



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: LM014Apr21

In the matter between:

Mr Price Group Ltd

**Primary Acquiring Firm**

And

K2018509367 (South Africa) (Pty) Ltd (“Yuppiechef”)

**Primary Target Firm**

---

Panel: E Daniels (Presiding Member)  
Y Carrim (Tribunal Member)  
A Ndoni (Tribunal Member)

Heard on: 19 July 2021

Order Issued on: 19 July 2021

---

### ORDER

---

Further to the recommendation of the Competition Commission in terms of section 14A(1)(b) of the Competition Act, 1998 (“the Act”) the Competition Tribunal orders that—

1. the merger between the abovementioned parties be approved in terms of section 16(2)(a) of the Act; and
2. a Merger Clearance Certificate be issued in terms of Competition Tribunal Rule 35(5)(a).

*Enver Daniels*

---

**Presiding Member  
Mr Enver Daniels**

**19 July 2021**

---

**Date**

**Concurring: Ms Yasmin Carrim and Ms Andiswa Ndoni**



**competitiontribunal**  
SOUTH AFRICA

# Merger Clearance Certificate

**Date** : 19 July 2021

**To** : Bowmans Attorneys

Case Number: LM014Apr21

Mr Price Group Ltd And K2018509367 (South Africa) (Pty) Ltd  
("Yuppiechef")

## Notice CT 10

### About this Notice

This notice is issued in terms of section 16 of the Competition Act.

You may appeal against this decision to the Competition Appeal Court within 20 business days.

You applied to the Competition Commission on **16 April 2021** for merger approval in accordance with Chapter 3 of the Competition Act.

Your merger was referred to the Competition Tribunal in terms of section 14A of the Act, or was the subject of a Request for consideration by the Tribunal in terms of section 16(1) of the Act.

After reviewing all relevant information, and the recommendation or decision of the Competition Commission, the Competition Tribunal approves the merger in terms of section 16(2) of the Act, for the reasons set out in the Reasons for Decision.

This approval is subject to:

no conditions.

the conditions listed on the attached sheet.

The Competition Tribunal has the authority in terms of section 16(3) of the Competition Act to revoke this approval if

- a) it was granted on the basis of incorrect information for which a party to the merger was responsible.
- b) the approval was obtained by deceit.
- c) a firm concerned has breached an obligation attached to this approval.

### Contacting the Tribunal

The Competition Tribunal  
Private Bag X24  
Sunnyside  
Pretoria 0132  
Republic of South Africa  
tel: 27 12 394 3300  
fax: 27 12 394 0169  
e-mail: [ctsa@comptrib.co.za](mailto:ctsa@comptrib.co.za)

### The Registrar, Competition Tribunal

*Tebogo Mputle*



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM014Apr21

**Mr Price Group Limited** (Primary Acquiring Firm)

and

**K2018509367 (South Africa) Proprietary Limited** (Primary Target Firm)

---

### REASONS FOR DECISION

---

- [1] On 19 July 2021, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger between Mr Price Group Limited (“Mr Price Group”) and K2018509367 (South Africa) (Pty) Ltd (“Yuppiechef”).
- [2] Mr Price Group will acquire 100% of the issued shares of Yuppiechef, such that Mr Price Group will wholly control Yuppiechef, post-merger.
- [3] Mr Price Group is listed on the JSE and is not controlled by any single shareholder or firm, but controls several entities across Southern Africa. It operates through various brands in South Africa.<sup>1</sup>
- [4] Yuppiechef is controlled by multiple shareholders and controls Yuppiechef Holdings (Pty) Ltd (“Yuppiechef Holdings”). Yuppiechef Holdings in turn controls the following firms in South Africa: Edison Stone (Pty) Ltd (“Edison Stone”), Yuppiechef Digital (Pty) Ltd (“Yuppiechef Digital”), and Yuppiechef Online (Pty) Ltd (“Yuppiechef Online”).<sup>2</sup>
- [5] The Mr Price business is an “omnichannel” retail business operating physical retail stores, which are complimented by active social media engagement and marketing through platforms such as Instagram, Facebook and YouTube, so that customers can purchase products online for delivery or collection throughout South Africa.
- [6] Yuppiechef is a South African retailer, focused on the supply of kitchen and homeware, furniture, and appliances, mainly via its website (online sales). Yuppiechef operates seven “brick and mortar” stores, as well as a wholesale division, which develops, and imports branded goods, primarily kitchenware, for wholesale distribution to retail customers in South Africa. Its focus is on the middle-to-upper income customers who value quality and detail.
- [7] In its competition assessment, the Competition Commission (“Commission”) identified a horizontal overlap, in that the merging parties are both active in the retail of homeware and related products in South Africa, as well as a vertical overlap as Yuppiechef, though Edison Stone, is a wholesaler of homeware product while Mr Price Group, through Mr Price Home is active as a retailer of homeware products.

---

<sup>1</sup> These brands are Mr Price, Miladys, Mr Price Sports, Mr Price Home, and Sheet Street.

<sup>2</sup> Yuppiechef and all of its subsidiaries will collectively be referred to as “Yuppiechef”.

- [8] In its horizontal assessment, the Commission did not conclude on definitive product and geographic markets. The Commission, nonetheless, assessed the competitive effects of the proposed transaction in the following markets:
- 8.1. The broad national market for the retail of homeware, furniture and appliances;
  - 8.2. The national downstream market for the retail of homeware products;
  - 8.3. The national upstream market for the wholesale of homeware products;
  - 8.4. The national market for the retail of furniture; and
  - 8.5. The national market for the retail of appliances.
- [9] In these markets, the Commission, found that the merging parties would have low post-merger market shares, and would continue to be constrained by other players in each of the above markets.
- [10] In determining closeness of competition between the merging parties, the Commission considered the channel used to sell products by the merging parties, product characteristics and customer focus. In this regard, the Commission found that Mr Price and Yuppiechef are unlikely to be considered close competitors in the relevant markets.
- [11] In its vertical assessment, the Commission found that the vertical overlap in the merging parties' activities is unlikely to result in foreclosure.
- [12] The Commission, during its investigation, received concerns from two third parties. The first concern was raised by a competitor of Edison Stone, who is also a supplier to Yuppiechef. The concern raised was that Mr Price Group may use their buying power to replicate their brands at a lower price range, thus pricing their brands out of the market. The merging parties submitted, among others, that the concerns raised are not merger-specific as Mr Price Group would have the ability to offer lower-priced brands absent the merger, regardless as to whether or not Edison Stone was part of the Mr Price Group.
- [13] The second concern was raised by a customer of Edison Stone, who is also a competitor of Yuppiechef. The concern in this instance was that, combined, the two entities would have dominance across the entire homeware market, thus making it difficult for other retailers to compete as they share amongst other things, expertise, skills and budgets. A further concern was that Mr Price Group's buying power combined with the attraction of the Yuppiechef platform and their combined footprint and market coverage, could result in brands giving them exclusivity, which will impact negatively on the homeware market. Additionally, it was submitted that the combination of the Mr Price Group and Yuppiechef will likely grant them a strong negotiating position and/or buyer power meaning that they could "own" manufacturers, thereby isolating or dominating the supply chain to the detriment of other retailers. In response, the merging parties submitted that Yuppiechef does not have the rights to retail any brands exclusively on an ongoing basis, although it may have the exclusive right to retail certain product ranges (or products within ranges) for a limited period of time. Further, such agreements are typical in respect of imported homeware products globally and are also common in South Africa. Additionally, the merged entity would have a low market share and thus fail to meet the Competition Act's definition of a "dominant firm". As such, it would have no "market power" when considering the number of rivals it faces, the ability of customers to switch to other stores, and the strong position of global suppliers to negotiate to supply retailers all over the world.

- [14] The Commission was of the view that the proposed transaction is unlikely to substantially lessen or prevent competition.
- [15] In assessing the merger's effect on employment, the Commission contacted the employee representatives representing the employees of the acquiring group and the target firm, and no concerns were raised.
- [16] In assessing whether the merger would have an impact on a particular industrial sector or region, the Commission considered submissions from the Department of Trade Industry and Competition ("DTIC"). The DTIC was of the view that the acquisition, if approved, will result in Mr Price having full access to a successful e-commerce platform that will enhance its e-commerce offering and income. Further, the DTIC submitted that Yuppiefchef's website has a category of South African produced products offered for sale on their e-commerce platform. In this regard, the DTIC required Yuppiefchef to provide them with information on the percentage of sales of locally produced goods that it sold in the last three financial years. Further, the DTIC stated that as contemplated in terms of section 12A(3) of the Competition Act, the merged entity is required to make offers of listing of South African-produced goods that will suit the product mix of the merged entity on its e-commerce platform.
- [17] In response, the merging parties submitted that, Yuppiefchef does currently offer a range of products that are produced in South Africa as its business is focused on the sale of premium or high-end international brands. The merging parties also submitted that Mr Price is focussed on increasing its local procurement as far as possible. This focus includes its participation in the Retail-Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan Initiative (Masterplan) through its membership of the National Clothing Retail Federation. Its intention is to maintain and, where possible, improve local procurement in line with the Masterplan, which is being implemented across existing Mr Price business. Once Yuppiefchef forms part of the Mr Price Group, Yuppiefchef's procurement of local products will count towards Mr Price Group's overall targets, [REDACTED]
- [18] Regarding the DTIC's suggestion that the merged entity should make offers of listing of South African-produced goods that will suit the product mix of the merged entity on its ecommerce platform, the parties explained that neither Yuppiefchef nor Mr Price Group is an "ecommerce platform" as identified by the Commission in its Draft Report on Competition in the Digital Markets or an online/ digital intermediary platform. Yuppiefchef does not connect buyers and sellers through an online platform (like Takealot), but rather, it operates a website through which it sells the products that it has itself curated and sourced. It assumes the risk by buying products from suppliers, based on its product and pricing strategy, to appeal to its niche target market. Therefore, it would not be appropriate to require the merged entity to make any offers of listing as this would fundamentally change Yuppiefchef's business model. Secondly, the parties submitted that Yuppiefchef is focused on sales of premium branded (mainly imported) kitchen and homeware to South African consumers and does not sell any products to customers outside of South Africa. The proposed transaction will accordingly not impact on sales of locally made products to customers in any international markets.
- [19] The Commission further found that the proposed transaction will result in the promotion of a greater spread of ownership as envisaged in section 12A(3)(e) of the Competition Act, as pre-merger, Yuppiefchef does not have an HDP shareholding. However, Yuppiefchef will, post-merger, be wholly controlled by Mr Price Group, whose shares are widely held, including by historically disadvantaged individuals.

[20] We concluded that the proposed transaction is unlikely to substantially lessen or prevent competition in any relevant market, or to have a negative impact on the public interest.

Signed by: Enver Daniels  
Signed at: 2021-07-19 16:30:07 +02:00  
Reason: Witnessing Enver Daniels

*Enver Daniels*

**19 July 2021**

**Date**

---

**Mr Enver Daniels**  
**Ms Yasmin Carrim and Ms Andiswa Ndoni concurring**

Tribunal Case Manager:  
For the Merging Parties:  
For the Commission:

C Mathonsi  
H Irvine and K Lloyd of Bowman Gilfillan  
Z Siyo and M Aphone