Bundeskartellamt / Cartel prosecution

Fine imposed on bicycle wholesaler ZEG for vertical price-fixing

Bonn, 29 January 2019: The Bundeskartellamt has imposed fines totalling around 13.4 million euros on the bicycle wholesaler ZEG Zweirad-Einkaufs-Genossenschaft eG (ZEG), Cologne, and its representatives for fixing prices with 47 bicycle retailers. The proceeding was triggered by a tip-off from the trade.

Andreas Mundt, President of the Bundeskartellamt: “ZEG has agreed with its member companies on retail prices for certain bicycle models. The independent retailers were asked not to undercut the minimum sales prices set by ZEG for different bicycle models. This greatly restricted price competition between the members of the purchasing cooperation to the detriment of the consumer.

Although short-term resale price maintenance is allowed under German and European law for associations such as purchasing cooperations, e.g. for joint special offer campaigns, the measures taken in this particular case far exceed what is permissible and have created a situation similar to a sales cartel among the participating retailers.”

ZEG is a purchasing cooperative consisting of approx. 960 independent bicycle retailers in Europe, around 670 of which are in Germany alone. It has a strong market position in Germany both on the purchase and sale side. ZEG sells to its retailers bicycles of its own brands, e.g., Pegasus, Bulls and ZEMO, as well as certain models of other manufacturers which are sold exclusively by ZEG.

The subject of the proceeding were agreements between ZEG representatives and 47 bicycle retailers. According to the agreements the retailers were not to undercut the minimum sales prices (also referred to as “low price”) set by ZEG for seasonal bikes (ZEG’s own brands and exclusive models of other manufacturers sold exclusively by ZEG). The agreements, some of which dated back to February 2007, ended with a dawn raid on ZEG’s premises in February 2015.
ZEG’s representatives also checked adherence to the resale prices. They received complaints from retailers about other retailers undercutting the prices and conducted their own price research or had this carried out by others. Retailers which had undercut a certain low price were asked to strictly observe the set price.

For discretionary reasons no proceedings were initiated against the retailers due to their secondary role in the matter in comparison to ZEG. They were therefore not accused of having committed a cartel offence.

In setting the fine the Bundeskartellamt took into account that the ZEG had cooperated with the authority in uncovering the agreements and that a settlement could be reached. The fining decisions are already final.

A case summary (in German) in accordance with Section 53 (5) of the German Competition Act, GWB will be published shortly on the Bundeskartellamt’s website.

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