



23 Marcus Clarke Street
Canberra ACT 2601

GPO Box 3131
Canberra ACT 2601

tel: (02) 6243 1368

mergers@acc.gov.au

www.acc.gov.au

Our ref: IM-71853
Contact officer: Braeden Smith / Will Richards
Contact phone: 02 6243 4936

14 June 2022

Dear interested party

Request for submissions: Woolworths' proposed acquisition of MyDeal

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on Woolworths Group Limited's (**Woolworths**) proposed acquisition of 80.16% of the issued shares in MyDeal.com.au Limited (**MyDeal**) (the **proposed acquisition**).

Woolworths is an ASX listed Australian and New Zealand retailer, and its operations primarily include supermarkets and general merchandise. Woolworths owns BIG W, which supplies a broad range of products both in-store and online (e.g. via bigw.com.au). Woolworths also operates 'Everyday Market from Woolworths', an online marketplace that lists products from Woolworths' owned sellers and third-party sellers.

MyDeal is an ASX listed Australian retailer which operates an online retail marketplace specialising in general merchandise items such as furniture and homewares. Further details regarding the proposed acquisition can be found at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- whether the proposed acquisition of MyDeal would remove a potentially significant competitive threat to Woolworths at the retail level;
- how the proposed acquisition would affect commission rates for third-party sellers currently utilising MyDeal; and
- whether the proposed acquisition would affect suppliers of products to Woolworths or MyDeal.

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 acquisition is in section 50 of the *Competition and Consumer Act 2010* (the **Act**). Section 50 prohibits acquisitions that are

likely to have the effect of substantially lessening competition in a market.

Please provide your response by no later than **28 June 2022**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Woolworths MyDeal - attention Mark Rakers / Will Richards*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Braeden on 02 6243 4936.

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 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



Mark Rakers
Acting General Manager
Policy, Co-ordination and Remedies

Attachment A

Woolworths

Woolworths is an ASX listed (ASX: WOW) retailer with operations in Australia and New Zealand. Its operations primarily include supermarkets and general merchandise.

In addition to its supermarket operations, Woolworths operates 'Everyday Market from Woolworths', an online marketplace that lists products from Woolworths' owned sellers and third-party sellers. 'Everyday Market from Woolworths' product offerings include household products, health and beauty, books, toys, baby products, food and gift hampers (which may contain food and beverages).

Woolworths' also owns BIG W, a national discount department store business. BIG W supplies general merchandise in store and online. Its product offering includes clothing, homewares and furniture, appliances, other electronics, sports and outdoors, appliances, beauty and health products, toys and books. There are 176 BIG W stores in Australia.

MyDeal

MyDeal is an ASX listed (ASX: MYD) Australian retailer which operates an online retail marketplace specialising in general merchandise items, including furniture and homewares. MyDeal's primary business activities are comprised of:

- a) the operation of the MyDeal online retail marketplace for third-party sellers, with MyDeal receiving revenue from third party sellers that sell products via its platform; and
- b) the supply of MyDeal's own products through the MyDeal online retail marketplace. MyDeal's products include private label products and third-party brand products acquired by MyDeal for re-sale.

The online retail marketplace operated by MyDeal acts as an intermediary, facilitating transactions between consumers and sellers via its proprietary technology platform. It allows customers to browse and purchase products, which are then shipped directly from the third-party seller to the customer. Sellers remain responsible for managing product listings, including fulfilling orders, managing product descriptions and images, and setting sales prices. MyDeal provides tools for sellers to manage their listings, including facilitating purchases, collecting payments and providing refunds. MyDeal receives a commission from the seller for each sale.

MyDeal also produces and sells private label products, as well as acquiring and selling products produced by third-party brands. MyDeal's private label business currently covers furniture and home and garden products, and its brands include Duke Living, ErgoDuke, Esplanade Home and Kubo.

MyDeal has also launched a trade and commercial program which supplies various items to home and office customers, as well as an activities and experiences marketplace called 'Amazed' that connects customers with events and experiences.

The proposed acquisition

Woolworths intends to acquire 80.16% of the share capital in MyDeal via a scheme of arrangement. The transaction is scheduled to complete in Q3 2022, after which MyDeal would be delisted from the ASX.

Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationships with Woolworths or MyDeal.

Retail competition

3. Is Woolworths (including BIG W and Everyday Market) a close competitor to MyDeal? In addressing this question please provide reasons for your response, relevant factors may include their respective product ranges, brands, price points and the customer experience they offer.
4. Is MyDeal a significant competitive threat to Woolworths (including BIG W and Everyday Market)? In addressing this question please provide reasons for your response, you may have regard to price discounting, innovation or business expansion by MyDeal.
5. Would other retailers, particularly Amazon, eBay, Kogan or Catch effectively constrain a combined Woolworths / MyDeal, regarding retail pricing and service levels?

Third-party sellers

6. If you are a third-party seller via MyDeal, Everyday Market and/or another online marketplace, please describe the factors influencing your choice of online marketplace (eg, commissions, pricing structures, penalties for leaving, access to particular markets or any other factors). How do they compare?
7. Please provide your total retail sales for FY 2020/21 via each of MyDeal and Everyday Market, as well as other distribution channels that you use (for example, other online marketplaces, bricks and mortar stores, or your own website).
8. If the combined Woolworths / MyDeal increased commission rates or reduced the services provided to third-party sellers, how would you respond? Are there other online marketplaces or distribution channels you could switch to, and what, if any, would be the costs or obstacles to switch?

Other information or competition issues

9. If you are a supplier of products to Woolworths or MyDeal, 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 *Competition and Consumer Act 2010* (Cth).