Submission to the CMA in relation to Phase 2 investigation of the proposed merger between Ladbrokes plc and certain businesses of Gala Coral Group Limited

Summary

- Proposed Ladbrokes-Coral merger would lead directly to significantly reduced price competition and value in fixed odds betting for LBO customers.
- Contrary to what Ladbrokes and Coral appear to have suggested to the CMA, price competition in fixed odds betting is governed exclusively by decisions made at the national level – regardless of any local considerations, removal of a major national operator will result in poorer value to customers across **all** LBOs.
- Resulting oligopoly would create opportunities and strong incentives for all remaining operators to reduce value to LBO customers further beyond that caused by the direct impact of the proposed merger.
- Without new entrants the merged entity would have a very unhealthy market dominance in the LBO market - divesting LBOs to other existing operators would do nothing to improve price competition and value in fixed odds betting at the national level.
- The significant existing discrimination by national betting chains against LBO customers is a clear sign of already very weak competition in the LBO sector – allowing a further reduction in the number of national LBO operators would create extra incentives for operators to discriminate further against LBO customers.

The proposed merger would result in a significant lessening of competition in an LBO sector that already exhibits clear signs of weak competition, and is clearly not in the public interest

Introduction

1. This document is provided as input to the Phase 2 investigation by the Competition and Markets Authority (CMA) into the proposed merger between Ladbrokes plc and certain businesses of Gala Coral Group Limited (Coral).

Scope and focus of this document

2. The CMA 'Decision on relevant merger situation and substantial lessening of competition' (subsequently referred to as the 'Full text decision') published on 25 January 2016 focuses on the impact that the proposed merger is likely to have on competition between Licensed Betting Offices (LBOs) at a local level, identifying that the proposed merger would lead to several hundred situations where competition between LBOs is likely to be significantly reduced. The CMA has not found it necessary to conclude in its Phase 1 investigation whether the impact of the proposed merger should also be assessed using a national or regional frame of reference, as the substantial lessening of competition that is likely to arise at a local level provides sufficient grounds for a Phase 2 investigation.

3. The prime focus of this submission is on the effects that the proposed merger would have on price competition in fixed odds betting within LBOs, covering the effect on price competition in fixed odds betting across **all** LBOs, not just those of Ladbrokes and Coral (the Parties). This submission should, therefore, be most helpful in informing the CMA's investigation in relation to *Theory of harm 3* summarised in the 'Issues Statement' published by the CMA on 4 February 2016 – *'Loss of competition at the national level'*.

The nature and source of price competition in fixed odds betting

4. The ‘Issues Statement’ states in Paragraph 14 that Ladbrokes and Coral have submitted that a segmentation of the supply of betting and gaming products by distribution channel is no longer appropriate due to recent changes in the dynamics of competition in the supply of betting and gaming products, in particular the significant increase in online betting.

5. This is a completely false assertion because, for fixed odds betting, the LBO and online markets are quite distinct, and have fundamentally different competitive characteristics. The online market, as the CMA notes in concluding that it is not currently minded to pursue the online market as a potential theory of harm, is very competitive, with many major operators, and any combined entity resulting from the potential merger would have less than 15% market share.

6. The LBO market, by contrast, has much weaker competition, with four companies owning around 87% of LBOs, of which Ladbrokes and Coral own around 45%. Today’s LBO market is the result of other mergers between major players in recent years, such as Betfred/Tote and William Hill/Stanley, and the gradual but significant reduction of independents and small chains, often through acquisition by national players, including both Ladbrokes and Coral. The LBO market has become gradually less competitive over recent years, and is much less competitive than it was at the time of Ladbrokes attempted takeover of Coral in 1998 (when any combined entity would have ended up with a much smaller market share of LBOs than would result from this proposed merger). Allowing the proposed merger, without requiring other adjustments to the ownership of LBOs (of which, for reasons, explained later, sale of LBOs to existing national chains would do nothing to enhance price competition) would lead to a national LBO market dominated by just three companies, with one commanding almost half of the market. This in itself, is a clear indication that the proposed merger would result in a significant lessening of competition in the LBO sector.

7. The ‘Issues Statement’ also indicates in Paragraph 15(a) that the CMA will investigate whether betting and gaming products are subject to different competitive dynamics, for example due to the range of options beyond LBOs for gaming customers. Paragraph 32 of the ‘Issues Statement’ indicates that the CMA will assess whether this broader range of gaming options may indirectly ‘protect’ betting customers from the effects of a significant loss of competition.

8. I do not believe that the existence of a wider range of options for gaming customers will offer any form of protection for betting customers, and any assertion by the Parties that it does is entirely misleading. The characteristics of fixed odds betting on sport and gaming are quite different. Gaming, conducted in LBOs through the rather misleadingly-named ‘Fixed Odds Betting Terminals’ (FOBTs), are almost exclusively games of pure chance (such as casino based games) that, while affording the potential for temporary profits, almost always lead to losses in the long term for all customers, due to the built-in level of returns that is programmed into FOBT games. Fixed odds betting on horse racing and other sport, and on other events such as elections, affords the opportunity for bets to be placed using the judgement of the bettor, both on what the outcome of an event might be, and on what is a fair price for any outcome. While not all horse racing or sports bettors do apply such judgement, preferring to bet on a horse because of the jockey’s colours, or blindly betting on a particular football team, regardless of its opponents or the price on offer, the opportunity to apply judgement does exist, through such as studying form, assessing past trends, and interpreting comments made by competitors, trainers, tipsters and other pundits. The skilful and disciplined horse racing or sports bettor can therefore gain an edge that simply does not exist in gaming, and may be able to use that edge to return a profit, sometimes over prolonged periods.

9. Gaming and fixed odds betting on sport are therefore very different, and regardless of the wider range of gaming options, the choices of outlet for fixed odds betting on sports in LBOs are currently already very few, and would be reduced further by the potential merger. On this basis, I urge the CMA to ignore the possibility of such 'protection', and to challenge robustly any suggestion by the Parties that it might occur.

10. The 'Full text decision' document mentions in a number of places that Ladbrokes and Coral have contended that competition between LBOs is local, notably in Paragraph 40 which states that the Parties submitted that the relevant geographic frame of reference for competition between LBOs is local, and that that it is not appropriate to assess the merger by reference to national or regional frames of reference since competition between LBOs occurs at the local level. The last sentence of Paragraph 50 also indicates that the Parties have asserted that they offer 'local price promotions or concessions'.

11. While individual LBOs can modify some very minor aspects of their offering to customers at a local level, such as providing free tea, coffee and biscuits, knowing regular customers' first names, and keeping the LBO especially clean, ***all material aspects of price competition in fixed odds betting in all national chains are governed by decisions made at the national level***. Prices for all horse racing, and for all other sporting events, for all national bookmaking chains, are set centrally, and transmitted to all LBOs of the company, at exactly the same time. When a prices changes, it changes in all the company's shops across the country at the same time. When companies provide a price-based offer, such as a temporary enhanced price on a particular outcome for a short period (referred to as a 'push', a 'price boost' or a 'lock-in' by different operators), this offer is available in all shops at exactly the same time. Similarly, other offers such as 'stake returned if your horse finishes second to the favourite' or 'no 5p Rule 4', if offered in a company's LBOs, are offered in all of that company's LBOs. Even if companies wanted to offer different prices or terms in particular LBOs to make themselves more competitive in a particular locality, it is very doubtful whether any of the national chains currently has the technology to make this possible.

12. Given that this national approach to setting and updating prices, which is the key basis for price competition, is used by all national chains, ***any assertions made by Ladbrokes and Coral that individual LBOs have any influence in how price-competitive they are against local competitors are completely false, are not supported in any way by any evidence***, and would appear to be an attempt to deliberately mislead the CMA in its investigation. Indeed, given how manifestly untrue such assertions are, both parties suggesting this to the CMA seems to be a strong indication of collusion.

13. The Parties' submission that the merger should only be assessed against a local frame of reference appears to be a key element of the Parties' arguments to the CMA on how the investigation should be carried out. Given that all evidence supports a diametrically opposite view, it would be very informative for the CMA to seek specific material examples of real decisions impacting price competition that the Parties claim are made at the local level in order to gain a competitive edge or to respond to a competitor's actions. It would also be most informative to seek real examples of 'local price promotions or concessions' claimed by the Parties. In my many years' experience betting in LBOs, I have never seen any pricing decision made locally or any local price promotion – they simply do not exist!

14. The only reasonable conclusion that can be reached from the evidence is that the level of price competition within LBOs is driven exclusively by decisions taken at a national level, and that local decisions play no part in impacting price competition. The CMA concludes in its 'Full text decision' document that the potential for significant lessening of competition as a result of reduced competition between LBOs at the local level provides a sufficient basis for a Phase 2

investigation. The CMA also indicates in the 'Issues Statement' that it will assess the loss of competition at the national level. I urge the CMA to place great emphasis on this aspect of its investigation as, while the impact of pricing decisions is realised through bets struck in individual LBOs, ***all decisions that affect prices available to LBO customers are always taken nationally and applied uniformly across all LBOs, so it is the national frame of reference that is fundamental to determining the level of price competition***.

Price competition and value in fixed odds betting – a simple example of how national competition works

15. The CMA 'Full text decision' document identifies a range of factors on which LBOs compete, including price, convenience of location, the quality of staffing and the quality of facilities. While each of these factors will have a different level of importance to different customers, ***the only factor of any relevance to the real value that customers obtain from their fixed odds bets is the prices offered by LBO operators***.

16. Unlike most product-based retail markets it is very easy to work out whether the prices offered by betting operators represent good value. While five supermarkets may sell an identical bottle of wine at five different prices, unless you have some knowledge of the economics of the supply chain, you will not know whether even the lowest of the prices on offer represents good value, or whether the prices offered by all of the supermarkets includes a large profit.

17. With fixed odds betting the situation is quite different, as in almost all cases there will be a finite and known number of outcomes in each betting market, such as a horse race or a sports event, and one can assess the 'total value' represented by the prices on offer about each outcome. A betting operator will offer a price for each outcome, and each price can then be converted to a 'percentage of the betting market'. The sum of these percentages for each outcome then provides a clear indication of the competiveness of the market, and thus the value in the prices offered, where the lower this sum is, the more competitive is the betting market, and the better value are the prices on offer.

18. Betting operators make a profit on fixed odds betting through the 'over round' in their book on any event. The 'over round' is the amount in excess of 100% when the percentages represented by the prices on offer for each outcome are added together, thus the lower the over round, the more price competitive the operator is for that event. The over round in a particular operator's book will vary between events, but could be as low as 5% for a high profile event where the operator is seeking to promote an impression of strong price competiveness, to as high as 50% or more in an event with very many outcomes where the operator is not looking to be price competitive, such as a run-of-the-mill horse race with a large field or a relatively minor sports event. On a simple three-outcome (home, away, draw) football match, the fixed odds on offer from an individual betting operator typically results in an over round of around 10%.

19. With a choice of national operators, assuming that the operators are not offering exactly the same prices on all possible outcomes, ***the 'combined over round' available from selecting the 'best prices' for each outcome from different operators will always be lower than the over round offered by any single operator.***

20. The following table illustrates this with a simple and typical example of an event with eight possible outcomes and three betting operators. For each operator, the prices offered about each of the outcomes is given, together with the corresponding 'percentage of the market' represented by those prices. The percentages of the market are then added to give the total market percentage. In this example 2/1 ('2 to 1') represents one-third of the market, or 33.33%, 5/2 ('5 to 2') represents two-sevenths of the market, or 28.57%, and so on.

	Operator 1		Operator 2		Operator 3		Best price	
Outcome	Price	% of market	Price	% of market	Price	% of market	Price	% of market
A	9/4	30.77	5/2	28.57	2/1	33.33	5/2	28.57
B	3/1	25.00	3/1	25.00	7/2	22.22	7/2	22.22
C	5/1	16.67	9/2	18.18	5/1	16.67	5/1	16.67
D	6/1	14.29	7/1	12.50	6/1	14.29	7/1	12.50
E	7/1	12.50	8/1	11.11	10/1	9.09	10/1	9.09
F	12/1	7.69	10/1	9.09	10/1	9.09	12/1	7.69
G	20/1	4.76	16/1	5.88	14/1	6.67	20/1	4.76
H	25/1	3.85	20/1	4.76	25/1	3.85	25/1	3.85
		115.52		**115.10**		**115.20**		**105.35**

21. In this simple example, the market percentages for the prices offered by each of the three operators is just over 115%, equivalent to an over round of just over 15% (the excess over 100%). The final two columns then show the best available price for each of the eight outcomes from across the three operators, and the corresponding 'percentage of the market'. The highlighted percentages correspond to the best available price for each outcome across the three operators, which are used to calculate the 'best price market percentage' shown in the final two columns. Adding these percentages gives a 'best price market percentage' of 105.35%, equivalent to a 'combined over round' of 5.35%.

22. An immediate reaction to this might be that bettors are very unlikely to take this 'shopping around' approach to betting with LBOs as it would be the equivalent of splitting your weekly supermarket shop between Tesco, Asda and Sainsbury's, which would be very time-consuming and inconvenient, and would bring extra costs for travel to different shops. Furthermore, supermarkets and other product retailers are increasingly using 'price matching' rendering such an approach unnecessary.

23. Again, the betting market is very different, especially where a bettor has ready access to multiple betting operators, which is the case in areas where there are LBOs of all or most of the national operators. Very many such areas exist in the UK's major towns and cities, including some where four or five of the national chains have LBOs within a few hundred metres of each other.

24. One other factor that makes this 'shopping around' an essential component of any approach to securing the best value in fixed odds betting is that, contrary to what some betting operators might like customers to believe, ***the major betting operators will not, as a matter of policy, match their competitors' prices***.

25. Some betting operators do operate, and promote strongly, a 'best price guarantee' on UK horse racing at limited times of the day as a tactic to retain customers in their LBOs. However, despite its name, this is something quite different. It is not 'price matching' as offered by such as supermarkets, as the 'best price' that the operator guarantees is the choice between the price available from that operator at the time the bet is struck, and the 'starting price' available on that horse at the time the race starts. ***The 'best price guarantee' is not an offer to match competitors' prices***. While for bettors with only a limited choice of LBOs, the 'best price guarantee' can sometimes result in a better price than might have been available from that limited choice of LBOs at the time the bet was struck, for a bettor who has a wider choice of LBOs, and is selective in the prices he takes and the operator(s) he strikes different bets with, the 'best price guarantee' is of almost no practical value. If the Parties argue differently about the 'best price guarantee', their assertions could be very easily disproved by comparing the best prices available across LBOs 2-3 hours before a race (when there is already a mature betting market for a race), and the starting prices. In almost all cases, the pre-race best prices for all

outcomes will be better than the starting prices (in part due to the very high over round built into starting prices), rendering the 'best price guarantee' of very limited value.

The effect of removing an operator from the market on fixed odds betting value

26. Even with the simple example shown above, and assuming no further erosion of prices by the remaining operators in the less competitive market that would result of the reduced number of operators, it is easy to see what the impact of removing one of the operators from the market would be, for example by the proposed merger. Removing Operator 1 would increase the 'combined over round' from 5.35% to 7.87% (from the best prices on each outcome from Operators 2 and 3), removing Operator 2 would increase the 'combined over round' to 9.34% and removing Operator 3 would increase the 'combined over round' to 10.15%.

27. The effect of the proposed merger on the 'combined over round' for real horse racing or sports markets could be assessed reasonably easily by comparing the 'combined over round' incorporating separate and independent prices available from Ladbrokes and Coral (together with the three other national LBO operators), with the 'combined over round' incorporating just one of other of the Parties' prices. ***Wherever Ladbrokes or Coral currently offer a 'best price' that is not matched by at least one other competitor (a virtual certainty in any event with more than just a few outcomes and only five national operators), the proposed merger would increase the 'combined over round'. The value to customers, and the competitiveness of the market, would therefore be reduced.***

The real impact that reduced competition would have on fixed odds betting value

28. It is important at this stage to understand the impact of a change in the over round has on 'betting value' in fixed odds betting, and how, again, this differs from how one might measure value in a more traditional product based retail market.

29. In a traditional product based market, you might pay £1, £1.05 or £1.10 for the same product from different retailers. Once you have spent the money and have the product, you will consume the product and will typically have no further interaction with the retailer regarding that product. The difference in 'relative value' offered by any two the retailers can therefore be calculated by dividing the two retailers' prices, so for example the lowest price retailer in this example is offering 9.1% better value than the highest price retailer (100% x (1 - (1.00/1.10)).

30. Fixed odds betting is quite different as a percentage of bets will win, and the bettor will therefore receive a return for each of those winning bets. Over the very long term, the return received by a bettor will be determined by the over round in the markets in which he bets, where that 'very long term return' will be 100% divided by the average market percentage (100% plus the over round) in the markets in which the better bets, i.e. the lower the over round, the greater the return to the bettor.

31. In the simple example above, if a non-selective bettor bets only with Operator 1, in markets with these characteristics, over the very long term he will receive a return of £100 for each £115.52 that he bets, a loss of £15.52, or 13.43% (15.52/115.52) of his stakes. Similarly a non-selective bettor betting only with Operator 2 will lose 13.12% (15.1/115.1) of his stakes over the very long term, and a non-selective bettor betting only with Operator 3 will lose 13.19% (15.2/115.2) of his stakes over the very long term.

32. The selective bettor, who, by shopping around, obtains the best available price about each outcome across the three operators, will receive a return over the very long term that is determined by the 'combined over round' of 5.35%, so he will receive a 'very long term return' of £100 for each £105.35 that he bets, a loss of £5.35 or 5.08% (5.35/105.35). ***Using this example, by shopping around rather than just betting with one operator, the selective bettor***

can reduce his long term losses from over 13% to just over 5%, a reduction of over 60%. This example and the nature of betting, where money tends to be recycled many times, illustrates the dramatic impact on the profitability that a bettor can expect to achieve as a result of the over round in the markets in which he bets – and the long term impact of even a very small increase in that over round.

33. The principles underpinning this simple example apply to all situations, whatever the over round, and also to very occasional situations where a selective bettor can bet where there is a combined 'under round' (i.e. the sum of the percentages represented by the 'best prices' for all outcomes is less than 100%). This simple example illustrates very starkly the criticality of price competition to the long term financial return that a bettor can achieve, whether by winning or minimising losses. Four key messages can be drawn from this:

    - The 'combined over round' available to a bettor indicates the real price value he can obtain in any betting market;
    - selecting prices from the widest possible range of operators will always minimise the 'combined over round' of any betting market, this maximising the value available to a bettor;
    - removing an operator from the market, such as by the proposed merger, would have at best a neutral impact on the 'combined over round' (but only in the rare situation where the prices offered by the removed operator for each outcome are matched by at least one operator remaining in the market) but much more likely will reduce the 'combined over round' and thus the price-competiveness of the market; and
    - the actual impact of a bettor betting in markets with only slightly lower over rounds is much greater than the percentage reduction in the over round itself, due to the natural 'recycling' of returns from winning bets.

Knock-on impact from creation of an oligopoly

34. The preceding paragraphs describe only the <u>**direct**</u> impact on price competition that would be caused by the proposed merger. I don't expand in detail here about the potential for an additional indirect reduction in competition, as I am confident that the CMA understands fully the opportunities and incentives that the resulting oligopoly would create for what would effectively be four national players, of which three would share around 87% of the LBO market.

35. All that I will say on this subject from my long experience of betting in LBOs is that the popular view that bookmakers are not renowned for gratuitous generosity appears largely true, and that if they end up operating in a market with weaker competition as a result of the proposed merger, they are likely to exploit fully any opportunity to trim prices and reduce value available to LBO customers further.

Impact of the reduction in value on different types of bettor

36. The focus of this submission is to illustrate the impact that the proposed merger would have on the value available from across the group of national LBO operators if the number of operators is reduced. Its greatest relevance is therefore to those bettors who are aware of the value in a fixed odds betting market when they consider placing a bet. I appreciate that detailed attention to the value in a market, by calculating and assessing over rounds, may only be the habit of a small proportion of bettors. However, ***if as this submission argues, the proposed merger would have a significant detrimental effect on the value available, that effect will impact all fixed odds bettors, whether they recognise it or not***. For fixed odds bettors who have a choice of LBOs that includes Ladbrokes and Coral, the proposed merger would remove one of their choices. For fixed odds bettors who have no choice of LBOs, or a choice that only includes one

of the Parties, that effect will be manifested through the remaining operators being able to offer lower value, through worse prices, as a result of the overall reduction in the competitiveness of the market.

Discrimination against LBO customers provides clear evidence of already weak competition

37. Most of the national LBO operators currently discriminate against their LBO customers by making some price-based offers only available to customers betting online, by telephone or by mobile phone. Examples of this, which recur on a regular basis, are the availability of 'extra places' or better each way terms for each way betting, so, for example, an operator may offer one-quarter of the win price for the place part of an each way bet to online, telephone and mobile customers, but only one-fifth of the win price for LBO customers. It is also becoming an increasing practice, especially by Coral, for operators to offer worse prices in their LBOs than those prices available to customers of their web site, so offering LBO customers a market with a higher over round, and therefore worse value, than that available to online, telephone and mobile customers of the same company.

38. The extent to which operators discriminate against LBO customers in this way varies according to the operator. Betfred, to its credit, appears rarely if ever to discriminate in this way, and in all the cases that I have seen, appears to offer identical prices and terms to its online, telephone and mobile customers, and to its LBO customers.

39. At the other extreme, Coral is the worst offender when it comes to discrimination against LBO customers, with offers such as '*one quarter the odds for each way betting all races at Ascot*', '*five places for each way in the Ebor Handicap*' and '*six places each way in the Open Golf*' virtually always being available only to mobile, telephone and mobile customers (one only needs to look regularly at the Coral advert in the Racing Post to see repeated examples of this). Furthermore, the way that Coral always markets these offers is to headline the better terms very prominently in its advertising, and to state the restriction in very small print at the bottom of its advert. While this may be seen as standard practice when presenting restricted offers, it is nonetheless a deeply odious practice and one that I'm sure has misled customers into betting with Coral without noticing these discriminatory terms or restrictions, leading directly to customers believing that they have a winning bet when it is in fact a loser, or suffering a significantly reduced return. Again, unlike transactions in most other retail markets, when a customer almost always know the full terms of his purchase at the time of payment, this misleading practice will typically only be picked up at the time of collecting returns from a bet. The closest parallel is probably in insurance where, whatever premium you pay, and whatever the sales pitch, the only true test of an insurance company is how readily and effectively it pays out in line with its terms of business when the event you are insuring against happens.

40. Ladbrokes falls somewhere between these two extremes as it sometimes offers the better terms available to online, telephone and mobile customers to its LBO customers, and sometimes does not. Ladbrokes does, though, seem to be moving more towards the more discriminatory approach adopted Coral, as the time existed just a few months back where Ladbrokes appeared to adopt an approach similar to Betfred's current approach, whereby LBO customers would always be offered the same terms as online, telephone and mobile customers.

41. The impact of this discrimination on the value available to LBO customers of the operator applying the discriminatory terms can be very significant. Offering five, rather than four, places for each way betting in a major horse race with many runners effectively increases the operator's profitability from the place market by 25%. Offering one-quarter rather than one-fifth of the win price for the place part of an each way bet will result in a similar 25% increase in the operator's profitability from the place market. Given the very large impact that even a small increase in the over round will have on value in a fixed odds betting market, these

discriminatory practices tend to destroy completely the potential for betting value in an event. While selective bettors may recognise this, less discerning LBO customers may just suffer without knowing how badly they are being treated.

42. I appreciate that discrimination between different categories of customer using different betting channels may not fall within the scope of the CMA's Phase 2 investigation. Its existence does, however, illustrate very starkly that the difference in the competitiveness of the LBO market in comparison with the internet, telephone and mobile betting channels is such that national operators such as Ladbrokes and Coral can apply this practice with impunity, without fearing a loss of their market position among LBOs, while the much greater competiveness in the internet, telephone and mobile betting channels requires them to offer better terms to be able to compete. Furthermore, given that this practice is used extensively now, with both Ladbrokes and Coral in the market, the weaker competition across LBO operators that would result from the proposed merger would be likely to increase further the level and frequency of such discrimination, making the prices, terms and value available to LBO customers even worse. This tendency to discriminate against LBO customers is likely to be further encouraged as betting operators develop ever more sophisticated technology that allow them to maintain multiple sets of prices and transmit prices to LBOs. If this trend of discrimination is allowed to continue unchecked, I could easily see a situation in the very near future where national betting operators simply offer a completely different set of prices to LBO customers to those offered to internet, telephone and mobile customers, with a significantly higher over round built into those 'LBO prices'.

43. The practice of discriminating against LBO customers who already have the least choice of betting operators, and whereby an LBO customer can receive a significantly lower return, or no return at all, than an internet customer placing exactly the same bet, is repugnant enough already. Allowing the proposed merger would provide very strong incentives to operators to increase the extent of such discrimination, thus reducing further the value available to LBO customers.

44. Given the current widespread discrimination against LBO customers, and the increased incentive to discriminate further that the proposed merger would bring, one possible measure that the CMA might consider, if it falls within its powers, would be to require the Parties, if they are allowed merge, to offer identical terms for fixed odds betting to their LBO customers, as are offered to online, telephone and mobile customers. The need for them to offer attractive terms to be able to compete in the internet and mobile betting sectors would mean that such a measure would have a significant material impact on the value available to fixed odds betting customers in LBOs, an effect that would mitigate to some degree the underlying significant lessening in price competition that would result from the proposed merger. Except in cases where LBO customers have very little choice of operator, such a measure would also be a much more effective way to maintain price competition than forcing the Parties to sell some LBOs, as there is no prospect of a new national operator entering the market to maintain national competition, and selling LBOs to existing competitors will do nothing to maintain price competition at the national level.