

Anticipated merger between Ladbrokes plc and certain businesses of Gala Coral Group Limited

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Glossary

Terms of reference and conduct of the inquiry

Terms of reference

1. In exercise of its duty under section 33(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, in that:
 - (i) enterprises carried on by Ladbrokes plc will cease to be distinct from enterprises carried on by Gala Coral Group Limited; and
 - (ii) the condition specified in section 23(1)(b) of the Act is satisfied; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including in the supply of fixed odds betting products in licensed betting offices (**LBOs**) within local areas around each LBO operated by Ladbrokes plc and Gala Coral Group Limited.
2. Therefore, in exercise of its duty under section 33(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 24 June 2016, on the following questions in accordance with section 36(1) of the Act:
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Andrea Coscelli
Executive Director of Markets and Mergers
Competition and Markets Authority
11 January 2016

Conduct of the inquiry

3. On 11 January 2016, the Transaction was referred for an in-depth (phase 2) merger investigation under a fast track reference procedure.
4. We published [biographies on the members of the inquiry group](#) conducting the inquiry on 11 January 2016, and the [administrative timetable](#) for the inquiry on 18 January 2016, with subsequent updates being published as applicable.
5. We invited a wide range of interested parties to comment on the proposed merger. We also sent detailed questionnaires to interested parties and evidence was obtained from these third parties through hearings, other telephone contact, and written requests. Evidence provided to the CMA during phase 1 was also considered in phase 2. Non-confidential versions of the summaries of our hearings with third parties have been published on our [webpages](#). We also commissioned a [customer exit survey](#).
6. On 4 February 2016, we published an [issues statement](#), setting out the main issues we were likely to consider in this inquiry and inviting comments from the main and third parties. [Responses](#) to our issues statement were also published.
7. On 19 February 2016, members of the inquiry group, accompanied by staff, visited various LBOs of the Parties and other bookmakers, Coral's trading floor and an innovation company engaged by Ladbrokes.
8. We received written evidence from Ladbrokes and Coral. A [non-confidential version of their main submission](#) is on our webpages, along with other parties' comments on it. On 6 and 7 April 2016, we held separate hearings with each of Coral and Ladbrokes.
9. In the course of our inquiry, we sent to Ladbrokes and Coral, as well as third parties, some working papers and extracts from those papers for comment.
10. On 20 May 2016, we published on our [webpages](#) our provisional findings report, along with a notice of provisional findings and a notice of possible remedies. We also extended the reference period by eight weeks until 19 August 2016 under section 39(3) of the Act.
11. A non-confidential version of the final report was published on the [case page](#) on 26 July 2016.
12. We would like to thank all those who assisted in our inquiry.

Regulation

Introduction

1. This appendix outlines the regulatory framework in Great Britain¹ (**GB**) which is relevant to the anticipated merger of Ladbrokes plc (**Ladbrokes**) and the businesses of Gala Coral Group Limited (**Coral**) (together the Parties). This appendix provides an overview of the regulation that is pertinent to the issues identified in this inquiry in accordance with the issues statement.² It is not intended to be a comprehensive description of every piece of regulation which applies to the Parties or industries they are active in.

Scope

2. In order to provide an overview of issues relevant to this inquiry, the paper will focus on the following topics which are relevant to operating licensed betting offices (**LBOs**) and providing gambling services online:
 - (a) Overview of gambling regulation including licensing.
 - (b) Taxation of betting and gaming.
 - (c) Planning rules applicable to betting offices.

Gambling regulation

3. Betting offices were first legalised by the Betting and Gaming Act 1960, although tight controls on their operation were initially imposed. A number of deregulatory measures were subsequently passed before the advent of the Gambling Act 2005 (**the Act**) which set out a new comprehensive regime for the regulation of gambling. The Act also created the Gambling Commission³ as a unified regulator for commercial gambling.

¹ Retail betting and gaming in Northern Ireland is regulated under a different regime administered by the Northern Ireland Department of Social Development. This is not addressed in this paper given that there is no overlap between the Parties in Northern Ireland.

² [Issues Statement](#) (5 February 2015).

³ The Gambling Commission is an independent non-departmental public body that is sponsored by the Department for Culture, Media and Sport.

Definition of gambling

4. Under the Act, gambling comprises gaming, betting or participating in a lottery.⁴ Betting is defined as ‘making or accepting a bet on: (a) the outcome of a race, competition or other event or process; (b) the likelihood of anything occurring or not occurring; or (c) whether anything is or is not true’.⁵ Accordingly, it includes betting on sporting and non-sporting events and numbers betting.
5. Gaming is a form of gambling and, as such, is regulated by the Gambling Commission.⁶ The Act defines gaming as ‘playing a game of chance’⁷ for a prize’. The definition includes playing a game on a machine and the playing of virtual games.⁸
6. Different categories of games are subject to differing regulation. The principal distinction is between ‘casino games’⁹ and ‘equal chance games’.¹⁰ At a number of places in the Act, rights to conduct equal chance gaming are granted.¹¹ However, casino games can only be offered by licensed operators.

Licensing

Operating licence

7. Under the Act, gambling is broadly restricted by the prohibition on the provision of ‘facilities for gambling’ unless an exemption applies.¹² One exemption is that the provider holds an operating licence.¹³ The Gambling Commission determines the licence conditions and codes of practice applicable to licensed operators.

⁴ Section 3, Gambling Act 2005.

⁵ Section 9, Gambling Act 2005.

⁶ Section 3 and Parts 3 and 5 of the Gambling Act 2005.

⁷ The Act provides that ‘a game of chance:

(a) includes:

(i) a game that involves both an element of chance and an element of skill,

(ii) a game that involves an element of chance that can be eliminated by superlative skill, and

(iii) a game that is presented as involving an element of chance, but

(b) does not include a sport’ (Section 6).

⁸ Section 6 and Section 354(3), Gambling Act 2005.

⁹ Section 7, Gambling Act 2005.

¹⁰ Section 8, Gambling Act 2005.

¹¹ Parts 12 and 14, Gambling Act 2005.

¹² Sections 5 and 33, Gambling Act 2005.

¹³ Section 33(2), Gambling Act 2005.

8. Section 65 of the Act provides for separate licences to be granted for general betting and for pool betting¹⁴ and other activities.¹⁵
9. A general betting (standard) operating licence allows an operator to offer betting from premises other than a race track, whereas a general betting (limited) operating licence allows an operator to offer betting exclusively from race tracks.¹⁶
10. It is a criminal offence to make a gaming machine available for use without a licence.¹⁷ However, gaming machines can be offered in a variety of licensed premises by reference to an existing licence for another gambling activity (eg a general betting operating licence) or a standalone gaming machine operating licence.¹⁸

Remote activities

11. Separate operating licences are required for remote and non-remote activities.¹⁹ The Gambling (Licensing and Advertising) Act 2014 (**the 2014 Act**) introduced a requirement for any operator advertising remote gambling or providing online gambling facilities in GB to have an operating licence from the Gambling Commission, and introduced a requirement for such operators to pay a remote gaming duty (see paragraph 26 below). The 2014 Act also prohibits unlicensed operators from promoting their products in GB.²⁰
12. As a result of the 2014 Act and the changes to licensing for remote activities, it is now possible for all remote and non-remote activities to be covered by a single umbrella licence.

¹⁴ Betfred, through its subsidiary Tote (Successor Company) Limited, holds an exclusive seven-year licence issued by the Gambling Commission in 2011 to offer pool betting services on horse racing in the UK.

¹⁵ Licences may also be granted for operating a casino, providing facilities for bingo, to act as a betting intermediary, to make gaming machines available for use in adult gaming centres and family entertainment centres and to manufacture, supply, install, adapt, maintain or repair a gaming machine amongst other activities.

¹⁶ Gambling Commission, [Types of operating licences for betting](#).

¹⁷ Section 242, Gambling Act 2005.

¹⁸ Section 65, Gambling Act 2005.

¹⁹ The Act defines 'remote gambling' as 'gambling in which persons participate by the use of remote communication', and 'remote communication' means communication using (a) the internet, (b) telephone, (c) television, (d) radio, or (e) any other kind of electronic or other technology for facilitating communication.'

²⁰ Previously, gambling companies were required to obtain a licence from the Gambling Commission only if they provided physical gambling services or products on British soil. Online brands were free to accept custom from British players and were regulated by the territory in which they obtained their licence. Off-shore gambling operators could advertise their products in Britain if they held a licence from a whitelisted territory (Gibraltar, Alderney, the Isle of Man or Antigua and Barbuda) and were taxed at the 'point of supply' by the territory in which their operations are based.

Premises licence

13. A premises licence is required from the relevant local licensing authority in order to use a premises to provide facilities for betting, gaming, operating a casino, operating a bingo and to make gaming machines available for use.²¹ The licences are not granted for a fixed term but remain valid upon payment of an annual fee to the relevant local authority. There is no longer any requirement to show unmet demand in order to be granted a licence.²²

Personal licences

14. The Act also requires that, in respect of each operating licence, at least one person occupies each of the specified management positions in respect of the licensed activities and that every such person, and others as determined by the Gambling Commission for individual operators, holds a personal licence authorising the performance of those functions.²³
15. Individuals who perform more than one of the specified management functions at the same time only need to hold one personal management licence.²⁴

Betting machines

16. Betting machines or self-service betting terminals (SSBTs) allow customers to place bets on 'real events'.²⁵ Betting machines are not regulated as gaming machines because the former can only be used to bet on real events and the definition of the latter excludes machines that are used solely for this purpose.²⁶ Therefore, although betting on virtual races can be offered over-the-counter in LBOs under a standard premises licence, it cannot be offered on SSBTs because these are not real events.

Gaming machines

17. The Act regulates gaming machines (including fixed odds betting terminals) and specifies the numbers and categories of these gaming machines allowed on any licensed betting and gaming premises by reference to the type of licence held by such premises.

²¹ Section 37, Gambling Act 2005.

²² Section 153(2), Gambling Act 2005.

²³ Section 80, Gambling Act 2005.

²⁴ Gambling Commission, [Personal management licences](#)

²⁵ Section 2, Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007.

²⁶ Section 235, Gambling Act 2005.

Gaming machine categories

18. Gaming machine categories (from A to D)²⁷ are determined by reference to the maximum stake and the maximum prize, and in the case of each category, subject to limits on the number of machines allowed in each premises.²⁸ A betting premises licence authorises the holder to make available for use up to four gaming machines, each of which must be of Category B2, B3, B4, C or D. In practice, LBOs only provide gaming machines that offer both Category B2 and B3 content.
19. Since 6 April 2015, additional identification or supervision restrictions apply to the use of Category B2 gaming machines. Customers must provide identification and register personal details in order to place bets of £50 or more on a gaming machine or otherwise the cash must be loaded via staff interaction.²⁹
20. There is no statutory minimum percentage pay-out for gaming machines³⁰ but all machines are required to display clearly the amount paid to use the machine that is returned by way of prizes (described as the return to player on the machine), or the odds of winning prizes from use of the machine.³¹

Reviews of gaming machine stake and prize limits

21. Periodic reviews of gaming machine stake and prize limits were undertaken on a broadly triennial basis under the previous licensing regime. In October 2013, the government announced the reintroduction of a triennial review system.³² The next review led by DCMS will take place in 2016.

Planning rules applicable to betting offices

22. A local planning application is now required for all proposed licensed betting offices pursuant to the Town and Country Planning (Use Classes) (Amendment) (England) Order 2015 which came into effect on 15 April 2015. This order removed licensed betting shops from the town centre use class – A2 – and placed them in a class of their own ('sui generis'). It had the effect of removing permitted development rights (where previously A2 use was permitted in units classed A3, A4 or A5) and also requiring a planning

²⁷ Gaming Machine Regulations 2007 (as amended). See Annex 1 for a list of the categories.

²⁸ Section 172, Gambling Act 2005. See Annex 1 for a description of the limits for each type of premises.

²⁹ The Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015.

³⁰ The technical standards for [legacy gaming machines](#) however, do put a lower limit of 70% as a % RTP.

³¹ See the Gambling Commission's [Gaming Machine technical standards](#).

³² [Government response to consultation, October 2013](#).

application for all proposed LBOs (the only effective exception being if it traded as a betting shop previously).

23. Planning applications are determined against adopted local authority planning policies and the National Planning Policy Framework.

Taxation on betting and gaming

General betting duty

24. General betting duty (**GBD**)³³ is paid on a bookmaker's profits³⁴ for:
 - (a) general bets³⁵ and pool bets³⁶ on horse or dog racing where the bet is placed while the person is present in a UK betting shop or is a UK person, regardless of where the bookmaker is located (guidance on the definition of UK person is provided in the excise notice);
 - (b) spread bets where a customer makes a bet with a bookmaker who is located in the UK; and
 - (c) bets placed by a UK person through betting exchanges, no matter where the betting exchange is located.
25. If a bookmaker only takes on-course bets they do not need to pay GBD, but they must register and pay GBD on any off-course bets taken while carrying out their business.

Remote gaming duty

26. A bookmaker who holds a remote operating licence must register and submit returns online for remote gaming duty (**RGD**).³⁷

³³ See HMRC's [Excise Notice 451a: General Betting Duty](#)

³⁴ Gross profits are defined as stakes received minus winnings paid out.

³⁵ Section 126 of the Finance Act 2014 defines 'general bet' as a bet that is not an on-course bet, is not a spread bet, is not made by way of pool betting and one or more of Conditions A to C is met in relation to it. Condition A is that the person who makes the bet (whether as principal or agent) does so while present at a place in the UK where betting facilities are provided in the course of a business and a bet is made using those facilities. Condition B is that the person who makes the bet as principal is a UK person and the bet is not an excluded bet. Condition C is that the person who makes the bet as principal is a body corporate not legally constituted in the UK, the bookmaker with whom the bet is made knows or has reasonable cause to believe that at least one potential beneficiary of any winnings from the bet is a UK person and the bet is not an excluded bet. Section 187 of the Finance Act 2014 provides that a bet is an excluded bet if it is not made in or from the United Kingdom, and the facilities used to receive or negotiate the bet or (in the case of pool betting) to conduct the pool betting operations are not capable of being used in or from the United Kingdom.

³⁶ Section 134, Finance Act 2014.

³⁷ See HMRC's [Excise Notice 455a: Remote gaming duty](#).

27. RGD is paid on gaming provider profits from remote gaming played by a customer who usually lives in the UK. The bookmaker needs to decide whether a customer usually lives in the UK. A gaming provider is the person who a player has a contract (or similar arrangement) for play with.

Rates of tax

28. Tax is charged as a percentage of profits. Profits are calculated as stakes received (from UK people where appropriate) less winnings paid out (to UK people where appropriate).³⁸

Machine games duty

29. Machine Games Duty (**MGD**) is a tax that must be paid on machine games if at least one of the prizes on offer is cash, and it is more than the smallest cost to play the machine. MGD is due on the total net takings from play on the machine games. Net takings equals what is charged to play the games minus the amount paid out as winnings, including non-cash prizes.³⁹
30. If the machine has games of more than one type, the rate for all the games will be the highest rated game. For example, machines with both standard and higher rated games will be charged at 25%. The higher rate was introduced by the Finance Act 2014 and was applicable from 1 March 2015. Category B2 and B3 machines (which are the machines provided in betting shops) are subject to the higher rate.

³⁸ See HMRC's guidance on [General betting duty, pool betting duty and remote gaming duty](#).

³⁹ See HMRC's guidance on [Machine Games Duty](#).

Annex 1: Gaming machines

Table 1: Gaming machine categorisation

Machine category	Maximum stake (from January 2014)	Maximum prize (from January 2014)	Allowed premises
A	Unlimited	Unlimited	Regional casino ⁴⁰
B1	£5	£10,000 (with the option of a maximum £20,000 linked progressive jackpot on a premises basis only)	Large Casino, Small Casino, Pre-2005 Act casino and Regional Casinos
B2	£100	£500	Betting premises and tracks occupied by pool betting and all of the above
B3	£2	£500	Bingo premises, Adult gaming centre and all of the above
B3A	£2	£500	Members' club or Miners' welfare institute only
B4	£2	£400	Members' club or Miners' welfare club, commercial club and all of the above
C	£1	£100	Licensed family entertainment centres, qualifying alcohol licensed premises ⁴¹ and all of the above
D money prize	10p	£5	Travelling fairs, unlicensed (permit) family entertainment centres and all of the above
D non-money prize	30p	£8	All of the above
D non-money prize (crane grab)	£1		All of the above
D combined money and non-money prize ⁴²	10p	£8 (of which no more than £5 may be a money prize)	All of the above
D combined money and non-money prize (coin pusher or penny falls machine)	20p	£20 (of which no more than £10 may be a money prize)	All of the above

Source: Gambling Commission.

⁴⁰ There are currently no Category A machines because there are no regional casinos in the UK.

⁴¹ Without additional gaming machine permits and with additional local authority gaming machine permits.

⁴² Other than coin pusher or penny falls machines.

Table 2: Number of gaming machines in a given licensed premises⁴³

Type of licence	Number of machines
Casino premises licence (large casino)	Up to 150 gaming machines (of categories B1, B2, B3, B4, C or D) provided that this is no more than five times the number of gaming tables used in the casino
Casino premises licence (small casino)	Up to 80 gaming machines (of categories B1, B2, B3, B4, C or D) provided that this is no more than twice the number of gaming tables used in the casino
Betting premises licence	Up to 4 gaming machines (of categories B2, B3, B4, C or D).
Bingo premises licence	A number of Category B3 or B4 gaming machines not exceeding 20% of the total number of gaming machines available on the premises. No limit to the number of Category C or D gaming machines.
Adult gaming centre premises licence	A number of Category B3 or B4 gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises. No limit to the number of Category C or D gaming machines.
Family entertainment centre licence	Any number of category C or D gaming machines.

⁴³ Section 172 of the Gambling Act and section 6 of the Categories of Gaming Machines Regulations 2007 (as amended).

Survey evidence

Introduction

1. The CMA commissioned a survey of customers of the Parties' **LBOs (CMA survey)** to inform its inquiry into the **Transaction**. The objectives of the customer survey were to:
 - (a) understand the purchasing behaviour and characteristics of Ladbrokes' and Coral's LBO customers;
 - (b) understand the reasons why customers choose to visit a particular LBO and use online gambling sites;
 - (c) understand the stated diversion behaviour of respondents at the surveyed LBOs and how this varies depending on the local areas surveyed; and
 - (d) identify the appropriate area over which competition takes place between LBOs.
2. This survey was conducted at 30 LBOs in a sample of 15 areas where the Parties operate in close proximity to each other by DJS Research Ltd (**DJS**), the agency appointed to conduct the survey on our behalf. Fieldwork took place over a period of four weeks from 25 January 2016.
3. The Parties submitted the results from their own and other surveys as evidence to the CMA's inquiry into the Transaction. The surveys referred to by the Parties and considered here are:
 - (a) a face-to-face survey at LBOs, conducted by Routeways on behalf of the Parties between July and September 2015 (**Parties' face-to-face survey**);
 - (b) a telephone survey, conducted by Researchcraft on behalf of the Parties on non-consecutive dates between 11 December 2015 and 13 January 2016 (**Parties' telephone survey**);
 - (c) an online survey, conducted by Researchcraft on behalf of the Parties between 11 and 20 December 2015 (**Parties' online survey**); and
 - (d) Kantar UK Gambling Market Sizing surveys, which are conducted on a regular, quarterly basis (**Kantar surveys**). Where the time frame is stated, results quoted are generally for either the 12-month period Q4 2014 to Q3 2015 or the 12-month period Q1 2015 to Q4 2015.

4. This appendix assesses the survey evidence as a whole. In particular, we provide the CMA's view on the strengths and weaknesses of the different surveys from a statistical perspective and on the weight which we consider may be attached to the results and interpretation of each.
5. The DJS' report, which presents a high-level analysis of the CMA survey results, was published on the CMA's website on 18 March 2016.¹ Some of the results quoted here for sub-groups of customers result from additional analysis of the survey dataset. However, this appendix does not repeat or expand upon all the survey results; instead, it focuses on a few key areas, notably those where the Parties have presented their own analysis.
6. Where we refer to 'retail' in this appendix, including references to 'retail gambling' or 'retail channel', this refers to gambling that takes place in an LBO. The population of interest in this inquiry includes customers who gamble in LBOs and online (multi-channel) and those who only use LBOs (retail-only), but excludes those who gamble online only. Information on whether respondents are multi-channel or retail-only customers is derived from survey questions which ask customers about online gambling over a specified period that differs between the surveys addressed here (either the last six months or the last 12 months).

Survey designs, strengths and weaknesses

7. The CMA, when commissioning its own survey, is able to optimise the survey design with respect to its evidential requirements and in the context of the wider analysis plan for the case. However, limitations of the survey design, and any issues that may arise during the conduct of the survey, need to be carefully considered in order to assess how much evidential weight can be given to the survey findings. Also important in this context is the survey evidence submitted by the Parties, some of which provides alternative estimates of the same or similar concepts and some which will provide different measures.² This section describes and assesses the main strengths and weaknesses of the various surveys.

Assessment of the CMA survey

8. The CMA survey was designed to provide a representative sample of Ladbrokes' and Coral's retail customer visits (**visits**) to the 30 surveyed LBOs (in the 15 areas selected) and was conducted with this aim in mind.

¹ DJS (March 2016), [Survey of customers at Ladbrokes and Coral betting shops](#).

² We note that the Parties' face-to-face, telephone and online surveys were conducted without consulting the CMA.

Interviews, each lasting five to ten minutes, were conducted inside the LBOs. Interview shifts were scheduled at different times of day and on all seven days of the week, and interviewers were provided with written instructions by the CMA to ensure that interviewers approached customers on a random basis.

9. Interviewers were asked to keep a tally of the gender and estimated age (categorised into three age bands) of customers who were approached for interview but declined to participate (**refusals**). This allowed us to assess, to some extent, potential non-response bias. Members of the CMA staff team visited surveyed LBOs during interview shifts to assess how the survey was working in the field. DJS also conducted its own quality control monitoring.
10. A total of 3,921 interviews were conducted, with at least 100 in each of the surveyed LBOs. With a response rate of 40%, there was a good level of response, and respondents were broadly similarly distributed, by age and gender, to those who refused to be interviewed. We are satisfied, therefore, that the survey provides a reasonable sample base for providing evidence.
11. In the context of our survey, we are sampling customer visits. A customer who visits frequently (such as every day or once a week) is more likely to be surveyed (ie given relatively more weight) than a customer who visits less frequently (such as once a year). An in-store survey with a random selection of customer visits therefore effectively weights the results by frequency of visits.
12. As we are using frequency of visits as the basis for weighting the CMA survey³ results rather than estimating customer³ spend, which is the concept of most relevance, directly we are therefore employing the additional assumption that spend per customer visit is, on average, approximately the same across different categories of customers). The Parties³ face-to-face survey provides some indication that this is a reasonable assumption. The average amount spent per visit to the surveyed LBO is roughly the same, about £30, irrespective of the frequency of visits.³ However, the Parties have suggested that multi-channel customers may spend more, on average, than their retail-only counterparts and we address this further below.
13. A limitation of the CMA survey is that, due to the high number of local areas where the Parties³ LBOs operate in close proximity to each other, it was not practical to survey all of the overlap areas, or even a large proportion of them, particularly given the statutory time frame for a merger inquiry. The CMA survey selected a stratified random sample of 15 LBOs from areas where

³ See Table 2 in this appendix.

Ladbrokes and Coral operate LBOs in close proximity to each other according to a database supplied to the CMA by the Parties. The stratification variables were: which Party owned the LBO, distance band between the Parties' LBOs, fascia count density and the London/urban/rural classification.⁴ Each Ladbrokes or Coral LBO sampled was paired with the closest LBO of the other merging party, meaning that the CMA survey was conducted in 30 LBOs in total.

14. The results of the diversion questions, particularly those where specific fascia and individual LBOs were given as diversion destinations, are reflective of the competitive conditions in each surveyed area. We consider that we have fairly robust estimates for each of the 30 LBOs where the survey was conducted.
15. We shared our proposed methodology and early drafts of the questionnaire with the Parties in order to receive their comments. The Parties submitted that the CMA survey created a framing bias against the online channel, pointing to the fact that the survey was conducted inside an LBO and also referring to the ordering and wording of the questions. They also considered there to be too few questions about online use in general. We made some alterations to the draft questionnaire with a view to mitigating the risk of a framing bias. One of the changes was to ask about online gambling two questions before the start of the diversion questions. Nonetheless, the survey was conducted within LBOs. While this enables the survey to reflect customer visits, we cannot rule out that this may have put some respondents into a mindset in which they were more likely to cite another LBO as an alternative than if the question had been asked in a more neutral setting. It is also the case that the usual caveat applies, which is that diversion questions are always hypothetical in nature and that stated preferences may, to some extent, differ from actual behaviour.
16. The Parties also submitted that findings from other surveys show that multi-channel customers tend to stake more than retail-only customers and that, as multi-channel customers are more likely to say they would divert online in the hypothetical situation of the surveyed LBO being closed for refurbishment, on the basis of spend the CMA survey would have understated diversion to online. We have since also considered whether the CMA survey may have under-sampled multi-channel customers. Both of these aspects could have a material impact on the interpretation of the CMA survey results given that the CMA survey shows that a much higher proportion of multi-channel

⁴ The sampling frame included overlap areas defined as follows: 2:1, 200m; 2:1, 400m, 2:1, 800m; Closest (2:1), 200m; 3:2, 400m; 3:2, 800m; Closest (3:2), 200m; 4:3, 400m; 4:3, 800m, across urban, rural and London locations. Not all types of overlap areas were represented in the sample selected.

respondents said they would divert online (21%, compared with 1% of their retail-only counterparts).

17. We reviewed the findings of the different surveys in relation to the sampling of multi-channel customers. The telephone surveys, notably the Kantar survey, picked up a higher proportion of visits by multi-channel customers than the in-store, face-to-face surveys (Kantar survey 40%; Parties' telephone survey 34%; CMA survey 27%; Parties' face-to-face survey 18%). By their very nature, the survey methodologies of the individual surveys are subject to a range of potential biases and it is difficult to discern which of the surveys' findings best represents the share of multi-channel customers.
18. We did not include a question about spend in the CMA survey questionnaire because we considered it would be difficult to obtain sufficiently accurate responses to such a question for our purposes. However, we note that the Parties' face-to-face and telephone surveys asked questions relating to customer spend and in both cases the responses given indicated that multi-channel customers typically spend more in LBOs than retail-only customers. The Kantar' Retail Gambling Tracker survey was no longer conducted in the same format after the end of 2012 and it is not possible to estimate spend by channel-use for gambling in LBOs in isolation from the more recent Kantar Market Sizing survey. However, Kantar survey data collected in the last quarter of 2012 from the Retail Gambling Tracker also shows higher spend in LBOs among multi-channel customers.
19. Taking this into account, we think it is likely that the CMA survey has underestimated the share of spend by multi-channel customers and consequently may have underestimated the likely diversion to online alternatives to some extent. The extent of this underestimation is difficult to quantify exactly (see more detailed analysis later in this appendix), but for reasons set out below and in the market definition section of the final report we considered that it would be appropriate to increase the diversion ratio to the online channel from 6% to 10% for the purposes of our analysis of the effects of the Transaction.

Kantar survey

20. The Kantar survey is a large-scale, quarterly survey which is comprehensive in its coverage of the subject of gambling and is used widely across the industry. Sampling is by random digit dialling (50% landline numbers and 50% mobile). Quotas are set by age, gender and region, and results are weighted by these variables and social grade. A total of 39,000 interviews are conducted per year across all channels (retail-only, online-only and multi-channel). In the 12 months from the start of Q4 2014 to the end of Q3 2015

this included 2,921 respondents who had visited one of the Parties' LBOs in the previous 12 months.

21. The Kantar survey questionnaire was not designed to provide evidence for this merger inquiry and does not ask diversion questions. However, we regard it as a high quality survey and have drawn on its results for various purposes. When we have done so, we have been careful to recognise that the Kantar survey is based on a random sample of customers, such that any customer who has visited one of the Parties' LBOs within 12 months of being interviewed has an equal chance of being selected for the survey, regardless of their frequency of visit. This is in contrast to the CMA survey where the sampling and analysis units are customer visits (and the probability of sample selection of any individual customer is therefore determined by frequency of visit). As a result, where comparisons of results have been made between the two surveys we have weighted the Kantar responses by frequency of visit of each individual respondent. After this weighting, the Kantar results are more comparable to the CMA survey results as they are both expressed in units of customer visits.

The Parties' surveys

The Parties' online survey

22. The Parties' online survey is sourced from an online panel. We consider that this design and survey mode mean that the findings will not be representative across channel use and are likely to be heavily biased in favour of those who gamble online and who would divert online. We generally do not consider it to be an appropriate survey mode to estimate cross-channel substitution. While this is the over-arching weakness of the online survey, it also shares many of the features of the Parties' telephone survey that we discuss below. These include having a relatively small overall base of customers who have used an LBO of any fascia at any time in the last 12 months (376 respondents, which would result in an effective sample size much smaller than this after weighting onto a customer visits basis) and using a questionnaire similar to that in the Parties' telephone survey. We therefore did not consider it appropriate to use the results of this survey in our analysis.

The Parties' telephone survey

23. The Parties commissioned Researchcraft to conduct a telephone survey. Quotas were set according to age (with a 'hard quota' for 50+), gender, region and betting characteristics (channel, product) to attempt to avoid recording disproportionate responses across different groups.

24. A total of 500 interviews were conducted, of which 362 were with respondents who had visited an LBO in the last 12 months (138 were with online-only customers). We note that no information about brands was collected, meaning that the results are not specific to Ladbrokes or Coral. Most of the survey was conducted by making follow-up calls to a sample of respondents to the Kantar Media Bettor survey (which uses a random digit dialling methodology), while a seventh of the achieved sample was sourced from a Consumer Lifestyle database.
25. We have weighted the results of the Parties' telephone survey by frequency of visits so that they can be interpreted in units of customer visits – the same principles apply as for the Kantar survey, explained in more detail above. However, this reduces the effective sample size of retail customers to just 81, which further limits the value of the results of this survey.
26. In their submissions, the Parties have cited diversion ratios based on the results from both their telephone and online surveys. These are based on the responses to the following question: 'What would you be most likely to do if you wanted to place a bet or play a poker or casino game (eg roulette, blackjack, slots etc) and before leaving home you were told your usual LBO was temporarily closed for refurbishment?'. This question does not follow the usual structure of a diversion question in which a particular visit to one of the Parties' stores/outlets (in this case LBOs) is the premise of the question and the respondent is asked what they would do instead, if this option were not available. We do not know how many of the respondents to the Parties' telephone and online surveys would have visited one of the Parties' or any of the other fascia's LBOs to gamble in the first place, as this has not been established in the survey questions. In other words, we do not know the denominator of the diversion ratio calculation. Leaving aside further issues with the question wording, this casts material doubt on the reliability of estimating diversion ratios from these surveys. We also note that there is no context before the question to enable the respondent to be thinking about a visit to an LBO; the questions immediately before ask if retail gamblers expect to spend more or less on retail gambling and, if less, a prompted list of possible reasons why this is the case includes many options, almost all of which mention 'online'.

The Parties' face-to-face survey

27. The Parties' commissioned Routeways to conduct a face-to-face survey at a sample of their LBOs. A description of the methodology, based on information

supplied by Charles River Associates (CRA), the Parties' advisers, is as follows:

- (a) LBOs were initially selected with reference to two criteria: (i) a reduction in fascia of three to two, four to three and five to four within 400m; and (ii) overlap with Paddy Power, Betfred or independents within 400m. There were 335 Coral LBOs and 366 Ladbrokes LBOs that satisfied these criteria (competitor database, July 2015).
 - (b) A random sample of 24 Coral LBOs was picked out of the total number of Coral LBOs that overlapped with at least one of the 366 Ladbrokes LBOs that also satisfied the same criteria. By construction, the Coral LBOs were representative of the population of 335 LBOs in terms of the two criteria set out above. The mirrored Ladbrokes LBOs were less representative as they included disproportionately more three-to-two areas and less four-to-three areas, so the following adjustments were made to the Ladbrokes sample: (i) two LBOs that were in a three-to-two area were randomly excluded; and (ii) two LBOs from a four-to-three area were randomly included.
 - (c) In total, the sample contained 48 LBOs in 26 localities (mix of metropolitan/urban/rural): 22 localities with mirrored Ladbrokes/Coral LBOs, two localities where only a Ladbrokes LBO was surveyed and two localities where only a Coral LBO was surveyed.
 - (d) Fieldwork took place between July and September 2015.
 - (e) Initially, the survey was conducted as an exit-survey, but responses were low, so the interviewers moved in-shop and the field work period was extended.
28. No information was provided on how the interview shifts were selected by day of week and time of day, or on the rules for how customers were to be approached.
29. Of the 48 LBOs surveyed, 100+ interviews were achieved in six LBOs, over 55 interviews in 12 LBOs, with the remaining 30 LBOs achieving 55 or fewer interviews, even after the extended fieldwork period.
30. Many of the responses to questions were prompted, including by providing a list of websites and by providing possible responses to the question 'In what circumstances do you decide to bet online rather than betting in a shop?', which was placed immediately before the diversion question. In total, there are up to eight questions (depending on responses received) about online

behaviour and choice immediately before the section on diversion. The diversion questions then ask:

(a) Q25. 'For the purpose of this survey, suppose that before setting off, you knew the particular [site name] in [location] was closed for refurbishment for the next year. What would you have done instead?'; and

(b) Q27. 'What would you do if [brand name] didn't exist?'

31. The Parties' face-to-face survey reports high-level results not substantively dissimilar to those from the CMA survey in terms of both customer profile and stated diversion. However, there were a number of issues around the methodology and very low achieved numbers, as the Parties have themselves highlighted, and relatively little information available on the quality of the fieldwork. Although we do not necessarily agree with the Parties' specific reasons for not placing much weight on the results, we concluded that overall it is likely to be a less reliable source of evidence for the inquiry than the CMA survey.

Survey results

Customer profile

32. The DJS' report summarises the profile of LBO customers across a number of demographic and other characteristics, as shown by the CMA survey. These results need to be interpreted carefully as they represent customer visits. For example, when we report that 10% of customers are women, this should be interpreted as 10% of customer visits are by women. As described, above, the Parties' telephone survey and the Kantar survey results need to be weighted by frequency of visit to make them more comparable to the results of the face-to-face surveys.⁵ The results are shown in Table 1 below.

⁵ Weights applied to the Parties' telephone survey: 286 (most days); 130 (two to three days a week); 52 (about once a week); 19 (about once a month); four (once every few months); 1.5 (once or twice a year). Weights applied to the Kantar survey: 286 (every day/most days); 156 (a few times a week); 52 (about once a week); 19 (about once a fortnight to once a month); 6 (every couple of months); 4 (a few times a year); 1 (once in the last 12 months). We tested various sets of alternative weights and found that results were generally not very sensitive to them.

Table 1: Retail gamblers by age, gender and channel use

	As reported in surveys				Re-weighted to customer visits§	
	CMA survey	Parties' face-to-face survey*	Parties' telephone survey	Kantar survey†	Parties' telephone survey	Kantar survey†
<i>Age‡</i>						
18-34	27	24	34	41	27	37
35-54	42	41	36	35	26	28
55+	30	35	31	24	47	35
<i>Gender</i>						
Male	90	89	69	74	82	91
Female	10	11	31	26	18	9
<i>Channel use (last 6 months)</i>						
Retail only	73	82	68	65	66	60
Multi-channel	27	18	32	35	34	40
Base (number)	3,916	2,907	362	2,961		
Effective sample size (number)					81	N/K

Source: Various (see notes).

*CMA analysis of Parties' face-to-face survey data.

†Kantar data for Ladbrokes and Coral retail gamblers, Q4 2014 to Q3 2015.

‡In the CMA survey, age categories are: 18-35, 36-59, 60+.

§CMA analysis of Parties' and Kantar's survey data.

33. It should be noted that the results are presented from four different surveys, which all have differences in purpose, design and measurement. Therefore, they are not completely consistent. For example, the age bands used by DJS are not an exact match for those used by the Parties, questions are worded differently and eligibility criteria for completing the surveys in the first place have differences.
34. With that said, we have made some comparisons of results across the different surveys:
- (a) The Kantar survey estimates the highest proportion of visits by young people: 37% compared with 27% in both the CMA survey and the Parties' telephone survey and 24% in the Parties' face-to-face survey.
 - (b) Both the face-to-face surveys and the Kantar survey all estimate that about 90% of visits are by men.
 - (c) The face-to-face surveys show a lower proportion of visits by multi-channel customers than the telephone surveys (27% and 18% from the CMA and Parties' face-to-face surveys respectively, 34% from the Parties' telephone survey and 40% from the Kantar survey).
35. As described above, we did not ask about spend/stakes in the CMA survey. However, analysis of the Parties' face-to-face survey indicates that the pattern

of spend is very similar regardless of frequency of visiting. The majority of customers, whether frequent or infrequent, spend less than £20 per visit. Table 2 below shows the average spend per visit according to the frequency of use of the surveyed LBO. The averages were calculated using mid-points of the spend categories provided in the Parties' face-to-face survey dataset (the average of the top category, £501+, is assumed to be £550; less than 1% gave this category as a response).

Table 2: Average spend per visit by frequency of visits

<i>Frequency of visits</i>	£ <i>Average spend</i>
Daily or most days (at least 4 days a week)	37
Between 1 and 3 days a week (inclusive)	30
3 times a month	29
Twice a month	31
Once a month	32
Less than once a month	28
Overall	32

Source: CMA analysis of Parties' face-to-face survey data.

Diversion

36. From the CMA survey, a large majority of customers say they would have gone to another LBO had the LBO they were visiting been closed for refurbishment for six months: 81% of Ladbrokes and 73% of Coral customers.
37. Customer groups significantly more likely to divert to another LBO were those who (the results should be interpreted as the percentages of visits made by customers belonging to the specified groups and, where not stated, results are for Ladbrokes and Coral combined):
 - (a) are male (79%) compared with female (65%);
 - (b) are older (85% for those aged 60+ compared with 79% for those aged 36-59 compared with 67% for those aged 18-35);
 - (c) are betting customers or betting and gaming customers (81% and 73%, respectively) compared with those just using the gaming machines (60%);
 - (d) are more frequent visitors to the surveyed LBO:
 - (i) Ladbrokes: most days (83%), two to four days per week (89%), once a week (82%) compared with fortnightly to monthly (76%) and less than monthly (58%).

- (ii) Coral: most days (77%), two to four days per week (79%), once a week (73%), fortnightly to monthly (70%) compared with less than monthly (56%);
- (e) are more frequent visitors to LBOs in general:
- (i) Ladbrokes: most days (87%), two to four days per week (87%), once a week (78%) compared with fortnightly to monthly (61%) and less than monthly (48%)
 - (ii) Coral: most days (79%), two to four days per week (78%), once a week (70%) compared with fortnightly to monthly (56%) and less than monthly (46%);
- (f) have travelled from home (80%), compared with from work (74%);
- (g) say the visit is their only or main reason for making the trip (81% and 85%, respectively) compared with those who say the visit is not their main reason for making the trip (74%);
- (h) haven't gambled online in the last six months (85% Ladbrokes, 78% Coral) compared with those who have (71% Ladbrokes, 62% Coral) – this is effectively a comparison of results by channel use between retail-only and multi-channel for the six-month period in question;
- (i) didn't check odds online when considering whether to place a bet (75% compared with 66% for those who did). This result is for Coral customers only, as there is no significant difference between the groups for Ladbrokes customers.
38. The high-level results on diversion from the Parties' face-to-face survey are, broadly speaking, comparable to our own survey. The Parties' face-to-face survey (see Table 3 below) indicated that between 79% of Ladbrokes customers and 75% of Coral customers would divert to another LBO if, before setting off, they knew that the surveyed LBO was closed for refurbishment for the next year. Again, these results should be interpreted as representing percentages of customer visits.

Table 3: Diversion (Parties' face-to-face survey)

For the purpose of this survey, suppose that before setting off, you knew the particular BRAND in LOCATION was closed for refurbishment for the next year. What would you have done instead?

	Coral		Ladbrokes		Total	
	Number	%	Number	%	Number	%
Would go to another LBO	1029	75	1221	79	2250	77
Would not have placed a bet	86	6	125	8	211	7
Would bet over the internet	82	6	73	5	155	5
Would bet by phone	17	1	2	0	19	1
Other (specify)	23	2	24	2	47	2
Don't know	128	9	96	6	224	8
Total	1365	100	1541	100	2906	100

Source: Parties' face-to-face survey.

Online constraint

39. As discussed above, the face-to-face surveys sampled customer visits; the results below from the CMA survey and the Parties' face-to-face survey should, therefore, be interpreted as representing the percentages of visits made by customers.

40. In the CMA survey, just over a quarter of customers overall said that they have placed bets or gambled online in the last six months, but significantly fewer Ladbrokes customers (24%) than Coral customers (29%). This, effectively, estimates the split of all retail gamblers between multi-channel (retail and online) customers and retail-only customers, at least for the six-month period in question.

41. For Ladbrokes and Coral customers combined, customer groups most likely to have placed bets or gambled online in the last six months are those who:
 - (a) are male (29%) compared with female (11%);
 - (b) are younger: 18-35 (48%), 36-59 (27%), 60+ (7%);
 - (c) visit the surveyed LBO less frequently: there is a decreasing trend from 36% among those who visit less than once a month to 21% among those who visit most days (there is not a consistent trend for visits to LBOs in general);
 - (d) have travelled from their workplace (38%) compared with from their home (22%) in the local area;
 - (e) stated that visiting the LBO was not their main reason for making the trip (29%) compared with those who said it was their only reason and those who said it was their main reason (both 22%);

- (f) are both betting and gaming customers (40%) compared with betting only customers (24%), gaming only customers (30%) and those collecting winnings only (25%).
42. While only 15% overall had checked odds online when considering whether to place a bet during their visit to the LBO on the day of their interview (broadly similar for Ladbrokes and Coral), again more males, young people and those travelling from their workplace in the local area had done so.
43. In the CMA survey, 5% of Ladbrokes customers and 7% of Coral customers (6% combined) said they would place bets or gamble online if the surveyed shop was closed for refurbishment for six months. This varied by customer groups, including the following significant differences (for Ladbrokes and Coral combined unless stated otherwise):
- (a) those aged 18-35 (11%), compared with those aged 36-59 (6%), compared with those aged 60+ (2%);
 - (b) those betting *and* gaming (12%) or collecting winnings (10%) compared with those betting only (5%) or gaming only (4%);
 - (c) those who have gambled online in the last six months (21%) compared with those who haven't (1%);
 - (d) those who checked odds online first (21%) compared with those who didn't (5%);
 - (e) those who checked odds online when considering whether to place a bet (13% Ladbrokes, 23% Coral) compared with those who didn't (4% Ladbrokes, 1% Coral).
44. Of those customers who said they would place bets or gamble online, about 40% would divert to the website belonging to the same fascia as the LBO at which they were surveyed, with only a small minority mentioning each of the main competitor brands, including the merger party (about 5 to 10% for each).
45. The Parties' face-to-face survey indicates that 5% of Ladbrokes and 6% of Coral customers (5% overall), would bet over the internet if, before setting off, they knew that the surveyed LBO was closed for refurbishment for the next year. These results are of the same order of magnitude as those found in the CMA survey.
46. CMA analysis of the Parties' face-to-face survey data (see Table 4) shows similar patterns between the two face-to-face surveys in the percentage of

stated diversion to online by broad age groups, channel use (retail-only and multi-channel) and, to some extent, frequency of visits to the surveyed LBO, though the categories used to define the latter are not directly comparable.

Table 4: Proportion of customers diverting online

	<i>CMA survey</i>			<i>Parties' face-to-face survey*</i>	
	<i>Base</i>	<i>% diverting online</i>		<i>Base</i>	<i>% diverting online</i>
<i>Age</i>			<i>Age</i>		
18-35	1058	11	18-35	662	11
36-59	1669	6	36-59	1611	4
60+	1189	2	60+	519	2
<i>Channel use (last 6 months)</i>			<i>Channel use (last 6 months)</i>		
Retail only	2870	1	Retail only	2301	1
Multi-channel	1044	21	Multi-channel	537	23
<i>Frequency of visits (store interviewed in)</i>			<i>Frequency of visits (store interviewed in)</i>		
Most days	729	7	Daily or most days†	886	3
2-4 days a week	1333	5	1-3 days a week (inclusive)	1325	5
Once a week	949	6	3 times a month to once a month	489	8
Once a fortnight to once a month	478	5	Less than once a month	190	8
Less than once a month	410	9			

Source: CMA survey and Parties' face-to-face survey.

*CMA analysis of Parties' face-to-face survey data.

†At least 4 days a week.

47. The Parties submitted that the retail spend of multi-channel customers is significantly higher than that of retail-only customers and that, as the CMA survey finds that multi-channel customers are more likely to divert online than retail-only customers, the diversion to online by spend is substantially higher than the diversion ratio estimated by the CMA's survey.⁶
48. CMA analysis of the Parties' face-to-face survey and telephone survey as well as a bespoke analysis provided by Kantar estimate the following:
- (a) Parties' face-to-face survey: multi-channel customers spend 1.3 times as much on average as retail-only customers on a typical visit to the surveyed LBO (95% confidence interval 1.1 to 1.5).

⁶ 'The CMA should recognise and take account of the fact that the retail spend of multi-channel customers is significantly higher than the retail spend of retail-only customers. In 2013, Kantar estimated that customers who use retail, PC and mobile spend up to three times as much in retail shops compared to retail only customers. This is supported by the Parties' online and telephone survey data, which shows, for example, that retail-only customers stake £72 per month in LBOs, while multichannel customers stake £136 per month in retail LBOs. As the CMA's survey finds, multichannel customers are more likely to divert to online than retail-only customers, this means that even if only 6% of the retail population would divert to online (using the CMA's survey findings), this 6% would account for a significantly greater proportion of spend – in other words diversions to online by spend is substantially higher than the diversion ratio estimated by the CMA's survey.'

- (b) Parties' telephone survey: multi-channel customers may spend on average up to about twice as much as retail-only customers in a week or per visit to any LBO.
- (c) Kantar Retail Gambling Tracker survey, Q4 2012: Kantar has advised that the Tracker was no longer being used in 2013 and its regular Market Sizing survey does not distinguish retail spend from online spend. The results for Ladbrokes and Coral customers in Q4 2012 suggest that multi-channel customers may spend around one and a half times as much as retail-only customers in LBOs in an average month.

49. We consider that all the statistics above suffer from a variety of limitations:

- (a) Measurement and calibration errors:
 - (i) There will be issues around customer recall and accuracy of reporting spend; in particular, there are some high outliers.
 - (ii) The questions asked on spend vary, depending on frequency of visits to LBOs and between surveys.
 - (iii) There is estimation involved, and there are assumptions made, to produce comparable results (both within and between surveys).
 - (iv) The time period for a customer being defined as multi-channel varies between surveys (face-to-face survey: six months; telephone surveys: 12 months).
- (b) In addition, for the Parties' telephone survey, the small sample size means that there is a high degree of uncertainty around the estimate of the ratio of multi-channel customer spend to retail-only customer spend: from about 0.5 to 6.5.
- (c) The Kantar result above is based on survey data from 2012 and asks the question in a way that we consider would have been hard to answer

accurately for most customers, given that it is not tailored to their frequency of visiting.⁷

50. Notwithstanding the above, the survey evidence does seem to consistently indicate that multi-channel customers spend on average more than retail-only customers in LBOs.
51. We re-weighted the results on channel use for the Parties' telephone survey and the Kantar survey to a 'customer visits' basis and this gave a proportion of multi-channel customers of 34% and 40%, respectively. The results of the two telephone surveys therefore show a higher proportion of visits by multi-channel customers than the face-to-face surveys (27% from the CMA survey and 18% from the Parties' face-to-face survey). It is difficult to judge which best represents the Parties' retail gambling business, but it is possible that the CMA survey may have under-represented the proportion of visits made by multi-channel customers to some extent.
52. Taking into account the possibility of a framing bias, discussed above, along with the likely higher spend per visit of multi-channel customers and the possibility that our survey may have underestimated the proportion of visits that are made by multi-channel customers, we consider that the CMA survey may have underestimated the strength of the online constraint. Given the degree of uncertainty around the estimates, we considered that it would be appropriate to increase the diversion ratio to the online channel from 6% (as observed in the CMA survey) to 10% for the purposes of our analysis of the effects of the Transaction.

⁷ QR10. In an average month, how much do you spend gambling at BETTING SHOPS ONLY? Please include all money staked over the counter, via a self-service betting machines or on gaming machines.

SINGLE. READ OUT

Up to £5

£6-£10

£11-£20

£21-£30

£31-£50

£51-£100

£101-£300

£301-£1,000

More than £1,000

Not sure

Price differences between online and retail

1. We assessed the extent to which the Parties charge different prices in their shops compared to their websites/apps.
2. In and of itself, the existence of price differentials between the two channels does not necessarily imply that there is no competitive interaction between them. Retail customers might be willing to accept a certain 'surcharge' for gambling in shops, but might decide to go online if retail prices increase over and above this surcharge. Nevertheless, the magnitude of these price differentials might be an indicator of the strength of customers' preferences for gambling in shops as opposed to online. More importantly, changes in such price differentials over time might shed some light on how competitive dynamics are evolving in the industry. In particular, if retail customers were increasingly willing to gamble online, then we would expect price differentials between the two channels to tighten over time.
3. This analysis is not meant to provide any insights into the relative profitability of the two channels, or whether profits in the retail channel are 'excessive'. Instead it is meant to shed some light on the extent to which customers consider the two channels as close substitutes, and how this is changing over time.

Methodology

4. There are two ways of doing such a comparison: we can compare the prices charged for identical or similar products, or we can compare the margins made by the Parties on different product lines. Both approaches have their advantages and limitations.
5. The first approach – comparing prices – has the advantage that it allows for comparisons at a granular level for specific products (eg down to the level of a particular 'selection' for a sporting event, or a particular game). However, this approach also has a number of limitations:
 - (a) First, the 'price' charged to customers will typically reflect a combination of the odds (or, in the case of gaming, the RTP) and the concessions or promotions applied, and it can be difficult to build a picture of the overall 'net price' from the analysis of individual elements.
 - (b) Secondly, even if we abstract from the effect of concessions and promotions, there is no simple metric that can summarise the

competitiveness of the odds for sporting events. The ‘overround’, which is the sum of the inverse of the odds for a particular event, is a relatively crude indicator of pricing as it applies arbitrary weights to the different selections in an event.¹ In particular, Ladbrokes has pointed out that if a bookmaker decides to be more competitive on the favourite (which attracts the largest share of stakes), and less competitive on other selections, the expected margin of that bookmaker will drop even if the overround does not change. A possible way around this issue would be to make comparisons for individual selections (eg the favourite, the non-favourite, and the draw) rather than for sporting events. However, interpreting the results would require weighting the different selections in some way.

(c) Thirdly, the Parties do not systematically record historic pricing information for some of their products, so comparisons over time are difficult.

6. The second approach – comparing gross win margins – overcomes some of these issues. Gross win margins reflect the aggregate percentage of stakes lost by customers in particular product lines, taking into account not just the odds and the RTP but also all the promotions and concessions applied. Another advantage of margins is that they naturally ‘weight’ the odds offered on the different selections by the volumes staked on them. So if a bookmaker decides to be more competitive on popular selections, this will show into lower margins, all else equal. Margins are also available in longer time series.
7. One possible limitation of this approach is that it is only valid if the mix of products purchased does not change much between channels or over time. For example, if online customers systematically gamble on events or games that are more competitively priced (eg advertised races in horseracing, the favourite in football, or roulette in gaming) then the margin achieved online will be lower even if the same events/games are priced similarly. Similarly, if customers start betting more on new product lines that attract higher margins, then the overall gross win margins might increase over time even if the margins of ‘old’ products are compressed over time.
8. Against this backdrop we decided to pursue both approaches. We did a qualitative comparison of the odds and concessions applied across the two channels for a limited number of products for recent periods, and we did a

¹ The overround represents the theoretical margin that a bookmaker can achieve on an event provided that they can attract betting volumes on the different selections in exact proportion to the inverse of the odds charged. In other words, for the overround to be a good proxy for the bookmaker’s expected margin, the bookmaker should take lower betting volumes on the selections for which it offer the smaller margin. In most cases we would expect this relationship to be reversed.

more quantitative comparison of the gross win margins achieved for different product lines over time.

Comparison of prices

9. We did a separate comparison of the three main components of pricing: the odds in betting, the promotions in betting, and the RTP in gaming.

Odds in sports betting

10. We reviewed the Parties' odds-setting policies for horses, greyhounds and football. In summary, we found that:
 - (a) for horses and greyhounds there is only very limited evidence of odds differentiation between the two channels; and
 - (b) in football there is some evidence of odds differentiation between the two channels, [REDACTED].
11. The above findings were based on the following observations:
 - (a) **Horses** – the Parties pointed out that 80 to 85% of bets in horseracing were taken at the board price or the start price, which are the same across bookmakers and across channels. With respect to 'early prices' Coral told us that [REDACTED]. Ladbrokes told us that [REDACTED].
 - (b) **Greyhounds** – the Parties told us that in greyhound racing approximately 98% of all bets were priced at the show price or starting price, which are the same across bookmakers and across channels.
 - (c) **Football** – Coral does not record historic overround information for football. Ladbrokes told us that [REDACTED].

Promotions in sports betting

12. We reviewed the Parties' promotional policies for horses, greyhounds, and football. In summary, we found that there is some overlap in the promotions offered in the two channels, but in general the Parties' offering is more generous online than in retail. There were also several examples of online promotions that were made available to retail customers who have the Connect or Grid cards, who are the customers who are most likely to be multichannel customers.
13. The above conclusions were based on the following observations:

(a) Horses:

(i) Ladbrokes [REDACTED].

(ii) Coral [REDACTED].

(b) Greyhounds:

(i) Ladbrokes [REDACTED].

(ii) Coral [REDACTED].

(c) Football:

(i) Ladbrokes [REDACTED].

(ii) Coral [REDACTED].

(d) Lucky 15/31/63 – This promotion is applied for horses, greyhounds, and certain types of football bets. [REDACTED]

14. Coral also explained that [REDACTED].

15. Most promotions affect the ‘effective odds’ that customers receive, and therefore it is difficult to calculate their value precisely. Coral estimated that [REDACTED].

16. William Hill submitted that promotions were an important factor of price differentiation between the two channels, especially in horseracing. [REDACTED]

17. Coral submitted that [REDACTED]. Similarly, Ladbrokes submitted that [REDACTED].

18. This comparison is not meant to be an overall assessment of the ‘value proposition’ in the two channels, or whether customers are ‘getting a better deal’ in one channel compared to the other. It is entirely possible that retail customers value the sociable and service aspects of gambling in a LBO, and are willing to pay higher prices for these features. However, if that is the case, and if these preferences are not changing over time, then it is not evident that the development of a more competitive online market will represent a relevant competitive pressure on LBO operators.

RTP in gaming

19. The Parties told us that roughly 80% of gaming stakes were placed on roulette games, for which there is little scope for price competition since the

RTP is determined by the rules of the game.² We therefore only considered price differences for games that had an adjustable RTP and were offered both in retail and online. There were [X] such games for Coral and [X] for Ladbrokes. Table 4 below shows that RTPs were significantly lower in retail compared to online, and the gap was particularly large for low staking levels.

Table 1: return to player in Retail vs Online

Retail (by level of stake)					Online
£0.5	£1	£2	£20		
[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]

Source: Parties' data, CMA calculations.

20. In their retail estate, the Parties offer different RTPs depending on the amount staked (the more a customer spends, the higher the RTP), whereas on their online platforms the Parties offer the same RTP regardless of the level of stake. Coral told us that [X].
21. Retail operators can also differentiate their gaming prices across the two channels by offering different promotions and bonuses (including for roulette), typically in the forms of free bets. The effect of these free bets is included in our margin analysis below.

Conclusion on the comparison of prices

22. Overall, we inferred from this analysis that the Parties tend to charge higher prices for their gambling products in retail compared to online, and that in most product lines, with the exception of football, the main vehicle for differentiating prices is promotions. We used a comparison of gross win margins to identify variations over time.

Comparison of gross win margins

23. We compared gross win margins between the online and retail channels at two levels: at an aggregated level for different sports and product lines; and at a more disaggregated level for a selection of different types of bets.

Comparison for different sports and product lines

24. Figures 1 and 2 below show the differential between the gross win margins achieved in retail and online by the Parties between 2011 and 2015 (a positive differential means that retail is more expensive than online). Notice

² For standard roulette, the RTP is determined by the rules of the game. For 'premium' roulette games there is some scope for price differentiation through free spins.

that these differentials are expressed in terms of percentage points of the gross win margin. For example, [X].

Figure 1: [X]

[X]

Source: Coral analysis.

Figure 2: [X]

[X]

Source: CMA analysis, based on Coral data.

Note: [X]

25. Focusing on the most recent reporting period, 2015, these charts show some significant differences in gross win margins between the two channels, although the magnitude of that differential varies across product lines.

(a) In sports betting, [X].

(b) In gaming, [X].

26. Considering changes over time, there is some indication that the differential between online and retail margins has tightened between 2013 and 2015, but that trend was neither uniform across products nor constant over time:

(a) For greyhounds, [X].

(b) For horses, [X].

(c) For football, [X].

Comparison for different types of bets

27. We sought to compare margins for more specific types of products, with a view to mitigate the impact of any differences in the product mix (between channels or over time). Ladbrokes and Coral provided data for different sets of products so we discuss their results separately.

28. [X]

Figure 3: [X]

[X]

Source: CMA analysis, based on Coral data.

29. Coral provided gross win margin data for singles and multiples bet for horses, greyhounds, and football. Figure 4 below shows the differentials in gross win

margins for these different products between the retail and online channels (the figures for football multiples are provided separately below). [REDACTED]

Figure 4: [REDACTED]

[REDACTED]

Source: CMA analysis, based on Coral data.

30. The two charts below show results at a more disaggregated level for different types of football products. [REDACTED]

Figure 5: [REDACTED]

[REDACTED]

Source: CMA analysis, based on Coral data.

Figure 6: [REDACTED]

[REDACTED]

Source: CMA analysis, based on Coral data.

31. The Parties submitted that, even at this level of disaggregation, these comparisons were not on a like-for-like basis, for at least two reasons:

(a) First, there are some differences in product mixes across the two channels. Whilst most types of bets are available in both channels, some types of bets (such as bet-in-play bets) are more prevalent in the online channel.

(b) Secondly, there are some differences in customer mix across the two channels. The online channels tends to attract a larger share of customers who are better informed, place larger bets, and 'cherry pick' the best odds, and as a result of all these characteristics tend to be less profitable.

32. To illustrate these points, Ladbrokes showed that, within its online channel, the gross win margin differed between its desktop and mobile customers even though prices were the same.

33. We recognise that it is difficult to draw firm conclusions on the magnitude of the price differentials between the two channels from this analysis. However, to the extent that product mixes and customer behaviours have not changed materially in the past few years, it is still informative to consider variations over time, and notably whether the margin differential between the two channels has tightened. The analysis only indicates a slight tightening of that differential, for some products and some years.

Conclusions on price differences between retail and online

34. The evidence shows that the Parties charge higher prices in retail than online, in particular through a greater number of promotional offers offered to customers online than in LBOs. There are some indications that this differential has been compressed slightly for some sports over the past three years, which might indicate that the Parties are seeking to improve the competitiveness of their retail offering. However, that change was relatively modest in magnitude, and it did not apply to all products lines.

Econometric analysis

Executive summary

1. This appendix examines how the performance of a LBO is affected by the entry or exit of a competitor in its local area. We focus on four measures of performance: (i) the value of betting stakes; (ii) the value of gaming stakes; (iii) staff costs; and (iv) depreciation. The first two measures capture the response of volumes to entry and exit, and the second two measures (indirectly) capture the response of quality to entry and exit.
2. The analysis generates quantitative evidence around two important aspects of local competition:
 - (a) The closeness of competition between different operators – we test which competitors have significant effects on performance.
 - (b) The relevant geographic market – we test over what distance competitors have significant effects on performance.
3. To do so we conduct a performance concentration analysis (PCA). This uses a regression framework to test how each of the four performance variables responds to local entry and exit events. We use a fixed effects model, which enables us to control for other local factors that may affect performance, such as the level of demand and rental costs. By holding these factors constant, our model is able to produce reliable estimates of the impact of competition on performance.
4. Our baseline results show the following:
 - (a) The entry of a competing LBO in the local area reduces both betting and gaming stakes. The magnitude of this effect declines as the distance to the LBO increases: the largest effects occur when entry is within 200m, and beyond 400m the negative effect of entry on stakes is typically [X] and insignificant.
 - (b) The competitive constraint of Ladbrokes on Coral, and vice-versa, follows this pattern. The entry of a Coral (Ladbrokes) LBO within 200 metres reduces betting stakes at Ladbrokes (Coral) by [X] ([X])% and gaming stakes by [X] ([X])%. These coefficients are slightly smaller within 200 to 400m, and generally insignificant beyond that.
 - (c) We find little competitive effects of entry on staff costs or depreciation.

5. Following the baseline results, we extend our analysis to show that the entry of LBOs has less of a negative effect on stakes when the fascia count is high.

Analytical framework

6. We conduct a PCA to test how LBOs respond to the entry and exit of competing LBOs within their local area. In doing so, we generate quantitative evidence around both: (i) the relevant competitor set; and (ii) the relevant geographic market. In this section we discuss our four baseline measures of performance, before detailing the econometric methodology and its strengths and weaknesses.

Performance variables

7. To conduct the analysis, we requested monthly performance data from the parties for each LBO over the last five years. The data we received can broadly be categorised into:
 - (a) volume measures – the value of betting and gaming stakes, customer betting and gaming returns, the number of betting slips and the number of gaming sessions;
 - (b) pricing measures – the number and value of concessions offered;
 - (c) cost measures (which we used as a proxy for quality) – capex, depreciation, staff costs, staff headcount, and the age of fit; and
 - (d) profitability measures – variable profit margin, betting and gaming ‘gross wins’ (stakes minus customer returns) and EBITDA.¹
8. We concentrate on four of these measures: the value of betting stakes, the value of gaming stakes, staff costs and depreciation. Stakes provide us with a revenue measure for each LBO, and the other volume measures, as well as gross wins, are highly correlated with stakes. We consider staff costs and depreciation to be the best available proxies for quality, because capex occurs only sporadically and there is therefore little variation within each LBO.² Ongoing capital investments are reflected in depreciation however – a larger capital stock increases depreciation – and this is recorded regularly

¹ Capex stands for ‘capital expenditure’ and EBITDA stands for ‘earnings before interest, taxes, depreciation and amortisation’ and is commonly used as a profitability indicator.

² Age of fit is the period of time since the last major refurbishment. A lack of variation in capex therefore implies a lack of meaningful variation in age of fit.

through the profit and loss accounts. For Ladbrokes, however, we have only received annual depreciation figures.

9. Both staff costs and depreciation only approximate quality at each LBO; we do not have a direct quality measure. The volume of stakes itself may be an indirect indicator of quality – if new entry puts pressure on revenues, quality may be increased in response. The primary use of stakes here however is to identify which competitors provide a competitive constraint on the LBO of interest, and over what distances: if a new entrant reduces the revenues of the incumbent, then a significant share of customers are likely to view them as substitutes (and the customers who have diverted from the incumbent to the new LBO are likely to view them as the closest substitutes).

Econometric model

10. Our econometric model tests how the entry and exit of LBOs affects stakes, staff costs and depreciation at nearby Coral and Ladbrokes LBOs. This is done through a fixed effects specification, which controls for all factors that do not change over time. We estimate the following reduced form regression:

$$\log(Y_{it}) = \sum_s \sum_d \beta_{sd} N_{sd,it} + \delta_i + \delta_t + \varepsilon_{it}$$

where Y_{it} is the performance measure of interest for Ladbrokes/Coral LBO i in month t ; $N_{sd,it}$ is the number of LBOs of fascia s within distance band d of LBO i in month t ; δ_i and δ_t are LBO and month fixed effects respectively; and ε_{it} is the error term.

11. For each fascia type s and each distance band d , the model produces a coefficient β_{sd} which approximates the average percentage change in the stakes (staff costs/depreciation) placed at a Ladbrokes/Coral LBO following entry or exit. If a coefficient is negative and significantly different from zero, it means that stakes decrease (increase) following the entry (exit) of an LBO of the relevant fascia within the relevant distance band. The model therefore treats entry and exit as equal but opposite events: when there is entry $N_{sd,it}$ increases by one; when there is exit $N_{sd,it}$ reduces by one.
12. Betfred, Coral, Ladbrokes, Paddy Power and William Hill are included as separate fascia, and all other firms are grouped into an Independent fascia. These firms are Chisholm, David Pluck, Jennings, Mark Jarvis, Scotbet and Stan James. We do not have entry and exit dates for the other independent firms in the industry (but these will represent a very small share of entry/exit events).

13. We count the number of competing LBOs within four distance bands: 0-200m, 200-400m, 400-800m and 800-1,600m. These distances are based on submissions by the parties regarding catchment areas, as well as the distances considered by the Office of Fair Trading in the review of the Betfred/Tote acquisition.

Strengths and limitations

14. The principal concern in a PCA is that the extent of local competition is driven by factors such as local costs and demand that also affect performance. This would bias the results, as we would wrongly be conflating the impact of such factors on performance with that of local competition. Whether this bias causes the model to under- or over-estimate the impact of competition depends on how these omitted factors affect performance. The fixed effects regression helps to address this concern, by holding constant all factors that do not vary over time: the model tests how a given LBO responds to entry and exit over time.
15. Even so, it is possible that there are local factors that vary over time that are correlated with both local competition and performance. Again, this would bias the results. There are a number of plausible scenarios in which this could occur:
 - (a) Increases in local demand are likely to attract new entrants and increase the volume of bets placed at LBOs. This would cause a positive bias in the results, because increased entry would be wrongly associated with increases in stakes. We would therefore underestimate the effect of competition on stakes.
 - (b) Incumbent LBOs might react to entry with short-term promotional or advertising activity. This would reduce the effect of the entry on stakes, again causing us to underestimate the true importance of local competition.
16. It is therefore likely that our regression coefficients suffer from a positive bias. Negative coefficients may be underestimated in absolute terms, potentially becoming insignificantly different from zero and (in extreme cases) even turning positive. Therefore, although we can only interpret and give weight to the statistically significant negative coefficients, we cannot have confidence in non-significant or significantly positive results.
17. More generally, the interpretation of a non-significant result is that our estimation is not precise enough to capture a statistically significant effect;

non-significance in statistical terms is a lack of evidence. In particular, non-significance could be due to any of the following reasons:

- (a) New entrants genuinely do not compete with the Parties, and so there is no evidence to be found.
 - (b) The model is unable to detect any effect of entry and exit due to a small number of these events over the period. In this case any effect of entry or exit is dwarfed by other variation in the dataset, leading to imprecise results.
 - (c) There is measurement error in the dataset, such as a misreporting of store locations or a mismeasurement of distances. This biases the coefficients towards zero, as the true effect of competition is masked by the incorrect information due to the measurement error.
18. We note that there were in fact a large number of entry and exit events over the period, and so a lack of variation in the independent variables is not a major concern in this case. There are, however, fewer entry and exit events for independents. Similarly, we have a large number of observations, which further improves the precision of the estimates. On the other hand, as discussed in detail below, the exact locations of stores are not perfectly recorded and distances are measured in straight lines. In practice, there may be local features that increase the travel times between stores that are physically close to one another. Our distance measurement therefore introduces some measurement error into the model.
19. On balance, the large number of LBOs and entry/exit events in the dataset mean that the model should be quite precisely estimated. Moreover, together with the Parties, we have taken a number of steps to ensure that mismeasurement of store locations and distances is minimised – as discussed in the next section.

Data

20. We combine the performance variables described above with data on the location, opening and closing dates of LBOs to create a monthly panel dataset covering January 2011 to December 2015. A number of the performance variables were initially provided at the weekly level, and we aggregated to the monthly level to smooth out some of the random variation that occurs week-to-week. The parties also provided the betting and gaming variables disaggregated by 'product category', such as football and horse racing, which we have aggregated together. Again, this is to smooth out random variation and to keep the overall number of variables manageable.

21. Coral uses a 13-period financial year for recording staff costs and depreciation, and so our results for these variables use an LBO-period panel dataset. In addition, Coral's financial year runs from October to September. As the last financial year of performance data submitted was 2014/2015, we do not have information from October 2015 onwards.³ In our regression results, the number of observations for Coral is therefore slightly lower than for Ladbrokes.
22. Each party provided the details on the location and opening/closing dates of their LBOs, and we approached all relevant parties for clarification whenever we identified problems with the data such as missing observations or inaccurate postcodes. Based on these submissions, we calculated the straight-line distance from each Coral/Ladbrokes LBO to every other LBO using trigonometry.
23. The final dataset includes one observation per LBO per month, containing the number of competing LBOs within each distance band and the value of each performance indicator for that month.

Descriptive statistics

24. In this section we present descriptive statistics of the data used in our analysis.
25. Over the 60 months from January 2011 to December 2015, we observe a total of 1,966 Coral LBOs and 2,404 Ladbrokes LBOs. Table 1 summarises the baseline performance indicators across these Coral and Ladbrokes LBOs. We provide the mean and standard deviation of each variable, reporting the standard deviation within LBOs across time as this is the relevant source of variation used by the model:
 - (a) The average volume of monthly betting stakes was [£] and [£] across Ladbrokes LBOs. Gaming stakes are [£], [£] and [£] for Ladbrokes.
 - (b) There is good variation in the volume of stakes across time within LBOs. For betting stakes for example, the average month-to-month change in stakes is [£] and [£] at Ladbrokes.
 - (c) Staff costs exhibit smaller variation within LBOs over time than stakes, whereas there is good variation for depreciation. The difference in mean

³ As we only have entry and exit data from January 2011, we cannot incorporate the performance data from October to December 2010 (ie the beginning of the 2010/2011 financial year).

depreciation figures in Table 1 is explained by the fact that Ladbrokes submitted annual figures.

Table 1: Summary statistics on performance variables

	<i>Stakes (betting)</i>	<i>Stakes (gaming)</i>	<i>Staff costs</i>	<i>Depreciation</i>
<i>Coral</i>				
Mean	[X]	[X]	[X]	[X]
Standard deviation (within LBO)	[X]	[X]	[X]	[X]
<i>Ladbrokes</i>				
Mean	[X]	[X]	[X]	[X]
Standard deviation (within LBO)	[X]	[X]	[X]	[X]

Source: CMA analysis.

Results

26. Tables 2 and 3 present the baseline results of the model, estimated separately for Coral and Ladbrokes. The dependent variables are all in logarithms, so the coefficients in the tables (multiplied by 100) approximate the percentage change in each dependent variable resulting from the entry of a competing LBO.⁴

- (a) **Stakes (betting)** – For both Coral and Ladbrokes, the entry of a competing LBO within 200 metres [X] reduces stakes, whatever the fascia of the entrant. Own-fascia LBOs tend to have the largest effects however, particularly for Coral: the entry of another Coral LBO within 200m reduces betting stakes by around [X]% on average, which might indicate a degree of brand loyalty for Coral customers. This effect declines as the distance increases, [X]. For both Coral and Ladbrokes the effect of entry gradually declines in distance; [X]. It is notable that for Ladbrokes however, [X] continues to have an effect (albeit declining) in these further distance bands.
- (b) **Stakes (gaming)** – Similar results hold as for betting stakes, with significant effects in the 0-200m and 200-400m distance bands, with declining effects of entry thereafter. The coefficients on the two variables are often notably different, however. The entry of a Coral LBO within 200m, for example, reduces betting stakes in Ladbrokes by around [X]%, but reduces gaming stakes by around [X]%.
- (c) **Staff costs** – A small number of the coefficients are significant, albeit generally with the ‘wrong’ sign: we might expect entry to increase staff

⁴ To calculate the percentage change exactly, one should take the exponential of the coefficient and subtract 1. When the coefficients are reasonably small, as they are here, the approximation is very close. For example $\exp(-0.1) - 1 = -0.095$ and so interpreting the coefficient of -0.1 directly as ‘minus 10%’ leads to no loss of accuracy.

costs, but some of the significant coefficients are negative. This may be because new entry has two opposing effects on staff costs: on the one hand, the incumbent might have an incentive to increase spending on staff to improve the quality of its service to customers and mitigate its loss of volumes; on the other hand, the incumbent might find it more profitable to cut staff as it has lower volumes to handle. [REDACTED]

- (d) **Depreciation** – The model explains much more of the variation in depreciation for Coral than Ladbrokes, perhaps in part because we only have annual data for the latter (note the low R-squared and number of observations). [REDACTED]

Table 2: Baseline regression results for Coral

[REDACTED]

Source: CMA analysis.

Note: [REDACTED]

Table 3: Baseline regression results for Ladbrokes

[REDACTED]

Source: CMA analysis.

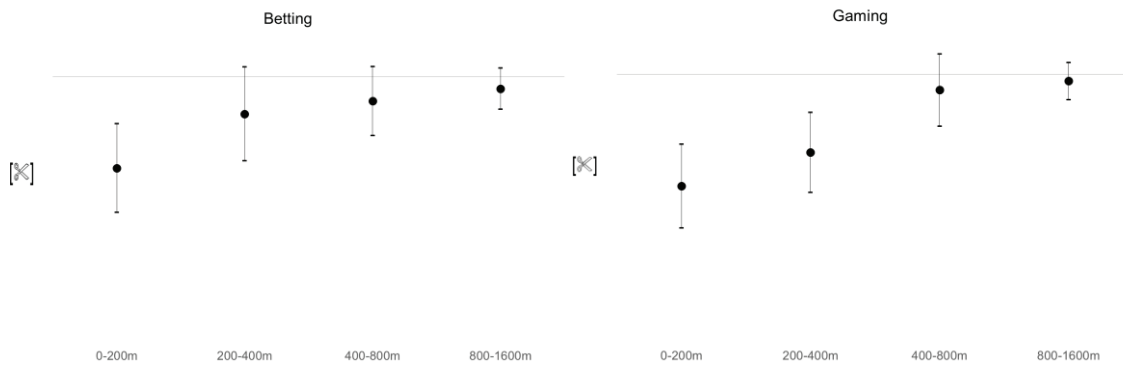
Note: [REDACTED]

27. Figures 1 and 2 graphically display the impact of a Ladbrokes LBO entry on Coral, and vice-versa, for betting and gaming stakes. The dots show the coefficient estimates from Tables 2 and 3, and the lines are 95% confidence intervals. For comparability, all graphs are displayed on the same scale. We also note the following points:

- (a) In all cases we see a [REDACTED] negative impact of entry within 200m, with this impact declining as the distance becomes greater. The largest effect within 200m is on gaming stakes at Ladbrokes, with the entry of a Coral reducing stakes by around [REDACTED]%.

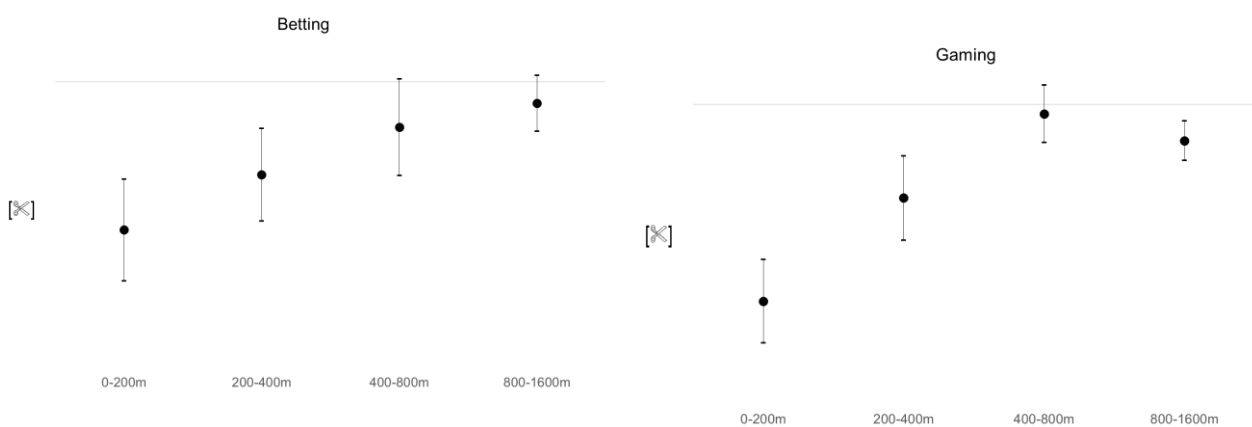
(b) In all cases the impact of entry falls to [REDACTED] in the 400-800m and 800-1,600m bands.

Figure 1: Impact of a Ladbrokes LBO entry on stakes at Coral



Source: CMA analysis.

Figure 2: Impact of a Coral LBO entry on stakes at Ladbrokes



Source: CMA analysis.

28. The figures above suggest that the negative impact of entry on stakes diminishes as the distance to the incumbent LBO increases. To test whether this effect is statistically significant, we perform two-tailed Wald tests to see if we can reject the null hypothesis that any two coefficients are equal. As in the Figures, we concentrate only on the merging parties: we test whether the entry of Ladbrokes (Coral) has a significantly different impact on stakes at Coral (Ladbrokes) depending on the distance at which entry occurred.
29. For brevity, the results of the individual t-tests are omitted here. The key findings of the tests are the following:
 - (a) In all cases the tests strongly reject the hypothesis that entry within 0-200m has the same impact on stakes as entry within 400-800m or 800-1,600m. In most cases the tests also suggest that entry within 200m has a larger negative effect than entry within 200-400m.
 - (b) The tests produce mixed results for entry within 200-400m. For betting stakes, the tests fail to reject the null hypothesis that entry within

200-400m has the same effect as entry within 400-800 metres. For gaming stakes however, the tests strongly suggest that entry within 200-400m has a more negative impact on stakes than entry within either 400-800m or 800-1,600m.

- (c) In all cases, the tests fail to reject the null hypothesis that entry within 400-800m has the same effect on stakes as entry within 800-1,600m.

Extensions

30. In this section we further explore the results for betting and gaming stakes, to test whether the effect of entry changes according to the existing level of competition in the local area.
31. In Table 4 we consider how the number of LBOs and the fascia count interact. In particular, we are interested in whether the effect of further competition in an area – captured by the number of LBOs – is lower when the fascia count is high. To do so, we allow the number of LBOs to have a different effect on stakes at each fascia count.
32. The results suggest that new entry, ie an increase in the number of LBOs, has less of an effect on stakes when the fascia count is high, ie when there is already strong competition in the local area. Within 200m for example, entry reduces betting stakes at Coral by [X]% and gaming stakes by [X]% when the fascia count is 1; these numbers fall to [X]% and [X]% respectively when the fascia count is 6. Very similar results hold for Ladbrokes, and this pattern can also be seen in the 200-400m distance band.

Table 4: Interaction of the store count and fascia count

	<i>Coral</i>		<i>Ladbrokes</i>	
	(1) <i>ln (betting stakes)</i>	(2) <i>ln (gaming stakes)</i>	(3) <i>ln (betting stakes)</i>	(4) <i>ln (gaming stakes)</i>
<i>Impact of entry</i>				
<i>0-200m</i>				
Fascia=1	[X]	[X]	[X]	[X]
Fascia=2	[X]	[X]	[X]	[X]
Fascia=3	[X]	[X]	[X]	[X]
Fascia=4	[X]	[X]	[X]	[X]
Fascia=5	[X]	[X]	[X]	[X]
Fascia=6	[X]	[X]	[X]	[X]
<i>200-400m</i>				
Fascia=1	[X]	[X]	[X]	[X]
Fascia=2	[X]	[X]	[X]	[X]
Fascia=3	[X]	[X]	[X]	[X]
Fascia=4	[X]	[X]	[X]	[X]
Fascia=5	[X]	[X]	[X]	[X]
Fascia=6	[X]	[X]	[X]	[X]
<i>400-800m</i>				
Fascia=1	[X]	[X]	[X]	[X]
Fascia=2	[X]	[X]	[X]	[X]
Fascia=3	[X]	[X]	[X]	[X]
Fascia=4	[X]	[X]	[X]	[X]
Fascia=5	[X]	[X]	[X]	[X]
Fascia=6	[X]	[X]	[X]	[X]
<i>800-1,600m</i>				
Fascia=1	[X]	[X]	[X]	[X]
Fascia=2	[X]	[X]	[X]	[X]
Fascia=3	[X]	[X]	[X]	[X]
Fascia=4	[X]	[X]	[X]	[X]
Fascia=5	[X]	[X]	[X]	[X]
Fascia=6	[X]	[X]	[X]	[X]
Observations	[X]	[X]	[X]	[X]
R-squared	[X]	[X]	[X]	[X]
Number of LBOs	[X]	[X]	[X]	[X]

Source: CMA analysis.
 Note: [X]

Refurbishment decisions

1. This appendix describes in greater detail our analysis of refurbishment decisions. The Parties state that they can flex different aspects of their offering in individual shops in response to variations in local conditions of competition; one of the main aspects that are flexed locally is the quality of the facilities. Our analysis reviews the internal documents related to the decisions made on refurbishments and tries to identify the circumstances under which the competitive interaction between two competing shops is more likely to result in higher quality for customers (in the form of better premises).

Refurbishment forms and possible limitations of the analysis

2. We have received [redacted] request forms from Coral covering mostly the period 2013 to 2015,¹ and [redacted] request forms from Ladbrokes covering the period 2011 to 2012.² [redacted]. A more detailed description of the data on the refurbishment requests is included in the last section of this appendix.
3. We considered the risk that the analysis might be biased if LBO managers have an incentive to overplay the effect of competitive events in their areas in order to get access to additional funds for refurbishment. However, [redacted]. Requests without approval were excluded from the analysis.
4. We note that the distances on the refurbishment forms are [redacted]. For the purpose of delineating local markets of LBOs, we usually calculate distances as direct lines. With the exception of Tables 1 and 2 below, which use distances calculated by the CMA based on the Ordnance Survey and ONS data, the distances in this analysis may therefore: (i) have some margin of error as they are rough estimates of the Parties; and (ii) be likely to be larger than direct line distances.
5. A possible limitation of this analysis is that an LBO manager's propensity to apply for an upgrade will depend on the current state of the LBO at the date of entry, but this is something we do not observe. If there are systematic relationships between the 'starting points' and certain aspects of the competitive environment, this could affect the validity of our conclusions. For example if Coral refurbished all LBOs in areas where Ladbrokes was more likely to enter before the period of observation started, then we will naturally

¹ The periods refer to financial years.

² The periods refer to financial years.

observe a low response rate in such areas even though competition between the Parties may be quite strong.

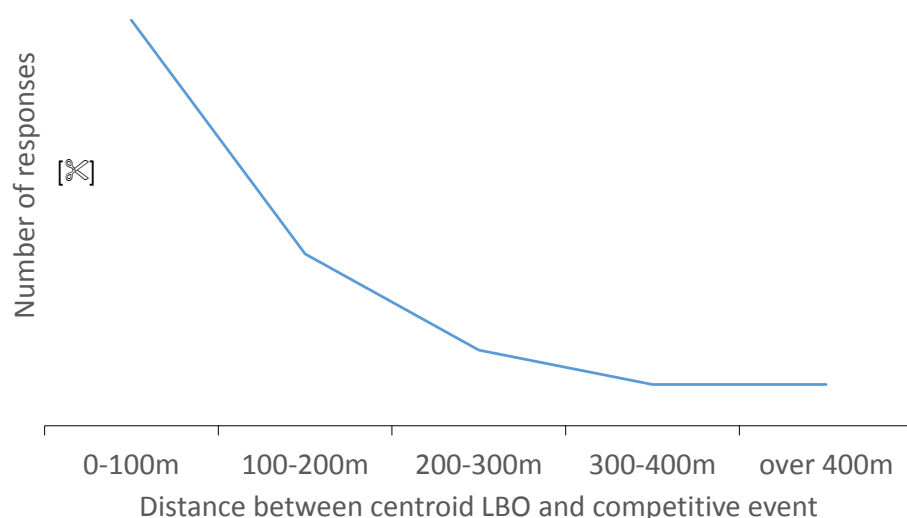
6. Finally, we note that the Parties' policies on refurbishment decisions can evolve over time. Ladbrokes operated [X]. It is difficult to establish with certainty how Ladbrokes would make such decisions in the counterfactual ([X]). However, irrespective of Ladbrokes' strategy in this respect, the analysis below sheds some light on the drivers of competition between LBOs at local level (ie the circumstances where they interact more strongly). This is relevant not just because it has an effect on the parameters that are or may be varied locally, but also because any national effects of the merger would primarily reflect the sum of all local interactions.
7. In the following we present our findings of the analysis of the refurbishment requests.

Results

Distance between LBOs

8. We first considered the distance between the LBO that made the request and the LBO that prompted this reaction.
9. Figure 1 below shows the number of instances of new entry that prompted a refurbishment for different distance bands. This shows that the Parties' propensity to refurbish their LBOs in response to new entry decreases rapidly with distance. [X]

Figure 1: Number of cases of new entry that prompted a refurbishment



Source: CMA analysis.

Closeness of competition between LBO operators

10. We then considered the extent to which the Parties responded to entry by certain competitors more strongly than for others.
11. Table 1 shows the number of refurbishment requests triggered by each competitor, and compares this with the number of cases of new entry (ie opening of new shops) within 400m of any Ladbrokes or Coral LBO.³ The 'response rate' is defined as the number of cases of new entry that triggered a response divided by the total number of cases of new entry. This shows the following:
 - (a) **Closeness of competition between the Parties** – [X], while Ladbrokes responded to new entry by Coral [X]% of the time, which is [X];
 - (b) **Constraint from other retail operators** – [X]. [X] and [X].
12. We note that we have only recorded entries from a few of the larger independent operators and not from very small independents. Therefore, we are not able to calculate reliable response rates for independents.

Table 1: Ladbrokes' and Coral's propensity to refurbish their shops in response to new entry

[X]

Source: CMA analysis.

13. Figure 2 presents the average estimated loss due to new entry split by brand.⁴ It suggests that a competitive event from [X] is associated with the highest estimated loss of gross win for Ladbrokes' LBOs. Competitive events of the other competitors have a lower estimated impact with [X].

Figure 2: Average estimated loss of gross win by competitor (Ladbrokes only)

[X]

Source: [X]

Note: [X]

14. We have also assessed the average capex per square feet requested by the Parties in response to entry or other types of competitive events by competitors. In general, Ladbrokes' investments tend to be [X]. The data also

³ Please note that for Ladbrokes we used entries in 2011 and 2012, whereas for Coral we used entries in 2013 to 2015 reflecting roughly the date of the refurbishment requests.

⁴ This figure is not available from Coral's refurbishment request forms. In a few instances, several competitive events were mentioned. Based on the information provided we decided which should be considered the main competitive event.

shows that [redacted] generally triggers relatively high investment per square foot.
[redacted]

Impact of the number of competitors in the local area

15. We then sought to assess whether the propensity of LBOs to respond to competitive events depended on other characteristics of their local markets. Table 2 below shows the Parties' response rates for different types of competitive environments, where the types of competitive environment are categorized based on the distance between the incumbent and the new entrant (in columns) and the number of competing LBOs within 400m of the incumbent prior to entry (in rows). The table shows a clear interaction between the two parameters: [redacted]

Table 2: Response rate for different types of competitive environments

[redacted]

Source: CMA analysis.

[redacted] gaming venues

16. [redacted]

Qualitative evidence from refurbishment forms

17. We have also assessed qualitative information contained on the refurbishment requests, in particular the reasoning why the refurbishment is considered necessary by the local manager. These comments provide additional information on what factors the Parties take into account when assessing local competition.

Paddy Power competes aggressively

18. There is evidence to suggest that Paddy Power is particularly aggressive. [redacted]
19. Other parameters affecting local competition
20. Some LBO managers mentioned other factors when commenting on local market conditions. These comments are very diverse but they broadly fall into the following three categories:
- (a) **Parking, access and visibility** – Car parks or changes to parking arrangements can have an impact on business. For instance, Ladbrokes LBOs report [redacted]. Additionally, shop visibility is considered as important in attracting customers. For instance, [redacted]

- (b) **Other facilities or venues that generate footfall** – LBOs benefit from the proximity to facilities or venues that generate significant footfall. For example, [REDACTED], eg Ladbrokes LBOs [REDACTED].
- (c) **Specific communities** – Some LBOs reported that being located in certain communities, such as those characterised by a high Asian or Eastern European population, or being located close to a university also had a positive impact on their business. [REDACTED]
- (d) These comments shed some light on the local factors that drive demand for LBOs. They suggest that LBOs will experience higher demand if they are easily accessible, if they are located close to other drivers of footfall (such as pubs or shopping centres), and/or if they are located close to communities with a stronger appetite for gambling. However, it is difficult to make strong inferences about closeness of competition between different LBOs based on such factors. For example, we might infer that if an LBO is located close to a pub, then its customers are more likely to divert to other LBOs located close to that pub than to other LBOs located further away. But this is only reasonable if a large share of the LBO's customers are indeed pub patrons, and if they have a strong preference for gambling in an LBO close to that pub. We could also infer that if an LBO is located close to a car park, then its customers are more likely to divert to other LBOs with parking facilities in the area. However, this would also be somewhat speculative since customers who are driving might chose to visit an LBO in a different area altogether.

21. While LBO managers mention local factors to characterise the state of the demand in their local markets, they rarely mention such factors to qualify the relative strength of their competitors. The only two examples of such a qualification are two comments made regarding [REDACTED]. We did not find any examples of an LBO manager suggesting that an LBO located relatively far away should still be considered a competitor because it had similar parking facilities, or was located on the same transport links.

Data

22. We have obtained the following kind of information from the refurbishment requests:
- (a) LBO locations.
 - (b) Year of request.
 - (c) Amount of capex requested.

- (d) Whether the request was approved.
 - (e) Customer floor size.
 - (f) Type of competitive event giving rise to the request.
 - (g) Competing LBOs' and their distances from the requesting LBO.
 - (h) Estimated gross win before the competitive event, estimated gross win after the competitive event with and without the investment and estimated EBITDA return of the investment.
23. The refurbishment request forms used by each of the Parties follow different standards and require different information to be provided. We have noted the following issues relating to the data:
- (a) Ladbrokes' forms do not specifically request the distances of competing LBOs, leading to a high number of observations where such information is not provided.⁵ Another limitation arises from the fact that the distances provided in the refurbishment request forms are only rough approximations and do not necessarily report precise distance measures. In addition, the information is not provided in a consistent manner with some forms reporting values in metres and others in yards. We have therefore converted all distances to an equivalent in metres.
 - (b) Ladbrokes was unable to provide refurbishment request forms for the period from 2013 onwards [redacted]. This has therefore resulted in Ladbrokes providing refurbishment requests mainly for the period of 2011 to 2012 and Coral for the period of 2013 to 2015.
 - (c) Not all the forms contain the reasons and rationale for the request. In addition, not all the forms are completed in full, leading to a number of instances where information on various other variables is missing. [redacted]
 - (d) Ladbrokes' refurbishment request forms include information on LBOs' estimated gross win before the competitive event and estimated gross win after the competitive event with and without the refurbishment. This has allowed us to calculate the estimated loss resulting from the competitive event. [redacted]

⁵ We have completed the missing information in 30 instances where we were able to identify the entry event in the LBO database that we have built based on submissions from the Parties and third parties.

- (e) Not all forms included information as to whether the request had been approved internally or not. We requested this information from the Parties.
[✂]

Table 3 below provides a short summary of the quality of the data provided.

Table 3: Summary statistics – refurbishment request forms

[✂]

Source: CMA analysis.

24. Table 4 describes the frequency of different types of refurbishments. We distinguish between defensive refurbishments, which occur in response to a competitive event and are the focus of our analysis, and refurbishments for other reasons. There are four different types of competitive events that may trigger a defensive refurbishments, which are: (i) the acquisition of an existing LBO; (ii) the opening of a new LBO; (iii) the refurbishment of a competing LBO; and (iv) relocation of a competing LBO.

Table 4: Summary statistics – type of competitive event

[✂]

Source: CMA analysis.

25. To calculate the response rates in Table 1 and Table 2 we have used entry data that was submitted by third parties. To avoid any possible inaccuracies in the capex requests with regards to distances, we have matched this information with the database containing all parties' refurbishment requests. We have calculated the distances between the LBO which submitted the request and the new entrant using Ordnance Survey and ONS coordinates. We have been able to match around 70% of the capex request submitted by the merger Parties with our entry and exit database.

Concession policies

1. This appendix describes in greater detail our analysis of concession policies.¹ The Parties submit that they flex concessions in individual LBOs in response to variations in local conditions of competition. Our analysis reviews the internal documents related to the decisions made on concessions and tries to identify the circumstances under which the competitive interaction between two competing LBOs is more likely to result in better prices for customers (in the form of a higher number of concessions).

Ladbrokes' policy regarding concessions

2. Ladbrokes submits that it offers various concessions, some of which are set depending on the presence of competitors in local markets. We focused primarily on concessions that are varied locally depending on competitive conditions.
3. An internal document of [REDACTED] describes changes in Ladbrokes' concession offers across its entire estate for sports betting and numbers effective as of [REDACTED]. More specifically, Ladbrokes [REDACTED]:
 - (a) **Lucky 15s/31s/63s** – A Lucky 15s concession bet (for horse racing) triples the odds for one winner on a Lucky 15² bet rather than merely doubling the odds (Lucky 31s quadruples and Lucky 63s quintuples the odds).
 - (b) **49s enhanced offers** – Where the concession is applied, the odds on Pick 3 From 6 Numbers are increased from 600/1 to 650/1 and on Pick 3 From 7 Numbers from 329/1 to 400/1. Any other number concessions (eg enhancements to two numbers or four numbers pay-outs) should be removed.
 - (c) **Irish Lottery enhanced offers** – Where the concession is applied, the odds on Pick 3 are increased from 575/1 to 610/1.

4. [REDACTED]

¹ The CMA uses the term 'promotions' to refer to estate-wide offers with no local variation and 'concessions' to refer to offers that can vary by locality. This does not necessarily reflect the terminology used to characterise these offers internally by the Parties or indeed by the wider market.

² A Lucky 15 bet consists of 15 bets involving four selections in different events. If only one selection wins, the returns on the winning bet are paid to double the odds. If all four selections win, a bonus of 10% is added to total returns.

5. [REDACTED].³ [REDACTED]. Ladbrokes submitted that [REDACTED]. We note that the internal documents in relation to the concession re-base indicate that [REDACTED].
6. With regards to gaming, Ladbrokes submitted that new game launches are accompanied by [REDACTED].
7. [REDACTED]
8. Overall, we consider that Ladbrokes' concession policy suggests that:
 - (a) Ladbrokes' decisions on which concessions to offer are driven primarily by local competition from [REDACTED]; and
 - (b) Ladbrokes focuses on competitors located within [REDACTED] when deciding on which concessions to offer, although Ladbrokes indicated that there are local variations.

Coral's general policy regarding concessions

9. Coral submitted that it offers concessions on a local basis, [REDACTED].

Coral's concession re-base

10. Coral performed a re-base of its concessions range [REDACTED].⁴ [REDACTED]
11. [REDACTED]
12. [REDACTED]

Activity of competitors and Coral's responsiveness

13. We assessed whether some competitors generally offer more concessions than others and whether this triggers a response from Coral.

Figure 1: Average number of concessions by competitor

[REDACTED]

Source: CMA analysis.

14. [REDACTED]
15. [REDACTED].⁵ [REDACTED]

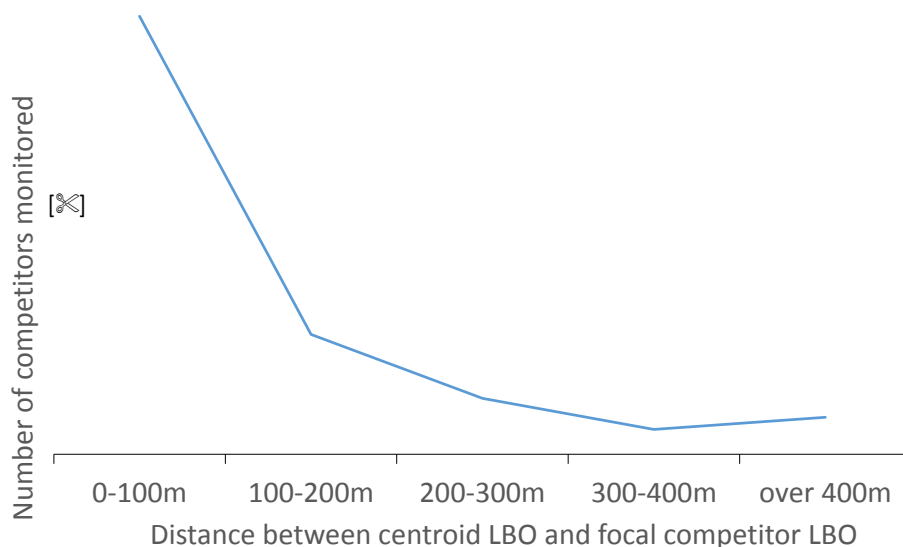
³ [REDACTED]
⁴ [REDACTED]
⁵ [REDACTED]

Distance of competitors

16. [X]

17. [X]

Figure 2: Number of competitors benchmarked by Coral by distance band



Source: CMA analysis.

18. Figure 2 indicates that over [X]% of competitors mentioned in the concession rebase are located within 200 m of the Coral LBO.

Number of competitors in local area

19. We assessed whether the number of competitors operating in a local area might have an impact on the number of concessions offered by Coral. Figure 3 depicts the average number of Coral's concessions per LBO by number of competitors in the local area.⁶ [X]

Figure 3: Average number of Coral's concessions by number of local competitors

[X]

Source: CMA analysis.

[X] gaming venues

20. [X]

⁶ [X]

Comments

21. [✂]

22. [✂]

Variable margins

Introduction

1. This appendix provides a summary of our approach to estimating the Parties' respective variable margins, which assisted us in interpreting the diversion ratios we observed.
2. In general, we would expect the effect of a merger to depend both on the diversion ratios between the merging parties, and also on the level of variable margins in the industry. A merger may alter the incentives of the parties by allowing each party to 'recoup' the profit made on the customers diverting to the other party in response to a price rise (which would otherwise have been lost). This is typically referred to as the 'value of diverted sales'. It is a function of: (i) the proportion of customers who would divert to the other party in response to a price rise (the diversion ratio); and (ii) the value of the profits that would be generated from recaptured sales to these customers (the variable margin). In other words, when variable margins are high, each individual customer is more valuable to the merging parties, and therefore even low levels of diversion between the merging parties may be likely to shift pricing incentives.
3. Therefore, if variable margins are low, then we would not expect a merger to have a significant impact on competition unless diversion ratios are high. Conversely, if variable margins are high, then a merger might have a significant impact on competition even if diversion ratios are relatively low. To provide results that can be interpreted in terms of a potential price increase, our estimate of variable margin must be defined as a proportion of the price charged to customers. To inform our analysis, the concept of price must reflect the value that is transferred from customers to suppliers when purchasing the product.
4. The concept of price for the purposes of this type of analysis may vary depending on specific features of a given industry. In the context of the gambling industry, the 'price' of a bet is defined by several parameters, including the odds (or the RTP in the case of gaming) and the various concessions and promotions applied. Based on the specific features of the gambling industry, we took the view that the concept of price would be best captured by the average gross win margin, ie the percentage of all stakes that is retained by the bookmakers. By way of illustration, if a customer wants to stake £100 on a product that is 'priced' with an expected gross win margin of

10%,¹ then the LBO operator will 'charge' the customer £10 for taking the bet, which equates to the customer's expected loss on the bet. In outturn, this customer may win or lose their bet, but 'on average' they will lose £10.

5. Consider for example a football match between Barcelona and Arsenal where Barcelona has a 50% chance of winning and is 'priced' with decimal odds of 1.8. A customer staking £100 on Barcelona has a 50% chance of winning £180, and a 50% chance of losing. Therefore the customer's probability-weighted gain is £90 (£180x50%+£0x50%), which represents a £10 loss on its stake. This 'average' loss is the price paid for the opportunity of a gain if the selection wins.

Variable margin estimate

6. We used the Parties' accounting data to estimate variable margins in accordance with this approach. More specifically, we deducted the cost items that the Parties identified as being variable from the gross win margin (in the sense that they would increase or decrease in proportion with the stakes taken at each LBO). Tables 1 and 2 below set out this analysis, indicating the average variable margin made by the Parties on their respective gambling products over the past 2 years was approximately [X]%.
[REDACTED]

The Parties' views

7. The Parties submitted that they did not recognise this level of margin, and that it would be more appropriate to express variable margins as a proportion of stakes rather than as a proportion of the gross win margin. This approach would treat stakes as revenue and payouts as variable costs, and would result in an estimate of variable margins substantially smaller than [X]%.
[REDACTED]
8. In support of their position, the Parties submitted that:
 - (a) customers did not have any knowledge of the gross win margin and did not see it as the price of placing a bet. To the extent that customers compared prices, it was the odds that they compared;
 - (b) a gross margin of [X]% was not a figure that the Parties used in the day-to-day running of the business or reported back to their investors or analysts as a KPI; and
[REDACTED]

¹ We understand that this is not how customers understand prices in this industry and we have considered the Parties representations on this point further below.

(c) a statement that the Parties make [~~3~~] % gross profit margin was inconsistent with common sense. The Parties noted that the CMA had found that the Parties and their competitors all provided the same type of product, had shops in the same areas, and that there was no real difference between brands, which was indicative of intense competition in the sector.

Our assessment

9. We recognise that the concept of 'price' and 'margin' is different in respect of the supply of gambling products than in other retail markets, where there is a clearly defined price which is recognisable to the customer. For betting, in particular, the GGY cannot be determined at the time that odds are set, and will depend both on the pattern of betting and the actual outcomes of the uncertain events on which odds are set. However, for the purposes of our analysis, we needed to identify a proxy for both price and variable margin.
10. For example, whilst the Parties are correct that customers have no knowledge of the gross win margin, the aspects of pricing that customers respond to (the odds, the RTPs, and promotions) all determine that gross win margin.
11. We consider that defining variable margins as a proportion of stakes would not be informative in the context of our analysis, which seeks to provide indicators that can be interpreted in terms of potential price increases. When customers place a series of bets they can expect to receive a share of their stakes back over time. As such, stakes do not represent the value that is transferred from the customers to the bookmaker as part of a gambling transaction. Stakes are better characterised as an indicator of volumes, rather than price. For example if a given selection is priced with odds of 10/1, it would not make sense to say that a customer who places £100 on that selection pays a higher 'price' than a customer who places £10 on that same selection. This is consistent with the way bookmakers report their financial performance: the Parties measure their revenue as the level of the gross win margin, not the level of stakes they receive.
12. Finally, we believe that our finding of high variable margins is consistent with the cost structure of the industry: there are significant fixed costs associated with the operation of LBOs, but once an LBO is opened the variable costs of taking additional bets are relatively modest (they mainly comprise of taxes and duties). This is also consistent with the fact that the online market is less concentrated and prices are to some extent lower, as these fixed costs do not apply and therefore barriers to entry are lower.

Table 1: [X]

[X]

Source: [X]

Table 2: [X]

[X]

Source: [X]

Sensitivity analysis

1. In order to further test the robustness of the WSS methodology, we examined whether the outcome of our analysis would differ (using a 35% threshold) depending on the weight assigned to the closest LBO (weight of 1.3 instead of 1.2), functional form we apply to the weights (cubic, instead of quadratic), the distance beyond which we did not assign any weight to a competing LBO (600m instead of 800m) and the weight assigned to independents (0.8 instead of 0.9).

Table 1: Sensitivity analysis

	<i>Base case</i>	<i>Closest 1.3</i>	<i>Cubic</i>	<i>600m</i>	<i>Independents 0.8</i>
Total SLCs	642	639	645	629	646
SLCs outside 400m	30	30	30	15	30
SLCs within 400m	612	609	615	614	616
Overlap shop identity of total SLCs		626	620	602	642
		97.5%	96.6%	93.8%	100.0%
Overlap shop identity of SLCs within 400m		596	590	587	612
		97.4%	96.4%	95.9%	100.0%

Source: CMA analysis.

2. Table 1 above indicates that none of the changes to the parameters described above have a significant impact on the outcome of the WSS methodology, as the number of SLC findings is very similar and the identity of the 'problematic' LBOs remains the same in around 95% of the cases independently of those changes.
3. In summary, we consider these additional observations confirm that a 35% WSS threshold is appropriate for the purposes of identifying local areas in relation to which the Transaction may be expected to result in an SLC.

List of SLC areas by reference to the location of the centroid LBO

1. As explained in Chapter 7 of the final report, we have identified 642 local areas in which the Transaction may be expected to result in an SLC. These local areas are defined by reference to a 400m or 800m radius around the centroid LBOs listed below.
2. Table 1 sets out those LBOs in relation to which the relevant local area is 400m and Table 2 sets out those LBOs in relation to which the relevant local area is 800m.
3. Each of the local areas in which we have found an SLC may contain multiple LBOs of the Parties. Furthermore, some of these areas may be overlapping. In view of the foregoing, we would emphasise that it does not follow automatically that the specific LBOs listed below would need to be divested; and it may also be the case that divestiture of one LBO (whether or not listed below) would remedy, mitigate or prevent the SLC or any resulting adverse effect in more than one area.
4. Since publication of the provisional findings report we have received submissions from the Parties and third parties regarding openings and closures of LBOs across Great Britain.¹ Additionally, the Parties submitted minor corrections relating to the precise location² of some of their LBOs. Those updates have resulted in changes to the number and identity of some of the areas we provisionally identified as areas which may be expected to result in an SLC in the provisional findings report. On the basis of the updated information, we found that:
 - (a) the Transaction may be expected to result in an SLC in five areas which had not been identified as SLC areas in the provisional findings report;³ and
 - (b) the Transaction may not be expected to result in an SLC in 22 of the areas which we had provisionally identified as areas which may be expected to result in an SLC in the provisional findings report (see Table 3).

¹ See paragraphs 7.112 & 7.113.

² This information on the precise location of LBOs was provided in the form of 'geocodes'.

³ The new SLC areas are the local areas around the following centroid LBOs: (i) 3-5 Friarsgate, Chester CH1 1XG; (ii) 59 High Street, Kettering, Northants NN16 8SY; (iii) 226 Wellingborough Road, Northampton; (iv) 116 High Street, Penge SE20 7EZ; and (v) 116 Tottenham Court Road W1T 5AJ.

Table 1: List of SLC areas by reference to a 400m catchment area

No	Address	Postcode
1	88 Town Centre, Hatfield	AL10 0JT
2	23 Market Place, Hatfield, Herts	AL10 0LJ
3	44 The Common, Hatfield, Herts	AL10 0LU
4	51 Woodhall Shopping Parade, Welwyn Garden City	AL7 3PP
5	19/23 Woodhall Parade, Cole Green Lane, Welwyn Garden City, Hertfordshire	AL73PP
6	370 Coventry Road, Small Heath, Birmingham	B10 0XE
7	341/343 Coventry Road, Small Heath, Birmingham, West Midlands	B100SN
8	239 High Street, Erdington, Birmingham, West Midlands	B236SS
9	24/26 Stoney Lane, Yardley, Birmingham	B25 8YP
10	148-150 Church Road, Yardley, Birmingham	B258UT
11	Coventry Road, Sheldon, Birmingham	B26 3JE
12	2146 Coventry Road, Sheldon, Birmingham, West Midlands	B263JB
13	2212 Coventry Road, Sheldon, Birmingham, West Midlands	B263JH
14	325 Chester Road, Castle Bromwich	B36 0JG
15	323 Chester Road, Castle Bromwich, Birmingham, West Midlands	B360JG
16	Kingstanding Circle, Birmingham	B44 9RT
17	537 Kingstanding Road, Kingstanding, Birmingham, West Midlands	B449SU
18	874 Washwood Heath Roa, Birmingham	B8 2NG
19	16 Westgate Street, Bath	BA1 1EQ
20	27 Upper Borough Walls, Bath	BA1 1RH
21	2/3 Kingsway Centre, Frome, Somerset	BA11 1BT
22	25 Bath Street, Frome, Somerset	BA111DJ
23	1-2 North Parade Buildings, Bath, Somerset	BA11NS
24	Unit C, Westpoint, Avon Street, Bath	BA11UN
25	5 Walcot Street, Bath	BA15BN
26	21 Railway Road, Blackburn, Lancashire	BB15AX
27	15 Broadway, Accrington, Lancs	BB5 1PL
28	6 Station Road, New Milton, Hants	BH25 6JU
29	50-52 Station Road, New Milton, Hampshire	BH256JX
30	107 Poole Road, Westbourne, Bournemouth	BH4 9BB
31	63 Seamoor Road, Westbourne, Bournemouth, Dorset	BH49AE
32	7/7A Portman Terrace, Southbourne, Bournemouth	BH5 2HP
33	43 Southbourne Grove, Southbourne, Bournemouth, Dorset	BH63QT
34	3 Holdenhurst Road, Bournemouth, Dorset	BH8 8EH
35	10-12 Holdenhurst Road, Bournemouth, Dorset	BH88AD
36	12 Princess Parade, Bury, Lancs	BL9 0QL
37	20 Clarence Square, Brighton, Sussex	BN1 2ED
38	112 London Road, Brighton, Sussex	BN1 4JG

No	Address	Postcode
39	56 Western Road, Brighton	BN12HA
40	36/36A London Road, Brighton, East Sussex	BN14JB
41	1E St James Street, Brighton, Sussex	BN2 1RE
42	124/125 St. James' Street, Brighton, East Sussex	BN21TH
43	6 George Street, Hove	BN3 3YA
44	103 George Street, Hove	BN33YE
45	180 High Street, Beckenham, Kent	BR31EW
46	20 Nelson Street, Bristol	BS12LE
47	782 Fishponds Road, Bristol	BS16 3TT
48	3/5 New Station Road, Fishponds, Bristol, Avon	BS163RP
49	25 High Street, Weston Super Mare, Avon	BS23 1HA
50	51A High Street, Keynsham, Bristol	BS31 1DS
51	7-9 Bath Hill, Keynsham, Bristol	BS311EB
52	9 South Parade, Yate, Avon	BS37 4BB
53	195 Church Road, Redfield, Bristol	BS5 9HG
54	144 Whitehall Road, Bristol, Avon	BS59BP
55	6 Botchergate, Carlisle	CA1 1QS
56	89/91 Botchergate, Carlisle, Cumbria	CA11RS
57	50 Senhouse Street, Maryport	CA15 6BW
58	91 Senhouse Street, Maryport, Cumbria	CA156BU
59	Part of former Kwik Save, Main Street, Egremont, Cumbria	CA22 2DR
60	61/62 Main Street, Egremont, Cumbria	CA222DB
61	4 High Street, Cleator Moore, Cumbria	CA25 5AB
62	52-54 High Street, Cleator Moor, Cumbria	CA255AA
63	53 Market Place, Whitehaven, Cumbria	CA28 7JB
64	18 Market Place, Whitehaven, Cumbria	CA287JB
65	238 Cherry Hinton Road, Cambridge	CB1 7AU
66	19 Rectory Terrace, Cherry Hinton, Cambs	CB1 9HU
67	5 Emmanuel Street, Cambridge	CB11NE
68	1 Adkins Corner, Perne Road, Cambridge	CB13RU
69	49-51 High Street, Cherry Hinton, Cambridgeshire	CB19HX
70	Guildhall Chambers, Guildhall Place, Cambridge	CB2 3NH
71	16 High Street, Haverhill	CB9 8AT
72	42 Queen Street, Haverhill, Suffolk	CB99EF
73	Former Park Vaults PH, Park Lane, Cardiff	CF10 3UD
74	Part Ground floor, 4 churchill Way (also known as 4a) Cardiff	CF102DW
75	12 Splott Road, Splott, Cardiff, South Glamorgan	CF24 2BZ
76	37-39 Carlisle Street, Cardiff, South Glamorgan	CF242DQ
77	Adj. Marine Hotel, The Esplanade, Porthcawl, Mid Glamorgan	CF36 3YR
78	7 New Road, Porthcawl, Mid Glamorgan	CF36 5DL
79	Former Post Office, 86 John Street, Porthcawl, Mid Glamorgan	CF363BD
80	6 Market Street, Aberdare, Mid Glamorgan	CF44 7DY

No	Address	Postcode
81	6 Victoria Square, Aberdare, Mid Glamorgan	CF447LA
82	18/19 Market Square, Merthyr Tydfil, Mid Glamorgan	CF478BY
83	40 Hanbury Road, Bargoed, Mid Glamorgan	CF81 8QU
84	2 Hanbury Road, Bargoed, Mid Glamorgan	CF818QR
85	4 Cardiff Road, Caerphilly	CF83 1JN
86	44b Castle Street, Caerphilly, Mid Glamorgan	CF831NZ
87	3-5 Friarsgate, Chester	CH1 1XG
88	27 Watergate Street, Chester, Cheshire	CH12LB
89	6a High Street, Brentwood	CM14 4AB
90	84 High Street, Brentwood	CM14 4AP
91	1-3 Crown Street, Brentwood, Essex	CM144AZ
92	109 High Street, Brentwood	CM144RX
93	8/10 Bank Street, Braintree, Essex	CM7 1UL
94	11 Bank Street, Braintree, Essex	CM71UG
95	43-45 Newland Street, Witham, Essex	CM82BD
96	25 Head Street, Colchester	CO1 1NH
97	9 Old Market Place, Sudbury	CO10 1TL
98	5-6 Borehamgate Precinct, Sudbury, Suffolk	CO102EG
99	1-2 High Street, Colchester, Essex	CO11DA
100	85/87 Pier Avenue, Clacton-On-Sea, Essex	CO15 1QE
101	Unit 5, Centurian House, St. John's Street, Colchester, Essex	CO27AH
102	19 King Street, Ramsgate, Kent	CT118NP
103	99 Sandgate Road, Folkestone, Kent	CT202BQ
104	1/2 Marine Gardens, Margate, Kent	CT9 1UH
105	127/127A Northdown Road, Cliftonville, Kent	CT9 2QY
106	120 High Street, Margate, Kent	CT91JW
107	210 Northdown Road, Cliftonville, Margate, Kent	CT92QU
108	5 Abbey Street, Nuneaton	CV11 5BP
109	Unit 7, The Swan Centre, Rugby	CV21 3EB
110	Units 47-48, Chapel Street, Rugby, Warwickshire	CV213EB
111	128 Railway Terrace, Rugby, Warwickshire	CV213HE
112	17 Wood Street, Stratford Upon Avon, Warwickshire	CV37 6JF
113	Unit 1, 21 Rother Street, Stratford-upon-Avon, Warwickshire	CV376NE
114	274 Sherwood Park Avenue, Sidcup, Kent	DA15 9JN
115	29 Bellegrove Road, Welling	DA16 3PB
116	103 High Street, Welling, Kent	DA161TY
117	4 Albert Road, Upper Belvedere, Kent	DA17 5LJ
118	40/42 Nuxley Road, Belvedere, Kent	DA175JG
119	163 Blendon Road, Bexley, Kent	DA51BT
120	317 Bexley Road, Erith, Kent	DA8 3EX
121	267-269 Bexley Road, Erith, Kent	DA83EX
122	32 Reform Street, Dundee	DD11RH
123	100/102 Fintry Road, Fintry, Dundee	DD4 9EZ

No	Address	Postcode
124	The Old Police Station, 96 Fintry Road, Dundee, Tayside	DD49HB
125	17/19 East High Street, Forfar, Scotland	DD8 2EL
126	129 East High Street, Forfar, Angus	DD82EQ
127	13-15 Castle Street, Forfar	DD83AE
128	Unit 1, 50 High Street, Swadlincote	DE11 8HS
129	43a High Street, Swadlincote, Derby	DE118JE
130	244/245 Horninglow Road, Burton On Trent	DE14 2PZ
131	85/86 Horninglow Road, Burton, Staffordshire	DE142PT
132	1253 London Road, Alvaston, Derby, Derbyshire	DE248QN
133	101 High Street, Dumfries	DG12BN
134	Unit 4, Charlotte Street, Stanraer Scotland	DG9 7ED
135	34 Charlotte Street, Stranraer, Dumfries	DG97EF
136	Old Brewery House, South Burns, Chester Le Street Durham	DH3 3EZ
137	25-27 Front Street, Chester-le-Street, CO Durham	DH33XD
138	10 Front Street, Hetton Le Hole, Tyne & Wear	DH5 9PF
139	11 Front Street, Hetton Le Hole, Houghton-le-Spring, Tyne & Wear	DH59PF
140	MIDDLE STREET	DH8 5QJ
141	Old Post Office Buildings, Front Street, Consett, Durham	DH85AB
142	50 Front Street, Stanley	DH9 0HU
143	57 Front Street, Stanley, Durham	DH90SY
144	68 Newgate Street, Bishop Auckland	DL14 7EQ
145	36 Newgate Street, Bishop Auckland, Co. Durham	DL147EG
146	73/74 Hope Street, Crook	DL15 9HT
147	68 Hope Street, Crook, County Durham	DL159HT
148	2 High Street, Spennymore, County Durham	DL16 6DB
149	67 High Street, Spennymoor, Co. Durham	DL166BB
150	6 North Street, Ferryhill, Durham	DL17 8HX
151	11 Market Street, Ferryhill	DL178JN
152	Unit 53/54, Skinnergate, Darlington Co Durham	DL3 7LH
153	41 Beveridge Way, Newton Aycliffe, Durham	DL5 4DU
154	Adj. Workmens Club, Sheraton Road, Newton Aycliffe, Co. Durham	DL55NU
155	161 High Street, Northallerton, North Yorkshire	DL7 8JZ
156	118 High Street, Northallerton, North Yorkshire	DL78PQ
157	67 Boothferry Road, Goole	DN14 6BB
158	13-15 Pasture Road, Goole, Humberside	DN146BP
159	198/200 High Street, Scunthorpe, Lincs	DN15 6EA
160	9 Pavillion Row, Doncaster Road, Scunthorpe, South Humberside	DN157RD
161	6/6A Broadway Ashby High Street, Scunthorpe, S Humberside	DN16 2SN
162	Unit 8, The Broadway, Ashby, Scunthorpe	DN162SN
163	21B South Street, Dorchester, Dorset	DT1 1BY
164	11 High West Street, Dorchester	DT1 1UW

No	Address	Postcode
165	41a South Street, Dorchester, Dorset	DT11DF
166	76 The Esplanade, Weymouth, Dorset	DT47AA
167	6 West Street, Bridport, Dorset	DT6 3QP
168	12 West Street, Bridport, Dorset	DT63QP
169	94 New Road, Kidderminster, Hereford & Worcester	DY101AE
170	High Street	DY13 8BX
171	6 Lombard Street, Stourport-on-Severn	DY138DT
172	124 Middlesex Street, London	E1 7HY
173	677 Romford Road, Manor Park, London	E12 5AD
174	618 Romford Road, Manor Park, London	E125AQ
175	371 Barking Road, Plaistow	E13 8AJ
176	191/193 East India Dock Road, London	E14 0EA
177	334 Burdett Road, London	E14 7DL
178	789 Commercial Road, London	E14 7HG
179	255 Poplar High Street, London	E140BE
180	3 Pennyfields, West India Dock Road, London	E148HP
181	50/52 St James Street, Walthamstow, London	E17 7PE
182	34 St. James Street, Walthamstow, London	E177PF
183	6 Kings Road, Chingford, London	E4 7EY
184	77 Station Road, Chingford, London	E47BU
185	48/54 Moorgate, London	EC2R 6EL
186	9A/9B Crutched Friars, London	EC3N 2AU
187	Basement with Grd Flr Entrance, 48/51 Minories, London	EC3N1JJ
188	19/21 Great Tower Street, London	EC3R 5AR
189	44 Cannon Street, London	EC4N 6JJ
190	73/77 High Street, Tranent	EH33 1LW
191	88 High Street, Tranent, East Lothian	EH331HH
192	Unit 11, Town Centre, Blackburn, West Lothian, Scotland	EH47 7LG
193	THE MILL CENTRE SYCAMORE WALK, 4 SYCAMORE WALK	EH47 7LQ
194	41/43 Great Junction Street, Leith, Edinburgh Scotland	EH6 5HX
195	24-26 Great Junction Street, Edinburgh, Lothian & Borders	EH65LA
196	175 Piersfield Terrace, Edinburgh, Lothian	EH87BR
197	24 East Barnet Road, New Barnet, Herts	EN4 8RQ
198	1 East Barnet Road, Barnet, Hertfordshire	EN48RR
199	168 High Street, Barnet	EN5 5XP
200	158 High Street, Barnet	EN55XP
201	3 & 4 Kemble Parade, Potters Bar	EN6 5AP
202	12 High Street, Potters Bar, Hertfordshire	EN65AF
203	42 Boutport Street, Barnstaple	EX311SE
204	73 High Street, Bideford, Devon	EX39 2AA
205	The Former Wimpy Restaurant, The Quay, Bideford, Devon	EX392HJ
206	79 Fore Street, Exeter	EX4 3HR

No	Address	Postcode
207	80 Fore Street, Exeter, Devon	EX43HR
208	24/26 The Parade, Exmouth, Devon	EX8 1RW
209	1-2 The Strand, Exmouth, Devon	EX81AB
210	Unit 3, Magnolia House, Church Street, Exmouth, Devon	EX81PE
211	97 HIGH STREET	FK1 1ED
212	74 UNION ROAD	FK1 4PF
213	45-49 Manor Street, Falkirk, Central	FK11NH
214	3 La Porte Precinct, Grangemouth	FK38AZ
215	29 Hallam Road, Stenhousemuir	FK5 3BF
216	37 King Street, Stenhousemuir, Central	FK54QB
217	73 Murray Place, Stirling	FK81AU
218	72 GLASSFORD STREET	G1 1UP
219	10 Glassford Street, Glasgow, Strathclyde	G11UL
220	587 Alexandra Parade, Glasgow, Scotland	G31 3DB
221	578 Alexandra Parade, Glasgow, Strathclyde	G313BP
222	12/14 Westmuir Street/11 Tollcross Road, Glasgow, Strathclyde	G315EH
223	1061 Shettleston Road, Glasgow, Strathclyde	G327PE
224	615 London Road, Bridgeton, Glasgow Scotland	G40 1NE
225	609 London Road Bridgeton Glasgow	G401NE
226	498 Victoria Road, Glasgow, Strathclyde	G428PQ
227	52 Hillington Road, Glasgow	G52 2AA
228	48 Main Street, Uddingston	G71 7LS
229	Unit 1, 10 Main Street, Uddingston, Strathclyde	G717HD
230	142 Main Street, Cambuslang	G72 7EL
231	Units 2&3 Second Avenue, Clydebank, Glasgow.	G81 3BD
232	1 West Way, Cirencester	GL7 1JA
233	10 Cricklade Street, Cirencester	GL71JH
234	22/23 North Street, Guildford, Surrey	GU1 4TA
235	14 Bridge Road, Farnborough	GU14 0HS
236	37/43 Peabody Road, Farnborough, Hants	GU14 6HA
237	11-13 Cove Road, Farnborough, Hampshire	GU140EH
238	48 Camp Road, Farnborough, Hampshire	GU146EP
239	58-59 North Street, Guildford, Surrey	GU14AH
240	32/33 Downing Street, Farnham, Surrey	GU97PF
241	340 Station Road, Harrow	HA1 2DR
242	207 Streatfield Road, Harrow	HA39DA
243	59/61 Green Lane, Northwood	HA6 3AD
244	54/56 Green Lane, Northwood, Middlesex	HA62XW
245	409 Honeypot Lane, Stanmore, Middx	HA7 1JJ
246	853 Honeypot Lane, Stanmore, Middlesex	HA71AR
247	13 Station Parade, Whitchurch Lane, Canons Park	HA8 6RW
248	56 Kingsbury, Aylesbury	HP20 2JE
249	99 Hamilton Road, Felixstowe, Suffolk	IP11 7BL
250	160/162 Hamilton Road, Felixstowe, Suffolk	IP117DU

No	Address	Postcode
251	71 Ipswich Street, Stowmarket, Suffolk	IP14 1BA
252	16 Market Place, Stowmarket, Suffolk	IP141DR
253	2 Mere Street, Diss, Norfolk	IP22 4AD
254	15 Mere Street, Diss, Norfolk	IP224AD
255	22 Market Place, Mildenhall, Suffolk	IP28 7EF
256	Unit 13, 16 Market Place, Mildenhall, Suffolk	IP287EF
257	352 Nacton Road, Ipswich	IP3 9NA
258	Market Cross, Cornmarket, Bury St Edmunds	IP33 1BT
259	56 Queensway, Ipswich, Suffolk	IP39EX
260	330a Nacton Road, Ipswich, Suffolk	IP39NA
261	5/5a Upper Brook Street, Ipswich, Suffolk	IP41EG
262	96 Main Street, Kilwinning, Scotland	KA13 6AG
263	111 Main Street, Kilwinning, Strathclyde	KA136AN
264	10-12 Hope Street, Ayr, Scotland	KA7 1LT
265	51 Sandgate, Ayr, Strathclyde	KA71DA
266	93-95 High Street, Ayr KA7 1QL	KA71QL
267	21/23 High Street, Walton On Thames	KT12 1DG
268	15 Church Street, Walton-on-Thames, Surrey	KT122QP
269	43 High Street, Weybridge, Surrey	KT13 8BB
270	Unit 1/2 Vernon House, Church Street, Weybridge, Surrey	KT138DX
271	29 Tolworth Broadway, Tolworth, Surbiton	KT67DJ
272	21 Bruce Street, Dunfermline, Scotland	KY12 7AG
273	209/211 Dunearn Drive, Kirkcaldy, Fife Scotland	KY2 6LE
274	187-189 Dunearn Drive, Kirkcaldy, East Scotland, Fife	KY26LE
275	187 High Street, Cowdenbeath	KY4 8LS
276	448 HIGH STREET	KY4 8LS
277	246 High Street, Cowdenbeath, Fife	KY49NP
278	33-35 Cavendish Street, Barrow In Furness, Cumbria	LA14 1SF
279	33 - 33a Market Place, Melton Mowbray, Leicester	LE13 1XD
280	10 Sherrard Street, Melton Mowbray, Leicester	LE131XJ
281	64 Leicester Road, Wigston, Leicester	LE18 1DR
282	2 The Arcade, Wigston, Leicestershire	LE181NZ
283	86 Chapel Street, Luton, Beds	LU1 5DD
284	1-1a Tavistock Street, Luton, Bedfordshire	LU13UR
285	41 High Street, Dunstable, Bedfordshire	LU61JE
286	Unit 150 Ellesmere Centre, Walkden	M28 3ZH
287	Unit 61, The Ellesmere Centre, Bolton Rd, Worsley, Manchester	M283ZD
288	41/43 School Road, Sale, Cheshire	M33 7YE
289	9B Lostock Road, Davyhulme, Manchester	M41 0SU
290	6 Davyhulme Circle, Urmston, Manchester	M410SS
291	20/22 Holborough Road, Snodland, Kent	ME6 5NJ
292	28 High Street, Snodland, Kent	ME65DF
293	21 All Hallows, Bedford, Bedfordshire	MK401LN

No	Address	Postcode
294	84 Midland Road, Bedford, Bedfordshire	MK401QH
295	28/32 Manse Road, Newmains Cross, Scotland	ML2 9AX
296	Unit 2, 114 Manse Road, Newmains, Wilshaw	ML29BD
297	4/8 Shottskirk, Shotts, Lanarkshire	ML7 4AB
298	229 Station Road, Shotts, Strathclyde	ML74AW
299	Unit 2, 2-10 High Street, Carluke	ML8 4AJ
300	24 High Street, Carluke, Lanark, Strathclyde	ML84AL
301	185 HOXTON STREET	N1 6RA
302	17 Hoxton Walk, 201 Hoxton Street, London	N1 6RA
303	382 Bowes Road, New Southgate, London	N11 1AH
304	358 BOWES ROAD	N11 1AN
305	99/101 High Road, East Finchley	N2 8AG
306	90-92 High Road, East Finchley, London	N29EB
307	71 Ballards Lane, Finchley Central, London	N3 1XT
308	36-37 Topsfield Parade, Hornsey, London	N8 8PT
309	44 The Broadway, Crouch End, Hornsey London	N8 9SU
310	20 Topsfield Parade, Tottenham Lane, London	N88PT
311	Unit 4, Haymarket, Newcastle-upon-Tyne	NE17PF
312	8 The Garth, Front Street, Winlaton Tyne & Wear	NE21 6DD
313	Retail Unit 3 Old Co-operative Building, Front Street, Winlaton, Blaydon-upon-Tyne	NE216DU
314	Unit 1, Old Parish Hall, Smithy Square, Cramlington, Northumberland	NE236QL
315	Unit 1, 2/4 Russel Street, North Shields	NE29 0BJ
316	47 Bedford Street, North Shields, Tyne & Wear	NE290SZ
317	Units 12/14, 18/19 St. James Mall, Hebburn	NE31 1LE
318	16 & 18 St James Mall Hebburn Tyne & Wear	NE311LF
319	11/13 Grange Road, Jarrow, Tyne & Wear	NE32 3JY
320	39 Grange Road, Jarrow, Tyne & Wear	NE323JY
321	2 Ocean Road, South Shields	NE33 2HZ
322	6-8 Fowler Street, South Shields, Tyne & Wear	NE331NF
323	Unit G133, Trinity Centre, Gateshead	NE8 1BH
324	Unit 2, Ground Floor, West Street, Gateshead, Tyne & Wear	NE81ED
325	Unit 1, Former Half Moon P.H., Springwell Avenue, Wrekenton	NE9 7JL
326	157 High Street, Wrekenton, Gateshead, Tyne & Wear	NE97JR
327	Big Apple, Market Place, Sutton-in-Ashfield, Nottinghamshire	NG171AQ
328	13 Queen Street, Mansfield	NG18 1JL
329	6/7 Market Street, Mansfield, Nottingham	NG181HU
330	517 Mansfield Road, Sherwood, Nottingham	NG5 2JL
331	666 Mansfield Road, Sherwood, Nottingham	NG52GE
332	292 Broxtowe Lane, Nottingham	NG8 5NB
333	394 Broxtowe Lane, Nottingham	NG85ND
334	274 Wellingborough Road, Northampton	NN1 4EJ

No	Address	Postcode
335	36/40 Drapery, Northampton NN1 2HJ/9 Market Square, Northampton	NN12DL
336	226 Wellingborough Road, Northampton	NN14EQ
337	59 High Street, Kettering, Northants	NN16 8SY
338	67 Stamford Road, Kettering, Northants	NN16 8XZ
339	20/22 Kingsley Park Tce, Northampton	NN2 7HG
340	46 Kingsley Park Terrace, Northampton	NN27HH
341	17 Silver Street, Wellingborough, Northants	NN8 1BD
342	3 Midland Road, Wellingborough	NN8 1HA
343	72b & 73 Cannon Street, Wellingborough, Northamptonshire	NN8 4DJ
344	3a Cambridge Street, Wellingborough, Northamptonshire	NN81DJ
345	24/25 Market Street, Ebbw Vale, Gwent	NP23 6HL
346	23 James Street, Ebbw Vale, Gwent	NP236JG
347	Unit 1, 45-53 Prince of Wales Road, Norwich, Norfolk	NR11BL
348	7a Market Place, Wymondham	NR18 0AG
349	10/10a Market Street, Wymondham, Norfolk	NR180BB
350	3 Sovereign Way, Norwich	NR3 1ER
351	98A-99 High Street, Gorleston-on-sea, Great Yarmouth	NR31 6RF
352	2 Lowestoft Road, Gorleston, Norfolk	NR316LY
353	Units 28 & 29, Anglia Square, Norwich, Norfolk	NR31DZ
354	17-18 New College Parade, Finchley Road, London	NW3 5EP
355	235/237 Finchley Road, London	NW3 6LS
356	181 Finchley Road, London	NW36LB
357	2 Central Circus, Hendon, London	NW4 3JX
358	4 Vivian Avenue, Hendon, London	NW43YA
359	Unit 1, 127 Kilburn High Road, London	NW66JH
360	38 The Broadway, Mill Hill, London	NW7 3LH
361	10 Station Parade, Station Road, Mill Hill Broadway, London	NW72JU
362	98A Allitsen Road, London	NW8 7BB
363	57 St. Johns Wood, High Street, London	NW87NL
364	630 Kingsbury Road, Kingsbury, London	NW9 9HN
365	543 Kingsbury Road, London	NW99EL
366	Lower Ground Floor, 20/24 Henshaw Street, Oldham, Lancashire	OL13AA
367	5/7 Market Square, Royton, Oldham	OL2 5QD
368	Unit 2, Market Square, Royton Precinct, Royton, Oldham, Lancashire	OL25QD
369	27-29 Chadderton Road, Precinct, Oldham	OL9 0LJ
370	Unit 10, Chadderton Rd Shop Precinct, Chadderton Oldham	OL9 0LQ
371	Unit 26, Chadderton Precinct, Chadderton, Oldham, Lancashire	OL90LJ
372	2 Wallingford Street, Wantage, Oxfordshire	OX12 8AX
373	9/10 Market Place, Wantage, Oxon	OX128AB
374	88 Rosehill, Oxford	OX4 4HX

No	Address	Postcode
375	4 Courtland Road, Rose Hill, Oxford	OX44JA
376	40/42 Princess Street, Port Glasgow, Scotland	PA14 5JQ
377	49 Princes Street, Port Glasgow	PA145JH
378	19j Bridge Street, Linwood, Scotland	PA3 3DB
379	17 Napier Street, Linwood, Paisley, Renfrewshire	PA33AJ
380	1/3 Hairst Street, Renfrew, Scotland	PA4 8QU
381	10 CANAL STREET	PA48QE
382	46 Hairst Street, Renfrew, Renfrewshire	PA48QY
383	5 Sheep Market, Spalding	PE11 1BH
384	15/16 Hall Place, Spalding, Lincolnshire	PE111SA
385	Unit 16 Horsefair Shopping Centre, Wisbech	PE13 1AR
386	Unit 1, 14/17 Church Terrace, Wisbech	PE13 1BL
387	29 High Street, Wisbech, Cambridgeshire	PE131DE
388	47-47a Market Place, Wisbech, Cambridgeshire	PE131DP
389	1 White Hart Buildings, March, Cambs	PE15 8TP
390	2 Station Road, March, Cambridgeshire	PE158LB
391	13 High Street, March, Cambridgeshire	PE159JA
392	46 Market Place, Boston	PE21 6NF
393	55a West Street, Boston, Lincolnshire	PE21 8QN
394	101 Lumley Road, Skegness, Lincolnshire	PE253LZ
395	62 Broad Street, Kings Lynn, Norfolk	PE301DP
396	20 High Street, Stamford, Lincolnshire	PE9 2AL
397	Units 2/3 Silver Lane, Stamford, Lincolnshire	PE92BT
398	1-4 Derrys Cross, Plymouth	PL1 2SU
399	250-252 Commercial Road, Portsmouth, Hampshire	PO1 1HH
400	33 Arundel Street, Portsmouth	PO1 1NB
401	59/61 Fratton Road, Portsmouth	PO1 5AE
402	2-4 Edinburgh Road, Portsmouth, Hampshire	PO11DE
403	12 Edinburgh Road, Portsmouth, Hampshire	PO11DE
404	108/110 Fratton Road, Portsmouth, Hampshire	PO15BZ
405	38a West Street, Portchester	PO16 9UZ
406	61 West Street, Fareham, Hampshire	PO160AT
407	4/4a West Street, Porchester, Portsmouth, Hampshire	PO169UZ
408	59 South Street, Chichester	PO19 1DS
409	68 London Road, North End, Portsmouth.	PO2 0LN
410	181 Station Road, Bamber Bridge, Preston	PR5 6LA
411	176/178 Station Road, Bamber Bridge, Preston, Lancashire	PR56TP
412	Unit 19 Marble Place, Eastbank Street, Southport	PR8 1DF
413	2 Chapel Street, Southport	PR81AZ
414	1-3 Coronation Walk, Southport, Liverpool	PR81RD
415	109B Oxford Road, Reading, Berks	RG1 7UD
416	263 Basingstoke Road, Whitley, Reading, Berks	RG2 0HY
417	1 Winchester Street, Basingstoke, Hampshire	RG217ED
418	224/226 Northumberland Avenue, Reading, Berkshire	RG27QA

No	Address	Postcode
419	79 London Road, East Grinstead	RH19 1EQ
420	7-9 High Street, East Grinstead, West Sussex	RH193AF
421	28 High Street, Romford, Essex	RM1 1HR
422	78b South Street, Romford	RM1 1RX
423	586 Rainham Road South, Dagenham	RM10 7XD
424	253/255 Oxlow Lane, Dagenham, Essex	RM10 7YR
425	199-199a Oxlow Lane, Dagenham, Essex	RM107XX
426	1A Shafter Road, Dagenham, Essex	RM108AJ
427	183 High Street, Hornchurch, Essex	RM11 3XS
428	Basement, 2-4 South Street, Romford, Essex	RM11RA
429	80 South Street, Romford, Essex	RM11RX
430	4 Bell Corner, Corbets Tey Road, Upminster, Essex	RM14 2AT
431	11 Corbets Tey Road, Upminster, Essex	RM142AP
432	22 Calcutta Road, Tilbury, Essex	RM18 7QU
433	2 Calcutta Road, Tilbury, Essex	RM187QU
434	41 Collier Row Road, Collier Row, Romford, Essex	RM5 3NR
435	114 Collier Row Road, Romford, Essex	RM52BB
436	26-28 Collier Row Road, Romford, Essex	RM53NX
437	3 Upper Northam Road, hedge End, Southampton	S0314DY
438	Unit 1, 496 Ridgeway Road, Gleadless, Sheffield, Yorkshire	S12 2JX
439	181 White Lane, Gleadless, Sheffield	S123GF
440	15 & Part 16-18 York Square, Mexborough, South Yorkshire	S64 9DG
441	83 High Street, Mexborough, South Yorkshire	S649AB
442	48 Market Street, Barnsley, South Yorkshire	S701SN
443	5 Victoria Square, Worksop, Nottinghamshire	S801DX
444	8/8a New Street, Neath, West Glamorgan	SA11 1RT
445	6/7 New Street, Neath, West Glamorgan	SA111RT
446	125 Station Road, Port Talbot, West Glamorgan	SA13 1NR
447	123 Station Road, Port Talbot	SA131NR
448	23 Cowell Street, Llanelli	SA15 1UU
449	Unit 7B Eastgate, Llanelli	SA15 3YF
450	Adj The New Stags Head, off Red Street, Carmarthen	SA31 1QL
451	8 Cambrian Way, John Street, Carmarthen, Carmarthenshire	SA311QN
452	560 Pentregethin Road, Ravenhill, Swansea, West Glamorgan	SA5 5ET
453	561a Pentregethin Road, Ravenhill, Swansea, West Glamorgan	SA58AB
454	45 Charles Street, Milford Haven, Dyfed	SA73 2AA
455	65-67 Charles Street, Milford Haven, Pembrokeshire	SA732HA
456	181/185 Trafalgar Road, Greenwich	SE10 9EQ
457	208 Trafalgar Road, Greenwich, London	SE10 9ER
458	347-349 Lee High Rd	SE12 8RU
459	10 Leegate Centre, Lee Green, London	SE128SS

No	Address	Postcode
460	Cooperative House, 259 Rye Lane, Peckham, London	SE15 4UA
461	182 Rye Lane, Peckham, London	SE154NF
462	108 High Street, Peckham, London	SE155ED
463	Unit 3, 193-221 Southwark Park Road, London	SE163TU
464	40/42 Herbert Road, Plumstead, London	SE18 3SH
465	31 Herbert Road, Plumstead	SE183SZ
466	116 High Street, Penge	SE20 7EZ
467	119-121 High Street, Penge, London	SE207DS
468	17 High Street, South Norwood, London	SE25 6EZ
469	21 High Street, South Norwood, London	SE256EZ
470	25 Catford Broadway	SE6 4SN
471	3 Catford Broadway, London	SE64SP
472	35a High Street, Old Town, Stevenage	SG1 3AU
473	29 High Street, Stevenage, Hertfordshire	SG13AU
474	1 High Street, Sandy	SG19 1AG
475	12 Market Square, Sandy, Bedford	SG191HU
476	5/7 Station Road, Letchworth	SG6 3BB
477	53-55 Station Road, Letchworth, Hertfordshire	SG63BJ
478	1 Melbourn St Royston	SG8 7BP
479	2/3/4a Kneesworth Street, Royston	SG85AA
480	13 High Street West, Glossop, Derbyshire	SK13 8AL
481	46/48 High Street West, Glossop, Derbyshire	SK138BH
482	224 Farnham Road, Slough, Berks	SL1 4XE
483	244 Farnham Road, Slough, Berkshire	SL14XE
484	272 High Street, Langley, Slough	SL3 8HD
485	No.6 Clayton Court, High Street, Langley, Slough, Berkshire	SL38HB
486	29 High Street, Sutton	SM1 1DJ
487	294 High Street, Sutton, Surrey	SM1 1PQ
488	17 High Street, Sutton, Surrey	SM11DF
489	273/275 High Street, Sutton, Surrey	SM11LD
490	9-11 Stonecot Hill, Sutton	SM39HB
491	19/21 Tudor Drive, Morden, Surrey	SM4 4PD
492	6/6A The Bridge, Chippenham, Wilts	SN15 1EX
493	Unit B9, Swindon Dist Centre, Swindon Wilts	SN5 7DL
494	Unit B8, West Swindon District Centre, Swindon	SN57DL
495	2 Poundtree Road, Southampton, Hampshire	SO14 1ND
496	129 St Marys Steet, Southampton, Hants	SO14 1NX
497	1A/2 East Street, Southampton	SO14 3HE
498	1 Poundtree Road, Southampton, Hampshire	SO141ND
499	110 St. Mary Street, Southampton, Hampshire	SO141PG
500	65 London Road, Southampton	SO15 2AB
501	51 London Road, Southampton, Hampshire	SO152AD
502	12-13 Bedford Place, Southampton, Hampshire	SO152DB
503	432 Bitterne Road, Bitterne,	SO18 5RT

No	Address	Postcode
504	417/417b Bitterne Road, Bitterne Village, Southampton, Hampshire	SO185EE
505	Unit 2, The London Arms, Victoria Road, Woolston, Southampton	SO19 9DX
506	25 Victoria Road, Woolston, Southampton, Hampshire	SO199DY
507	10 St Georges Street, Winchester, Hants	SO23 8BG
508	6 St. George's Street, Winchester, Hampshire	SO238BG
509	160 High Street, Winchester, Hampshire	SO239BA
510	Unit 3 & 4, St. John's Centre, Hedge End, Southampton	SO304QU
511	16 Commercial Road, Totton	SO40 3BY
512	8 Water Lane, Totton, Southampton, Hampshire	SO403DP
513	17-19 Rumbridge Street, Totton, Southampton, Hampshire	SO409DQ
514	72 The Hundred, Romsey, Hampshire	SO51 8BX
515	29/31A The Hundred, Romsey	SO51 8GD
516	7 High Street, Andover, Hants	SP10 1LJ
517	12 High Street, Andover, Hampshire	SP101NX
518	11 Fisherton Street, Salisbury	SP2 7SU
519	218-219 High Street West & 69 John Street, Sunderland, Tyne & Wear	SR11TZ
520	Ground Floor Unit, 1 Hailsham Place, Peterlee, Co. Durham	SR81AA
521	HAMLET COURT ROAD	SS0 7EL
522	168 HAMLET COURT ROAD	SS0 7LJ
523	177 Hamlet Court Road, Westcliff-on-Sea, Essex	SS07EL
524	7-9 Station Avenue, Wickford, Essex	SS117AS
525	Unit 1 & 2 Gibraltar House, High Street, Wickford, Essex	SS12 9AX
526	5 Broadway, Pitsea	SS13 3AT
527	Broadway, 1 High Road, Pitsea, Basildon, Essex	SS133AT
528	17-19 Market Square, Basildon	SS14 1DF
529	136 High Street, Rayleigh, Essex	SS6 7BU
530	6/6b Eastwood Road, Rayleigh, Essex	SS67JQ
531	Unit 30 Smithfield Centre, Haywood Street, Leek Staffs	ST13 5JW
532	23B Greengate Street, Stafford, Staffordshire	ST16 2HS
533	16/18 Campbell Place, Stoke on Trent, Staffs	ST4 1LX
534	7/9 Campbell Place, Stoke-on-Trent, Staffordshire	ST41NH
535	192 Balham High Road, London	SW129BP
536	335 Putney Bridge Road, Putney, London	SW15 2PG
537	97 Putney High Street, London	SW151SS
538	23 Replingham Road, London	SW18 5LT
539	235A/237 Wimbledon Park Road, Southfields, London	SW185RJ
540	4 The Broadway, Wimbledon	SW19 1RF
541	44 Wimbledon Hill Road, London	SW19 7PA
542	198/200 Earls Court Road, London	SW5 9QF
543	155 Earls Court Road, London	SW59RQ
544	39 New Street, Wellington, Telford	TF1 1LU

No	Address	Postcode
545	70-72 Upper Bar, Newport, Telford, Shropshire	TF10 7AW
546	73 High Street, Newport, Shropshire	TF107AU
547	1 Crown Street, Wellington, Telford, Shropshire	TF11LP
548	Unit 3 Oxford Street, Oakengates	TF2 6AA
549	49 Market Street, Oakengates, Telford, Shropshire	TF26EL
550	11/13 High Street, Dawley, Telford Shrops	TF4 2EU
551	18/20 High Street, Dawey, Telford, Shropshire	TF42ET
552	19 Queens Road, Hastings	TN34 1QY
553	5 Queens Road, Hastings, East Sussex	TN341QP
554	43 Kings Road, St. Leonards on Sea	TN37 6DX
555	32 Kings Road, St. Leonards-on-Sea, East Sussex	TN376DU
556	40/42 Western Road, Bexhill On Sea, Sussex	TN40 1DY
557	45 Western Road, Bexhill-on-Sea, East Sussex	TN401DT
558	2/3 Quarry Hill Road, Tonbridge, Kent	TN9 2RN
559	Unit 3, 1a High Street, Tonbridge, Kent	TN91SG
560	32 Market Place, Penzance, Cornwall	TR18 2JF
561	23/24 Market Place, Penzance, Cornwall	TR182JD
562	35-37 East Street, Newquay	TR7 1EE
563	80/82 High Street, Redcar, Cleveland	TS10 3DL
564	130 High Street, Redcar, Cleveland	TS103DH
565	2-4 Northgate, Guisborough, Cleveland	TS14 6JU
566	18 & 20 Market Place, Guisborough, Cleveland	TS146BN
567	117 High Street, Stockton, Cleveland	TS18 1AY
568	29 High Street, Norton	TS20 1AH
569	39 High Street, Norton, Stockton, Cleveland	TS201AH
570	Unit 19, Town Square, Billingham	TS23 2NB
571	Prem. Adj. Trades Union Club, Pentland Avenue, Billingham, Cleveland	TS232RE
572	96 York Road, Hartlepool	TS26 9DQ
573	81 York Road, Hartlepool, Cleveland	TS268AQ
574	108 York Road, Hartlepool, Cleveland	TS269DE
575	432/434 Linthorpe Road, Middlesborough	TS5 6HW
576	444 Linthorpe Road, Middlesborough	TS56HX
577	188/190 High Street, Eston, Middlesborough	TS6 9JE
578	125 & 127 High Street, Eston, Middlesborough, Cleveland	TS69JD
579	4/5 Rex House, Hampton Road West, Hanworth	TW13 6AP
580	4 Market Parade, Hampton Road West, Feltham	TW136AJ
581	19 Church Parade, Ashford	TW15 2TX
582	121d Nelson Road, Whitton	TW2 7AZ
583	16-18 High Street, Whitton	TW27LT
584	Ground Floor Entrance & First Floor Premises, 29 George Street, Richmond, Surrey	TW91HY
585	804-806 Uxbridge Road, Hayes, Middlesex	UB4 0RS
586	766a Uxbridge Road, Hayes, Middlesex	UB40RU

No	Address	Postcode
587	25 Argyll Street, London	W1F 7TU
588	Ground Floor, 48 Poland Street, London	W1F7ND
589	9 Holles Street, London	W1G0BD
590	116 Tottenham Court Road	W1T 5AJ
591	107 Baker Street, London	W1U6RP
592	22 Great Portland Street, London	W1W 8QS
593	104 South Ealing Road, Ealing	W5 4QJ
594	139 South Ealing Road, London	W54QS
595	Unit 19, The Broadway, Shopping Centre, Centre West, Hammersmith, London	W69YD
596	24-26 Russell Street, London	WC2B5HF
597	352 Strand, London	WC2R 0HS
598	199 Shenley Road, Borehamwood, Herts	WD6 1AT
599	161 Shenley Road, Borehamwood, Hertfordshire	WD61AH
600	2/6 Crackenedge Lane, Dewsbury, West Yorkshire	WF131PT
601	Winnymoor Hotel, Horbury Road, Wakefield, York	WF2 8RE
602	1A & 2A, Whinney Moor Avenue, Lupsett, Wakefield, West Yorkshire	WF28RG
603	Unit 3 The Gerrard Centre, Ashton In Makerfield, Wigan	WN4 9AN
604	12-14 Gerard Street, Ashton in Makerfield, Wigan, Manchester	WN49AA
605	23B Spinning Gate Shopping Centre, Leigh	WN7 4PG
606	Unit 7D, St Martins Quarter, Worcester (Lowesmoor)	WR1 2DA
607	12 Red Dial Parade, Derwent Close, Worcester, Worcestershire	WR4 9TY
608	61 Ambleside Drive, Warndon, Worcester	WR49DA
609	17-18 Market Place, Wednesbury, West Midlands	WS10 7AY
610	63 Union Street, Wednesbury, West Midlands	WS10 7HB
611	12/14 Lower Brook Street, Rugeley Staffs	WS15 2DF
612	1 Upper Brook Street, Rugeley, Staffordshire	WS152DP

Source: CMA analysis.

Table 2: List of SLC areas by reference to an 800m catchment area

No	Address	Postcode
1	292 Kitts Green Road, Birmingham	B33 9SB
2	46/48 East Meadway, Kitts Green, Birmingham, West Midlands	B330AP
3	13a Keyford, Frome, Somerset	BA111JN
4	996 Wimborne Road, Moordown, Bournemouth Dorset	BH9 2DE
5	100/102 Castle Lane West, Bournemouth, Dorset	BH93JU
6	Adj. Rompney Castle, Wentloog Road, Rumney, Cardiff, South Glamorgan	CF3 3EB
7	93 Commercial Street, Aberbargoed, Bargoed, Mid Glamorgan	CF81 9EU
8	18 Humbleton Drive, Mackworth, Derby	DE22 4AT
9	89 Prince Charles Avenue, Mackworth, Derby	DE224BG
10	Haughton Club And Institute, The Green, Haughton Le Skerne, Nr Darlington	DL12DD
11	Unit 1, Whinfield Shopping Centre, Whinfield, Darlington, County Durham	DL13RR
12	10A West Street, Blandford, Dorset	DT11 7AJ
13	10 East Street, Blandford Forum, Dorset	DT117DR
14	128 Worplesdon Road, Guildford	GU2 9RT
15	304 Meadowcroft, Aylesbury, Buckinghamshire	HP193HZ
16	16 Town Street, Farsley, Leeds, West Yorkshire	LS285LD
17	6a Northampton Road, Wellingborough, Northamptonshire	NN83HG
18	6 Saunders House, Leith Avenue, Pauls Grove Portsmouth	PO6 4NY
19	9 The Broadway, Tilbury, Essex	RM187BP
20	Adj. The Hogs Head, Bradway Road, Bradway, Sheffield	S174QW
21	250 Lowedges Road, Lowedges, Sheffield	S8 7JB
22	908 CARMARTHEN ROAD	SA5 4AA
23	Adj. To Three Sisters, Pentregethin Road, Cwmbwrla, Swansea, West Glamorgan	SA5 8NN
24	303/307 Llangyfelach Road, Brynhyfryd, Swansea, West Glamorgan	SA59LG
25	12 Moredon Road, Swindon, Wiltshire	SN253DQ
26	109 Rownhams Road, Maybush, Southampton	SO16 5EB
27	Unit 13, Lordshill District Centre, Southampton, Hampshire	SO168HY
28	CATCOTE ROAD	TS25 2LS
29	Wynyard Road, Hartlepool, Cleveland	TS253LQ
30	5/7 Ditchfield Road, Widnes, Cheshire	WA88QG

Source: CMA analysis.

Table 3: List of areas that were provisionally identified as SLC areas, in which the CMA has found, as a result of updated information (see paragraph 4 above), that the Transaction may not be expected to result in an SLC

No	Address	Postcode
1	156 Oscar Road, Torry, Aberdeen Scotland	AB11 8EJ
2	25, Balnagask Rd, Torry, Aberdeen, Aberdeenshire	AB118HU
3	20/22 Parker Lane, Burnley	BB11 2BY
4	31 Merthyr Road, Whitchurch, Cardiff	CF14 1DB
5	24 Merthyr Road, Whitchurch, Cardiff, South Glamorgan	CF141DH
6	42-44 Cardiff Road, Caerphilly, Mid Glamorgan	CF831JP
7	159 Queen Street, Glasgow, Strathclyde	G13DX
8	21/23 Paisley Road West, Glasgow	G51 1LF
9	30/32 Paisley Road West, Glasgow, Strathclyde	G511LB
10	60-62 Union Street, Larkhall, Strathclyde	ML91DR
11	117 Priestpople, Hexham, Northumberland	NE46 1PF
12	11 Cattle Market, Hexham, Northumbria	NE461NJ
13	Unit 45b Idlewells Centre, Sutton in Ashfield	NG17 1BP
14	29 Westgate, Grantham, Lincolnshire	NG316LX
15	27 Hall Place, Spalding	PE11 1SG
16	5 Tower Street, Kings Lynn, Norfolk	PE30 1EJ
17	34/38 Grosvenor Street, Stalybridge	SK15 2JN
18	45/47 Grosvenor Street, Stalybridge, Cheshire	SK152JN
19	Adj. Western Social Club, Union Street, Middlesborough	TS15PJ
20	37 Belmont Road, Uxbridge, Middlesex	UB81QT
21	31/33 Commercial Street, Batley, Yorks	WF17 5EP
22	83/85 Commercial Street, Batley, West Yorkshire	WF175EF

Source: CMA analysis.

Glossary

49s	Randomly generated numbers betting product that has a twice daily draw. Customers can bet on one to five numbers from the 49 in each draw (bookmakers' bets may vary). Six numbers and a 'booster ball' are drawn and customers can select to play either the six number or seven number draw (which includes the booster ball to increase the chances of winning).
ABB	The Association of British Bookmakers, a trade association for off-course bookmakers .
Act	Enterprise Act 2002.
AGC	Adult Gaming Centre.
BAGS	Bookmakers Afternoon Greyhound Service.
Betting	Making or accepting a bet on: (a) the outcome of a race, competition or other event or process; (b) the likelihood of anything occurring or not occurring; or (c) whether anything is or is not true.
Betfair	Betfair Group plc.
Betfred	Betfred Limited.
Bookmakers	Companies licensed to offer gaming and betting products in LBOs and/or online in the UK. Bookmakers who offer gaming and betting products in LBOs are also referred to as LBO operators .
Centroid	Individual LBO on which a particular catchment area was centred.
CC	Competition Commission.
CMA	Competition and Markets Authority.

CMA survey	A face-to-face survey including 3,921 interviews in 30 LBOs of Ladbrokes and Coral across 15 areas carried out by DJS on behalf of the CMA during phase 2 .
Concessions	Special offers by bookmakers limited to particular LBOs that typically enhance the return to customers.
Coral	The businesses of Gala Coral being acquired under the Transaction .
Parties' survey	Consumer survey research carried out face-to-face, online and by phone with customers of betting and gaming products in the UK.
Fascia	LBOs brand name. Also referred to as brand.
Fixed odds betting	A situation where a customer places a bet on the outcome of an event on the basis of odds fixed by the bookmaker at the time that the bet is placed.
FOBTs	Fixed odds betting terminals.
Gala Coral	Gala Coral Group Limited and its subsidiaries.
Gambling Act	Gambling Act 2005.
Gaming	Playing a game of chance for a prize.
Gambling	Betting, gaming and participating in a lottery.
GBGB	Greyhound Board of Great Britain.
GGY	Gross gambling yield.
Greyhound TV	Greyhound TV Limited.
Inquiry group	A group of CMA panel members constituted to decide the questions set out in section 35 of the Act in respect of the Transaction .
Irish lottery	Randomly generated numbers betting products for sale in LBOs .
Jennings	Jenningsbet (UK) Limited.

Kantar research	Consumer survey research carried out by Kantar Group Limited online and by phone with customers of betting and gaming products in the UK.
Ladbrokes	Ladbrokes plc and its subsidiaries.
LBO	Licensed Betting Office.
LBO operators	Companies licensed to offer gaming and betting products in LBOs . Also referred to as bookmakers (see above).
Merged Entity	The entity formed by the combination of Ladbrokes and Coral .
OFT	Office of Fair Trading.
Online channel	Supply of betting and gaming products online.
Online bookmakers	Companies licenced to offer gaming and betting products online in the UK.
Paddy Power	Paddy Power plc.
Paddy Power Betfair	Paddy Power Betfair plc.
Parties	Ladbrokes and Coral .
Phase 1	The investigation of the Transaction to determine whether the statutory test for reference was met (in the case of anticipated mergers, section 33 of the Act).
Phase 2	The investigation of the Transaction following the reference made on 11 January 2016 to decide the questions set out in section 36 of the Act .
Playtech	Playtech plc.
PQRS	Price, quality, range and service: the parameters of a retail offering.
Promotions	Special offers by LBO operators applied uniformly across all their LBOs .
Retail channel	Supply of betting and gaming products by LBO operators .
SIS	Satellite Information Services Limited.

SLC	Substantial lessening of competition within the meaning of section 36 of the Act .
SSBT	Self Service Betting Terminal.
Transaction	The proposed merger between Ladbrokes and certain businesses of Gala Coral .
William Hill	William Hill plc.