



Decision

Proposed acquisition of Home James Group by JEVCo Ltd (EVie) (C-047)

Document No: JCRA 22/54

Date: 8 August 2022

Jersey Competition Regulatory Authority
2nd Floor Salisbury House, 1-9 Union Street,
St Helier,
Jersey, JE2 3RF
Tel 01534 514990
Web: www.jcra.je

1. Summary

- 1.1 JEV Company Limited (the **Purchaser** or **JEVCo**) proposes to acquire the entire share capital of Home James (2005) Ltd (t/a Carback), Home James Valeting Service Ltd, and Home James Taxi Service Ltd (the **Targets** or **Home James**). The proposed transaction has been notified to the Jersey Competition Regulatory Authority (the **Authority**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **2005 Law**).
- 1.2 The Authority has determined that the Notified Transaction will not lead to a substantial lessening of competition in any relevant market and hereby approves the Notified Transaction.

2. The Notified Transaction

- 2.1 On 19 July 2022, the Authority received an application from the Purchaser and the Targets (together, the **Parties**) for the proposed acquisition of the Targets by the Purchaser. On completion, the Purchaser will acquire the entire issued share capital of the Targets.
- 2.2 The Authority registered the application on its website with a deadline for comments of 1 August 2022. No submissions were received.

3. The Parties

- 3.1 The Purchaser, JevCo, launched in 2019 is a company incorporated in Jersey (company number 129682). It is a provider of shared electric bikes, cars and vans. It provides customers with access to 180 dockless electric Bikes, 100 'Bluebikes' (conventional electric bicycles) and a mixed fleet of 19 vehicles, including cars and vans.
- 3.2 The Targets consists of the following 3 companies, and is currently owned by 4 private individuals.
- Home James Carback (company number 90527): the service provided is to drive customers home in their own vehicle.
 - Home James Valeting (company number 121961): this company offers vehicle cleaning either at the Home James garage, or at the customer's property.
 - Home James Taxi (company number 128351): offers a taxi service to supplement Home James Carback.

4. Requirement for Authority Approval

- 4.1 Under Article 2(1)(b) of the 2005 Law, a merger or acquisition¹ (**merger**) occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. On completion of the Notified Transaction, the Purchaser will acquire all the share capital and as a result, direct control of the Target. The Notified Transaction therefore constitutes a merger as defined in the 2005 Law.
- 4.2 Article 20(1) of the 2005 Law provides that a person must not execute certain mergers or acquisitions except and in accordance with the approval of the Authority. Article 4 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **Order**) requires the approval of the Authority where one or more undertakings involved in the proposed merger or acquisition has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey, unless one of two exemptions apply.

¹ For brevity, mergers and acquisitions are referred to as 'mergers' in this document.

4.3 According to information provided by the Parties, JevCo holds a share of the supply of dockless electric bikes in excess of 40%, and Home James holds a greater than 40% share of supply in carback services. The Notified Transaction therefore requires the approval of the Authority prior to its execution.

5. Market Definition

5.1 Under Article 22(4) of the 2005 Law, the Authority must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. As an initial step, the Authority will identify the markets which are likely to be affected by the merger since market definition provides a framework within which the competitive effects of a merger can be assessed.

5.2 The boundaries of the market do not necessarily determine the competitive effect of the merger as there can be constraints on the merger from outside the relevant market, segmentation within the relevant market, or other ways in which certain constraints are more significant than others. The Authority will, where appropriate, take these factors into account in its assessment.

5.3 When defining a market, the Authority may take note of its own previous decision-making practice and/or market definitions applied by other competition authorities. However, these previous decisions are not precedents and are not binding, either on the merging parties or on the Authority. Competition conditions may change over time, changing the market definition. Market definition will always depend on the prevailing facts².

Views of the Parties

5.4 The Parties propose that the relevant framework for the purpose of assessing the competition effects of the Notified Transaction should be:

- (i) Dockless electric bike hire
- (ii) Electric car and van hire
- (iii) 'Bluebikes' (conventional rental bikes)
- (iv) Carback
- (v) Car Valeting
- (vi) Taxis

5.5 Dockless electric bikes: customers are required to use an app to locate, hire, and end a rental service. This service has 15,000 registered users and delivered 35,000 bike rentals in the year June 2021 to June 2022. JEVCO (EVie) is the only supplier of electric bike rental services in Jersey, although there is competition from traditional bike hire companies, private ownership and other forms of transport.

5.6 Electric car hire: like dockless bikes, users download and sign up through the same (EVie) app. This service competes with the traditional car and van hire market.

5.7 BlueBikes (conventional rental electric bikes): these are regular electric bikes which customers rent on the basis of a monthly recurring subscription. These compete with other bike hire companies, bike ownership, and other forms of transport.

² This approach is consistent with that taken under EU law – see, for example, Joined Cases T-125/97 and T-127/97 [2000] ECR II-01733, paragraphs 81-82. Article 60 of the 2005 Law requires the Authority to attempt to ensure that so far as possible questions arising in relation to competition are dealt with in a manner that is consistent with the treatment of corresponding questions arising under European Union law in relation to competition within the European Union.

- 5.8 Carback: this service enables vehicle owners to get home (or elsewhere) by being driven in their own car. Drivers work in pairs, one driving the customer's car, the other following behind to transport them to the next customer. There is some competition with the taxi sector, and other small carback services in Jersey.
- 5.9 Car Valeting: service cleaning cars and other vehicles from either the company's premises or via equipped vans which travel to the customer's premises. There are several mobile valeting businesses in Jersey which fluctuate in number due to the low barriers to entry.
- 5.10 Taxis: traditional taxi service to customers across Jersey.

Authority Consideration

- 5.11 The relevant product market is defined primarily by reference to the likely response of consumers and competitors. It will comprise products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the products characteristics, prices and intended use. An undertaking cannot have a significant impact on the prevailing conditions of a market if customers can easily switch to other service providers. However, for the purpose of this transaction, it has not been necessary to reach a conclusion on the precise market definition since there are no immediate competition concerns.

6. Effect on Competition

- 6.1 The analysis of a notifiable transaction will consider whether the merger creates or enhances the ability or incentive to exercise market power, either unilaterally or in co-ordination with competitors, and whether other market forces (such as the entry of new competitors or countervailing buyer power of customers) will mitigate or eliminate these potential effects and risks. The assessment will also consider any pro-competitive effects or efficiencies that may result from the merger.
- 6.2 When considering the effect on competition, the Authority has regard to the guidelines produced by the European Commission³ (**European Guidelines**). It may also consider the substantive merger guidelines applied by the Competition and Markets Authority in the UK, as well as those of other competition authorities.
- 6.3 After determining the appropriate frame of reference Within which to assess the transaction, the Authority estimates the respective positions of competitors within that frame of reference, both before and after the proposed transaction. This can be used as an indication of the overall level of concentration as a result of the merger. Market share and market concentration provide useful indications of the market structure, and within that, the competitive position of both the merging parties and their competitors.
- 6.4 The estimated market shares held by the Parties are provided below:

Service	EVie: Pre Merger	EVie: Post Merger
Dockless Electric Bikes (EVie)	100%	100%
Electric Car Hire (EVie)	100%	100%
Bluebikes (EVie)	40%	40%
Carback (Home James)	90%	90%
Valeting (Home James)	15%	15%
Taxi (Home James)	<5%	<5%

³ <https://op.europa.eu/en/publication-detail/-/publication/19597169-c020-4a72-816a-0b15416119f7>

6.5 There are no horizontal overlaps between the services provided by EVie and Home James. There is also no vertical relationship between the various services provided.

Non-Horizontal Effects

6.6 Conglomerate mergers are mergers between firms that are in a relationship which is neither purely horizontal (as competitors in the same relevant market) nor vertical (as supplier and customer). In practice, the focus is on the likely competitive effects of mergers between companies that are active in closely related markets (e.g. mergers involving suppliers of complementary goods, or of products which belong to a range of products that is generally purchased by the same set of customers for the same end use)⁴.

6.7 The main concern in conglomerate mergers is foreclosure. The combination of products in a related market may confer on the merged entity the ability and incentive to leverage a strong market position from one market to another by means of tying or bundling or other potentially exclusionary practices. These may not be anticompetitive as they may provide customers with better or more cost-effective products or services. However, in certain circumstances, they may lead to a reduction in rivals' ability or incentive to compete..

6.8 With regard to the Notified Transaction, the characteristics of the services provided do not provide the ability to link sales or the incentive to do so. The car valeting and taxi services are subject to competition from a number of alternative service providers in Jersey.

7. Decision

7.1 Based on the previous analysis, the Authority concludes that the acquisition will not substantially lessen competition in Jersey or any part of Jersey; and the Notified Transaction is therefore approved under Article 22(1) of the 2005 Law.

8 August 2022

By Order of the Jersey Competition Regulatory Authority

⁴ Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings (2008/C 265/07), para 91-93