

# Anticipated acquisition by Cartamundi NV of Naipes Heraclio Fournier S.A. and the United States Playing Card Company

## Decision on relevant merger situation and substantial lessening of competition

**ME/6846-19**

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 6 December 2019. Full text of the decision published on 17 January 2020.

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

### SUMMARY

1. Cartamundi NV (**Cartamundi**) has agreed to acquire Naipes Heraclio Fournier S.A. (**Fournier**) and the United States Playing Card Company (**USPCC**)<sup>1</sup> (the **Merger**). Cartamundi, Fournier, and USPCC are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Cartamundi, Fournier and USPCC is an enterprise; that Cartamundi will cease to be distinct from Fournier and USPCC as a result of the Merger; and that the share of supply test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. The CMA has assessed the impact of the Merger in three segments where the Parties overlap:
  - (a) the manufacture and supply of traditional playing cards (**TPCs**) to casinos in the United Kingdom (**UK**);

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<sup>1</sup> See also footnote 7.

- (b) the manufacture and supply of branded TPCs to retailers in the UK: and
- (c) the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists,<sup>2</sup> and small entrepreneurs in the UK, and the United States (**US**).<sup>3</sup>
4. The CMA found that the Parties have a very high combined share of supply in the manufacture and supply of TPCs to casinos in the UK, and that there are few alternative suppliers. The CMA also found that the Parties are close competitors in the manufacture and supply of branded TPCs to retailers in the UK with a relatively high combined share of supply and few alternative suppliers. The CMA therefore believes that the Merger gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) in both of these segments.
  5. The CMA has not reached a conclusion as to whether there is an SLC in the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US. This is a small segment with limited information available. The CMA found that the Parties may be close competitors with high combined shares of supply, however, given the limited information available to the CMA, the CMA cannot exclude the possibility that there are other potential competitors in this segment that may provide competitive constraints on the Parties. The CMA has decided that it does not need to reach a conclusion with respect to the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs as, if there were an SLC, it would in any event exercise its discretion to apply the markets of insufficient importance (the *de minimis*) exception to the duty to refer (under section 33(2)(a) of the Enterprise Act 2002 (the **Act**)).
  6. As the CMA believes that all of the markets concerned (in aggregate) are not of sufficient importance to justify the making of a reference and there are no clear-cut undertakings in lieu in principle available, the CMA has decided to exercise its discretion to apply the *de minimis* exception to the duty to refer (under section 33(2)(a) of the Act).
  7. The Merger will therefore **not be referred** under section 33(1) of the Act.

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<sup>2</sup> The CMA understands that cardistry is the performance art of card flourishing.

<sup>3</sup> The CMA considers that the Parties may overlap in a wider geographic market than the US and UK for the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs. However, the CMA has assessed the impact of the Merger on a geographic frame of reference involving the UK and US.

## ASSESSMENT

### Parties

8. Cartamundi is a global manufacturer of TPCs, game cards, card games and board games. The turnover of Cartamundi in 2018 was approximately £[X] million worldwide and £[X] million in the UK.
9. Fournier and USPCC are global manufacturers of TPCs, game cards, card games and board games. The combined turnover of Fournier and USPCC in 2018 was approximately £[X] million worldwide and approximately £[X] million in the UK.

### Transaction

10. Cartamundi is acquiring Fournier and USPCC from Newell Brands Inc. (**Newell**) by way of a Stock Purchase Agreement, signed 4 June 2019. Newell is a US Group with a portfolio of consumer and commercial products. The value of the transaction is approximately £[X].
11. The Parties informed the CMA that the Merger is also the subject of review by competition authorities in Brazil, Colombia, Spain, Ukraine and the US.

### Jurisdiction

12. Each of Cartamundi, Fournier, and USPCC is an enterprise. As a result of the Merger, Cartamundi will cease to be distinct from Fournier and USPCC.
13. The Parties overlap in:
  - (a) the manufacture and supply of TPCs to casinos in the UK, with a combined share of supply by value of [90-100%] (with an increment brought about by the Merger of [0-5%]); and
  - (b) the manufacture and supply of branded TPCs to retailers in the UK, with a combined share of supply by value of [30-40%] (with an increment brought about by the Merger of [10-20%]).<sup>4</sup>
14. The CMA therefore believes that the share of supply test in section 23 of the Act is met.

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<sup>4</sup> The Parties' estimates of these shares of supply were smaller. However, even using the Parties' share of supply estimates, the Parties' overlap in the manufacture and supply of TPCs to casinos in the UK is greater than 25%, including an increment, so the share of supply test in section 23 of the Act would be met.

15. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
16. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 15 October 2019 and the statutory 40 working day deadline for a decision is therefore 9 December 2019.

## Counterfactual

17. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers the CMA generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.<sup>5</sup>
18. In this case, there is no evidence supporting a different counterfactual, and the Parties and third parties have not put forward arguments in this respect. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

## Frame of reference

19. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.<sup>6</sup>
20. As set out above, Cartamundi and Fournier<sup>7</sup> are both global manufacturers of TPCs, game cards, card games and board games. Cartamundi currently

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<sup>5</sup> *Merger Assessment Guidelines* (OFT1254/CC2), September 2010, from paragraph 4.3.5. The *Merger Assessment Guidelines* have been adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, Annex D).

<sup>6</sup> *Merger Assessment Guidelines*, paragraph 5.2.2.

<sup>7</sup> In this section and subsequent sections of this decision, the CMA has referred to Fournier and USPCC together as 'Fournier', except for references to USPCC's internal documents, and as otherwise stated.

operates 12 owned sales offices and 10 manufacturing facilities worldwide, none of which are in the UK.<sup>8</sup> Fournier has manufacturing facilities in the US and in Spain, with approximately [✂] % of its total sales made in the US.

21. The Parties overlap in the supply of TPCs in the UK, EEA, and globally. In the UK the Parties overlap in the supply of TPCs to casinos, branded TPCs to retailers, and high quality custom TPCs to magicians and cardists. Both Parties also supply custom TPCs for promotions/gifting in the EEA, but only Cartamundi supplies such TPCs in the UK. Cartamundi (but not Fournier) is also active in other TPC segments, namely the supply of white label TPCs to retailers, and barcode/RFID-enabled TPCs.<sup>9</sup>
22. Table 1 below sets out an overview of the Parties' overlaps with respect to TPCs in the UK and EEA:

**Table 1: Parties' overlaps in TPCs in the UK and EEA**

Segment	Sub-segments	UK		EEA	
		Cartamundi	Fournier	Cartamundi	Fournier
Casino	TPCs for casinos	✓	✓	✓	✓
Retail	Branded TPCs for retailers	✓	✓	✓	✓
Custom/ private label	High quality custom TPCs for magicians, cardists, etc	✓	✓	✓	✓
	Custom TPCs for promotions/gifting	✓		✓	✓
	White label TPCs for retailers	✓			

Source: CMA, produced from information contained in the Merger Notice, 11 October 2019, Tables 14.11-14.20

23. In the UK, Cartamundi is also active in the supply of trading card games and tarot cards, whereas Fournier is not active in the supply of game cards other than TPCs.

### **Product scope**

24. The CMA's usual starting point is to look at the narrowest set of products and/or services that both Parties supply that could plausibly constitute a product market, and then to consider whether to widen the frame of reference.

<sup>8</sup> Until July 2019, Cartamundi also operated a manufacturing plant in the UK.

<sup>9</sup> Barcode/RFID-enabled TPCs allow the face of the TPC to be read and displayed remotely. See footnote 13 below for the definition of white label TPCs.

The CMA pays particular regard to demand-side factors (ie the behaviour of customers and its effects). However, it may also consider supply-side factors (ie the capabilities and reactions of suppliers in the short-term) and other market characteristics.<sup>10</sup>

25. In this case, the CMA has considered the narrowest plausible candidate product markets in which the Parties overlap to be the manufacture and supply of:
- (a) TPCs to casinos;
  - (b) branded TPCs to retailers;
  - (c) custom TPCs to magicians and cardists; and
  - (d) custom TPCs for promotions/gifting.
26. The CMA has then considered whether each of these narrow product market definitions should be widened on the basis of demand- and supply-side substitution.

#### *Parties' submissions*

27. The Parties submitted that game cards compete against a variety of other entertainment sources, such as video games and other leisure activities, both for limited retailer shelf space and for the time and attention of consumers. Therefore, the Parties submitted that the correct product frame of reference includes all leisure games.<sup>11</sup>
28. The Parties also submitted that, for the purpose of their Merger Notice, the appropriate product frame of reference could be the narrower manufacture and supply of game cards of all types (including multiple different types of TPCs), for the following reasons:
- (a) on the supply side, the Parties submitted that the production assets and capability required to produce game cards of different types are very similar, and a company producing only one type of game card would have the ability and incentive to shift capacity between different types of playing card if there were sufficient demand. The Parties added that, while different types of game cards may be manufactured using different input materials, and methodology and quality control procedures, manufacturers are typically active across a broad range of game card types and are able to

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<sup>10</sup> [Merger Assessment Guidelines](#), paragraph 5.2.6.

<sup>11</sup> Merger Notice, 11 October 2019, paragraphs 13.2 – 13.3.

use different substrates and methodologies and multiple quality standards;  
and

- (b) on the demand side, the Parties submitted that game cards compete for shelf space against other toys and games, and that consumers have a vast array of leisure options available. The Parties submitted that few leisure occasions specifically require game cards or TPCs and that there are electronic substitutes for TPCs, suggesting that a product frame of reference limited to physical TPCs is unduly limited.<sup>12</sup>

29. However, the Parties also submitted that on a cautious basis, they had analysed the Merger based on the manufacture and supply of all TPCs. The Parties submitted that a narrower product market was not appropriate as all types of TPCs can be used for the same basic purpose of playing most TPC games and that there is a demand-side chain of substitution between different types of TPC. The Parties submitted that there is a significant degree of supply-side substitutability between different types of TPC. The Parties did, however, identify narrower hypothetical product market segments in which they overlap, namely the manufacture and supply of:

- (a) TPCs to casinos (including a sub-segment of barcode/RFID-enabled TPCs);
- (b) TPCs for retail sale; and
- (c) custom/private label TPCs (including sub-segments of (i) supply for magicians and cardists; (ii) supply to retailers on a white label basis; and (iii) supply for promotions/gifting).<sup>13</sup>

#### *Manufacture and supply of TPCs for casinos*

30. The CMA considered whether the manufacture and supply of TPCs for casinos is a separate product frame of reference from other types of TPCs.<sup>14</sup>

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<sup>12</sup> Merger Notice, 11 October 2019, paragraphs 13.3 – 13.5.

<sup>13</sup> The Parties told the CMA that 'custom', 'private label' and 'white label' refer to TPCs that are made to order to a customer's specifications, and that broadly speaking, custom refers to sales to customers who do not intend to on-sell the product, whereas private label and white label refer to sales to customers who retail the product, with white label generally being used to describe TPCs sold to traditional retailers. The CMA notes that white label TPCs are sold under the retailer's own brand (Merger Notice, 11 October 2019, paragraphs 3.8.3(D) and 13.12).

<sup>14</sup> The Parties submitted Cartamundi's sales of barcode/RFID-enabled TPCs as part of the casino segment. However, Cartamundi's [redacted] (Merger Notice, paragraph 3.8.3(E)). The CMA estimates that the Parties account for [90-100%] of UK sales of TPCs to casinos (see Table 2), and [redacted]. Therefore, the CMA considers that demand-side substitutability between TPCs for casinos and barcode/RFID-enabled TPCs is limited and the CMA has not included barcode/RFID-enabled TPCs in this product frame of reference. As the Parties do not overlap in the supply of barcode/RFID-enabled TPCs, the CMA believes that there is no realistic prospect of an SLC in relation to barcode/RFID-enabled TPCs.

31. The CMA found evidence that casinos have specific requirements that cannot be met with other types of TPCs.
32. First, the Parties' internal documents suggest that casino customers have specific requirements for TPCs:<sup>15</sup>
  - (a) [REDACTED];
  - (b) [REDACTED];
  - (c) [REDACTED];
  - (d) [REDACTED]; and
  - (e) [REDACTED].
33. Evidence from third parties also indicated that casinos have specific needs, pointing to factors such as the ability to supply 100% plastic cards, and high levels of quality control to ensure the consistency of the print on cards.
34. The CMA considers that, given the specific needs of casino customers, there is limited demand-side substitutability between TPCs for casinos and other types of TPCs. Furthermore, on the supply side, the CMA noted that the competitor set and competitive conditions are substantially different in the casino segment, as set out in paragraphs 95 to 96 below.
35. For these reasons, the CMA has considered the impact of the Merger on the manufacture and supply of TPCs for casinos separately from other customer segments in its competitive assessment.

#### *Manufacture and supply of branded TPCs to retailers*

36. The Parties overlap in the supply of branded TPCs to retailers.<sup>16</sup> The CMA considered whether the product frame of reference should be broadened to also include (i) other types of game cards for retail sale; and/or (ii) TPCs sold to retailers on a white label basis.

#### *Other types of game cards for retail sale*

37. The CMA has found no evidence to support a broader product frame of reference including other types of game cards for retail sale. The Parties' internal documents suggest that [REDACTED].<sup>17</sup> In addition, none of the customers

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<sup>15</sup> See Annex 9.12 to the Merger Notice, [REDACTED].

<sup>16</sup> Branded TPCs are those TPCs supplied under the manufacturers' own brands, as opposed to white label TPCs, which are supplied under the retailer's brand.

<sup>17</sup> Annex 10.3 to the Merger Notice, [REDACTED].



who responded to the CMA's investigation mentioned other types of game cards as alternatives to the Parties' TPCs.

38. The CMA received evidence that demand-side substitutability of branded TPCs and other types of game cards is particularly limited for specialised retail customers, who are an important part of Fournier's customers.<sup>18</sup> For instance, one of Fournier's customers indicated that the reason for choosing its current suppliers of TPCs is their offering of TPC products specifically targeted at bridge and poker players, suggesting that other types of game cards would be unlikely to constitute a substitute, suggesting that other types of game cards would be unlikely to constitute a substitute.
39. The CMA notes that a competitor who supplies TPCs and other types of game cards listed 'UNO' from Mattel (a non-TPC based card game) as its strongest competitor in the supply of playing cards. However, this competitor did not mention any supplier of non-TPC game cards as an alternative to the Parties' TPCs for retail sale.
40. The CMA considers that supply-side substitutability between branded TPCs and other types of game cards for retail sale is limited. Brand management, quality and design of TPCs are important parameters of competition in the supply of branded TPCs for retail sale (see paragraphs 45 and 47 below). The CMA considers that this limits the ability for suppliers of other types of game cards to quickly shift capacity to the manufacture and supply of branded TPCs in the short run in the event of an increase in prices.
41. Overall, evidence from the Parties, third parties and internal documents indicates that there is limited substitutability between branded TPCs for retail sale and other types of game cards for retail sale, both on the demand side and supply side. The CMA therefore assessed the impact of the Merger using a frame of reference that excludes other types of game cards for retail sale. However, the CMA has considered the extent to which other types of game cards may provide a competitive constraint within the competitive assessment.

*TPCs sold to retailers on a white label basis*

42. The CMA found limited evidence to support a broader frame of reference including TPCs sold to retailers on a white label basis. The Parties' internal documents indicate that [REDACTED].<sup>19</sup>

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<sup>18</sup> Merger Notice, 11 October 2019, paragraph 15.11.3.

<sup>19</sup> Annex 10.3 to the Merger Notice, [REDACTED].

43. Evidence from customers was mixed. Most customers told the CMA that brand was one of the relevant factors driving their purchasing decisions, but not the most important one. Customers suggested that cost, flexibility in providing display options, and quality were more important than brand. Only one customer that purchases branded TPCs also purchases white label TPCs, and no other customers who responded to the CMA's merger investigation mentioned white label TPCs as an alternative to the Parties' branded TPCs.
44. Only one competitor mentioned white label TPCs as one of the main alternatives to the Parties' branded TPCs from the perspective of retailers.
45. Further, the Parties' submissions indicated that the parameters of competition and the end-customers for branded TPCs differed from those of lower-priced TPCs (which were not identified by the Parties or third parties, but the CMA considers can be compared to white label TPCs):
- (a) the Parties noted that, while suppliers of the lowest-priced TPCs typically target customers that make a purchase on impulse and therefore compete mainly on price, Cartamundi's (and Fournier's) TPCs are typically aimed at customers that make a considered purchase, and therefore Cartamundi and Fournier typically compete to a greater extent on brand and reputation, as well as design; and
- (b) the Parties added that Cartamundi [REDACTED].<sup>20</sup>
46. The CMA noted that products which compete under different parameters of competition could still constrain each other, to the extent they offer similar quality-adjusted prices. However, given the limited evidence on demand-side substitutability, and on a cautious basis, the CMA considers it is appropriate to distinguish between branded TPCs and white label (or unbranded) TPCs.
47. The Parties' internal documents indicated that [REDACTED], which the CMA believes could be a factor limiting supply-side substitutability. In particular, one internal document [REDACTED].<sup>21</sup>
48. Further, the competitor set differs between branded and white label TPCs:
- (a) while Cartamundi supplies both branded and white label TPCs, [REDACTED]; and
- (b) the Parties submitted that Fournier has taken the [REDACTED].<sup>22</sup>

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<sup>20</sup> Merger Notice, 11 October 2019, paragraphs 15.16 – 15.17.

<sup>21</sup> Annex 10.4 to the Merger Notice, [REDACTED].

<sup>22</sup> Merger Notice, 11 October 2019, paragraph 15.80.

49. Overall, evidence from the Parties, third parties and internal documents indicates that there is limited substitutability between branded and white label TPCs both on the demand side and the supply side. The CMA therefore assessed the impact of the Merger using a frame of reference for branded TPCs for retail sale that excludes white label TPCs. However, the CMA has considered the extent to which white label TPCs may provide a competitive constraint within the competitive assessment.<sup>23</sup>

*Manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs*

50. The Parties overlap in the supply of TPCs for use by magicians and cardists. As described in paragraph 29(c) above, the Parties included custom/private label TPCs for magicians and cardists as a sub-segment within a broader 'custom/private label TPC' segment.<sup>24</sup> The CMA considered whether the supply of high quality custom TPCs to magicians and cardists is a separate product frame of reference distinct from (i) other types of 'custom/private label TPCs' (specifically, custom TPCs for promotions/gifting, and white label TPCs) and (ii) other types of TPCs.
51. Based on information provided by third parties, the CMA considers that the Parties supply high quality custom TPCs to magicians and cardists and that magicians and cardists are only some of the relevant customers for high quality custom TPCs. Relevant customers for high quality custom TPCs also include card collectors and card enthusiasts who prefer very high quality TPCs with special designs, as well as small designers and online entrepreneurs who target such end customers. The evidence indicates that these types of TPCs tend to be sold online in small quantities.
52. The CMA considers that there is limited substitutability between high quality custom TPCs for the customers listed above and other types of custom/private label TPCs because:
- (a) on the demand side, such customers specifically need high quality cards. The Parties submitted that the TPCs used by magicians and cardists need to accord to particularly high standards, as any slight deviations in quality can cause material issues for their performances.<sup>25</sup> This view was confirmed by a customer during the CMA's merger investigation; and

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<sup>23</sup> The CMA has also considered white label TPCs below in respect of the product frames of references relating to the manufacture and supply of (i) high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs, and (ii) custom TPCs for promotions/gifting.

<sup>24</sup> Merger Notice, 11 October 2019, paragraphs 13.9.3 and 14.27.

<sup>25</sup> Merger Notice, 11 October 2019, paragraph 15.88.

(b) on the supply side, there are very few suppliers who can meet these high quality requirements. This has been confirmed by third parties, as set out in more detail in paragraph 138.

53. The CMA considers that there is limited substitutability between high-quality custom TPCs and other types of TPCs. This is confirmed by significant differences in the competitor set for high quality custom TPCs compared to the competitors in the other TPC markets. In particular, apart from Cartamundi and Fournier, only two other competitors were mentioned by third parties as being active in the high quality custom TPC segment. Based on the response of one of these competitors and publicly available information, the CMA considers that these suppliers are mainly specialised in the online sale of high quality custom TPCs.
54. Therefore, the CMA has assessed the impact of the Merger using a frame of reference for the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs separately in its competitive assessment.

#### *Manufacture and supply of custom TPCs for promotions/gifting and white label TPCs*

55. The remaining area of overlap between the Parties is in the manufacture and supply of TPCs for promotions/gifting, which the Parties described as another sub-segment within the broader 'custom/private label' segment. The CMA considered whether the frame of reference for the manufacture and supply of custom TPCs for promotions/gifting should be broadened to also include white label TPCs (which Fournier does not supply).
56. The CMA's view is that the product frame of reference can be left open, as the Merger does not give rise to a realistic prospect of an SLC on either basis, for the reasons set out in paragraph 71 below. The Parties submitted that the manufacture and supply of custom/private label TPCs is a highly competitive sector with a large number of players who will continue to be active following the Merger.<sup>26</sup> While the suppliers listed by the Parties did not respond to the CMA's merger investigation, as set out in paragraph 71 below, third party responses confirm that there are a large number of alternative suppliers of (non-high quality) custom/white label TPCs on a global basis.

#### *Conclusion on product scope*

57. For the reasons set out above, the CMA has considered the impact of the Merger in the following product frames of reference:

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<sup>26</sup> Merger Notice, 11 October 2019, paragraph 15.76

- the manufacture and supply of TPCs to casinos;
- the manufacture and supply of branded TPCs to retailers; and
- the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs.

## ***Geographic scope***

### *Parties' submissions*

58. The Parties submitted that the relevant geographic frame of reference was at least EEA-wide, if not global. In particular, the Parties submitted that, from a supply-side perspective, playing cards are lightweight and non-perishable. From a demand-side perspective, the Parties submitted that, whilst there may be cultural differences limiting the geographic frame of reference, the market is still likely to be at least EEA-wide, if not global.<sup>27</sup>
59. The Parties submitted that, on a cautious basis, the UK is the narrowest candidate geographic frame of reference, there being no regional factors within the UK affecting supply or demand.

### *Manufacture and supply of TPCs to casinos*

60. On the demand side, the Parties submitted that there are significant differences between UK casinos and casinos in the rest of the EEA because:
- (a) large UK casinos, particularly those in London, have specific preferences for pre-shuffled TPCs, as these casinos offer specific high-speed games such as baccarat, which require pre-shuffled TPCs. The Parties told the CMA that EEA casinos do not generally share these requirements;<sup>28</sup> and
  - (b) a larger proportion of casino sales outside of the UK are to online casinos. Online casinos typically do not operate high-speed games and, as there are no customers physically present at the casino, the physical quality of the TPCs used is less important.<sup>29</sup>
61. Most third party respondents active in the UK told the CMA that casinos have specific preferences compared to the EEA. In particular, these respondents pointed to requirements for plastic cards, and in some cases pre-shuffled

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<sup>27</sup> Merger Notice, 11 October 2019, paragraphs 13.7 – 13.8.

<sup>28</sup> Merger Notice, 11 October 2019, paragraphs 15.41 – 15.43 and 15.61.3.

<sup>29</sup> Merger Notice, 11 October 2019, paragraphs 15.41 – 15.43.

cards. One customer active in the UK did suggest that there is no reason why a strong supplier in Europe could not also be strong in the UK.

62. One competitor who is active only outside the UK suggested that pre-shuffled cards are useful for casinos in both the UK and the EEA.
63. On the supply side, there are differences in the competitors active in the EEA and the UK. From the set of EEA/UK competitors provided by the Parties to the CMA, [redacted] indicated that they are not active in the casino segment in the UK. [redacted].
64. Based on the evidence set out above, namely the specific demand-side preferences listed by those third parties who are active in the UK, which are supported by the fact that there are differences in the competitor set, the CMA considers that the relevant geographic frame of reference for the manufacture and supply of TPCs to casinos is UK-wide. However, the CMA has considered the extent to which non-UK suppliers may provide a constraint within the competitive assessment.

#### *Manufacture and supply of branded TPCs to retailers*

65. On the demand side, the CMA has found some evidence of country-specific preferences within the EEA. In particular, the Parties' internal documents indicate that [redacted].<sup>30</sup>
66. On the supply side, only some of the five EEA/UK competitors characterised as large and well-resourced in the Parties' submissions confirmed they are active in the UK ([redacted]). [redacted] indicated that they are not active in the supply of branded TPCs for retail sales in the UK.
67. Further, some of the parties supplying the EEA retail market raised concerns about the barriers to entry and expansion in the UK branded retail segment, as set out in paragraph 149 below.
68. Based on the evidence of different preferences across countries in the internal documents, and the differences in the competitor sets between the EEA and the UK set out above, the CMA considers the relevant geographic frame of reference for branded TPCs for retail sale is UK-wide, although the CMA has considered the competitive constraints from global competitors in the competitive assessment.

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<sup>30</sup> Annex 10.3 to the Merger Notice, [redacted].

*Manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs.*

69. The CMA received limited evidence from third parties in relation to this segment. However, third party responses indicated that at least the US and the UK form part of the relevant geographic frame of reference. The respondents to the CMA's merger investigation were not able to accurately separate out US sales or purchases from UK sales or purchases, as distribution was centralised in the US. The CMA's investigation also indicated that high quality custom TPCs are frequently sold online.
70. Given the inability of customers and competitors to distinguish between US and UK sales, on a cautious basis, the CMA has assessed the impact of the Merger on a UK and US geographic frame of reference. The geographic frame of reference may in fact be wider, and the CMA has taken the competitive constraints from other global competitors into account in the competitive assessment.

*Manufacture and supply of custom TPCs for promotions/gifting and white label TPCs*

71. The CMA considers that the geographic frame of reference for the manufacture and supply of custom TPCs for promotions/gifting, which may form part of a broader frame of reference for the manufacture and supply of non-high quality custom/private label TPCs, can be left open as there is no overlap between the Parties' activities in the UK. Fournier has not been active in custom TPCs for promotions/gifting, or white label TPCs, in the UK for at least the past three years. Third party input to the CMA's merger investigation indicated that there are a large number of alternative suppliers of non-high quality custom/private label TPCs on a global basis.
72. Custom TPCs for promotions/gifting and other white label TPCs are therefore not considered further in this Decision.

*Conclusion on geographic scope*

73. For the reasons set out above, the CMA has considered the impact of the Merger in the following geographic frames of reference:
- the UK in relation to the manufacture and supply of TPCs to casinos and the manufacture and supply of branded TPCs to retailers; and
  - the UK and US in relation to the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs.

## **Conclusion on frame of reference**

74. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- the manufacture and supply of TPCs to casinos in the UK;
  - the manufacture and supply of branded TPCs to retailers in the UK; and
  - the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US.

## **Competitive assessment**

75. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.<sup>31</sup> Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in the three frames of reference set out at paragraph 74 above.
76. In making the assessment, the CMA has considered – for each separate market:
- (a) shares of supply;
  - (b) closeness of competition between the Parties; and
  - (c) competitive constraints faced by the Parties.

### ***Horizontal unilateral effects in the manufacture and supply of TPCs to casinos in the UK***

#### *Shares of supply*

77. Table 2 below summarises the Parties' and the CMA's estimates of the shares of supply for this market.

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<sup>31</sup> [Merger Assessment Guidelines](#), from paragraph 5.4.1.



**Table 2: Manufacture and supply of TPCs to UK casinos - estimates (2018)**

	Share by value - Parties' estimate <sup>32</sup>	Value (£000s) - CMA estimate	Share by value - CMA estimate
Fournier	[60-70]%	[REDACTED]	[90-100]%
Cartamundi	[0-5]%	[REDACTED]	[0-5]%
Parties combined:	[60-70]%	[REDACTED]	[90-100]%
Angel	[5-10]%	[REDACTED]	[0-5]%
Piatnik	[5-10]%	[REDACTED]	[0-5]%
Trefl	[5-10]%	[REDACTED]	[0-5]%
Dal Negro	[0-5]%	[REDACTED]	[0-5]% <sup>33</sup>
Modiano	[0-5]%	[REDACTED]	[0-5]%
Unknown <sup>34</sup>	[10-20]%	[REDACTED]	[REDACTED]
Market size estimate:	100%	[REDACTED] <sup>35</sup>	100%

Source: Parties' submissions, competitors' sales data, and CMA calculations.

78. The Parties submitted that their shares of supply did not reveal any plausible basis for a finding of an SLC because the increment resulting from the Merger is negligible.<sup>36</sup> The Parties explained that these shares of supply estimates were based on Cartamundi's market experience and a range of assumptions. However, the Parties did not provide sufficient evidence in support of their underlying assumptions and calculations.<sup>37</sup>
79. The Parties submitted that larger casinos tended to procure TPCs through a competitive tender process around every one to two years, meaning that static shares of supply understate the competitive constraints the Parties face from suppliers who may win contracts in the future. However, subsequent sales data submitted by the Parties indicated that [REDACTED].
80. The CMA produced its own share of supply estimates using revenue data from the Parties' competitors, where available. Given that the Parties did not provide sufficient evidence to support the assumptions they had relied on, and the data gathered by the CMA was confirmed with market participants, the CMA has relied on its own estimates rather than those produced by the Parties.

<sup>32</sup> The Parties' previous estimates including Cartamundi's sales of barcode/RFID-enabled TPCs were fairly similar to the estimates excluding these sales: [60-70]% combined share by value, with an increment of [0-5]%.  
<sup>33</sup> [REDACTED].

<sup>34</sup> The Parties provided estimated shares of supply for competitors that (together with the Parties) accounted for [80 – 90]% of the market (based on their estimated market size), indicating that the Parties were not able to identify competitors serving the remaining [10-20]% of the Parties' estimated market.

<sup>35</sup> The Parties' estimates of the size of this market were materially larger than the CMA's estimates. However, even using the Parties' estimates, the *de minimis* exception could still be applied. See paragraph 173 below.

<sup>36</sup> Merger Notice, 11 October 2019, paragraph 15.32.

<sup>37</sup> Merger Notice, 11 October 2019, paragraphs 14.5 – 14.12.

81. The CMA's market investigation found that a number of competitors identified by the Parties are not active in the UK. These include:
- (a) Certain European competitors who indicated that they are not active in the casino segment in the UK (see paragraph 63); and
  - (b) a wide range of Asian manufacturers included by the Parties in their estimates of market size and shares of supply. None of these manufacturers responded to the CMA's merger investigation, and no third party customers or competitors mentioned these manufacturers as an alternative supplier. Therefore, the CMA received no evidence supporting the Parties' submission that Asian manufacturers impose a constraint on manufacturers serving UK customers in this market.
82. The CMA's estimates indicate that the Parties have a very high combined share of supply, which gives rise to *prima facie* competition concerns. While the Merger will bring about a relatively limited increment in share of [0-5%], and other competitors will remain post-Merger with similar shares of supply to Cartamundi's pre-Merger share, the CMA believes that even a limited degree of increment raises *prima facie* competition concerns given Fournier's very high share of supply at present.
83. In addition to shares of supply, the CMA has also considered a range of other evidence to assess closeness of competition between the Parties and the constraint imposed on the Parties by their rivals.

### *Closeness of competition*

#### *Parties' submissions*

84. The Parties submitted that they are not close competitors in the supply of TPCs to casinos in the UK, because:
- (a) Cartamundi [redacted] competes indirectly for customers through a third party distributor, whereas Fournier actively competes for direct business;
  - (b) Cartamundi does not focus on the casino business. After 2007, when it lost a casino tender, [redacted]. The casino segment is the primary focus of Fournier's business, particularly in the UK;
  - (c) Cartamundi does not supply the pre-shuffled TPCs required by large casinos in the UK. Fournier supplies both fixed and pre-shuffled decks, as does its closest competitors;
  - (d) Cartamundi is [redacted]; and

- (e) Cartamundi's third party distributor typically competes for smaller casino contracts.<sup>38</sup>

#### *Internal documents*

85. The Parties' internal documents list [REDACTED].<sup>39</sup>
86. On the other hand, the Parties' internal documents also support the fact that [REDACTED].<sup>40</sup>

#### *Third party views*

87. Most third party responses to the CMA's merger investigation indicated that Fournier is the strongest supplier in this market and Cartamundi is one of the few remaining alternatives available to UK casinos. Most customers in the UK identified Cartamundi as an alternative supplier, and many respondents specifically stated that UK casinos would most likely switch to Cartamundi TPCs if Fournier TPCs were unavailable.
88. Only two customers which responded to the CMA's merger investigation did not mention Cartamundi as an alternative to Fournier. One stated that, if Fournier's cards were no longer available, it would have to review suppliers on quality and cost and the other told the CMA that it would consider procuring from Matsui and GPI (recently acquired by Angel). No other third parties (nor the Parties) mentioned Matsui as a competitor.
89. Further, the third party evidence set out in paragraph 61 above indicates that, in fact, plastic TPCs are more important to compete in this market, and both Cartamundi and Fournier supply plastic TPCs to UK casinos.<sup>41</sup>

#### *Conclusion on closeness of competition*

90. Based on the third party responses, the Parties' market position as reflected in their shares of supply, and the importance of plastic cards, the CMA considers that Fournier is the leading player in this market, and that Cartamundi is one of the closest alternatives to Fournier.

#### *Competitive constraints*

91. Unilateral effects are more likely where customers have little choice of alternative supplier. The CMA has assessed whether there are alternative

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<sup>38</sup> Merger Notice, 11 October 2019, paragraph 15.61.

<sup>39</sup> Annex 10.3 to the Merger Notice, [REDACTED].

<sup>40</sup> Annex 15.8 to the Merger Notice, [REDACTED].

<sup>41</sup> Merger Notice, 11 October 2019, paragraph 3.11.2 and table 15.7.

suppliers which would provide a competitive constraint on the merged entity and has considered the Parties' submissions, internal documents and third party views.

#### *Parties' submissions*

92. The Parties submitted that this market is highly competitive, with a large number of global players who will continue to be active following the Merger. The Parties stated that procurement typically takes place via competitive tenders, ensuring that incumbent suppliers must offer competitive terms in order to maintain contracts, and resulting in switching taking place on a regular basis.<sup>42</sup>
93. The Parties identified five competitors active in Europe that it submitted were large, well-resourced and could readily supply to UK customers, noting that these competitors currently compete more closely with Fournier than Cartamundi. The Parties also identified further EEA/UK competitors to the CMA.<sup>43</sup>

#### *Internal documents*

94. As set out in paragraph 85 above, the Parties' internal documents list [REDACTED]. This document also lists [REDACTED]. However, the document further indicates that [REDACTED].<sup>44</sup>

#### *Third party views*

95. As mentioned above in paragraph 63, from the set of EEA/UK competitors listed by the Parties, [REDACTED] competitors indicated that they are not active in the casino segment in the UK, and [REDACTED].
96. As set out above in paragraph 87, customer responses also indicated that the constraints from alternative suppliers were weak, with limited suppliers available. One customer raised concerns about consolidation as a result of the Merger, as it considered it could reduce its of choice of suppliers.

#### *Conclusion on competitive constraints*

97. Based on the internal documents indicating that certain alternative suppliers are unlikely to be active in this market and the limited number of competing

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<sup>42</sup> Merger Notice, 11 October 2019, paragraphs 15.37 – 15.38.

<sup>43</sup> Merger Notice, 11 October 2019, paragraph 15.37.

<sup>44</sup> Annex 10.3 to the Merger Notice, [REDACTED].

suppliers identified during the market investigation, the CMA therefore considers that there are limited alternative suppliers in this market.

**Conclusion on horizontal unilateral effects in the manufacture and supply of TPCs to casinos in the UK**

98. For the reasons set out above, the CMA believes that the Parties' shares of supply are very high, that Cartamundi is one of the closest alternatives to Fournier, and that there are limited alternative suppliers in this market. Accordingly, the CMA found that the Merger raises significant competition concerns as a result of horizontal unilateral effects in relation to the manufacture and supply of TPCs to casinos in the UK.

**Horizontal unilateral effects in the manufacture and supply of branded TPCs to retailers in the UK**

*Shares of supply*

99. Table 3 below summarises the Parties' and the CMA's estimates of the shares of supply for this market. As set out in paragraphs 42 to 49 above, white label TPCs are not included.

**Table 3: Manufacture and supply of branded TPCs to UK retailers - estimates (2018)**

	Share by value - Parties' estimate <sup>45</sup>	Value (£000s) - CMA estimate	Share by value - CMA estimate
Fournier	[5-10]%	[ <del>£</del> ]	[10-20]%
Cartamundi	[5-10]%	[ <del>£</del> ]	[10-20]%
Parties combined:	[10-20]%	[ <del>£</del> ]	[30-40]%
Asian manufacturers <sup>46</sup>	[70-80]%	0	0%
Winning Moves	[5-10]% – [10-20]%	[ <del>£</del> ]	[50-60]%
Piatnik	[5-10]%	[ <del>£</del> ]	[10-20]% <sup>47</sup>
Market size estimate:	100	[ <del>£</del> ] <sup>48</sup>	100%

Source: Parties' submissions, competitors' sales data, and CMA calculations.

<sup>45</sup> The Parties' previous estimates including Cartamundi's sales of white label TPCs were fairly similar to the estimates excluding these sales: [5-10]% combined share by value, with an increment of [0-5]%.<sup>i</sup>

<sup>46</sup> The Parties submitted that they were not able to disaggregate these sales.

<sup>47</sup> [~~£~~].

<sup>48</sup> The Parties' estimates of the size of this market were materially larger than the CMA's estimates. However, even using the Parties' estimates, the *de minimis* exception could still be applied. See paragraph 173 below.

<sup>i</sup> This figure was incorrect. The Parties' combined share by value was [5-10%].

100. The Parties submitted that their shares of supply were far below any level which would give rise to a plausible basis for an SLC finding in this market.<sup>49</sup>
101. The Parties explained that their shares of supply estimates were based on Cartamundi's market experience and a range of assumptions. However, the Parties did not provide sufficient evidence in support of such underlying assumptions and calculations.<sup>50</sup>
102. The CMA produced its own share of supply estimates using revenue data from the Parties' competitors, where available. Given that the Parties did not provide sufficient evidence to support the assumptions they had relied on, and that the data gathered by the CMA was confirmed with market participants, the CMA has relied on its own estimates rather than those produced by the Parties.
103. The CMA's market investigation found that a wide range of Asian manufacturers included by the Parties in their estimates of market size and shares of supply are not active in the UK.
104. Based on third party responses, the CMA considers that the Parties' shares of supply are relatively high. The Parties are the second and third largest suppliers in the market, with only a fourth competitor materially active in the market.
105. In addition to shares of supply, the CMA has also considered a range of other evidence to assess closeness of competition between the Parties and the constraint imposed on the Parties by their rivals.

### *Closeness of competition*

#### *Parties' submissions*

106. The Parties submitted that they are not close competitors in the supply of branded TPCs to retailers as:
  - (a) Cartamundi focusses on retail sales, whereas Fournier/USPCC focuses on the casino segment. The Parties' portfolios are complementary;
  - (b) there is limited overlap in the retail channels utilised by the Parties. Whilst both Parties will sell through major online channels, in respect to bricks and

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<sup>49</sup> Merger Notice, 11 October 2019, paragraph 15.4.

<sup>50</sup> Merger Notice, 11 October 2019, paragraphs 14.5 – 14.12.

mortar channels, Cartamundi's TPCs are typically sold in 'mass market' stores and Fournier TPCs are more typically found in specialist shops; and

- (c) the Parties noted they cannot rule out that there will be some customer overlap, for instance on major online channels such as Amazon. The Parties submitted that, however, Amazon sells a broad range of TPCs and does not face the same stock constraints as traditional bricks and mortar retailers. The Parties submitted that such customer overlap supports the view that the Parties' brands are complementary, rather than competitors.<sup>51</sup>
107. The CMA considers that the fact that Fournier may be more focused on casinos does not preclude Fournier from being a close competitor to Cartamundi in this market. Similarly, the fact that Cartamundi has a greater focus on mass market retail channels does not preclude Cartamundi from being a close competitor to Fournier in the specialised retail channel. In fact, a specialised retailer told the CMA that it purchases from both Fournier and Cartamundi.
108. The Parties also submitted that Fournier's cards are manufactured from in-house card stock, resulting in superior quality, more expensive TPCs compared with Cartamundi's products.<sup>52</sup> The Parties added that, other than Fournier, most manufacturers of TPCs for sale in Europe, including Cartamundi, source materials from a limited number of third party manufacturers of card stock, and there is very little (if any) difference in the physical quality of TPCs produced by manufacturers using generally available stock.<sup>53</sup>
109. The Parties further submitted that the main difference between Cartamundi's TPCs and those of other TPC manufacturers (other than Fournier) is in the artwork used, which Cartamundi believed to be the most significant factor in driving consumers' decision to purchase Cartamundi's products.<sup>54</sup>
110. The CMA considers that, while the above submission from the Parties indicated that in-house card stock may be an element of differentiation for Fournier, this does not preclude Cartamundi from being one of Fournier's closest competitors among the remaining alternatives. A review of the evidence from third parties regarding closeness of competition is set out below.

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<sup>51</sup> Merger Notice, 11 October 2019, paragraph 15.11.

<sup>52</sup> Merger Notice, 11 October 2019, paragraph 15.11.

<sup>53</sup> Merger Notice, 11 October 2019, paragraphs 15.14 – 15.15.

<sup>54</sup> Merger Notice, 11 October 2019, paragraphs 15.16 – 15.17.

### *Third party views*

111. Most respondents to the CMA's investigation did not (or were unable to) provide views on the closeness of competition between the Parties. The responses received by the CMA regarding closeness of competition indicated that Winning Moves is Cartamundi's closest competitor, but that Cartamundi is one of Fournier's closest competitors.
112. Some customers indicated that they purchase branded TPCs from Cartamundi and Winning Moves only and were not aware of other suppliers. One competitor response also suggested that customers might be expected to switch between Cartamundi and Winning Moves.
113. Another customer indicated that it purchased branded TPCs from Cartamundi, Fournier and Piatnik, with the average price of Cartamundi and Fournier's TPCs (£[redacted]) per deck and £[redacted] per deck, respectively) being much more similar than the average price of Piatnik's TPCs (£[redacted] per deck).<sup>55</sup> This customer purchased the same types of poker cards from both Cartamundi and Fournier. The input from this customer suggested that Cartamundi and Fournier may be close competitors.

### *Conclusion on closeness of competition*

114. The evidence on closeness of competition was mixed. With respect to Cartamundi, third parties' views suggested that Winning Moves was its closest competitor. With respect to Fournier, the evidence suggested that Cartamundi was one of its closest competitors. This was because the Parties' product offerings were similar in terms of types of TPCs and average price per deck. In light of the above, the CMA considers that the Parties' are important constraints on each other, and Cartamundi in particular is one of Fournier's main competitive constraints.

### *Competitive constraints*

115. The CMA has assessed whether there are alternative suppliers which would provide a competitive constraint on the merged entity. The CMA has considered the Parties' submissions and third party views.<sup>56</sup>

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<sup>55</sup> CMA estimates, using purchase values and number of decks purchased by [redacted].

<sup>56</sup> The CMA found no internal documents relevant to closeness of competition or competitive constraints in this market.



### *Parties' submissions*

116. The Parties submitted that the merged entity will remain subject to constraints from a significant number of competitors who provide viable switching options to the Parties' customers, should the Parties seek to increase prices, so as to render any attempted price increase unprofitable.<sup>57</sup>

### *Third party views*

117. Most of the Cartamundi customers that responded to the CMA's investigation identified Winning Moves as the main alternative supplier to Cartamundi. Some of the Fournier customers that responded to the CMA's investigation identified Piatnik and Cartamundi as alternatives; none identified Winning Moves.
118. Only one customer ([REDACTED]) mentioned other suppliers of branded TPCs as alternatives to the Parties' TPCs. However, the Parties' brands and Piatnik (including its distributor, Gibsons) accounted for [60-70%] of this customer's sales. The CMA investigated the range of alternatives listed that accounted for the remaining purchases and found that the majority were distributors as opposed to manufacturers, although in some cases it was not clear from the available information. While the CMA cannot rule out that some of this customer's purchases might correspond to alternative manufacturers other than those mentioned at paragraph 117 above (either directly or through distributors), given that no other third party has mentioned other alternative manufacturers, the CMA considers that such manufacturers would likely be relatively small and exert a weaker constraint on the Parties.
119. The CMA also considered whether Asian manufacturers of TPCs, suppliers of other game cards, and white label TPCs also exert a competitive constraint on the Parties. While the CMA cannot rule out the existence of some out-of-market constraints from Asian manufacturers, no third party confirmed having purchased TPCs from such manufacturers, nor mentioned them as a possible alternative. In respect of game cards, none of the customers who responded to the CMA's investigation indicated other types of game cards were alternatives to the Parties' branded TPCs. In respect of white label TPCs, third party responses indicated very few customers considered white label TPCs as an alternative to the Parties' branded TPCs. Accordingly, the CMA considers that Asian manufacturers, game cards and white label TPCs provide only a weak out-of-market constraint.

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<sup>57</sup> Merger Notice, 11 October 2019, paragraph 15.28.

### *Conclusion on competitive constraints*

120. Based on the limited number of competing suppliers identified during the market investigation, the CMA therefore believes that there are limited alternative suppliers in this market.

### *Conclusion on horizontal unilateral effects in the manufacture and supply of branded TPCs to retailers in the UK*

121. For the reasons set out above, the CMA believes that the Parties' shares of supply are relatively high, second only to Winning Moves. The CMA also believes that, although the evidence is mixed as to whether the Parties are each other's closest competitor, the Parties are important constraints on each other, and Cartamundi in particular is one of Fournier's main competitive constraints. The CMA further believes that there are limited alternative suppliers in this market. Accordingly, the CMA found that the Merger raises significant competition concerns as a result of horizontal unilateral effects in relation to the manufacture and supply of branded TPCs to retailers in the UK.

### ***Horizontal unilateral effects in the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US***

#### *Shares of supply*

122. This relevant market includes the US and UK. However, the Parties only provided UK revenues and estimates of shares of supply for the segment they defined as 'custom/private label TPCs for magicians'. Third parties did not provide any revenues or estimates of shares of supply. Therefore, the CMA was not able to produce its own estimates of shares of supply.
123. Table 4 below summarises the Parties' estimates of the shares of supply for the UK market only within this market, set out below.

***Table 4: Manufacture and supply of high-quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK – Parties' sales and share of supply estimates (2018)***

	Sales – Parties' data and estimates (£'000s)	Share by value – Parties' estimate
Fournier	[X]	[0-5]%
Cartamundi	[X]	[0-5]%
Parties combined:	[X]	[0-5]%
MPC (QP group)	[X]	[20-30]%

Expert Playing Cards <sup>ii</sup>	[REDACTED]	[5-10]%
Bombmagic (Taiwan)	[REDACTED]	[5-10]%
Hanson Chien	[REDACTED]	[5-10]%
Legends Playing Cards	[REDACTED]	[5-10]%
Noir Arts Playing Cards	[REDACTED]	[5-10]%
GPI/Gemaco <sup>58</sup>	[REDACTED]	[5-10]%
Various Asian manufacturers	[REDACTED]	[10-20]%
Unknown	[REDACTED]	[20-30]%
Market size estimate:	£[REDACTED]	100%

Source: Merger Notice, 11 October 2019, Table 14.24.

124. The Parties submitted estimates of shares of supply by value for the UK sub-segment they defined as ‘custom/private label TPCs for magicians’ in the UK. The Parties explained that their estimates of the market size in the UK were based on a range of assumptions about the number of magicians and cardists in the UK and their average usage of TPCs.<sup>59</sup>
125. The Parties acknowledged that they could not exclude the possibility that magicians and cardists may source some of their TPCs by purchasing retail decks directly from retailers, but stated it was not possible to deduct any potential retail level purchases from the overall retail segment.<sup>60</sup> As set out in paragraph 51, the CMA found that the relevant customers in this market are not only magicians and cardists, but also card collectors and card enthusiasts who have a preference for very high quality TPCs with special designs sold online in small quantities, as well as small designers and online entrepreneurs who target such end customers.
126. The CMA considers that the relevant product market is the supply of high quality custom TPCs to a number of different customers, which does not include retail sales of non-customised TPCs to magicians (as these are no different from other retail sales of TPCs). The CMA therefore considers that the Parties’ methodology, based on the number of magicians in the UK, is not appropriate for this market.
127. Given the very small size of the Parties’ sales in the UK part of this market (£[REDACTED]k combined), and third party views that the Parties are the leaders in the supply of high quality custom cards globally (so that competitors’ sales are likely to be even smaller), the CMA considers that the size of the UK segment

<sup>58</sup> Recently acquired by Angel.

<sup>59</sup> Merger Notice, 11 October 2019, paragraphs 14.5 – 14.12.

<sup>60</sup> Merger Notice, 11 October 2019, paragraph 14.27.6.

<sup>ii</sup> The references to ‘Expert Playing Cards’ should be to ‘Expert Playing Card Co’.

of this market is likely to be significantly smaller than [£0-1m],<sup>61</sup> and that the Parties' combined shares of supply in the UK segment of the market may be very high.

128. Third party views indicate that the Parties are the largest suppliers both in the UK and the US, and potentially globally (see paragraph 134) indicating that the Parties' shares of supply may be high across the market.
129. On the other hand, if, contrary to the limited evidence the CMA has received, there are other competitors in this market, the Parties' combined share of supply would be smaller, and this factor may point against a finding of a realistic prospect of an SLC.
130. In addition to shares of supply, the CMA has also considered a range of other evidence to assess closeness of competition between the Parties and the constraint imposed on the Parties by their rivals.

### *Closeness of competition*

#### *Parties' submissions*

131. The Parties submitted that they were not close competitors in the broader UK segment they defined as 'custom/private label TPCs', as Cartamundi has a greater focus on the 'white label TPCs' and 'promotional/gifting TPC' sub-segments, while Fournier has a greater focus on the 'magicians' TPC sub-segment.<sup>62</sup>
132. However, with regards to the 'magicians' sub-segment in particular, the Parties submitted that they are aware of having competed for customers in the previous three years at the UK and EEA-level.
133. The CMA notes that Cartamundi having a greater focus on custom/private label TPCs for promotions/ gifting does not preclude Cartamundi from being a close competitor to Fournier in the supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US.

#### *Third party views*

134. The third parties who responded to the CMA's merger investigation indicated that the Parties were the main competitors in the high quality custom TPC

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<sup>61</sup> Taking a cautious approach, for the purpose of applying the *de minimis* exception, the CMA used a market size of [£0-1m] for the UK segment of the market. Even using the Parties' estimates, the *de minimis* exception could still be applied. See paragraph 173 below.

<sup>62</sup> Merger Notice, 11 October 2019, paragraph 15.81.

segment on a global basis. These third parties indicated that customers would switch to one of the Parties' TPCs if the other Parties' TPCs were no longer available.

#### *Conclusion on closeness of competition*

135. On the limited evidence available to the CMA indicating that the Parties are the main competitors in this market, and that customers would switch between the Parties, the CMA considers that the Parties may be close competitors in this market.

#### *Competitive constraints*

136. The CMA has assessed whether there are alternative suppliers which would provide a competitive constraint on the merged entity. The CMA has considered the Parties' submissions and third party views.<sup>63</sup>

#### *Parties' submissions*

137. The Parties submitted that there is a wide range of competitors, including Asian manufacturers, that are active across the broader custom/private label segment at the full range of price, quality and customer types. As a result, the Parties submitted that a broad range of competitors will continue to constrain the Parties post-Merger in all sub-segments within the custom/private label segment, including this market.<sup>64</sup>

#### *Third party views*

138. The third parties who responded to the CMA's merger investigation indicated that there were a limited number of alternative suppliers in this market. They identified only Expert Playing Cards and Legends Playing Cards, smaller manufacturers, as alternatives to the parties. These third parties explained that other global manufacturers were not viable alternatives as they do not meet the production process or quality requirements of many of the relevant customers.
139. One respondent also expressed concerns about the scale of the merged entity compared to the only existing alternatives to the Parties, as the merged entity could easily 'price out' such alternative suppliers. The CMA considers that any increased economies of scale would have an ambiguous effect on competition. On one hand, it may act as an efficiency reducing the firm's

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<sup>63</sup> The CMA found no internal documents relevant to closeness of competition or competitive constraints in this market.

<sup>64</sup> Merger Notice, 11 October 2019, paragraphs 15.76 – 15.77.

variable costs and inducing it compete more aggressively. On the other hand, it could make the market less attractive to potential entrants, reducing the likelihood of entry and expansion, as set out in paragraph 150. The Parties have not made any submissions as regards the likelihood of timely efficiencies arising as a result of the merger, and therefore we have not discussed the scope for rivalry-enhancing efficiencies in this decision.

#### *Conclusion on competitive constraints*

140. Based on the evidence of the limited number and size of the alternative competitors set out above, the CMA considers that the constraints from other competitors are weak relative to the competitive constraint the Parties exert on each other. However, given the limited nature of the available evidence, the CMA cannot rule out that there may be other existing competitors in this market.

#### *Conclusion on horizontal unilateral effects in the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US*

141. The CMA believes that the Parties may have high combined shares of supply in this market. The CMA also considers that the Parties may be close competitors, and the constraints from other competitors may be weak relative to the constraint the Parties exert on each other. However, given the limited available information available to the CMA, it cannot exclude the possibility of other potential competitors in this market, which could affect the Parties' combined share of supply and the existing competitive constraints on the Parties.

142. Accordingly, the CMA cannot rule out that it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in relation to the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US.

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

143. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA

considers whether such entry or expansion would be timely, likely and sufficient.<sup>65</sup>

### *Parties' submissions*

144. The Parties submitted that the barriers to entry in the manufacture and supply of TPCs are very low as:

- (a) the capital costs of entering this market have decreased significantly in the recent years, and the printing equipment, know-how and raw materials required are widely available and affordable;
- (b) the printing equipment, know-how and raw materials can be used for a wide range of purposes, allowing manufacturers active in related activities (such as other types of game cards and board games) to start producing TPCs relatively easily;
- (c) there are no regulatory or licensing barriers to new entrants, including in the casino segment, although large casino chains typically have a quality pre-approval and certification process to ensure manufacturers are able to meet their high quality requirements; and
- (d) customers across all segments can and do regularly switch suppliers, and the lead time for switching is short.<sup>66</sup>

145. The Parties further submitted that the following evidence supports low barriers to entry and expansion, submitting that:

- (a) the retail price point of TPCs has remained consistent for the past 20 years or so despite inflation, in large part as a product of real threat of entry in the event of a price increase; and
- (b) decreasing capital costs have led to the entry of a number of low-cost competitors, particularly from China.<sup>67</sup>

146. The CMA considers that the relevant question with regard to barriers to entry is how the investment costs compare to the profits new entrants can earn in the short run, as opposed to the size of the investment costs in isolation. From the Parties' submission, it is unclear to the CMA that the cost of entry is sufficiently low compared to the size of the relevant markets (of which a new

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<sup>65</sup> [Merger Assessment Guidelines](#), from paragraph 5.8.1.

<sup>66</sup> Merger Notice, 11 October 2019, paragraphs 21.1 – 21.5 and 21.7.

<sup>67</sup> Merger Notice, 11 October 2019, paragraph 21.6 and 21.8.

entrant would earn only a share) so as to mean that entry and expansion would be timely and likely.

147. The CMA notes that the Parties did not submit any evidence or calculations underlying the statement in paragraph 145(a) above. Furthermore, even if the statement was well-founded, it would not necessarily be proof of low barriers to entry and expansion. In fact, it could be a result of a range of factors, including the competitive constraint that the Parties currently exert on each other, which would be eliminated after the Merger.
148. As described in paragraphs 81(b) and 103 above, that the CMA did not receive any evidence supporting the Parties' submission that a number of low-cost competitors from Asia have entered the relevant frames of reference.

### *Third party views*

#### *Casinos and branded TPCs for retailers*

149. Some third parties raised concerns about the barriers to entry and expansion in the UK casino segment and the branded retail segment, particularly with regards to economies of scale and the lack of switching by customers. Several competitors active outside or within the UK noted that it is difficult for new suppliers to enter the UK or pointed to the Parties' ownership of a large proportion of the manufacturing facilities in Europe.

#### *High quality custom TPCs*

150. A respondent to the CMA's investigation told the CMA that the difficulty in producing high quality cards makes new entry unlikely. The respondent was also concerned that, given its scale, the merged entity could easily price smaller alternative suppliers out of the market. The CMA considers that this concern is relevant to barriers to entry and expansion as, to the extent economies of scale exist in this industry, profitable entry and expansion could be difficult as new entrants would not be able to compete at the merged entity's prices without winning significant share in the short run.

### *CMA's views on entry and expansion*

151. For the reasons set out above, in particular competitors' concerns around UK customers' low willingness to switch, the lack of recent entry and expansion in the relevant frames of reference, as well as the additional potential barriers created by the merged entity's economies of scale and scope, the CMA believes that entry or expansion would not be sufficiently likely and timely to prevent a realistic prospect of an SLC as a result of the Merger.



## ***Countervailing buyer power***

### *Parties' submissions*

152. The Parties submitted that a number of their customers in the retail segment are large, well-resourced retail chains holding significant buyer power in negotiations as TPC manufacturers need to be present in a large number of stores to maximise their ability to capture purchases from impulse shoppers. The Parties also submitted that retailers have a broad range of manufacturers from whom they can purchase TPCs and will therefore expect the Parties to be very competitive on pricing in order to win contracts, and that this will not change as a result of the Merger given the large number of competitors that will remain.<sup>68</sup>
153. The Parties submitted that in the casino segment, casinos exert significant buyer power over the Parties as they are typically large, well-resourced global groups. The Parties also submitted that casino customers have exacting quality requirements and use tenders to create competitive tension and to drive down prices, and that contracts are limited to one to two years in length which affords casinos frequent opportunities to switch.<sup>69</sup>

### *CMA's views*

154. The CMA notes that even where the market is characterised by customers who are larger than the suppliers, it does not necessarily follow that there will be countervailing buyer power. The CMA will assess whether and to what extent the merger is likely to reduce the customer's ability and incentive to easily switch its demand away from the supplier, or where it can otherwise constrain the behaviour of the supplier.<sup>70</sup>
155. The CMA's findings show that there are very few alternative suppliers within the branded retail or casino TPCs markets to whom customers can switch. The Merger further reduces the number of already-limited available suppliers in each of these frames of reference.
156. Accordingly, the CMA does not consider that there is sufficient countervailing buyer power in these frames of reference to prevent a realistic prospect of an SLC as a result of the Merger.

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<sup>68</sup> Merger Notice, 11 October 2019, paragraph 23.1.

<sup>69</sup> Merger Notice, 11 October 2019, paragraph 23.2.

<sup>70</sup> [Merger Assessment Guidelines](#), paragraphs 5.9.2 – 5.9.4

## **Third party views**

157. The CMA contacted customers and competitors of the Parties. One customer in the casino TPC frame of reference raised concerns regarding the Merger reducing their choice of suppliers. No customers in the branded retail frame of reference raised concerns, although some of these customers indicated that the reason they did not have concerns was because TPCs were only a minor part of their retail offering. No customers in the high quality custom TPC frame of reference raised concerns.
158. On the other hand, some manufacturers contacted by the CMA raised concerns regarding the Parties' significant market position (described by some as 'dominant') and the markets becoming more concentrated. However, only one of these manufacturers was active in the relevant frames of reference, as the other manufacturers were active outside the UK only.
159. Third party comments have been taken into account where appropriate in the competitive assessment above.

## **Conclusion on substantial lessening of competition**

160. Based on the evidence set out above, the CMA believes that it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in relation to:

- the manufacture and supply of TPCs to casinos in the UK; and
- the manufacture and supply of branded TPCs to retailers in the UK.

161. Based on the evidence set out above, the CMA cannot rule out that it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in relation to:

- the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US.

162. However, it has not been necessary for the CMA to reach a definitive conclusion on this point because the CMA has, for the reasons set out below, exercised its discretion to apply the markets of insufficient importance exception to the duty to refer under section 33(2)(a) of the Act.

## **Exceptions to the duty to refer**

163. Where the CMA's duty to refer is engaged, the CMA may, pursuant to section 33(2)(a) of the Act, decide not to refer the merger under investigation for a

Phase 2 investigation on the basis that the market(s) concerned is/are not of sufficient importance to justify the making of a reference (the ***de minimis* exception**). As set out above, the CMA believes that its duty to refer is engaged in relation to the manufacture and supply of TPCs to casinos in the UK and the manufacture and supply of branded TPCs to retailers in the UK. The CMA cannot rule out that its duty to refer in this case is met in respect of the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US. The CMA has considered below whether it is appropriate to apply the *de minimis* exception to the present case in relation to all three of the markets identified in paragraph 160 and 161 above (the **markets (potentially) concerned**, hereafter referred to as the **markets concerned**).

164. The Parties stated that they were willing to waive their procedural rights to a full investigation, including the receipt of an Issues Letter and an Issues Meeting, in the event that the CMA found that its duty to refer might be met but that it would exercise its discretion not to refer given the markets concerned were of insufficient importance. This statement was provided without prejudice to the Parties' views on whether the duty to refer was met. Given that, on the basis of the factors below, the CMA decided to apply this discretion, it did not send an Issues Letter to the Parties and no Issues Meeting was held.

### ***Markets of insufficient importance***

165. In considering whether to apply the *de minimis* exception, the CMA will consider, in broad terms, whether the costs involved in a reference would be disproportionate to the size of the market(s) concerned, taking into account also the likelihood that harm will arise, the magnitude of competition potentially lost and the duration of such effects.<sup>71</sup>

#### *'In principle' availability of undertakings in lieu*

166. The CMA's general policy, regardless of the size of the affected market, is not to apply the *de minimis* exception where clear-cut undertakings in lieu (**UIL**) of a reference could, in principle, be offered by the Parties to resolve the concerns identified.<sup>72</sup>
167. In most cases, a clear-cut UIL will involve a structural divestment. The CMA will not consider UILs to be in principle available where the minimum structural divestment that would be required to ensure the remedy was

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<sup>71</sup> [Mergers: Exceptions to the duty to refer](#) (CMA64), 13 December 2018

<sup>72</sup> [Mergers: Exceptions to the duty to refer](#), paragraph 28.

effective would be wholly disproportionate in relation to the concerns identified.<sup>73</sup>

168. The CMA considered whether a clear-cut UIL would be available in this case. Neither of the Parties manufactures TPCs in the UK and the Parties' internal documents indicate that the rationale for the Merger is focussed on the US and other geographic locations outside of the UK.<sup>74</sup>
169. Fournier supplies the markets concerned from its manufacturing facilities in the US and Spain. The concerns identified could be addressed by divestment of these facilities. However, the CMA notes that these locations represent all of Fournier's manufacturing facilities, and that only a very small proportion of sales from these facilities are attributable to the markets concerned.
170. Cartamundi supplies the markets concerned from its manufacturing facilities in [REDACTED]. The concerns identified could also be addressed by divestment of these facilities. However, the CMA notes that only a very small proportion of sales from these facilities are attributable to the markets concerned. To remedy any concerns identified in the markets concerned, the Parties would therefore have to divest substantial assets which supply only a very small proportion of their output in the markets concerned.
171. For the purposes of considering whether clear-cut UILs are available in principle, the CMA therefore believes that the divestments necessary to remedy its concerns would be wholly disproportionate to the concerns identified.<sup>75</sup> Accordingly, the CMA does not consider that an 'in principle' clear-cut UIL is available in this case.

### *Relevant factors*

172. The CMA will consider the likely level of consumer harm by reference to a number of factors when deciding whether or not to apply the *de minimis* exception: the size of the market, the strength of the CMA's concerns that harm will occur as a result of the merger, the magnitude of competition that

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<sup>73</sup> [Mergers: Exceptions to the duty to refer](#), paragraph 33.

<sup>74</sup> As set out in paragraph 20 above, approximately [REDACTED]% of Fournier and USPPC's total sales are made in the US, and [REDACTED] (Annex 2.1 to the Merger Notice, 'Executed Transaction Documents', 'Stock Purchase Agreement', 4 June 2019, section 1.2). The Parties' rationale for the Merger was that Cartamundi wished to expand its offerings in complementary geographic and customer segments by acquiring Fournier, and that Fournier's focus on the North and South American, Asian and Spanish markets complements Cartamundi's position in Europe, and that Fournier is focussed on the casino segment, where Cartamundi has a very limited presence (Annex 8.1 to the Merger Notice, 'Transaction Press Release', 4 June 2019). This is supported by [REDACTED] (eg Annex 9.1 to the Merger Notice, [REDACTED]).

<sup>75</sup> For clarity, this does not mean that it would be disproportionate to accept such undertakings in lieu if offered by parties subsequent to a phase 1 decision showing that the duty to refer arises. See further [Mergers: Exception to the duty to refer](#), paragraph 33.

would be lost by the merger, and the likely durability of the merger's impact.<sup>76</sup> The CMA will also consider the wider implications of a *de minimis* decision.<sup>77</sup> Each of these factors is considered below.

### Market size

173. Based on the data provided by the Parties and third parties, the CMA estimated the following market sizes for the markets concerned in the UK:

Markets concerned	CMA's estimate of market sizes (£)
Manufacture and supply of TPCs to casinos	c. [£1-2] million <sup>78</sup>
Manufacture and supply of branded TPCs to retailers	c. [£1-2] million <sup>79</sup>
Manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs	c. [£0-1] million <sup>80</sup>

174. The CMA therefore estimates that the total size in aggregate of all the markets concerned in the UK is approximately [£3-4 million].<sup>81</sup>
175. The fact that the size of the market is below £5 million is a strong factor in favour of applying the *de minimis* exception. The CMA would expect to refer a merger where the value of the market(s) concerned was less than £5 million only exceptionally, and where the direct impact of the merger in terms of customer harm was particularly significant and/or where the merger is one of a potentially large number of similar mergers that could be replicated across the sector in question.<sup>82</sup>

<sup>76</sup> *Mergers: Exceptions to the duty to refer*, paragraph 35.

<sup>77</sup> *Mergers: Exceptions to the duty to refer*, paragraphs 47 – 51.

<sup>78</sup> See Table 2.

<sup>79</sup> See Table 3.

<sup>80</sup> As discussed at paragraph 127 above, the CMA has, taking a cautious approach for the purposes of applying the *de minimis* exception, used a market size of [£0-1m]. The CMA considers that the size of the UK market is likely to be significantly smaller than [£0-1m].

<sup>81</sup> Where the geographic scope of any market concerned is wider than the UK, turnover generated outside the UK will not be taken into account. *Mergers: Exceptions to the duty to refer*, paragraph 37.

<sup>82</sup> *Mergers: Exceptions to the duty to refer*, paragraph 21.

### *Strength of the CMA's concerns and magnitude of competition lost*

176. With regard to the manufacture and supply of TPCs to casinos in the UK, the CMA notes that the Parties' combined shares of supply are very high, and the number of alternative suppliers is limited, despite the fact that the increment brought about by the Merger is relatively small. However, only one customer expressed concerns regarding the Merger, which suggests that the magnitude of competition lost may not be high.
177. Regarding the manufacture and supply of branded TPCs to retailers in the UK, based on the evidence assessed in the competitive assessment, the Parties' shares of supply are relatively high, Cartamundi is one of Fournier's main competitive constraints, and there are limited alternative suppliers in this market. However, the effect of the Merger will be mitigated by the remaining constraints from the two other main competitors in the market, and the potential for other out-of-market constraints. The CMA also notes the lack of customer concern regarding the Merger in this market which suggests that the magnitude of competition lost may not be high.
178. With respect to the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists and small entrepreneurs in the UK and US, the strength of the CMA's belief is that it cannot rule out that it is or may be the case that the Merger may be expected to result in an SLC. The CMA also notes the limited evidence available regarding the magnitude of the effect of the Merger on this market, as well as the lack of customer concern regarding the Merger.
179. Overall, the CMA does not consider that the strength of its concerns and the magnitude of competition lost in the markets concerned as a result of the Merger are factors pointing against the application of the *de minimis* exception.

### *Durability*

180. The CMA did not identify evidence of sufficiently likely and timely entry or expansion into the relevant markets. It is possible that entry or expansion may occur in the longer term, but this depends on a number of factors such as costs of entry, market growth, and technological advancements. Overall, the CMA considers that the durability of the Merger effect in the markets concerned is unclear.

### *Wider implications of a 'de minimis' decision*

181. The CMA will be less likely to apply the *de minimis* exception where it believes that the merger is one of a potentially large number of similar mergers that could be replicated across the sector in question.<sup>83</sup>
182. In this case, the CMA has seen no evidence of any similar mergers taking place or being in contemplation in this sector and has seen no evidence to suggest that the Merger is one of a potentially large number of similar mergers that could be replicated across the sector. In any future transactions in this sector the CMA would, in any event, examine to what extent the competitive conditions are comparable to those it has assessed for the purposes of this decision.
183. This leads the CMA to conclude that the wider implications of a *de minimis* decision is not an aggravating factor for the purposes of its *de minimis* assessment.

### *Conclusion on the application of the de minimis exception*

184. Taking all the above factors into consideration, the CMA believes that the markets concerned in this case are not of sufficient importance to justify the making of a reference. As such, the CMA believes that, to the extent that its duty to refer may be met in this case, it is appropriate for it to exercise its discretion to apply the *de minimis* exception in accordance with section 33(2)(a) of the Act.

## **Decision**

185. Consequently, the CMA believes that
- (a) it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
  - (b) as regards (i) the manufacture and supply of TPCs to casinos in the UK and (ii) the manufacture and supply of branded TPCs to retailers in the UK, the creation of that situation may be expected to result in an SLC within a market or markets in the UK. However, pursuant to section 33(2)(a) of the Act, the CMA believes that the markets concerned are not of sufficient importance to justify the making of a reference; and

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<sup>83</sup> [Mergers: Exceptions to the duty to refer](#), paragraph 48.

- (c) as regards the manufacture and supply of high quality custom TPCs to magicians, card enthusiasts, cardists, and small entrepreneurs in the UK and US, the CMA has not had to conclude on whether it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the UK as, pursuant to section 33(2)(a) of the Act, the CMA believes that the market concerned is not of sufficient importance to justify the making of a reference.

186. The Merger will therefore **not be referred** under section 33 of the Act.

[✂]

**Sorcha O'Carroll**  
**Director, Mergers**  
**Competition and Markets Authority**  
**6 December 2019**