside Café	1	The Burger Palace	1
Coffee Republic	1	The Fresh Crust Pizza	1
Crumbs Of Comfort	1	The Garden Café	1
Curiosity Coffee Shop	1	The Loving Spoonful Café	1
Dons Deli	1	Old Bake House	1
Doorsteps Café	1	Yummies	1
First Stop Café	1	Y Not Café	1
George Garden Café	1		
GJ Café	1		
Green Roster	1	<b>Total Competitor stores</b>	<b>87</b>
Jorges Clock Café	1		
Joshua Sandwich Bar	1		

### **Alternative market definitions in the General Stores Market**

*General Stores Market as a whole:*

[REDACTED – SUMMARY AS FOLLOWS:

<b>Total Market Size</b>	
Sandpiper Supermarkets	[REDACTED]
Waitrose	70.5
COOP Supermarkets	36.4
Alliance	6
Total Supermarkets	[REDACTED]
Sandpiper Convenience	[REDACTED]
COOP Convenience	49.0
Cost Cutter Convenience	[REDACTED]
Total	[REDACTED]
Total	[REDACTED]
Total Market	[REDACTED]
Sandpiper "Pound Power"	[REDACTED]
Other Convenience/General Stores	[REDACTED]
Market Share	
Sandpiper	[10% or more, but less than 25%]
Waitrose	[10% or more, but less than 25%]
COOP	[10% or more, but less than 25%]
Cost Cutter	[0-5]%
Alliance	[0-5]%
Other	[30-40]%
Total	100.0%
Sandpiper + CC	[26-30]%

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**Supply of Convenience Items from a Convenience Store or Other General Stores:**

**Outside of St Helier:**

Set out below is a table including the Purchaser's share of supply estimates for both Convenience Stores and Other General Stores where there is an Other General Store within the Convenience Stores Market of a Target Group Convenience Store. It is submitted that this is a better indicator of actual competition / constraints in the relevant Convenience Stores Markets than considering only those outlets that fall within the definition of Convenience Stores (and this is without including (a) the competition faced by Convenience Stores from Supermarkets and (b) competition from Other General Stores that fall outside of the relevant Convenience Stores Market but there is a partial overlap in the one mile radius of that Other General Store and the relevant Convenience Stores Market):

Costcutter Convenience Store	Convenience Stores and Other General Stores within relevant Convenience Store Market	Estimated non-fuel sales per annum (£k)	Share of supply (%)	Combined share of supply Target Group + Sandpiper Group (%)
Haute Croix, La Grande Route de St Jean, St John	Costcutter (Target Group)	[REDACTED]	[60-70]	[60-70] (decrease from [90-100])
	Woodside Farms (independent)	400	[30% or more, but less than 40%]	
Augres Garage, La Route de la Trinité, Trinity	Costcutter (Target Group)	[REDACTED]	[10% or more, but less than 25%]	[10% or more, but less than 25%] (decrease from [10% or more, but less than 25%])
	Co-op <i>Locale</i> Sion (independent)	1,850	[60-70]	
	Rondels (independent)	600	[10% or more, but less than 25%]	
Main Road, Gorey Village, Grouville	Costcutter (Target Group)	[REDACTED]	[5-10]	[30-40] (decrease from [30-40])
	Iceland at La Rue a Don, Grouville, Jersey (Sandpiper Group)	1,802	[10% or more, but less than 25%]	
	Co-op <i>Locale</i> Grouville (independent)	3,380	[50-60]	
	Rosedale Stores Gorey (independent)	350	[0-5]	
	Independent Store (independent)	250	[0-5]	
	The Works deli (independent)	350	[0-5]	
	Gorey Wine Seller (independent)	350	[0-5]	
	Dunnells Gorey (Independent)	350	[0-5]	

### ***Within St Helier:***

Set out below is a table including the Purchaser's share of supply estimates for both Convenience Stores and Other General Stores within the St Helier commercial centre on the same basis as set out above:

Convenience Stores and Other General Stores within relevant Convenience Store Market	Estimated non-fuel sales per annum (£k)	Share of supply (%)	Combined share of supply Target Group + Sandpiper Group (%)
Costcutter (Target Group)	[REDACTED]	[10% or more, but less than 25%]	[30% or more, but less than 40%] (decrease from [40-50])
Sandpiper Group Convenience Stores	[REDACTED]	[10% or more, but less than 25%]	—
Co-op Convenience Stores (independent)	49,000	[30% or more, but less than 40%]	—
Pound PowEr (Sandpiper Group)	[REDACTED]	[0-5]	—

Convenience Stores and Other General Stores within relevant Convenience Store Market	Estimated non-fuel sales per annum (£k)	Share of supply (%)	Combined share of supply Target Group + Sandpiper Group (%)
Pound Magic (independent)	1,500	[0-5]	–
99p Store (independent)	1,000	[0-5]	–
St Helier Market (independent)	26,000	[10% or more, but less than 25%]	–
Boots (independent)	6,500	[0-5]	–
c. 20 independent Convenience Stores and Other General Stores @6k PW (independent)	6,240	[0-5]	–
Dunnells (independent)	750	[0-5]	

- 4.5 *Provide a description of how competition works in the market(s) identified in 4.2 above. For example, do businesses compete on price, service, quality or innovation? What are the customary terms with suppliers and customers?*

#### **Convenience Stores:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff. Terms vary by supplier but are generally within 7-60 day payment terms. Due to the nature of the business customers generally pay on purchase.

#### **The Road Fuel Retail Market:**

According to CICRA document CICRA: 15/49 *Review of the Fuel Market in Jersey - Statement on the First Stage Findings, November 2015*:

- (a) *"there are no reasonable grounds to suspect that a feature, or a combination of features, of market/s for the supply and acquisition of fuel in Jersey are not acting in the best interests of consumers";*
- (b) *"in addition to a lack of evidence of excessive margins, there is evidence of competition in terms of price and service in the Jersey road fuel market... Price ranges also provided indicative evidence of appropriate protection and consumer choice"; and*
- (c) any issued identified in connection with the Wholesale Road Fuel Market were on the supply side, not the consumer / customer side.

As a consequence, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

#### **The Freight Services Market:**

The Notifying Parties cannot comment more widely, but in terms of how the Freight Services Market operates in connection with their respective businesses:

- (a) in many cases it is the suppliers to the Sandpiper Group or the Target Group who engage freight suppliers to ship goods to Jersey (and in such circumstances the Notifying Parties are not party to any service provider selection process);
- (b) in relation to chilled food freight, the only current service provider for supply in to the island is Ferryspeed; and
- (c) outside of (a) and (b) above, there is competition on price and service.

**The Wholesale Market:**

Suppliers compete on price, quality and product availability to market

**The Residential Letting Market:**

Given their extremely minor participation in this market, the Notifying Parties do not feel qualified to comment on it.

**Supermarkets:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff.

**Other General Stores:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff.

**Specialist Retail Market: cookware:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff.

**Specialist Retail Market: linen, towels and bedding:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff.

**Specialist Retail Market: women's clothing:**

Market Competition varies between segments. The value market (George) is driven in the main by price and trend (Fast Fashion). Marks and Spencer, Moss Bros & Crew Clothing compete primarily on the basis of quality and service. Jack Wills competes on the basis of trend (Fast Fashion).

**Specialist Retail Market: men's clothing:**

Market Competition varies between segments. The value market (George) is driven in the main by price and trend (Fast Fashion). Marks and Spencer, Moss Bros & Crew Clothing

compete primarily on the basis of quality and service. Jack Wills competes on the basis of trend (Fast Fashion).

**Specialist Retail Market: children's clothing:**

Market Competition varies between segments. The value market (George) is driven in the main by price and trend (Fast Fashion). Marks and Spencer, Moss Bros & Crew Clothing compete primarily on the basis of quality and service. Jack Wills competes on the basis of trend (Fast Fashion).

**Specialist Retail Market: hire of men's formal ware:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff.

**Specialist Retail Market: home furniture:**

Competition is based on a variety of factors. These include price, quality, store location, store ambience, and customer service, including friendliness of staff.

**Specialist Retail Market: premium chocolate products:**

Businesses in the premium chocolate sector generally compete on quality, although Thorntons use a combination of promotions and entry price points to compete on value. In addition, across the sector there is competition based on the source of the raw material (Ethical sourcing) along with innovation in product design.

**F&B Retail:**

For each of the submarkets, the units compete on a variety of fronts. These will include: ambience, location, breadth of offer, price, quality, customer service, including friendliness of staff.

**Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.6 *Provide the contact details for each of the parties' top five competitors (whether located in Guernsey and/or Jersey or abroad) in the market(s) identified in 4.2.*

**Convenience Stores:**

The Channel Islands Co-operative Society, 57 Don Street, St Helier Jersey JE2 4TR

Roberts Garages, Bel Royal, St Lawrence, Jersey, JE3 1LN.

Best One, Le Route De Saint-Aubin, Jersey, JE2 3LN.



Bay Stores, Le Route De Saint-Aubin, Jersey, JE2 3SF.

Rosedale Stores, Gorey Village, Grouville, Jersey JE3 9FX.

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

Since the Sandpiper Group and the Target Group are consumers / customers in this market this question is not applicable.

**The Wholesale Market:**

Since the Sandpiper Group and the Target Group are consumers / customers in this market this question is not applicable.

**The Residential Letting Market:**

Given the significant number of participants in the Residential Letting Market and the very small share of supply of the Notifying Parties, the Notifying Parties are of the view that this information is not relevant to the assessment of the Transaction.

**Supermarkets:**

Waitrose Limited, Bracknell, RG12 8YA

The Channel Islands Co-operative Society, 57 Don Street, St Helier Jersey JE2 4TR

Alliance Ltd, Braye Road, Vale, Guernsey GY3 5XB

**Other General Stores:**

St Helier market (various), Central Market, St Helier JE2 4WL, Jersey.

Boots, 62 King St, St Helier JE2 4WE / 23 Queen St, St. Helier JE2 4WD.

Pound Magic, 1 Broad Street St Helier Jersey, JE2 3RR

99p Store, Bath St, Jersey JE2 4WN.

Dunnells, 37 Hill Street, St Helier, Jersey JE2 4UA

**Specialist Retail Market: cookware:**

A de Gruchy & Co Limited, 46-52 King Street, St Helier, JE4 8NN.

La Casa, La Grande Route de Saint-Jean, Jersey, JE3 4NF

Voisins 26-32 King Street, St Helier, Jersey, JE4 8NF

Co-operative Society Limited, 57 Don Street, St Helier, JE2 4TR

**Specialist Retail Market: linen, towels and bedding:**

A de Gruchy & Co Limited, 46-52 King Street, St Helier, JE4 8NN.

La Casa, La Grande Route de Saint-Jean, Jersey, JE3 4NF

Voisins 26-32 King Street, St Helier, Jersey, JE4 8NF

Co-operative Society Limited, 57 Don Street, St Helier, JE2 4TR

**Specialist Retail Market: women's clothing:**

A de Gruchy & Co Limited, 46-52 King Street, St Helier, JE4 8NN.

New Look, 6 King Street, St Helier, JE2 4EF

Voisins 26-32 King Street, St Helier, Jersey, JE4 8NF

Next, Queensway House, Queen Street, St Helier, Jersey, JE2 4WD

**Specialist Retail Market: men's clothing:**

A de Gruchy & Co Limited, 46-52 King Street, St Helier, JE4 8NN.

Voisins 26-32 King Street, St Helier, Jersey, JE4 8NF

New Look, 6 King Street, St Helier, JE2 4EF

Next, Queensway House, Queen Street, St Helier, Jersey, JE2 4WD

Burtons, 2-4 King Street, St Helier, Jersey, JE2 4WF

**Specialist Retail Market: children's clothing:**

Next, Queensway House, Queen Street, St Helier, Jersey, JE2 4WD

Sports Direct, Power House, Queens Road, St Helier, JE4 8NY

New Look, 6 King Street, St Helier, JE2 4EF

**Specialist Retail Market: hire of men's formal ware:**

A de Gruchy & Co Limited, 46-52 King Street, St Helier, JE4 8NN

Burtons, 2-4 King Street, St Helier, Jersey, JE2 4WF

Chex, 24 Halkett Street, Jersey, JE2 4WJ

**Specialist Retail Market: home furniture:**

A de Gruchy & Co Limited, 46-52 King Street, St Helier, JE4 8NN.

La Casa, La Grande Route de Saint-Jean, Jersey, JE3 4NF

Voisins 26-32 King Street, St Helier, Jersey, JE4 8NF

Co-operative Society Limited, 57 Don Street, St Helier, JE2 4TR

**Specialist Retail Market: premium chocolate products:**

Thorntons, 7 King Street, St Helier, Jersey, JE24WF

The Chocolate Bar, 10 Conway Street, St Helier, Jersey, JE23NT

Leonidas, 75-77 Central Market, Beresford Street, Jersey, JE24WN

Maison La Mare, 33 King Street, St Helier, Jersey, JE24WF

Relish, 22 Halkett Street, Jersey, St Helier, JE24WJ

**F&B Retail:**

It is not possible to identify for each submarket which of the competitors are larger than the other, hence the Sandpiper Group is unable to respond to this question. However, please see above in relation to names of competing F&B Retail outlets in each relevant area.

**Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.7 *Provide the contact details for each of the parties' top five suppliers (whether located in Guernsey and/or Jersey or abroad) in the market(s) identified in 4.2.*

**Convenience Stores:**

[REDACTED]

Please note, the above assumes that [REDACTED].

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

[REDACTED]

**The Wholesale Market:**

[REDACTED]

Please note, the above are local suppliers and do not include import suppliers.

**The Residential Letting Market:**

The Notifying Parties are of the view that this question is not applicable to the Residential Letting Market as they do not have any "suppliers" as such.

**Supermarkets:**

[REDACTED]

**Other General Stores:**

Please see submissions above relating to Convenience Stores.

**Specialist Retail Market: cookware:**

[REDACTED]

**Specialist Retail Market: linen, towels and bedding:**

[REDACTED]

**Specialist Retail Market: women's clothing:**

[REDACTED]

**Specialist Retail Market: men's clothing:**

[REDACTED]

**Specialist Retail Market: children's clothing:**

[REDACTED]

**Specialist Retail Market: hire of men's formal ware:**

[REDACTED]

**Specialist Retail Market: home furniture:**

[REDACTED]

**Specialist Retail Market: premium chocolate products:**

[REDACTED]

**F&B Retail: barista-style coffee shops:**

[REDACTED]

**Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.8 *Provide the contact details for each of the parties' top five customers (whether located in Guernsey and/or Jersey or abroad) in the market(s) identified in 4.2.*

The Sandpiper Group and the Costcutter group operate primarily in the consumer retail market, and it is not therefore possible to provide contact details for their actual or potential customers.

The exception to the above is the Residential Letting Market. To the extent they have residential letting "customers", the Notifying Parties do not believe it is necessary or appropriate to provide tenant information given the nature of the Transaction and the scale of their participation in that market.

- 4.9 *Provide the contact details for any trade association or other industry organisation in Guernsey and/or Jersey concerned with the market(s) identified in 4.2.*

**Convenience Stores:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

This is not known to the Notifying Parties as they are customers / consumers only, but they assume the Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**The Wholesale Market:**

This is not known to the Notifying Parties as they are customers / consumers only, but they assume the Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**The Residential Letting Market:**

This is not known to the Notifying Parties given their minimal operations in this market.

**Supermarkets:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Other General Stores:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: cookware:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: linen, towels and bedding:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: women's clothing:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: men's clothing:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: children's clothing:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: hire of men's formal ware:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: home furniture:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Specialist Retail Market: premium chocolate products:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**F&B Retail:**

Jersey Chamber Of Commerce, 25 Pier Road, Jersey JE1 4HF.

**Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

4.10 *Provide details of any joint ownership, agreements or joint ventures among the competitors identified in 4.4.*

**Convenience Stores:**

None so far as the Notifying Parties are aware.

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

None so far as the Notifying Parties are aware.

**The Wholesale Market:**

None so far as the Notifying Parties are aware.

**The Residential Letting Market:**

None so far as the Notifying Parties are aware.

**Supermarkets:**

None so far as the Purchaser is aware.

**Other General Stores:**

None so far as the Notifying Parties are aware.

**Specialist Retail Market: cookware:**

None so far as the Purchaser is aware.

**Specialist Retail Market: linen, towels and bedding:**

None so far as the Purchaser is aware.

**Specialist Retail Market: women's clothing:**

None so far as the Purchaser is aware.

**Specialist Retail Market: men's clothing:**

None so far as the Purchaser is aware.

**Specialist Retail Market: children's clothing:**

None so far as the Purchaser is aware.

**Specialist Retail Market: hire of men's formal ware:**

None so far as the Purchaser is aware.

**Specialist Retail Market: home furniture:**

None so far as the Purchaser is aware.

**Specialist Retail Market: premium chocolate products:**

None so far as the Purchaser is aware.

**F&B Retail:**

None so far as the Purchaser is aware.

**Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.11 *Discuss the extent to which imports provide actual or potential competition in the market(s) identified in 4.2. (Cover factors such as transport costs, tariffs, quotas, standards, government regulations etc).*

**Convenience Stores:**

By the nature of Convenience Stores, imports do not provide actual or potential competition.

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

Given the nature of the Freight Services Market this question is not applicable.

**The Wholesale Market:**

Purchases are made based on a mixture of price, quality and availability of product to market. Imports in the specific areas where there is a wholesale market in Jersey such as Produce provide competition on each of price, quality and availability.

**The Residential Letting Market:**

By the nature of the Residential Letting Market, imports do not provide actual or potential competition.



### **Supermarkets:**

Given the nature of this market imports do not provide any actual or potential competition

### **Other General Stores:**

Given the nature of this market imports do not provide any actual or potential competition.

### **Specialist Retail Market: cookware:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **Specialist Retail Market: linen, towels and bedding:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **Specialist Retail Market: women's clothing:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **Specialist Retail Market: men's clothing:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **Specialist Retail Market: children's clothing:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **Specialist Retail Market: hire of men's formal ware:**

Given the nature of this market imports do not provide any actual or potential competition.

### **Specialist Retail Market: home furniture:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **Specialist Retail Market: premium chocolate products:**

The vast majority of goods that fall into this category are imported. In addition to the goods for sale being imported, £18.4m of the estimated 104.2m market size for the entire Specialist Retail Market is now "imported" via the internet - 17.7%.

### **F&B Retail:**

Given the nature of this market imports do not provide any actual or potential competition.

### **Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.12 *Describe the barriers to entry or expansion that exist for the market(s) identified in 4.2, including, but not limited to, the capital expenditure required, permits or approvals required, planning restraints, health and safety restraints, availability of raw materials, R&D requirements, the necessary intellectual property or expertise, advertising/promotional requirements, and where possible, an estimate of the time required and resources needed to overcome these factors, including an estimate of the extent to which costs are recoverable.*

### **Convenience Stores:**

It is possible to identify several barriers to entry which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

### **The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

### **The Freight Services Market:**

This is not known to the Notifying Parties as they are customers / consumers only.

### **The Wholesale Market:**

This is not known to the Notifying Parties as they are customers / consumers only.

### **The Residential Letting Market:**

The barriers to entry in to the Residential Letting Market are:

- (a) owning or leasing a property (in the case of leasing with permission to sub-let or sub-licence all or part of that property); and
- (b) being permitted under local housing laws to let, sub-let or licence that property to a residential tenant.

### **Supermarkets:**

It is possible to identify several barriers to entry which face an individual entrant to a greater of lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

Please also see the CICRA Grocery Survey for an assessment of barriers to entry.

### **Other General Stores:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater of lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

**Specialist Retail Market: cookware:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

**Specialist Retail Market: linen, towels and bedding:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

**Specialist Retail Market: women's clothing:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to

undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.

- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

**Specialist Retail Market: men's clothing:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

**Specialist Retail Market: children's clothing:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

### **Specialist Retail Market: hire of men's formal ware:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

### **Specialist Retail Market: home furniture:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

### **Specialist Retail Market: premium chocolate products:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.

- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences versus the UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops.

**F&B Retail:**

The frequency with which new competitors enter the market would suggest that actual barriers to entry are relatively low. It is possible to identify several which face an individual entrant to a greater or lesser extent:

- (a) Capital Costs – Depending on the sophistication of the shop fit required, there is an upfront capital cost to open a store, and in addition there is a requirement to undertake ongoing investment from time to time in order to keep pace with the market and the brand owners' brand identity.
- (b) Scarcity and cost of acquiring and developing suitable property.
- (c) For an external (non-Channel Island) entrant, the cost of operating in a small market, together with supply chain & regulatory differences vs UK.

The products and equipment needed to operate a retail unit are widely available, as is the supply of labour to staff the shops

**Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.13 *Identify separately any competitors that have entered, significantly expanded in, or exited the market(s) identified in 4.2 in the past three years.*

**Convenience Stores:**

Co-op: expanded (Grouville, new store, new larger store being built on King Street now, Co-op Sion, Co-op Colomberie).

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

Since the Sandpiper Group and the Target Group are consumers / customers in this market this question is not applicable.

### **The Wholesale Market:**

Since the Sandpiper Group and the Target Group are consumers / customers in this market this question is not applicable.

### **The Residential Letting Market:**

Given the nature of this market and the potentially large number of property owners who could let out properties for residential use the Notifying Parties do not consider it to be possible to properly answer this question given the nature and scale of their participation in this market.

### **Supermarkets:**

The most recent major entrants to the market are Waitrose, who purchased 3 Jersey supermarkets from Sandpiper in 2010/11, and Alliance, who opened a Tesco-branded unit in St Helier in 2014. There is a continual "churn" of small independent competitors in the market.

### **Other General Stores:**

Given the low barriers to entry, there is a continual "churn" of competitors in the market. The Sandpiper Group does not keep records of individual competitor entry/exits.

### **Specialist Retail Market: cookware:**

Entries: Mypad.JE

Exits:

- Scope Furniture
- Collections Group
- BHS

### **Specialist Retail Market: linen, towels and bedding:**

Entries: Mypad.JE

Exits:

- Scope Furniture
- Collections Group
- BHS

### **Specialist Retail Market: women's clothing:**

Entries:



- Sports Direct
- Esprit
- Joules (Voisins)
- White Stuff (Voisins)
- Superdry (Voisins)
- River Island (Voisins)
- JoJo Meme Bebe

Exits:

- East
- BHS
- Austin Reed

**Specialist Retail Market: men's clothing:**

Entries:

- Sports Direct
- Esprit
- Joules (Voisins)
- White Stuff (Voisins)
- Superdry (Voisins)
- River Island (Voisins)
- Brummels

Exits:

- East
- Harvey Moss
- A Amy and Sons
- BHS
- Austin Reed

**Specialist Retail Market: children's clothing:**

Entries:

- Sports Direct
- Joules (Voisins)
- White Stuff (Voisins)
- Superdry (Voisins)
- River Island (Voisins)
- JoJo Meme Bebe

Exits:

- East
- BHS

**Specialist Retail Market: hire of men's formal ware:**

Exits: Austin Reed

**Specialist Retail Market: home furniture:**

Entries:

- Sofa Works
- Mypad.JE

Exits:

- Scope Furniture
- Collections Group
- BHS

**Specialist Retail Market: premium chocolate products:**

None.

**F&B Retail:**

Given the low barriers to entry, there is a continual "churn" of competitors in the market. The Sandpiper Group does not keep records of individual competitor entry/exits.

### **Alternative market definitions in the General Stores Market**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.14 *Identify any firms, currently not in the market(s) identified in 4.2, that could reasonably enter such markets.*

#### **Convenience Stores:**

McColls.

Premier Stores.

One Stop.

Londis.

Today's Extra.

Select and Save.

#### **The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

#### **The Freight Services Market:**

This is not known to the Notifying Parties as they are customers / consumers only. However, they would note that Barriers to entry are high, with no additional local chilled / frozen infrastructure available since Ferryspeed took over Condor Logistics. Neither the Sandpiper Group nor the Target group are aware of any potential local market entries.

#### **The Wholesale Market:**

This is not known to the Notifying Parties as they are customers / consumers only.

#### **The Residential Letting Market:**

Given the nature of this market and the potentially large number of property owners who could let out properties for residential use the Notifying Parties do not consider it to be possible to properly answer this question given the nature and scale of their participation in this market.

#### **Supermarkets:**

Subject to overcoming the barriers to entry as set out above, it is reasonable to suppose that any of the UK major grocers (Asda, Morrison, Tesco, or Sainsbury), together with the Limited

Assortment Discounters (Aldi, Lidl) could enter the market, either directly or through acquisition of an existing market participant.

**Other General Stores:**

Given the nature of this market there are any number of possible entrants.

**Specialist Retail Market: cookware:**

Debenhams

John Lewis

House of Fraser

**Specialist Retail Market: linen, towels and bedding:**

Debenhams

John Lewis

House of Fraser

Matalan

**Specialist Retail Market: women's clothing:**

Zara

Debenhams

John Lewis

Adams

Edinburgh Woollen Mill

Faith

Figleaves

French Connection

H&M

Primark

House of Fraser

JJB Sports

Matalan

Republic

T.K Max

**Specialist Retail Market: men's clothing:**

Debenhams

John Lewis

Edinburgh Woollen Mill

Primark

House of Fraser

JJB Sports

Matalan

T.M Lewin

T.K Max

**Specialist Retail Market: children's clothing:**

Zara

Debenhams

John Lewis

Adams

Edinburgh Woollen Mill

Primark

House of Fraser

JJB Sports

Matalan

T.K Max

**Specialist Retail Market: hire of men's formal ware:**

None identified.

**Specialist Retail Market: home furniture:**

Debenhams

John Lewis

House of Fraser

**Specialist Retail Market: premium chocolate products:**

Godiva

Artisan du Chocolat

Montezumas

**F&B Retail:**

Given the low barriers to entry, there are many firms which could enter the market, ranging from the highly-branded end of the market, such as Starbucks, Café Nero etc, to small local independent operations.

**Alternative market definitions in the General Stores Market:**

Please see submissions above relating to the Convenience Stores, Supermarkets and Other General Stores markets, which apply equally to the alternative market definitions in the General Stores Market.

- 4.15 *Provide an assessment of any effects the merger may have within any part of Guernsey or Jersey (identifying any particular parishes/local areas affected), if different than those already described.*

**Convenience Stores:**

**Constraints from and competition by other stores in the General Stores Market:**

The actual competition effects of the Transaction could be mitigated by competition in applicable Convenience Stores Markets from independent participants in the General Stores Market that are not Convenience Stores (including Waitrose and Co-Op Supermarkets, farm shops etc).

Whilst not all such General Stores are open on a Sunday or carry the same range of products as a Convenience Store, it is artificial to suggest that they are not, as a matter of fact, competitors to Convenience Stores at the times they are open and in respect of the products they sell. Further, as a matter of fact, stores such as Waitrose and Co-Op do open on a number of Sundays in a year, and many farm shops are open on Sundays generally.

This position is supported by the 2008 UK Competition Commission document *The supply of groceries in the UK - market investigation*, where it was suggested that the grocery retail market should be split into three broad product markets: one-stop shops ("OSS"), mid-size

stores ("MSS") and "convenience stores". This is the approach taken by CICRA in decision M601/10 relating to the acquisition of various assets and properties of the Sandpiper Group by Waitrose in July 2010.

In terms of competition, the UK Competition Commission found (in summary) that:

- (a) OSS compete with other OSS and constrain MSS and "convenience stores";
- (b) MSS compete with other MSS, constrain "convenience stores" and are constrained by OSS but do not in turn constrain OSS; and
- (c) "convenience stores" compete with other "convenience stores" and are constrained by MSS and OSS, but do not in turn constrain MSS or OSS.

As stated above, the Notifying Parties submit that the General Stores Market should not be segmented with the same granularity as set out above, and so the Notifying Parties submit that the foregoing could be applied to the General Stores Market in Jersey as follows:

- (i) Supermarkets compete with other Supermarkets and constrain Convenience Stores and Other General Stores; and
- (ii) Convenience Stores and Other General Stores compete with other Convenience Stores and Other General Stores and are constrained by Supermarkets, but do not in turn constrain Supermarkets.

However, in the Purchaser's view even that proposition may not hold true for Jersey as there is arguably significant competition with / contains on Supermarkets from Other General Stores.

Number of households affected:

Based on the data supplied by the mapping company engaged to provide the maps attached an **Annex 6**, the Notifying Parties would ask the JCRA to note and take into account that, in relation to following Convenience Stores Markets outside of the St Helier commercial centre that will be in operation at Completion, the number of households affected by the Transaction will be very small and therefore the increase in share of supply set out at paragraph 4.4 above is very limited as a matter of fact:

Target Group store location	Sandpiper Group store location	Number of affected households	Comments
Main Road, Gorey Village, Grouville	Checkers Xpress at La Rue De La Croix, St Martin	4	The Co-op Locale in Gorey has a [50-60]% share of supply in this Convenience Stores Market
	Iceland at La Rue a Don, Grouville, Jersey	1103	
Augres Garage, La Route de la Trinité, Trinity	Checkers Xpress at Grand Vaux, St Saviour, Jersey	387	-

Target Group store location	Sandpiper Group store location	Number of affected households	Comments
La Grande Route de la Cote, St Clement	Checkers Xpress at Georgetown, St Clement, Jersey	1,261	The Checkers Xpress at Georgetown, St Clement, Jersey, predominantly sells petrol and tobacco and the Purchaser submits is not a Convenience Store that a customer would generally visit unless purchasing fuel

*Consideration of existing Sandpiper Group share of supply:*

In relation to the Convenience Stores Market around the Costcutter at 1 and 2 Bagatelle Parade, Bagatelle Road, St Saviour, it is submitted that the Sandpiper Group already has such a significant share of supply that the Transaction will not, as a matter of fact, cause its market power to be increased (the existing Sandpiper Group share of supply being [90-100]%, following the planned closure of that Costcutter).

Further, in relation to the Convenience Stores Market around the Costcutter at La Route de St Aubin, St Helier (Millbrook), it is submitted that the change to the Sandpiper Group's existing share of supply will not, as a matter of fact, have a material effect on the Sandpiper Group's market power given it already has a very material share of supply (the existing Sandpiper Group share of supply being [40-50]%, increasing to [60-70]%).

*Undertakings offered by the Sandpiper Group:*

Having considered European Commission notice *Commission notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004*, the Sandpiper Group is willing to offer certain undertakings in connection with the Transaction, which are set out in **Purchaser Confidential Annex PC3**.

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

The Transaction will not have any meaningful effect on the Freight Services Market.

**The Wholesale Market:**

The Transaction will not have any detrimental effect on the Wholesale Market. It is possible that the Transaction will have a positive effect on competition in the Wholesale Market due to increased supply from local businesses, given a potential reduction in the supply from Costcutter from the UK.

**The Residential Letting Market:**

The Transaction will not have any meaningful effect on the Residential Letting Market.



**Supermarkets:**

The Transaction will not have a direct effect on this market, but please see market analysis based on alternative markets.

**Other General Stores:**

The Transaction will not have a direct effect on this market, but please see market analysis based on alternative markets.

**Specialist Retail Market: cookware:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: linen, towels and bedding:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: women's clothing:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: men's clothing:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: children's clothing:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: hire of men's formal ware:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: home furniture:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: premium chocolate products:**

Not applicable – the Transaction will not have an effect on this market.

**F&B Retail:**

Not applicable – the Transaction will not have an effect on this market.

## **Alternative market definitions in the General Stores Market**

### **General Stores Market as a whole:**

The Purchaser submits the following:

- (a) The Sandpiper Group's overall share of supply of groceries following completion of the Transaction would be [25-30]% (up from [10% or more, but less than 25%]). The Purchaser believes this is a much better indicator of the Sandpiper Group's actual share of supply and market power than assessing the same on the basis of what are arguably arbitrary and misleading economic market segregations which, whilst appropriate for a significantly larger groceries markets in a physically larger country such as the UK, do not reflect actual consumer behaviour in Jersey based on statistical evidence.
- (b) The Transaction would not have a material effect on the competitive position as between the main retail groups operating in the groceries economic market in the island, with Waitrose and Co-op continuing to have very material shares of supply and market power that would act as both competition with and a constraint to the Sandpiper Group's offering (ie in addition to the competition offered by Other General Stores and independent Convenience Stores).

### **Supply of Convenience Items from a Convenience Store or Other General Stores:**

The Purchaser submits that the consequence of the Transaction, if one views the Convenience Stores and Other General Stores economic markets together (and applying an island-wide economic market), is to increase the Sandpiper Group's share of supply of groceries in Convenience Stores and Other General Stores from [5-10]% (ie £[REDACTED]m of a £[REDACTED]m economic market) to [10% or more, but less than 25%] (ie £[REDACTED]m of a £[REDACTED]m economic market).

- 4.16 *Describe any efficiencies and/or customer benefits that the parties expect the merger to bring and provide copies of any documents describing or quantifying efficiencies, cost savings or other benefits, and indicate (if not otherwise contained in the document itself) the date of preparation.*

### **Convenience Stores:**

#### **Pricing:**

Due to:

- (a) [REDACTED]; and
- (b) [REDACTED],

the Sandpiper Group expects that, as a consequence of the Transaction, the price of an average basket of goods purchased at one of the Target Group's Convenience Stores post-

completion will be reduced by up to approximately [10% or more, but less than 25%], which is of material benefit to consumers.

A "basket" of 70 items covering the highest-selling products within each sales category in the Sandpiper "Food Hall" fascia was checked on 3 October 2016 and compared against comparable products at Costcutter. That review found that, for those lines, the Sandpiper price was £122.24, while for Costcutter it was £150.80, a difference of £28.56. As the Costcutter stores are converted (see below), average prices will therefore fall.

A copy of the basket comparison is set out below:

Price Checking (Food Hall versus Costcutter)						
Product Cod *	Category	Product Description *	Size *	LR JS *	CC JS *	COMMENTS
181956	001 - GROCERY	TATE & LYLE GRANULATED SUGAR (MUST STOCK)	1KG	£0.68	£0.79	
150178	001 - GROCERY	ESS CHOPPED TOMATOES	400G	£0.58	£0.69	independent tomatoes
133100	001 - GROCERY	HEINZ CLASSIC TOMATO SOUP (MUST STOCK)	400G	£1.15	£1.32	
179447	001 - GROCERY	MARYLAND CHOC CHIP COOKIES (MUST STOCK)	230G	£1.49	£1.95	230g choc chip cookies
559507	001 - GROCERY	BIRD BROTHERS MEDIUM EGGS	15PK	£2.02	£2.15	6pk
150168	001 - GROCERY	ESS BAKED BEANS IN TOMATO SAUCE	420G	£0.44	£0.89	Heinz
226317	001 - GROCERY	JOHN WEST TUNA IN OIL 4PK (IOG)	4x160G	£3.61	£6.00	
175211	001 - GROCERY	WIKINGER HOT DOGS	360G	£1.39	£1.68	
147035	001 - GROCERY	ESS CREAM CRACKERS	300G	£0.48	£1.39	200g jacob's - LR equivalent price for a 200g would be 0.32p
172174	001 - GROCERY	NESCAFE ORIGINAL 50% EXTRA FREE (FB)	300G	£3.83	£4.00	
165736	001 - GROCERY	MCVITIES JAFFA CAKES 12s + 100% EXTRA (IOG)	24s	£1.93	£1.99	12 pack
108621	001 - GROCERY	ESS DIGESTIVE BISCUITS MILK CHOCOLATE	400G	£1.40	£1.84	300g -LR equivalent price for a 300g would be £1.05
141351	001 - GROCERY	ESS TOMATO PUREE TUBE	200G	£0.64	£1.10	140g - LR equivalent price for a 140g would be 49p
128995	001 - GROCERY	JERSEY LARGE EGGS	6PK	£1.84	£2.15	
127190	001 - GROCERY	HEINZ TOMATO KETCHUP TOPDOWN (MUST STOCK)	460G	£2.52	£2.53	
110473	001 - GROCERY	HELLMANN'S REAL MAYONNAISE (MUST STOCK)	400G	£2.30	£2.95	430ml top down hellmans mayo £2.95 LR equivalent price would be £2.47
128997	001 - GROCERY	JERSEY MEDIUM EGGS	6PK	£1.65	£1.99	
179987	001 - GROCERY	NESCAFE GOLD BLEND (MUST STOCK)	200G	£6.35	£6.75	
105210	002 - WINES/SPIRITS	FOSTERS LAGER CANS	4X500ML	£4.19	£4.60	
194048	002 - WINES/SPIRITS	STELLA ARTOIS 4.8% (FB)	4X440ML	£4.99	£5.80	
179397	002 - WINES/SPIRITS	REKORDERLIG STRAWBERRY & LIME CIDER	500ML	£2.60	£2.65	
177511	002 - WINES/SPIRITS	STELLA ARTOIS CIDRE (FB)	4X440ML	£4.99	£6.45	
152144	002 - WINES/SPIRITS	BLOSSOM HILL WHITE ZINFANDEL (FB)	75CL	£5.99	£7.25	
178793	003 - FRUIT/VEG	BANANAS	PP=KG	£1.59	£1.94	
198103	003 - FRUIT/VEG	CUCUMBER EACH	EACH	£0.84	£1.00	
595569	003 - FRUIT/VEG	ICEBERG LETTUCE	EACH	£0.84	£1.00	
595573	003 - FRUIT/VEG	WHITE SEEDLESS GRAPES	500G	£2.10	£2.49	
485678	003 - FRUIT/VEG	BAKING POTATOES	4PK	£0.84	£1.00	
562913	003 - FRUIT/VEG	CARROTS PP	1KG	£1.15	£1.60	
571379	003 - FRUIT/VEG	ESS ONIONS	1KG	£0.93	£0.99	large per kg
474164	003 - FRUIT/VEG	WHITE POTATOES	2KG	£2.29	£2.46	
595565	003 - FRUIT/VEG	CLOSED CUP MUSHROOMS	300G	£1.26	£1.29	
588686	003 - FRUIT/VEG	HERITAGE STRAWBERRIES	227G	£2.10	£2.92	
172950	008 - SOFT DRINKS	COCA COLA REGULAR	500ML	£1.19	£1.37	
108797	008 - SOFT DRINKS	HIGHLAND SPRING STILL	1.5LTR	£0.92	£1.22	
175725	008 - SOFT DRINKS	HERITAGE STILL WATER 2 FOR £1.00 (MUST STOCK)	2LTR	£0.76	£1.25	Evlan
178235	008 - SOFT DRINKS	HERITAGE MINERAL WATER 6PK PMP	6X500ML	£1.26	£1.58	Independent Harvest Mills Spring 6 x 500ml spring water
257343	008 - SOFT DRINKS	RED BULL ENERGY DRINK	250ML	£1.38	£1.75	
176037	008 - SOFT DRINKS	HERITAGE SPARKLING WATER 2FOR£1 (MUST STOCK)	2LTR	£0.76	£0.80	Independent Harvest Mills Spring still and sparkling
468321	008 - SOFT DRINKS	COCA COLA REGULAR	1.75LTR	£1.89	£2.50	
241930	008 - SOFT DRINKS	ROBINSONS APPLE & BLACKCURRANT NAS (FB)	1LTR	£1.50	£1.79	
125092	008 - SOFT DRINKS	RED BULL ENERGY DRINK	355ML	£1.72	£2.75	473ml - LR equivalent price 473ml would be £2.29
125738	008 - SOFT DRINKS	ESS INDIAN TONIC WATER SUGAR FREE	1L	£0.64	£0.80	Independent Harvest Mills Tonic Water
125740	008 - SOFT DRINKS	ESS CLUB SODA	1L	£0.64	£0.80	Independent Harvest Mills Soda Water
181946	010 - TOILETRIES	CUSSONS BABY WIPES SENSITIVE	64PK	£1.14	£2.63	x56 LR equivalent 56 pack would be 0.98p
473706	010 - TOILETRIES	ESS 4 IN 1 FACIAL CLEANSING WIPES	25S	£1.84	£3.09	3 in 1 Nivea
119222	010 - TOILETRIES	ESS COTTON BUDS 100% PURE	200s	£1.05	£1.74	x100 LR equivalent for 100 would be 0.53p
436120	011 - CHILLED	JERSEY DAIRY SALTED BUTTER	250G	£1.54	£1.85	
423273	011 - CHILLED	ESS SAUSAGE ROLL JUMBO	145G	£0.88	£1.25	
436935	011 - CHILLED	ANCHOR SPREADABLE	500G	£1.78	£1.89	
178342	011 - CHILLED	C/CITY CHEDDAR MATURE WHITE (MUST STOCK)	350G	£4.79	£4.99	
470278	017 - BAKERY	WARBURTONS CRUMPETS	6PK	£0.99	£1.19	
433420	017 - BAKERY	ESS BREAD WHITE MEDIUM SLICED	800G	£0.79	£1.52	kingsmill
465574	017 - BAKERY	ESS CRUMPETS	8PK	£0.54	£1.19	
437875	017 - BAKERY	ESS BREAD WHOLEMEAL MEDIUM SLICED	800G	£0.79	£1.72	kingsmill
466214	017 - BAKERY	ESS TORTILLA WRAPS LARGE 8PK	512G	£1.52	£2.09	small old el paso x 8
429782	017 - BAKERY	ESS BAPS WHITE FLOURED	6PK	£1.15	£1.49	6 x soft rolls
296283	017 - BAKERY	ESS WHITE FINGER ROLLS	6PK	£0.89	£1.28	mini soft rolls white 8's
268727	017 - BAKERY	BAKER ST SEEDED BURGER BUNS	6PK	£1.05	£1.19	
299600	017 - BAKERY	ESS BAPS WHOLEMEAL	6PK	£1.15	£1.59	x6 brown soft rolls
228994	029 - CRISPS & SNACKS	WALKERS CRISPS READY SALTED	6X25G	£1.73	£1.99	salt and vinegar
160963	040 - NEG	ESS BLEACH THICK CITRUS	750ML	£0.55	£1.15	blitz
105814	040 - NEG	ESS BATHROOM TISSUE U/SOFT WHITE	9'S	£4.41	£4.80	velvet
273994	029 - CRISPS & SNACKS	WALKERS CRISPS SALT & VINEGAR	32.5G	£0.60	£0.60	
242745	010 - TOILETRIES	IMPERIAL LEATHER SOAP GENTLE PMP	3PK	£1.00	£1.00	
137059	040 - NEG	ULTRA KITCHEN TOWELS WHITE	2X55S	£1.69	£1.69	
465371	014 - CAKES	ISLANDS CHOICE JAM DOUGHNUTS	4PK	£1.50	£1.49	
595565	003 - FRUIT/VEG	CLOSED CUP MUSHROOMS	300G	£1.29	£1.26	
408654	011 - CHILLED	JERSEY DAIRY FAT REDUCED MILK	500ML	£0.62	£0.62	
170601	004 - FROZEN FOODS	GOODFELLAS THIN PIZZA PEPPERONI	340G	£3.30	£3.29	
Total Basket				£122.24	£150.80	
Basket Difference £				-£28.56		
Basket Difference %				-18.9%		

Sandpiper will also be offering credit accounts to customers, subject to status.

Choice:

The Sandpiper Group's intentions in relation to the Target Group's Convenience Stores being acquired are to convert the majority of them into the Sandpiper "Food Hall" format, with benefits in terms of customer choice as follows:

- (a) The range of a typical "Food Hall" store is 11,800 lines (over a full year), whereas current Target Group Convenience Stores under the Costcutter brand have [REDACTED] lines. The conversion will therefore increase the range of produce available to customers at each location by c.29%, making sites more akin to "mini supermarkets" with lower pricing and a greater range of products than usually expected at a Convenience Store.
- (b) Sales in Sandpiper Food Halls consist of c. [REDACTED]% in "fresh" categories (fruit/vegetables, chilled products etc). The same figure for the current Target Group Convenience Stores under the Costcutter brand is c. [REDACTED]%. By enhancing the fresh offer in stores, the Sandpiper Group will be improving the variety of fresh food choices available to customers.

Promotional offers:

Convenience Stores once converted into the Sandpiper "Food Hall" format:

- (a) The number of promotions available for sale in a typical Sandpiper Group "Food Hall" fascia is some 125 lines, by contrast to 34 lines in a typical Costcutter store in Jersey (as verified on 3 October 2016). The strength of offer in the converted stores will rise towards the current Sandpiper Group level.
- (b) The stores converting to "Food Halls" will run the well-established "Discount Wednesday" offer, enabling shoppers to enjoy a 10% discount on their shopping basket on a Wednesday.

Store conversion:

The Sandpiper Group intends to convert the Target Group's Convenience Stores to current Sandpiper Group formats, with benefits of improved product display and improved store ambience, as well as creating a significant amount of work for local tradesmen in the conversion process.

**The Road Fuel Retail Market:**

For the reasons set out at paragraph 4.5 above, the Notifying Parties do not propose to provide any further information in connection with the Road Fuel Retail Market.

**The Freight Services Market:**

The Transaction will not have any meaningful effect on the Freight Services Market.

**The Wholesale Market:**

The Transaction will not have any detrimental effect on the Wholesale Market. It is possible that the Transaction will have a positive effect on competition in the Wholesale Market due to increased supply from local businesses [REDACTED].

**The Residential Letting Market:**

The Transaction will not have any meaningful effect on the Residential Letting Market.

**Supermarkets:**

The Transaction will not have a direct effect on this market, but please see market analysis based on alternative markets.

**Other General Stores:**

The Transaction will not have a direct effect on this market, but please see market analysis based on alternative markets.

**Specialist Retail Market: cookware:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: linen, towels and bedding:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: women's clothing:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: men's clothing:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: children's clothing:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: hire of men's formal ware:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: home furniture:**

Not applicable – the Transaction will not have an effect on this market.

**Specialist Retail Market: premium chocolate products:**

Not applicable – the Transaction will not have an effect on this market.

## **F&B Retail:**

Not applicable – the Transaction will not have an effect on this market.

## **Alternative market definitions in the General Stores Market**

Please refer to the submissions above in relation to Convenience Stores, which would apply equally to the alternative market definitions in the General Stores Market.

- 4.17 *Identify any product(s) (including raw material(s) or service(s)) for which the combined purchases of the parties will account for more than 10% of the total sales in Guernsey or Jersey of that product or service.*

This information has already been provided in answer to the questions above, but in summary:

Product market	Geographic market	Supplier / consumer	Combined share of supply / purchasing power
<b>Primary economic markets</b>			
Convenience Stores market	Individual Convenience Stores markets surrounding each Convenience Store (0.5 to 1 mile radius)	Supplier	Various – including certain that are 40% or more (see below)
Wholesale Road Fuel Market	Whole of the island	Consumer	[10% or more, but less than 25%]
Retail Road Fuel Market	Whole of the island	Supplier	[10% or more, but less than 25%]
<b>Secondary economic markets</b>			
Supermarkets market	Whole of the island (in effect – specifically a 15 minute drive time radius)	Supplier	[30-40]
Specialist Retail Market: women's clothing	Whole of the island	Supplier	[10% or more, but less than 25%]
Specialist Retail Market: men's clothing	Whole of the island	Supplier	[10% or more, but less than 25%]
Specialist Retail Market: children's clothing	Whole of the island	Supplier	[10% or more, but less than 25%]
Specialist Retail Market: hire of men's formal ware	Whole of the island	Supplier	[10% or more, but less than 25%]
Specialist Retail Market: premium chocolate products	Whole of the island	Supplier	[10% or more, but less than 25%]
F&B Retail: barista-style coffee shops	On a "town centre" basis	Supplier	[10% or more, but less than 25%] (St Helier only)
F&B Retail: cafes, restaurants and coffee shops serving food and drinks in an informal setting	On a "town centre" basis	Supplier	St Aubin: [10% or more, but less than 25%]
Sea Freight Market	Whole of the island	Consumer	[10% or more, but less than 25%]
International Land Freight Market	Whole of the island	Consumer	[10% or more, but less than 25%]
Wholesale F&B Market	Whole of the island	Consumer	[10% or more, but less than 25%]
<b>Alternative market definitions in the General Stores Market</b>			
General Stores Market as a whole	Whole of the island	Supplier	[20-30]
Supply of Convenience Items from a Convenience Store or Other General Store	Same as for Convenience Stores (see above)	Supplier	Various – including certain that are 40% or more (see above)

4.18 *Are there any markets in which one or more of the undertakings concerned is engaged in business activities which are upstream or downstream of a product market in which any of the other parties or undertakings are engaged, regardless of whether there is an existing customer/supplier relationship?*

The Sandpiper Group and the Target Group are not upstream or downstream of one another, but are rather horizontal to one another.

4.19 *Provide a brief assessment of any other features that should be taken into account in considering the effect of the merger.*

**Constraints on Convenience Stores from Supermarkets:**

Whilst the share of supply enjoyed by the Sandpiper Group in the Supermarkets sector is significant, the Sandpiper Group does not have more than a 40% share of supply, and both Co-Op and Waitrose in particular have very significant shares of supply ([50-60]% together, with Waitrose alone having a [30-40]% share of supply, which is only marginally below the total Sandpiper Group's share of supply), which act as a constraint on the Sandpiper Group's pricing and other activities in the Supermarkets sector (as well as direct competition in that market).

As submitted by the Notifying Parties at paragraph 4.15 above, it is accepted that Supermarkets compete with other Supermarkets and constrain Convenience Stores and Other General Stores (although, as set out in the Purchaser's suggested alternative market definitions in the General Stores Market, the Purchaser submits that this is not the only competition and constraining effect). The Purchaser is of the view that the Supermarkets economic market in Jersey is competitive and the Sandpiper Group's share of supply does not give it market power to dictate prices etc. By extension this means that the Sandpiper Group is not in a position to remove the constraints placed upon Convenience Stores by (for example) forcing an increase in prices charged in Supermarkets.

The Purchaser is of the view that this will not change if the Transaction is completed, particularly since the Convenience Stores to be acquired are not of a size (and in many cases are not in a location and cannot offer facilities such as car parking) that would reasonably allow them to be re-purposed as Supermarkets and therefore increase the Sandpiper Group's share of supply in the Supermarkets market (ie giving it greater market power within the Supermarkets market to decrease the degree of constraint on Convenience Stores arising from current competition in that market).

Further, it is a very significant point of note that the Sandpiper Group's most recent expansion in its Supermarkets offering – ie opening various Iceland stores – has introduced a lower-cost Supermarket alternative to the island. This has increased consumer choice and provided additional competition in terms of Supermarket retail pricing. Consequentially this has created *additional* constraints on Convenience Stores, as their pricing (which is often materially higher than Supermarkets) appears even more expensive when compared to a lower-cost Supermarket offering. Iceland pricing is itself dictated by the branding and market position of that store, ie the Iceland retail offering does not lend itself to price increases such

that it would become a direct competitor in terms of pricing, range of products, customer experience etc with Waitrose, for example. Consequentially Iceland is, and will remain, an important competitor in the Supermarkets market, and therefore an important constraint on Convenience Stores. The Purchaser confirms that the Sandpiper Group has no present intention to end the Iceland franchise.

**Economic reasons for the Sandpiper Group not to manipulate prices in the Supermarkets market:**

The Purchaser would note that, as a proportion of its overall sales revenues generated in the General Stores Market in Jersey, Supermarkets account for [REDACTED]% and Convenience Stores / Other General Stores (ie Pound Power) account for [REDACTED]% (ie £[REDACTED]m and £[REDACTED]m of a total of £[REDACTED]m, respectively).

Following completion of the Transaction, based on management projections, Supermarkets will account for [REDACTED]% and Convenience Stores / Other General Stores will account for [REDACTED]% of sales revenues (ie £[REDACTED]m and £[REDACTED]m of a total of £[REDACTED]m, respectively).

Supermarkets therefore make up (and will make up) a much greater proportion of the Sandpiper Group's overall sales revenues than Convenience Stores. This creates a strong disincentive for the Sandpiper Group to take any action within the Supermarkets economic market with a view to removing or reducing the constraints Supermarkets place over pricing in Convenience Stores, as any benefits this would generate in relation to Convenience Stores would very likely be to the direct detriment of the Sandpiper Group's Supermarkets business, and therefore its overall revenues and profits.

**[REDACTED]:**

[REDACTED]

**Practical level of consumer choice:**

For a market of c.100k people Jersey is extremely well-served in terms of food retail, with significantly more outlets than you would typically see in an equivalent-sized UK town.

The total number of units of Sandpiper (23), Co-op (15), Waitrose (3), Alliance (1) and Costcutter (17) on the island is 59. Looking at a comparative population UK town (Worthing – population c.107k) there are 33 stores, including Co-op, Waitrose and Costcutter as well as Asda, Tesco, Sainsbury's, Spar, Aldi and Lidl. There is significantly more local market competition in Jersey than the Purchaser submits would be seen in an equivalent UK market. This is supported by the CICRA Grocery Survey, which states:

*"Jersey and Guernsey do not appear to be under-supplied with supermarkets in terms of grocery sales area per head of population. Based on the supermarkets included in this study, and the focus of the UK Competition Commission's 2008 groceries report, there is about:*

- *0.19 m2 of grocery sales area per head of population in Jersey;*



- 0.26 m2 in Guernsey; and
- 0.15 m2 in the UK."

#### **Employment:**

The Sandpiper Group has reviewed staffing levels in the Target Group's Convenience Stores being acquired and, as a result, will be recruiting additional colleagues to operate the converted Convenience Stores.

4.20 *Identify any trade websites or other sources of information, not previously identified, which to your knowledge may contain information relevant to the assessment of the merger.*

The Notifying Parties are not aware of any relevant sources not already identified above.

#### **5. Public interest considerations (mergers notifiable in Guernsey only)**

5.1 *For mergers that are notifiable in Guernsey, provide an explanation of why the parties consider that the merger will not be to the prejudice of: consumers, or any class or description thereof; the economic development and well-being of the Bailiwick of Guernsey; and the public interest.*

Not applicable.

#### **6. Calculation of fees (mergers notifiable in Jersey only)**

6.1 *For mergers that are notifiable in Jersey, provide details of how you calculated the merger's fair market value for the purpose of determining the appropriate filing fee.*

The Notifying Parties have used the actual consideration payable by the Purchaser for this purpose.

## Declaration

I declare that:

- The information given herein and in any appendices and attachments hereto is, to the best of my knowledge and belief, accurate and complete, and any opinions expressed herein are sincere.
- All estimates are identified as such and are the best estimates of the underlying facts.
- Photocopies of any documents submitted with this Merger Application Form are exact duplicates of the original documents.
- I have read and am aware of the provisions of Sections 13, 16, 17 and 48 of *The Competition (Guernsey) Ordinance, 2012* and/or Articles 20, 21, 22 and 25 of the *Competition (Jersey) Law 2005* (as applicable).
- I have the authority to sign this declaration on behalf of all parties to the proposed merger or acquisition.
- The initial fee required for conducting a first detailed review of the merger has been paid or is submitted with this Merger Application Form.

Signed for and on behalf of )  
**JMART LIMITED** by: ) Signature .....

Name (block  
capitals) .....  
**Director/authorised  
signatory**

Signed for and on behalf of )  
**SANDPIPERCI RETAIL LIMITED** by: ) Signature .....

Name (block  
capitals) .....  
**Director/authorised  
signatory**

## ANNEX 1

### SELLER'S GROUP STRUCTURE CHART

#### PART 1: CURRENT STRUCTURE

[REDACTED]

100%

MUD HUT (JERSEY)  
LIMITED

100%

JMART LIMITED

100%

SPAR (CHANNEL ISLANDS)  
LIMITED

100%

- (1) PARADE STORES LIMITED
- (2) BATH STREET STORES LIMITED
- (3) NEW STREET STORES LIMITED
- (4) ROSEVILLE STREET STORES LIMITED
- (5) S&M HOLDINGS LIMITED
- (6) ST OUEN GROCER LIMITED
- (7) TRINITY STORES LIMITED
- (8) MILLBROOK GROCERS LIMITED
- (9) TAYSI HOLDINGS LIMITED

## PART 2: POST-COMPLETION STRUCTURE

[REDACTED]

100%

MUD HUT (JERSEY)  
LIMITED

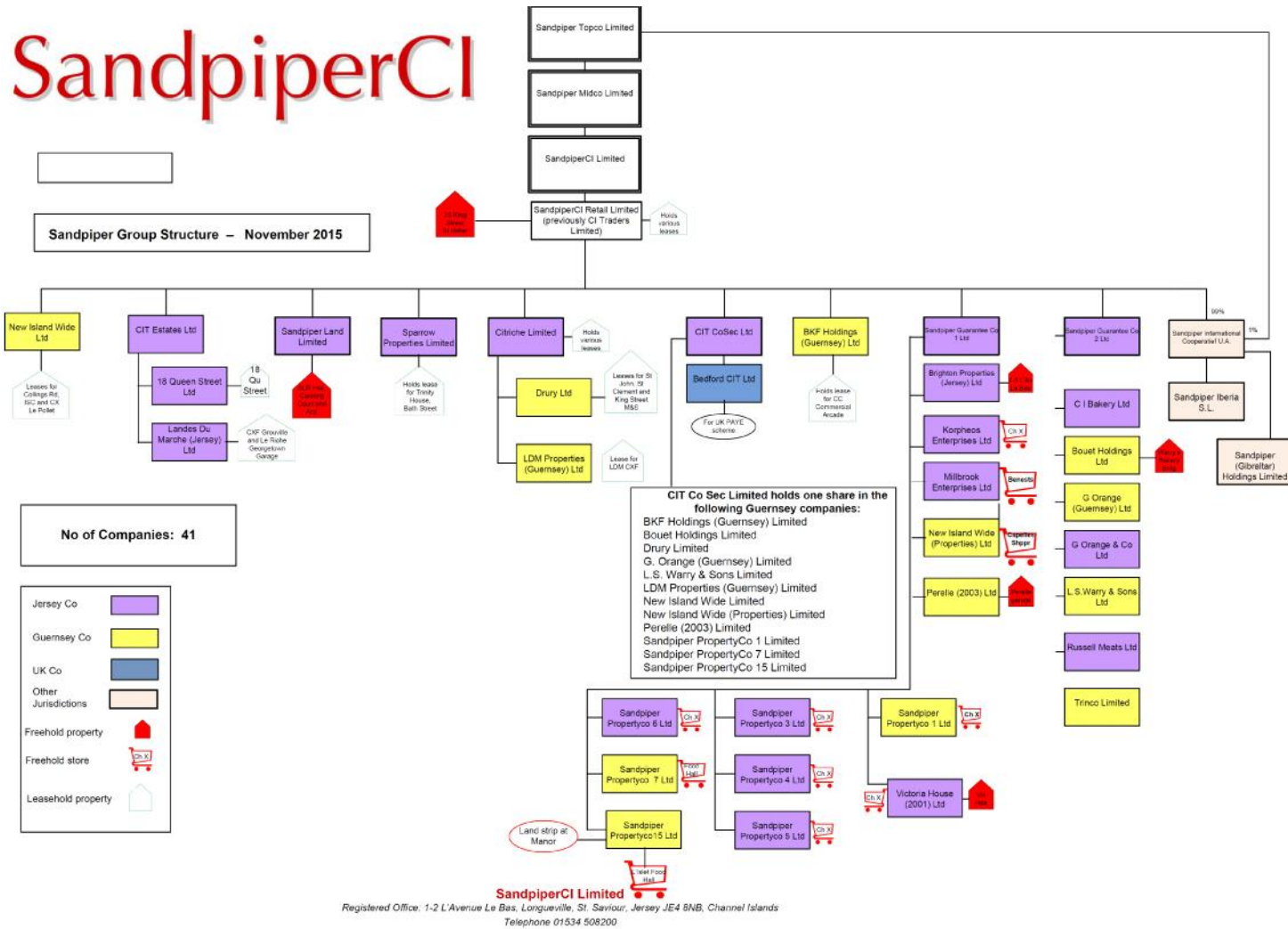
100%

JMART LIMITED

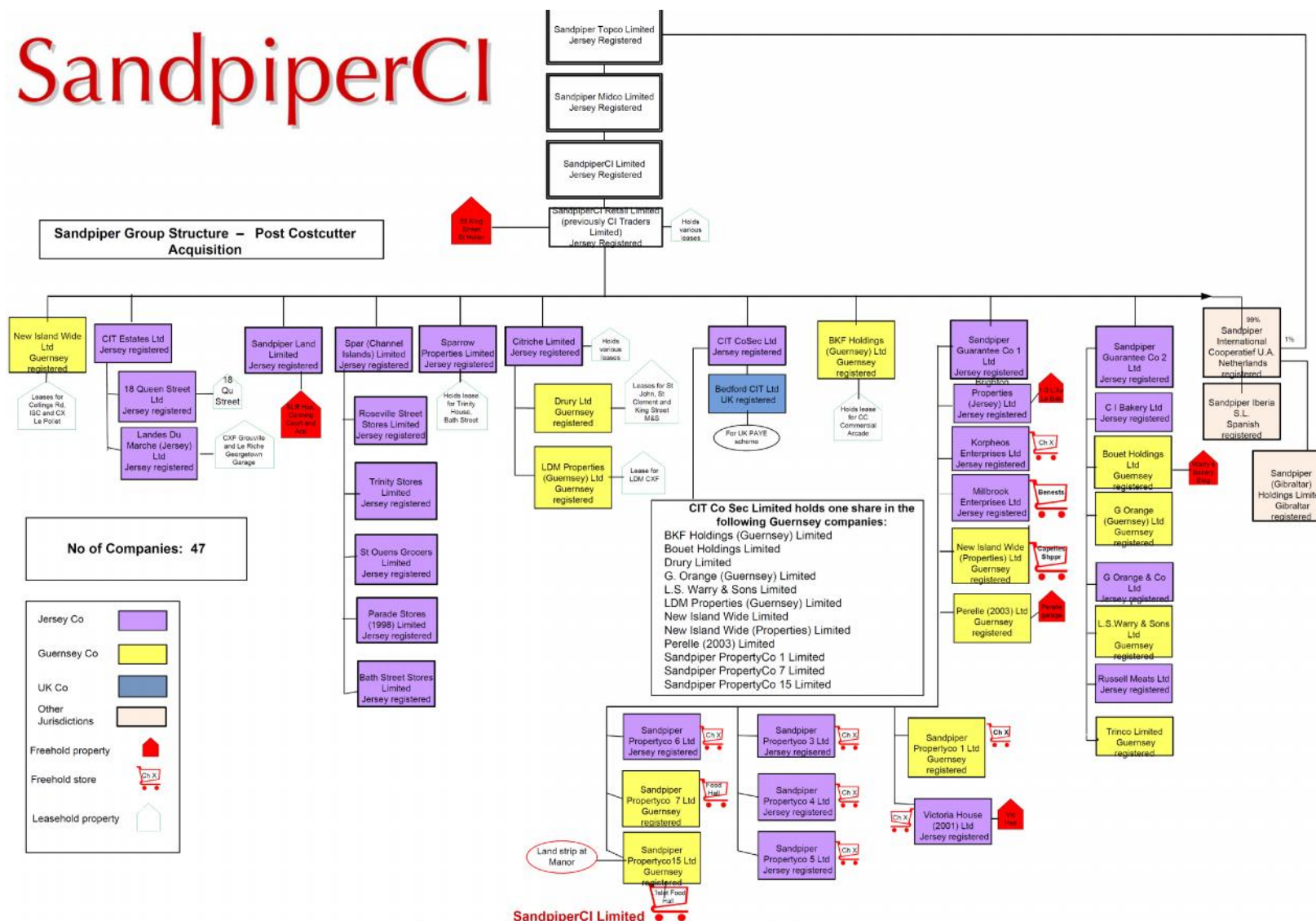
## ANNEX 2

### SANDPIPER GROUP STRUCTURE CHARTS

#### PART 1: CURRENT STRUCTURE



# SandpiperCI



**SandpiperCI Limited**

Registered Office: 1-2 L'Avenue Le Bas, Longueville, St. Saviour, Jersey JE4 8NB, Channel Islands  
Telephone 01534 508200

**ANNEX 3**

**SHARE PURCHASE AGREEMENT**

[REDACTED]

**ANNEX 4**

**DISCLOSURE LETTER**

[REDACTED]



## **ANNEX 5**

### **SANDPIPER GROUP PRESS RELEASE**

# **SANDPIPERCI ACQUIRE COSTCUTTER PORTFOLIO**

15 September 2016

The Channel Islands' largest retailer has announced it has completed negotiations to buy the locally based portfolio of Costcutter stores. Subject to the competition regulator CICRA, SandpiperCI hope to conclude the 16-store deal by the end of November.

Sandpiper's intentions are to convert Costcutter's outlets into their current retail estate which include the popular Iceland and Foodhall fascias. Sandpiper CEO, Tony O'Neill said: "As a locally owned company, this is great news for Sandpiper in that it consolidates our position as the largest retailer in the island and opens up trade in a number of parishes that we currently don't operate in.

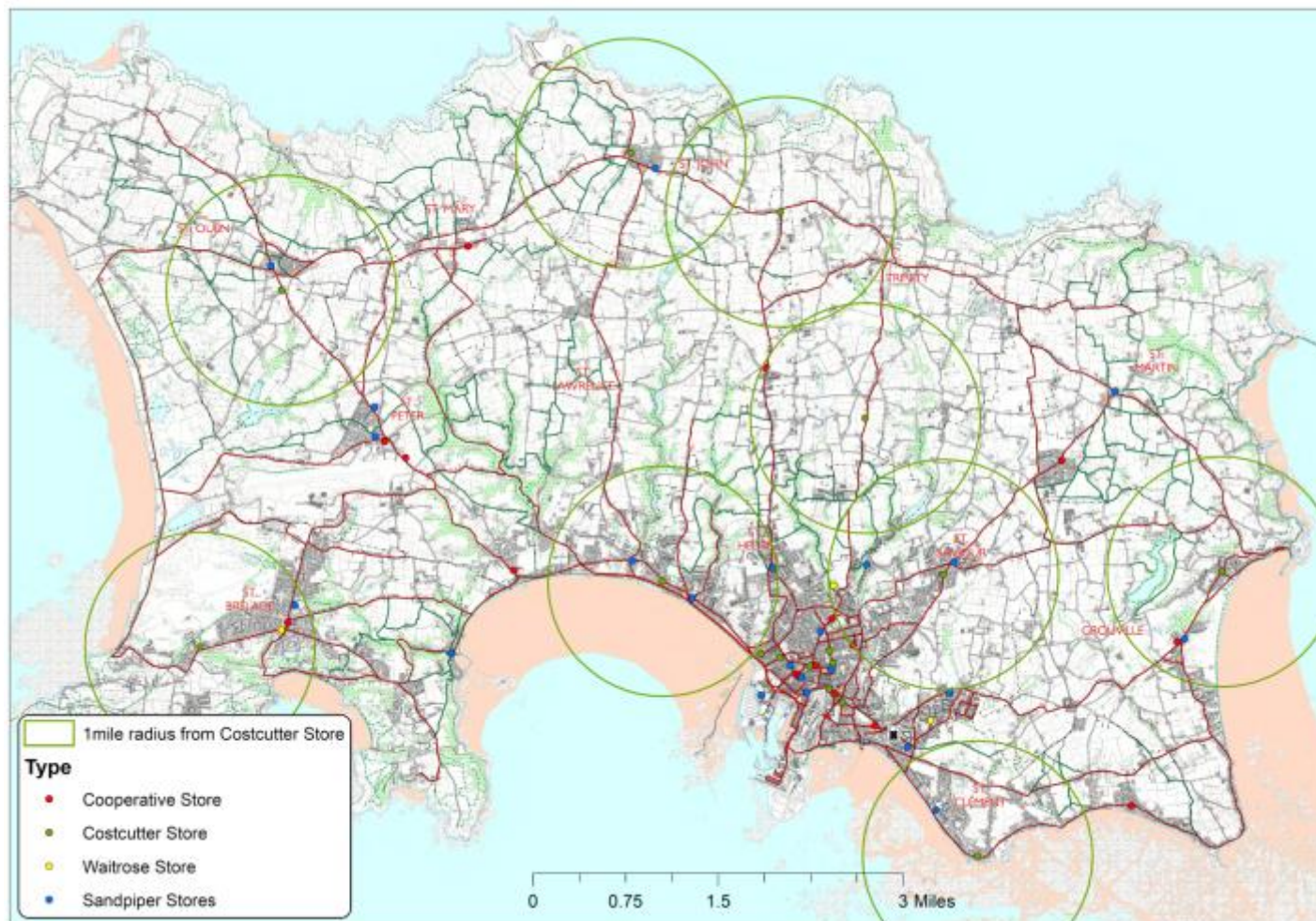
"I think it's also good news for Costcutter's customers. We're intending to increase the choice and range of products and our greater buying power means we can significantly lower prices – in some cases the reductions will be as much as 20 per cent.

No redundancies are expected as a result of Sandpiper's acquisition. As each store is converted, Costcutter employees will transfer over to SandpiperCI and will enjoy the same employment terms, rates, staff discounts and existing employee benefits.

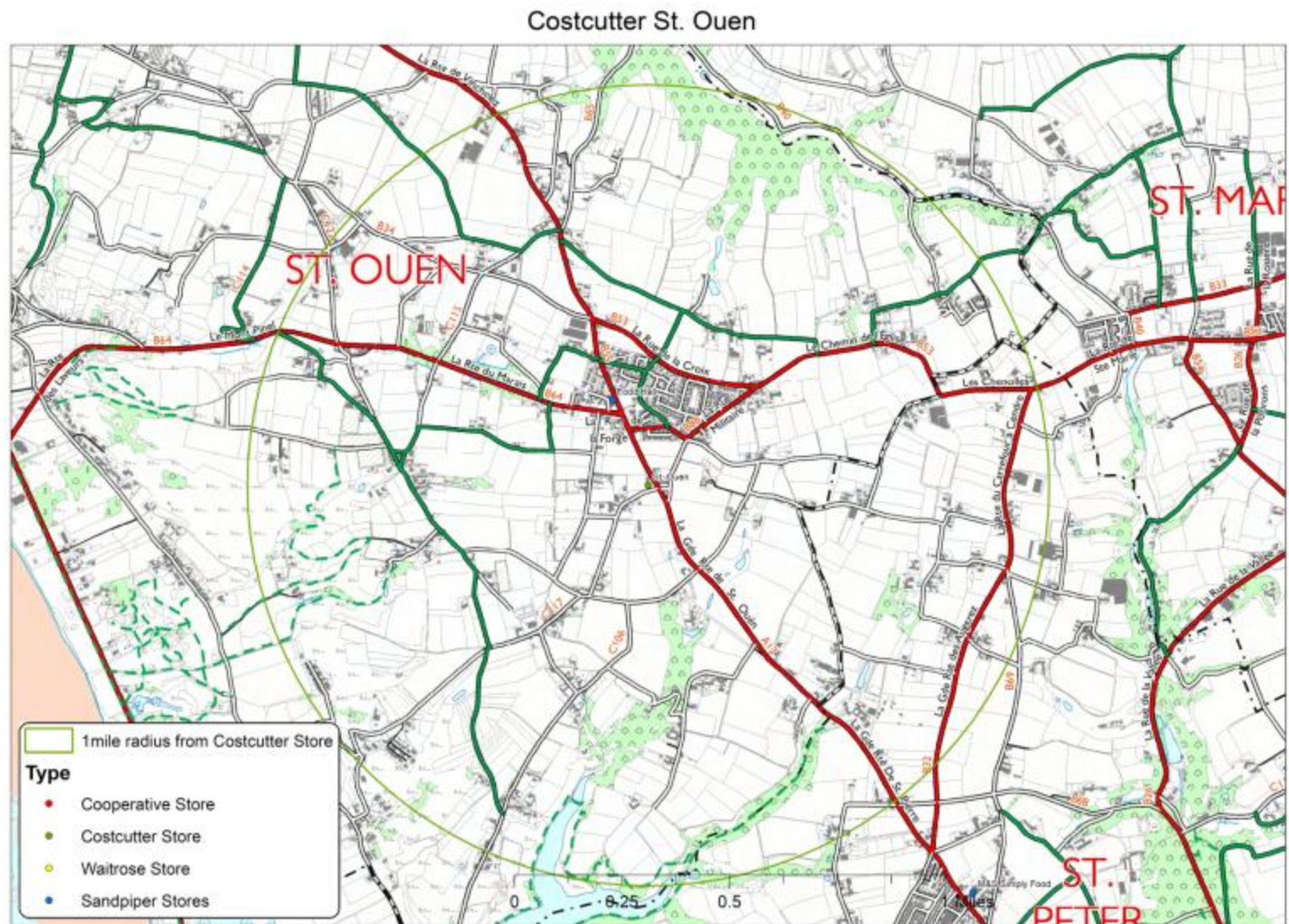
The Costcutter deal is another significant investment in Sandpiper's retail estate. Tony O'Neill concluded by saying: "Sandpiper's acquisition of these stores represents our confidence in the future prosperity of the Island."

## MAPS OF RELEVANT CONVENIENCE STORES MARKETS

### Costcutter Stores

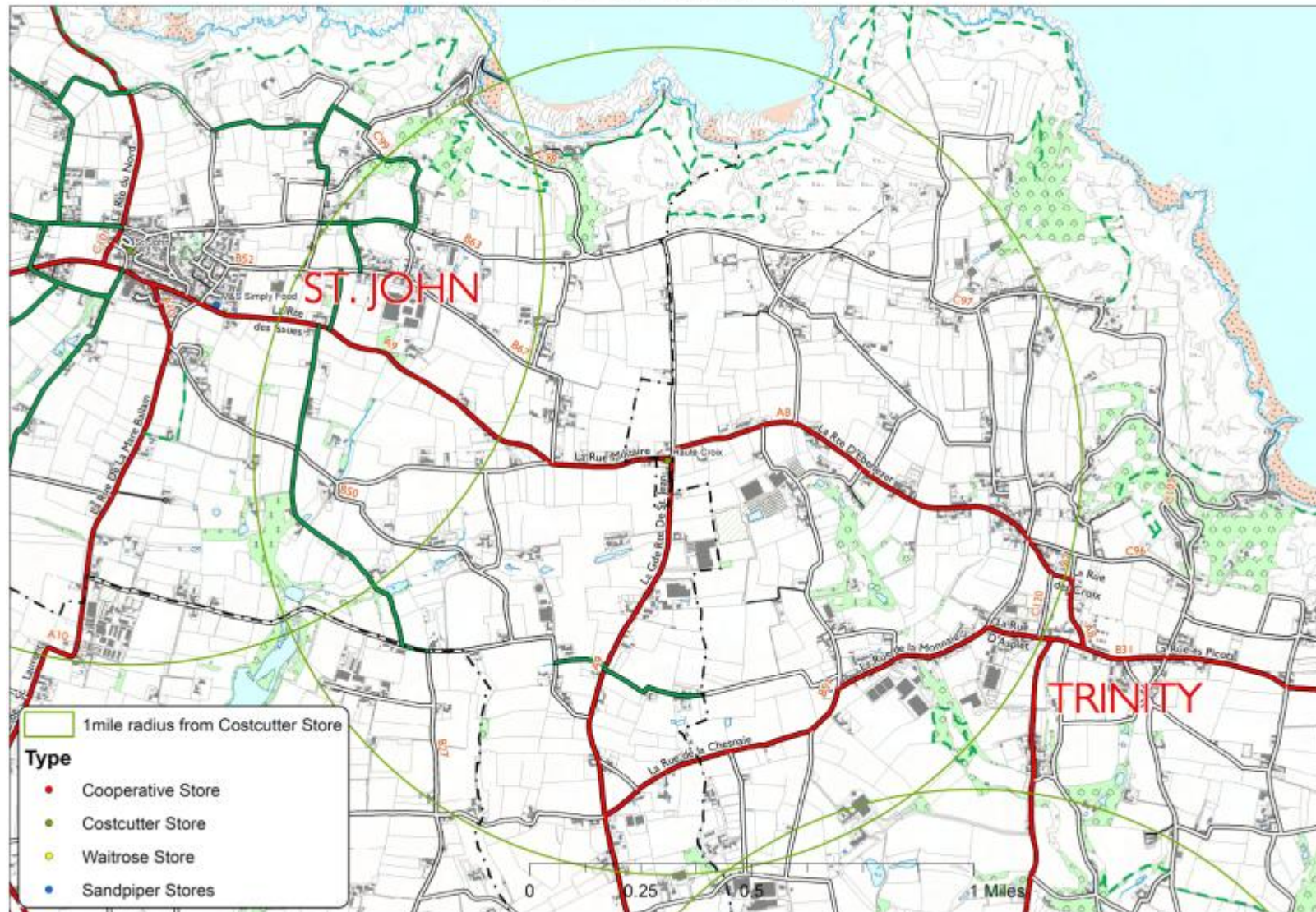


Outside St Helier (ex stores where there is an overlap map below)

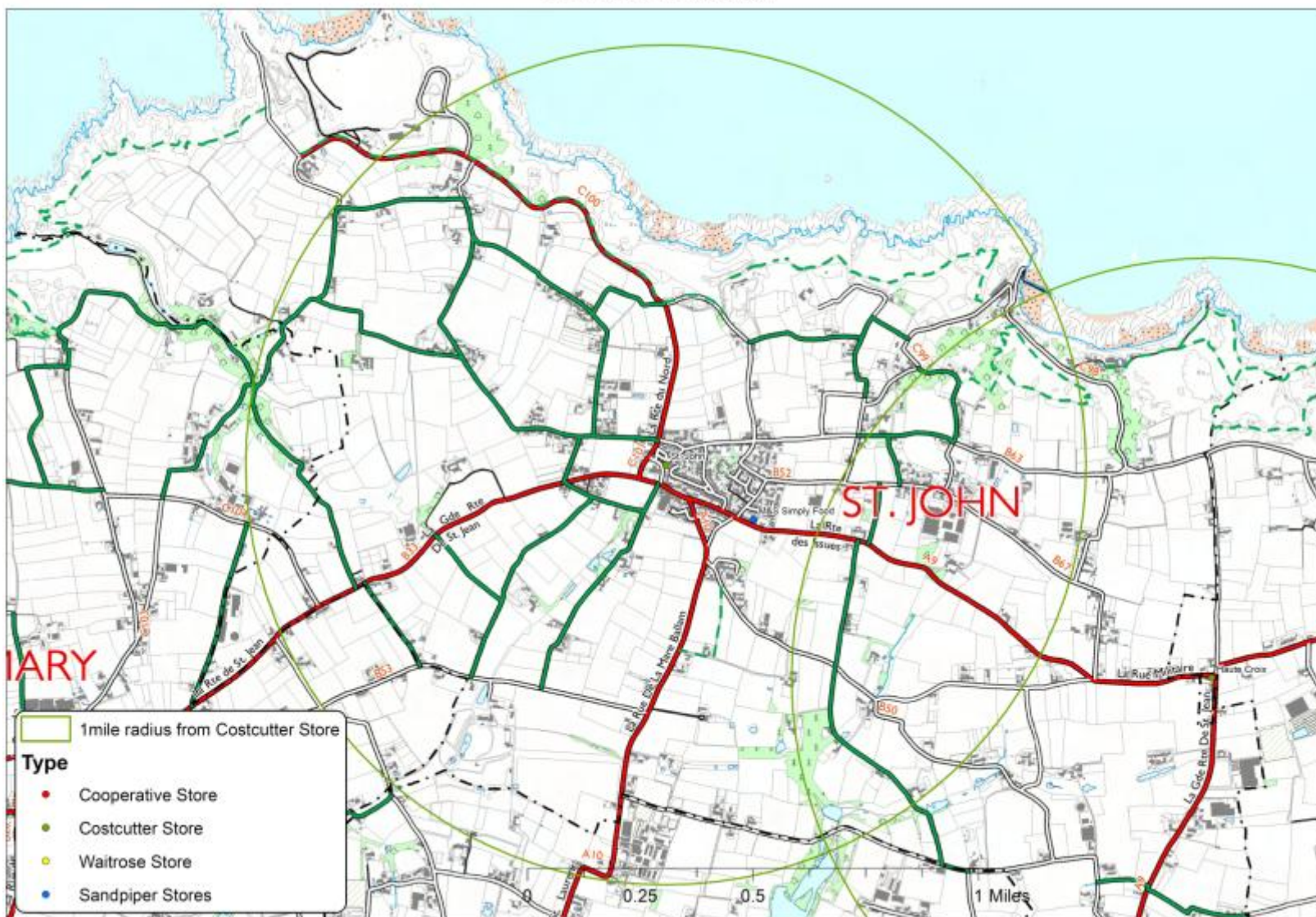




# Costcutter Haut Croix

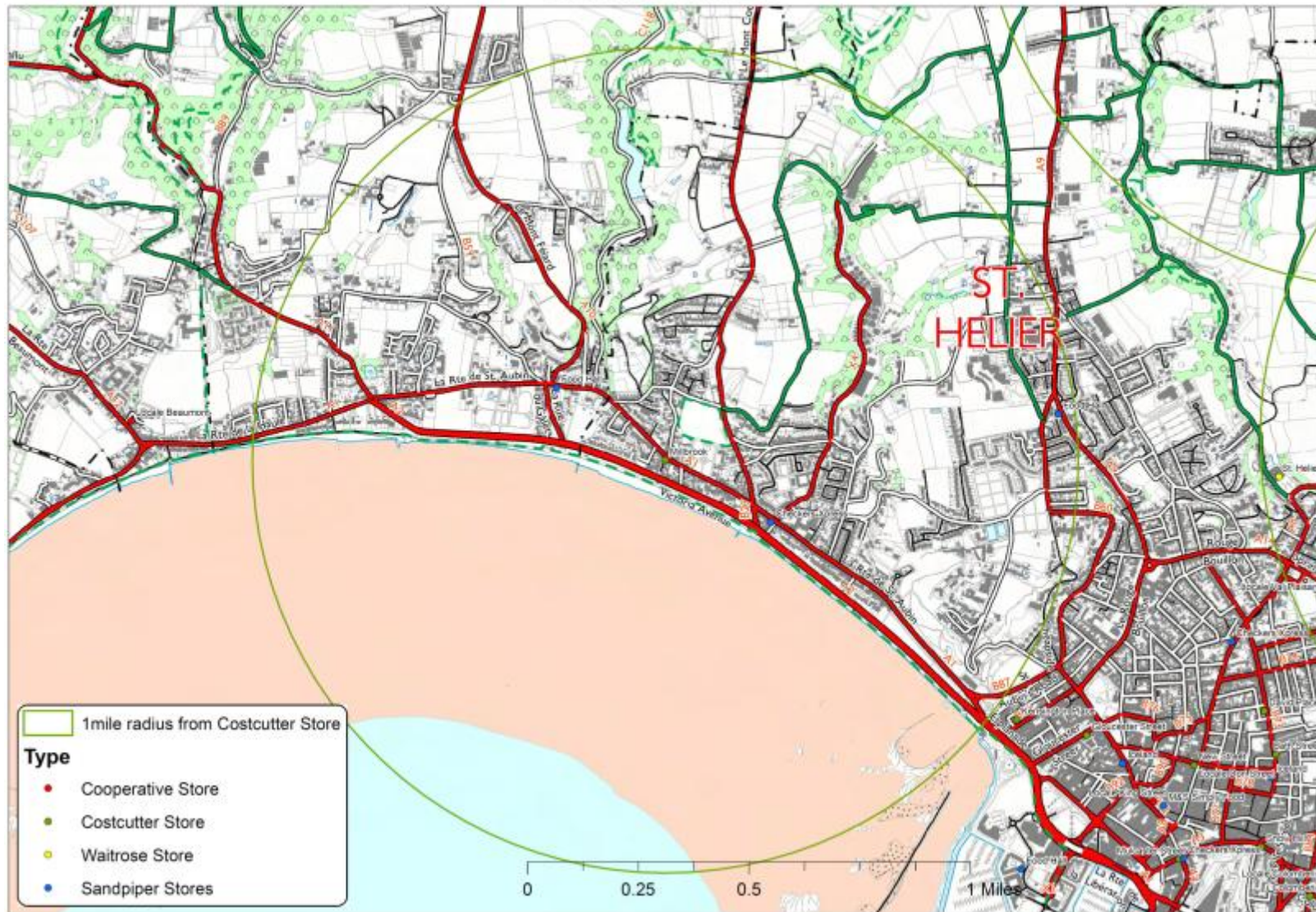




[illegible]

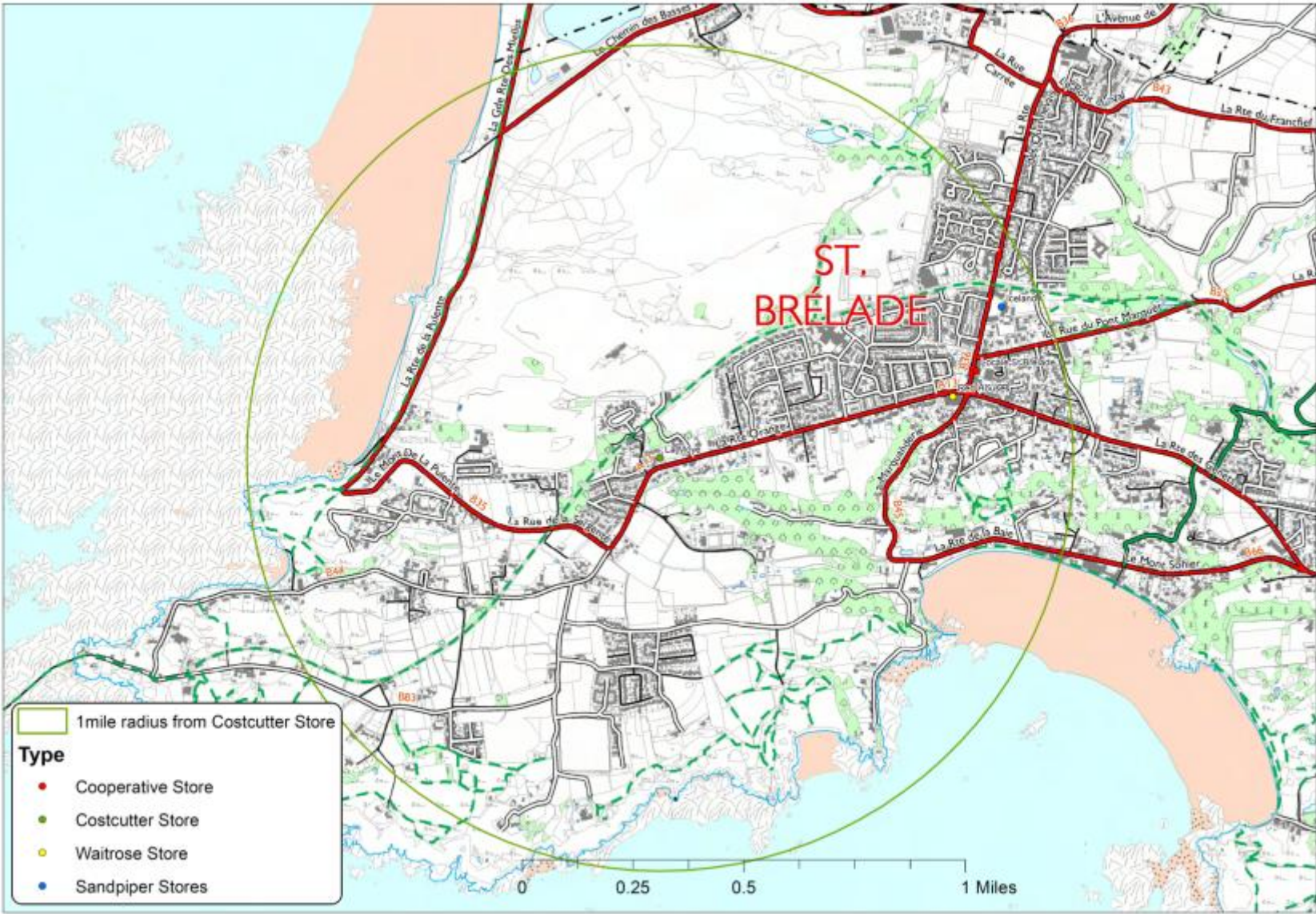


## Costcutter Millbrook



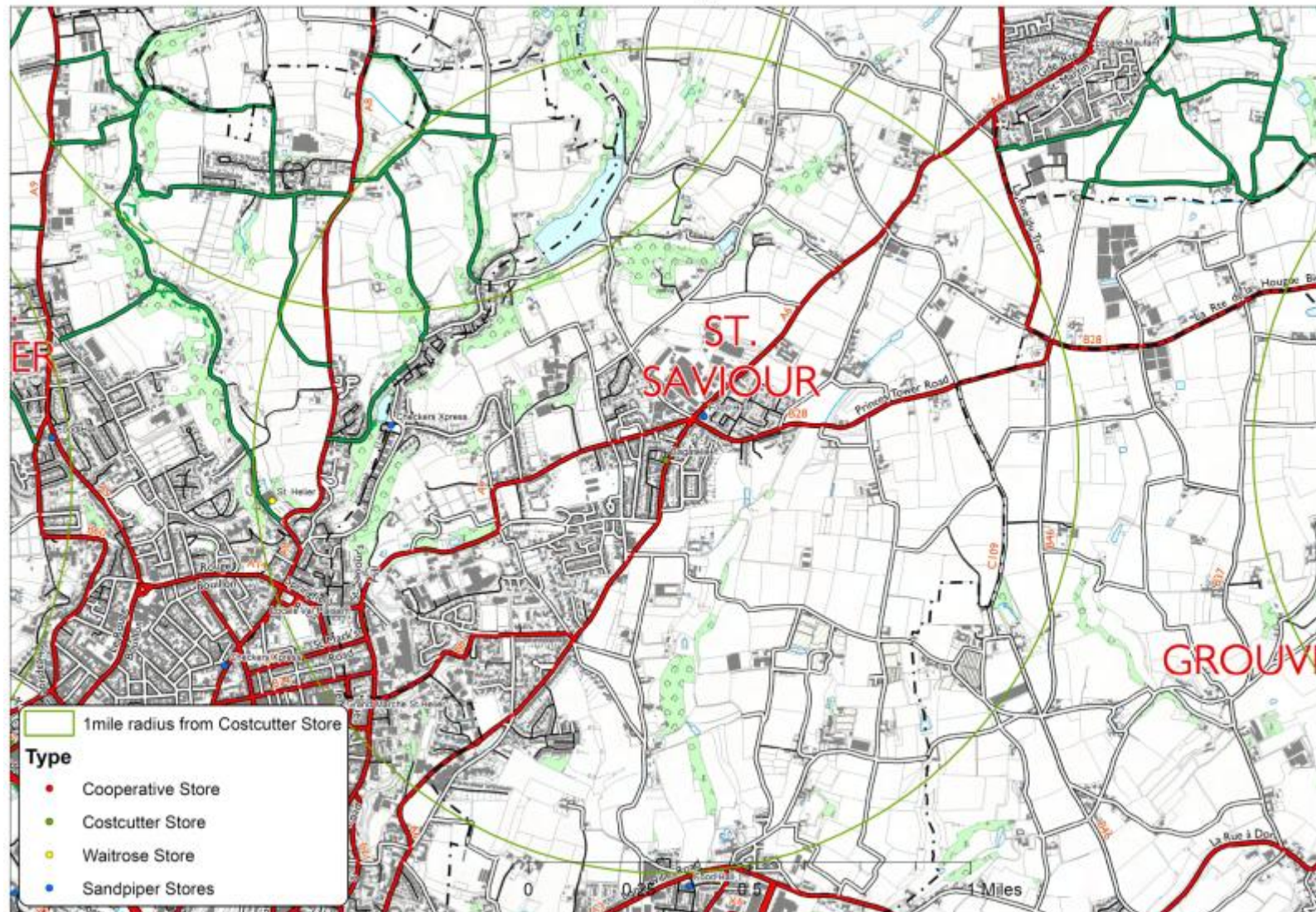


## Costcutter La Moye





## Costcutter Bagatelle





## Within St Helier

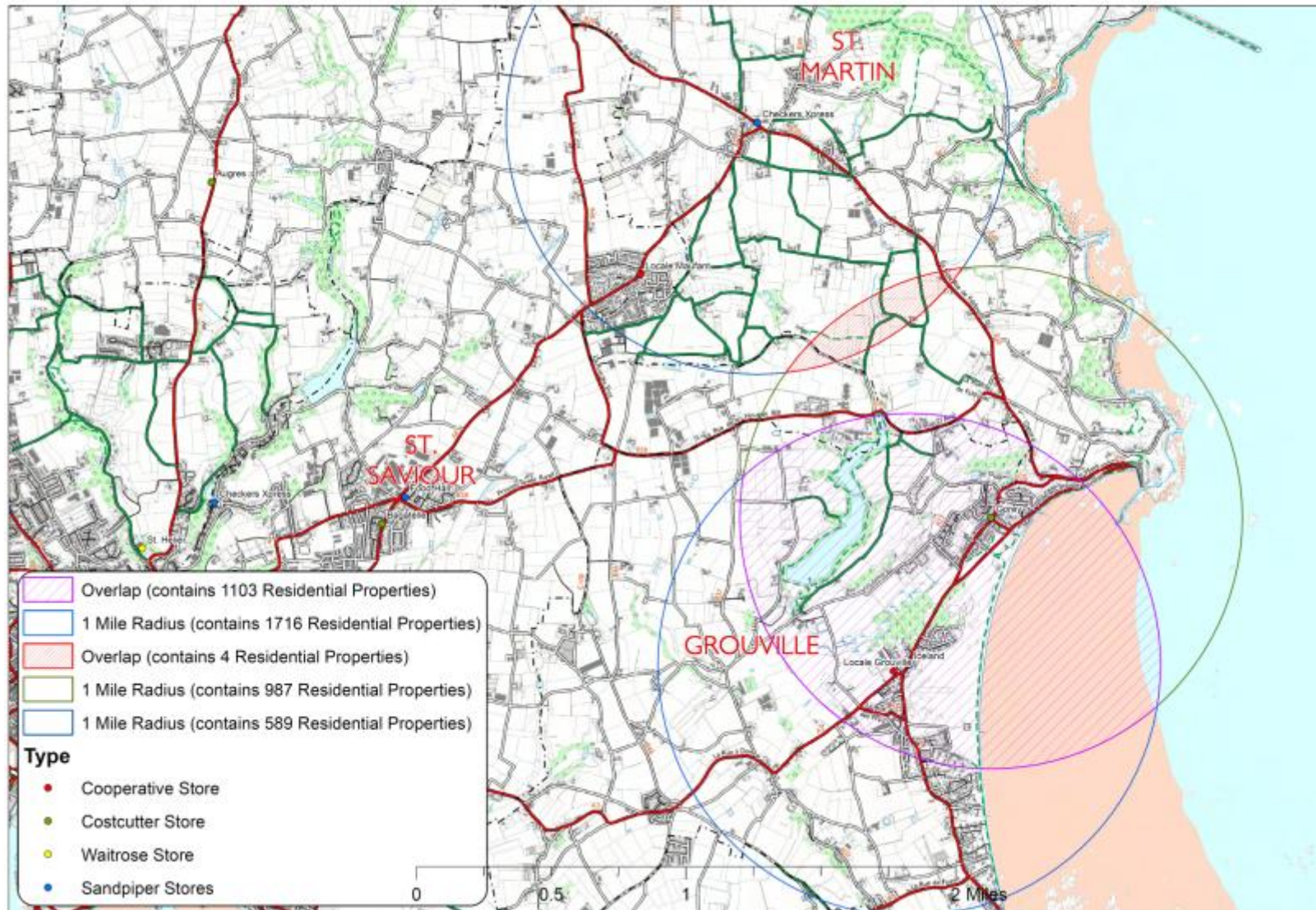
St Helier





## Sandpiper Group (selected overlaps)

### St. Martin's Checkers, Gorey Costcutters and Gorey Iceland Overlap





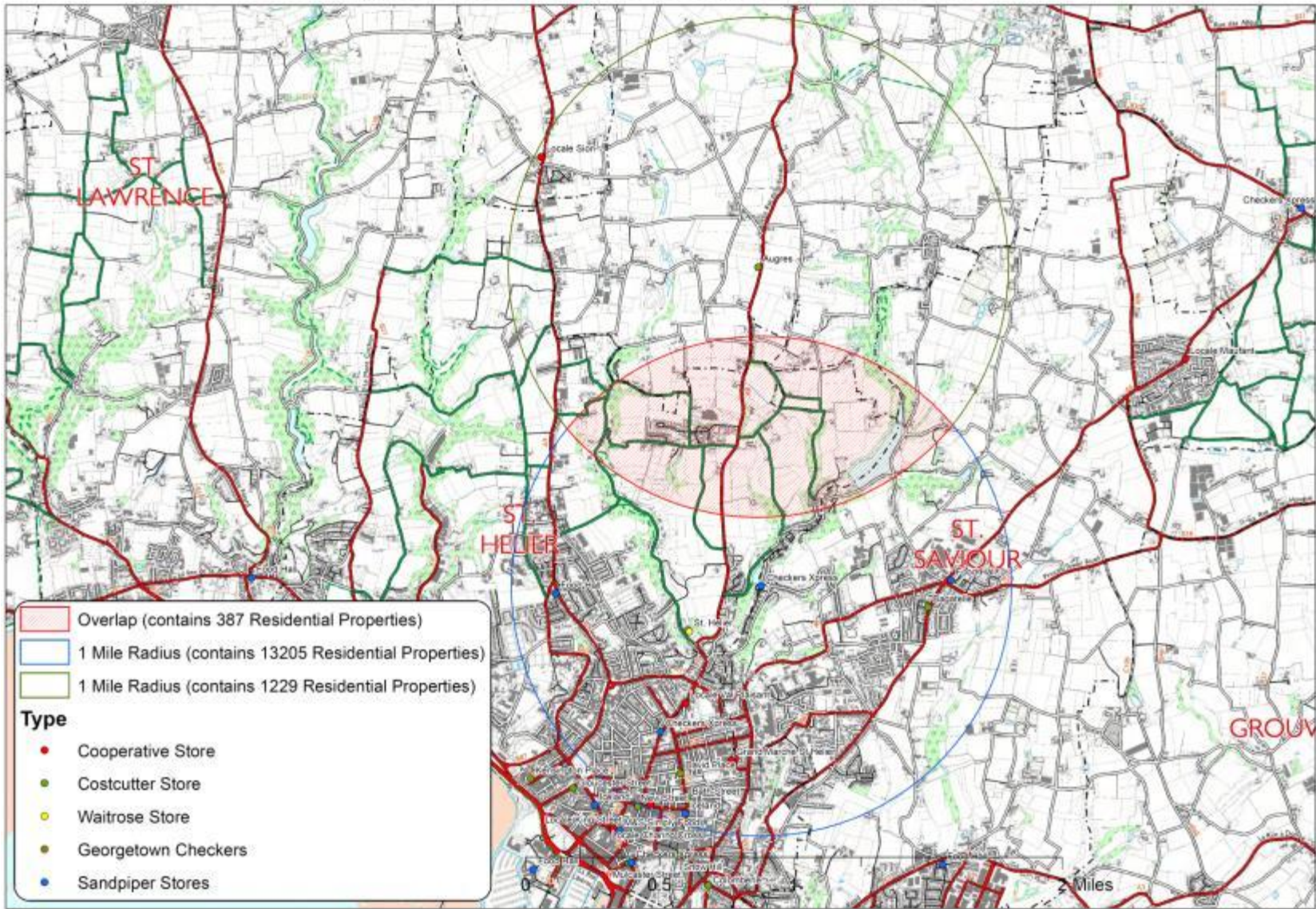
The map displays the St. Helier area with three overlapping 1-mile radius circles. The central circle is pink, the top-left is blue, and the bottom-right is green. The overlap of all three circles is shaded in a darker pink. The map includes a legend for store types and a scale bar.

**Legend:**

- Overlap (contains 387 Residential Properties)
- 1 Mile Radius (contains 13205 Residential Properties)
- 1 Mile Radius (contains 1229 Residential Properties)

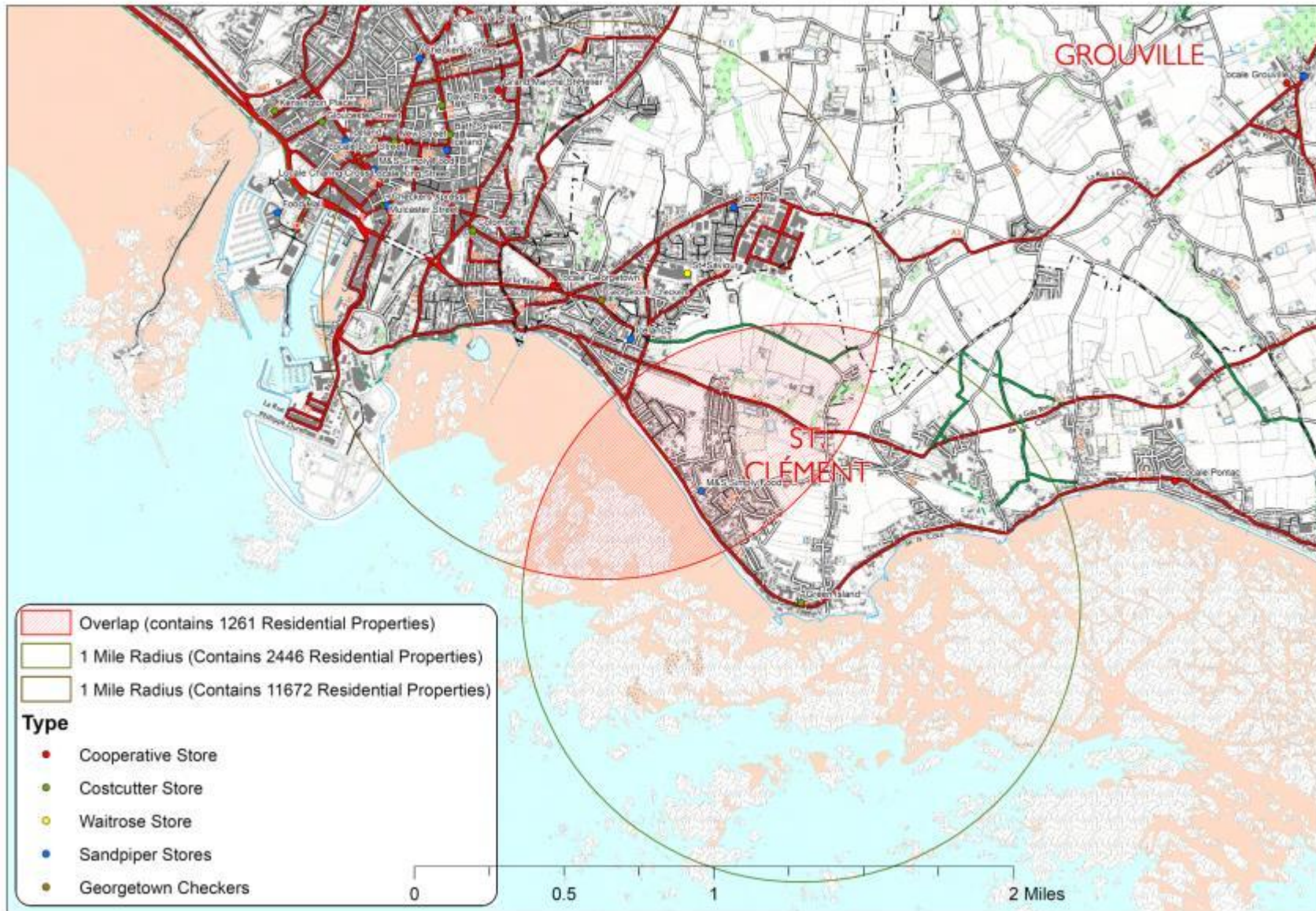
**Type**

- Cooperative Store
- Costcutter Store
- Waitrose Store
- Georgetown Checkers
- Sandpiper Stores





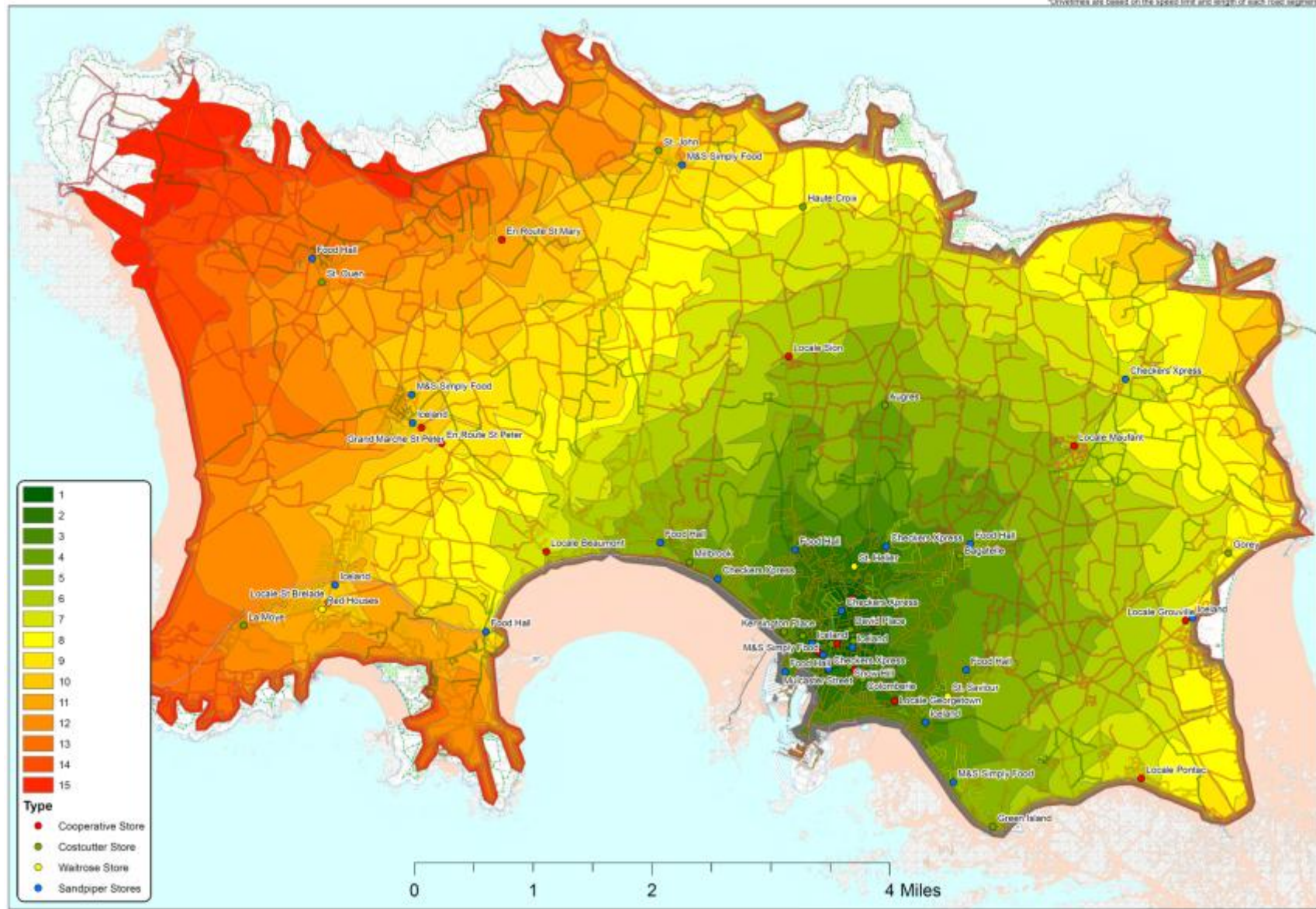
## Georgetown Checkers and GreenIsland Costcutter Overlap





# Drive time maps 1 minute drivetime\* intervals from David Place Costcutter

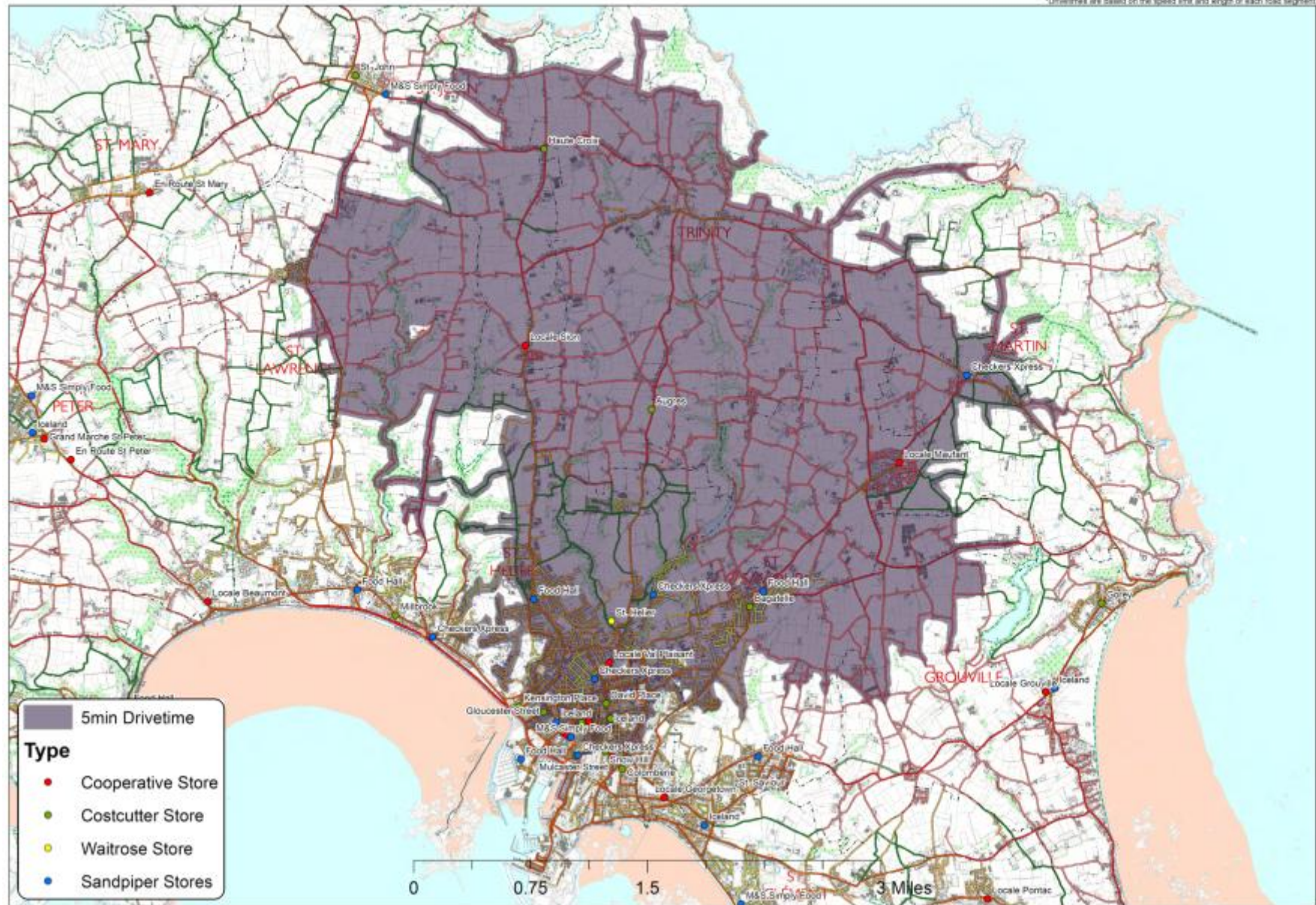
\*Drivetimes are based on the speed limit and length of each road segment.





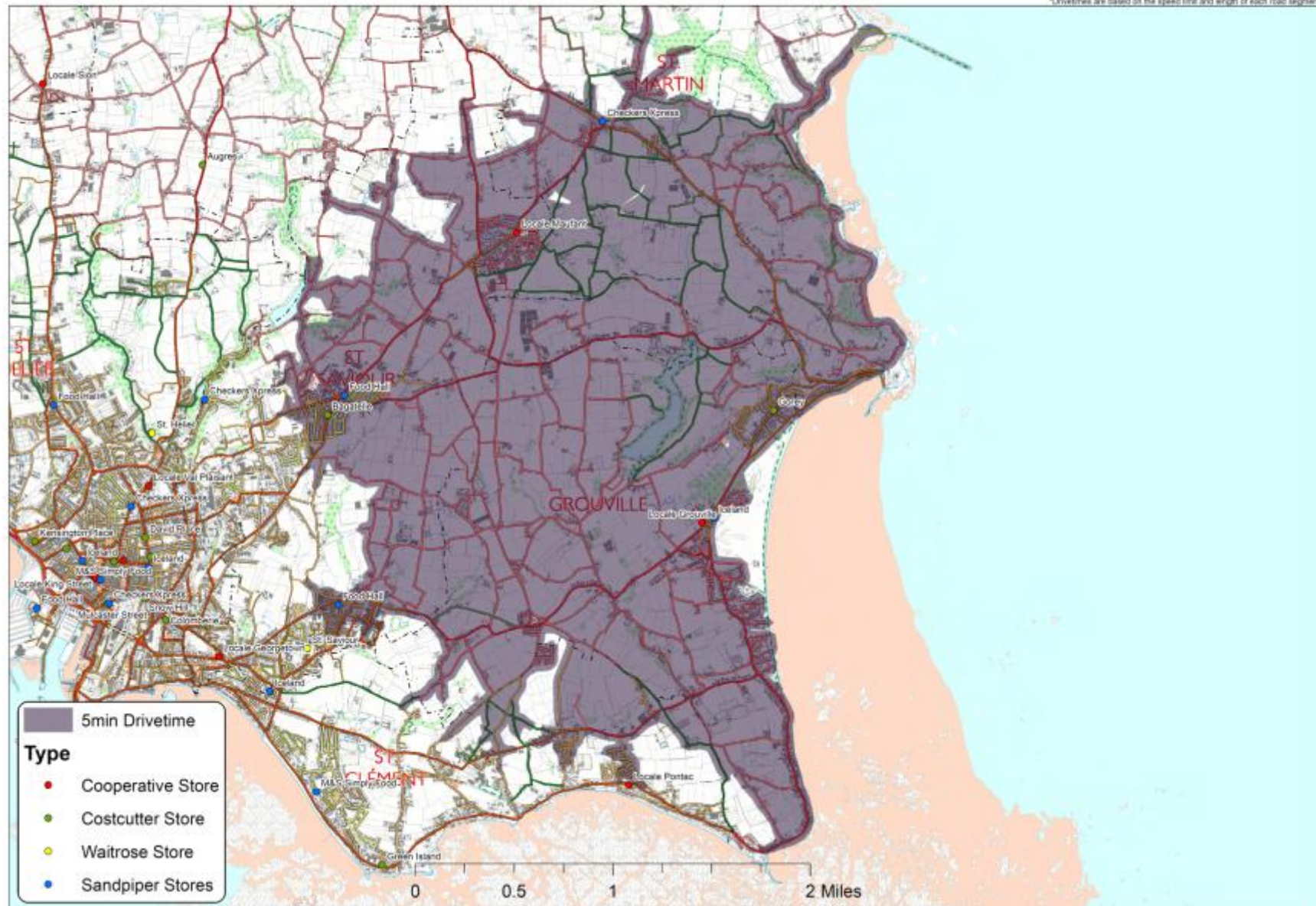
# Augres Costcutter 5 minute drivetime\*

\*Drivetimes are based on the speed limit and length of each road segment



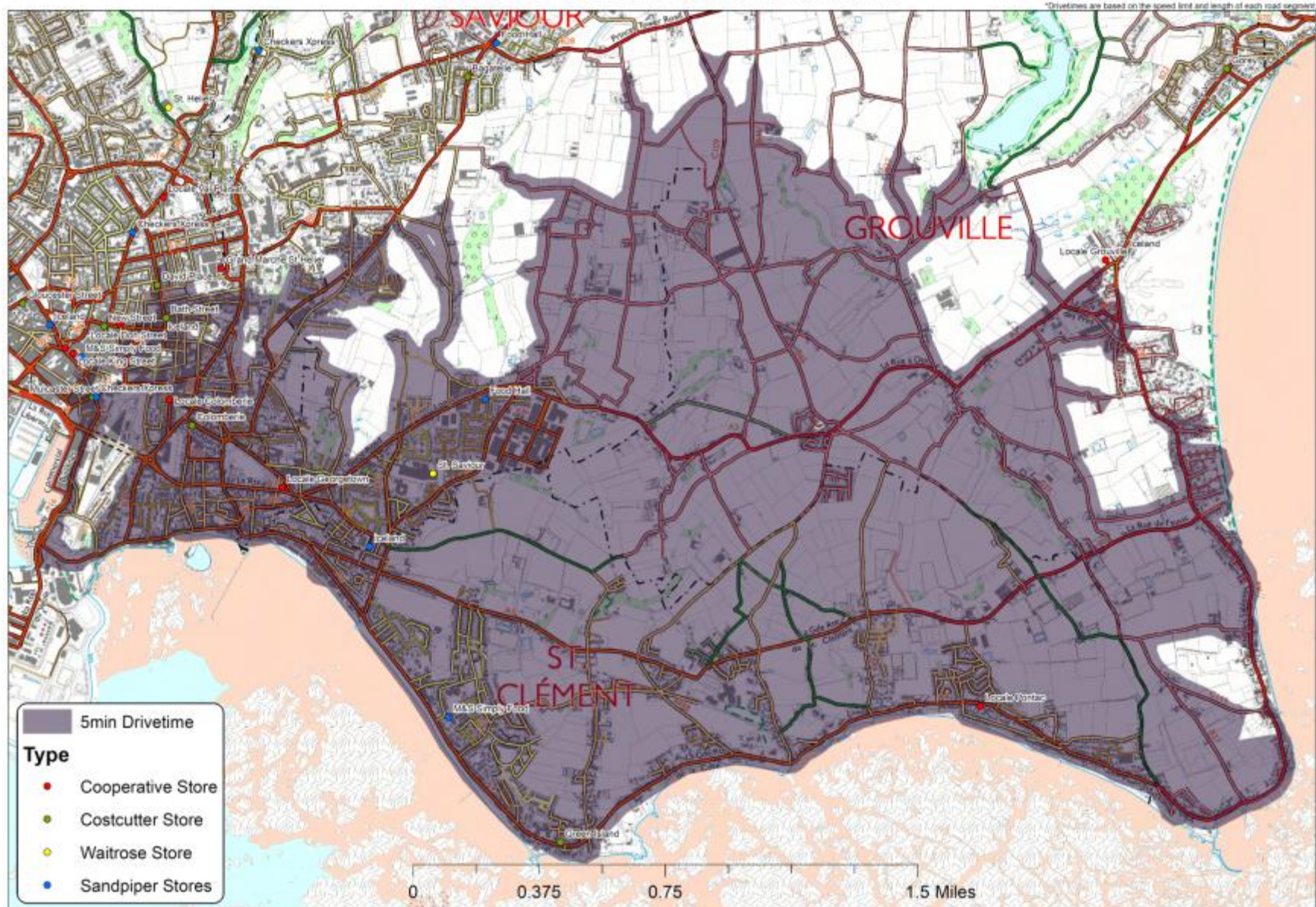


<sup>a</sup>Drivetimes are based on the speed limit and length of each road segment.





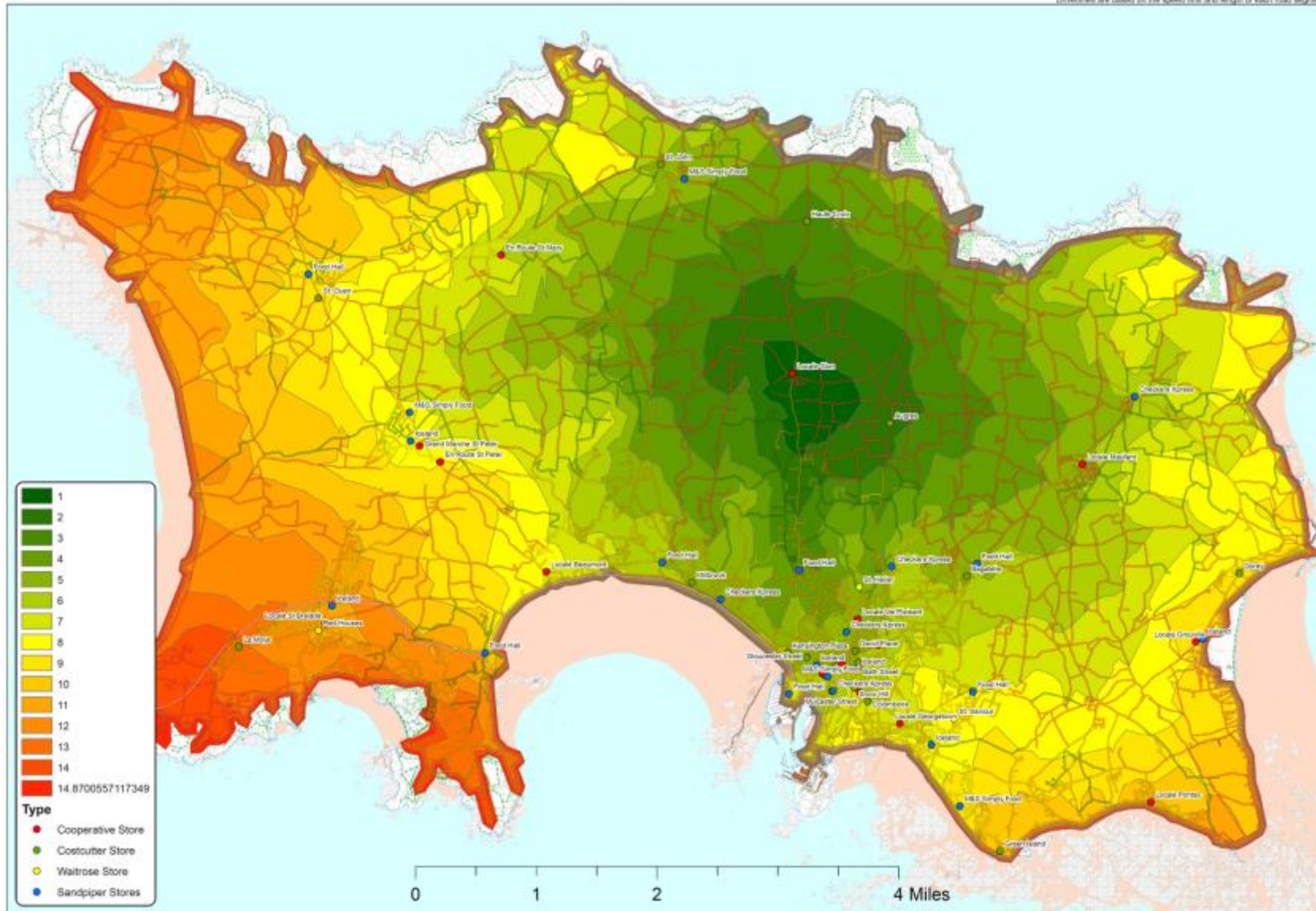
## Green Island Costcutter 5 minute drivetime\*





# 1 minute drivetime\* intervals from centre of Jersey

\*Drivetimes are based on the speed limit and length of each road segment



## PC APPENDIX 3

### Sandpiper Group Undertakings

The Sandpiper Group is willing to offer the following undertakings to the JCRA in connection with the Transaction as regards its Jersey Convenience Stores, for a duration to be agreed with the JCRA (which may be different for each item below and in certain circumstances may be unlimited):

- (a) To use all reasonable commercial endeavours to sell the Sandpiper Group's property at First Tower, La Route De St Aubin, St Helier, Jersey (from which the Sandpiper Group currently operates a Checkers Xpress outlet), including selling the retail outlet as a going concern, to an independent Convenience Store operator within an agreed period following Completion, provided that such sale is not at a loss to the Sandpiper Group. In order to provide the requisite degree of certainty required by the JCRA, the Sandpiper Group would further undertake:
  - (A) in preparation for sale, so far as reasonably practicable, to segregate assets used and staff engaged in connection with that Convenience Store such that it can be sold as a complete business unit;
  - (B) so far as within its power, to grant a non-exclusive, royalty-free licence to the purchaser of that Convenience Store to enable it to operate using Sandpiper Group signage etc for an agreed handover period; and
  - (C) to close that Convenience Store within an agreed period if a sale has not been concluded within an agreed period following Completion.
- (b) To use all reasonable commercial endeavours to sell the Convenience Store and petrol forecourt at St Ouen's Motor Works, La Grande Route de St Ouen to an independent Convenience Store or petrol forecourt operator within an agreed period following Completion, provided that such sale is not at a loss to the Sandpiper Group. In order to provide the requisite degree of certainty required by the JCRA, the Sandpiper Group would further undertake:
  - (A) in preparation for sale, so far as reasonably practicable, to segregate assets used and staff engaged in connection with that Convenience Store such that it can be sold as a complete business unit; and
  - (B) so far as within its power, to grant a non-exclusive, royalty-free licence to the purchaser of that Convenience Store to enable it to operate using Sandpiper Group signage etc for an agreed handover period; and
- (C) to close that Convenience Store at the end of the applicable lease term (29 September 2020) if a sale has not been concluded by that time.