

# **Completed acquisition by PUG LLC Of StubHub, Inc., StubHub (UK) Limited, StubHub Europe S.à.r.l., StubHub India Private Limited, StubHub International Limited, StubHub Taiwan Co., Ltd., StubHub GmbH, and Todoentradas, S.L.**

## **Summary of the CMA's decision on relevant merger situation and substantial lessening of competition**

**ME/6868/19**

### **SUMMARY**

1. On 13 February 2020, PUG LLC, a subsidiary of Pugnacious Endeavors, Inc (**viagogo**) purchased the whole of the issued share capital of StubHub, Inc., StubHub (UK) Limited, StubHub Europe S.à.r.l., StubHub India Private Limited, StubHub International Limited, StubHub Taiwan Co., Ltd., StubHub GmbH, and Todoentradas, S.L. (together, **StubHub**) (the **Merger**). viagogo and StubHub are together referred to as the **Parties** and, for statements referring to the future, as the **Merged Entity**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of viagogo and StubHub is an enterprise; that these enterprises have ceased to be distinct as a result of the Merger; and that the share of supply test is met. The four-month period for a decision has not yet expired. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
3. viagogo and StubHub are both globally-active providers of online exchange platforms for buying and selling tickets to live events. viagogo's stated rationale for the Merger is to enable it to enter the online ticketing sector in the US through StubHub, a primarily US-focused business.
4. Tickets for live events are typically sold initially on online primary ticketing websites at a face value set by event providers and content rights holders (**Primary Ticketing Platforms**). These tickets may then be made available for resale on 'two-sided' online platforms that enable ticket buyers and ticket

resellers to buy and resell the tickets they have bought for music, sports and other live events (**Secondary Ticketing Exchange Platforms**). In the UK, the primary overlap between the Parties is in the supply of Secondary Ticketing Exchange Platforms. The CMA has therefore assessed the impact of the Merger on the supply of Secondary Ticketing Exchange Platforms in the UK.

5. The CMA notes that the Coronavirus (COVID-19) outbreak has had, at least in the short-term, a substantial impact on the live events and ticketing industries. However, there remains considerable uncertainty about the duration and long-term effects of this impact. A merger investigation typically looks beyond the short-term and considers what lasting structural impacts a merger might have on the relevant market. The CMA found no evidence indicating that the Coronavirus (COVID-19) outbreak will have a disproportionate impact on viagogo or StubHub relative to other providers of Secondary Ticketing Exchange Platforms. It therefore believes that the pre-Merger conditions of competition provide an appropriate proxy for assessing the lasting structural impact of the Merger on the secondary ticketing market. The CMA has taken into account foreseeable market developments based on the available evidence within its competitive assessment, where relevant.
6. The Parties have an extremely high combined share of supply of [80-90]% by gross transaction value in the supply of Secondary Ticketing Exchange Platforms in the UK, with a high increment of [30-40]% brought about by the Merger. The CMA found that viagogo is by far the largest player in the market, with StubHub its only significant competitor.
7. The CMA found that the Parties also compete closely, as evidenced by their service offerings (which are fundamentally very similar in enabling resellers to set their own prices on an uncapped basis), their internal documents and third party views. A number of third parties (including consumer groups) also expressed reasoned and competition-specific concerns in relation to the Merger.
8. As noted above, the CMA found that the Merged Entity would face no other significant competitors post-Merger; its next largest competitor in the supply of Secondary Ticketing Exchange Platforms, Ticketmaster, would have a significantly smaller share of only [5-10]% and all remaining competitors would have shares of less than [0-5]%. This is consistent with the position reflected in the Parties' internal documents and with feedback from third parties. The CMA therefore found that other Secondary Ticketing Exchange Platforms only pose a weak competitive constraint on the Parties, both individually and in aggregate.

9. While the Parties submitted that Primary Ticketing Platforms are a strong alternative to the Secondary Ticketing Exchange Platforms of the Parties, the CMA found that such platforms are not considered close alternatives by ticket buyers and resellers. In addition, the Parties' internal documents and third party views did not indicate that Primary Ticketing Platforms pose a significant constraint on the Parties. The CMA found that the competitive constraint from other online channels, such as Facebook, and from offline ticket sales was also limited.
10. The CMA found that entry and/or expansion would not be sufficiently timely, likely or sufficient to offset the effects of the Merger on competition. The CMA found that there are significant barriers to entry and/or expansion, with network effects making it difficult for rivals to enter and expand: additional users on one 'side' of the market (eg ticket buyers) increase the attractiveness of a platform to users on the other side (eg ticket resellers). Since the Merged Entity would have such a high combined share of supply, the CMA believes that such network effects are likely to act as a substantial obstacle to competitors.
11. The CMA therefore believes that the Merger gives rise to a realistic prospect of a substantial lessening of competition as a result of horizontal unilateral effects in the supply of Secondary Ticketing Exchange Platforms in the UK.
12. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (**the Act**). The Parties have until 18 June 2020 to offer an undertaking to the CMA that might be accepted by the CMA. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 22(1) and 34ZA(2) of the Act.