

2 The companies concerned

Bryant & May Ltd

2.1. Bryant & May was established in 1843 as a wholesale provision merchant. In 1850 it started to import strike-anywhere matches from a Swedish company which, five years later, sold Bryant & May the British patent rights of its newly-invented safety match. Over the next few years Bryant & May had difficulty in importing sufficient supplies of the safety matches from Sweden and in 1861 it set up its own factory in London to produce them. By 1870 it had become the largest United Kingdom match manufacturer and importer and continued to expand through investment in factories in the United Kingdom and overseas.

British Match Corporation Ltd

2.2. By the early 1920s Bryant & May's major competitor in the United Kingdom was Masters, a company controlled by Swedish Match AB, an amalgamation of Swedish manufacturers. Faced by steadily increasing competition from imports the two companies decided to collaborate and, in 1927, the British Match Corporation Ltd (British Match) was formed. This was the first of several changes in the ownership of Bryant & May, details of which are set out in Appendix 2.1.

2.3. British Match acquired Bryant & May and the United Kingdom interests of Swedish Match AB, which then took a 33 per cent shareholding in British Match. The two companies entered into agreements to regulate their relations both in the United Kingdom and overseas. These agreements were renegotiated, following a 1953 report by the Monopolies and Restrictive Practices Commission,¹ so as to remove restraints on competition in the United Kingdom market. Technical and commercial links between the two companies remained strong; Swedish Match AB retained its shareholding in British Match and continued to sell its products in the United Kingdom through Masters, which it managed.

Wilkinson Match Ltd

2.4. In 1973 British Match acquired Wilkinson Sword Ltd, a manufacturer of shaving products, garden tools, kitchen cutlery and fire protection equipment. This merger was the subject of an inquiry by the MMC.² The merged enterprise changed its name to Wilkinson Match Ltd (Wilkinson Match) in which Swedish Match AB retained its shareholding of 33 per cent.

Allegheny International Inc

2.5. In 1978 Swedish Match AB disposed of the greater part of its shareholding in Wilkinson Match to Allegheny, an international company based in Pennsylvania, which primarily manufactured small domestic electrical appliances, and technology-based systems and products for industry.

¹ *Report on the Supply and Export of Matches and the Supply of Match-Making Machinery*, HC 161, May 1953.

² *British Match Corporation Limited and Wilkinson Sword Limited: a report on the proposed merger*, Cmnd 5442, October 1973.

By 1980 Allegheny had acquired 100 per cent control of Wilkinson Match. Under Allegheny's ownership a number of changes were made to the structure of the group. In particular, most of the overseas interests of Wilkinson Match were transferred to other subsidiaries of Allegheny and a number of United Kingdom activities were disposed of.

Swedish Match AB and Allegheny International Inc

2.6. In 1987 Swedish Match AB acquired a number of companies, including Bryant & May, from Allegheny. This merger, which resulted in Masters being absorbed by Bryant & May, was also the subject of an inquiry by the MMC.¹

Swedish Match NV

2.7. In 1988 Swedish Match AB was itself acquired by Stora Kopparbergs Bergslags AB (Stora). The shaving products, matches and lighters businesses of Swedish Match AB became the Consumer Products Division of Stora. Stora decided to sell these businesses and certain other subsidiaries in 1989. This transaction was effected through a leveraged buy-out involving certain members of the Swedish Match AB senior management. The purchase was financed by a consortium of banks and finance houses, together with The Gillette Company. In April 1990 the company used for the buy-out, Eemland Management Services BV, changed its name to Swedish Match NV.

Swedish Match Group BV

2.8. In October 1990 Swedish Match NV sold almost all of its world-wide match and lighter businesses, including Bryant & May, to Nederlight NV, a leveraged buy-out vehicle formed by a consortium of financial and industrial investors. Following this transaction Nederlight NV changed its name to Swedish Match Group BV. A simplified chart showing the Group structure is at Appendix 2.2. Swedish Match has 33 active companies operating in 20 countries. Its turnover in 1991 was estimated to be approximately £200 million.

2.9. The senior management of the matches and disposable lighters business has consisted largely of the same people throughout the transition in ownership from Swedish Match AB (1987) to Swedish Match Group BV (1991). The current management structure of the Group is based on its products rather than geographical locations and there are essentially three divisions: Matches, Lighters, and Advertising Products. A chart showing the structure is at Appendix 2.3.

Bryant & May Ltd

2.10. Bryant & May is part of the Match Europe and Lighters Divisions of Swedish Match. The structure of these divisions is shown at Appendices 2.4 and 2.5. In addition to manufacturing and distributing matches, Bryant & May distributes lighters, other tobacco-related sundries, confectionery and advertising products. Its turnover in 1990 was £35.7 million.

Match production

2.11. During the early 1900s there were a number of independent match producers and match-producing factories in the United Kingdom but by the 1920s all the United Kingdom match manufacturers had been absorbed into Bryant & May or Masters. By 1971, when British Match's Northern Ireland

¹ *Swedish Match AB and enterprises belonging to Allegheny International Inc: a report on the merger situation*, Cm 227, October 1987.

subsidiary, Maguire & Paterson (NI) Ltd, closed, Bryant & May's manufacture in the United Kingdom was confined to three factories at Gloucester, Glasgow and Liverpool, and a further factory at Bryant & May's original premises in Bow, London, producing book matches only. The other factories have since closed and that in Liverpool is the only matchmaking plant that remains. Until 1989, when it was closed by Swedish Match, Maguire & Paterson Ltd had a factory in the Republic of Ireland. After closure its production was transferred to Liverpool.

Other products

2.12. In addition to its match production Bryant & May distributes other products in the United Kingdom. In 1981 it introduced a disposable lighter under the Chukka brand name (supplied by Swedish Match) and a refillable/refillable low-priced lighter under the Clipper brand name (supplied by Flamagas). In 1984 it diversified into a range of smokers' requisites comprising lighter fluid, gas-lighter refills, lighter flints and pipe cleaners under the Swan brand name, and in 1985 a range of cigarette papers and filters was added to the range. Finally, in 1989, Bryant & May entered the confectionery market with the introduction of three vitamin-enriched products under the Vita brand name: Vitafruit, Vitamint and Vitasooth.

2.13. When Swedish Match AB acquired Bryant & May in 1987 it decided to produce all matches for the United Kingdom market at the Liverpool plant rather than continue to import some from Sweden. This rationalisation initially led to a much higher utilisation of capacity at Liverpool and (through the closure of the Masters' distribution and marketing activity) more effective use of the sales force, and of distribution and administration facilities. Since 1987 Bryant & May's match volume has declined to its pre-merger level. The number of staff employed there has dropped from 298 in 1987 to 203 in 1991. At the Liverpool plant there are currently three lines producing matches in the standard box size, two in the smoker's size (Swan Vestas) and one in the household size. Details of matches produced at each of the Swedish Match factories are shown in Appendix 2.6. Bryant & May has no present plans to produce other products at Liverpool.