
Anticipated acquisition by Odeon Cinemas Limited and Cineworld
Cinemas Limited of Carlton Screen Advertising Limited

ME/3632/08

The OFT's decision on reference under section 33(1) given on 1 July 2008. Full text of decision published on 17 July 2008.

Please note that square brackets indicate figures or text which have been deleted or replaced at the request of the parties for reasons of commercial confidentiality.

PARTIES

1. **Odeon Cinemas Limited** (Odeon) is the UK's largest cinema operator with 108 cinemas (831 screens). Odeon is a subsidiary of Corleone Capital Limited (Corleone) and its ultimate parent company is TFCP Holdings Limited (formerly Terra Firma Capital Partners Holdings Limited), the private equity fund manager.
2. **Cineworld Cinemas Limited** (Cineworld) is the UK's second largest cinema operator with 72 cinemas (741 screens). It is a subsidiary of Cineworld Group plc whose main shareholder (with 46.8 per cent)¹ is Blackstone Capital Partners (Cayman) IV LP.
3. **Carlton Screen Advertising Limited** (CSA) is a provider of cinema advertising services in the UK. It is a wholly owned subsidiary of ITV plc (ITV), a television broadcaster.

¹ As of 5 February 2008. 51.2 per cent of its shares are publicly traded on the London Stock Exchange and two per cent are Management owned.

TRANSACTION

4. The proposed transaction will proceed by way of two separate steps. The first is the formation of a 50:50 joint venture (JV) between Odeon and Cineworld.² The JV will be incorporated as Digital Cinema Media Limited (DCM).
5. The second step is that DCM will acquire CSA from ITV plc for £500,000.
6. The parties told the OFT that the rationale for the proposed transactions is to secure their cinema advertising revenues in reaction to CSA's financial difficulties and possible exit from the market. []. Further, Odeon and Cineworld decided to form a JV [].

JURISDICTION

7. The proposed transaction meets the merger jurisdictional thresholds of the EC Merger Control (ECMR).³
8. The parties submitted to the European Commission (the Commission) a Reasoned Submission pursuant to Article 4(4) of the ECMR that the case be referred in its entirety to the UK. The Commission granted the parties' request on 23 April and under section 34A of the Enterprise Act 2002 (the Act) the statutory deadline in this case is 1 July.
9. As a result of the proposed transaction CSA will cease to be distinct from Odeon and Cineworld. Odeon and Cineworld together account for over 70 per cent of CSA's payments to cinemas and CSA accounts for around 75 per cent of cinema screen advertising in the UK. Therefore, the share of supply test in section 23 of the Act is satisfied with respect to the supply of cinema advertising screen time in the UK. The OFT therefore believes that it is or may be the case that arrangements are in progress or contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

² Odeon and UCI Cinema Holdings Limited (a subsidiary of Corleone) and Cineworld Group plc, known as JV Parents, will also be parties to the JV Agreement in order to bind Odeon and Cineworld's parent companies to the restrictive covenants.

³ Council Regulation (EC) No 139/2004.

THE COUNTERFACTUAL

10. The parties submitted that CSA has been a loss making business and the correct counterfactual is not the existing position but rather that CSA would exit the industry. Even if CSA did not exit the market, according to the parties, its pricing policy would change substantially and so the majority of exhibitors' terms with CSA would not have continued in the absence of the proposed merger.
11. Information provided to the OFT by ITV shows that ITV has subsidised CSA by more than £20 million over recent years. ITV also told the OFT that, in selling CSA, it received five bids for the business (besides the bid of Odeon and Cineworld) of which two were short-listed. Both of these bidders wanted reverse payments from ITV which made them unattractive to ITV. Therefore, in the absence of selling CSA to Odeon and Cineworld, ITV submitted that the most likely outcome would be to wind down CSA and allow it to exit the market. A number of internal documents were given to the OFT by ITV in order to corroborate this position.
12. The OFT's general approach is that it relies on pre-merger conditions as the appropriate proxy for the counterfactual and will test the competitive impact of any transaction against such a standard before proceeding to consider whether another counterfactual should be substituted. In general, where the merger raises no concerns relative to pre-merger conditions, nothing will turn on the OFT's adoption of its default counterfactual of pre-merger conditions and there will be no need to consider the detailed factual questions that arise under substitute counterfactuals.⁴
13. Although ITV has submitted good evidence to back up the parties' claims on the counterfactual, the OFT has not found it necessary to consider in detail and to conclude on an alternative counterfactual since it does not affect the outcome in this case.

MARKET DEFINITION

14. The parties overlap in the provision of cinema film exhibition services. CSA provides cinema advertising services.

Product scope (cinema advertising)

15. Cinema screen advertisers such as CSA pay cinemas for the right to show advertising in the cinema and then sell this advertising space to advertisers (either directly or via advertising agents). The advertising space is usually screen time prior to the feature film but can also include print advertising in the cinema foyer, ticket backs or toilets. Screen time is usually sold in five second blocks with 30 seconds being the most common block of time. Typically a cinema will sell around 10 or 15 minutes of screen time before the feature film. An advertising campaign within a cinema runs in weekly blocks, from Friday to Thursday (which coincides with the film release schedule).
16. The parties submitted that cinema screen advertising forms part of a broader market for display advertising which incorporates television and Internet advertising. They supplied some examples of customers threatening to switch their advertising budgets to television unless they received a greater discount in cinema screen advertising.
17. Further, internal documents from CSA show that it considered that it had been losing sales to other media, especially Internet advertising.
18. Third party responses to this case indicate that cinema advertising may form a part of a wider product market. Two advertising agents told the OFT that when considering advertising in cinemas they also consider advertising elsewhere, especially on television. If prices were to increase by around 10 per cent, both said that most of their clients would advertise elsewhere. One said that cinema advertising is not a must have service and therefore there will always be other options.
19. The OFT has not found it necessary to conclude on the product market since the competition assessment is unaffected by it. On a cautious basis,

⁴ See Anticipated acquisition by Tesco Stores Limited of five former Kwik Save stores (Handforth, Coventry, Liverpool, Barrow-in-Furness and Nelson), 11 December 2007, paragraph 19.

it has used the narrowest possible definition for the purpose of the assessment, which is cinema advertising.

Geographic scope (cinema advertising)

20. The parties submitted that the geographic market is national.
21. The evidence in this case indicates that the geographic market is national. Cinema screen advertisers negotiate with cinemas on a national basis and they are able to sell advertising space to advertisers based on the national coverage that they are able to achieve.
22. However, since the competition assessment in this case is unaffected by the geographic market definition, the OFT has not found it necessary to conclude on the geographic market and has investigated this merger on a national basis.

Product scope (film exhibition)

23. The OFT has examined cinemas in a number of merger cases.⁵ In previous cases the OFT has concluded that a small cinema would only provide a limited competitive constraint on a multiplex cinema due to the limited number of films showing at the smaller cinema. Likewise, in *Vue/A3 Cinema*, although the Competition Commission (CC) found the product market to be all cinemas, it considered the closest constraint on a multiplex cinema was other multiplex cinemas.⁶
24. In the current case the parties do not consider that it is necessary to define the product market since the proposed transaction does not give rise to any concentration among cinema exhibitors.
25. The OFT agrees that it is not necessary to conclude on the product market definition in this case, although it has not received any evidence which

⁵ For example: Anticipated acquisition by Cineworld Group plc, through its subsidiary Cine-UK Limited, of the cinema business operating at the Hollywood Green Leisure Park, Wood Green, 17 March 2008; Completed acquisition by Vue Entertainment Holdings (UK) Limited of A3 Cinema Limited (including its subsidiary, Ster Century (UK) Limited), 22 September 2005; Acquisition by Terra Firma Investments (GP) 2 Ltd of United Cinemas International (UK) Limited and Cinema International Corporation (UK) Limited, 7 January 2005; and The completed acquisition by the Blackstone Group of UGC Holdings Limited, 27 April 2005.

⁶ A Report on the Completed Acquisition by Vue Entertainment Holdings (UK) Ltd of A3 Cinema Limited, February 2006, paragraph 5.34.

persuades it to depart from its previous practice. Therefore, the OFT has examined this case on the basis of film exhibition services.⁷

Geographic scope (film exhibition)

26. In past decisions⁸ the OFT has considered that the geographic market for film exhibition is local (around 20–30 minute drive times), although the OFT has also accepted that there are some national factors of competition given the national scope of the major cinema chains.
27. In the *Vue/A3 Cinema* the CC considered that the size of the market should be based on a 20 minute drive time but it bore in mind that the closer a competitor is, the greater the constraint it is likely to offer.⁹
28. In the current case the parties submitted that the film exhibition market is local, and the OFT has not seen any evidence to persuade it to deviate from the approach of the previous cases. However, the OFT does not consider that it is necessary to conclude on the geographic market in this case. To the extent that local film exhibition has been considered at all, the OFT has examined it at a local level.

HORIZONTAL ISSUES

29. The proposed transactions do not create an accretion in the shares in the supply of either cinema advertising or film exhibition. Currently cinema advertising is a duopoly with CSA accounting for around 75 per cent of cinema advertising and P&D accounting for the remaining 25 per cent. Odeon and Cineworld account for around 26 and 24 per cent respectively of film exhibition in the UK and this will remain unchanged after the merger. Therefore, horizontal unilateral effects arising from the merger will not be considered any further in this decision.

Coordinated effects in film exhibition

30. The proposed JV creates a structural link between the two leading cinema chains in the UK. The OFT has carefully considered whether such a

⁷ This is consistent with the last case the OFT examined that related to cinemas – *Cineworld at Wood Green*, March 2008.

⁸ For example, in all of the decisions referred to in paragraph 23 above.

⁹ Paragraph 5.34.

structural link could create or strengthen coordinated behaviour between Odeon and Cineworld in the film exhibition market at the local level. This may arise in one of two ways: either (i) directors from Odeon and Cineworld could share information with each other when DCM meetings are held which would allow them to explicitly coordinate their film exhibition activities; or (ii) information gained from other cinemas in the normal running of a cinema advertising business may allow Odeon and Cineworld to tacitly coordinate their film exhibition activities.¹⁰

31. The OFT has considered whether there are characteristics in the supply of film exhibition services which would make coordinated behaviour infeasible. The factors that the OFT has taken into account comprise whether:

- parties could identify reasonable terms for coordination (for example, prices)
- coordinating firms could monitor each other's behaviour and put in place mechanisms to mitigate or punish deviations from the coordination, and
- other constraints (such as entry from other suppliers or buyer power from customers) would make any coordination impractical.¹¹

Reaching terms of coordination

32. The OFT considers that the most likely focus of any coordination would be on cinema admission prices at the local level, in the areas where they overlap.¹² The OFT also received concerns from some third parties in the industry that Odeon and Cineworld would explicitly coordinate on charging a fee for showing film trailers before the main feature film (trailers are currently shown free).

¹⁰ In terms of (i) above, the OFT examined similar issues in the case: Anticipated acquisition of a controlling interest in Academy Music Holdings Limited by Hamsard 2786 Limited, OFT decision of 21 August 2006. In that case the merger concerned the operation of venues for live music but the merged entity's board would bring together the three largest music promoters in the UK. The OFT investigated whether the merger would have increased the prospect of collusion among those promoters. Ultimately the OFT did not conclude on this since the reference test was met in relation to the parties' overlapping activities of operating live music venues.

¹¹ See the OFT's guidance; Mergers: substantive assessment guidance, OFT516, May 2003, paragraphs 4.11–4.16.

¹² Both parties have local charging. Further, the parties' share of supply at the national level does not appear to be evenly reflected in every local market in which they compete (that is, they do not jointly have over half of each local film exhibition market), so any nationally coordinated strategy would be likely to be subject to substantial local variation.

33. It may be easier for firms to coordinate their behaviour if the product or service being offered is reasonably homogeneous across competitors. Odeon and Cineworld are likely to be reasonably similar in terms of their cost bases and capacity constraints. Both operate multiplex cinemas and, as can be seen in paragraphs 1 and 2, both operate similar numbers of cinemas and screens. It may be the case that at the local level (which the OFT considers to be the appropriate geographic scope for film exhibition services) the parties will be the only two major cinema operators in a number of local areas.
34. The OFT considers that film exhibition from the cinema goers' perspective, especially between the major multiplex cinema operators, is also reasonably homogeneous. The parties submitted that given both Odeon and Cineworld are mainstream cinema chains, their offerings across their entire chains are likely, at any point in time, to overlap (in terms of films being exhibited) to a considerable degree (although there may be some differences – for example, Cineworld tends to show more foreign films than Odeon).
35. The OFT has examined Odeon and Cineworld's local area overlaps and found that the cinema chains are located in the same city or town in a relatively small number (around 15) of instances (their shares of supply in each of these areas varies substantially).¹³ However, given the factors discussed above regarding product homogeneity, the OFT cannot rule out the possibility that the parties might have the incentive to collude with respect to their local admission prices in at least some localities.

Monitoring behaviour and punishing deviations

36. Individual local admission prices are very transparent and therefore it would not be difficult for the parties to monitor each other's behaviour. Equally, there is an obvious punishment mechanism for deviations, namely for the other supplier to change its prices.

¹³ Odeon is present in over 70 towns and cities in the UK while Cineworld is present in over 50. In this case local area overlaps have not been precisely determined using drive times (or any other metric) which is how overlaps would normally be determined since such a time and resource intensive exercise was deemed to be disproportionate in this case. Instead, local overlaps have simply been determined by counting the number of towns and cities in which both Odeon and Cineworld have at least one cinema. As such it is an indicative measure rather than a precise measure.

Other constraints

37. Factors which countervail coordinated behaviour are usually entry of competitors (who will drive prices down or offer an improved level of service) and buyer power.
38. Regardless of whether barriers to entry are high (see below), entry into the supply of film exhibition services tends not to be timely (that is would not take place within around two years) and therefore cannot be relied upon to defeat any attempts to coordinate behaviour.
39. In the context of buyer power, in terms of admission prices, cinema goers are individual customers and therefore do not possess any countervailing buyer power. There is, however, a link between film exhibition and cinema advertising inasmuch as advertisers are likely to be willing to pay less for cinema advertising if cinema admissions fell. Consequently, any countervailing buyer power on the part of advertisers may protect admission prices from being increased.

The impact of the merger

40. The merger does not change the basic structure of the film exhibition market and therefore does not change the parties' incentives to coordinate their behaviour in film exhibition.
41. With regard to the ability to coordinate, the merger could have two affects. First, the formation of the JV will provide a structural link between Odeon and Cineworld. They will each appoint three directors to the board of DCM, two of whom will also sit on the board of Odeon and two of whom will also sit on the board of Cineworld. Therefore, the JV could be used as a conduit for information flows between Odeon and Cineworld which could enable them to explicitly coordinate their behaviour.
42. The parties submitted that such intentions did not form the rationale for the creation of the JV. DCM will be operated at arm's length from the film exhibition businesses. DCM's day to day operations (including the negotiation of advertising contracts) will be run by a management team separately from the shareholders' board which will be responsible for budgets, senior appointments, major investments and strategy decisions. Further, the shareholders' agreement has a clause in it forbidding the

sharing of information not relevant to the business of the JV between the shareholders.

43. While the institutional arrangements designed to keep the running of DCM at arm's length from the running of the film exhibition business of Odeon and Cineworld may be necessary in negating the possibility of coordinated behaviour they are not a sufficient guard against creating or strengthening sustainable coordinated behaviour (since institutional arrangements can always be changed by the owners).
44. However, the parties' assertions that the JV will not be used as a conduit for information flows were substantiated by their internal documents. During the course of its investigations the OFT found no evidence that the parties intended to use the JV as a conduit for information sharing despite conducting an extensive review of the parties internal documents and emails relating to the transaction. Subsequently the OFT concludes that the JV is unlikely to increase the likelihood of coordination in this manner.
45. The second effect pertains to the possibility that through owning a cinema advertising business, the parties may gain access to commercially sensitive information about each other and about third parties which they may be able to use to create or strengthen tacitly coordinated behaviour at the local level.
46. The OFT asked both CSA and P&D about the types of information that they receive from cinemas in running their cinema advertising businesses. Both responded that in terms of commercially sensitive information they receive information about cinemas' growth forecasts and expansion plans (for around five years in advance). Both recognised that this information is confidential but only to the point where cinemas put in a planning approval application to develop a cinema. From this point, there is still a considerable time lag to the opening of a new cinema.¹⁴ Therefore, if Odeon and Cineworld were to coordinate on local admission prices, knowing in advance the capacity expansion plans of their competitors through the joint venture seems unlikely to benefit them.

¹⁴ In *Vue/A3 Cinema* the CC found that the period required to open a new cinema was measured in years not months (for example, paragraph 6.106).

47. Other key information about competing cinemas, such as local admission prices or admission levels, are either readily obtainable or easily estimated (the parties provided the worked example of how a cinema operator could estimate competitor admission levels by using publicly available information). The parties told the OFT that the admission data that CSA receives covers a cinema operator's entire chain of cinemas and is not cinema-specific. Accordingly the OFT does not consider it likely that the operation of the JV will allow the parties access to the information required to create or strengthen coordinated behaviour.

Film trailers

48. By and large, film trailers (advertising upcoming releases) are distributed direct to cinemas and are shown free before the main feature film. Some third parties have expressed concern to the OFT that after the merger Odeon and Cineworld would require trailers to be distributed to them via DCM which would attract a fee.
49. The parties told the OFT that there can be no reasonable expectation that the proposed transaction may lead to charging for screening trailers since they will continue to negotiate with distributors independently from each other. The shareholders' agreement explicitly carves out distributor advertising and trailers from the activities of DCM.
50. Further, the transaction would not have any discernable impact on the aligned incentives between cinemas and distributors to promote upcoming films.
51. Therefore, the OFT does not consider that the proposed merger will change either the incentive or ability of Odeon and Cineworld to explicitly collude with respect to their negotiations with distributors.

Barriers to entry and expansion

Cinema advertising

52. There has not been any new entry into the provision of cinema advertising services in recent years. However, the OFT has not found it necessary to conclude on barriers to entry into cinema advertising since the outcome of the competition assessment does not depend on this.

Film exhibition

53. The parties submitted that setting up a new cinema is capital intensive. However, the parties also submitted that around 70 cinemas (accounting for 135 screens) opened in the UK in 2006.
54. Previous cases have found that the planning system acts as a barrier to entry, at least in some areas.¹⁵ Partly because of this, new entry has been found to be difficult in a timely manner (within two years).
55. However, the OFT has not found it necessary to conclude on barriers to entry into film exhibition since the outcome of the competition assessment does not depend on this.

Buyer power

Cinema advertising

56. Cinema advertising customers are advertising agencies. The parties submitted that the advertising agencies do possess countervailing buyer power since they can very easily switch advertising spend to other media. Third party advertisers corroborated this and said that they do have alternatives to cinema advertising.
57. However, the OFT has not found it necessary to conclude on countervailing buyer power for cinema advertising since the outcome of the competition assessment does not depend on this.

Film exhibition

58. The cinemas' buyers are individual cinema goers and these people do not have countervailing buyer power.
59. Film distributors may have some countervailing buyer power although it is not necessary for the OFT to conclude on this point in this case.

¹⁵ For example, acquisition by Terra Firma Investments (GP) 2 Ltd of United Cinemas International (UK) Limited and Cinema International Corporation (UK) Limited, 7 January 2005.

VERTICAL ISSUES

60. The parties already have a vertical relationship with CSA in that CSA provides cinema advertising in Odeon and Cineworld cinemas (these two cinemas account for 72 per cent of CSA's payments to cinemas). However, the proposed JV creates a structural link between these two large cinema chains and the UK's largest cinema advertiser, CSA. This raises the possibility that CSA could stop purchasing advertising space from other cinemas (customer foreclosure) or that the parties could refuse to sell cinema advertising to P&D (input foreclosure).

Customer foreclosure

61. Market evidence from Odeon and Cineworld, as well as from third parties, shows that advertising revenue typically accounts for around five to ten per cent of a cinema's total revenue.
62. The OFT does not consider that the proposed transaction creates a realistic prospect of foreclosure of rival cinemas by excluding access to these revenues as the parties would not have the ability to do so.
63. If CSA were to refuse to buy cinema advertising space from rival cinemas (total foreclosure), or pay them substantially less money (partial foreclosure), those cinemas are likely to sell their advertising space to P&D¹⁶ (P&D told the OFT that it could take on these customers as it is not capacity constrained).
64. Subsequently, if CSA were to refuse to purchase advertising space from competing cinemas these cinemas would not lose all of these revenues but only the difference (if any) between what CSA was paying them and what P&D would be willing to pay. Consequently, it is likely that as a proportion of total revenue, competing cinemas would only lose a very small amount of revenue if CSA stopped purchasing advertising space from them. (The OFT notes that the proportion of revenue would become especially small to the extent that, as the parties have submitted, CSA's offering will inevitably become less attractive in the absence of the proposed merger.)

¹⁶ Although the OFT has found that cinema switching between CSA and P&D has been very low the OFT has not been able to identify any significant barriers to switching.

65. With regard to the incentive to foreclose downstream cinema rivals, the parties also submitted that in the past the OFT has not considered that small, local cinemas (the cinemas most vulnerable to foreclosure) have provided a strong constraint to the multiplex operators.¹⁷
66. As a further issue the OFT does not consider that the JV will, in itself, create any incentive for the parties to cease purchasing advertising space from rival cinema chains in order to divert advertising revenues to their own cinemas. This is because the parties would be unlikely to show those advertisements (which would no longer be showing in rival cinemas) in Odeon and Cineworld cinemas since, according to the parties, around 80 per cent of CSA's advertising was bought on a national basis making it reasonable to assume that most, if not all, of these advertisements would be showing in an Odeon and/or Cineworld cinema already. Therefore, it is unlikely that these advertisers would increase their advertising in those Odeon and/or Cineworld cinemas above existing levels.
67. As such, the OFT does not consider it a realistic prospect that rival cinemas will be foreclosed as a result of the proposed transaction.

Input foreclosure

68. With respect to Odeon and Cineworld refusing to sell cinema advertising space to P&D, neither cinema currently contracts with P&D and P&D has not been foreclosed from the market. Further, Odeon has never contracted with P&D. As such, refusing to deal with P&D would not be a merger specific event. Moreover, even if Odeon and Cineworld refused to deal with P&D there would still be approximately half of the UK's cinemas available for P&D to compete with CSA for advertising space.
69. The OFT does not therefore consider that there is a realistic prospect of a substantial lessening of competition arising as a result of foreclosure of rival cinemas or rival cinema advertising operators.

¹⁷ For example, Cineworld at Wood Green, March 2008.

THIRD PARTY VIEWS

70. Most third parties who responded to the OFT's questionnaire were unconcerned about the proposed merger. Advertising customers were unconcerned. Likewise, cinemas were generally unconcerned, although one commented that it was uncomfortable dealing with a supplier who would also be a competitor.
71. Distributors were concerned about what the proposed transaction meant for their trailers.
72. All third party concerns have been addressed, above.

ASSESSMENT

73. Odeon and Cineworld are the UK's two largest cinema operators. Together they intend to form a JV and acquire CSA, a cinema advertising provider.
74. The proposed transactions do not change the market structures in either cinema advertising or in film exhibition at the horizontal level. Therefore, the OFT does not consider that horizontal unilateral effects will arise as a result of the proposed transactions.
75. However, by bringing Odeon and Cineworld together via the proposed JV, the OFT did consider the possibility of coordinated effects arising in this case.
76. The OFT examined whether the formation of the JV itself could lead to explicit coordinated behaviour in the film exhibition market between Odeon and Cineworld. The OFT believed coordination on local admission prices would be the most likely form of potential collusive behaviour.
77. In examining this potential harm to competition the OFT undertook an extensive review of a large number of internal documents and emails relating to the proposed transactions. On the basis of this evidence, together with the shareholders' agreement which sets out how the JV will be operated at arm's length from the parties' film exhibition businesses, the OFT has concluded that the parties do not view the JV as a conduit for

explicit information sharing, and subsequently that it is unlikely to increase the likelihood of collusion in this manner.

78. In addition, the OFT investigated what information Odeon and Cineworld were likely to receive through the running of CSA that they would not otherwise receive which may aid tacit collusion in film exhibition. While they would be privy to confidential information relating to growth forecasts and expansion plans for other cinemas, the evidence before the OFT indicates that such information becomes common knowledge within the industry before it could be used by Odeon and/or Cineworld in the setting of their own local admission prices.
79. Finally, the OFT examined whether the proposed transactions could lead to foreclosure of cinema rivals or P&D. The OFT does not consider that there is a realistic prospect of such foreclosures. A refusal by CSA to supply advertising to a rival cinema is likely to induce that cinema to switch to P&D and is not likely to induce advertisers to advertise more in Odeon and Cineworld cinemas.
80. A refusal by Odeon or Cineworld to contract with P&D is not a merger specific effect since neither currently does contract with P&D. In any event, such a refusal would still leave approximately half of the UK's cinemas available for P&D to win advertising spaces from.
81. Consequently, the OFT does not believe that it is or may be the case that the merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.

DECISION

82. This merger will therefore not be referred to the Competition Commission under section 33(1) of the Act.