



Our ref: IM-70220
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14 June 2019

Dear Interested Party

Request for submissions: Wesfarmers Limited's proposed acquisition of Catch Group Holdings Limited

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Catch Group Holdings Limited (**Catch**) by Wesfarmers Limited (**Wesfarmers**) (the **proposed acquisition**).

Both Catch and Wesfarmers, primarily through its Kmart and Target stores, compete in the retail supply of products in a wide range of product categories. Kmart and Target primarily sell via bricks and mortar stores along with online stores for each of Kmart and Target. Catch operates an online website and third-party marketplace. Further details regarding the proposed acquisition can be found at **Attachment A**.

The ACCC's investigation is focused on the likely impacts of the proposed acquisition on retail competition as well as on third-party marketplace sellers. In particular, we are seeking your views on:

- whether the proposed acquisition of Catch would remove a potentially significant competitive threat at the retail level, and
- how the proposed acquisition would affect commission rates for third-party sellers currently utilising Catch.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in any market.

Please provide your response by no later than **5pm on 5 July 2019**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Wesfarmers' proposed acquisition of Catch - attention Lavinia de Havilland/Justin Thompson*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Lavinia de Havilland on (02) 6243 3002 or Justin Thompson on (02) 9230 9135.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Suzie Copley
General Manager
Merger Coordination and Strategy

Attachment A

Wesfarmers

Wesfarmers' business operations include Kmart, Target, Officeworks, Bunnings, 15% of the shares in Coles Group Ltd and 50% of the shares in Loyalty Pacific Pty Ltd (trading as flybuys).

Wesfarmers' Kmart Group operates approximately 505 Kmart and Target bricks and mortar stores throughout Australia and operates online stores for each of Kmart and Target. The Kmart Group retails the following product categories: womenswear, menswear, children's wear, homewares, toys, general merchandise, beauty, sports and outdoors, ambient grocery, pet products and electronics.

Catch

Catch launched in 2006 and is an Australian online retailer of womenswear, menswear, children's wear, homewares, toys, general merchandise, beauty products, sports and outdoor products, ambient grocery products, pet products and electronics. It operates a website and mobile app.

Catch's business has two main parts:

- 1) it offers out-of-season, clearance or overrun branded apparel and general merchandise products, and
- 2) it launched an online marketplace in May 2017, through which third-party sellers supply products to customers. Catch earns a commission on third-party sales.

Catch also offers customers a subscription service, Club Catch, for a monthly or yearly fee which entitles members to free shipping (for purchases above \$45) and exclusive deals on selected products.

The proposed acquisition

The proposed acquisition was announced on 12 June 2019 and involves Wesfarmers acquiring the entirety of Catch.

Attachment B

1. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with Wesfarmers, Kmart Group or Catch.

Retail competition

2. Is Catch a close competitor to Kmart Group? In addressing this question, relevant factors may include their product ranges, brands, price points and the customer experience they offer.
3. Is Catch a significant competitive threat to Wesfarmers? In addressing this question, please have regard to price discounting, innovation or business expansion by Catch.
4. Would other retailers, particularly Amazon and/or eBay, effectively constrain a combined Wesfarmers/Catch, in terms of retail pricing and service levels?
5. How readily could other online retailers (for example, Kogan) expand, in terms of product range or the scale of their operations, to compete with a combined Wesfarmers/Catch?

Third-party sellers

6. If you're a third-party seller via Catch and/or another online marketplace, please describe the factors influencing your choice of online marketplace. How do they compare?
7. Please identify your sales via Catch and other distribution channels (for example, other online marketplaces, bricks and mortar stores, or your own website).
8. If the combined Wesfarmers/Catch increased commission rates to third-party sellers, how would you respond? Also, are there any significant costs or obstacles to switching between online marketplaces or to other distribution channels?

Other information or competition issues

9. If you are a supplier of products to Catch and/or Wesfarmers' Kmart Group, please address the likely competition effects of the proposed acquisition.
10. Please provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.