

Authorised concentration on the air freshener market

The Hungarian Competition Authority (Gazdasági Versenyhivatal – GVH) granted an authorisation to Procter & Gamble Company for acquiring the Air Freshener Business Branch of Sara Lee Corporation.

With its decision made on 17 June 2010 the GVH granted an authorisation to Procter & Gamble Company (P&G) for acquiring the Air Freshener Business Branch of Sara Lee Corporation (Sara Lee). The transaction does not concern Sara Lee's structure, only some assets of the Air Freshener Business Branch of Sara Lee group that is conveyed to P&G in Hungary and all over the world under the brand name of Ambi Pur. Therefore, P&G submitted notifications to several national competition authorities and as a consequence of this, competition supervision proceedings were initiated not only in Hungary and in other countries (Austria, Germany, Norway, Ukraine and Turkey) but also by the European Commission.

The Procter & Gamble Company – specialized in the manufacturing, development and distribution of cosmetic, body care, health care, welfare, baby care and household cleaning products worldwide – has interests in four undertakings in Hungary.

The first Hungarian subsidiary, the Procter & Gamble Magyarország Nagykereskedelmi Kkt. distributes cosmetic, cleaning, health care and household products, which were manufactured by P&G. The other three P&G undertakings are: Wella Magyarország Kereskedelmi és Szolgáltató Kft. that supplies Wella Professional products, HYGINETT Magyar-Amerikai Higiéniai Cikkeket Gyártó Kft. that produces woman hygienic supplies and Procter & Gamble RSC Regionális Szolgáltató Kft. that is responsible for the supply of accountancy and administrative background services within the undertaking-group.

The Business Branch of Sara Lee Corporation consists the brand name Ambi Pur that is owned by the subsidiaries of Sara Lee Corporation and also the assets which are essential for the manufacturing of products under this brand name. The Business Branch does not have any production plants in Hungary. Sara Lee Hungary Gyártó és Kereskedelmi Zrt., Hungarian subsidiary of Sara Lee Corporation, is engaged in importing and distributing of many products including Ambi Pur air fresheners.

The air freshener market can be characterised by diversities and incumbent products are easily replaceable and can be substituted with each other. Advertisements are playing an extremely important role in raising consumers' purchasing intention on the air freshener market, since certain products or product families may be purchased by consumers in a larger amount while other products remain in the background due to the advertising activity of the undertakings. Therefore, manufacturers have to observe the rapidly changing customer preferences, in order to comply with consumer demands and face the newly emerging rival products on the market.

P&G does not distribute Febreze in Hungary that belongs to the company's Air Freshener Business Branch and neither represent itself with any other air freshener products on the

Hungarian market. Products supplied by Sara Lee can be found in the Hungarian stores under the brand name of Ambi Pur, but Sara Lee does not have any air freshener production plants in Hungary.

The parties of the transaction conceive that after the concentration of the two undertakings, P&G will have the chance to develop its Air Freshener Business Branch and expand its scope of business activity by supplying air freshener products, since products that are listed under the brand name of Ambi Pur will be distributed henceforth by P&G. Thus the brand will not disappear from the stores, it will only be the distributing undertaking that will change, because the Air Freshener Business Branch of Sara Lee will be operating in the future within P&G undertaking-group. As a consequence of the concentration Sara Lee Corporation and Sara Lee Hungary Gyártó és Kereskedő Zrt. will terminate its business activity on the air freshener market.

The Hungarian Competition Authority may not refuse to grant authorisation for a concentration where the concentration would not significantly reduce competition on the relevant market, in particular as a result of the creation or strengthening of a dominant position.

The GVH established that the business activity of the Air Freshener Business Branch of Sara Lee and the Hungarian business activity of P&G undertaking-group do not overlap each other and due to the transaction it would only be the scope of the distributed products by P&G that would expand. According to the available data, there are no such circumstances that would indicate that the proposed concentration would result in the distortion of the effective competition.