

## Completed acquisition by Pure Gym of the LA Fitness business

**ME/6526-15**

The CMA's decision on reference under section 22(1) of the Enterprise Act 2002 given on 14 August 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 28 May 2015, Pure Gym Limited (**Pure Gym**) acquired Tolmers Newco 1, the holding company of subsidiaries together comprising LA Fitness's business (**LA Fitness**) (the **Merger**). Pure Gym and LA Fitness are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) considers that the Parties have ceased to be distinct and that the share of supply test is met. The four-month period for a decision has not yet expired. The CMA therefore considers that a relevant merger situation has been created.
3. The Parties overlap in the supply of gyms. Pure Gym is a low-cost or 'budget' operator,<sup>1</sup> whereas LA Fitness is a mid-range operator offering a full pool or 'wet' offering alongside classes and the core gym studio.
4. The Parties submitted, and the evidence supported, that differentiation between gyms relates both to the characteristics of the gyms (including membership options) and their location.
5. The CMA has therefore assessed the impact of the Merger in the supply of gyms at a national and a local level, considering differentiation between gyms as part of the competitive assessment.

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<sup>1</sup> See paragraph 22 for an explanation of the broad product segmentations that exist within the market for gyms.

6. For the purposes of its local assessment, and following its approach in *Pure Gym/The Gym*,<sup>2</sup> depending on the type of location of a gym (eg, urban or rural) the CMA used a 20-minute walk time, and a 20-minute drive time to capture overlaps and as a basis for initial fascia counting, considering also a 40-minute walk time as a sensitivity check. However, taking into account the differentiation between the Parties' service offerings, the CMA focused its competitive assessment on those local areas where the Parties' gyms were particularly geographically proximate (within a 5-minute drive time) recognising that in these areas the competitive constraint between the Parties' sites may be greater than in those areas where the Parties' sites are further apart and there are a considerable number of competing fascia in between.
7. For the purpose of its initial fascia counting exercise in these local areas, the CMA excluded specialist and small gyms which did not meet specified criteria (in terms of number of members and number of pieces of equipment) but has taken the constraint from these into account where there is specific evidence suggesting a constraint in a given local area.
8. However, it was not necessary for the CMA to reach a conclusion on the frame of reference in this case, since, as set out below, no competition concerns arise on any plausible basis.
9. With respect to horizontal unilateral effects at a national level, and based on the evidence it received, the CMA found that:
  - (a) the Parties are not close competitors within the gyms market at the national level, as their offering is differentiated along both product and geographic lines, and both Parties face closer rivals in their respective segments; and
  - (b) the merged entity will continue to face a sufficient constraint from rival operators post-Merger.
10. The CMA considers that these constraints, taken together, are sufficient to ensure that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (an **SLC**) as a result of horizontal unilateral effects at a national level.
11. With respect to horizontal unilateral effects at a local level, and based on the evidence that it received, the CMA found that:

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<sup>2</sup> See [Anticipated combination of Pure Gym/The Gym \(Pure Gym/The Gym\)](#), CMA decision of 26 June 2014, paragraph 57.

- (a) With respect to a loss of current competition (ie in areas where both Parties are currently present):
- (i) In the Derby area, the Parties are close competitors, but sufficient competition will remain post-Merger to constrain the merged entity.
  - (ii) In the Southampton, Shawsbridge, Sale, Highgate, Finchley, New Barnet and Ewell areas, the Parties are not particularly close competitors. The CMA further considers that sufficient competition will remain post-Merger to constrain the merged entity.
- (b) With respect to a loss of actual potential competition (ie in areas where LA Fitness is currently present and Pure Gym is planning to open a site):
- (i) In the [redacted] areas, the Parties would not be close competitors. The CMA further considers that sufficient competition would remain post-Merger to constrain the merged entity.
12. The CMA considers that these constraints, taken together, are sufficient to ensure that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in any local area.
13. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

## ASSESSMENT

### Parties

14. Pure Gym operates low-cost or ‘budget’ gyms across the UK, both in London and the regions. It currently operates 98 gyms with more than [redacted] opening soon, and has over [redacted] members. Its ultimate parent company is CCMP Capital Partners LLC. In the financial year ended 31 December 2014, Pure Gym achieved a UK turnover of £[redacted].
15. LA Fitness is a mid-range gym chain, with 43 clubs, 33 of which are inside the M25. It has [redacted] members. It offers both wet<sup>3</sup> and dry<sup>4</sup> facilities as part of its mid-range positioning. It went through a Company Voluntary Arrangement (**CVA**) in 2014. At the time of the CVA, LAF had around 80 sites, but 33 of these were sold or closed, and the estate was reduced to 43 sites.<sup>5</sup> In the

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<sup>3</sup> Wet facilities encompass pool and/or spa facilities such as a sauna.

<sup>4</sup> Dry facilities encompass the core gym offering only (machines, weights and studio space).

<sup>5</sup> One of these, Henley, is closing in September 2015.

financial year ended 31 October 2014, LA Fitness achieved a UK turnover of £[REDACTED].

## Transaction

16. The Merger involves the acquisition by Pure Gym of a 100% shareholding in Tolmers Newco 1, which at the time of the Merger was the holding company of all the subsidiaries together comprising the LA Fitness business. The Merger completed on 28 May 2015.

## Jurisdiction

17. As a result of the Merger, the enterprises of Pure Gym and LA Fitness have ceased to be distinct.
18. The Parties overlap in the supply of gyms in Derby, with a combined share of supply of [20–30]% of all gyms in the Derby area<sup>6</sup> (increment [5–10]%). The CMA considers that Derby is of sufficient size and significance to constitute a substantial part of the UK.<sup>7</sup> The CMA therefore considers that the share of supply test in section 23 of the Act is met.
19. The Merger has completed and the CMA was made aware of this completion on 28 May 2015. The four-month deadline for a decision under section 24 of the Act is therefore 28 September 2015.
20. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
21. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 1 July 2015 and the statutory 40 working day deadline for a decision is therefore 25 August 2015.

## Counterfactual

22. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). 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

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<sup>6</sup> As estimated by Pure Gym, based on LDC membership numbers in the 5-minute drive time isochrone around the Parties' gyms.

<sup>7</sup> See [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, paragraph 4.61. Derby had around 245,000 inhabitants according to the [2011 census](#).

counterfactual that is more competitive than these conditions as between the merging parties.<sup>8</sup>

23. In this case, there is no evidence supporting a different counterfactual, and Pure Gym and third parties have not put forward arguments in this respect. Therefore, the CMA considers the pre-Merger conditions of competition to be the relevant counterfactual.

## Frame of reference

24. The CMA considers that market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised 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.<sup>9</sup>
25. The Parties overlap in the provision of gyms, although their offering is differentiated. Pure Gym provides low-cost or 'budget' gyms, that is, gyms that are significantly cheaper than the majority of other existing gym operator chains, have limited staffing, are accessible 24 hours a day and seven days a week, and offer membership at standard pricing on a non-contractual basis.<sup>10</sup> LA Fitness is a mid-range operator. Mid-range gyms are typically more expensive than budget gyms and may offer access to better facilities (eg wet facilities or a higher quality environment). Some mid-range gyms offer monthly rolling contracts and advertise their prices transparently online; others, however, only offer longer-term contracts (eg minimum one year) and sometimes require customers to access the gym to obtain a quote.

## Product scope

26. Pure Gym submitted that it agreed with the CMA's broad product market conclusions in *Pure Gym/The Gym*<sup>11</sup> (ie that the market was no wider than all gyms). However, Pure Gym submitted that in practice the approach taken in that case to the effective competitor set effectively narrowed the definition to that of a market for low-cost gyms with its boundaries defined by price-point

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<sup>8</sup> *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).

<sup>9</sup> *Merger Assessment Guidelines*, paragraph 5.2.2.

<sup>10</sup> See *Pure Gym/The Gym*, paragraph 31.

<sup>11</sup> *Pure Gym/The Gym*, paragraph 34 et seq.

thresholds.<sup>12</sup> Pure Gym submitted that the price-point approach is not applicable in the present case, which concerns the merger of a low-cost and a mid-range operator.

27. Pure Gym submitted that within the market for all gyms, closeness of competition will depend on both product market aspects (ie nature of the retail offer, including both price and non-price aspects) and geographic market aspects (site location and proximity).
28. In the current case, third parties perceived different constraints according to their offering and positioning in the market. A budget gym chain which responded to the CMA's market testing submitted that it considered it only faced competition from other budget operators, and would look at mid-range operators as an opportunity to win members rather than a competitive threat. An operator of public gyms considered that gyms compete most closely with others in the same price segment, but that mid-range operators had dropped prices in recent years to compete more effectively with budget offerings. Another mid-range operator submitted that it did not consider budget gyms to be a significant competitor to its business, except in certain segments of the population demographic where price is a major factor in their choice of gym.
29. By contrast, a large mid-range chain considered that all gyms, however classified, compete with each other as it submitted that location and convenience are the most important factors. Another mid-range operator considered that its competition came primarily from other mid-market operators, but submitted that it might benefit in the event of a price rise or quality deterioration by a budget operator, as this would make the mid-range offering more attractive. Another third party stated that competition is dependent entirely on the proposition and demographic in which a gym operates.
30. Based on these mixed responses, the CMA considers that it has not received sufficient evidence to change the approach adopted in *Pure Gym/The Gym*. Therefore, the CMA believes it is appropriate to consider a product scope of all gyms, but notes that the level of constraint and closeness of competition will vary according to a number of factors including offering, price and location.

#### *Approach to effective competitor set for the purpose of fascia counting*

31. As a starting point for its analysis, the CMA considers that identifying an effective competitor set can serve as a pragmatic way of assessing the

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<sup>12</sup> £30 per month within London and £25 per month outside London.

competitive constraints within a market and it enables the use of fascia counting to focus the competitive assessment on those local areas with the highest likelihood of competitive harm owing to increased concentration as a result of the Merger. The purpose of this approach is not to exhaustively identify all constraints in a given area, but to identify in broad terms the types of competitor that are most likely to constrain the Parties.

#### *Small or specialist gyms*

32. In *Pure Gym/The Gym*, the CMA did not include small or specialist gyms for the purpose of its initial fascia counting exercise in local areas on the basis that gyms with a specialist focus, a smaller capacity or with a relatively small number of pieces of equipment were likely to be less attractive for some members and would face a limit to the number of members that they could win, thus limiting the competitive constraint that these gyms are able to impose. Based on data regarding gym size, membership and equipment available from the Leisure Database Company (**LDC**), for the purposes of its initial fascia counting assessment the CMA excluded:
  - (a) gyms with fewer than 50 pieces of equipment;
  - (b) gyms with fewer than 500 members; and
  - (c) specialist gyms (eg women-only gyms).
33. Pure Gym submitted that small and specialist gyms are capable of exercising a competitive constraint on the Parties, particularly where they offer a niche or boutique service. Pure Gym submitted this was corroborated by the Parties' competitor monitoring documents. However, Pure Gym submitted that the exclusion of gyms not meeting the above criteria was reasonable for the purposes of initial screening (though not for the competitive assessment).
34. A third party noted that it did not consider specialist gyms (such as bodybuilding gyms) or very small gyms to be a constraint. Third parties that responded to the CMA's market testing did not frequently name small independent sites as competitors, instead focusing on competition from large branded operators.
35. Based on this evidence, the CMA has excluded small and specialist gyms not meeting the above criteria for the purpose of its initial fascia counting exercise, but has considered the competitive constraint from these gyms where there is specific evidence of a constraint (individually or in aggregate) in a given area.

### *Public gyms*

36. Pure Gym submitted that public gyms should be included in the competitor set. Public gyms are mentioned 44 times in LA Fitness's competitor monitoring documents and are the most frequently monitored type of operator.<sup>13</sup>
37. In *Pure Gym/The Gym*, the CMA included public gyms in the competitor set where they met the size criteria set out above.
38. In the present case, public operators submitted that they compete with both budget and mid-range operators, but were less of a constraint on premium operators. Budget operators and mid-range chains generally regarded public operators as a constraint on them.
39. Based on the evidence above, the CMA has included public gyms meeting the size criteria above in the competitor set for the purpose of its initial fascia counting exercise.

### *Price filter*

40. Pure Gym submitted that it was not appropriate to apply a price filter in this case for the purpose of establishing the initial competitor set. Pure Gym noted that the price filter approach taken in *Pure Gym/The Gym* (a merger of two budget operators) would not identify overlaps between Pure Gym and LA Fitness in the present case except for in the Derby area where LA Fitness has a lower priced offering.<sup>14</sup> Further, Pure Gym submitted that LA Fitness faces competition from premium gyms, and that premium operators' pricing varies on a site-by-site basis.
41. Third parties that responded to the CMA's market testing agreed that price differentiation plays a key role in the closeness of competition of gyms. The extent of the constraint perceived varied substantially according to the positioning of the respondent. A budget gym told the CMA that it faced little competition from premium operators. A chain operating at the higher end of the mid-market told the CMA that it competes with all operators.
42. In the present case, given the differentiation between the Parties' offerings (and the consequent differentiation in the competitors they may respectively face), the CMA has not excluded any gyms based on a price filter for the purpose of its initial fascia counting exercise. The CMA has taken price into

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<sup>13</sup> Merger Notice, p16.

<sup>14</sup> In that case, the CMA excluded gyms charging more than £25 a month outside London and £30 a month within London.



account in its competitive assessment for each local area, noting that premium operators may pose a weaker constraint particularly for those players at the low-cost end of the market.

### *Conclusion on product scope*

43. For the reasons set out above, the CMA has considered the impact of the Merger in the supply of gyms, considering differentiation between gyms directly as part of the competitive assessment. For the purpose of its initial fascia counting exercise, the CMA has excluded specialist/small gyms that do not meet specified member and/or equipment criteria, but has taken the constraint from these into account where there is specific evidence suggesting the existence of a constraint in a given local area.
44. However, it was not necessary for the CMA to reach a firm conclusion on the product frame of reference in this case, since, as set out below, no competition concerns arise on any plausible basis.

### ***Geographic scope***

45. In previous cases, the CMA has considered the impact of gym mergers at both the national and local levels.<sup>15</sup>

#### *National level*

46. Pure Gym did not make specific submissions on the appropriateness of defining a national frame of reference, as it considers that national or network-wide issues do not arise in this case.
47. Third parties varied in the extent to which they perceived national elements of competition.
48. A large mid-range chain commented that most aspects of its commercial offering varied locally and very few clubs had identical commercial offerings given the overriding influence of location and local market conditions. Another mid-range chain submitted that there is no national prescribed pricing for their gyms; this will always be established by the market factors and unit costs.
49. However, one mid-range chain noted that while price was set locally, brand and marketing position are consistent nationally. Another mid-range operator submitted that it operates a standard brand proposition and creative

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<sup>15</sup> Pure Gym/The Gym, Anticipated acquisition by Virgin Active Holdings Ltd (Virgin/Esporta), Office of Fair Trading (OFT) decision of 11 July 2011, Anticipated acquisition by Virgin Active Holdings Ltd of Holmes Place (Virgin/Holmes Place), OFT decision of 1 November 2006.

communication across all locations, with monthly membership pricing being standardised [§]. The CMA is also aware of operators whose prices are standardised nationally.

50. Overall, the extent to which competition occurs at a national level and the extent to which parameters are set or flexed locally appears to vary by operator and by the nature of the business they operate. On a cautious basis, the CMA has examined the effect of the merger at a national level. However, it was not necessary for the CMA to reach a firm conclusion on the geographic frame of reference in this case, since, as set out below, no competition concerns arise on any plausible basis.

#### *Local level*

51. In previous cases involving the health and fitness sector,<sup>16</sup> the OFT approximated local catchment areas based on isochrones of multiple sizes, namely 15- and 20-minute walking times and 15- and 20-minute drive times. In the most recent case in this sector,<sup>17</sup> based on 80% catchment areas and other factors, the CMA used a 20-minute walk time, a 40-minute walk time sensitivity check and a 20-minute drive time to capture overlaps and as a basis for initial fascia counting. In urban areas such as London, or in areas where evidence indicated that most customers walked to the gym, the CMA focused its competitive assessment primarily on the narrower walk time isochrones.
52. Pure Gym submitted that these catchment areas were a conservative but workable precedent and that there was no need to revisit the question of catchment areas in particular detail.<sup>18</sup>
53. As in previous cases, responses to the market investigation were mixed concerning the appropriate local geographic scope. Responses varied from 15 to 20 minutes' walk or drive time down to 10 minutes' walk time, with the majority of respondents to the CMA's market testing suggesting that customers would travel for 10 to 15 minutes to access the gym (either walk, drive, or public transport travel time).
54. The CMA also notes that the Parties' internal documents vary in their view of the local catchment area, with Pure Gym feasibility reports focusing on areas

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<sup>16</sup> Virgin/Esporta, Virgin/Holmes Place.

<sup>17</sup> Pure Gym/The Gym.

<sup>18</sup> Merger Notice, p19.

as small as a [✂]km radius. An LA Fitness internal document<sup>19</sup> notes that most consumers travel less than [✂] minutes to the gym.

55. Given this evidence, the CMA assessed the Merger using the catchment areas identified in Pure Gym/The Gym as an initial step, that is, it used a 20-minute walk time, a 40-minute walk time and a 20-minute drive time to capture overlaps and as a basis for initial fascia counting. Outside London, the CMA focused on overlaps within a 40-minute walk time and a 20-minute drive time. In London, the CMA primarily used a 20-minute walk time with a 40-minute walk time sensitivity check.
56. For this case, taking into account the differentiation between the Parties' service offerings, the CMA also focused its assessment on those local areas where the Parties' gyms were particularly geographically proximate (within a 5-minute drive time) recognising that in these areas the competitive constraint between the Parties' sites may be greater than in those areas where the Parties' sites are further apart and there are numerous competing fascia. The CMA also took into account whether or not in specific local areas the Parties monitored each other in competitor monitoring documents or in site feasibility reports.

### ***Conclusion on frame of reference***

57. For the reasons set out above, the CMA has considered the impact of the Merger in the provision of gyms at both a national level and a local level. Outside London, the CMA has focused on overlaps within a 40-minute walk time and a 20-minute drive time. In London, the CMA focused on overlaps within a 20-minute walk time with a 40-minute walk time sensitivity check.
58. However, it was not necessary for the CMA to reach a firm conclusion on the frame of reference in this case since, as set out below, no competition concerns arise on any plausible basis.

## **Competitive assessment**

### ***Horizontal unilateral effects***

59. 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

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<sup>19</sup> Annex 27, Project London VDD Report.

without needing to coordinate with its rivals.<sup>20</sup> Horizontal unilateral effects are more likely when the merger parties are close competitors.

60. Below the CMA has examined the extent to which the merger may give rise to three broad theories of harm in relation to horizontal unilateral effects:
- (a) the loss of current competition at a national level;
  - (b) the loss of current competition in overlapping local areas; and
  - (c) the loss of actual potential competition in overlapping local areas.

#### *Loss of national competition*

61. The CMA has examined the extent to which the merger may give rise to an SLC at a national level.
62. This may be the case if parameters of competition between the Parties are determined, at least to a material extent, at a national (or network-wide) level. In this case, the merger may result in a loss of national (or network-on-network) competition and adversely affect those parameters of competition that are determined nationally, even where competition between the Parties' gyms is also determined by local factors.<sup>21</sup>
63. Two third parties raised concerns about a possible loss of national competition as a result of the Merger. One submitted that Pure Gym would become the largest gym operator in the UK and that this would result in a monopoly of the health and fitness sector providing fitness for under £30 (per month). Another noted that the acquisition of LA Fitness would remove the lowest middle market private gym chain and result in the dominance of a single brand at the lower end of the market.

#### *Shares of supply*

64. Considering shares of supply of low-cost and mid-range operators, the Parties estimated that they would have a combined share of supply of [10–20]% of these segments (with a [5–10]% increment) based on the number of open sites. The next largest operators, Fitness First, Nuffield and DW Fitness, would have approximately [5–15]% share each, with competitors in aggregate

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<sup>20</sup> [Merger Assessment Guidelines](#), from paragraph 5.4.1.

<sup>21</sup> The CMA's [Commentary on retail mergers](#) notes that local competition may take place where commercial strategies are set at a national level. This does not, however, preclude the existence of national competition; competition can, and often does, take place at national and local level ([Commentary on retail mergers](#), (joint OFT and Competition Commission publication of March 2011, OFT1305/CC2 com2, adopted by the CMA as set out in [Mergers: Guidance on the CMA's jurisdiction and procedure](#), Annex D), paragraph 3.1).

accounting for [80–90]% of supply. The CMA further notes that these estimates do not include premium chains such as Virgin Active and David Lloyd.

#### *Closeness of competition*

65. The Parties' offerings are differentiated along a number of dimensions in terms of pricing and pricing policy, and breadth of offer and service. As such, a number of the factors that were present in *Pure Gym/The Gym* and identified as relevant to network competition (similarity in business model, pricing policies, offering, and expansion plans) are not present in the current case.
66. As well as product differentiation, there is geographic differentiation between the Parties. 29% of LA Fitness's estate is located within central London, whereas none of Pure Gym's is; almost half (48%) of the LA Fitness estate is located in central and outer London, where only 10% of the Pure Gym estate is located.
67. The majority of third parties that responded to the CMA's market testing did not consider the Parties to be close competitors at a national level.

#### *Constraints from other operators*

68. The CMA considers that at a national level post-Merger, sufficient competitors will remain to constrain the merged entity. In particular, in the budget gym segment, Pure Gym will continue to face a constraint from its next largest rival, The Gym, as well as from a tail of smaller competitors including Fit4less, Sports Direct, and Xercise4less. Post-Merger, there will also remain a number of mid-range and premium gym operators operating in the absence of LA Fitness, including DW Fitness, Fitness First, Virgin Active, and David Lloyd, as well as public gyms with a mid-range offering such as those operated by Better.

#### *Conclusion on national horizontal unilateral effects*

69. Considering the evidence outlined above, the CMA considers that:
  - the Parties are not close competitors within the market for gyms at the national level, as their offering is differentiated along both product and geographic lines, and both Parties face closer rivals in their respective segments; and

- the merged entity will continue to face a constraint from rival operators post-Merger.

70. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms at a national level in the UK.

### **Local assessment**

#### *Horizontal unilateral effects in overlapping local areas*

71. Given the relatively small number of overlaps in the present case, the CMA did not employ filters to exclude overlaps unlikely to raise concerns, but considered a number of factors including the level of post-Merger competition in overlapping local areas (and the closeness of this competition in product and geographic terms), the distance between the Parties' sites, and internal documents such as monitoring documents and feasibility reports. The CMA carried out more detailed analysis for areas where this evidence indicated competition between the Parties and where the constraint from other operators appeared weaker.

#### *Overlaps between the Parties' sites*

72. Of the total 42<sup>22</sup> LA Fitness sites, ten sites outside London<sup>23</sup> did not overlap with a Pure Gym site or pipeline site on any measure.

73. Nineteen LA Fitness sites within London overlapped only on the basis of a 20-minute drive time, which is used only as a sensitivity check to capture areas where the Parties' sites are further apart but where there may be less competition in an area (in heavily urbanised areas this isochrone typically captures many competing fascia).<sup>24</sup> The Parties did not calculate fascia reductions for these sites. For one of the sites, Muswell Hill, the LA Fitness site monitors Pure Gym (among other competitors). However, given the lack of geographic closeness between the Parties' sites in all of these areas, the CMA did not examine them in detail.

74. Three LA Fitness sites outside London overlapped only on the basis of a 20-minute drive time.<sup>25</sup> For one of these, Sutton Coldfield, the Pure Gym site

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<sup>22</sup> The Henley site is closing in September 2015 for reasons unrelated to the Merger.

<sup>23</sup> Burnham, Northwich, Woking, Bedford Heights, Billericay, Brentwood, Brighton, Gatwick, Thorpe Bay and Tunbridge Wells.

<sup>24</sup> Bayswater, Edgware, Golders Green, Great Portland St, Holborn, London Wall, Marylebone, Muswell Hill, Northolt, Orpington, Piccadilly, Purley, South Kensington, Southgate, St. Pauls, Sydenham, Victoria, Waldorf, West India Quay.

<sup>25</sup> Loughborough, Sutton Coldfield, Yeadon.

monitors LA Fitness (among other competitors). However, given the lack of geographic closeness between the Parties' sites in all of these areas, and the large number of effective competitors in the relevant isochrones around the Parties' sites, as set out below, the CMA did not examine them in detail.

**Table 1: Fascia count on 20-minute drive overlaps outside London**

Area	Fascia reduction on 20-minute drive
Loughborough	14 to 13
Sutton Coldfield	30 to 29
Yeadon	20 to 19

Source: Parties based on LDC data.

75. The CMA therefore carried out more a detailed review in the ten remaining areas.

#### *Loss of current competition*

- *Derby*

76. In Derby, the Parties are each other's closest geographic competitors. Their sites are located about 500 metres from each other in the town centre.

77. Coupled with geographic proximity, the Parties' offering is also more closely aligned in Derby when compared with all other local overlap areas: Pure Gym prices at £17.99 a month and, in this area, LA Fitness charges £30 per month on a 'no contract' basis, which is a departure from LA Fitness's standard minimum term contract approach (six months or more) and cheaper than in other local areas.<sup>26</sup> The Parties also monitor each other's sites. Based on this evidence, the CMA believes that the Parties compete closely in Derby.<sup>27</sup>

78. Within 40 minutes' walk and 5 minutes' drive time of the LA Fitness site, there are three effective competitors: Gym4all, Virgin and David Lloyd. The Gym4all site is located close to the Parties in the town centre, but the Virgin and David Lloyd sites are located further away on a ring road. They are also more expensive than Pure Gym and LA Fitness, which may lessen the constraint they provide.<sup>28</sup> The Gym4all site is a large gym with 260 pieces of equipment, also charging £17.99 a month. A third party commented that it is a strong constraint in the area.

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<sup>26</sup> Outside of Derby, LA Fitness's monthly gym membership costs £36 to £89 a month, dependent on location and length of contract option.

<sup>27</sup> [REDACTED]

<sup>28</sup> Virgin charges £58 per month and David Lloyd charges £78.

79. Pure Gym submitted that the reduction in fascia should be considered at worst a 6:5 in this area because the fascia count should include sites operated by Funktion Fitness and Xercise4less. The Funktion Fitness site is 5 and a half minutes' drive from LA Fitness. This site is not included in the initial fascia counting as it does not meet the size criteria. However, Pure Gym submitted that it has publicly stated expansion plans to triple in size over the course of the next year. The CMA [X] and considers that following this expansion within the next year it will act as a strong constraint in the area.
80. Pure Gym also submitted that the entry of Xercise4less should be taken into account in this area. Xercise4less is a budget operator and has a large proposed site, which is in pre-sale, close to the Parties in the city centre, at 3 minutes' drive from LA Fitness's site.<sup>29</sup>
81. The CMA has used a 5-minute drive time catchment area as an initial lens to identify areas where the Parties are particularly geographically proximate and may, therefore, compete more closely in the absence of other competitive constraints. However, the CMA notes that LA Fitness monitors Pure Gym among nine other competitors in the Derby area, and Pure Gym monitors ten including LA Fitness. The CMA gathered evidence indicating that within 10 minutes' drive of the Parties' sites, there are a further four effective competitors, including DW Fitness, Derby Arena, The Pavilion and ChoicesHealth. A third party in the area that responded to the CMA's merger investigation considered that gyms in the area all face significant competition.
82. Finally, the Queen's Leisure Centre is also located close to the Parties and falls just below the effective competitor criteria set out above having 44 pieces of equipment and 900 members. Nonetheless, the CMA considers that it poses some constraint on the Parties.
83. Overall, the CMA considers that the merged entity will face a strong constraint from Gym4all, and a constraint from Funktion Fitness, the Queen's Leisure Centre, Virgin, and David Lloyd. The merged entity will also continue to face a competitive constraint from four other gyms within a 10-minute drive time of each of their sites, and would face a further strong constraint from Xercise4less following the entry of this gym.

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<sup>29</sup> [www.xercise4less.co.uk/derby-gym](http://www.xercise4less.co.uk/derby-gym).



- *Conclusion*

84. The CMA considers that the Parties are close competitors in the Derby area. However, based on the evidence above, the CMA believes there will be sufficient competitors in the area to constrain the merged entity.
85. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Derby area.

- *Southampton*

86. In Southampton, the Parties are 7.5 minutes' drive apart. Pure Gym is located within the city centre. There is also another Pure Gym site in Bitterne, which is 11 minutes' drive from LA Fitness.
87. Pure Gym prices at £18.99 a month in this area. LA Fitness prices at £55 per month, with the cheapest membership available being £35 a month for an 18-month contract. This difference in price is consistent with the Parties' positioning in terms of equipment and service. LA Fitness monitors both Pure Gym sites in the area. Pure Gym also monitors LA Fitness. Although both Parties monitor each other, LA Fitness also monitors (among others) the [X].
88. The CMA considers that overall this evidence indicates the Parties are not particularly close competitors in this area.
89. The CMA further notes that there are three gyms closer to LA Fitness than Pure Gym which meet the effective competitor criteria. These are: Southampton Jubilee Hall, EasyGym, and JoJo's Health and Fitness. LA Fitness monitors four gyms in total; [X]. Although [X] is not monitored by the Parties, a third party submitted that the facilities offered by [X] are good, and that it is also priced competitively.
90. The CMA was told by a third party that the EasyGym (which is one of the closest competitors to LA Fitness) is due to close or move as the site is being redeveloped.<sup>30</sup> However, the timing of this is unclear. On a cautious basis, the CMA has not included the EasyGym when considering constraints in this area. However, there would remain two gyms closer to LA Fitness than Pure Gym.
91. The CMA notes that there are a number of further effective competitors in the area within a 10-minute drive including The Gym, ActiveNation (The Quays),

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<sup>30</sup> See for more detail article in the [Southern Daily Echo](#) (25 June 2015).

David Lloyd, Places for People Leisure, and the Mayflower. Both [X] are currently monitored by LA Fitness. A consumer who responded to the CMA's merger investigation commented that ActiveNation was a good alternative to LA Fitness in the area. Within a 10-minute drive time there would be six competitors in total meeting the effective competitor criteria. There is also a small facility, CityGym, with 32 pieces of equipment.

92. Overall, the CMA considers that the merged entity will face a strong constraint from a variety of competitors including Southampton Jubilee Hall, Jo Jo's Health and Fitness, The Gym, ActiveNation, David Lloyd, Places for People Leisure and the Mayflower.

- *Conclusion*

93. The CMA considers that the Parties are not close competitors in this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.

94. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Southampton area.

- *Shawsbridge*

95. In Shawsbridge, Pure Gym Adelaide Road is 10 minutes' drive from the LA Fitness site. The Parties are not closest geographic competitors.

96. Despite the Parties being relatively geographically distant, LA Fitness monitors the Pure Gym site. Pure Gym does not monitor LA Fitness.

97. LA Fitness charges £60 per month while Pure Gym charges £18.99 per month. This difference in price is consistent with the parties' positioning in terms of equipment and service.

98. While the LA Fitness is easily accessible by car, the Pure Gym is located on Adelaide Road in Belfast city centre and does not have parking facilities.

99. Based on this evidence, the CMA considers that the Parties are not close competitors in this area.

100. Within 10 minutes' drive there are three competitors, all of which are closer to LA Fitness than Pure Gym. These are: Peak Physique, Better (a council facility), and a gym at Queen's University Belfast (**QUB**). LA Fitness does not monitor [X]. A new Pure Gym site does monitor [X]. There is also a facility

operated by Gymco, [REDACTED] which is not in the LDC database. In response to the CMA's market test, Gymco submitted that it has 2,500 members.

101. Around the Pure Gym site in the city centre, there is significant competition (as reflected in Pure Gym internal documents) including [REDACTED] and many smaller sites monitored by Pure Gym.
  - *Conclusion*
102. The CMA considers that the Parties are not close competitors with respect to this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.
103. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Shawsbridge area.
  - *Manchester (Sale)*
104. In Sale (to the East of Manchester), the LA Fitness is 8 minutes' drive away from the closest Pure Gym, in Stretford, on the other side of the M60 motorway. The Parties are not closest geographic competitors. The feasibility study for the Pure Gym Stretford focused on competition to the north of the motorway and did not mention any interaction to the south, suggesting that there would be limited competitive interaction between these sites. It considered only competitors within a [REDACTED]km radius. The Parties do not monitor each other's gyms.
105. There is a second overlap with Pure Gym in Altrincham to the south of Sale. LA Fitness monitors the Pure Gym site in Altrincham, 11 minutes' drive away (among four others which it monitors). Again, the Parties are not closest geographic competitors.
106. The Parties are differentiated on price. LA Fitness charges £60 per month, with the cheapest option being £35 for an 18-month contract while Pure Gym charges £12.99 per month.
107. The CMA considers that this evidence indicates the Parties are not close competitors in this area with respect to either overlap.
108. Within a 10-minute drive time of LA Fitness there are four effective competitors: Sports Direct Fitness (which is the closest competitor to LA Fitness) Trafford Sale FC, Hale Country Club and Trafford Stretford Leisure Centre. Two of these are between the LA Fitness and the Pure Gym in Stretford.

109. As regards the overlap with Pure Gym Altrincham, there are two effective competitors immediately next to the Pure Gym, including a large budget gym, Total Fitness, and a further two smaller sites within 5 minutes. There are also more premium gyms on the edge of Altrincham.

- *Conclusion*

110. The CMA considers that the Parties are not close competitors with respect to either overlap in this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.

111. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Sale area.

- *Highgate*

112. In Highgate, the Parties overlap on both a 40-minute walk time and a 10-minute drive time. They are approximately 8 minutes' drive and 31 minutes' walk apart and are not closest geographic competitors. LA Fitness does not monitor Pure Gym, which opened in 2013. Similarly, the Pure Gym feasibility study from 2012 looked at competitors within [✂]km and did not mention LA Fitness.

113. The Parties are also differentiated on price: LA Fitness charges £70 per month in this area, whereas Pure Gym charges £22.99.

114. Third parties that responded to the CMA's market test considered the local catchment was narrow at around 10 minutes' walk (on which basis there would be no overlap between the Parties' sites). The Parties' sites are also located on different, north-south public transport links.

115. Based on this evidence, the CMA considers the Parties are not close competitors in this local area.

116. The CMA notes that there are three large leisure centres (two operated by Better) closer to the LA Fitness. Fitness First is a similar distance to the Pure Gym. All of these have pricing between that of the LA Fitness and the Pure Gym sites.

117. In the area around the Pure Gym in Holloway Road there are other competitors including Fitspace and Fitness4less, both of which are budget operators which the CMA considers would constrain the Pure Gym.

- *Conclusion*

118. The CMA considers that the Parties are not close competitors with respect to this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.
119. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Highgate area.

- *Finchley*

120. In Finchley, the Parties are an 8-minute drive from each other. Pure Gym is monitored by LA Fitness and was described as being aggressively marketed in the area during its pre-opening period. Pure Gym also monitors LA Fitness (among six other sites). LA Fitness Finchley monitors nine sites in total.
121. LAF Finchley prices at £45 per month based on an 18-month contract. Pure Gym prices at £22.99. The Parties are therefore differentiated on price.
122. Third parties in the area considered that the LA Fitness in Finchley would be competing primarily against the ManorHealth and Parkview health clubs, rather than the Pure Gym (although these sites may also compete against other LA Fitness locations in the wider area such as Muswell Hill or Golders Green). As with Highgate, third parties that responded to the CMA's merger investigation considered the local catchment was narrow at around 10 minutes' walk (on which basis there would be no overlap between the Parties' sites).
123. Based on the evidence above, the CMA considers that the Parties are not close competitors in this area.
124. There are four *prima facie* effective competitors<sup>31</sup> closer to LA Fitness than the Pure Gym: Better Finchley Lido, David Lloyd, The Manor and Virgin (Mill Hill). There is also another Virgin site (Hendon) at nine minutes' drive, [X]. Both Parties also monitor the [X], which is excluded from initial fascia counting based on size criteria, but which responded to the CMA and submitted that it considered it competed and had capacity for 1,000 members.
125. Third parties in the area that responded to the CMA's market test gave mixed views on whether David Lloyd, local specialist smaller competitors and some Virgin Active sites would compete with the Parties given their target market.

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<sup>31</sup> PayasUGym/Tally Ho, which appears in LDC and meets the effective competitor criteria, has closed since the database was updated.

However, competitors felt that the Finchley Lido Leisure centre operated by Better (priced similarly to Pure Gym) and at least one of the Virgin sites were suitable alternatives to LA Fitness. Although the LA Fitness in Finchley does monitor the Pure Gym, it also monitors eight other sites. The Pure Gym monitors five sites other than the LA Fitness (all of which are geographically closer).

- *Conclusion*

126. The CMA considers that the Parties are not close competitors with respect to this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.
127. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Finchley area.

- *New Barnet*

128. The Parties' sites are located on the outskirts of London at approximately 12 minutes' drive time and 4km apart. LA Fitness New Barnet charges £45 a month based on an 18-month contract and Pure Gym charges a monthly fee of £24.99.
129. LA Fitness was not captured in Pure Gym's feasibility report, which only looked at sites within [redacted]km, and LA Fitness does not monitor Pure Gym in this area (however, an internal national report did note that a Pure Gym had opened).
130. Third parties in the area that responded to the CMA's merger investigation felt that customers seeking an alternative to LA Fitness New Barnet were more likely to travel to facilities near Southgate than travel into London for facilities in North Finchley. While it is possible to park near the Pure Gym in North Finchley, this is not as convenient as at the LA Fitness.
131. Based on this, the CMA considers that the Parties are not close competitors in the area.
132. In terms of competitive constraint from rivals, the CMA notes that the LA Fitness site faces relatively little competition in the area immediately around it. It monitors two small gyms, [redacted], which do not meet the size criteria ([redacted] has 400 members, and [redacted] has 30 pieces of equipment). A competitor in North Finchley was dismissive of these competitors and did not consider them to compete.

133. In the Southgate area (where another LA Fitness is also located) competitors include the leisure centre, Parkview health club (which does not meet the size criteria, but considered it competes with LA Fitness), and further out Paramount and Fitness4less (a budget operator). These sites have significant membership and competitive pricing.

134. LA Fitness also monitors [redacted], which are located at a similar distance to Pure Gym in North Finchley and have parking facilities.

- *Conclusion*

135. The CMA considers that the Parties are not close competitors in this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.

136. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Finchley area.

- *Ewell*

137. The LA Fitness in Ewell and the Pure Gym in Epsom are about 12 minutes' drive apart.

138. The LA Fitness monthly membership price is £39 per month for a six-month contract and the Pure Gym monthly membership price is £16.99 (the site is in pre-opening).

139. LA Fitness Ewell has [redacted] members but unusually has fewer than 50 pieces of equipment and was not mentioned in the Pure Gym feasibility studies, which only looked at a [redacted]km radius for both Epsom and Sutton. However, the LA Fitness site is monitored by the Pure Gym Epsom and LA Fitness noted that Pure Gym had entered nearby.

140. Based on the distance between the Parties' sites and the pricing differentiation between their offerings the CMA considers that the Parties are not close competitors in this area.

141. In the centre of Epsom near the Pure Gym and in between the two merging gyms is a leisure centre operated by Better that passes the effective competitor criteria (this also has a price point between that of LA Fitness and Pure Gym). The LA Fitness monitors six gyms other than the Pure Gym, [redacted]. [redacted] marginally fails the effective competitor criteria, as it has 49 pieces of equipment, but has 2,000 members. The CMA therefore considers it would constrain the Parties.

142. Although some of the other providers in Epsom may be too small, specialist or too expensive, anyone driving between these gyms would have other options such as the Sports Direct gym and the Nuffield Health.

o *Conclusion*

143. The CMA considers that the Parties are not close competitors with respect to this area, and further that, based on the evidence above, there will be sufficient competitors in the area to constrain the merged entity.

144. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in the Ewell area.

*Loss of actual potential competition*

145. Unilateral effects may also arise from the elimination of potential competition. In assessing whether a merger leads to unilateral effects from a loss of actual potential competition, the CMA will consider the following questions:

(a) Would the potential entrant be likely to enter in the absence of the merger?

(b) Would such entry lead to greater competition?<sup>32</sup>

146. The CMA has assessed the impact of this merger on competition in each of the local areas in which the CMA currently has evidence to indicate that the Parties are actual potential competitors. The CMA considers that Pure Gym is a likely entrant in respect of all pipeline sites where the new site is in pre-opening, in legals,<sup>33</sup> or where heads of terms have been signed.

147. There are four areas ([REDACTED]) where a new overlap would be created between the Parties as a result of a Pure Gym pipeline site. The CMA therefore considered whether such entry would lead to greater competition as between the parties.

148. In respect of [REDACTED], the CMA considers that the Parties would not be close competitors. The new Pure Gym site is within walking distance – 20 minutes' walk away/4 minutes' drive from LA Fitness [REDACTED]. However, LA Fitness would be the [REDACTED]th closest gym from the Pure Gym site and does not monitor sites that far away. LA Fitness charges £[REDACTED] per month and is therefore positioned

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<sup>32</sup> [Merger Assessment Guidelines](#), paragraph 5.4.15.

<sup>33</sup> That is, where a lease has been or is being arranged and conditions for opening such as planning permission are in the process of being satisfied.



more as a [redacted]. There is significant existing competition in the local area including gyms that pass the filter requirements, and some smaller local gyms that are monitored by LA Fitness. There are several sites [redacted] within a 5-minute drive time, suggesting that gym markets are particularly narrow in this local area. The proposed Pure Gym site is significantly further from any LA Fitness site than any site that it currently monitors, and any customer in the local area will not have these two gyms as their geographically closest alternatives. Within a 5-minute drive time there are ten competing fascia that pass the effective competitor criteria.

149. In respect of [redacted], the Parties are 9.5 minutes' drive from each other. LA Fitness is located in central [redacted], whereas Pure Gym is located on the ring road. The feasibility study and plans for the new Pure Gym site focus on the market for those driving and the major workplaces on the ring road, looking at an area of [redacted]km round the site (which does not include LA Fitness). The CMA considers this evidence indicates that the Parties would not be close competitors. Further, there are four effective competitors already present in the area (three of which have lower pricing than LA Fitness), including [redacted]. A new entrant, [redacted], is also in this area. Travelling from the LA Fitness there are several sites closer than the proposed Pure Gym including [redacted] university facilities (although the student focus of this may decrease the constraint it provides).
150. In respect of [redacted], in addition to its existing site, Pure Gym also has plans to open a site at [redacted] (10.5 minutes' drive from LA Fitness). The CMA notes that this site is further away in terms of drive time than the existing site at [redacted], and at over 10 minutes' drive the sites are relatively geographically distant. Although there is limited competition in the area immediately surrounding the existing LA Fitness, there are several effective competitors closer to the proposed location of the Pure Gym at [redacted] including the newly opened [redacted], and two leisure centres operated by Better. All of these gyms have lower pricing than LA Fitness and third parties submitted to the CMA that they are suitable alternatives.
151. In respect of [redacted], Pure Gym also has plans to open a site to the north east of the LA Fitness [redacted]. The CMA notes that this would be further away than the existing site in [redacted], which the CMA does not consider to be a close competitor to the LA Fitness in [redacted]. Further, the feasibility study for the new Pure Gym site focuses on the gyms in the [redacted]km area around it and does not mention or extend to the LA Fitness site. The CMA notes that there are several local gyms in the area that would be close to the Pure Gym or between it and the LA Fitness including [redacted] (which are likely to offer a closer product overlap with Pure Gym than LA Fitness).

### *Conclusion on local horizontal unilateral effects*

152. Considering the evidence outlined above, the CMA considers that:
- (a) With respect to loss of current competition:
    - (i) In the Derby area, the Parties are close competitors, but sufficient competition will remain post-Merger to constrain the merged entity;
    - (ii) In the Southampton, Shawsbridge, Sale, Highgate, Finchley, New Barnet, and Ewell areas, the Parties are not close competitors. The CMA further considers that sufficient competition will remain post-Merger to constrain the merged entity.
  - (b) With respect to loss of actual potential competition:
    - (i) In the [X] areas, the Parties would not be close competitors, and both Parties would face closer competitors such that the removal of Pure Gym as a separate competitor would not give rise to an SLC in any area.
153. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of gyms in any overlapping local area.

### **Barriers to entry and expansion**

154. 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 SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.<sup>34</sup>
155. For the purposes of this case, the CMA has not had to consider or conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

### **Third party views**

156. The CMA contacted competitors of the Parties and received comments from a variety of customers and competitors in relation to its invitation to comment. Two competitors raised concerns about a loss of competition nationally and one competitor submitted that the Parties were close competitors in all areas

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<sup>34</sup> [Merger Assessment Guidelines](#), from paragraph 5.8.1.

in which they overlapped, but the remainder of competitors did not express competition concerns.

157. The CMA was contacted by a number of LA Fitness customers in response to its invitation to comment, a number of which had questions or stated that they did not wish their gym to be converted into a Pure Gym. Particular concerns were raised by customers of LA Fitness Sydenham, who submitted a petition to the CMA and were worried about the conversion of their gym (which currently offers a pool and classes) into a low-cost offering. However, the CMA considers that these concerns are not competition concerns. The evidence available indicates that the Parties are not close competitors in the area, and that customers will have a choice of alternative gyms to attend.
158. Other third party comments have been taken into account where appropriate in the competitive assessment above.

## **Decision**

159. 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 an SLC within a market or markets in the United Kingdom.
160. The Merger will therefore **not be referred** under section 22(1) of the Act.

**Jonathan Parker**  
**Director, Mergers**  
**Competition and Markets Authority**  
**14 August 2015**