

APPENDIX 12.2

(referred to in paragraphs 2.175, 2.176, 2.177, 2.359, 3.170, 3.171, 3.172, 3.355, 4.172, 4.173, 4.174, 4.356, 5.174, 5.175, 5.176, 5.356, 6.9, 12.64, 12.80, 12.84 and 12.92)

Observations on the behaviour of suppliers of reference white goods relating to withholding supply from dealers

1. We received observations about the behaviour of suppliers of reference white goods relating to the second complex monopoly situation (withholding supply from dealers) from:

- (a) multiple retailers (ie, those with five outlets or more), mail order companies, warehouse clubs, and wholesalers in their responses to the postal questionnaires and in hearings with them;
- (b) statements made to our interviewers during the survey of small retailers;¹
- (c) further discussions with small retailers, following up (b); and
- (d) correspondence with the parties identified above and others.

We received a total of 185 observations, 47 relating to washing machines; 43 to tumble driers; 47 to dishwashers; and 48 to CFS equipment. We did not pursue 126 of them, either because they lacked sufficient detailed evidence for us to pursue them further (see paragraph 6.6) or because the points made were outside our terms of reference.

2. The remaining 59 observations, 15 relating to washing machines; 13 to tumble driers; 15 to dishwashers; and 16 to CFS equipment, and suppliers comments on them, are set out here. In some cases the supplier did not accept the facts as presented by the dealer and gave us a different account of events. In such cases we went back to the dealer; and his response is recorded below the supplier's comments.

3. Some retailers requested that their identities should not be revealed to the suppliers concerned. In all cases and after careful consideration, we acceded to these requests (see paragraphs 6.7 to 6.8). We have identified these observations by the use of a code number (for example, SRS 123). We sought comments from the suppliers concerned but, in most cases, they declined to respond without being presented with a full account of the case, including the dealer's identity. In some cases, we asked retailers to reconsider their requests for anonymity. None were willing to forgo it. We did not reach conclusions on any of the ten cases where the dealer wanted to remain anonymous nor in 20 other cases in which the dealer was named but where there was a conflict of evidence between the dealer and the supplier which we were unable to resolve.

4. In 29 cases: 7 relating to washing machines, 7 to tumble driers, 7 to dishwashers, and 8 to CFS equipment, we accepted the dealer's account. Such cases are denoted here by an asterisk following the name of the dealer.

¹See paragraph 6.11.

Washing machines

Atag

A1 **SRS 79**

(a) Dealer's observation

This retailer (SRS 79) said he had been refused supply of Atag washing machines on the grounds that the locality was already supplied. He requested that his identity should not be divulged to the supplier since he did not think this would best serve his interests.

(b) Supplier's response

Atag told us that the fact that a locality was already supplied would not, in isolation, be grounds for it to refuse supply (it had some accounts within a quarter of a mile of each other). Creditworthiness would be a consideration.

Emaco (Electrolux)

A2 **PriceCostco***

(a) Dealer's observation

PriceCostco told us it had been unable to obtain direct supplies of Electrolux washing machines.

(b) Supplier's response

Emaco told us that Electrolux had had exploratory discussions only with PriceCostco concerning the supply of reference goods. At no stage had Electrolux received a formal request for supply. Electrolux had voiced a concern about PriceCostco's ability to retail white goods successfully, given its lack of suitably trained and knowledgeable sales staff and appropriate customer care facilities.

(c) Dealer's response

PriceCostco responded by telling us that it had requested supplies of Electrolux reference goods at the 'Confortec' exhibition in Paris in January 1996. Since then it had received no response.

(d) Supplier's further response

Emaco told us that Electrolux's Sales Director had had an informal conversation with one of PriceCostco's buyers at the 'Confortec' exhibition in Paris in 1996. PriceCostco had been interested only in obtaining supplies of Electrolux absorption refrigerators (suitable for hotel use). At the recent 'Domotechnica' exhibition in Cologne (in February 1997), Electrolux had had further exploratory discussions with PriceCostco concerning the possible future supply of reference goods. To date, Electrolux had been unable to agree commercial terms of supply with PriceCostco.

(e) Dealer's further response

In April 1997 PriceCostco told us that it had not requested supply only of Electrolux's absorption refrigerators but of all four reference white goods.

Emaco (Tricity Bendix)

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Tricity Bendix washing machines.

(b) Supplier's response

Emaco told us that in spring 1996 PriceCostco had considered requesting direct supplies of Tricity Bendix reference goods although PriceCostco had not followed this up with a request for discussions with the Tricity Bendix brand.

(c) Dealer's response

PriceCostco responded by telling us that it had first asked Tricity Bendix to supply it with Tricity Bendix reference goods at the 'Confortec' exhibition in Paris in January 1996 but it had received no response from Tricity Bendix following that meeting. PriceCostco had contacted Tricity Bendix on a number of occasions subsequently. Tricity Bendix had refused, and continued to refuse, to supply it.

(d) Supplier's response

Emaco told us that Tricity Bendix had not been represented at the 'Confortec' exhibition in Paris in 1996. Accordingly, Tricity Bendix had not received a request there from PriceCostco for supplies of Tricity Bendix products, and it had not received any such request at any other time.

(e) Dealer's response

PriceCostco agreed that its previous accounts had been mistaken.

Emaco (Zanussi)

(a) Dealer's observation

N&P told us that Zanussi had refused to supply it with washing machines because its marketing policy was not acceptable. N&P's subsidiary, M6 Cash and Carry, had been forced to take the entire Zanussi range, otherwise it would not have been supplied. Zanussi had written to N&P in December 1994 declining to supply reference products because N&P's marketing intention of offering a reduction in MRP prices to account customers did 'not fit comfortably with the Zanussi orderly marketing policy'.

(b) Supplier's response

Emaco told us that Zanussi had been approached by N&P's wholesaling operations in late 1994 with a view to obtaining direct supplies for wholesale to N&P's account customers (ie retailers). Zanussi had concluded that agreeing to this would not have fitted comfortably with its marketing strategy of moving towards direct trading with retailers. N&P's observation had prompted Zanussi to review its files where it had found a copy of the letter sent to N&P on 22 December 1994. That letter was, with hindsight, misleading. It did not properly record Zanussi's reasoning at that time. Zanussi regretted any confusion or misunderstanding that the letter might have created at N&P or the MMC.

A5 **PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Zanussi washing machines.

(b) Supplier's response

Emaco told us that PriceCostco had contacted Zanussi in February 1996 with a view to obtaining direct supplies of Zanussi reference goods. Zanussi had informed PriceCostco that a direct trading relationship was inappropriate because PriceCostco's emphasis on wholesaling would be at odds with Zanussi's current marketing strategy of moving towards direct trading with retailers. Also, as regards PriceCostco's retail sales to its warehouse club members, Zanussi had reservations about PriceCostco's lack of qualified sales personnel in the area of major white goods, the absence of appropriate customer care facilities, and the fact that PriceCostco would only want to stock and display a very small range of Zanussi appliances.

A6 **Savacentre***

(a) Dealer's observation

Savacentre told us that it had held discussions with Zanussi but Zanussi had been reluctant to enter into a trading agreement on the grounds that Savacentre was not needed as a part of Zanussi's distribution network for washing machines.

(b) Supplier's response

Emaco told us that Savacentre had contacted Zanussi with a view to opening a direct trading account. During initial discussions, Savacentre had showed and explained its retailing format to Zanussi. There had been a few white goods on display (including Tricity Bendix models). Zanussi had indicated that it had some concerns about the nature and style of the business, specifically, Savacentre's limited support in terms of suitably qualified sales staff and customer care facilities (notably pre- and post-sales support). Zanussi had also considered that the 'cash-and-carry' environment (in a relatively small corner of a large food store) might detract from the image of Zanussi's range of white goods. It had been agreed that Savacentre would reflect on these issues and that further discussions might be held in the future. Zanussi had heard no more from Savacentre.

(c) Dealer's response

Savacentre responded by telling us that its comments were impressions and views. There was nothing in writing from Zanussi to substantiate these views.

Gaggenau

A7 **SRS 660**

(a) Dealer's observation

This retailer (SRS 660) told us that in 1995 Gaggenau had refused to supply him with washing machines on the grounds that the locality was already supplied: he was told to buy the goods from another retailer in the area. He said that he would not like his comments attributed to him because he was concerned about the supplier's reaction.

(b) Supplier's response

Gaggenau told us that it was impossible for it to comment when it did not know the name or the locality of the dealer in question. It said we must realize that retailers' comments were probably just 'sour grapes' over some other trivial matter such as not paying their bills and Gaggenau chasing them for payment.

GDA (Creda)

A8 ***The Cooker Factory***

(a) Dealer's observation

Mr Allsop of The Cooker Factory, Glasgow, told us that when he had wished to obtain supplies of washing machines direct from Creda (as opposed to supply through a major wholesaler) his request had been refused because he discounted heavily. The wholesaler continued to supply but had told him that Creda continually urged it to withdraw supplies.

(b) Supplier's response

GDA told us that it had made enquiries of the relevant Creda sales personnel. The Cooker Factory was a Hotpoint Centre and traded direct with Hotpoint on terms which were broadly similar to those of other small retailers. Creda had been unable to find any evidence in the four years up to April 1996 of any request from The Cooker Factory for a direct account and, therefore, of any refusal of such a request. GDA had not asked any wholesaler to withhold supplies from The Cooker Factory.

(c) Dealer's response

Mr Allsop responded by telling us that he stood by everything he had told us.

GDA (Hotpoint)

A9 ***Cargo Club****

(a) Dealer's observation

N&P told us that in June 1994 Hotpoint had refused to supply its Cargo Club business with washing machines.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply Cargo Club because it had not fulfilled the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another (named) major supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was its view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned. Warehouse clubs in the USA had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the US market and there were signs that their membership was in decline.

A10 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Hotpoint washing machines.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply PriceCostco because it did not fulfil the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another major named supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was GDA's view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned.

Warehouse clubs in the USA had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the US market and there were signs that their membership was in decline. (In March 1997, GDA informed us that its Creda brand had been approached by PriceCostco at a trade exhibition in February 1997. PriceCostco had indicated that it believed it was now able to fulfil Creda's criteria for supply. A meeting had been arranged between Creda and PriceCostco to discuss how to progress matters. (See paragraph 12.73.)

A11 **Savacentre**

(a) Dealer's observation

Savacentre told us that in 1993 or 1994 Hotpoint had declined to supply it with washing machines because it did not need Savacentre to provide incremental business.

(b) Supplier's response

GDA told us that Savacentre's comment appeared improbable. Hotpoint had no evidence of the request being made, and without knowing the date of the alleged refusal to supply could not take matters further. Hotpoint sought wide distribution and it would have wanted to discuss any proposals that Savacentre might have. The only context in which Savacentre had been mentioned was when the small appliance buyer from Rumbelows moved to Savacentre. She had said that Savacentre would approach Hotpoint about possible future supply of the reference goods. Hotpoint had made an arrangement for the buyer to meet (a named Hotpoint contact) at a trade exhibition in February 1995 but no approach had been made. In March 1997 Hotpoint said that it understood from a recent discussion between Hotpoint and Savacentre that the latter was no longer interested in stocking washing machines.

(c) Dealer's response

Savacentre responded by telling us that it stood by its original response. These were views and impressions. All Savacentre's dealings with Hotpoint had been on a verbal basis; Savacentre had never written formally to open an account.

A12 **Mr Hodge**

(a) Dealer's observation

Mr Hodge of South Petherton, Somerset, said that he had been refused supply of washing machines by Hotpoint in 1993 on the grounds that the locality was already supplied. He was still not being supplied.

(b) Supplier's response

Hotpoint told us that it had checked its records for the period 1993 to 1995, but had not been able to trace any application by Mr Hodge to be supplied as a direct customer. Hotpoint sought to be as widely distributed as possible.

(c) Dealer's response

Mr Hodge responded by telling us that his application to Hotpoint had been made in writing, but unfortunately he had not kept a copy. The reply from Hotpoint had been by telephone.

Hoover

A13 **PriceCostco**

(a) Dealer's observation

PriceCostco said that it had been unable to obtain direct supplies of Hoover washing machines.

(b) Supplier's response

Hoover told us that it was not aware of any request by PriceCostco to purchase washing machines. PriceCostco currently appeared to have no difficulty in obtaining them from other sources.

(c) Dealer's response

PriceCostco responded by telling us that initial discussions with Hoover had gone well in 1993. Its account was about to be set up in August when Hoover had withdrawn. No further discussions had taken place.

MDA (Ariston)

A14 **PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of MDA's brands of washing machines.

(b) Supplier's response

MDA told us that PriceCostco's observation was incorrect in that MDA had not refused to supply PriceCostco with washing machines altogether. MDA had specifically offered to supply PriceCostco with Indesit branded products and had refused only to supply it with the Ariston brand.

(c) Dealer's response

PriceCostco responded by telling us that it wanted only MDA's Ariston brand, as it had requested to MDA on 30 January 1996 in Paris at the 'Confortec' exhibition.

Neff

A15 **SRS 662**

(a) Dealer's observation

This retailer (SRS 662) said that in 1993 Neff had refused to supply him with washing machines because it did not want his known discounting to upset its other dealers in the area. Neff had wanted to supply only a small number of appointed agents in the area to keep competition low. And it was keen for its dealers to keep to RRP's. The retailer requested that his identity should not be divulged to the supplier since to do so would not be in his best interest.

(b) Supplier's response

Neff told us that it denied, and could not follow, the allegation in the retailer's observation. Its share of the

relevant markets was so small that it could not see how such an episode could have happened. But it could make no further comment unless more information was given about the retailer concerned, or even his geographical location.

Tumble driers

Emaco (Electrolux)

B1 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Electrolux tumble driers.

(b) Supplier's response

Emaco told us that Electrolux had had exploratory discussions only with PriceCostco concerning the supply of reference goods. At no stage had Electrolux received a formal request for supply. Electrolux had voiced a concern about PriceCostco's ability to retail white goods successfully, given its lack of suitably trained and knowledgeable sales staff and appropriate customer care facilities.

(c) Dealer's response

PriceCostco responded by telling us that it had requested supplies of Electrolux reference goods at the 'Confortec' exhibition in Paris in January 1996. Since then it had received no response.

(d) Supplier's further response

Emaco told us that Electrolux's Sales Director had had an informal conversation with one of PriceCostco's buyers at the 'Confortec' exhibition in Paris in 1996. PriceCostco had been interested only in obtaining supplies of Electrolux absorption refrigerators (suitable for hotel use). At the recent 'Domotechnica' exhibition in Cologne (in February 1997), Electrolux had had further exploratory discussions with PriceCostco concerning the possible future supply of reference goods. To date, Electrolux had been unable to agree commercial terms of supply with PriceCostco.

(e) Dealer's further response

In April 1997 PriceCostco told us that it had not requested supply only of Electrolux's absorption refrigerators but of all four reference white goods.

Emaco (Tricity Bendix)

B2 ***PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Tricity Bendix tumble driers.

(b) Supplier's response

Emaco told us that in spring 1996 PriceCostco had considered requesting direct supplies of Tricity Bendix reference goods although PriceCostco had not followed this up with a request for discussions with the Tricity Bendix brand.

(c) Dealer's response

PriceCostco responded by telling us that it had first asked Tricity Bendix to supply it with Tricity Bendix reference goods at the 'Confortec' exhibition in Paris in January 1996 but it had received no response from Tricity Bendix following that meeting. PriceCostco had contacted Tricity Bendix on a number of occasions subsequently. Tricity Bendix had refused, and continued to refuse, to supply it.

(d) Supplier's response

Emaco told us that Tricity Bendix had not been represented at the 'Confortec' exhibition in Paris in 1996. Accordingly, Tricity Bendix had not received a request there from PriceCostco for supplies of Tricity Bendix products and it had not received any such request at any other time.

(e) Dealer's response

PriceCostco agreed that its previous accounts had been mistaken.

Emaco (Zanussi)

B3 ***N&P****

(a) Dealer's observation

N&P told us that Zanussi had refused to supply it with tumble driers because its marketing policy was not acceptable. N&P's subsidiary, M6 Cash and Carry, had been forced to take the entire Zanussi range, otherwise it would not have been supplied. Zanussi had written to N&P in December 1994 declining to supply reference products because N&P's marketing intention of offering a reduction in MRP prices to account customers did 'not fit comfortably with the Zanussi orderly marketing policy'.

(b) Supplier's response

Emaco told us that Zanussi had been approached by N&P's wholesaling operations in late 1994 with a view to obtaining direct supplies for wholesale to N&P's account customers (ie retailers). Zanussi had concluded that agreeing to this would not have fitted comfortably with its marketing strategy of moving towards direct trading with retailers. N&P's observation had prompted Zanussi to review its files where it had found a copy of the letter sent to N&P on 22 December 1994. That letter was, with hindsight, misleading. It did not properly record Zanussi's reasoning at that time. Zanussi regretted any confusion or misunderstanding that the letter might have created at N&P or the MMC.

B4 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Zanussi tumble driers.

(b) Supplier's response

Emaco told us that PriceCostco had contacted Zanussi in February 1996 with a view to obtaining direct supplies of Zanussi reference goods. Zanussi had informed PriceCostco that a direct trading relationship was inappropriate because PriceCostco's emphasis on wholesaling would be at odds with Zanussi's current marketing strategy of moving towards direct trading with retailers. Also, as regards PriceCostco's retail sales to its warehouse club members, Zanussi had reservations about PriceCostco's lack of qualified sales personnel in the area of major white goods, the absence of appropriate customer care facilities, and the fact that PriceCostco would only want to stock and display a very small range of Zanussi appliances.

B5 ***Savacentre****

(a) Dealer's observation

Savacentre told us that it had held discussions with Zanussi but Zanussi had been reluctant to enter into a trading agreement on the grounds that Savacentre was not needed as a part of Zanussi's distribution network for tumble driers.

(b) Supplier's response

Emaco told us that Savacentre had contacted Zanussi with a view to opening a direct trading account. During initial discussions, Savacentre had showed and explained its retailing format to Zanussi. There had been a few white goods on display (including Tricity Bendix models). Zanussi had indicated that it had some concerns about the nature and style of the business, specifically, Savacentre's limited support in terms of suitably qualified sales staff and customer care facilities (notably pre- and post-sales support). Zanussi had also considered that the 'cash-and-carry' environment (in a relatively small corner of a large food store) might detract from the image of Zanussi's range of white goods. It had been agreed that Savacentre would reflect on these issues and that further discussions might be held in the future. Zanussi had heard no more from Savacentre.

(c) Dealer's response

Savacentre responded by telling us that its comments were impressions and views. There was nothing in writing from Zanussi to substantiate these views.

Gaggenau

B6 ***SRS 660***

(a) Dealer's observation

This retailer (SRS 660) told us that in 1995 Gaggenau had refused to supply him with tumble driers on the grounds that the locality was already supplied: he was told to buy the goods from another retailer in the area. The retailer said that he would not like his comments to be attributed to him because he was concerned about the supplier's reaction.

(b) Supplier's response

Gaggenau told us that it was impossible for it to comment when it did not know the name or the locality of the dealer in question. It said that we must realize that retailers' comments were probably just 'sour grapes' over some other trivial matter such as not paying their bills and Gaggenau chasing them for payment.

GDA (Creda)

B7 ***The Cooker Factory***

(a) Dealer's observation

Mr Allsop of The Cooker Factory, Glasgow, told us that when he had wished to obtain supplies of tumble driers direct from Creda (as opposed to supply through a major wholesaler) his request had been refused because he discounted heavily. The wholesaler continued to supply but had told him that Creda continually urged it to withdraw supplies.

(b) Supplier's response

GDA told us that it had made enquiries of the relevant Creda sales personnel. The Cooker Factory was a Hotpoint Centre and traded direct with Hotpoint on terms which were broadly similar to those of other small

retailers. Creda had been unable to find any evidence in the four years up to April 1996 of any request from The Cooker Factory for a direct account and, therefore, of any refusal of such a request. GDA had not asked any wholesaler to withhold supplies from The Cooker Factory.

(c) Dealer's response

Mr Allsop responded by telling us that he stood by everything he had told us.

GDA (Hotpoint)

B8 ***Cargo Club****

(a) Dealer's observation

N&P told us that in June 1994 Hotpoint had refused to supply its Cargo Club business with tumble driers.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply Cargo Club because it had not fulfilled the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another (named) major supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was its view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned. Warehouse clubs in the US had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the USA market and there were signs that the membership of warehouse clubs was now in decline.

B9 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Hotpoint tumble driers.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply PriceCostco because it did not fulfil the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another major named supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was GDA's view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned.

Warehouse clubs in the USA had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the US market and there were signs that the membership of warehouse clubs was now in decline. (In March 1997, GDA informed us that its Creda brand had been approached by PriceCostco at a trade exhibition in February 1997. PriceCostco had indicated that it believed it was now able to fulfil Creda's criteria for supply. A meeting had been arranged between Creda and PriceCostco to discuss how to progress matters. (See paragraph 12.73.))

B10 **Savacentre**

(a) Dealer's observation

Savacentre told us that, in 1993 or 1994 Hotpoint had declined to supply it with tumble driers because it did not need Savacentre to provide incremental business.

(b) Supplier's response

GDA told us that Savacentre's comment appeared improbable. Hotpoint had no evidence of the request being made, and without knowing the date of the alleged refusal to supply could not take matters further. Hotpoint sought wide distribution and it would have wanted to discuss any proposals that Savacentre might have. The only context in which Savacentre had been mentioned was when the small appliance buyer from Rumbelows moved to Savacentre. She had said that Savacentre would approach Hotpoint about possible future supply of the reference goods. Hotpoint had made an arrangement for the buyer to meet (a named Hotpoint contact) at a trade exhibition in February 1995 but no approach had been made. In March 1997 Hotpoint said that it understood from a recent discussion between Hotpoint and Savacentre that the latter was no longer interested in stocking tumble driers.

(c) Dealer's response

Savacentre responded by telling us that it stood by its original response. These were views and impressions. All Savacentre's dealings with Hotpoint had been on a verbal basis; Savacentre had never formally written to open an account.

B11 **Mr Hodge**

(a) Dealer's observation

Mr Hodge of South Petherton, Somerset, said that he had been refused supply of tumble driers by Hotpoint in 1993 on the grounds that the locality was already supplied. He was still not being supplied.

(b) Supplier's response

Hotpoint told us that it had checked its records for the period 1993 to 1995, but had not been able to trace any application by Mr Hodge to be supplied as a direct customer. Hotpoint sought to be as widely distributed as possible.

(c) Dealer's response

Mr Hodge responded by telling us that his application to Hotpoint had been made in writing, but unfortunately he had not kept a copy. The reply from Hotpoint had been by telephone.

Hoover

B12 **PriceCostco**

(a) Dealer's observation

PriceCostco said that it had been unable to obtain direct supplies of Hoover tumble driers.

(b) Supplier's response

Hoover told us that it was not aware of any request by PriceCostco to purchase tumble driers. PriceCostco currently appeared to have no difficulty in obtaining them from other sources.

(c) Dealer's response

PriceCostco responded by telling us that initial discussions with Hoover had gone well in 1993. Its account was about to be set up in August when Hoover had withdrawn. No further discussions had taken place.

MDA (Ariston)

B13 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of MDA's brands of tumble driers.

(b) Supplier's response

MDA told us that PriceCostco's observation was incorrect in that MDA had not refused to supply PriceCostco with tumble driers altogether. MDA had specifically offered to supply PriceCostco with Indesit branded products and had refused only to supply it with the Ariston brand.

(c) Dealer's response

PriceCostco responded by telling us that it wanted only MDA's Ariston brand, as it had requested to MDA on 30 January 1996 in Paris at the 'Confortec' exhibition.

Dishwashers

Atag

C1 ***SRS 79***

(a) Dealer's observation

This retailer (SRS 79) said that he had been refused supply of Atag dishwashers on the grounds that the locality was already supplied. The retailer requested that his identity should not be divulged to the supplier since he did not think this would best serve his interests.

(b) Supplier's response

Atag told us that the fact that a locality was already supplied would not, in isolation, be grounds for it to refuse supply (it had some accounts within a quarter of a mile of each other). Creditworthiness would be a consideration.

Emaco (Electrolux)

C2 ***PriceCostco****

(a) Retailer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Electrolux dishwashers.

(b) Supplier's response

Emaco told us that Electrolux had had exploratory discussions only with PriceCostco concerning the supply of reference goods. At no stage had Electrolux received a formal request for supply. Electrolux had voiced a concern about PriceCostco's ability to retail white goods successfully, given its lack of suitably trained and knowledgeable sales staff and appropriate customer care facilities.

(c) Dealer's response

PriceCostco responded by telling us that its buyer had requested supplies of Electrolux reference goods as the 'Confortec' exhibition in Paris in January 1996. Since then it had received no response.

(d) Supplier's further response

Emaco told us that Electrolux's Sales Director had had an informal conversation with one of PriceCostco's buyers at the 'Confortec' exhibition in Paris in 1996. PriceCostco had been interested only in obtaining supplies of Electrolux absorption refrigerators (suitable for hotel use). At the recent 'Domotechnica' exhibition in Cologne (in February 1997), Electrolux had had further exploratory discussions with PriceCostco concerning the possible future supply of reference goods. To date, Electrolux had been unable to agree commercial terms of supply with PriceCostco.

(e) Dealer's further response

In April 1997 PriceCostco told us that it had not requested supply only of Electrolux's absorption refrigerators but of all four reference white goods.

Emaco (Tricity Bendix)

C3 **PriceCostco**

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Tricity Bendix dishwashers.

(b) Supplier's response

Emaco told us that in spring 1996 PriceCostco had considered requesting direct supplies of Tricity Bendix reference goods although PriceCostco had not followed this up with a request for discussions with the Tricity Bendix brand.

(c) Dealer's response

PriceCostco responded by telling us that it had first asked Tricity Bendix to supply it with Tricity Bendix reference goods at the 'Confortec' exhibition in Paris in January 1996 but it had received no response from Tricity Bendix following that meeting. PriceCostco had contacted Tricity Bendix on a number of occasions subsequently. Tricity Bendix had refused, and continued to refuse, to supply it.

(d) Supplier's response

Emaco told us that Tricity Bendix had not been represented at the 'Confortec' exhibition in Paris in 1996. Accordingly, Tricity Bendix had not received a request there from PriceCostco for supplies of Tricity Bendix products and it had not received any such request at any other time.

(e) Dealer's response

PriceCostco agreed that its previous accounts had been mistaken.

Emaco (Zanussi)

C4 **N&P***

(a) Dealer's observation

N&P told us that Zanussi had refused to supply it with dishwashers because its marketing policy was not acceptable. N&P's subsidiary, M6 Cash and Carry, had been forced to take the entire Zanussi range, otherwise it would not have been supplied. Zanussi had written to N&P in December 1994 declining to supply reference products because N&P's marketing intention of offering a reduction in MRP prices to account customers did 'not fit comfortably with the Zanussi orderly marketing policy'.

(b) Supplier's response

Emaco told us that Zanussi had been approached by N&P's wholesaling operations in late 1994 with a view to obtaining direct supplies for wholesale to N&P's account customers (ie retailers). Zanussi had concluded that agreeing to this would not have fitted comfortably with its marketing strategy of moving towards direct trading with retailers. N&P's observation had prompted Zanussi to review its files where it had found a copy of the letter sent to N&P on 22 December 1994. That letter was, with hindsight, misleading. It did not properly record Zanussi's reasoning at that time. Zanussi regretted any confusion or misunderstanding that the letter might have created at N&P or the MMC.

C5 **PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Zanussi dishwashers.

(b) Supplier's response

Emaco told us that PriceCostco had contacted Zanussi in February 1996 with a view to obtaining direct supplies of Zanussi reference goods. Zanussi had informed PriceCostco that a direct trading relationship was inappropriate because PriceCostco's emphasis on wholesaling would be at odds with Zanussi's current marketing strategy of moving towards direct trading with retailers. Also, as regards PriceCostco's retail sales to its warehouse club members, Zanussi had reservations about PriceCostco's lack of qualified sales personnel in the area of major white goods, the absence of appropriate customer care facilities, and the fact that PriceCostco would only want to stock and display a very small range of Zanussi appliances.

C6 **Savacentre***

(a) Dealer's observation

Savacentre told us that it had held discussions with Zanussi but Zanussi had been reluctant to enter into a trading agreement on the grounds that Savacentre was not needed as a part of Zanussi's distribution network for dishwashers.

(b) Supplier's response

Emaco told us that Savacentre had contacted Zanussi with a view to opening a direct trading account. During initial discussions, Savacentre had showed and explained its retailing format to Zanussi. There had been a few white goods on display (including Tricity Bendix models). Zanussi had indicated that it had some concerns about the nature and style of the business, specifically, Savacentre's limited support in terms of suitably qualified sales staff and customer care facilities (notably pre- and post-sales support). Zanussi had also considered that the 'cash-and-carry' environment (in a relatively small corner of a large food store) might detract from the image of Zanussi's range of white goods. It had been agreed that Savacentre would reflect on these issues and that further discussions might be held in the future. Zanussi had heard no more from Savacentre.

(c) Dealer's response

Savacentre responded by telling us that its comments were impressions and views. There was nothing in writing from Zanussi to substantiate these views.

Gaggenau

C7 **SRS 660**

(a) Dealer's observation

This retailer (SRS 660) told us that in 1995 Gaggenau had refused to supply him with dishwashers on the grounds that the locality was already supplied: he was told to buy the goods from another retailer in the area. The retailer said that he would not like his comments to be attributed to him if they were to be sent to the supplier because he feared the supplier's reaction.

(b) Supplier's response

Gaggenau told us that it was impossible for it to comment when it did not know the name or the locality of the dealer in question. It said we must realize that retailers' comments were probably just 'sour grapes' over

some other trivial matter such as not paying their bills and Gaggenau chasing them for payment.

GDA (Creda)

C8 *The Cooker Factory*

(a) Dealer's observation

Mr Allsop of The Cooker Factory, Glasgow told us that when he had wished to obtain supplies of dishwashers direct from Creda (as opposed to supply through a major wholesaler) his request had been refused because he discounted heavily. The wholesaler continued to supply but had told him that Creda continually urged it to withdraw supplies.

(b) Supplier's response

GDA told us that it had made enquiries of the relevant Creda sales personnel. The Cooker Factory was a Hotpoint Centre and traded direct with Hotpoint on terms which were broadly similar to those of other small retailers. Creda had been unable to find any evidence in the four years up to April 1996 of any request from The Cooker Factory for a direct account and, therefore, of any refusal of such a request. GDA had not asked any wholesaler to withhold supplies from The Cooker Factory.

(c) Dealer's response

Mr Allsop responded by telling us that he stood by everything he had told us.

GDA (Hotpoint)

C9 *Cargo Club**

(a) Dealer's observation

N&P told us that in June 1994 Hotpoint had refused to supply its Cargo Club business with dishwashers.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply Cargo Club because it had not fulfilled the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another (named) major supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was its view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned. Warehouse clubs in the US had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the USA market and there were signs that the membership of warehouse clubs was now in decline.

C10 *PriceCostco**

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Hotpoint dishwashers.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply PriceCostco because it did not fulfil the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another major named supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was GDA's view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned.

Warehouse clubs in the USA had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the US market and there were signs that the membership of warehouse clubs was now in decline. (In March 1997, GDA informed us that its Creda brand had been approached by PriceCostco at a trade exhibition in February 1997. PriceCostco had indicated that it believed it was now able to fulfil Creda's criteria for supply. A meeting had been arranged between Creda and PriceCostco to discuss how to progress matters. (See paragraph 12.73.))

C11 **Savacentre**

(a) Dealer's observation

Savacentre told us that in 1993 or 1994 Hotpoint had declined to supply it with dishwashers because it did not need Savacentre to provide incremental business.

(b) Supplier's response

GDA told us that Savacentre's comment appeared improbable. Hotpoint had no evidence of the request being made, and without knowing the date of the alleged refusal to supply could not take matters further. Hotpoint sought wide distribution and it would have wanted to discuss any proposals that SavaCentre might have. The only context in which Savacentre had been mentioned was when the small appliance buyer from Rumbelows moved to Savacentre. She had said that Savacentre would approach Hotpoint about possible future supply of the reference goods. Hotpoint had made an arrangement for the buyer to meet (a named Hotpoint contact) at a trade exhibition in February 1995 but no approach had been made. In March 1997 Hotpoint said it understood from a recent discussion between Hotpoint and Savacentre that the latter was no longer interested in stocking dishwashers.

(c) Dealer's response

Savacentre responded by telling us that it stood by its original response. These were views and impressions. All Savacentre's dealings with Hotpoint had been on a verbal basis; Savacentre had never formally written to Hotpoint to open an account.

C12 **Mr Hodge**

(a) Dealer's observation

Mr Hodge of South Petherton, Somerset, said that he had been refused supply of dishwashers by Hotpoint in 1993 on the grounds that the locality was already supplied. He was still not being supplied.

(b) Supplier's response

Hotpoint told us that it had checked its records for the period 1993 to 1995, but had not been able to trace any application by Mr Hodge to be supplied as a direct customer. Hotpoint sought to be as widely distributed as possible.

(c) Dealer's response

Mr Hodge responded by telling us that his application to Hotpoint had been made in writing, but unfortunately he had not kept a copy. The reply from Hotpoint had been by telephone.

Hoover

C13 **PriceCostco**

(a) Dealer's observation

PriceCostco said that it had been unable to obtain direct supplies of Hoover dishwashers.

(b) Supplier's response

Hoover told us that it was not aware of any request by PriceCostco to purchase dishwashers. PriceCostco currently appeared to have no difficulty in obtaining them from other sources.

(c) Dealer's response

PriceCostco responded by telling us that initial discussions with Hoover had gone well in 1993. Its account was about to be set up in August when Hoover had withdrawn. No further discussions had taken place.

MDA (Ariston)

C14 **PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of MDA's brands of dishwashers.

(b) Supplier's response

MDA told us that PriceCostco's observation was incorrect in that MDA had not refused to supply PriceCostco with dishwashers altogether. MDA had specifically offered to supply PriceCostco with Indesit branded products and had refused only to supply it with Ariston branded products.

(c) Dealer's response

PriceCostco responded by telling us that it wanted only MDA's Ariston brand, as it had requested to MDA on 30 January 1996 in Paris at the 'Confortec' exhibition.

Neff

C15 **SRS 662**

(a) Dealer's observation

This retailer (SRS 662) said that in 1993 Neff had refused to supply him with dishwashers because it did not

want his known discounting to upset its other dealers in the area. Neff had wanted to supply only a small number of appointed agents in the area to keep competition low. And it was keen for its dealers to keep to RRPs. The retailer requested that his identity should not be divulged to the supplier since to do so would not be in his best interest.

(b) Supplier's response

Neff told us that it denied and could not follow the allegation in the retailer's observation. Its share of the relevant markets was so small that it could not see how such an episode could have happened. But it could make no further comment unless more information was given about the retailer concerned, or even his geographical location.

CFS equipment

Atag

D1 ***SRS 79***

(a) Dealer's observation

This retailer (SRS 79) said that he had been refused supply of Atag CFS equipment on the grounds that the locality was already supplied. The retailer requested that his identity should not be divulged to the supplier since he did not think this would best serve his interests.

(b) Supplier's response

Atag told us that the fact that a locality was already supplied would not, in isolation, be grounds for it to refuse supply (it had some accounts within a quarter of a mile of each other). Creditworthiness would be a consideration.

CDA (Candy)

D2 ***PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Candy CFS equipment.

(b) Supplier's response

CDA told us that it had not received a request from PriceCostco to supply Candy CFS equipment.

(c) Dealer's response

PriceCostco responded by telling us that its last request for supply of Candy CFS equipment had been made in February 1995 at the 'Domotechnica' Trade Exhibition in Cologne.

(d) Supplier's further response

CDA told us that it had never received a request for the supply of any product to PriceCostco. It had never been asked to give details of prices, specifications, model numbers or availability. It had never received a request to open a trading account for PriceCostco. During the Domotechnica Exhibition in February 1995, CDA had had an unscheduled meeting with PriceCostco. CDA had been invited to view PriceCostco's operation in Watford. The appointment was to be made on return from the exhibition by PriceCostco. As at February 1997, no appointment, and indeed no contact of any kind had been made to CDA by PriceCostco.

Emaco (Electrolux)

D3 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Electrolux CFS equipment.

(b) Supplier's response

Emaco told us that Electrolux had had exploratory discussions only with PriceCostco concerning the supply of reference goods. At no stage had Electrolux received a formal request for supply. Electrolux had voiced a

concern about PriceCostco's ability to retail white goods successfully, given its lack of suitably trained and knowledgeable sales staff and appropriate customer care facilities.

(c) Dealer's response

PriceCostco responded by telling us that it had requested supplies of Electrolux reference goods at the 'Confortec' exhibition in Paris in January 1996. Since then it had received no response.

(d) Supplier's further response

Emaco told us that Electrolux's Sales Director had had an informal conversation with one of PriceCostco's buyers at the 'Confortec' exhibition in Paris in 1996. PriceCostco had been interested in obtaining supplies of Electrolux absorption refrigerators (suitable for hotel use). These refrigerators were not reference goods and were handled by a different sales department. Electrolux's Sales Director had informed PriceCostco who to contact if it wished to make a formal request for supplies of Electrolux branded absorption refrigerators. At the recent 'Domotechnica' exhibition in Cologne (in February 1997), Electrolux had had further exploratory discussions with PriceCostco concerning the possible future supply of reference goods. To date, Electrolux had been unable to agree commercial terms of supply with PriceCostco.

(e) Dealer's further response

In April 1997 PriceCostco told us that it had not requested supply only of Electrolux's absorption refrigerators but of all four reference white goods.

Emaco (Tricity Bendix)

D4 ***PriceCostco***

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Tricity Bendix CFS equipment.

(b) Supplier's response

Emaco told us that in spring 1996 PriceCostco had considered requesting direct supplies of Tricity Bendix reference goods although PriceCostco had not followed this up with a request for discussions with the Tricity Bendix brand.

(c) Dealer's response

PriceCostco responded by telling us that it had first asked Tricity Bendix to supply it with Tricity Bendix reference goods at the 'Confortec' exhibition in Paris in January 1996 but it had received no response from Tricity Bendix following that meeting. PriceCostco had contacted Tricity Bendix on a number of occasions subsequently. Tricity Bendix had refused, and continued to refuse, to supply it.

(d) Supplier's response

Emaco told us that Tricity Bendix had not been represented at the 'Confortec' exhibition in Paris in 1996. Accordingly, Tricity Bendix had not received a request there from PriceCostco for supplies of Tricity Bendix products and it had not received any such request at any other time.

(e) Dealer's response

PriceCostco agreed that its previous accounts had been mistaken.

Emaco (Zanussi)

D5 ***N&P****

(a) Dealer's observation

N&P told us that Zanussi had refused to supply it with CFS equipment because its marketing policy was not acceptable. N&P's subsidiary, M6 Cash and Carry, had been forced to take the entire Zanussi range, otherwise it would not have been supplied. Zanussi had written to N&P in December 1994 declining to supply reference products because N&P's marketing intention of offering a reduction in MRP prices to account customers did not fit comfortably with the Zanussi orderly marketing policy'.

(b) Supplier's response

Emaco told us that Zanussi had been approached by N&P's wholesaling operations in late 1994 with a view to obtaining direct supplies for wholesale to N&P's account customers (ie retailers). Zanussi had concluded that agreeing to this would not have fitted comfortably with its marketing strategy of moving towards direct trading with retailers. N&P's observation had prompted Zanussi to review its files where it had found a copy of the letter sent to N&P on 22 December 1994. That letter was, with hindsight, misleading. It did not properly record Zanussi's reasoning at that time. Zanussi regretted any confusion or misunderstanding that the letter might have created at N&P or the MMC.

D6 ***PriceCostco****

(a) Dealer's observations

PriceCostco told us that it had been unable to obtain direct supplies of Zanussi CFS equipment.

(b) Supplier's response

Emaco told us that PriceCostco had contacted Zanussi in February 1996 with a view to obtaining direct supplies of Zanussi reference goods. Zanussi had informed PriceCostco that a direct trading relationship was inappropriate because PriceCostco's emphasis on wholesaling would be at odds with Zanussi's current marketing strategy of moving towards direct trading with retailers. Also, as regards PriceCostco's retail sales to its warehouse club members, Zanussi had reservations about PriceCostco's lack of qualified sales personnel in the area of major white goods, the absence of appropriate customer care facilities, and the fact that PriceCostco would only want to stock and display a very small range of Zanussi appliances.

D7 ***Savacentre****

(a) Dealer's observation

Savacentre told us that it had held discussions with Zanussi but Zanussi had been reluctant to enter into a trading agreement on the grounds that Savacentre was not needed as a part of Zanussi's distribution network for CFS equipment.

(b) Supplier's response

Emaco told us that Savacentre had contacted Zanussi with a view to opening a direct trading account. During initial discussions, Savacentre had showed and explained its retailing format to Zanussi. There had been a few white goods on display (including Tricity Bendix models). Zanussi had indicated that it had some concerns about the nature and style of the business, specifically, Savacentre's limited support in terms of suitably qualified sales staff and customer care facilities (notably pre- and post-sales support). Zanussi had also considered that the 'cash-and-carry' environment (in a relatively small corner of a large food store) might detract from the image of Zanussi's range of white goods. It had been agreed that Savacentre would reflect on these issues and that further discussions might be held in the future. Zanussi had heard no more from Savacentre

(c) Dealer's response

Savacentre responded by telling us that its comments impressions and views. There was nothing in writing from Zanussi to substantiate these views.

Frigidaire

D8 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been refused supply of Frigidaire CFS equipment.

(b) Supplier's response

Frigidaire told us that it had not supplied PriceCostco because it failed, in Frigidaire's opinion, to provide adequate after-sales and installation service for the consumer for the technically complex American-style fridge-freezers PriceCostco had requested.

Gaggenau

D9 ***SRS 660***

(a) Dealer's observation

This retailer (SRS 660) told us that in 1995 Gaggenau had refused to supply him with CFS equipment on the grounds that the locality was already supplied: he was told to buy the goods from another retailer in the area. The retailer said that he would not like his comments to be attributed to him if they were to be sent to the supplier because he was concerned about the supplier's reaction.

(b) Supplier's response

Gaggenau told us that it was impossible for it to comment when it did not know the name or the locality of the dealer in question. It said we must realize that retailers' comments were probably just 'sour grapes' over some other trivial matter such as not paying their bills and Gaggenau chasing them for payment.

GDA (Creda)

D10 ***The Cooker Factory***

(a) Dealer's observation

Mr Allsop of The Cooker Factory, Glasgow, told us that when he had wished to obtain supplies of CFS equipment direct from Creda (as opposed to supply through a major wholesaler) his request had been refused because he discounted heavily. The wholesaler continued to supply but had told him that Creda continually urged it to withdraw supplies.

(b) Supplier's response

GDA told us that it had made enquiries of the relevant Creda sales personnel. The Cooker Factory was a Hotpoint Centre and traded direct with Hotpoint on terms which were broadly similar to those of other small retailers. Creda had been unable to find any evidence in the four years up to April 1996 of any request from The Cooker Factory for a direct account and, therefore, of any refusal of such a request. GDA had not asked any wholesaler to withhold supplies from The Cooker Factory.

(c) Dealer's response

Mr Allsop responded by telling us that he stood by everything he had told us.

GDA (Hotpoint)

D11 ***Cargo Club****

(a) Dealer's observation

N&P told us that in June 1994 Hotpoint had refused to supply its Cargo Club business with CFS equipment.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply Cargo Club because it had not fulfilled the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another major (named) supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was its view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned. Warehouse clubs in the USA had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the US market and there were signs that the membership of warehouse clubs was now in decline.

D12 ***PriceCostco****

(a) Dealer's observation

PriceCostco told us that it had been unable to obtain direct supplies of Hotpoint CFS equipment.

(b) Supplier's response

GDA told us that Hotpoint had decided not to supply PriceCostco because it did not fulfil the distribution criteria which Hotpoint had historically adopted. Hotpoint had been following a policy adopted for the US market not only by the domestic appliance division of its parent GE, but also by another major named supplier.

GDA said that it believed the warehouse clubs might have a valuable role to play in the retail market for food bought in bulk. But it was GDA's view that they were not, and were not likely to be, useful outlets for major domestic appliances, in particular for those in the middle to top ranges of the market within which Hotpoint's product range had traditionally been positioned.

Warehouse clubs in the USA had been operating for more than 15 years and had outlets located in most major towns. Over the last four years they had accounted for an average of only 1 per cent of sales of major domestic appliances in the US market and there were signs that the membership of warehouse clubs was now in decline. (In March 1997, GDA informed us that its Creda brand had been approached by PriceCostco at a trade exhibition in February 1997. PriceCostco had indicated that it believed it was now able to fulfil Creda's criteria for supply. A meeting had been arranged between Creda and PriceCostco to discuss how to progress matters. (See paragraph 12.73.))

D13 ***Savacentre***

(a) Dealer's observation

Savacentre told us that in 1993 or 1994 Hotpoint had declined to supply it with CFS equipment because it did not need Savacentre to provide incremental business.

(b) Supplier's response

GDA told us that Savacentre's comment appeared improbable. Hotpoint had no evidence of the request being made, and without knowing the date of the alleged refusal to supply could not take matters further. Hotpoint sought wide distribution and it would have wanted to discuss any proposals that SavaCentre might have.

The only context in which Savacentre had been mentioned was when the small appliance buyer from Rumbelows moved to Savacentre. She had said that Savacentre would approach Hotpoint about possible future supply of the reference goods. Hotpoint had made an arrangement for the buyer to meet (a named Hotpoint contact) at a trade exhibition in February 1995 but no approach had been made. In March 1997 Hotpoint said that it understood from a recent discussion between Hotpoint and Savacentre that the latter was no longer interested in stocking CFS products.

(c) Dealer's response

Savacentre responded by telling us that it stood by its original response. These were views and impressions. All Savacentre's dealings with Hotpoint had been on a verbal basis; Savacentre had never formally written to open an account.

D14 **Mr Hodge**

(a) Dealer's observation

Mr Hodge of South Petherton, Somerset, said that he had been refused supply of CFS equipment by Hotpoint in 1993 on the grounds that the locality was already supplied. He was still not being supplied.

(b) Supplier's response

Hotpoint told us that it had checked its records for the period 1993 to 1995, but had not been able to trace any application by Mr Hodge to be supplied as a direct customer. Hotpoint sought to be as widely distributed as possible.

(c) Dealer's response

Mr Hodge responded by telling us that his application to Hotpoint had been made in writing, but unfortunately he had not kept a copy. The reply from Hotpoint had been by telephone.

MDA (Ariston)

D15 **PriceCostco***

(a) Dealer's observation

PriceCostco told us it had been unable to obtain direct supplies of MDA's brands of CFS equipment.

(b) Supplier's response

MDA told us that PriceCostco's observation was incorrect in that MDA had not refused to supply PriceCostco with CFS equipment altogether. MDA had specifically offered to supply PriceCostco with Indesit branded products and had refused only to supply it with the Ariston brand.

(c) Dealer's response

PriceCostco responded by telling us that it wanted only MDA's Ariston brand, as it had requested to MDA on 30 January 1996 in Paris at the 'Confortec' exhibition.

Neff

D16 ***SRS 662***

(a) Retailer's observation

This retailer (SRS 662) said that in 1993 Neff had refused to supply him with CFS equipment because it did not want his known discounting to upset its other dealers in the area. Neff had wanted to supply only a small number of appointed agents in the area to keep competition low. And it was keen for its dealers to keep to RRP's.

The retailer requested that his identity should not be divulged to the supplier since to do so would not be in his best interest.

(b) Supplier's response

BSDA told us that it denied and could not follow the allegation in the retailer's observation. Its share of the relevant markets was so small that it could not see how such an episode could have happened. But it could make no further comment unless more information was given about the retailer concerned, or even his geographical location.