

# Anticipated Acquisition by Global Business Travel Group, Inc. of CWT Holdings, LLC

ME/7096/24

## SUMMARY

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Global Business Travel Holdings, Inc. (**GBT**) of CWT Holdings, LLC (**CWT**), gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the market for the supply of business travel agency (**BTA**) services to global multinational (**GMN**) customers globally.
2. GBT has agreed to acquire CWT pursuant to an agreement signed on 24 March 2024, under which GBT would acquire 100% of the share capital of CWT, for a purchase price of approximately \$570 million. The CMA refers to this acquisition as the **Merger**. GBT and CWT are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
3. As the CMA has found that the Merger gives rise to a realistic prospect of an SLC, the Parties have until 6 August 2024 to offer undertakings in lieu of a reference (**UILs**) to the CMA that will remedy the competition concerns identified. If no such undertaking is offered, then the CMA will refer the Merger for a phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).

### Who are the businesses and what products/services do they provide?

4. GBT is a travel management company (**TMC**) which supplies BTA services in the form of online and offline travel management services, including search, booking and expense management, in the UK and globally. In addition to BTA services, GBT also provides travel advisory and consultancy services, and meeting and events organisation services, in the context of business travel. Its two main BTA products are GBT Select (a flexible, modular solution integrating software and services that can be tailored to the customer's needs) and GBT Egencia (a digital solution which offers a more standardised offering than GBT Select).

5. CWT is also a TMC which supplies BTA services to business travel customers, in the UK and globally. CWT offers BTA services through local, regional and global travel centres, on-site travel counsellors, third party online booking platforms and CWT's own chat, web and mobile app. In addition to BTA services, CWT also provides travel consultancy and meeting and events organisation services, in the context of business travel.

### **Why did the CMA review this merger?**

6. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so.
7. The Parties overlap in the supply of BTA services in the UK and globally and submitted that they had a combined UK share of supply of [30-40]% in 2023, with an increment of [5-10]%. The CMA has jurisdiction to review a merger where the share of supply test is met (requiring that the Parties together supply at least 25% of a particular good or service supplied in the UK, and there is an increment to the share of supply). On the basis of the Parties' share of supply of BTA services in the UK, the CMA considers that the share of supply test is met.
8. The Merger is also subject to a merger control investigation in the United States of America.

### **What evidence has the CMA looked at?**

9. In assessing this Merger, the CMA considered a wide range of evidence in the round.
10. The CMA received several submissions and responses to information requests from the Parties and examined the Parties' own internal documents, which show their rationale for the Merger, how the Parties run their businesses and how they view their rivals in the ordinary course of business. These internal documents were also helpful in understanding the performance of the Parties' businesses in recent years and the Parties' plans for the future of their businesses.
11. The CMA spoke to and gathered evidence from other companies and organisations to understand better the competitive landscape and to get their views on the impact of the Merger. In particular, the CMA received evidence from the Parties' TMC competitors, customers and suppliers (major airlines and hotel chains).

### **What did the evidence tell the CMA...**

#### **...about the effects on competition of the Merger?**

12. The CMA looked at whether the Merger would lead to a substantial lessening of competition as a result of horizontal unilateral effects in the supply of BTA services to GMN customers globally.
13. The CMA found that GMN customers generally have distinct travel requirements, and in choosing their TMC they look for the ability to cater for global geographic coverage, complex needs, and high levels of in-person support. The CMA concluded that only a handful of TMCs are considered by GMN customers to be capable of meeting their needs. The Merged Entity would be the clear market leader and the CMA found that the loss of competition between the Parties would not be offset by the constraint posed by other suppliers in the market, including other traditional TMCs and more recent technology-driven entrants. In particular, there is only one other TMC for which the evidence consistently demonstrates that it is a good alternative to the Parties, while the evidence on the strength of the few other remaining competitors is mixed.
14. On this basis, the CMA found that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects arising from the loss of competition in the supply of BTA services to GMN customers globally.

#### **What about any entry or expansion?**

15. The CMA considered whether entry or expansion by rival firms would be timely, likely and sufficient to prevent an SLC arising. The CMA considers that the barriers to entry or expansion into providing business travel services to GMN customers are high. To serve GMN customers, TMCs need significant scale including a network covering many countries. Competitors who responded to the CMA's investigation stated that this is extremely costly and time consuming to achieve. Competitors also identified regulatory requirements as barriers to entry and expansion. Customers responding to the CMA also identified experience and track-record as an important factor in their choice of TMC, which recent entrants lack. While some tech entrants have succeeded in winning some large customers, their relatively low market shares for supply of BTA services to GMN customers, as well as third-party evidence not identifying them as credible GMN suppliers, demonstrates the difficulty in entering this space.

#### **What happens next?**

16. As a result of these concerns, the CMA believes the Merger gives rise to a realistic prospect of an SLC in the supply of BTA services to GMN customers globally. The Parties have until 6 August 2024 to offer an undertaking which might be accepted by the CMA to address the SLC. If no such undertaking is offered, or the CMA decides that an undertaking offered is insufficient to remedy its concerns to the phase 1 standard, then the CMA will refer the Merger for a phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.