

Anticipated merger of Dome Holdings Limited, Regent Topco Limited, Tyson Topco Limited and PD Parks Holdings Limited

ME/6550/15

The CMA's decision on reference under section 33(1) given on 12 October 2015.
Full text of the decision published on 29 October 2015.

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

SUMMARY

1. Dome Holdings Limited, Regent Topco Limited, Tyson Topco Limited (collectively **Park Resorts**) and PD Parks Holdings Limited (**Parkdean**) have entered into sale and purchase agreements, under which Park Resorts and Parkdean are to be merged through the acquisition of all their respective shares by a new company to form a new entity, Parkdean Resorts (the **Merger**). Park Resorts and Parkdean are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) considers that the Parties are enterprises that will cease to be distinct as a result of the Merger, that the turnover test is met and that, 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 Parties both operate holiday parks in Great Britain. The CMA has assessed the impact of the Merger on three product frames of reference, namely the supply of pitches for privately owned static accommodation, the supply of rented static accommodation and the supply of rental pitches for touring caravans and tents. The CMA has assessed the impact of the Merger at the national level and at a regional level in the four areas where the Parties overlap most closely, namely East Anglia, North Devon, South Wales and South West Scotland.
4. At the national level, the CMA believes that there is no realistic prospect of a substantial lessening of competition (**SLC**) in any of the three product frames

of reference due to the Parties' low combined shares of supply ([10–20]% or less in each of the product frames of reference), the limited geographic overlap between the Parties, and the presence of many alternative holiday parks across Great Britain which provide product offerings and facilities similar to the Parties.

5. In each of the regional areas, fascia counts were undertaken based on drive-time isochrones centred on the Parties' sites. The CMA initially used isochrones which reflected the distance between the Parties' two closest sites in the particular regional area. In areas where limited effective competition was found on these conservative isochrones, the CMA then flexed the isochrones up to a 60-minute drive time where this was justified on the basis of local factors (eg the monitoring/benchmarking by the Parties in that area, topography and the main road network) and other evidence which the CMA received. The CMA identified an effective competitor set for its fascia count based on the similarity of product offerings (ie competitors which have similar facilities to the Parties) and those sites used as benchmarks by Parkdean.
6. The CMA believes that there is no realistic prospect of an SLC in any of the overlap areas for any of the product frames of reference as, post-Merger, there will be a sufficient number of competitors remaining to constrain the merged entity. In addition, third parties did not raise any concerns about the competitive impact of the Merger in any of the product overlaps in any regional area.
7. Accordingly, the CMA considers that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects.
8. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

9. Park Resorts operates 49 holiday parks in coastal and lakeside locations on England's east coast, on the Isle of Wight, in North and West Wales and in the Lake District. Park Resorts also sells caravan holiday homes and lodges, and provides pitches for touring caravans and tents at 24 of its sites. The UK turnover of Park Resorts in the financial year ending 31 December 2014 was £176 million.
10. Parkdean operates 24 holiday parks in coastal, countryside and woodland locations in the South and South West of England, Scotland, South Wales

and Norfolk. Parkdean offers a variety of accommodation for holiday hire, including caravans, chalets, lodges, cottages and apartments. Parkdean also sells caravan holiday homes and lodges, and provides pitches for touring caravans and tents at 11 of its parks. Parkdean's UK turnover in the financial year ending 31 January 2015 was £143 million.

Transaction

11. On 29 August 2015 the Parties entered into sale and purchase agreements to effect a merger of the Parties through the acquisition of all their respective shares by a new company to form a new entity, Parkdean Resorts.

Jurisdiction

12. As a result of the Merger, the enterprises of Park Resorts and Parkdean will cease to be distinct.
13. The UK turnover of Parkdean exceeds £70 million so the turnover test in section 23(1)(b) of the Act is satisfied.
14. 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.
15. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 3 September 2015. Therefore, the statutory 40 working day deadline for a decision is 28 October 2015.

Counterfactual

16. 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 considers that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.¹

¹ [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).

17. 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 considers the prevailing conditions of competition to be the relevant counterfactual.

Frame of reference

18. The CMA considers that market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merger parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.²
19. The Parties both operate holiday parks in the UK. There are an estimated 4,000 holiday parks in Great Britain, with a total of 530,000 pitches.³ In general, holiday parks will also offer a number of on-site facilities, which will vary from site to site but may include restaurants, bars, swimming pools, children's play areas and sports facilities.
20. In operating their holiday parks, the Parties overlap in the provision of the following three products:
- privately owned static accommodation – the Parties both sell static caravans and lodges located on their holiday parks;
 - rental of static accommodation – the Parties both rent caravans, lodges, chalets and apartments located on their holiday parks; and
 - rental of pitches for touring caravans and tents – the Parties both rent pitches for tents, touring caravans, motor homes, camper vans and trailer tents located on some of their holiday parks.
21. The Parties submitted that they compete within a highly competitive international (at least Europe-wide) market for low-cost holidays. In the UK, the Parties said that they compete with a variety of other low-cost holiday accommodation, such as holiday cottages, low-cost hotels, bed and breakfast accommodation and family holiday camps.

² [Merger Assessment Guidelines](#), paragraph 5.2.2.

³ Annex 10(a)(i) of the Parties' Notification – Mintel, Camping and Caravanning report, p5.

22. The CMA's usual practice for assessing the product frame of reference is to start with a narrow definition reflecting the parties' overlapping activities and then to consider whether it should be widened.⁴ In this case, the CMA has found no competition concerns in relation to the merger in the three narrowly defined product frames of reference, and has found no basis for there being concerns on any wider frame of reference.

Privately owned static accommodation

Product scope

23. The Parties sell static accommodation, which consists mainly of caravans and lodges, on their holiday parks. Customers who buy static accommodation enter into a pitch licence agreement with the selling Party to site their caravan or lodge in the Party's holiday park.
24. The CMA considered whether other forms of holiday accommodation ownership, such as holiday apartments or mobile accommodation (touring caravans and tents) should be included in the relevant product frame of reference. In Bourne/Rank,⁵ the Office of Fair Trading (OFT) acknowledged that it 'is possible that other forms of ownership (eg of mobile caravans) may be marginal substitutes but these entail a different consumer experience to fixed sites'. The CMA does not believe it necessary to expand the frame of reference to include other types of holiday accommodation ownership as no competition concerns arise on any basis.
25. The CMA also considered whether to include rented static accommodation in the product frame of reference. In Bourne/Rank, the OFT found that demand to buy static caravans was probably distinct from the rental of static caravans, as purchasing a static caravan is a long-term commitment and involves a significant financial expense, unlike renting. In this case, the CMA has not received any evidence to support the view that there is significant demand-side substitution between owned and rented static accommodation.
26. The CMA notes that there may be some scope for supply-side substitution between the supply of owned and rented static accommodation. Third party competitors told the CMA that it was easy to switch between providing static caravans for rent and selling static caravans to private owners. The majority of holiday parks, including Park Resorts, Parkdean, Haven and John Fowler, all have static caravans for both rent and sale. However, smaller operators

⁴ [Merger Assessment Guidelines](#), paragraph 5.2.2.

⁵ OFT, ME/155/00, [Completed acquisition by Bourne Leisure Holdings Limited of the Rank Holiday Division](#).

appear to specialise in either rental or ownership, so it is possible that supply-side substitution is only realistic for the larger operators.

27. On a cautious basis, the CMA has assessed the transaction against a narrow frame of reference, distinguishing between the supply of pitches for privately owned and rented static accommodation, but it has taken account of the scope for supply-side substitution between these two segments in its competitive assessment.

Geographic scope

28. In Bourne/Rank, the OFT found that consumers will examine a range of possible locations for a static holiday caravan before making such a large purchase decision, and third party responses at that time supported the position that consumers would drive up to 2 hours to reach their destination. A consumer who owns a caravan would typically want to visit their caravan on numerous occasions in the year and this would be unfeasible if the caravan was located too far away from their home.
29. The Parties submitted that, in many cases, static caravan owners were willing to drive for more than 2 hours to reach their holiday destination, especially if the destination is in a remote location, such as Devon or Cornwall. The Parties submitted evidence in relation to Parkdean's St Minver Park site in Cornwall which showed that owners of caravans and lodges at this site are widely dispersed throughout Great Britain (although the majority of owners were located in the south west). Third parties which responded to the CMA's market testing commented that consumers would be prepared to travel between 1 and a half and 2 hours from home.
30. However, the CMA does not believe that the driving time from a consumer's home should be the determinative criterion in identifying an appropriate geographic frame of reference in which to assess the effects of the Merger. Even where customers are willing to drive long distances to get to a holiday park, they might only investigate holiday parks within a certain region (eg a consumer in Oxford might be willing to drive 5 hours to reach a holiday park in Cornwall but that does not mean the consumer would consider holiday parks also located 5 hours away in, for example, Norfolk or Wales). Therefore, the CMA has used, on a cautious basis, a 2-hour drive time centred on the Parties' sites to identify the regional areas where the Parties' holiday parks overlap. This is cautious as the evidence (discussed below) indicates that competition may occur within a smaller geographic area.
31. Using this drive time, the Parties overlap in four regions:

- East Anglia;
 - North Devon;
 - South Wales; and
 - South West Scotland.
32. The CMA notes that a 2-hour drive time area may be too wide when considering regional competition within these overlap areas. Parkdean monitors competitors in many of the regions in which it operates, and the distance between its sites and those it monitors is always less than 90 minutes' drive time. In addition, third parties suggested that consumers will consider holiday parks within a 10- to 20-mile radius of their chosen location. The CMA also notes that the Hoseasons website, which is an important intermediary for consumers booking accommodation in holiday parks, tends to present alternative parks for customers within a 30-mile radius of their chosen location.
33. Due to the variable evidence on the appropriate geographic frame of reference, the CMA has adopted a conservative two-stage approach. First, the CMA has used drive-time isochrones, centred on each Party's sites, equal to the drive time between the Parties' two closest sites in each overlap area. This is a conservative approach which ensures that any competitors within the isochrones exert a constraint at least as strong (assuming they have a comparable offering) as the Parties impose on each other. Second, in areas where insufficient competition was found on this conservative basis, the CMA then flexed the isochrones up to a 60-minute drive time where this was justified on the basis of local factors (such as monitoring/benchmarking carried out by the Parties in that area, topography and the main road network) and on the basis that the evidence above indicates that this drive time remains a cautious approach.
34. The CMA also considered the effect of the Merger at a national level.

Rental of static accommodation

Product scope

35. The Parties submitted that the majority of accommodation available for hire on holiday and caravan parks tends to be single unit caravans, but that lodges (twin unit caravans), apartments, chalets and cottages are also available.
36. The Parties submitted that all of the accommodation types listed above are similar products from a customer's perspective since they have similar pricing

and marketing characteristics, and can be booked through the same channels.

37. All of these types of accommodation offer one or more bedrooms, a dining/living area, a kitchen and bathroom and can offer a variety of additional features, such as double glazing, heating, DVD player, etc. However, the accommodation can vary significantly in quality:
- Static caravans are available in a range of qualities and are generally not suitable for winter use.
 - Lodges tend to be built to a higher standard than caravans and can be suitable for year-round use but neither Party rents them out on this basis.
 - Apartments, chalets and cottages are permanent buildings located on holiday parks and are the same as apartments and chalets available elsewhere (ie not on holiday parks).
38. In Bourne/Rank, the OFT found that there was a wide range of alternative holiday rental accommodation, available at similar prices, with which static caravan rental probably competes.⁶
39. In the present case, the CMA believes that the accommodation types listed above would form part of the same product frame of reference as it expects that consumers could easily switch to another accommodation type available on a holiday park should the price of caravan rental increase by a small but significant amount. This is because the different accommodation types are marketed in the same way, are booked through the same channels, and will also benefit from the same on-site facilities.
40. As discussed above, the CMA notes that there might also be some scope for supply-side substitution between the provision of owned and rented static accommodation and this has been taken into account within the competitive assessment.

Geographic scope

41. The Parties submitted that customers view holidays in the UK and continental Europe as substitutable, suggesting that the geographic scope for rental accommodation may be wider than national.
42. However, on a cautious basis, the CMA has assessed the Merger on a regional and national basis. Given the absence of competition concerns at a

⁶ OFT, ME/155/00, [Completed acquisition by Bourne Leisure Holdings Limited of the Rank Holiday Division](#).

regional and national level, the CMA has not found it necessary to conclude on whether to widen the geographic scope.

43. For the regional assessment, the CMA used the same approach as it did for static owned accommodation, using 2-hour drive times centred on the Parties' sites to identify overlaps. This resulted in the same four overlap regional areas as were identified for owned static accommodation.

Rental of pitches for touring caravans and tents

Product scope

44. Some holiday parks and caravan sites also make pitches available for hire by consumers with their own touring caravans or tents.
45. The CMA considers that the rental of pitches for touring caravans and tents forms a separate frame of reference as it did not find any evidence to suggest that the frame of reference should be expanded to include other forms of accommodation.

Geographic scope

46. The Parties submitted that the relevant geographic frame of reference for the rental of pitches is national for the same reasons as for rented static accommodation. However, to identify overlap areas, the Parties applied a drive time of 2 hours from each of their sites. Using this drive time, the Parties only overlap in one location: South West Scotland.
47. Third parties supported the view that the geographic frame of reference is likely to be the same as that for rented static accommodation. Therefore, on a cautious basis, the CMA has assessed the Merger on a regional and national basis. For the regional assessment, the CMA used the same approach as it did for static owned and rental accommodation.

Conclusion on frame of reference

48. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
 - The supply of privately owned static accommodation, both nationally and in the four overlap regional areas of East Anglia, North Devon, South Wales and South West Scotland;

- The supply of rented static accommodation, both nationally and in the four overlap regional areas of East Anglia, North Devon, South Wales and South West Scotland;
- Rental of pitches for touring caravans and tents, both nationally and in the overlap regional area of South West Scotland.

Competitive assessment

Horizontal unilateral effects

49. Horizontal unilateral effects may arise when one firm merges with a competitor which previously provided a competitive constraint, allowing the merged firm profitably to raise prices or degrade quality on its own and without needing to coordinate with its rivals.⁷ Horizontal unilateral effects are more likely when the merger 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 unilateral horizontal effects in the supply of:

- privately owned static accommodation;
- rented static accommodation; and
- the rental of pitches for touring caravans and tents.

Choice attributes

50. To enable the CMA to assess the effect of the Merger, it first considered how consumers select holiday park sites within each of the product frames of reference.
51. The Parties submitted that location is the most important factor for consumers when purchasing or renting static accommodation or renting a pitch, and said that facilities (eg a swimming pool, children's play areas, etc) were not an important factor for consumers.
52. Third party responses and internal survey data submitted by Park Resorts support the proposition that location is the most important factor to consumers. However, they also show that facilities are important.⁸ Third parties said that some consumers have a preference for a holiday park with a

⁷ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

⁸ Annexes 10(a)(xv) to 10(a)(xvii) Partiers' Merger Notification.

wide range of facilities, while others will prefer a site with very few or no facilities. As the Parties' sites all provide a wide range of facilities, which may include restaurants, bars, swimming pools, children's play areas and sports facilities, the CMA believes that their customers will tend to have a preference for parks with such facilities and, therefore, the Parties' close competitors are likely to be those sites which offer similar facilities.

53. Accordingly, the CMA has identified sites which fall within an effective competitor set by assessing the similarity of their facilities to those of the Parties and to the sites which Parkdean uses to benchmark against. On a cautious basis, the CMA initially included in the effective competitor set only holiday parks with an indoor swimming pool and any three of the following:
- an outdoor swimming pool;
 - a food shop;
 - restaurant, licensed club or bar;
 - children's play area; or
 - a games room.
54. However, the CMA notes that suppliers which do not fall within the effective competitor set will still impose some constraint. Therefore, in some of the regional overlap areas, the CMA has flexed the competitor set to take account of the constraints provided by other suppliers.
55. The CMA has not used the size of a holiday park as part of the criteria to be included as an effective competitor. This is because neither the Parties' internal documents nor any third parties indicated that the size of a holiday park is an important factor in consumers' choice. Additionally, the route to market for smaller holiday parks is the same as that for larger holiday parks in that they can be booked either through the holiday park's own website or through an intermediary such as Hoseasons.

National assessment

56. In assessing the impact of the Merger in each of the three product frames of reference at the national level, the CMA considered how closely the Parties compete and the constraint from other competitors which would remain post-Merger.
57. The CMA believes that, at the national level, the Parties are not particularly close competitors. While the Parties' product offering is similar, the locations

of their holiday parks in Great Britain are largely complementary: the Parties overlap in only four regional areas, and only 15 out of the Parties' 73 holiday parks are located in those areas.

58. Moreover, there will remain a number of other large, multi-site competitors post-Merger with similar product offerings, including Haven, Park Holidays and John Fowler. Third parties also said that some independent holiday parks provide similar product offerings to the Parties, and therefore effectively compete with the holiday park chains. Parkdean's price monitoring supports these comments, [X].
59. One third party commented that the merged entity would be a powerful purchaser of caravans (although the third party was not particularly concerned by this). Given the combined shares of supply discussed below, the CMA does not consider that the merged entity would have substantial buyer power.
60. A third party expressed concern that the Merger would allow the Parties to increase their site fees for privately owned static accommodation, mentioning that Park Resorts had already done so for 2016. However, the CMA believes that the 2016 increase is not a Merger-specific effect. A further third party also speculated that the Parties might increase their fees to those who own caravans on their parks. However, this scenario was seen as unlikely by the respondent, who overall considered that the Merger would not have a detrimental impact on consumers.

Shares of supply

Privately owned static accommodation

61. Using information supplied by the Parties from the National Caravan Council, as well as the Parties' own data,⁹ the CMA estimates that, in 2014, the Parties had a combined share of supply of [5–10]% (increment of [0–5]% from the Merger) of an estimated 250,000 pitches for privately owned static accommodation in holiday parks in Great Britain.

Rented static accommodation

62. The Parties submitted that the best available estimates of the size of the market for rented static accommodation are from the Great British Tourism Survey (**GBTS**). Using data from the GBTS and the Parties' own data,¹⁰ the CMA estimates that, in 2013, the Parties' combined share of supply in rented

⁹ Parties' Merger Notice, paragraph 14.4.

¹⁰ Parties' Merger Notice, paragraph 14.12.

static accommodation in Great Britain was [10–20]%. However, the CMA notes that the GBTS does not include data from all holiday park operators as not all elect to complete the survey, so this might be an overestimate.

Rental of pitches for touring caravans and tents

63. The Parties submitted that the GBTS also provides the best data in relation to the rental of pitches for touring caravans and tents. Using data from the GBTS and the Parties' own data, the CMA estimates that, in 2013, the Parties' combined share of supply in the rental of pitches for touring caravans and tents in Great Britain was between [0–5]% (based on nights stayed) and [0–5]% (based on number of trips).

Conclusion on national assessment

64. On the basis of the evidence above, the CMA believes that, at a national level, the Merger does not give rise to a realistic prospect of an SLC in any of the three product frames of reference, in particular due to:
- the limited geographic overlap between the Parties;
 - the large number of alternative holiday parks at the national level which provide a similar product offering to the Parties; and
 - the Parties' low combined shares of supply.

Regional assessment

Analytical framework

65. For each of the four regional areas where the Parties overlap, the CMA applied the following framework to assess the competitive impact of the Merger.
66. First, the CMA examined how closely the Parties compete. Given the similarity of the Parties' offerings, consumers are likely to consider the Parties' holiday parks as substitutable on the basis of available facilities. However, as location is the most important factor for consumers when choosing a holiday park, the CMA has principally measured closeness of competition on the basis of the geographic proximity of the Parties' sites.
67. Second, the CMA assessed the extent of the competition which would remain post-Merger by undertaking fascia counts based on drive-time isochrones centred on the Parties' sites. As discussed above, the CMA first used

isochrones which reflected the distance between the Parties' two closest sites in the particular regional area. In areas where limited effective competition was found within these conservative isochrones, the CMA then considered whether flexing the isochrones to a 60-minute drive time was appropriate.

68. The CMA exercised caution in using drive-time isochrones because consumers will, in most instances, be travelling from their homes to reach their chosen holiday park rather than between the parks. This means that the drive times may not always reflect the choice of holiday park reasonably open to a consumer. For example, a consumer may face a similar drive time from home to reach two holiday parks which are more than a 60-minute drive time apart due to the layout of main roads which provide access to a particular part of the country.

East Anglia

69. The Parties have five holiday parks in East Anglia, namely:
- Cherry Tree Holiday Park – Parkdean.
 - Breydon Waters Holiday Park – Park Resorts.
 - California Cliffs Holiday Park – Park Resorts.
 - Kessingland Beach Holiday Park – Park Resorts.
 - Summerfields Holiday Park – Park Resorts.
70. The closest Park Resorts site (Breydon Waters Holiday Park) to the Parkdean site (Cherry Tree Holiday Park) is approximately 2 and a half minutes' drive time away. The geographic proximity of these two sites indicates that the Parties compete closely in East Anglia.

Privately owned static accommodation

71. For this overlap area, the CMA considered that a drive time of under 3 minutes (ie the drive time between the Parties' closest sites) was not an appropriate starting point as it is too narrow to be considered a relevant geographic frame of reference. Instead, the CMA flexed the size of the isochrone by considering the distance over which Parkdean monitors/ benchmarks its competitors in the area.
72. Parkdean submitted that it benchmarks Cherry Tree Holiday Park against four sites in East Anglia, namely [redacted].

73. The average drive time between Parkdean's Cherry Tree site and the four sites it benchmarks against is approximately 22 minutes. Applying the effective competitor criteria as set out above within a drive time of approximately 22 minutes from Cherry Tree Holiday Park results in the Merger giving rise to a fascia reduction in effective competitors of eight to seven. When centred on Breydon Waters Holiday Park, there is a fascia reduction of nine to eight. The Parties' combined share of supply within the 22-minute drive time, based on the number of pitches for privately owned static accommodation, is [20–30]% when centred on Cherry Tree and [30–40]% when centred on Breydon Water. Haven is the largest competitor, with a share of supply of over [50–60]%.
74. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in East Anglia in the supply of pitches for privately owned static accommodation.

Rented static accommodation

75. In the supply of rented static accommodation, the Merger results in a fascia reduction of effective competitors within the 22-minute isochrone of 11 to 10 when centred on Cherry Tree Holiday Park and 13 to 12 when centred on Breydon Waters Holiday Park. The Parties' combined share of supply within the 22-minute drive time, based on the number of pitches for rented static accommodation, is [10–20]% when centred on Cherry Tree Holiday Park and [10–20]% when centred on Breydon Water Holiday Park. Haven is the largest competitor, with a share of supply of over [30–40]%.
76. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in East Anglia in the supply of rented static accommodation.

North Devon

77. The Parties have seven holiday parks in North Devon, namely:
- Crantock Beach – Parkdean.
 - Looe Bay Holiday Park – Parkdean.
 - Newquay Holiday Park – Parkdean.
 - Ruda Bay Holiday Park – Parkdean.
 - St. Minver Holiday Park – Parkdean.
 - White Acres Holiday Park – Parkdean.

- Bideford Bay Holiday Park – Park Resorts.

78. The closest Parkdean holiday park to Park Resorts' Bideford Bay Holiday Park is Ruda Bay Holiday Park. The drive time between these two parks is approximately 45 minutes.

Privately owned static accommodation

79. Using the 45-minute drive time as a conservative isochrone, and the effective competitor criteria, the Merger results in a fascia reduction of effective competitors of four to three when centred on Park Resorts' Bideford Holiday Park and two to one when centred on Parkdean's Ruda Bay Holiday Park. Flexing the isochrone to 60 minutes does not affect this result. The Parties' combined share of supply within a 60-minute isochrone, based on the number of pitches for privately owned static accommodation, is [60–70]% when centred on Bideford Bay and [90–100]% when centred on Ruda Bay.

80. However, the CMA notes that the Parties' sites in North Devon are coastal and close to popular beaches, such that the effective competitor criteria appear overly stringent. In this area, proximity to a beach is likely to be more important such that the other criteria can be relaxed, eg by requiring the holiday park to have any swimming pool (either indoor or outdoor) as well as any three of the other facilities (shop, bar, restaurant, children's play area, and/or games room). On this basis, the fascia reduction arising from the Merger based on a 60-minute drive time is six to five when centred on Park Resort's Bideford Bay Site and four to three when centred on Parkdean's Ruda Bay site. Using these criteria, the Parties' combined share of supply within the 60-minute drive time, based on the number of pitches for privately owned static accommodation, is [60–70]% when centred on Bideford Bay and [80–90]% when centred on Ruda Bay.

81. The CMA also notes, though, that a 60-minute drive time is highly conservative in this regional area as Parkdean's internal benchmarking analysis shows that it benchmarks competitor sites up to 90 minutes away.

82. Moreover, the main access road to North Devon is the M5, from which the drive times to the Ruda Bay and Bideford Bay sites are similar. Therefore, for consumers accessing the area using this route, the sites which are effective competitors to Bideford Bay Holiday Park will also provide an effective competitive constraint on Parkdean's Ruda Bay Holiday Park. Indeed, any effective competitor sites within a similar drive time of the same junction of the M5 would constrain the Parties in this area.

83. For this reason, the CMA considers that Parkdean's Ruda Bay Holiday Park will face similar competitive constraints from the effective competitors within the 60-minute drive time isochrone around Bideford Bay Holiday Park (which results in a fascia reduction of effective competitors of six to five). On this basis the Parties' combined share of supply within the 60-minute drive time, based on the number of pitches for privately owned static accommodation, is [60–70]%.
84. The CMA also considered whether holiday parks which currently rent static accommodation within a 60-minute drive time of the Parties' sites might start selling static accommodation in the event that the price of static accommodation increased as a result of the Merger. As discussed above, third party competitors stated that supply-side substitution between owned and rented static accommodation is relatively easy. Within the 60-minute drive time isochrone around both Bideford Bay Holiday Park and Ruda Bay Holiday Park, there are at least five holiday parks which currently rent static accommodation but do not currently sell static accommodation (eg sites owned by Woolacombe Bay Holiday Parks and John Fowler). These holiday parks may be able to use some of their rental pitches for the supply of privately owned static accommodation in the event that the price of this accommodation increases post-Merger.
85. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in the supply of pitches for privately owned static accommodation in North Devon.

Rented static accommodation

86. Based on a 45-minute drive time isochrone and the effective competitor criteria, the Merger will result in a fascia reduction of five to four when centred on Park Resorts' Bideford Bay site and four to three when centred on Parkdean's Ruda Bay site. Flexing the drive time isochrones to 60 minutes changes the fascia reduction in relation to Bideford Bay Holiday Park to six to five. The Parties' combined share of supply within the 60-minute drive time, based on the number of pitches for rented static accommodation, is [10–20]% when centred on Bideford Bay Holiday Park and [30–40]% when centred on Ruda Bay Holiday Park.
87. However, as described above, the CMA believes that the sites which are within the effective competitor set for Bideford Bay Holiday Park within the 60-minute drive time will also provide an effective competitive constraint on Parkdean's Ruda Bay Holiday Park.

88. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in the supply of rented static accommodation in North Devon.

South Wales

89. The Parties have three holiday parks in South Wales, namely:
- Pendine Sands Holiday Park – Parkdean.
 - Trecco Bay Holiday Park – Parkdean.
 - Carmarthen Bay Holiday Park – Park Resorts.
90. Pendine Sands Holiday Park is the closest Parkdean site to Park Resorts' Carmarthen Bay Holiday Park, approximately 42 minutes' drive time away.

Privately owned static accommodation

91. Using 42 minutes as a conservative isochrone and the effective competitor criteria, the Merger results in a fascia reduction of eight to seven when centred on Pendine Sands Holiday Park and two to one when centred on Carmarthen Bay Holiday Park. Flexing the drive time isochrone to 60 minutes would result in a fascia reduction of eight to seven in relation to Carmarthen Bay Holiday Park. The Parties' combined share of supply in a 60-minute isochrone, based on the number of pitches for privately owned static accommodation, is [30–40]% whether centred on Carmarthen Bay or Pendine Sands.
92. However, the CMA notes that a 60-minute drive time is highly conservative in this regional area as Parkdean's internal benchmarking analysis shows that it benchmarks competitor sites up to 90 minutes away. Moreover, the main access road to this part of South Wales is the A40, from which the drive times to the Carmarthen Bay and Pendine Sands sites are similar. Therefore, for consumers accessing the area using this route, the sites which are effective competitors to Pendine Sands Holiday Park will also provide an effective competitive constraint on Park Resorts' Carmarthen Bay Holiday Park. Indeed, any effective competitor sites within a similar drive time of the A40 would constrain the Parties in this area.
93. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in the supply of pitches for privately owned static accommodation in South Wales.

Rented static accommodation

94. Using a 42-minute drive time isochrone, the Merger would result in a fascia reduction of effective competitors of ten to nine when centred on Parkdean's Pendine Sands Holiday Park and two to one when centred on Park Resorts' Carmarthen Bay Holiday Park. Flexing the drive time isochrones to 60 minutes would result in a fascia reduction of ten to nine in relation to Carmarthen Bay Holiday Park. The Parties' combined share of supply in a 60-minute isochrone, based on the number of pitches for rented static accommodation, is [20–30]%. However, for the reasons discussed above, the CMA believes that the sites that are within the effective competitor set for Pendine Sands Holiday Park within the 60-minute drive time will also provide an effective competitive constraint on Park Resorts' Carmarthen Bay Holiday Park.
95. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in the supply of rented static accommodation in South Wales.

South West Scotland

96. The Parties have three holiday parks in South West Scotland, namely:
- Sundrum Castle Holiday Park – Parkdean.
 - Wemyss Bay Holiday Home Park – Parkdean.
 - Sandylands Holiday Park – Park Resorts.
97. Sandylands Holiday Park is the closest Park Resorts site to Parkdean's Sundrum Castle Holiday Park, approximately 31 minutes' drive time away.

Privately owned static accommodation

98. Using 31 minutes as a conservative isochrone, and the effective competitor criteria, the Merger results in a fascia reduction of six to five when centred on Sundrum Castle Holiday Park and four to three when centred on Sandylands Holiday Park. Flexing the isochrone to 60 minutes, which the CMA notes is highly conservative in this regional area as Parkdean's internal benchmarking analysis shows that it benchmarks competitor sites up to 90 minutes away, results in a fascia reduction of five to four in relation to Sandylands. The Parties' combined share of supply within the 60-minute drive time, based on the number of pitches for privately owned static accommodation, is [40–50]% when centred on Sandylands and [30–40]% when centred on Sundrum Castle.

99. On the basis of this evidence, the CMA believes that the merger does not give rise to a realistic prospect of an SLC in the supply of pitches for privately owned static accommodation in South West Scotland.

Rented static accommodation

100. Using a 31-minute drive time isochrone, and the effective competitor criteria, the Merger results in a fascia reduction of seven to six when centred on Sundrum Castle Holiday Park and four to three when centred on Sandylands Holiday Park. Flexing the isochrone to 60 minutes results in a fascia reduction of seven to six in relation to Sandylands. The Parties' combined share of supply within the 60-minute drive time, based on the number of pitches for rented static accommodation, is [30–40]% when centred on Sandylands and [20–30]% when centred on Sundrum Castle. As noted above, based on Parkdean's internal benchmarking analysis, a 60-minute drive time isochrone is considered cautious.
101. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC within South West Scotland in the supply of rented static accommodation.

Rental of pitches for touring caravans and tents

102. South West Scotland is the only overlap area where the Parties both provide rental pitches for touring caravans and tents.
103. The CMA carried out a fascia count analysis using an initial drive time of 31 minutes and the effective competitor criteria. On this basis, the Merger results in a fascia reduction of five to four when centred on Sundrum Castle Holiday Park and three to two when centred on Sandylands Holiday Park. Extending the drive-time isochrone centred on Sandylands to 60 minutes results in a fascia reduction of four to three. The Parties' combined share of supply in a 60-minute isochrone, based on the number of pitches for touring caravans and tents, is [50–60]%.
104. The CMA considered whether the criteria for being an effective competitor were likely to be the same in relation to pitches for touring caravans and tents as for pitches for privately owned and rented static accommodation. The CMA noted that shower facilities might be more desirable for touring caravans and tents than, for example, a swimming pool. Relaxing the effective competitor criteria to require a holiday park to have shower facilities and three of the remaining facilities in the list (restaurant, bar/club, children's play area and games room) results in two additional fascia being within a 45-minute isochrone centred on Sandylands, and a further one being included within a

60-minute isochrone. As a result, the Merger would result in a fascia reduction of six to five on a 60-minute drive-time isochrone. The Parties' combined share of supply within the 60-minute drive time, based on the number of pitches for touring caravans and tents, is [40–50]%.

105. The CMA also notes that the main access roads to the Parties' sites in South West Scotland are the M77 and the A74(M). The drive time from the M77 to Sandylands Holiday Park (34 minutes) and Sundrum Castle Holiday Park (35 minutes) is almost identical, and the same is true from the A74(M) (up to 1 hour 17 minutes to reach Sandylands Holiday Park compared with 1 hour 15 minutes to reach Sundrum Castle Holiday Park). For this reason, for many consumers, the sites which are within the effective competitor set for Sundrum Castle Holiday Park will also provide a constraint on Sandylands Holiday Park.
106. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in South West Scotland in the supply of rental pitches for touring caravans and tents.

Conclusion on horizontal unilateral effects

107. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of privately owned static accommodation, rented static accommodation or rental pitches for touring caravans and tents, at either a national or regional level.

Barriers to entry and expansion

108. 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.
109. In this case the CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

Third party views

110. The CMA contacted a number of associations, distributors, and competitors. One consumer raised concerns about the pricing of site fees, but it was not clear to the CMA that these concerns arose as a result of the Merger. The majority of the third parties which responded did not raise any concerns about the Merger, stating either that the Parties did not compete closely or that, post-Merger, many alternative suppliers would remain.

111. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

112. Consequently, the CMA does not believe that 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 United Kingdom.

113. The Merger will therefore **not be referred** under section 33(1) of the Act.

Andrew Wright

Director

Competition and Markets Authority

12 October 2015