

Completed acquisition by Ticketmaster Europe Holdco Limited of Seatwave

ME/6505-14

The CMA's decision on reference under section 22(1) of the Enterprise Act 2002 given on 26 March 2015.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

SUMMARY

1. On 31 October 2014, Ticketmaster Europe Holdco Limited (**Ticketmaster**) acquired Seatwave Limited, Seatwave Deutschland GmbH, Seatwave Nederland B.V. and Timbre Digital Limited (together **Seatwave**) (the **Merger**). Ticketmaster and Seatwave are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) has found that the Parties have ceased to be distinct and that the share of supply test is met. The four-month period for a decision, as extended, has not yet expired. The CMA therefore considers that a relevant merger situation has been created.
3. The Parties overlap in the supply of websites consisting of online exchange platforms on which consumers and professional resellers can resell tickets (**secondary tickets**) that have initially been bought from venues, promoters or ticket agents (**primary tickets**) for all types of live entertainment events (eg music, theatre, comedy and sports) in the UK. Additionally, the Parties provide customer service to sellers and buyers of secondary tickets on their websites. The CMA has assessed the impact of the Merger on the supply of online exchange platforms for selling and buying secondary tickets for all types of live entertainment events in the UK.
4. The CMA has concluded that Ticketmaster's secondary ticket platform, GetMeIn!, and Seatwave are close competitors but not each other's closest competitors. Rather, both the Parties have been facing, and will continue to face, strong competition from Viagogo and StubHub. The Parties also face a

more limited competitive constraint from many smaller online secondary ticket exchanges. Moreover the CMA notes that the market for online secondary ticket platforms in the UK is relatively new and dynamic, with rapidly changing market shares.

5. The CMA believes that the constraints, taken together, are sufficient to ensure that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) in relation to online exchange platforms for selling and buying secondary tickets for all types of live entertainment events in the UK.
6. The CMA has also considered whether an SLC would arise as a result of the Merger from (a) customer foreclosure; and (b) input foreclosure.
7. The CMA concluded that the Merger would not create the ability for Ticketmaster to foreclose competition, through the usage of a link on Ticketmaster's primary ticket website redirecting customers to GetMeIn! or Seatwave where Ticketmaster does not have tickets for the desired event, as Ticketmaster did not previously redirect traffic to secondary ticketing competitors in this way. Ticketmaster did redirect customers it was unable to serve to GetMeIn!, providing GetMeIn! with a route to ticket buyers which was not available to the other secondary ticket platforms, but the only Merger effect would arise in respect of tickets for those events for which GetMeIn! did not have tickets but Seatwave did, for which events Seatwave could now benefit from this link as well. Given that the CMA was told that most secondary ticket resellers list their tickets on more than one platform, the CMA found this beneficial 'route to market' effect to be very small, and would not constitute foreclosure. Therefore, the CMA found that the Merger would not give rise to an SLC as a result of customer foreclosure.
8. The CMA also concluded that the Merger would not change the pre-Merger ability and incentive for event organisers to set minimum secondary ticket resale values as these decisions are not influenced by the Parties' market position. Accordingly, the CMA found that the Merger would not give rise to an SLC as a result of input foreclosure.
9. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

10. Ticketmaster is a primary ticketing company and a wholly-owned subsidiary of global ticketing and live entertainment company Live Nation Entertainment Inc. (**Live Nation**). In 2009, Ticketmaster acquired GetMeIn Limited (**GetMeIn!**), which is an online exchange for selling and buying secondary tickets for music, theatre, sports and other live entertainment events in the UK.
11. Seatwave is also an online exchange for secondary tickets for live entertainment events and, prior to the Merger, was active in 12 countries worldwide, including the UK. The turnover of Seatwave in 2013 was around £[X] in the UK.

Transaction

12. Ticketmaster acquired [X] of Seatwave on 31 October 2014 through a Sale and Purchase Agreement.

Jurisdiction

13. As a result of the Merger, the enterprises of Ticketmaster and Seatwave have ceased to be distinct.
14. The Parties overlap in the supply of online exchange platforms for selling and buying secondary tickets for all types of live entertainment events in the UK. The CMA believes this to be an appropriate basis for assessing the share of supply test since other ways of trading secondary tickets, such as social media or classified advertising, do not provide an equivalent service. As a result of the Merger, the Parties have a combined share of supply, based on traffic data from Hitwise,¹ of [50–60]%, with an increment of [10–20]% (see paragraphs 55 and 56).
15. The Parties submitted that there are a number of other small online exchange platforms not included in this figure, but accepted that, even if these are included, the share of supply test would be satisfied in relation to the supply of

¹ The Parties provided Hitwise traffic data for GetMeIn!, Seatwave, StubHub, Viagogo, Ticketbis and Worldticketshop.

online exchange platforms for selling and buying secondary tickets for all types of live entertainment events in the UK.

16. The CMA has therefore found that the share of supply test in section 23 of the Act is met.
17. The Merger completed on 31 October 2014 and was first made public on 6 November 2014. The four month deadline for a decision under section 24 of the Act is 1 April 2015, following extension under section 25(2) of the Act.
18. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
19. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 5 February 2015 and the statutory 40 working day deadline for a decision is therefore 1 April 2015.
20. The Parties did not notify the Merger to the CMA. The CMA opened an own-initiative investigation into the Merger by sending an Enquiry Letter to Ticketmaster on 2 December 2014.²

Counterfactual

21. The CMA assesses a merger's impact relative to the situation that would prevail in the absence of the merger (ie the counterfactual). For completed mergers the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger.
22. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it considers that in the absence of the merger the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.³
23. Ticketmaster did not submit that there was an alternative counterfactual to the pre-Merger conditions of competition and the CMA's market test did not uncover any evidence warranting the use of an alternative counterfactual in this case. Accordingly, the CMA found the pre-Merger conditions of competition to be the relevant counterfactual.

² See [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, paragraphs 6.9-6.19 and 6.59-60.

³ [Merger Assessment Guidelines](#) (OFT1254/CC2), September 2010, from paragraph 4.3.5. The Merger Assessment Guidelines have been adopted by the CMA (see [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, Annex D).

Background

24. Online exchange platforms for secondary tickets are marketplaces for the reselling of tickets which have initially been bought from venues, promoters or ticket agents. Buyers are generally individuals whereas sellers can be individuals or companies (ie professional resellers). Some firms, called 'affiliates', attract buyers to the platforms in exchange for commission fees.⁴ Secondary ticket prices are generally determined by the seller and, depending on demand, can be above or below the ticket's face value.
25. Online exchange platforms generally do not own or handle the tickets. These firms facilitate the payment and transfer of tickets between buyers and sellers, and provide guarantees for the delivery on time of valid tickets, usually charging fees to both the buyer and the seller. As there are typically no listing fees, most customers list their tickets on multiple websites.

Frame of reference

26. The CMA considers that market definition provides a framework for assessing the competitive effects of a merger on competition and involves an element of judgement. The boundaries of the market are not in themselves determinative of the outcome of the analysis of the competitive effects of the merger as the CMA recognises that there can be constraints on merger parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.⁵
27. The Parties' online secondary ticket platforms are two-sided products in economic terms. Two-sided products are platforms that intermediate between distinct and unrelated groups of customers. The number of customers in each group affects the profitability of the product because the value that one group of customers realises from the intermediary (or platform) depends on the volume of customers from the other group (ie there are 'indirect network effects').⁶ In this case, secondary ticket sellers are attracted to platforms with more buyers and vice versa.⁷
28. In assessing the frame of reference in a two-sided market, the CMA may consider the constraints from demand substitution on either side of the market

⁴ For example ticket search engines and comparison websites.

⁵ [Merger Assessment Guidelines](#), paragraph 5.2.2.

⁶ See also [Merger Assessment Guidelines](#), paragraph 5.2.20 (second bullet point).

⁷ Users of secondary exchange platforms value not only the intrinsic features such as customer service and fees but also the traffic and number of other users. Consequently, the more popular a website is, the greater its competitive advantage and the more likely it is to grow further.

on the ability of a hypothetical monopolist to raise prices profitably. The application of the hypothetical monopolist test in this regard relies on different prices being charged to the two different groups of customers.

29. In this case, the two sides of the market often overlap as individuals interested in attending events may on different occasions buy or sell tickets on a platform.⁸ This suggests that the preferences on either side of the market are largely the same, and both sides benefit from extra traffic. In addition, fees are charged to both the seller and the buyer (though the seller may pass the fee through to the buyer by demanding a higher price than the original value), making it difficult to differentiate between the two sides of the market. For this reason, the CMA has assessed both sides of the market together for the purposes of its competitive assessment.

Product scope

30. The CMA's approach to assessing the product frame of reference is to begin with the overlapping products of the Parties in the narrowest plausible candidate product frame of reference and then to see if this can be widened on the basis, primarily, of demand-side considerations.⁹
31. The Parties overlap in the supply of online exchanges for selling and buying secondary tickets for all types of live entertainment events. The narrowest plausible candidate market considered by the CMA included online secondary ticketing platforms (eg Seatwave, GetMeIn!, Viagogo, StubHub, Ticketbis and Worldticketshop) segmented by event type. Taking this as a starting point, the CMA then considered whether the product frame of reference should be expanded to include:
- all live entertainment event types without further segmentation;
 - other websites for selling and buying secondary tickets;
 - primary ticket websites; and/or
 - offline sales channels.

Segmentation by live entertainment event type

32. Ticketmaster submitted that there is significant supply-side substitution between different categories of tickets (ie music, theatre, comedy and sport)

⁸ The CMA notes that some third parties are only active on one side of the market, eg professional resellers. These parties will also be taken into account in the competitive assessment.

⁹ [Merger Assessment Guidelines](#), paragraph 5.2.17.

and that most secondary ticketing exchanges list a broad range of tickets to cater for wide consumer demand.

33. From a demand-side perspective, most respondents to the CMA's market testing considered only StubHub and Viagogo as the Parties' competitors, and indicated that the extent of competition of these four online exchanges for selling and buying secondary tickets was equal across all segments, though all four focussed primarily on the music segment.
34. On the basis of this evidence, the CMA concluded that it would focus on secondary tickets for all live entertainment events as its product frame of reference without segmenting by event type.

Other websites for selling and buying secondary tickets

Ticketmaster's submission

35. Ticketmaster submitted that there is a wide range of websites which enable the selling and buying of secondary tickets, and that these websites individually and collectively exercise an important competitive constraint on the Parties. These websites include:
 - dedicated exchange platforms, eg Viagogo, StubHub, Ticketbis, Worldticketshop, Ticketola, Twickets, Chelsea FC Ticket Exchange, Gofootballtickets and Wimbledon Debenture Holders;
 - classified advertising websites, eg Gumtree.com, Craigslist.co.uk, Vivastreet.co.uk, Ukclassifieds.co.uk, Loot.com, Newsnow.co.uk, Locanto.co.uk, Friday-ad.co.uk, and Freemarket.co.uk;
 - professional reseller sites, eg Double8tickets, Premier Events, Livefootballtickets, 1st4footballtickets, Onlineticketexpress, and Ticketroyale; and
 - social networks and forums, eg Facebook and Twitter.
36. Ticketmaster noted that customer service is a key feature of competition between online exchanges for secondary tickets. In addition, [redacted],¹⁰ [redacted]. Ticketmaster said that it had sought to differentiate GetMeIn! by making its service fast, reliable and easy.

¹⁰ Hitwise data indicated that GetMeIn!'s share of supply increased from around [20–30]% in 2013 to around [30–40]% in 2014 (see section on shares of supply below).

Third party submissions

37. All of the customers and most of the competitors (covering the whole range of the above-mentioned websites) which responded to our questionnaire submitted that the Parties compete only with StubHub and Viagogo. Only one competitor additionally mentioned Ticketbis and Worldticketshop as being competitors of the Parties.
38. One competitor said that the Parties do not compete directly with advertising websites (or with social networks and forums) as these websites do not offer any guarantees, any service and do not deliver convenience for their customers. Several customers stressed the importance of customer service, stating that they take the level of customer service into account when determining whether to engage with secondary ticket websites, and one competitor said that customer service was one of the differentiating characteristics of secondary ticket exchanges compared with other channels for acquiring secondary tickets.
39. Some competitors informed the CMA that their revenues in the UK from commissions on the sale of secondary tickets, or from ticket advertising, was insignificant compared to the Parties' revenues.

Internal documents

40. Ticketmaster provided various internal documents, such as internal market studies, a strategy presentation on Seatwave, Seatwave's investor presentation and marketing board slides, a customer survey by ComRes and Ticketmaster's presentation on resale in the UK. All these documents focused on the competition between GetMeIn!, Seatwave, [redacted] and [redacted]. Only one internal document, Seatwave's marketing presentation, gave some examples of other competitors, such as [redacted].

CMA assessment

41. On the basis of this evidence, the CMA believes that GetMeIn!, StubHub, Viagogo and Seatwave are each other's closest competitors, and the constraint they face from other online channels through which secondary tickets can be bought and sold appears limited. For this reason, the CMA, on a cautious basis, has not included these other channels in the product scope. Nevertheless, the CMA has considered the constraint posed by these websites in its competitive assessment.

Primary tickets and/or offline sales channels

42. The CMA assessed whether the product scope should be widened by including primary tickets sales and/or offline sales channels for secondary tickets (eg transfer of tickets in person, at the gate or tout).
43. The CMA has not found any evidence which suggests that primary tickets impose a constraint on the secondary market. The CMA understands that, while for some events there may still be primary tickets available when secondary tickets go on sale, these will often be at a much lower price (for popular events) or a much higher price (for unpopular events, eg if a popular sports team has been eliminated from a tournament). Therefore, the CMA, on a cautious basis, has excluded primary tickets from the product frame of reference.
44. The CMA believes that there are important differences between offline channels for secondary tickets and online secondary ticket exchange platforms. For example, offline channels do not offer any guarantees, they charge relatively low commission fees, and there is a limited ability to ensure an optimal match of supply and demand. The CMA's market testing provided no evidence that offline channels constrain the online market. Therefore, the CMA, on a cautious basis, has excluded offline channels for secondary tickets from the product frame of reference.

Conclusion on product scope

45. For the reasons set out above, the CMA has assessed the impact of the Merger in the supply of online exchange platforms for selling and buying secondary tickets for all types of live entertainment events. The CMA has taken competitive constraints from outside this frame of reference into account in its competitive assessment.

Geographic scope

46. Ticketmaster submitted that online secondary ticketing exchanges, such as Seatwave and GetMeIn!, are used by customers located throughout the UK to buy and sell secondary tickets for events taking place throughout the UK. Customers outside the UK also use these sites, generally when looking to buy or sell tickets for live events in the UK.
47. The CMA's market testing indicated that the main considerations leading customers and affiliates to select a platform is the extent of its traffic and ticket inventory for events in the UK. No customers and affiliates suggested that

they would list on or switch to foreign websites, or that any regional factor would influence their choice of online ticket exchange.

48. The Parties and the two main competitors each operate at the national level, setting their main competitive variables and relationships nationally, even though they are all active in multiple countries. The Parties' internal documents showed that entry to each national market is considered separately. In addition, there are no regional or local variations to any of the websites.
49. On the basis of this evidence, the CMA has assessed the impact of the Merger on the basis of a UK-wide geographic frame of reference.

Conclusion on frame of reference

50. For the reasons set out above the CMA has assessed the impact of the Merger in the following frame of reference: the supply of online exchange platforms for selling and buying secondary tickets for all types of live entertainment events in the UK.

Competitive assessment

Horizontal unilateral effects

51. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or degrade quality on its own and without needing to coordinate with its rivals.¹¹ Horizontal unilateral effects are more likely when the merger parties are close competitors.
52. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in a substantial lessening of competition in relation to unilateral horizontal effects in online exchange platforms for selling and buying secondary tickets for all live entertainment events in the UK.

Shares of supply

53. Ticketmaster provided the CMA with traffic data on online secondary ticketing platforms in the UK from two different sources (Hitwise and SimilarWeb). Ticketmaster said that SimilarWeb is more accurate as it provides data for

¹¹ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

more websites, including those with less traffic. However, Ticketmaster recognised that SimilarWeb’s data relies on extrapolations from a relatively small panel of internet users and is thus prone to significant over- and underestimation. Ticketmaster said that Hitwise can provide more reliable traffic estimates for websites with high traffic, but is less reliable for websites receiving less traffic (even those with thousands of visits per month).

54. The CMA found that the turnover ratio of GetMeIn!, Seatwave and StubHub in 2014 was approximately equal to the ratio of shares of supply based on Hitwise data, which suggested that Hitwise data was more reliable for estimating shares of supply.¹² However, as Hitwise does not include websites with less traffic, the CMA believes that information from both sources needs to be considered to estimate the Parties’ market position.

55. Table 1 and Table 2 show estimated shares of supply, based on Hitwise data and SimilarWeb data, respectively.

TABLE 1 Shares of supply of online exchanges for secondary tickets in the UK in 2012-2014 (Hitwise data)

	Jan-Jun 2012		Jul-Nov 2012 ¹³		Mar-Jun 2013 ¹⁴	
	Monthly traffic	%	Monthly traffic	%	Monthly traffic	%
GetMeIn!	[X]	[30–40]	[X]	[20–30]	[X]	[10–20]
Seatwave	[X]	[20–30]	[X]	[20–30]	[X]	[20–30]
Combined	[X]	[60–70]	[X]	[40–50]	[X]	[30–40]
Viagogo	[X]	[40–50]	[X]	[50–60]	[X]	[40–50]
StubHub					[X]	[10–20]
Ticketbis						
Worldticketshop						
Total	[X]	100	[X]	100	[X]	100
	Jul-Dec 2013		Jan-Jun 2014		Jul-Dec 2014	
	Monthly traffic	%	Monthly traffic	%	Monthly traffic	%
GetMeIn!	[X]	[20–30]	[X]	[20–30]	[X]	[30–40]
Seatwave	[X]	[20–30]	[X]	[10–20]	[X]	[10–20]
Combined	[X]	[40–50]	[X]	[40–50]	[X]	[50–60]
Viagogo	[X]	[30–40]	[X]	[30–40]	[X]	[30–40]
StubHub	[X]	[20–30]	[X]	[10–20]	[X]	[10–20]
Ticketbis			[X]	[0–5]	[X]	[0–5]
Worldticketshop			[X]	[0–5]	[X]	[0–5]
Total	[X]	100	[X]	100	[X]	100

¹² This data shows that [X].

¹³ Ticketmaster could not provide traffic data for December 2012.

¹⁴ Ticketmaster could not provide traffic data for the period January to March 2013.

TABLE 2 Shares of supply of online exchanges for secondary tickets in the UK in 2014 (SimilarWeb data)

	Monthly traffic	%
GetMeIn!	[X]	[10-20]
Seatwave	[X]	[10-20]
Combined	[X]	[30-40]
Viagogo	[X]	[30-40]
StubHub	[X]	[20-30]
Ticketbis	[X]	[0-5]
Worldticketshop	[X]	[0-5]
Ticket4football	[X]	[0-5]
Ticketola	[X]	[0-5]
Total	[X]	100

56. Table 1, based on Hitwise data, indicates that, in the second half of 2014, the Parties had a relatively high combined share of supply of [50–60]%, with an increment arising from the Merger of [10–20]%. Table 2, based on SimilarWeb data for 2014, shows a substantially lower combined share of supply for the Parties of [30–40]%, with an increment of [10–20]%.
57. The shares of supply from 2012 to 2014 in Table 1 indicate that traffic per website has varied significantly over the last few years and that StubHub, which entered the UK market in 2012, has grown a substantial share of supply in a short period of time.

Closeness of competition and principal competitive constraints

58. The Parties’ internal documents generally indicated that they each believed themselves to compete with each other, StubHub and Viagogo, but not with other providers.
59. Ticketmaster provided information on the terms the Parties bid on in pay per click (PPC) advertising,¹⁵ indicating how closely the Parties compete in this area. The PPC data showed that the Parties both competed for general terms related to specific acts, eg ‘[X]’, and specific terms such as ‘[X]’. In addition, Ticketmaster provided reports on GetMeIn! and its competitors’ PPC bidding activities. These reports showed that Seatwave is not a particularly close

¹⁵ PPC advertising is an internet advertising model used to direct traffic to websites, in which advertisers pay the publisher when the ad is clicked.

competitor to GetMeIn! as Seatwave was often listed relatively low in PPC biddings.

60. Ticketmaster also provided data showing which websites were visited by the Parties' customers before and after they visited the Parties' websites. This included a wide range of websites including some which were not competing with the Parties, such as Google, as they could not directly sell or list secondary tickets. The CMA found that this evidence was very sensitive to assumptions,¹⁶ and therefore, judged that this data was not suitable to determine the Parties' closeness of competition.
61. The CMA's market testing found that the majority of competitors and customers believed the market for online exchanges for secondary tickets to be very competitive. An internal document from Seatwave supported this view as it stated that, recently, there had been intensified competition through increased advertising spending. Some competitors also said that they had been considering increasing their advertising spending in order to expand further in the UK market.
62. The CMA's market testing also found that most customers considered that Seatwave had become a weaker provider over the last few years. While most large sellers indicated that they generally listed their tickets simultaneously on multiple online exchange platforms, some customers said that they had stopped using Seatwave for selling, listing or promoting tickets because of its poor customer service. [REDACTED] supported this view. [REDACTED].¹⁷
63. In the CMA's view, the evidence shows that the Parties are close competitors but not each other's closest competitors, with Viagogo and StubHub providing a more effective competitive constraint on GetMeIn! in recent years than Seatwave. The CMA believes that the shares of supply are a reasonably good approximation of their relative competitive strength but, compared with the volatility of the other firms, notes the consistent decline in the market share of Seatwave. For this reason and based on the evidence above, the CMA believes that Seatwave might have been a less effective competitor at the time of the Merger than its most recent share of supply would indicate.

¹⁶ For example, assumptions on whether traffic to Gumtree or eBay is actually (partly) traffic to StubHub as these sites can be assumed to help StubHub as they are part of the same group.

¹⁷ [REDACTED].

Other competitive constraints

64. As noted above (see paragraph 40), one internal document indicated that, in addition to competing with Viagogo, StubHub and each other, they also competed with some new and growing exchange platforms.
65. Ticketmaster's PPC reports also indicated that, while StubHub and Viagogo competed for PPC terms with GetMeIn!, there were many other websites, such as Double8tickets, competing for these terms too.
66. The shares of supply (see paragraph 55) show the presence of Ticketbis and Worldticketshop with shares of supply up to [0–5] and [0–5]%, respectively, and one competitor mentioned Ticketbis and Worldticketshop as being competitors of the Parties.
67. Based on this evidence, the CMA believes that new and growing exchange platforms such as Ticketbis and Worldticketshop impose some competitive constraints upon the Parties, though currently this constraint appears limited.

Tipping point

68. The CMA assessed whether network effects in this market would create a tipping point where the market would move towards higher concentrations as a result of the Parties' market position caused by the Merger.¹⁸
69. However, respondents to the CMA's market testing raised no concerns about the Parties' share of supply after the Merger, and one competitor said that the Merger would actually make the market more competitive.
70. The volatile shares of supply show that market positions have been subject to change over the past few years and the CMA notes that StubHub has successfully launched in the market relatively recently. Moreover, there were periods in which Viagogo had a share of supply of around [50–60]% (eg in late 2012 to early 2013; see paragraph 55), after which its share of supply fell. In addition, survey results provided by Ticketmaster suggested that the market is growing as the majority of secondary ticket sales still happen offline.¹⁹

¹⁸ In markets with network effects additional customers on one side of the market (eg ticket sellers) lead to additional customers on the other side of the market (eg ticket buyers). This can generate a virtuous circle where the effects keep reinforcing each other and a very strong market position occurs.

¹⁹ Customers might shift from the offline market to the online market. However, as mentioned before (see paragraph 44) the CMA did not find evidence that offline channels constrain the online market.

71. For all these reasons, the CMA does not believe that the Merger will give rise to tipping point effects.

Conclusion on horizontal unilateral effects

72. As set out above, the CMA considers that GetMeIn! and Seatwave are close competitors but not each other's closest competitors. Rather, both the Parties have been facing, and will continue to face, strong competition from Viagogo and StubHub. The Parties also face a more limited competitive constraint from many smaller online secondary ticket exchanges. Moreover the CMA notes that the market for online secondary ticket platforms in the UK is relatively new and dynamic, with rapidly changing market shares.
73. Accordingly, the CMA has found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of online exchange platforms for selling and buying secondary tickets in the UK.

Non-horizontal effects

74. Non-horizontal mergers bring products together that do not themselves compete but may be related. Non-horizontal mergers do not involve a direct loss of competition between firms in the same market, and it is a well-established principle that most are benign and do not raise competition concerns.²⁰
75. Nevertheless, under certain conditions, non-horizontal mergers can weaken rivalry. The theories of harm raised by such mergers typically involve the merged firm harming the ability of its rivals to compete post-merger, for example by raising effective prices to its rivals, or by refusing to supply them completely.²¹
76. The CMA only regards such foreclosure to be anticompetitive where it results in an SLC in the foreclosed market(s), not merely where it disadvantages one or more competitors.²² In the present case, the CMA has considered whether an SLC would arise as a result of the Merger from (a) customer foreclosure; and (b) input foreclosure.

²⁰ [Merger Assessment Guidelines](#), paragraph 5.6.1.

²¹ [Merger Assessment Guidelines](#), paragraph 5.6.5.

²² In relation to this theory of harm, 'foreclosure' means either foreclosure of a rival or to substantially competitively weaken a rival.

77. The CMA's approach to assessing vertical theories of harm is to analyse (a) the ability of the merged entity to foreclose competitors; (b) its incentive to do so; and (c) the overall effect of the strategy on competition.²³

Customer foreclosure

Third party submissions

78. Some third parties expressed concerns relating to customer foreclosure. In particular, it was put to the CMA that, following the Merger, Ticketmaster would have a stronger incentive and ability to leverage its strong market position in the primary ticket sector to foreclose competition in the secondary ticket exchange sector in the UK.
79. Third parties submitted that Ticketmaster, pre-Merger, referred customers for primary tickets through a link on the Ticketmaster website to GetMeIn! for secondary tickets in situations where it did not have primary tickets available. Some third parties indicated that this link was very important for GetMeIn! as a 'route to market' and one third party stated that Ticketmaster will have a greater incentive after the Merger to refer customers to its secondary ticket exchange(s).

CMA assessment

80. The CMA believes that the Merger would not create the ability for Ticketmaster to foreclose competition through the usage of a link on its primary ticket website as Ticketmaster did not previously redirect traffic to secondary ticketing competitors in this way. Given that Ticketmaster previously redirected customers it was unable to serve to GetMeIn!, the only Merger effect would arise in respect of tickets for those events for which GetMeIn! did not have tickets but Seatwave did, for which events Seatwave might be expected post-Merger to benefit from a link from Ticketmaster instead. However, given that the CMA was told that most secondary ticket resellers list their tickets on more than one platform, the CMA found this beneficial 'route to market' effect to be very small, and would not constitute foreclosure.
81. Given that the CMA believes that Ticketmaster has no ability to foreclose customers, the CMA has not considered incentive and effect.

²³ [Merger Assessment Guidelines](#), paragraph 5.6.6.

82. Therefore, the CMA found that the Merger would not give rise to a realistic prospect of an SLC as a result of customer foreclosure.

Input foreclosure

83. One third party expressed concern that the Parties could encourage or accept event organisers to set minimum secondary ticket resale values in exchange for exclusivity and other favourable conditions, eg by making it easier for the Parties to re-issue tickets in return for data. However, the CMA believes that the Merger would not change the pre-Merger ability and incentive for event organisers to adopt such policies as these decisions are not influenced by the Parties' market position. For this reason, the CMA found that the Merger would not give rise to an SLC as a result of input foreclosure.

Conclusion on non-horizontal effects

84. For the reasons set out above, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of non-horizontal effects in relation to online exchange platforms for selling and buying secondary tickets for all types of live entertainment events in the UK.

Barriers to entry and expansion

85. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no substantial lessening of competition. In assessing whether entry or expansion might prevent a substantial lessening of competition, the CMA considers whether such entry or expansion would be timely, likely and sufficient.²⁴
86. In this case, the CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

Third party views

87. The CMA contacted customers, affiliates and competitors of the Parties. Most competitors and one affiliate raised concerns regarding the relationship between Ticketmaster and GetMeIn!, but did not raise any concerns related to horizontal effects. One customer raised concerns about the Parties' market

²⁴ [Merger Assessment Guidelines](#), from paragraph 5.8.1.

position and the possibility of raising commission fees but expected the Merger not to significantly affect its business.

88. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

89. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom.

90. The Merger will therefore **not be referred** under section 22(1) of the Act.

Andrew Wright
Director, Mergers
Competition and Markets Authority
26 March 2015