

Reference and background

1. On 13 March 1992 the Department of Trade and Industry sent to the MMC the following reference:

Whereas it appears to the Secretary of State that it is or may be the fact that a merger situation qualifying for investigation, as defined in section 64(8) of the Fair Trading Act 1973 ('the Act'), has been created in that:

- (a) enterprises carried on by or under the control of Reckitt & Colman plc (incorporated in the United Kingdom) have within the six months preceding the date of this reference ceased to be distinct from enterprises carried on by or under the control of Sara Lee Corporation; and
- (b) as a result, the condition specified in section 64(2) of the Act prevails, or does so to a greater extent, with respect to the supply in the United Kingdom of applied shoe care products:

Now, therefore, the Secretary of State, in exercise of his powers under sections 64, 68 and 69(2) of the Act, hereby refers to the Monopolies and Mergers Commission, for investigation and report within a period ending on 17 June 1992, the following questions:

- (i) whether a merger situation qualifying for investigation has been created as a result of the matter described in paragraph (a) above; and
- (ii) if so, whether the creation of that situation operates, or may be expected to operate, against the public interest.

In relation to the question in paragraph (i) above, the Commission shall exclude from consideration one of the paragraphs (a) and (b) of section 64(1) of the Act if they find the other satisfied.

In this reference, 'applied shoe care products' means polishes intended for use on any type of footwear in such form as paste, wax, cream, liquid, gel or impregnated sponge or cloth.

(Signed) JOHN ALTY
An Assistant Secretary
Department of Trade and Industry

13 March 1992

2. The composition of the Group of members responsible for the present investigation and report is indicated in the list of members in the preface.

3. Notices inviting interested parties to submit evidence to the MMC were placed in the *Financial Times* and *Shoe and Leather News*.

4. We received written submissions from, and held a hearing with, Sara Lee. We visited its plant at Honley and a member of staff visited its warehouse and distribution centre at Lutterworth.

5. We sought evidence and views from other suppliers of applied shoe care products, and related products, in the United Kingdom and overseas, from wholesale and retail customers and from the trade press, trade associations and trade unions. Written evidence was received from many of these parties and we held hearings with nine of them.

6. Some of the evidence obtained in the course of our inquiry was of a confidential nature and our report contains only such information as we considered necessary for an understanding of our conclusions.

7. We would like to thank all those who helped in our inquiry, and particularly Sara Lee and Reckitt & Colman.

