

Anticipated merger between Ladbrokes plc and certain businesses of Gala Coral Group Limited

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Glossary

Terms of reference and conduct of the inquiry

Terms of reference

1. In exercise of its duty under section 33(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, in that:
 - (i) enterprises carried on by Ladbrokes plc will cease to be distinct from enterprises carried on by Gala Coral Group Limited; and
 - (ii) the condition specified in section 23(1)(b) of the Act is satisfied; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including in the supply of fixed odds betting products in licensed betting offices (**LBOs**) within local areas around each LBO operated by Ladbrokes plc and Gala Coral Group Limited.
2. Therefore, in exercise of its duty under section 33(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 24 June 2016, on the following questions in accordance with section 36(1) of the Act:
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Andrea Coscelli
Executive Director of Markets and Mergers
Competition and Markets Authority
11 January 2016

Conduct of the inquiry

3. On 11 January 2016, the Transaction was referred for an in-depth (phase 2) merger investigation under a fast track reference procedure.
4. We published [biographies on the members of the inquiry group](#) conducting the inquiry on 11 January 2016, and the [administrative timetable](#) for the inquiry on 18 January 2016, with subsequent updates being published as applicable.
5. We invited a wide range of interested parties to comment on the proposed merger. We also sent detailed questionnaires to interested parties and evidence was obtained from these third parties through hearings, other telephone contact, and written requests. Evidence provided to the CMA during phase 1 was also considered in phase 2. Non-confidential versions of the summaries of our hearings with third parties have been published on our [webpages](#). We also commissioned a [customer exit survey](#).
6. On 4 February 2016, we published an [issues statement](#), setting out the main issues we were likely to consider in this inquiry and inviting comments from the main and third parties. [Responses](#) to our issues statement were also published.
7. On 19 February 2016, members of the inquiry group, accompanied by staff, visited various LBOs of the Parties and other bookmakers, Coral's trading floor and an innovation company engaged by Ladbrokes.
8. We received written evidence from Ladbrokes and Coral. A [non-confidential version of their main submission](#) is on our webpages, along with other parties' comments on it. On 6 and 7 April 2016, we held separate hearings with each of Coral and Ladbrokes.
9. In the course of our inquiry, we sent to Ladbrokes and Coral, as well as third parties, some working papers and extracts from those papers for comment.
10. A non-confidential version of the provisional findings report has been placed on the [case page](#).
11. We would like to thank all those who have assisted in our inquiry so far.

Regulation

Introduction

1. This appendix outlines the regulatory framework in Great Britain¹ (**GB**) which is relevant to the anticipated merger of Ladbrokes plc (**Ladbrokes**) and the businesses of Gala Coral Group Limited (**Coral**) (together the Parties). This appendix provides an overview of the regulation that is pertinent to the issues identified in this inquiry in accordance with the issues statement.² It is not intended to be a comprehensive description of every piece of regulation which applies to the Parties or industries they are active in.

Scope

2. In order to provide an overview of issues relevant to this inquiry, the paper will focus on the following topics which are relevant to operating licensed betting offices (**LBOs**) and providing gambling services online:
 - (a) Overview of gambling regulation including licensing.
 - (b) Taxation of betting and gaming.
 - (c) Planning rules applicable to betting offices.

Gambling regulation

3. Betting offices were first legalised by the Betting and Gaming Act 1960, although tight controls on their operation were initially imposed. A number of deregulatory measures were subsequently passed before the advent of the Gambling Act 2005 (**the Act**) which set out a new comprehensive regime for the regulation of gambling. The Act also created the Gambling Commission³ as a unified regulator for commercial gambling.

¹ Retail betting and gaming in Northern Ireland is regulated under a different regime administered by the Northern Ireland Department of Social Development. This is not addressed in this paper given that there is no overlap between the Parties in Northern Ireland.

² [Issues Statement](#) (5 February 2015).

³ The Gambling Commission is an independent non-departmental public body that is sponsored by the Department for Culture, Media and Sport.

Definition of gambling

4. Under the Act, gambling comprises gaming, betting or participating in a lottery.⁴ Betting is defined as ‘making or accepting a bet on: (a) the outcome of a race, competition or other event or process; (b) the likelihood of anything occurring or not occurring; or (c) whether anything is or is not true’.⁵ Accordingly, it includes betting on sporting and non-sporting events and numbers betting.
5. Gaming is a form of gambling and, as such, is regulated by the Gambling Commission.⁶ The Act defines gaming as ‘playing a game of chance’⁷ for a prize’. The definition includes playing a game on a machine and the playing of virtual games.⁸
6. Different categories of games are subject to differing regulation. The principal distinction is between ‘casino games’⁹ and ‘equal chance games’.¹⁰ At a number of places in the Act, rights to conduct equal chance gaming are granted.¹¹ However, casino games can only be offered by licensed operators.

Licensing

Operating licence

7. Under the Act, gambling is broadly restricted by the prohibition on the provision of ‘facilities for gambling’ unless an exemption applies.¹² One exemption is that the provider holds an operating licence.¹³ The Gambling Commission determines the licence conditions and codes of practice applicable to licensed operators.

⁴ Section 3, Gambling Act 2005.

⁵ Section 9, Gambling Act 2005.

⁶ Section 3 and Parts 3 and 5 of the Gambling Act 2005.

⁷ The Act provides that ‘a game of chance:

(a) includes:

(i) a game that involves both an element of chance and an element of skill,
(ii) a game that involves an element of chance that can be eliminated by superlative skill, and
(iii) a game that is presented as involving an element of chance, but

(b) does not include a sport’ (Section 6).

⁸ Section 6 and Section 354(3), Gambling Act 2005.

⁹ Section 7, Gambling Act 2005.

¹⁰ Section 8, Gambling Act 2005.

¹¹ Parts 12 and 14, Gambling Act 2005.

¹² Sections 5 and 33, Gambling Act 2005.

¹³ Section 33(2), Gambling Act 2005.

8. Section 65 of the Act provides for separate licences to be granted for general betting and for pool betting¹⁴ and other activities.¹⁵
9. A general betting (standard) operating licence allows an operator to offer betting from premises other than a race track, whereas a general betting (limited) operating licence allows an operator to offer betting exclusively from race tracks.¹⁶
10. It is a criminal offence to make a gaming machine available for use without a licence.¹⁷ However, gaming machines can be offered in a variety of licensed premises by reference to an existing licence for another gambling activity (eg a general betting operating licence) or a standalone gaming machine operating licence.¹⁸

Remote activities

11. Separate operating licences are required for remote and non-remote activities.¹⁹ The Gambling (Licensing and Advertising) Act 2014 (**the 2014 Act**) introduced a requirement for any operator advertising remote gambling or providing online gambling facilities in GB to have an operating licence from the Gambling Commission, and introduced a requirement for such operators to pay a remote gaming duty (see paragraph 26 below). The 2014 Act also prohibits unlicensed operators from promoting their products in GB.²⁰
12. As a result of the 2014 Act and the changes to licensing for remote activities, it is now possible for all remote and non-remote activities to be covered by a single umbrella licence.

¹⁴ Betfred, through its subsidiary Tote (Successor Company) Limited, holds an exclusive seven-year licence issued by the Gambling Commission in 2011 to offer pool betting services on horse racing in the UK.

¹⁵ Licences may also be granted for operating a casino, providing facilities for bingo, to act as a betting intermediary, to make gaming machines available for use in adult gaming centres and family entertainment centres and to manufacture, supply, install, adapt, maintain or repair a gaming machine amongst other activities.

¹⁶ Gambling Commission, [Types of operating licences for betting](#).

¹⁷ Section 242, Gambling Act 2005.

¹⁸ Section 65, Gambling Act 2005.

¹⁹ The Act defines 'remote gambling' as 'gambling in which persons participate by the use of remote communication', and 'remote communication' means communication using (a) the internet, (b) telephone, (c) television, (d) radio, or (e) any other kind of electronic or other technology for facilitating communication.'

²⁰ Previously, gambling companies were required to obtain a licence from the Gambling Commission only if they provided physical gambling services or products on British soil. Online brands were free to accept custom from British players and were regulated by the territory in which they obtained their licence. Off-shore gambling operators could advertise their products in Britain if they held a licence from a whitelisted territory (Gibraltar, Alderney, the Isle of Man or Antigua and Barbuda) and were taxed at the 'point of supply' by the territory in which their operations are based.

Premises licence

13. A premises licence is required from the relevant local licensing authority in order to use a premises to provide facilities for betting, gaming, operating a casino, operating a bingo and to make gaming machines available for use.²¹ The licences are not granted for a fixed term but remain valid upon payment of an annual fee to the relevant local authority. There is no longer any requirement to show unmet demand in order to be granted a licence.²²

Personal licences

14. The Act also requires that, in respect of each operating licence, at least one person occupies each of the specified management positions in respect of the licensed activities and that every such person, and others as determined by the Gambling Commission for individual operators, holds a personal licence authorising the performance of those functions.²³
15. Individuals who perform more than one of the specified management functions at the same time only need to hold one personal management licence.²⁴

Betting machines

16. Betting machines or self-service betting terminals (SSBTs) allow customers to place bets on 'real events'.²⁵ Betting machines are not regulated as gaming machines because the former can only be used to bet on real events and the definition of the latter excludes machines that are used solely for this purpose.²⁶ Therefore, although betting on virtual races can be offered over-the-counter in LBOs under a standard premises licence, it cannot be offered on SSBTs because these are not real events.

Gaming machines

17. The Act regulates gaming machines (including fixed odds betting terminals) and specifies the numbers and categories of these gaming machines allowed on any licensed betting and gaming premises by reference to the type of licence held by such premises.

²¹ Section 37, Gambling Act 2005.

²² Section 153(2), Gambling Act 2005.

²³ Section 80, Gambling Act 2005.

²⁴ Gambling Commission, [Personal management licences](#)

²⁵ Section 2, Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007.

²⁶ Section 235, Gambling Act 2005.

Gaming machine categories

18. Gaming machine categories (from A to D)²⁷ are determined by reference to the maximum stake and the maximum prize, and in the case of each category, subject to limits on the number of machines allowed in each premises.²⁸ A betting premises licence authorises the holder to make available for use up to four gaming machines, each of which must be of Category B2, B3, B4, C or D. In practice, LBOs only provide gaming machines that offer both Category B2 and B3 content.
19. Since 6 April 2015, additional identification or supervision restrictions apply to the use of Category B2 gaming machines. Customers must provide identification and register personal details in order to place bets of £50 or more on a gaming machine or otherwise the cash must be loaded via staff interaction.²⁹
20. There is no statutory minimum percentage pay-out for gaming machines³⁰ but all machines are required to display clearly the amount paid to use the machine that is returned by way of prizes (described as the return to player on the machine), or the odds of winning prizes from use of the machine.³¹

Reviews of gaming machine stake and prize limits

21. Periodic reviews of gaming machine stake and prize limits were undertaken on a broadly triennial basis under the previous licensing regime. In October 2013, the government announced the reintroduction of a triennial review system.³² The next review led by DCMS will take place in 2016.

Planning rules applicable to betting offices

22. A local planning application is now required for all proposed licensed betting offices pursuant to the Town and Country Planning (Use Classes) (Amendment) (England) Order 2015 which came into effect on 15 April 2015. This order removed licensed betting shops from the town centre use class – A2 – and placed them in a class of their own ('sui generis'). It had the effect of removing permitted development rights (where previously A2 use was permitted in units classed A3, A4 or A5) and also requiring a planning

²⁷ Gaming Machine Regulations 2007 (as amended). See Annex 1 for a list of the categories.

²⁸ Section 172, Gambling Act 2005. See Annex 1 for a description of the limits for each type of premises.

²⁹ The Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015.

³⁰ The technical standards for [legacy gaming machines](#) however, do put a lower limit of 70% as a % RTP.

³¹ See the Gambling Commission's [Gaming Machine technical standards](#).

³² [Government response to consultation, October 2013](#).

application for all proposed LBOs (the only effective exception being if it traded as a betting shop previously).

23. Planning applications are determined against adopted local authority planning policies and the National Planning Policy Framework.

Taxation on betting and gaming

General betting duty

24. General betting duty (**GBD**)³³ is paid on a bookmaker's profits³⁴ for:
- (a) general bets³⁵ and pool bets³⁶ on horse or dog racing where the bet is placed while the person is present in a UK betting shop or is a UK person, regardless of where the bookmaker is located (guidance on the definition of UK person is provided in the excise notice);
 - (b) spread bets where a customer makes a bet with a bookmaker who is located in the UK; and
 - (c) bets placed by a UK person through betting exchanges, no matter where the betting exchange is located.
25. If a bookmaker only takes on-course bets they do not need to pay GBD, but they must register and pay GBD on any off-course bets taken while carrying out their business.

Remote gaming duty

26. A bookmaker who holds a remote operating licence must register and submit returns online for remote gaming duty (**RGD**).³⁷

³³ See HMRC's [Excise Notice 451a: General Betting Duty](#)

³⁴ Gross profits are defined as stakes received minus winnings paid out.

³⁵ Section 126 of the Finance Act 2014 defines 'general bet' as a bet that is not an on-course bet, is not a spread bet, is not made by way of pool betting and one or more of Conditions A to C is met in relation to it. Condition A is that the person who makes the bet (whether as principal or agent) does so while present at a place in the UK where betting facilities are provided in the course of a business and a bet is made using those facilities. Condition B is that the person who makes the bet as principal is a UK person and the bet is not an excluded bet. Condition C is that the person who makes the bet as principal is a body corporate not legally constituted in the UK, the bookmaker with whom the bet is made knows or has reasonable cause to believe that at least one potential beneficiary of any winnings from the bet is a UK person and the bet is not an excluded bet. Section 187 of the Finance Act 2014 provides that a bet is an excluded bet if it is not made in or from the United Kingdom, and the facilities used to receive or negotiate the bet or (in the case of pool betting) to conduct the pool betting operations are not capable of being used in or from the United Kingdom.

³⁶ Section 134, Finance Act 2014.

³⁷ See HMRC's [Excise Notice 455a: Remote gaming duty](#).

27. RGD is paid on gaming provider profits from remote gaming played by a customer who usually lives in the UK. The bookmaker needs to decide whether a customer usually lives in the UK. A gaming provider is the person who a player has a contract (or similar arrangement) for play with.

Rates of tax

28. Tax is charged as a percentage of profits. Profits are calculated as stakes received (from UK people where appropriate) less winnings paid out (to UK people where appropriate).³⁸

Machine games duty

29. Machine Games Duty (**MGD**) is a tax that must be paid on machine games if at least one of the prizes on offer is cash, and it is more than the smallest cost to play the machine. MGD is due on the total net takings from play on the machine games. Net takings equals what is charged to play the games minus the amount paid out as winnings, including non-cash prizes.³⁹
30. If the machine has games of more than one type, the rate for all the games will be the highest rated game. For example, machines with both standard and higher rated games will be charged at 25%. The higher rate was introduced by the Finance Act 2014 and was applicable from 1 March 2015. Category B2 and B3 machines (which are the machines provided in betting shops) are subject to the higher rate.

³⁸ See HMRC's guidance on [General betting duty, pool betting duty and remote gaming duty](#).

³⁹ See HMRC's guidance on [Machine Games Duty](#).

Annex 1: Gaming machines

Table 1: Gaming machine categorisation

| Machine category | Maximum stake (from January 2014) | Maximum prize (from January 2014) | Allowed premises |
|---------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| A | Unlimited | Unlimited | Regional casino ⁴⁰ |
| B1 | £5 | £10,000 (with the option of a maximum £20,000 linked progressive jackpot on a premises basis only) | Large Casino, Small Casino, Pre-2005 Act casino and Regional Casinos |
| B2 | £100 | £500 | Betting premises and tracks occupied by pool betting and all of the above |
| B3 | £2 | £500 | Bingo premises, Adult gaming centre and all of the above |
| B3A | £2 | £500 | Members' club or Miners' welfare institute only |
| B4 | £2 | £400 | Members' club or Miners' welfare club, commercial club and all of the above |
| C | £1 | £100 | Licensed family entertainment centres, qualifying alcohol licensed premises ⁴¹ and all of the above |
| D money prize | 10p | £5 | Travelling fairs, unlicensed (permit) family entertainment centres and all of the above |
| D non-money prize | 30p | £8 | All of the above |
| D non-money prize (crane grab) | £1 | | All of the above |
| D combined money and non-money prize ⁴² | 10p | £8 (of which no more than £5 may be a money prize) | All of the above |
| D combined money and non-money prize (coin pusher or penny falls machine) | 20p | £20 (of which no more than £10 may be a money prize) | All of the above |

Source: Gambling Commission

⁴⁰ There are currently no Category A machines because there are no regional casinos in the UK.

⁴¹ Without additional gaming machine permits and with additional local authority gaming machine permits.

⁴² Other than coin pusher or penny falls machines.

Table 2: Number of gaming machines in a given licensed premises⁴³

| Type of licence | Number of machines |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Casino premises licence (large casino) | Up to 150 gaming machines (of categories B1, B2, B3, B4, C or D) provided that this is no more than five times the number of gaming tables used in the casino |
| Casino premises licence (small casino) | Up to 80 gaming machines (of categories B1, B2, B3, B4, C or D) provided that this is no more than twice the number of gaming tables used in the casino |
| Betting premises licence | Up to 4 gaming machines (of categories B2, B3, B4, C or D). |
| Bingo premises licence | A number of Category B3 or B4 gaming machines not exceeding 20% of the total number of gaming machines available on the premises. No limit to the number of Category C or D gaming machines. |
| Adult gaming centre premises licence | A number of Category B3 or B4 gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises. No limit to the number of Category C or D gaming machines. |
| Family entertainment centre licence | Any number of category C or D gaming machines. |

⁴³ Section 172 of the Gambling Act and section 6 of the Categories of Gaming Machines Regulations 2007 (as amended).

Survey evidence

Introduction

1. The CMA commissioned a survey of customers of the Parties' **LBOs (CMA survey)** to inform its investigation into the **Transaction**. The objectives of the customer survey were to:
 - (a) understand the purchasing behaviour and characteristics of Ladbrokes' and Coral's LBO customers;
 - (b) understand the reasons why customers choose to visit a particular LBO and use online gambling sites;
 - (c) understand the stated diversion behaviour of respondents at the surveyed LBOs and how this varies depending on the local areas surveyed; and
 - (d) identify the appropriate area over which competition takes place between LBOs.
2. This survey was conducted in a sample of 15 areas where the Parties compete by DJS Research Ltd (**DJS**), the agency appointed to conduct the survey on our behalf. Fieldwork took place over a period of four weeks from 25 January 2016.
3. The Parties submitted the results from their own and other surveys as evidence to the CMA's inquiry into the Transaction. The surveys referred to by the Parties and considered here are:
 - (a) a face-to-face survey at LBOs, conducted by Routeways on behalf of the Parties between July and September 2015 (**Parties' face-to-face survey**);
 - (b) a telephone survey, conducted by Researchcraft on behalf of the Parties on non-consecutive dates between 11 December 2015 and 13 January 2016 (**Parties' telephone survey**);
 - (c) an online survey, conducted by Researchcraft on behalf of the Parties between 11 and 20 December 2015 (**Parties' online survey**); and
 - (d) Kantar UK Gambling Market Sizing surveys, which are conducted on a regular, quarterly basis (**Kantar surveys**). Where the time frame is stated, results quoted are generally for either the 12-month period Q4 2014 to Q3 2015 or the 12-month period Q1 2015 to Q4 2015.

4. This appendix assesses the survey evidence as a whole. In particular, we provide the CMA's view on the strengths and weaknesses of the different surveys from a statistical perspective and on the weight which we consider may be attached to the results and interpretation of each.
5. DJS' report, which presents a high-level analysis of the CMA survey results, was published on the CMA's website on 18 March 2016.¹ Some of the results quoted here for sub-groups of customers result from additional analysis of the survey dataset. However, this appendix does not repeat or expand upon all the survey results; instead, it focuses on a few key areas, notably where the Parties have presented their own analysis.
6. Where we refer to 'retail' in this appendix, including references to 'retail gambling' or 'retail channel', this refers to gambling that takes place in an LBO. The population of interest in this inquiry includes customers who gamble in LBOs and online (multi-channel) and those who only use LBOs (retail-only), but excludes those who gamble online only. Information on whether respondents are multi-channel or retail-only customers is derived from survey questions which ask customers about online gambling over a specified period that differs between the surveys addressed here (either the last six months or the last 12 months).

Survey designs, strengths and weaknesses

7. The CMA, when commissioning its own survey, is able to optimise the survey design with respect to its evidential requirements and in the context of the wider analysis plan for the case. However, limitations of the survey design, and any issues that may arise during the conduct of the survey, need to be carefully considered in order to assess how much evidential weight can be given to the survey findings. Also important in this context is the survey evidence submitted by the Parties, some of which provides alternative estimates of the same or similar concepts and some which will provide different measures.² This section describes and assesses the main strengths and weaknesses of the various surveys.

Assessment of the CMA survey

8. The CMA survey was designed to provide a representative sample of Ladbrokes' and Coral's retail customer visits (**visits**) to the 30 surveyed LBOs (in the 15 areas selected) and was conducted with this aim in mind.

¹ DJS (March 2016), [Survey of customers at Ladbrokes and Coral betting shops](#).

² We note that the Parties' face-to-face, telephone and online surveys were conducted without consulting the CMA.

Interviews, each lasting five to ten minutes, were conducted inside the LBOs. Interview shifts were scheduled at different times of day and on all seven days of the week, and interviewers were provided with written instructions by the CMA to ensure that interviewers approached customers on a random basis.

9. Interviewers were asked to keep a tally of the gender and estimated age (categorised into three age bands) of customers who were approached for interview but declined to participate (**refusals**). This allowed us to assess, to some extent, potential non-response bias. Members of the CMA staff team visited surveyed LBOs during interview shifts to assess how the survey was working in the field. DJS also conducted its own quality control monitoring.
10. A total of 3,921 interviews were conducted, with at least 100 in each of the surveyed LBOs. With a response rate of 40%, there was a good level of response, and respondents were broadly similarly distributed, by age and gender, to those who refused to be interviewed. We are satisfied, therefore, that the survey provides a reasonable sample base for providing evidence.
11. In the context of our survey, we use frequency of visits to an LBO as a proxy for spend. A customer who visits frequently (such as every day or once a week) is more likely to be surveyed (ie given relatively more weight) than a customer who visits less frequently (such as once a year). An in-store survey with a random selection of customer visits therefore effectively weights the results by frequency of visits.
12. We are using visits as a proxy for spend and are therefore employing the additional assumption that spend per customer visit is, on average, approximately the same across the different categories of customers (eg retail-only or multi-channel customers). The Parties' face-to-face survey provides some indication that this is a reasonable assumption. The average amount spent per visit to the surveyed LBO is roughly the same, about £30, irrespective of the frequency of visits.³ However, the Parties have also suggested that multi-channel customers may spend more, on average, than their retail-only counterparts and we address this further below.
13. A limitation of the CMA survey is that, due to the high number of local areas where the Parties' LBOs operate in close proximity to each other, it was not practical to survey all of the overlap areas, or even a large proportion of them, particularly given the statutory time frame for a merger inquiry. The CMA survey selected a stratified random sample of 15 locations from all areas

³ See Table 2 in this appendix.

where Ladbrokes and Coral operate LBOs in close proximity to each other.⁴ In each location, the selected Ladbrokes or Coral LBO was paired with the closest LBO of the other merging party, meaning that the CMA survey was conducted in 30 LBOs in total.

14. The results of the diversion questions, particularly those where specific fascia and individual LBOs were given as diversion destinations, are reflective of the competitive conditions in each surveyed area. We consider that we have fairly robust estimates for each of the 30 LBOs where the survey was conducted.
15. We shared our proposed methodology and early drafts of the questionnaire with the Parties in order to receive their comments. The Parties submitted that the CMA survey created a framing bias against the online channel, pointing to the fact that the survey was conducted inside an LBO and also referring to the ordering and wording of the questions. They also considered there to be too few questions about online use in general. We made some alterations to the draft questionnaire with a view to mitigating the risk of a framing bias. One of the changes was to ask about online gambling two questions before the start of the diversion questions. Nonetheless, the survey was conducted within LBOs. While this enables the survey to reflect customer visits, we cannot rule out that this may have put some respondents into a mindset in which they were more likely to cite another LBO as an alternative than if the question had been asked in a more neutral setting. It is also the case that the usual caveat applies, which is that diversion questions are always hypothetical in nature and that stated preferences may, to some extent, differ from actual behaviour.
16. The Parties also submitted that findings from other surveys show that multi-channel customers tend to stake more than retail-only customers and that, as multi-channel customers are more likely to say they would divert online in the hypothetical situation of the surveyed LBO being closed for refurbishment, on the basis of spend the CMA survey would have understated diversion to online. We have since also considered whether the CMA survey may have under-sampled multi-channel customers. Both of these aspects could have a material impact on the interpretation of the CMA survey results; we are using customer visits as a proxy for spend, with spend being the concept of most relevance and the CMA survey shows that a much higher proportion of multi-channel respondents said they would divert online (21%, compared with 1% of their retail-only counterparts).

⁴ The sampling frame included overlap areas defined as follows: 2:1, 200m; 2:1, 400m, 2:1, 800m; Closest (2:1), 200m; 3:2, 400m; 3:2, 800m; Closest (3:2), 200m; 4:3, 400m; 4:3, 800m, across urban, rural and London locations. Not all types of overlap areas were represented in the sample selected.

17. We reviewed the findings of the different surveys in relation to the sampling of multi-channel customers. The telephone surveys, notably the Kantar survey, picked up a higher proportion of visits by multi-channel customers than the in-store, face-to-face surveys (Kantar survey 40%; Parties' telephone survey 34%; CMA survey 27%; Parties' face-to-face survey 18%). By their very nature, the survey methodologies of the individual surveys are subject to a range of potential biases and it is difficult to discern which of the surveys' findings best represents the share of multi-channel customers.
18. We did not include a question about spend in the CMA survey questionnaire because we considered it would be difficult to obtain sufficiently accurate responses to such a question for our purposes. However, we note that the Parties' face-to-face and telephone surveys asked questions relating to customer spend and in both cases the responses given indicated that multi-channel customers typically spend more in LBOs than retail-only customers. The Kantar' Retail Gambling Tracker survey was no longer conducted in the same format after the end of 2012 and it is not possible to estimate spend by channel-use for gambling in LBOs in isolation from the more recent Kantar Market Sizing survey. However, Kantar survey data collected in the last quarter of 2012 from the Retail Gambling Tracker also shows higher spend in LBOs among multi-channel customers.
19. Taking this into account, we think it is likely that the CMA survey has underestimated the share of spend by multi-channel customers and consequently may have underestimated the likely diversion to online alternatives to some extent. The extent of this underestimation is difficult to quantify exactly (see more detailed analysis later in this appendix), but for reasons set out at paragraph 6.64 of the provisional findings we considered that it would be appropriate to increase the diversion ratio to the online channel from 6% to 10% for the purposes of our analysis of the effects of the Transaction.

Kantar survey

20. The Kantar survey is a large-scale, quarterly survey which is comprehensive in its coverage of the subject of gambling and is used widely across the industry. Sampling is by random digit dialling (50% landline numbers and 50% mobile). Quotas are set by age, gender and region, and results are weighted by these variables and social grade. A total of 39,000 interviews are conducted per year across all channels (retail-only, online-only and multi-channel). In the 12 months from the start of Q4 2014 to the end of Q3 2015 this included 2,921 respondents who had visited one of the Parties' LBOs in the previous 12 months.

21. The Kantar survey questionnaire was not designed to provide evidence for this merger inquiry and does not ask diversion questions. However, we regard it as a high quality survey and have drawn on its results for various purposes. When we have done so, we have been careful to recognise that the Kantar survey is based on a random sample of customers, such that any customer who has visited one of the Parties' LBOs within 12 months of being interviewed has an equal chance of being selected for the survey, regardless of their frequency of visit. This is in contrast to the CMA survey where the sampling and analysis units are customer visits (and the probability of sample selection of any individual customer is therefore determined by frequency of visit). As a result, where comparisons of results have been made between the two surveys we have weighted the Kantar responses by frequency of visit of each individual respondent. After this weighting, the Kantar results are more comparable to the CMA survey results as they are both expressed in units of customer visits.

The Parties' surveys

The Parties' online survey

22. The Parties' online survey is sourced from an online panel. We consider that this design and survey mode mean that the findings will not be representative across channel use and are likely to be heavily biased in favour of those who gamble online and who would divert online. We generally do not consider it to be an appropriate survey mode to estimate cross-channel substitution. While this is the over-arching weakness of the online survey, it also shares many of the features of the Parties' telephone survey that we discuss below. These include having a relatively small overall base of customers who have used an LBO of any fascia at any time in the last 12 months (376 respondents, which would result in an effective sample size much smaller than this after weighting onto a customer visits basis) and using a questionnaire similar to that in the Parties' telephone survey. We therefore did not consider it appropriate to use the results of this survey in our analysis.

The Parties' telephone survey

23. The Parties commissioned Researchcraft to conduct a telephone survey. Quotas were set according to age (with a 'hard quota' for 50+), gender, region and betting characteristics (channel, product) to attempt to avoid recording disproportionate responses across different groups.
24. A total of 500 interviews were conducted, of which 362 were with respondents who had visited an LBO in the last 12 months (138 were with online only

customers). We note that no information about brands was collected, meaning that the results are not specific to Ladbrokes or Coral. Most of the survey was conducted by making follow-up calls to a sample of respondents to the Kantar Media Bettor survey (which uses a random digit dialling methodology), while a seventh of the achieved sample was sourced from a Consumer Lifestyle database.

25. We have weighted the results of the Parties' telephone survey by frequency of visits so that they can be interpreted in units of customer visits – the same principles apply as for the Kantar survey, explained in more detail above. However, this reduces the effective sample size of retail customers to just 81, which further limits the value of the results of this survey.
26. In their submissions, the Parties have cited diversion ratios based on the results from both their telephone and online surveys. These are based on the responses to the following question: 'What would you be most likely to do if you wanted to place a bet or play a poker or casino game (eg roulette, blackjack, slots etc) and before leaving home you were told your usual LBO was temporarily closed for refurbishment?'. This question does not follow the usual structure of a diversion question in which a particular visit to one of the Parties' stores/outlets (in this case LBOs) is the premise of the question and the respondent is asked what they would do instead, if this option were not available. We do not know how many of the respondents to the Parties' telephone and online surveys would have visited one of the Parties' or any of the other fascia's LBOs to gamble in the first place, as this has not been established in the survey questions. In other words, we do not know the denominator of the diversion ratio calculation. Leaving aside further issues with the question wording, this casts material doubt on the reliability of estimating diversion ratios from these surveys. We also note that there is no context before the question to enable the respondent to be thinking about a visit to an LBO; the questions immediately before ask if retail gamblers expect to spend more or less on retail gambling and, if less, a prompted list of possible reasons why this is the case includes many options, almost all of which mention 'online'.

The Parties' face-to-face survey

27. The Parties' commissioned Routeways to conduct a face-to-face survey at a sample of their LBOs. A description of the methodology, based on information supplied by Charles River Associates (CRA), the Parties' advisers, is as follows:
 - (a) LBOs were initially selected with reference to two criteria: (i) a reduction in fascia of three to two, four to three and five to four within 400m; and (ii)

overlap with Paddy Power, Betfred or independents within 400m. There were 335 Coral LBOs and 366 Ladbrokes LBOs that satisfied these criteria (competitor database, July 2015).

- (b) A random sample of 24 Coral LBOs was picked out of the total number of Coral LBOs that overlapped with at least one of the 366 Ladbrokes LBOs that also satisfied the same criteria. By construction, the Coral LBOs were representative of the population of 335 LBOs in terms of the two criteria set out above. The mirrored Ladbrokes LBOs were less representative as they included disproportionately more three-to-two areas and less four-to-three areas, so the following adjustments were made to the Ladbrokes sample: (i) two LBOs that were in a three-to-two area were randomly excluded; and (ii) two LBOs from a four-to-three area were randomly included.
 - (c) In total, the sample contained 48 LBOs in 26 localities (mix of metropolitan/urban/rural): 22 localities with mirrored Ladbrokes/Coral LBOs, two localities where only a Ladbrokes LBO was surveyed and two localities where only a Coral LBO was surveyed.
 - (d) Fieldwork took place between July and September 2015.
 - (e) Initially, the survey was conducted as an exit-survey, but responses were low, so the interviewers moved in-shop and the field work period was extended.
28. No information was provided on how the interview shifts were selected by day of week and time of day, or on the rules for how customers were to be approached.
29. Of the 48 LBOs surveyed, 100+ interviews were achieved in six LBOs, over 55 interviews in 12 LBOs, with the remaining 30 LBOs achieving 55 or fewer interviews, even after the extended fieldwork period.
30. Many of the responses to questions were prompted, including by providing a list of websites and by providing possible responses to the question 'In what circumstances do you decide to bet online rather than betting in a shop?', which was placed immediately before the diversion question. In total, there are up to eight questions (depending on responses received) about online behaviour and choice immediately before the section on diversion. The diversion questions then ask:
- (a) Q25. 'For the purpose of this survey, suppose that before setting off, you knew the particular [site name] in [location] was closed for refurbishment for the next year. What would you have done instead?'; and

(b) Q27. 'What would you do if [brand name] didn't exist?'

31. The Parties' face-to-face survey reports high-level results not substantively dissimilar to those from the CMA survey in terms of both customer profile and stated diversion. However, there were a number of issues around the methodology and very low achieved numbers, as the Parties have themselves highlighted, and relatively little information available on the quality of the fieldwork. Although we do not necessarily agree with the Parties' specific reasons for not placing much weight on the results, we concluded that overall it is likely to be a less reliable source of evidence for the inquiry than the CMA survey.

Survey results

Customer profile

32. The DJS' report summarises the profile of LBO customers across a number of demographic and other characteristics, as shown by the CMA survey. These results need to be interpreted carefully as they represent customer visits. For example, when we report that 10% of customers are women, this should be interpreted as 10% of customer visits are by women. As described, above, the Parties' telephone survey and the Kantar survey results have to be weighted by frequency of visit to make them more comparable to the results of the face-to-face surveys.⁵ The results are shown in Table 1 below.

⁵ Weights applied to the Parties' telephone survey: 286 (most days); 130 (two to three days a week); 52 (about once a week); 19 (about once a month); four (once every few months); 1.5 (once or twice a year). Weights applied to the Kantar survey: 286 (every day/most days); 156 (a few times a week); 52 (about once a week); 19 (about once a fortnight to once a month); 6 (every couple of months); 4 (a few times a year); 1 (once in the last 12 months). We tested various sets of alternative weights and found that results were generally not very sensitive to them.

Table 1: Retail gamblers by age, gender and channel use

| | As reported in surveys | | | | Re-weighted to customer visits§ | |
|------------------------------------|------------------------|-------------------------------|---------------------------|----------------|---------------------------------|----------------|
| | CMA survey | Parties' face-to-face survey* | Parties' telephone survey | Kantar survey† | Parties' telephone survey | Kantar survey† |
| <i>Age‡</i> | | | | | | |
| 18-34 | 27 | 24 | 34 | 41 | 27 | 37 |
| 35-54 | 42 | 41 | 36 | 35 | 26 | 28 |
| 55+ | 30 | 35 | 31 | 24 | 47 | 35 |
| <i>Gender</i> | | | | | | |
| Male | 90 | 89 | 69 | 74 | 82 | 91 |
| Female | 10 | 11 | 31 | 26 | 18 | 9 |
| <i>Channel use (last 6 months)</i> | | | | | | |
| Retail only | 73 | 82 | 68 | 65 | 66 | 60 |
| Multi-channel | 27 | 18 | 32 | 35 | 34 | 40 |
| Base (number) | 3,916 | 2,907 | 362 | 2,961 | | |
| Effective sample size (number) | | | | | 81 | N/K |

Source: Various (see notes).

*CMA analysis of Parties' face-to-face survey data.

†Kantar data for Ladbrokes and Coral retail gamblers, Q4 2014 to Q3 2015.

‡In the CMA survey, age categories are: 18-35, 36-59, 60+.

§CMA analysis of Parties' and Kantar's survey data.

33. It should be noted that the results are presented from four different surveys, which all have differences in purpose, design and measurement. Therefore, they are not completely consistent. For example, the age bands used by DJS are not an exact match for those used by the Parties, questions are worded differently and eligibility criteria for completing the surveys in the first place have differences.
34. With that said, we have made some comparisons of results across the different surveys:
 - (a) The Kantar survey estimates the highest proportion of visits by young people: 37% compared with 27% in both the CMA survey and the Parties' telephone survey and 24% in the Parties' face-to-face survey.
 - (b) Both the face-to-face surveys and the Kantar survey all estimate that about 90% of visits are by men.
 - (c) The face-to-face surveys show a lower proportion of visits by multi-channel customers than the telephone surveys (27% and 18% from the CMA and Parties' face-to-face surveys respectively, 34% from the Parties' telephone survey and 40% from the Kantar survey).
35. As described above, we did not ask about spend/stakes in the CMA survey. However, analysis of the Parties' face-to-face survey indicates that the pattern

of spend is very similar regardless of frequency of visiting. The majority of customers, whether frequent or infrequent, spend less than £20 per visit. Table 2 below shows the average spend per visit according to the frequency of use of the surveyed LBO. The averages were calculated using mid-points of the spend categories provided in the Parties' face-to-face survey dataset (the average of the top category £501+ is assumed to be £550; less than 1% gave this category as a response).

Table 2: Average spend per visit by frequency of visits

| <i>Frequency of visits</i> | <i>£ Average spend</i> |
|---------------------------------------------|--------------------------------|
| Daily or most days (at least 4 days a week) | 37 |
| Between 1 and 3 days a week (inclusive) | 30 |
| 3 times a month | 29 |
| Twice a month | 31 |
| Once a month | 32 |
| Less than once a month | 28 |
| Overall | 32 |

Source: CMA analysis of Parties' face-to-face survey data.

Diversions

36. From the CMA survey, a large majority of customers say they would have gone to another LBO had the LBO they were visiting been closed for refurbishment for six months: 81% of Ladbrokes and 73% of Coral customers.
37. Customer groups significantly more likely to divert to another LBO were those who (the results should be interpreted as the percentages of visits made by customers belonging to the specified groups and, where not stated, results are for Ladbrokes and Coral combined):
 - (a) are male (79%) compared with female (65%);
 - (b) are older (85% for those aged 60+ compared with 79% for those aged 36-59 compared with 67% for those aged 18-35);
 - (c) are betting customers or betting and gaming customers (81% and 73%, respectively) compared with those just using the gaming machines (60%);
 - (d) are more frequent visitors to the surveyed LBO:
 - (i) Ladbrokes: most days (83%), two to four days per week (89%), once a week (82%) compared with fortnightly to monthly (76%) and less than monthly (58%).

- (ii) Coral: most days (77%), two to four days per week (79%), once a week (73%), fortnightly to monthly (70%) compared with less than monthly (56%);
 - (e) are more frequent visitors to LBOs in general:
 - (i) Ladbrokes: most days (87%), two to four days per week (87%), once a week (78%) compared with fortnightly to monthly (61%) and less than monthly (48%)
 - (ii) Coral: most days (79%), two to four days per week (78%), once a week (70%) compared with fortnightly to monthly (56%) and less than monthly (46%);
 - (f) have travelled from home (80%), compared with from work (74%);
 - (g) say the visit is their only or main reason for making the trip (81% and 85%, respectively) compared with those who say the visit is not their main reason for making the trip (74%);
 - (h) haven't gambled online in the last six months (85% Ladbrokes, 78% Coral) compared with those who have (71% Ladbrokes, 62% Coral) – this is effectively a comparison of results by channel use between retail-only and multi-channel for the six-month period in question;
 - (i) didn't check odds online when considering whether to place a bet (75% compared with 66% for those who did). This result is for Coral customers only, as there is no significant difference between the groups for Ladbrokes customers.
38. The results on diversion from the Parties' face-to-face survey are, broadly speaking, comparable to our own survey. The Parties' face-to-face survey (see Table 3 below) indicated that between 79% of Ladbrokes customers and 75% of Coral customers would divert to another LBO if, before setting off, they knew that the surveyed LBO was closed for refurbishment for the next year.

Table 3: Diversion (Parties' face-to-face survey)

For the purpose of this survey, suppose that before setting off, you knew the particular BRAND in LOCATION was closed for refurbishment for the next year. What would you have done instead?

| | Coral | | Ladbrokes | | Total | |
|-----------------------------|--------|-----|-----------|-----|--------|-----|
| | Number | % | Number | % | Number | % |
| Would go to another LBO | 1029 | 75 | 1221 | 79 | 2250 | 77 |
| Would not have placed a bet | 86 | 6 | 125 | 8 | 211 | 7 |
| Would bet over the internet | 82 | 6 | 73 | 5 | 155 | 5 |
| Would bet by phone | 17 | 1 | 2 | 0 | 19 | 1 |
| Other (specify) | 23 | 2 | 24 | 2 | 47 | 2 |
| Don't know | 128 | 9 | 96 | 6 | 224 | 8 |
| Total | 1365 | 100 | 1541 | 100 | 2906 | 100 |

Source: Parties' face-to-face survey.

Online constraint

39. As discussed above, the face-to-face surveys sampled customer visits; the results below from the CMA survey and the Parties' face-to-face survey should, therefore, be interpreted as representing the percentages of visits made by customers.
40. In the CMA survey, just over a quarter of customers overall said that they have placed bets or gambled online in the last six months, but significantly fewer Ladbrokes customers (24%) than Coral customers (29%). This, effectively, estimates the split of all retail gamblers between multi-channel (retail and online) customers and retail-only customers, at least for the six-month period in question.
41. For Ladbrokes and Coral customers combined, customer groups most likely to have placed bets or gambled online in the last six months are those who:
 - (a) are male (29%) compared with female (11%);
 - (b) are younger: 18-35 (48%), 36-59 (27%), 60+ (7%);
 - (c) visit the surveyed LBO less frequently: decreasing trend from 36% among those who visit less than once a month to 21% among those who visit most days (there is not a consistent trend for visits to LBOs in general);
 - (d) have travelled from their workplace (38%) compared with their home (22%) in the local area;
 - (e) stated that visiting the LBO was not their main reason for making the trip (29%) compared with only reason and main reason (22%);
 - (f) are both betting and gaming customers (40%) compared with betting only (24%), gaming only (30%) and collecting winnings only (25%).

42. While only 15% overall had checked odds online when considering whether to place a bet during their visit to the LBO on the day of their interview (broadly similar for Ladbrokes and Coral), again more males, young people and those travelling from their workplace in the local area had done so.
43. In the CMA survey, 5% of Ladbrokes customers and 7% of Coral customers (6% combined) said they would place bets or gamble online if the surveyed shop was closed for refurbishment for six months. This varied by customer groups, including the following significant differences (Ladbrokes and Coral combined):
- (a) 18- to 35-year-olds (11%) compared with those aged 36-59 (6%) compared with those aged 60+ (2%);
 - (b) those betting *and* gaming (12%) or collecting winnings (10%) compared with those betting only (5%) or gaming only (4%);
 - (c) those who have gambled online in the last six months (21%) compared with those who haven't (1%);
 - (d) those who checked odds online first (21%) compared with those who didn't (5%);
 - (e) those who checked odds online when considering whether to place a bet (13% Ladbrokes, 23% Coral) compared with those who didn't (4% Ladbrokes, 1% Coral).
44. Of those customers who said they would place bets or gamble online, about 40% would divert to the website belonging to the same fascia as the LBO at which these customers were surveyed, with only a small minority mentioning each of the main competitor brands, including the merger party (about 5 to 10% for each).
45. The Parties' face-to-face survey indicates that 5% of Ladbrokes and 6% of Coral customers (5% overall), would bet over the internet if, before setting off, they knew that the surveyed LBO was closed for refurbishment for the next year. These results are of the same order of magnitude as those found in the CMA survey.
46. CMA analysis of the Parties' face-to-face survey data (see Table 4) shows similar patterns between the two face-to-face surveys in the percentage of stated diversion to online by broad age groups, channel use (retail only and multi-channel) and, to some extent, frequency of visits to the surveyed LBO, though the categories used to define the latter are not directly comparable.

Table 4: Proportion of customers diverting online

| | CMA survey | | | Parties' face-to-face survey* | |
|---------------------------------------------------|------------|--------------------|---------------------------------------------------|-------------------------------|--------------------|
| | Base | % diverting online | | Base | % diverting online |
| <i>Age</i> | | | <i>Age</i> | | |
| 18-35 | 1058 | 11 | 18-35 | 662 | 11 |
| 36-59 | 1669 | 6 | 36-59 | 1611 | 4 |
| 60+ | 1189 | 2 | 60+ | 519 | 2 |
| <i>Channel use (last 6 months)</i> | | | <i>Channel use (last 6 months)</i> | | |
| Retail only | 2870 | 1 | Retail only | 2301 | 1 |
| Multi-channel | 1044 | 21 | Multi-channel | 537 | 23 |
| <i>Frequency of visits (store interviewed in)</i> | | | <i>Frequency of visits (store interviewed in)</i> | | |
| Most days | 729 | 7 | Daily or most days† | 886 | 3 |
| 2-4 days a week | 1333 | 5 | 1-3 days a week (inclusive) | 1325 | 5 |
| Once a week | 949 | 6 | 3 times a month to once a month | 489 | 8 |
| Once a fortnight to once a month | 478 | 5 | Less than once a month | 190 | 8 |
| Less than once a month | 410 | 9 | | | |

Source: CMA survey and Parties' face-to-face survey.

*CMA analysis of Parties' face-to-face survey data.

†At least 4 days a week.

47. The Parties submitted that the retail spend of multi-channel customers is significantly higher than that of retail-only customers, and that as the CMA survey finds that multi-channel customers are more likely to divert online than retail-only customers, the diversion to online by spend is substantially higher than the diversion ratio estimated by the CMA's survey.⁶
48. CMA analysis of the Parties' face-to-face survey and telephone survey as well as a bespoke analysis provided by Kantar estimate the following:
 - (a) Parties' face-to-face survey: multi-channel customers spend 1.3 times as much on average as retail-only customers on a typical visit to the surveyed LBO (95% confidence interval 1.1 to 1.5).
 - (b) Parties' telephone survey: multi-channel customers may spend on average up to about twice as much as retail-only customers in a week or per visit to any LBO.
 - (c) Kantar Retail Gambling Tracker survey, Q4 2012: Kantar has advised that the Tracker was no longer being used in 2013 and its regular Market Sizing survey does not distinguish retail spend from online spend. The

⁶ 'The CMA should recognise and take account of the fact that the retail spend of multi-channel customers is significantly higher than the retail spend of retail-only customers. In 2013, Kantar estimated that customers who use retail, PC and mobile spend up to three times as much in retail shops compared to retail only customers. This is supported by the Parties' online and telephone survey data, which shows, for example, that retail-only customers stake £72 per month in LBOs, while multichannel customers stake £136 per month in retail LBOs. As the CMA's survey finds, multichannel customers are more likely to divert to online than retail-only customers, this means that even if only 6% of the retail population would divert to online (using the CMA's survey findings), this 6% would account for a significantly greater proportion of spend – in other words diversions to online by spend is substantially higher than the diversion ratio estimated by the CMA's survey.'

results for Ladbrokes and Coral customers in Q4 2012 suggest that multi-channel customers may spend around one and a half times as much as retail-only customers in LBOs in an average month.

49. We consider that all the statistics above suffer from a variety of limitations:

(a) Measurement and calibration errors:

- (i) There will be issues around customer recall and accuracy of reporting spend; in particular, there are some high outliers.
- (ii) The questions asked on spend vary, depending on frequency of visits to LBOs and between surveys.
- (iii) There is estimation involved, and there are assumptions made, to produce comparable results (both within and between surveys).
- (iv) The time period for a customer being defined as multi-channel varies between surveys (face-to-face survey: six months; telephone surveys: 12 months).

(b) In addition, for the Parties' telephone survey, the small sample size means that there is a high degree of uncertainty around the estimate of the ratio of multi-channel customer spend to retail-only customer spend: from about 0.5 to 6.5.

(c) The Kantar result above is based on survey data from 2012 and asks the question in a way that we consider would have been very hard to answer accurately for most customers, given that it is not tailored to their frequency of visiting.⁷

50. Notwithstanding the above, the survey evidence does seem to consistently indicate that multi-channel customers spend on average more than retail-only customers in LBOs.

⁷ QR10. In an average month, how much do you spend gambling at BETTING SHOPS ONLY? Please include all money staked over the counter, via a self service betting machines or on gaming machines.

SINGLE. READ OUT

Up to £5

£6-£10

£11-£20

£21-£30

£31-£50

£51-£100

£101-£300

£301-£1,000

More than £1,000

Not sure

51. We re-weighted the results on channel use for the Parties' telephone survey and the Kantar survey to a 'customer visits' basis and this gave a proportion of multi-channel customers of 34% and 40%, respectively. The results of the two telephone surveys therefore show a higher proportion of visits by multi-channel customers than the face-to-face surveys (27% from the CMA survey and 18% from the Parties' face-to-face survey). It is difficult to judge which best represents the Parties' retail gambling business.
52. Taking into account the possibility of a framing bias, discussed above, along with the likely higher spend per visit of multi-channel customers and the possibility that our survey may have underestimated the proportion of visits that are made by multi-channel customers, we consider that the CMA survey may have underestimated the strength of the online constraint. Given the degree of uncertainty around the estimates, we considered that it would be appropriate to increase the diversion ratio to the online channel from 6% (as observed in the CMA survey) to 10% for the purposes of our analysis of the effects of the Transaction.

Price differences between online and retail

1. We assessed the extent to which the Parties charge different prices in their shops compared to their websites/apps.
2. In and of itself, the existence of price differentials between the two channels does not necessarily imply that there is no competitive interaction between them. Retail customers might be willing to accept a certain 'surcharge' for gambling in shops, but might decide to go online if retail prices increase over and above this surcharge. Nevertheless, the magnitude of these price differentials might be an indicator of the strength of customers' preferences for gambling in shops as opposed to online. More importantly, changes in such price differentials over time might shed some light on how competitive dynamics are evolving in the industry. In particular, if retail customers were increasingly willing to gamble online, then we would expect price differentials between the two channels to tighten over time.
3. This analysis is not meant to provide any insights into the relative profitability of the two channels, or whether profits in the retail channel are 'excessive'. Instead it is meant to shed some light on the extent to which customers consider the two channels as close substitutes, and how this is changing over time.

Methodology

4. There are two ways of doing such a comparison: we can compare the prices charged for identical or similar products, or we can compare the margins made by the Parties on different product lines. Both approaches have their advantages and limitations.
5. The first approach – comparing prices – has the advantage that it allows for comparisons at a granular level for specific products (eg down to the level of a particular 'selection' for a sporting event, or a particular game). However, this approach also has a number of limitations:
 - (a) First, the 'price' charged to customers will typically reflect a combination of the odds (or, in the case of gaming, the RTP) and the concessions or promotions applied, and it can be difficult to build a picture of the overall 'net price' from the analysis of individual elements.
 - (b) Secondly, even if we abstract from the effect of concessions and promotions, there is no simple metric that can summarise the

competitiveness of the odds for sporting events. The ‘overround’, which is the sum of the inverse of the odds for a particular event, is a relatively crude indicator of pricing as it applies arbitrary weights to the different selections in an event.¹ In particular, Ladbrokes has pointed out that if a bookmaker decides to be more competitive on the favourite (which attracts the largest share of stakes), and less competitive on other selections, the expected margin of that bookmaker will drop even if the overround does not change. A possible way around this issue would be to make comparisons for individual selections (eg the favourite, the non-favourite, and the draw) rather than for sporting events. However, interpreting the results would require weighting the different selections in some way.

- (c) Thirdly, the Parties do not systematically record historic pricing information for some of their products, so comparisons over time are difficult.
6. The second approach – comparing gross win margins – overcomes some of these issues. Gross win margins reflect the aggregate percentage of stakes lost by customers in particular product lines, taking into account not just the odds and the RTP but also all the promotions and concessions applied. Another advantage of margins is that they naturally ‘weight’ the odds offered on the different selections by the volumes staked on them. So if a bookmaker decides to be more competitive on popular selections, this will show into lower margins, all else equal. Margins are also available in longer time series.
 7. One possible limitation of this approach is that it is only valid if the mix of products purchased does not change much between channels or over time. For example, if online customers systematically gamble on events or games that are more competitively priced (eg advertised races in horseracing, the favourite in football, or roulette in gaming) then the margin achieved online will be lower even if the same events/games are priced similarly. Similarly, if customers start betting more on new product lines that attract higher margins, then the overall gross win margins might increase over time even if the margins of ‘old’ products are compressed over time.
 8. Against this backdrop we decided to pursue both approaches. We did a qualitative comparison of the odds and concessions applied across the two channels for a limited number of products for recent periods, and we did a

¹ The overround represents the theoretical margin that a bookmaker can achieve on an event provided that they can attract betting volumes on the different selections in exact proportion to the inverse of the odds charged. In other words, for the overround to be a good proxy for the bookmaker’s expected margin, the bookmaker should take lower betting volumes on the selections for which it offer the smaller margin. In most cases we would expect this relationship to be reversed.

more quantitative comparison of the gross win margins achieved for different product lines over time.

Comparison of prices

9. We did a separate comparison of the three main components of pricing: the odds in betting, the promotions in betting, and the RTP in gaming.

Odds in sports betting

10. We reviewed the Parties' odds-setting policies for horses, greyhounds and football. In summary, we found that:
 - (a) for horses and greyhounds there is only very limited evidence of odds differentiation between the two channels; and
 - (b) in football there is some evidence of odds differentiation between the two channels, [REDACTED].
11. The above findings were based on the following observations:
 - (a) **Horses** – the Parties pointed out that 80 to 85% of bets in horseracing were taken at the board price or the start price, which are the same across bookmakers and across channels. With respect to 'early prices' Coral told us that [REDACTED]. Ladbrokes told us that [REDACTED].
 - (b) **Greyhounds** – the Parties told us that in greyhound racing approximately 98% of all bets were priced at the show price or starting price, which are the same across bookmakers and across channels.
 - (c) **Football** – Coral does not record historic overround information for football. Ladbrokes told us that [REDACTED].

Promotions in sports betting

12. We reviewed the Parties' promotional policies for horses, greyhounds, and football. In summary, we found that there is some overlap in the promotions offered in the two channels, but in general the Parties' offering is more generous online than in retail. There were also several examples of online promotions that were made available to retail customers who have the Connect or Grid cards, who are the customers who are most likely to be multichannel customers.
13. The above conclusions were based on the following observations:

(a) Horses:

(i) Ladbrokes [REDACTED].

(ii) Coral [REDACTED].

(b) Greyhounds:

(i) Ladbrokes [REDACTED].

(ii) Coral [REDACTED].

(c) Football:

(i) Ladbrokes [REDACTED].

(ii) Coral [REDACTED].

(d) Lucky 15/31/63 – This promotion is applied for horses, greyhounds, and certain types of football bets. [REDACTED]

14. Coral also explained that [REDACTED].

15. Most promotions affect the 'effective odds' that customers receive, and therefore it is difficult to calculate their value precisely. Coral estimated that [REDACTED].

16. William Hill submitted that promotions were an important factor of price differentiation between the two channels, especially in horseracing. [REDACTED]

17. Coral submitted that [REDACTED]. Similarly, Ladbrokes submitted that [REDACTED].

18. This comparison is not meant to be an overall assessment of the 'value proposition' in the two channels, or whether customers are 'getting a better deal' in one channel compared to the other. It is entirely possible that retail customers value the sociable and service aspects of gambling in a LBO, and are willing to pay higher prices for these features. However, if that is the case, and if these preferences are not changing over time, then it is not evident that the development of a more competitive online market will represent a relevant competitive pressure on LBO operators.

RTP in gaming

19. The Parties told us that roughly 80% of gaming stakes were placed on roulette games, for which there is little scope for price competition since the

RTP is determined by the rules of the game.² We therefore only considered price differences for games that had an adjustable RTP and were offered both in retail and online. There were [X] such games for Coral and [X] for Ladbrokes. Table 4 below shows that RTPs were significantly lower in retail compared to online, and the gap was particularly large for low staking levels.

Table 1: return to player in Retail vs Online

| Retail (by level of stake) | | | | | Online |
|----------------------------|------|-----|-----|-----|--------|
| | £0.5 | £1 | £2 | £20 | |
| [X] | [X] | [X] | [X] | [X] | [X] |
| [X] | [X] | [X] | [X] | [X] | [X] |

Source: Parties' data, CMA calculations.

20. In their retail estate, the Parties offer different RTPs depending on the amount staked (the more a customer spends, the higher the RTP), whereas on their online platforms the Parties offer the same RTP regardless of the level of stake. Coral told us that [X].
21. Retail operators can also differentiate their gaming prices across the two channels by offering different promotions and bonuses (including for roulette), typically in the forms of free bets. The effect of these free bets is included in our margin analysis below.

Conclusion on the comparison of prices

22. Overall, we inferred from this analysis that the Parties tend to charge higher prices for their gambling products in retail compared to online, and that in most product lines, with the exception of football, the main vehicle for differentiating prices is promotions. We used a comparison of gross win margins to identify variations over time.

Comparison of gross win margins

23. We compared gross win margins between the online and retail channels at two levels: at an aggregated level for different sports and product lines; and at a more disaggregated level for a selection of different types of bets.

Comparison for different sports and product lines

24. Figures 1 and 2 below show the differential between the gross win margins achieved in retail and online by the Parties between 2011 and 2015 (a positive differential means that retail is more expensive than online). Notice

² For standard roulette, the RTP is determined by the rules of the game. For 'premium' roulette games there is some scope for price differentiation through free spins.

that these differentials are expressed in terms of percentage points of the gross win margin. For example, [X].

Figure 1: [X]

[X]

Source: Coral analysis.

Figure 2: [X]

[X]

Source: CMA analysis, based on Coral data.

Note: [X]

25. Focusing on the most recent reporting period, 2015, these charts show some significant differences in gross win margins between the two channels, although the magnitude of that differential varies across product lines.

(a) In sports betting, [X].

(b) In gaming, [X].

26. Considering changes over time, there is some indication that the differential between online and retail margins has tightened between 2013 and 2015, but that trend was neither uniform across products nor constant over time:

(a) For greyhounds, [X].

(b) For horses, [X].

(c) For football, [X].

Comparison for different types of bets

27. We sought to compare margins for more specific types of products, with a view to mitigate the impact of any differences in the product mix (between channels or over time). Ladbrokes and Coral provided data for different sets of products so we discuss their results separately.

28. [X]

Figure 3: [X]

[X]

Source: CMA analysis, based on Coral data.

29. Coral provided gross win margin data for singles and multiples bet for horses, greyhounds, and football. Figure 4 below shows the differentials in gross win

margins for these different products between the retail and online channels (the figures for football multiples are provided separately below). [X]

Figure 4: [X]

[X]

Source: CMA analysis, based on Coral data.

30. The two charts below show results at a more disaggregated level for different types of football products. [X]

Figure 5: [X]

[X]

Source: CMA analysis, based on Coral data.

Figure 6: [X]

[X]

Source: CMA analysis, based on Coral data.

31. The Parties submitted that, even at this level of disaggregation, these comparisons were not on a like-for-like basis, for at least two reasons:
- (a) First, there are some differences in product mixes across the two channels. Whilst most types of bets are available in both channels, some types of bets (such as bet-in-play bets) are more prevalent in the online channel.
 - (b) Secondly, there are some differences in customer mix across the two channels. The online channels tends to attract a larger share of customers who are better informed, place larger bets, and 'cherry pick' the best odds, and as a result of all these characteristics tend to be less profitable.
32. To illustrate these points, Ladbrokes showed that, within its online channel, the gross win margin differed between its desktop and mobile customers even though prices were the same.
33. We recognise that it is difficult to draw firm conclusions on the magnitude of the price differentials between the two channels from this analysis. However, to the extent that product mixes and customer behaviours have not changed materially in the past few years, it is still informative to consider variations over time, and notably whether the margin differential between the two channels has tightened. The analysis only indicates a slight tightening of that differential, for some products and some years.

Conclusions on price differences between retail and online

34. The evidence shows that the Parties charge higher prices in retail than online, in particular through a greater number of promotional offers offered to customers online than in LBOs. There are some indications that this differential has been compressed slightly for some sports over the past three years, which might indicate that the Parties are seeking to improve the competitiveness of their retail offering. However, that change was relatively modest in magnitude, and it did not apply to all products lines.

Econometric analysis

Executive summary

1. This appendix examines how the performance of a LBO is affected by the entry or exit of a competitor in its local area. We focus on four measures of performance: (i) the value of betting stakes; (ii) the value of gaming stakes; (iii) staff costs; and (iv) depreciation. The first two measures capture the response of volumes to entry and exit, and the second two measures (indirectly) capture the response of quality to entry and exit.
2. The analysis generates quantitative evidence around two important aspects of local competition:
 - (a) The closeness of competition between different operators – we test which competitors have significant effects on performance.
 - (b) The relevant geographic market – we test over what distance competitors have significant effects on performance.
3. To do so we conduct a performance concentration analysis (PCA). This uses a regression framework to test how each of the four performance variables responds to local entry and exit events. We use a fixed effects model, which enables us to control for other local factors that may affect performance, such as the level of demand and rental costs. By holding these factors constant, our model is able to produce reliable estimates of the impact of competition on performance.
4. Our baseline results show the following:
 - (a) The entry of a competing LBO in the local area reduces both betting and gaming stakes. The magnitude of this effect declines as the distance to the LBO increases: the largest effects occur when entry is within 200m, and beyond 400m the negative effect of entry on stakes is typically [X] and insignificant.
 - (b) The competitive constraint of Ladbrokes on Coral, and vice-versa, follows this pattern. The entry of a Coral (Ladbrokes) LBO within 200 metres reduces betting stakes at Ladbrokes (Coral) by [X] ([X])% and gaming stakes by [X] ([X])%. These coefficients are slightly smaller within 200 to 400m, and generally insignificant beyond that.
 - (c) We find little competitive effects of entry on staff costs or depreciation.

5. Following the baseline results, we extend our analysis to show that the entry of LBOs has less of a negative effect on stakes when the fascia count is high.

Analytical framework

6. We conduct a PCA to test how LBOs respond to the entry and exit of competing LBOs within their local area. In doing so, we generate quantitative evidence around both: (i) the relevant competitor set; and (ii) the relevant geographic market. In this section we discuss our four baseline measures of performance, before detailing the econometric methodology and its strengths and weaknesses.

Performance variables

7. To conduct the analysis, we requested monthly performance data from the parties for each LBO over the last five years. The data we received can broadly be categorised into:
 - (a) volume measures – the value of betting and gaming stakes, customer betting and gaming returns, the number of betting slips and the number of gaming sessions;
 - (b) pricing measures – the number and value of concessions offered;
 - (c) cost measures (which we used as a proxy for quality) – capex, depreciation, staff costs, staff headcount, and the age of fit; and
 - (d) profitability measures – variable profit margin, betting and gaming ‘gross wins’ (stakes minus customer returns) and EBITDA.¹
8. We concentrate on four of these measures: the value of betting stakes, the value of gaming stakes, staff costs and depreciation. Stakes provide us with a revenue measure for each LBO, and the other volume measures, as well as gross wins, are highly correlated with stakes. We consider staff costs and depreciation to be the best available proxies for quality, because capex occurs only sporadically and there is therefore little variation within each LBO.² Ongoing capital investments are reflected in depreciation however – a larger capital stock increases depreciation – and this is recorded regularly

¹ Capex stands for ‘capital expenditure’ and EBITDA stands for ‘earnings before interest, taxes, depreciation and amortisation’ and is commonly used as a profitability indicator.

² Age of fit is the period of time since the last major refurbishment. A lack of variation in capex therefore implies a lack of meaningful variation in age of fit.

through the profit and loss accounts. For Ladbrokes, however, we have only received annual depreciation figures.

9. Both staff costs and depreciation only approximate quality at each LBO; we do not have a direct quality measure. The volume of stakes itself may be an indirect indicator of quality – if new entry puts pressure on revenues, quality may be increased in response. The primary use of stakes here however is to identify which competitors provide a competitive constraint on the LBO of interest, and over what distances: if a new entrant reduces the revenues of the incumbent, then a significant share of customers are likely to view them as substitutes (and the customers who have diverted from the incumbent to the new LBO are likely to view them as the closest substitutes).

Econometric model

10. Our econometric model tests how the entry and exit of LBOs affects stakes, staff costs and depreciation at nearby Coral and Ladbrokes LBOs. This is done through a fixed effects specification, which controls for all factors that do not change over time. We estimate the following reduced form regression:

$$\log(Y_{it}) = \sum_s \sum_d \beta_{sd} N_{sd,it} + \delta_i + \delta_t + \varepsilon_{it}$$

where Y_{it} is the performance measure of interest for Ladbrokes/Coral LBO i in month t ; $N_{sd,it}$ is the number of LBOs of fascia s within distance band d of LBO i in month t ; δ_i and δ_t are LBO and month fixed effects respectively; and ε_{it} is the error term.

11. For each fascia type s and each distance band d , the model produces a coefficient β_{sd} which approximates the average percentage change in the stakes (staff costs/depreciation) placed at a Ladbrokes/Coral LBO following entry or exit. If a coefficient is negative and significantly different from zero, it means that stakes decrease (increase) following the entry (exit) of an LBO of the relevant fascia within the relevant distance band. The model therefore treats entry and exit as equal but opposite events: when there is entry $N_{sd,it}$ increases by one; when there is exit $N_{sd,it}$ reduces by one.
12. Betfred, Coral, Ladbrokes, Paddy Power and William Hill are included as separate fascia, and all other firms are grouped into an Independent fascia. These firms are Chisholm, David Pluck, Jennings, Mark Jarvis, Scotbet and Stan James. We do not have entry and exit dates for the other independent firms in the industry (but these will represent a very small share of entry/exit events).

13. We count the number of competing LBOs within four distance bands: 0-200m, 200-400m, 400-800m and 800-1,600m. These distances are based on submissions by the parties regarding catchment areas, as well as the distances considered by the Office of Fair Trading in the review of the Betfred/Tote acquisition.

Strengths and limitations

14. The principal concern in a PCA is that the extent of local competition is driven by factors such as local costs and demand that also affect performance. This would bias the results, as we would wrongly be conflating the impact of such factors on performance with that of local competition. Whether this bias causes the model to under- or over-estimate the impact of competition depends on how these omitted factors affect performance. The fixed effects regression helps to address this concern, by holding constant all factors that do not vary over time: the model tests how a given LBO responds to entry and exit over time.
15. Even so, it is possible that there are local factors that vary over time that are correlated with both local competition and performance. Again, this would bias the results. There are a number of plausible scenarios in which this could occur:
 - (a) Increases in local demand are likely to attract new entrants and increase the volume of bets placed at LBOs. This would cause a positive bias in the results, because increased entry would be wrongly associated with increases in stakes. We would therefore underestimate the effect of competition on stakes.
 - (b) Incumbent LBOs might react to entry with short-term promotional or advertising activity. This would reduce the effect of the entry on stakes, again causing us to underestimate the true importance of local competition.
16. It is therefore likely that our regression coefficients suffer from a positive bias. Negative coefficients may be underestimated in absolute terms, potentially becoming insignificantly different from zero and (in extreme cases) even turning positive. Therefore, although we can only interpret and give weight to the statistically significant negative coefficients, we cannot have confidence in non-significant or significantly positive results.
17. More generally, the interpretation of a non-significant result is that our estimation is not precise enough to capture a statistically significant effect;

non-significance in statistical terms is a lack of evidence. In particular, non-significance could be due to any of the following reasons:

- (a) New entrants genuinely do not compete with the Parties, and so there is no evidence to be found.
 - (b) The model is unable to detect any effect of entry and exit due to a small number of these events over the period. In this case any effect of entry or exit is dwarfed by other variation in the dataset, leading to imprecise results.
 - (c) There is measurement error in the dataset, such as a misreporting of store locations or a mismeasurement of distances. This biases the coefficients towards zero, as the true effect of competition is masked by the incorrect information due to the measurement error.
18. We note that there were in fact a large number of entry and exit events over the period, and so a lack of variation in the independent variables is not a major concern in this case. There are, however, fewer entry and exit events for independents. Similarly, we have a large number of observations, which further improves the precision of the estimates. On the other hand, as discussed in detail below, the exact locations of stores are not perfectly recorded and distances are measured in straight lines. In practice, there may be local features that increase the travel times between stores that are physically close to one another. Our distance measurement therefore introduces some measurement error into the model.
19. On balance, the large number of LBOs and entry/exit events in the dataset mean that the model should be quite precisely estimated. Moreover, together with the Parties, we have taken a number of steps to ensure that mismeasurement of store locations and distances is minimised – as discussed in the next section.

Data

20. We combine the performance variables described above with data on the location, opening and closing dates of LBOs to create a monthly panel dataset covering January 2011 to December 2015. A number of the performance variables were initially provided at the weekly level, and we aggregated to the monthly level to smooth out some of the random variation that occurs week-to-week. The parties also provided the betting and gaming variables disaggregated by 'product category', such as football and horse racing, which we have aggregated together. Again, this is to smooth out random variation and to keep the overall number of variables manageable.

21. Coral uses a 13-period financial year for recording staff costs and depreciation, and so our results for these variables use an LBO-period panel dataset. In addition, Coral's financial year runs from October to September. As the last financial year of performance data submitted was 2014/2015, we do not have information from October 2015 onwards.³ In our regression results, the number of observations for Coral is therefore slightly lower than for Ladbrokes.
22. Each party provided the details on the location and opening/closing dates of their LBOs, and we approached all relevant parties for clarification whenever we identified problems with the data such as missing observations or inaccurate postcodes. Based on these submissions, we calculated the straight-line distance from each Coral/Ladbrokes LBO to every other LBO using trigonometry.
23. The final dataset includes one observation per LBO per month, containing the number of competing LBOs within each distance band and the value of each performance indicator for that month.

Descriptive statistics

24. In this section we present descriptive statistics of the data used in our analysis.
25. Over the 60 months from January 2011 to December 2015, we observe a total of 1,966 Coral LBOs and 2,404 Ladbrokes LBOs. Table 1 summarises the baseline performance indicators across these Coral and Ladbrokes LBOs. We provide the mean and standard deviation of each variable, reporting the standard deviation within LBOs across time as this is the relevant source of variation used by the model:
 - (a) The average volume of monthly betting stakes was [£] and [£] across Ladbrokes LBOs. Gaming stakes are [£], [£] and [£] for Ladbrokes.
 - (b) There is good variation in the volume of stakes across time within LBOs. For betting stakes for example, the average month-to-month change in stakes is [£] and [£] at Ladbrokes.
 - (c) Staff costs exhibit smaller variation within LBOs over time than stakes, whereas there is good variation for depreciation. The difference in mean

³ As we only have entry and exit data from January 2011, we cannot incorporate the performance data from October to December 2010 (ie the beginning of the 2010/2011 financial year).

depreciation figures in Table 1 is explained by the fact that Ladbrokes submitted annual figures.

Table 1: Summary statistics on performance variables

| | <i>Stakes (betting)</i> | <i>Stakes (gaming)</i> | <i>Staff costs</i> | <i>Depreciation</i> |
|---------------------------------|-----------------------------|----------------------------|------------------------|---------------------|
| <i>Coral</i> | | | | |
| Mean | [X] | [X] | [X] | [X] |
| Standard deviation (within LBO) | [X] | [X] | [X] | [X] |
| <i>Ladbrokes</i> | | | | |
| Mean | [X] | [X] | [X] | [X] |
| Standard deviation (within LBO) | [X] | [X] | [X] | [X] |

Source: CMA analysis.

Results

26. Tables 2 and 3 present the baseline results of the model, estimated separately for Coral and Ladbrokes. The dependent variables are all in logarithms, so the coefficients in the tables (multiplied by 100) approximate the percentage change in each dependent variable resulting from the entry of a competing LBO.⁴

(a) **Stakes (betting)** – For both Coral and Ladbrokes, the entry of a competing LBO within 200 metres [X] reduces stakes, whatever the fascia of the entrant. Own-fascia LBOs tend to have the largest effects however, particularly for Coral: the entry of another Coral LBO within 200m reduces betting stakes by around [X]% on average, which might indicate a degree of brand loyalty for Coral customers. This effect declines as the distance increases, [X]. For both Coral and Ladbrokes the effect of entry gradually declines in distance; [X]. It is notable that for Ladbrokes however, [X] continues to have an effect (albeit declining) in these further distance bands.

(b) **Stakes (gaming)** – Similar results hold as for betting stakes, with significant effects in the 0-200m and 200-400m distance bands, with declining effects of entry thereafter. The coefficients on the two variables are often notably different, however. The entry of a Coral LBO within 200m, for example, reduces betting stakes in Ladbrokes by around [X]%, but reduces gaming stakes by around [X]%.

(c) **Staff costs** – A small number of the coefficients are significant, albeit generally with the ‘wrong’ sign: we might expect entry to increase staff

⁴ To calculate the percentage change exactly, one should take the exponential of the coefficient and subtract 1. When the coefficients are reasonably small, as they are here, the approximation is very close. For example $\exp(-0.1) - 1 = -0.095$ and so interpreting the coefficient of -0.1 directly as ‘minus 10%’ leads to no loss of accuracy.

costs, but some of the significant coefficients are negative. This may be because new entry has two opposing effects on staff costs: on the one hand, the incumbent might have an incentive to increase spending on staff to improve the quality of its service to customers and mitigate its loss of volumes; on the other hand, the incumbent might find it more profitable to cut staff as it has lower volumes to handle. [X]

- (d) **Depreciation** – The model explains much more of the variation in depreciation for Coral than Ladbrokes, perhaps in part because we only have annual data for the latter (note the low R-squared and number of observations). [X]

Table 2: Baseline regression results for Coral

[X]

Source: CMA analysis.

Note: [X]

Table 3: Baseline regression results for Ladbrokes

[X]

Source: CMA analysis.

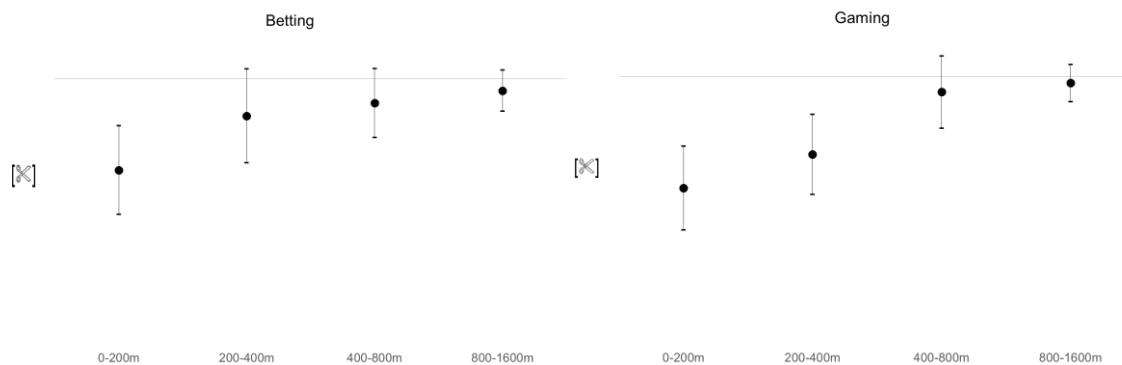
Note: [X]

27. Figures 1 and 2 graphically display the impact of a Ladbrokes LBO entry on Coral, and vice-versa, for betting and gaming stakes. The dots show the coefficient estimates from Tables 2 and 3, and the lines are 95% confidence intervals. For comparability, all graphs are displayed on the same scale. We also note the following points:

- (a) In all cases we see a [X] negative impact of entry within 200m, with this impact declining as the distance becomes greater. The largest effect within 200m is on gaming stakes at Ladbrokes, with the entry of a Coral reducing stakes by around [X]%.

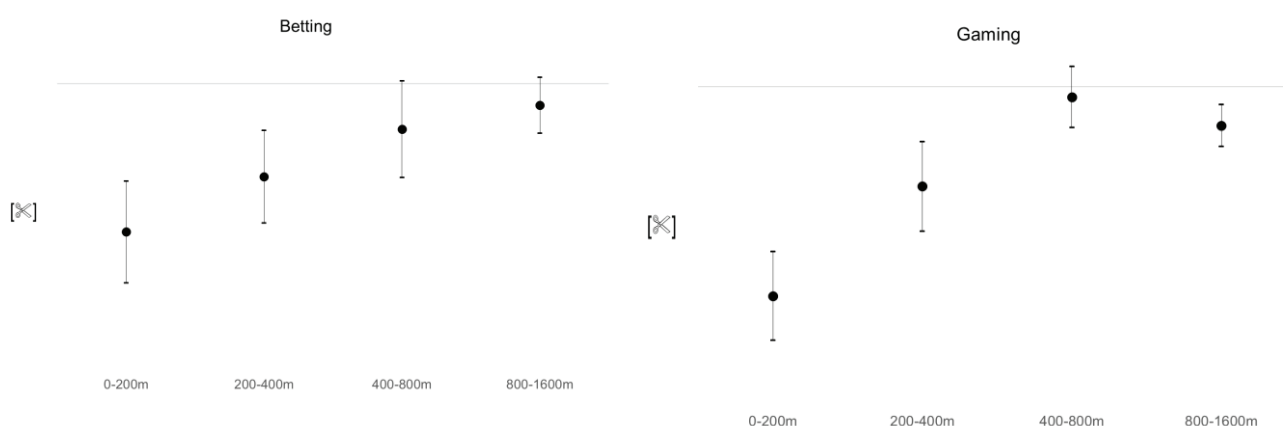
(b) In all cases the impact of entry falls to [X] in the 400-800m and 800-1,600m bands.

Figure 1: Impact of a Ladbrokes LBO entry on stakes at Coral



Source: CMA analysis.

Figure 2: Impact of a Coral LBO entry on stakes at Ladbrokes



Source: CMA analysis.

28. The figures above suggest that the negative impact of entry on stakes diminishes as the distance to the incumbent LBO increases. To test whether this effect is statistically significant, we perform two-tailed Wald tests to see if we can reject the null hypothesis that any two coefficients are equal. As in the Figures, we concentrate only on the merging parties: we test whether the entry of Ladbrokes (Coral) has a significantly different impact on stakes at Coral (Ladbrokes) depending on the distance at which entry occurred.
29. For brevity, the results of the individual t-tests are omitted here. The key findings of the tests are the following:
 - (a) In all cases the tests strongly reject the hypothesis that entry within 0-200m has the same impact on stakes as entry within 400-800m or 800-1,600m. In most cases the tests also suggest that entry within 200m has a larger negative effect than entry within 200-400m.
 - (b) The tests produce mixed results for entry within 200-400m. For betting stakes, the tests fail to reject the null hypothesis that entry within

200-400m has the same effect as entry within 400-800 metres. For gaming stakes however, the tests strongly suggest that entry within 200-400m has a more negative impact on stakes than entry within either 400-800m or 800-1,600m.

- (c) In all cases, the tests fail to reject the null hypothesis that entry within 400-800m has the same effect on stakes as entry within 800-1,600m.

Extensions

30. In this section we further explore the results for betting and gaming stakes, to test whether the effect of entry changes according to the existing level of competition in the local area.
31. In Table 4 we consider how the number of LBOs and the fascia count interact. In particular, we are interested in whether the effect of further competition in an area – captured by the number of LBOs – is lower when the fascia count is high. To do so, we allow the number of LBOs to have a different effect on stakes at each fascia count.
32. The results suggest that new entry, ie an increase in the number of LBOs, has less of an effect on stakes when the fascia count is high, ie when there is already strong competition in the local area. Within 200m for example, entry reduces betting stakes at Coral by [X]% and gaming stakes by [X]% when the fascia count is 1; these numbers fall to [X]% and [X]% respectively when the fascia count is 6. Very similar results hold for Ladbrokes, and this pattern can also be seen in the 200-400m distance band.

Table 4: Interaction of the store count and fascia count

| | <i>Coral</i> | | <i>Ladbrokes</i> | |
|------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | (1) <i>In (betting stakes)</i> | (2) <i>In (gaming stakes)</i> | (3) <i>In (betting stakes)</i> | (4) <i>In (gaming stakes)</i> |
| <i>Impact of entry</i> | | | | |
| <i>0-200m</i> | | | | |
| Fascia=1 | [X] | [X] | [X] | [X] |
| Fascia=2 | [X] | [X] | [X] | [X] |
| Fascia=3 | [X] | [X] | [X] | [X] |
| Fascia=4 | [X] | [X] | [X] | [X] |
| Fascia=5 | [X] | [X] | [X] | [X] |
| Fascia=6 | [X] | [X] | [X] | [X] |
| <i>200-400m</i> | | | | |
| Fascia=1 | [X] | [X] | [X] | [X] |
| Fascia=2 | [X] | [X] | [X] | [X] |
| Fascia=3 | [X] | [X] | [X] | [X] |
| Fascia=4 | [X] | [X] | [X] | [X] |
| Fascia=5 | [X] | [X] | [X] | [X] |
| Fascia=6 | [X] | [X] | [X] | [X] |
| <i>400-800m</i> | | | | |
| Fascia=1 | [X] | [X] | [X] | [X] |
| Fascia=2 | [X] | [X] | [X] | [X] |
| Fascia=3 | [X] | [X] | [X] | [X] |
| Fascia=4 | [X] | [X] | [X] | [X] |
| Fascia=5 | [X] | [X] | [X] | [X] |
| Fascia=6 | [X] | [X] | [X] | [X] |
| <i>800-1,600m</i> | | | | |
| Fascia=1 | [X] | [X] | [X] | [X] |
| Fascia=2 | [X] | [X] | [X] | [X] |
| Fascia=3 | [X] | [X] | [X] | [X] |
| Fascia=4 | [X] | [X] | [X] | [X] |
| Fascia=5 | [X] | [X] | [X] | [X] |
| Fascia=6 | [X] | [X] | [X] | [X] |
| Observations | [X] | [X] | [X] | [X] |
| R-squared | [X] | [X] | [X] | [X] |
| Number of LBOs | [X] | [X] | [X] | [X] |

Source: CMA analysis.

Note: [X]

Refurbishment decisions

1. This appendix describes in greater detail our analysis of refurbishment decisions. The Parties state that they can flex different aspects of their offering in individual shops in response to variations in local conditions of competition; one of the main aspects that are flexed locally is the quality of the facilities. Our analysis reviews the internal documents related to the decisions made on refurbishments and tries to identify the circumstances under which the competitive interaction between two competing shops is more likely to result in higher quality for customers (in the form of better premises).

Refurbishment forms and possible limitations of the analysis

2. We have received [X] request forms from Coral covering mostly the period 2013 to 2015,¹ and [X] request forms from Ladbrokes covering the period 2011 to 2012.² [X]. A more detailed description of the data on the refurbishment requests is included in the last section of this appendix.
3. We considered the risk that the analysis might be biased if LBO managers have an incentive to overplay the effect of competitive events in their areas in order to get access to additional funds for refurbishment. However, [X]. Requests without approval were excluded from the analysis.
4. We note that the distances on the refurbishment forms are [X]. For the purpose of delineating local markets of LBOs, we usually calculate distances as direct lines. With the exception of Tables 1 and 2 below, which use distances calculated by the CMA based on the Ordnance Survey and ONS data, the distances in this analysis may therefore: (i) have some margin of error as they are rough estimates of the Parties; and (ii) be likely to be larger than direct line distances.
5. A possible limitation of this analysis is that an LBO manager's propensity to apply for an upgrade will depend on the current state of the LBO at the date of entry, but this is something we do not observe. If there are systematic relationships between the 'starting points' and certain aspects of the competitive environment, this could affect the validity of our conclusions. For example if Coral refurbished all LBOs in areas where Ladbrokes was more likely to enter before the period of observation started, then we will naturally

¹ The periods refer to financial years.

² The periods refer to financial years.

observe a low response rate in such areas even though competition between the Parties may be quite strong.

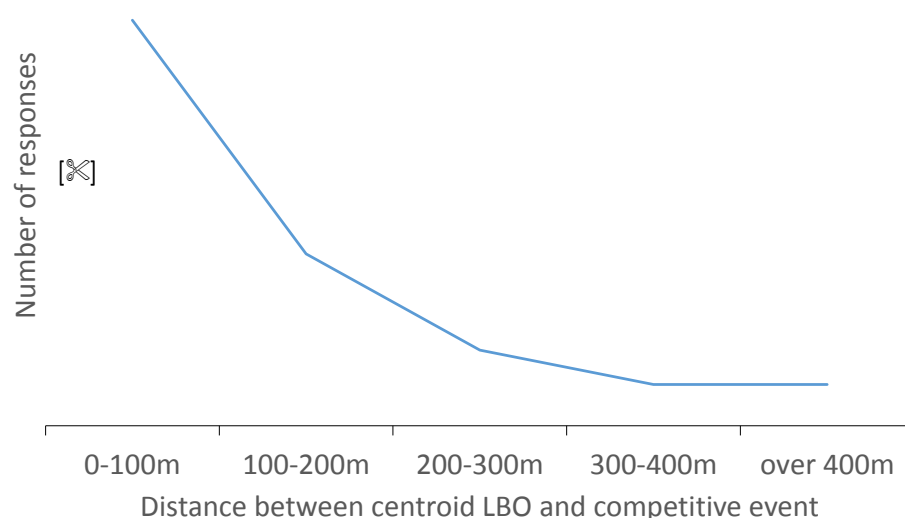
6. Finally, we note that the Parties' policies on refurbishment decisions can evolve over time. Ladbroke's operated [redacted]. It is difficult to establish with certainty how Ladbroke's would make such decisions in the counterfactual ([redacted]). However, irrespective of Ladbroke's strategy in this respect, the analysis below sheds some light on the drivers of competition between LBOs at local level (ie the circumstances where they interact more strongly). This is relevant not just because it has an effect on the parameters that are or may be varied locally, but also because any national effects of the merger would primarily reflect the sum of all local interactions.
7. In the following we present our findings of the analysis of the refurbishment requests.

Results

Distance between LBOs

8. We first considered the distance between the LBO that made the request and the LBO that prompted this reaction.
9. Figure 1 below shows the number of instances of new entry that prompted a refurbishment for different distance bands. This shows that the Parties' propensity to refurbish their LBOs in response to new entry decreases rapidly with distance. [redacted]

Figure 1: Number of cases of new entry that prompted a refurbishment



Source: CMA analysis.

Closeness of competition between LBO operators

10. We then considered the extent to which the Parties responded to entry by certain competitors more strongly than for others.
11. Table 1 shows the number of refurbishment requests triggered by each competitor, and compares this with the number of cases of new entry (ie opening of new shops) within 400m of any Ladbrokes or Coral LBO.³ The 'response rate' is defined as the number of cases of new entry that triggered a response divided by the total number of cases of new entry. This shows the following:
 - (a) **Closeness of competition between the Parties** – [X], while Ladbrokes responded to new entry by Coral [X]% of the time, which is [X];
 - (b) **Constraint from other retail operators** – [X]. [X] and [X].
12. We note that we have only recorded entries from a few of the larger independent operators and not from very small independents. Therefore, we are not able to calculate reliable response rates for independents.

Table 1: Ladbrokes' and Coral's propensity to refurbish their shops in response to new entry

[X]

Source: CMA analysis.

13. Figure 2 presents the average estimated loss due to new entry split by brand.⁴ It suggests that a competitive event from [X] is associated with the highest estimated loss of gross win for Ladbrokes' LBOs. Competitive events of the other competitors have a lower estimated impact with [X].

Figure 2: Average estimated loss of gross win by competitor (Ladbrokes only)

[X]

Source: [X]

Note: [X]

14. We have also assessed the average capex per square feet requested by the Parties in response to entry or other types of competitive events by competitors. In general, Ladbrokes' investments tend to be [X]. The data also

³ Please note that for Ladbrokes we used entries in 2011 and 2012, whereas for Coral we used entries in 2013 to 2015 reflecting roughly the date of the refurbishment requests.

⁴ This figure is not available from Coral's refurbishment request forms. In a few instances, several competitive events were mentioned. Based on the information provided we decided which should be considered the main competitive event.

shows that [REDACTED] generally triggers relatively high investment per square foot.
[REDACTED]

Impact of the number of competitors in the local area

15. We then sought to assess whether the propensity of LBOs to respond to competitive events depended on other characteristics of their local markets. Table 2 below shows the Parties' response rates for different types of competitive environments, where the types of competitive environment are categorized based on the distance between the incumbent and the new entrant (in columns) and the number of competing LBOs within 400m of the incumbent prior to entry (in rows). The table shows a clear interaction between the two parameters: [REDACTED]

Table 2: Response rate for different types of competitive environments

[REDACTED]

Source: CMA analysis.

[REDACTED] gaming venues

16. [REDACTED]

Qualitative evidence from refurbishment forms

17. We have also assessed qualitative information contained on the refurbishment requests, in particular the reasoning why the refurbishment is considered necessary by the local manager. These comments provide additional information on what factors the Parties take into account when assessing local competition.

Paddy Power competes aggressively

18. There is evidence to suggest that Paddy Power is particularly aggressive. [REDACTED]
19. Other parameters affecting local competition
20. Some LBO managers mentioned other factors when commenting on local market conditions. These comments are very diverse but they broadly fall into the following three categories:
- (a) **Parking, access and visibility** – Car parks or changes to parking arrangements can have an impact on business. For instance, Ladbrokes LBOs report [REDACTED]. Additionally, shop visibility is considered as important in attracting customers. For instance, [REDACTED]

- (b) **Other facilities or venues that generate footfall** – LBOs benefit from the proximity to facilities or venues that generate significant footfall. For example, [REDACTED], eg Ladbrokes LBOs [REDACTED].
- (c) **Specific communities** – Some LBOs reported that being located in certain communities, such as those characterised by a high Asian or Eastern European population, or being located close to a university also had a positive impact on their business. [REDACTED]
- (d) These comments shed some light on the local factors that drive demand for LBOs. They suggest that LBOs will experience higher demand if they are easily accessible, if they are located close to other drivers of footfall (such as pubs or shopping centres), and/or if they are located close to communities with a stronger appetite for gambling. However, it is difficult to make strong inferences about closeness of competition between different LBOs based on such factors. For example, we might infer that if an LBO is located close to a pub, then its customers are more likely to divert to other LBOs located close to that pub than to other LBOs located further away. But this is only reasonable if a large share of the LBO's customers are indeed pub patrons, and if they have a strong preference for gambling in an LBO close to that pub. We could also infer that if an LBO is located close to a car park, then its customers are more likely to divert to other LBOs with parking facilities in the area. However, this would also be somewhat speculative since customers who are driving might choose to visit an LBO in a different area altogether.

21. While LBO managers mention local factors to characterise the state of the demand in their local markets, they rarely mention such factors to qualify the relative strength of their competitors. The only two examples of such a qualification are two comments made regarding [REDACTED]. We did not find any examples of an LBO manager suggesting that an LBO located relatively far away should still be considered a competitor because it had similar parking facilities, or was located on the same transport links.

Data

22. We have obtained the following kind of information from the refurbishment requests:
 - (a) LBO locations.
 - (b) Year of request.
 - (c) Amount of capex requested.

- (d) Whether the request was approved.
 - (e) Customer floor size.
 - (f) Type of competitive event giving rise to the request.
 - (g) Competing LBOs' and their distances from the requesting LBO.
 - (h) Estimated gross win before the competitive event, estimated gross win after the competitive event with and without the investment and estimated EBITDA return of the investment.
23. The refurbishment request forms used by each of the Parties follow different standards and require different information to be provided. We have noted the following issues relating to the data:
- (a) Ladbrokes' forms do not specifically request the distances of competing LBOs, leading to a high number of observations where such information is not provided.⁵ Another limitation arises from the fact that the distances provided in the refurbishment request forms are only rough approximations and do not necessarily report precise distance measures. In addition, the information is not provided in a consistent manner with some forms reporting values in metres and others in yards. We have therefore converted all distances to an equivalent in metres.
 - (b) Ladbrokes was unable to provide refurbishment request forms for the period from 2013 onwards [REDACTED]. This has therefore resulted in Ladbrokes providing refurbishment requests mainly for the period of 2011 to 2012 and Coral for the period of 2013 to 2015.
 - (c) Not all the forms contain the reasons and rationale for the request. In addition, not all the forms are completed in full, leading to a number of instances where information on various other variables is missing. [REDACTED]
 - (d) Ladbrokes' refurbishment request forms include information on LBOs' estimated gross win before the competitive event and estimated gross win after the competitive event with and without the refurbishment. This has allowed us to calculate the estimated loss resulting from the competitive event. [REDACTED]

⁵ We have completed the missing information in 30 instances where we were able to identify the entry event in the LBO database that we have built based on submissions from the Parties and third parties.

- (e) Not all forms included information as to whether the request had been approved internally or not. We requested this information from the Parties.
- [X]

Table 3 below provides a short summary of the quality of the data provided.

Table 3: Summary statistics – refurbishment request forms

[X]

Source: CMA analysis.

24. Table 4 describes the frequency of different types of refurbishments. We distinguish between defensive refurbishments, which occur in response to a competitive event and are the focus of our analysis, and refurbishments for other reasons. There are four different types of competitive events that may trigger a defensive refurbishments, which are: (i) the acquisition of an existing LBO; (ii) the opening of a new LBO; (iii) the refurbishment of a competing LBO; and (iv) relocation of a competing LBO.

Table 4: Summary statistics – type of competitive event

[X]

Source: CMA analysis.

25. To calculate the response rates in Table 1 and Table 2 we have used entry data that was submitted by third parties. To avoid any possible inaccuracies in the capex requests with regards to distances, we have matched this information with the database containing all parties' refurbishment requests. We have calculated the distances between the LBO which submitted the request and the new entrant using Ordnance Survey and ONS coordinates. We have been able to match around 70% of the capex request submitted by the merger Parties with our entry and exit database.

Concession policies

1. This appendix describes in greater detail our analysis of concession policies.¹ The Parties submit that they flex concessions in individual LBOs in response to variations in local conditions of competition. Our analysis reviews the internal documents related to the decisions made on concessions and tries to identify the circumstances under which the competitive interaction between two competing LBOs is more likely to result in better prices for customers (in the form of a higher number of concessions).

Ladbrokes' policy regarding concessions

2. Ladbrokes submits that it offers various concessions, some of which are set depending on the presence of competitors in local markets. We focused primarily on concessions that are varied locally depending on competitive conditions.
3. An internal document of [REDACTED] describes changes in Ladbrokes' concession offers across its entire estate for sports betting and numbers effective as of [REDACTED]. More specifically, Ladbrokes [REDACTED]:
 - (a) **Lucky 15s/31s/63s** – A Lucky 15s concession bet (for horse racing) triples the odds for one winner on a Lucky 15² bet rather than merely doubling the odds (Lucky 31s quadruples and Lucky 63s quintuples the odds).
 - (b) **49s enhanced offers** – Where the concession is applied, the odds on Pick 3 From 6 Numbers are increased from 600/1 to 650/1 and on Pick 3 From 7 Numbers from 329/1 to 400/1. Any other number concessions (eg enhancements to two numbers or four numbers pay-outs) should be removed.
 - (c) **Irish Lottery enhanced offers** – Where the concession is applied, the odds on Pick 3 are increased from 575/1 to 610/1.
4. [REDACTED]

¹ The CMA uses the term 'promotions' to refer to estate-wide offers with no local variation and 'concessions' to refer to offers that can vary by locality. This does not necessarily reflect the terminology used to characterise these offers internally by the Parties or indeed by the wider market.

² A Lucky 15 bet consists of 15 bets involving four selections in different events. If only one selection wins, the returns on the winning bet are paid to double the odds. If all four selections win, a bonus of 10% is added to total returns.

5. [REDACTED].³ [REDACTED]. Ladbrokes submitted that [REDACTED]. We note that the internal documents in relation to the concession re-base indicate that [REDACTED].
6. With regards to gaming, Ladbrokes submitted that new game launches are accompanied by [REDACTED].
7. [REDACTED]
8. Overall, we consider that Ladbrokes' concession policy suggests that:
 - (a) Ladbrokes' decisions on which concessions to offer are driven primarily by local competition from [REDACTED]; and
 - (b) Ladbrokes focuses on competitors located within [REDACTED] when deciding on which concessions to offer, although Ladbrokes indicated that there are local variations.

Coral's general policy regarding concessions

9. Coral submitted that it offers concessions on a local basis, [REDACTED].

Coral's concession re-base

10. Coral performed a re-base of its concessions range [REDACTED].⁴ [REDACTED]
11. [REDACTED]
12. [REDACTED]

Activity of competitors and Coral's responsiveness

13. We assessed whether some competitors generally offer more concessions than others and whether this triggers a response from Coral.

Figure 1: Average number of concessions by competitor

[REDACTED]

Source: CMA analysis.

14. [REDACTED]
15. [REDACTED].⁵ [REDACTED]

³ [REDACTED]

⁴ [REDACTED]

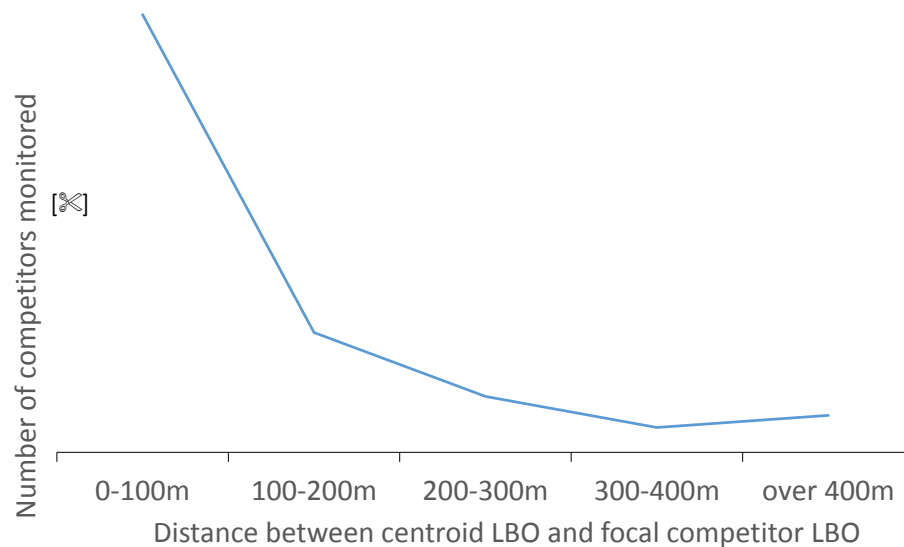
⁵ [REDACTED]

Distance of competitors

16. [X]

17. [X]

Figure 2: Number of competitors benchmarked by Coral by distance band



Source: CMA analysis.

18. Figure 2 indicates that over [X]% of competitors mentioned in the concession rebase are located within 200 m of the Coral LBO.

Number of competitors in local area

19. We assessed whether the number of competitors operating in a local area might have an impact on the number of concessions offered by Coral. Figure 3 depicts the average number of Coral's concessions per LBO by number of competitors in the local area.⁶ [X]

Figure 3: Average number of Coral's concessions by number of local competitors

[X]

Source: CMA analysis.

[X] gaming venues

20. [X]

⁶ [X]

Comments

21. [✂]

22. [✂]

Variable margins

Introduction

1. This appendix provides a summary of our approach to estimating the Parties' respective variable margins, which assisted us in interpreting the diversion ratios we observed.
2. In general, we would expect the effect of a merger to depend both on the diversion ratios between the merging parties, and also on the level of variable margins in the industry. A merger may alter the incentives of the parties by allowing each party to 'recoup' the profit made on the customers diverting to the other party in response to a price rise (which would otherwise have been lost). This is typically referred to as the 'value of diverted sales'. It is a function of: (i) the proportion of customers who would divert to the other party in response to a price rise (the diversion ratio); and (ii) the value of the profits that would be generated from recaptured sales to these customers (the variable margin). In other words, when variable margins are high, each individual customer is more valuable to the merging parties, and therefore even low levels of diversion between the merging parties may be likely to shift pricing incentives.
3. Therefore, if variable margins are low, then we would not expect a merger to have a significant impact on competition unless diversion ratios are high. Conversely, if variable margins are high, then a merger might have a significant impact on competition even if diversion ratios are relatively low. To provide results that can be interpreted in terms of a potential price increase, our estimate of variable margin must be defined as a proportion of the price charged to customers. To inform our analysis, the concept of price must reflect the value that is transferred from customers to suppliers when purchasing the product.
4. The concept of price for the purposes of this type of analysis may vary depending on specific features of a given industry. In the context of the gambling industry, the 'price' of a bet is defined by several parameters, including the odds (or the RTP in the case of gaming) and the various concessions and promotions applied. Based on the specific features of the gambling industry, we took the view that the concept of price would be best captured by the average gross win margin, ie the percentage of all stakes that is retained by the bookmakers. By way of illustration, if a customer wants to stake £100 on a product that is 'priced' with an expected gross win margin of

10%,¹ then the LBO operator will ‘charge’ the customer £10 for taking the bet, which equates to the customer’s expected loss on the bet. In outturn, this customer may win or lose their bet, but ‘on average’ they will lose £10.

5. Consider for example a football match between Barcelona and Arsenal where Barcelona has a 50% chance of winning and is ‘priced’ with decimal odds of 1.8. A customer staking £100 on Barcelona has a 50% chance of winning £180, and a 50% chance of losing. Therefore the customer’s probability-weighted gain is £90 (£180x50%+£0x50%), which represents a £10 loss on its stake. This ‘average’ loss is the price paid for the opportunity of a gain if the selection wins.

Variable margin estimate

6. We used the Parties’ accounting data to estimate variable margins in accordance with this approach. More specifically, we deducted the cost items that the Parties identified as being variable from the gross win margin (in the sense that they would increase or decrease in proportion with the stakes taken at each LBO). Tables 1 and 2 below set out this analysis, indicating the average variable margin made by the Parties on their respective gambling products over the past 2 years was approximately [REDACTED] %.

The Parties’ views

7. The Parties submitted that they did not recognise this level of margin, and that it would be more appropriate to express variable margins as a proportion of stakes rather than as a proportion of the gross win margin. This approach would treat stakes as revenue and payouts as variable costs, and would result in an estimate of variable margins substantially smaller than [REDACTED] %.
8. In support of their position, the Parties submitted that:
 - (a) customers did not have any knowledge of the gross win margin and did not see it as the price of placing a bet. To the extent that customers compared prices, it was the odds that they compared;
 - (b) a gross margin of [REDACTED] % was not a figure that the Parties used in the day-to-day running of the business or reported back to their investors or analysts as a KPI; and

¹ We understand that this is not how customers understand prices in this industry and we have considered the Parties representations on this point further below.

- (c) a statement that the Parties make [X]% gross profit margin was inconsistent with common sense. The Parties noted that the CMA had found that the Parties and their competitors all provided the same type of product, had shops in the same areas, and that there was no real difference between brands, which was indicative of intense competition in the sector.

Our assessment

9. We recognise that the concept of 'price' and 'margin' is different in respect of the supply of gambling products than in other retail markets, where there is a clearly defined price which is recognisable to the customer. For betting, in particular, the GGY cannot be determined at the time that odds are set, and will depend both on the pattern of betting and the actual outcomes of the uncertain events on which odds are set. However, for the purposes of our analysis, we needed to identify a proxy for both price and variable margin.
10. For example, whilst the Parties are correct that customers have no knowledge of the gross win margin, the aspects of pricing that customers respond to (the odds, the RTPs, and promotions) all determine that gross win margin.
11. We consider that defining variable margins as a proportion of stakes would not be informative in the context of our analysis, which seeks to provide indicators that can be interpreted in terms of potential price increases. When customers place a series of bets they can expect to receive a share of their stakes back over time. As such, stakes do not represent the value that is transferred from the customers to the bookmaker as part of a gambling transaction. Stakes are better characterised as an indicator of volumes, rather than price. For example if a given selection is priced with odds of 10/1, it would not make sense to say that a customer who places £100 on that selection pays a higher 'price' than a customer who places £10 on that same selection. This is consistent with the way bookmakers report their financial performance: the Parties measure their revenue as the level of the gross win margin, not the level of stakes they receive.
12. Finally, we believe that our provisional finding of high variable margins is consistent with the cost structure of the industry: there are significant fixed costs associated with the operation of LBOs, but once an LBO is opened the variable costs of taking additional bets are relatively modest (they mainly comprise of taxes and duties). This is also consistent with the fact that the online market is less concentrated and prices are to some extent lower, as these fixed costs do not apply and therefore barriers to entry are lower.

Table 1: [X]

[X]

Source: [X]

Table 2: [X]

[X]

Source: [X]

Sensitivity analysis

1. In order to further test the robustness of the WSS methodology, we examined whether the outcome of our analysis would differ (using a 35% threshold) depending on the weight assigned to the closest LBO (weight of 1.3 instead of 1.2), functional form we apply to the weights (cubic, instead of quadratic), the distance beyond which we did not assign any weight to a competing LBO (600m instead of 800m) and the weight assigned to independents (0.8 instead of 0.9).

Table 1: Sensitivity analysis

| | <i>Base case</i> | <i>Closest 1.3</i> | <i>Cubic</i> | <i>600m</i> | <i>Independents 0.8</i> |
|-----------------------|------------------|--------------------|--------------|-------------|-------------------------|
| Total SLCs | 659 | 655 | 661 | 648 | 662 |
| SLCs outside 400m | 30 | 30 | 30 | 15 | 30 |
| SLCs within 400m | 629 | 625 | 631 | 633 | 632 |
| Overlap shop identity | | 641 | 635 | 620 | 659 |
| of total SLCs | | 97.3% | 96.4% | 94.1% | 100.0% |
| Overlap shop identity | | 611 | 605 | 605 | 629 |
| of SLCs within 400m | | 97.1% | 96.2% | 96.2% | 100.0% |

Source: CMA analysis.

2. Table 1 above indicates that none of the changes to the parameters described above have a significant impact on the outcome of the WSS methodology, as the number of SLC findings is very similar and the identity of the ‘problematic’ LBOs remains the same in around 95% of the cases independently of those changes.
3. In summary, we consider these additional observations confirm that a 35% WSS threshold is appropriate for the purposes of identifying local areas in relation to which the Transaction may be expected to result in an SLC.

List of SLC areas by reference to the location of the centroid LBO

1. As explained in Chapter 7 of the provisional findings report, we have provisionally identified 659 local areas in which the Transaction may be expected to result in an SLC. These local areas are defined by reference to a 400m or 800m radius around the centroid LBOs listed below. Table 1 sets out those LBOs in relation to which the relevant local area is 400m and Table 2 sets out those LBOs in relation to which the relevant local area is 800m.
2. Each of the local areas in which we have provisionally found an SLC may contain multiple LBOs of the Parties. Furthermore, some of these areas may be overlapping. In view of the foregoing, we would emphasise that should these provisional findings be confirmed in our final report and should divestiture be selected as the appropriate remedy, it does not follow automatically that the specific LBOs listed below would need to be divested; and it may also be the case that divestiture of one LBO (whether or not listed below) would remedy, mitigate or prevent the SLC or any resulting adverse effect in more than one area.

Table 1: List of SLC areas by reference to a 400m catchment area

| No | Address | Postcode |
|----|---------------------------------------------------------------|----------|
| 1 | 159 Queen Street, Glasgow, Strathclyde | G13DX |
| 2 | 30/32 Paisley Road West, Glasgow, Strathclyde | G511LB |
| 3 | 1061 Shettleston Road, Glasgow, Strathclyde | G327PE |
| 4 | 498 Victoria Road, Glasgow, Strathclyde | G428PQ |
| 5 | 72 GLASSFORD STREET | G1 1UP |
| 6 | 17 Napier Street, Linwood, Paisley, Renfrewshire | PA33AJ |
| 7 | 10 CANAL STREET | PA48QE |
| 8 | 51 Sandgate, Ayr, Strathclyde | KA71DA |
| 9 | 187-189 Dunearn Drive, Kirkcaldy, East Scotland, Fife | KY26LE |
| 10 | 60-62 Union Street, Larkhall, Strathclyde | ML91DR |
| 11 | 24 High Street, Carluke, Lanark, Strathclyde | ML84AL |
| 12 | 37 King Street, Stenhousemuir, Central | FK54QB |
| 13 | 45-49 Manor Street, Falkirk, Central | FK11NH |
| 14 | 229 Station Road, Shotts, Strathclyde | ML74AW |
| 15 | 21 Railway Road, Blackburn, Lancashire | BB15AX |
| 16 | 176/178 Station Road, Bamber Bridge, Preston, Lancashire | PR56TP |
| 17 | Unit 61, The Ellesmere Centre, Bolton Rd, Worsley, Manchester | M283ZD |
| 18 | Lower Ground Floor, 20/24 Henshaw Street, Oldham, Lancashire | OL13AA |
| 19 | 25-27 Front Street, Chester-le-Street, CO Durham | DH33XD |
| 20 | 57 Front Street, Stanley, Durham | DH90SY |
| 21 | Old Post Office Buildings, Front Street, Consett, Durham | DH85AB |

| No | Address | Postcode |
|----|---------------------------------------------------------------------|----------|
| 22 | 47 Bedford Street, North Shields, Tyne & Wear | NE290SZ |
| 23 | Unit 2, Ground Floor, West Street, Gateshead, Tyne & Wear | NE81ED |
| 24 | 89/91 Botchergate, Carlisle, Cumbria | CA11RS |
| 25 | Unit 1, Old Parish Hall, Smithy Square, Cramlington, Northumberland | NE236QL |
| 26 | Unit 5, Centurian House, St. John's Street, Colchester, Essex | CO27AH |
| 27 | 330a Nacton Road, Ipswich, Suffolk | IP39NA |
| 28 | Units 28 & 29, Anglia Square, Norwich, Norfolk | NR31DZ |
| 29 | Unit 1, 45-53 Prince of Wales Road, Norwich, Norfolk | NR11BL |
| 30 | 5-6 Borehamgate Precinct, Sudbury, Suffolk | CO102EG |
| 31 | 10/10a Market Street, Wymondham, Norfolk | NR180BB |
| 32 | 15 Mere Street, Diss, Norfolk | IP224AD |
| 33 | 56 Queensway, Ipswich, Suffolk | IP39EX |
| 34 | 160/162 Hamilton Road, Felixstowe, Suffolk | IP117DU |
| 35 | 5/5a Upper Brook Street, Ipswich, Suffolk | IP41EG |
| 36 | 2 Lowestoft Road, Gorleston, Norfolk | NR316LY |
| 37 | 101 Lumley Road, Skegness, Lincolnshire | PE253LZ |
| 38 | Units 2/3 Silver Lane, Stamford, Lincolnshire | PE92BT |
| 39 | 15/16 Hall Place, Spalding, Lincolnshire | PE111SA |
| 40 | 10 Sherrard Street, Melton Mowbray, Leicester | LE131XJ |
| 41 | 62 Broad Street, Kings Lynn, Norfolk | PE301DP |
| 42 | Unit 8, The Broadway, Ashby, Scunthorpe | DN162SN |
| 43 | 9 Pavillion Row, Doncaster Road, Scunthorpe, South Humberside | DN157RD |
| 44 | 47-47a Market Place, Wisbech, Cambridgeshire | PE131DP |
| 45 | Units 47-48, Chapel Street, Rugby, Warwickshire | CV213EB |
| 46 | 128 Railway Terrace, Rugby, Warwickshire | CV213HE |
| 47 | 2 The Arcade, Wigston, Leicestershire | LE181NZ |
| 48 | 29 Westgate, Grantham, Lincolnshire | NG316LX |
| 49 | 2 Station Road, March, Cambridgeshire | PE158LB |
| 50 | 13-15 Pasture Road, Goole, Humberside | DN146BP |
| 51 | 6/7 Market Street, Mansfield, Nottingham | NG181HU |
| 52 | 2/6 Crackenedge Lane, Dewsbury, West Yorkshire | WF131PT |
| 53 | 83/85 Commercial Street, Batley, West Yorkshire | WF175EF |
| 54 | 394 Broxtowe Lane, Nottingham | NG85ND |
| 55 | 94 New Road, Kidderminster, Hereford & Worcester | DY101AE |
| 56 | 341/343 Coventry Road, Small Heath, Birmingham, West Midlands | B100SN |
| 57 | 2212 Coventry Road, Sheldon, Birmingham, West Midlands | B263JH |
| 58 | 1 Upper Brook Street, Rugeley, Staffordshire | WS152DP |
| 59 | 63 Union Street, Wednesbury, West Midlands | WS10 7HB |
| 60 | 323 Chester Road, Castle Bromwich, Birmingham, West Midlands | B360JG |
| 61 | 27 Watergate Street, Chester, Cheshire | CH12LB |
| 62 | 1 Crown Street, Wellington, Telford, Shropshire | TF11LP |
| 63 | 3/5 New Station Road, Fishponds, Bristol, Avon | BS163RP |
| 64 | 1-2 North Parade Buildings, Bath, Somerset | BA11NS |
| 65 | 7-9 Bath Hill, Keynsham, Bristol | BS311EB |

| No | Address | Postcode |
|-----|--------------------------------------------------------------|----------|
| 66 | 80 Fore Street, Exeter, Devon | EX43HR |
| 67 | 8 Cambrian Way, John Street, Carmarthen, Carmarthenshire | SA311QN |
| 68 | 561a Pentregethin Road, Ravenhill, Swansea, West Glamorgan | SA58AB |
| 69 | 65-67 Charles Street, Milford Haven, Pembrokeshire | SA732HA |
| 70 | 6/7 New Street, Neath, West Glamorgan | SA111RT |
| 71 | Former Post Office, 86 John Street, Porthcawl, Mid Glamorgan | CF363BD |
| 72 | 18/19 Market Square, Merthyr Tydfil, Mid Glamorgan | CF478BY |
| 73 | 2 Hanbury Road, Bargoed, Mid Glamorgan | CF818QR |
| 74 | 37-39 Carlisle Street, Cardiff, South Glamorgan | CF242DQ |
| 75 | 42-44 Cardiff Road, Caerphilly, Mid Glamorgan | CF831JP |
| 76 | 6 Victoria Square, Aberdare, Mid Glamorgan | CF447LA |
| 77 | 24 Merthyr Road, Whitchurch, Cardiff, South Glamorgan | CF141DH |
| 78 | 63 Seamoore Road, Westbourne, Bournemouth, Dorset | BH49AE |
| 79 | 43 Southbourne Grove, Southbourne, Bournemouth, Dorset | BH63QT |
| 80 | Unit 1/2 Vernon House, Church Street, Weybridge, Surrey | KT138DX |
| 81 | 273/275 High Street, Sutton, Surrey | SM11LD |
| 82 | 17 High Street, Sutton, Surrey | SM11DF |
| 83 | 244 Farnham Road, Slough, Berkshire | SL14XE |
| 84 | No.6 Clayton Court, High Street, Langley, Slough, Berkshire | SL38HB |
| 85 | 1 Winchester Street, Basingstoke, Hampshire | RG217ED |
| 86 | 11-13 Cove Road, Farnborough, Hampshire | GU140EH |
| 87 | 58-59 North Street, Guildford, Surrey | GU14AH |
| 88 | 32/33 Downing Street, Farnham, Surrey | GU97PF |
| 89 | 9/10 Market Place, Wantage, Oxon | OX128AB |
| 90 | 99 Sandgate Road, Folkestone, Kent | CT202BQ |
| 91 | Unit 3, 1a High Street, Tonbridge, Kent | TN91SG |
| 92 | 7-9 High Street, East Grinstead, West Sussex | RH193AF |
| 93 | 267-269 Bexley Road, Erith, Kent | DA83EX |
| 94 | 124/125 St. James' Street, Brighton, East Sussex | BN21TH |
| 95 | 5 Queens Road, Hastings, East Sussex | TN341QP |
| 96 | 32 Kings Road, St. Leonards-on-Sea, East Sussex | TN376DU |
| 97 | 12-13 Bedford Place, Southampton, Hampshire | SO152DB |
| 98 | 110 St. Mary Street, Southampton, Hampshire | SO141PG |
| 99 | 160 High Street, Winchester, Hampshire | SO239BA |
| 100 | 25 Victoria Road, Woolston, Southampton, Hampshire | SO199DY |
| 101 | 17-19 Rumbridge Street, Totton, Southampton, Hampshire | SO409DQ |
| 102 | 72 The Hundred, Romsey, Hampshire | SO51 8BX |
| 103 | Unit 3 & 4, St. John's Centre, Hedge End, Southampton | SO304QU |
| 104 | 1 Poundtree Road, Southampton, Hampshire | SO141ND |
| 105 | 8 Water Lane, Totton, Southampton, Hampshire | SO403DP |
| 106 | 2-4 Edinburgh Road, Portsmouth, Hampshire | PO11DE |
| 107 | 50-52 Station Road, New Milton, Hampshire | BH256JX |
| 108 | 3 Catford Broadway, London | SE64SP |
| 109 | 108 High Street, Peckham, London | SE155ED |

| No | Address | Postcode |
|-----|----------------------------------------------------------------------------------|----------|
| 110 | 161 Shenley Road, Borehamwood, Hertfordshire | WD61AH |
| 111 | 4 Vivian Avenue, Hendon, London | NW43YA |
| 112 | 24-26 Russell Street, London | WC2B5HF |
| 113 | Ground Floor, 48 Poland Street, London | W1F7ND |
| 114 | 181 Finchley Road, London | NW36LB |
| 115 | 1-3 Crown Street, Brentwood, Essex | CM144AZ |
| 116 | 114 Collier Row Road, Romford, Essex | RM52BB |
| 117 | 26-28 Collier Row Road, Romford, Essex | RM53NX |
| 118 | 199-199a Oxlow Lane, Dagenham, Essex | RM107XX |
| 119 | 1A Shafter Road, Dagenham, Essex | RM108AJ |
| 120 | Basement, 2-4 South Street, Romford, Essex | RM11RA |
| 121 | 1-1a Tavistock Street, Luton, Bedfordshire | LU13UR |
| 122 | 41 High Street, Dunstable, Bedfordshire | LU61JE |
| 123 | 84 Midland Road, Bedford, Bedfordshire | MK401QH |
| 124 | 21 All Hallows, Bedford, Bedfordshire | MK401LN |
| 125 | 53-55 Station Road, Letchworth, Hertfordshire | SG63BJ |
| 126 | 42 Queen Street, Haverhill, Suffolk | CB99EF |
| 127 | 177 Hamlet Court Road, Westcliff-on-Sea, Essex | SS07EL |
| 128 | 6/6b Eastwood Road, Rayleigh, Essex | SS67JQ |
| 129 | Broadway, 1 High Road, Pitsea, Basildon, Essex | SS133AT |
| 130 | 7-9 Station Avenue, Wickford, Essex | SS117AS |
| 131 | 2 Calcutta Road, Tilbury, Essex | RM187QU |
| 132 | 43-45 Newland Street, Witham, Essex | CM82BD |
| 133 | 417/417b Bitterne Road, Bitterne Village, Southampton, Hampshire | SO185EE |
| 134 | Unit 13, 16 Market Place, Mildenhall, Suffolk | IP287EF |
| 135 | 3 Pennyfields, West India Dock Road, London | E148HP |
| 136 | 163 Blendon Road, Bexley, Kent | DA51BT |
| 137 | 16 Market Place, Stowmarket, Suffolk | IP141DR |
| 138 | Unit 19, The Broadway, Shopping Centre, Centre West, Hammersmith, London | W69YD |
| 139 | Unit 1, 21 Rother Street, Stratford-upon-Avon, Warwickshire | CV376NE |
| 140 | Unit 3, Magnolia House, Church Street, Exmouth, Devon | EX81PE |
| 141 | 246 High Street, Cowdenbeath, Fife | KY49NP |
| 142 | Unit 1, 10 Main Street, Uddingston, Strathclyde | G717HD |
| 143 | 111 Main Street, Kilwinning, Strathclyde | KA136AN |
| 144 | Ground Floor Entrance & First Floor Premises, 29 George Street, Richmond, Surrey | TW91HY |
| 145 | 57 St. Johns Wood, High Street, London | NW87NL |
| 146 | 34 St. James Street, Walthamstow, London | E177PF |
| 147 | 235A/237 Wimbledon Park Road, Southfields, London | SW185RJ |
| 148 | 537 Kingstanding Road, Kingstanding, Birmingham, West Midlands | B449SU |
| 149 | 72b & 73 Cannon Street, Wellingborough, Northamptonshire | NN8 4DJ |
| 150 | 21 High Street, South Norwood, London | SE256EZ |
| 151 | 181/185 Trafalgar Road, Greenwich | SE10 9EQ |
| 152 | 44b Castle Street, Caerphilly, Mid Glamorgan | CF831NZ |

| No | Address | Postcode |
|-----|----------------------------------------------------------------------|----------|
| 153 | 139 South Ealing Road, London | W54QS |
| 154 | 766a Uxbridge Road, Hayes, Middlesex | UB40RU |
| 155 | 10 Leegate Centre, Lee Green, London | SE128SS |
| 156 | 88 High Street, Tranent, East Lothian | EH331HH |
| 157 | 76 The Esplanade, Weymouth, Dorset | DT47AA |
| 158 | Unit 26, Chadderton Precinct, Chadderton, Oldham, Lancashire | OL90LJ |
| 159 | 120 High Street, Margate, Kent | CT91JW |
| 160 | 19 King Street, Ramsgate, Kent | CT118NP |
| 161 | 25, Balnagask Rd, Torry, Aberdeen, Aberdeenshire | AB118HU |
| 162 | 11 Cattle Market, Hexham, Northumbria | NE461NJ |
| 163 | 97 Putney High Street, London | SW151SS |
| 164 | 255 Poplar High Street, London | E140BE |
| 165 | 578 Alexandra Parade, Glasgow, Strathclyde | G313BP |
| 166 | 129 East High Street, Forfar, Angus | DD82EQ |
| 167 | 210 Northdown Road, Cliftonville, Margate, Kent | CT92QU |
| 168 | 34 Charlotte Street, Stranraer, Dumfries | DG97EF |
| 169 | 83 High Street, Mexborough, South Yorkshire | S649AB |
| 170 | Big Apple, Market Place, Sutton-in-Ashfield, Nottinghamshire | NG171AQ |
| 171 | 666 Mansfield Road, Sherwood, Nottingham | NG52GE |
| 172 | The Old Police Station, 96 Fintry Road, Dundee, Tayside | DD49HB |
| 173 | 81 York Road, Hartlepool, Cleveland | TS268AQ |
| 174 | 108 York Road, Hartlepool, Cleveland | TS269DE |
| 175 | Prem. Adj. Trades Union Club, Pentland Avenue, Billingham, Cleveland | TS232RE |
| 176 | Adj. Western Social Club, Union Street, Middlesborough | TS15PJ |
| 177 | Adj. Workmens Club, Sheraton Road, Newton Aycliffe, Co. Durham | DL55NU |
| 178 | 118 High Street, Northallerton, North Yorkshire | DL78PQ |
| 179 | 11 Market Street, Ferryhill | DL178JN |
| 180 | 39 High Street, Norton, Stockton, Cleveland | TS201AH |
| 181 | 444 Linthorpe Road, Middlesborough | TS56HX |
| 182 | 125 & 127 High Street, Eston, Middlesborough, Cleveland | TS69JD |
| 183 | 130 High Street, Redcar, Cleveland | TS103DH |
| 184 | 18 & 20 Market Place, Guisborough, Cleveland | TS146BN |
| 185 | 108/110 Fratton Road, Portsmouth, Hampshire | PO15BZ |
| 186 | 18/20 High Street, Dawey, Telford, Shropshire | TF42ET |
| 187 | 224/226 Northumberland Avenue, Reading, Berkshire | RG27QA |
| 188 | 853 Honeypot Lane, Stanmore, Middlesex | HA71AR |
| 189 | 36 Newgate Street, Bishop Auckland, Co. Durham | DL147EG |
| 190 | THE MILL CENTRE SYCAMORE WALK, 4 SYCAMORE WALK | EH47 7LQ |
| 191 | 175 Piersfield Terrace, Edinburgh, Lothian | EH87BR |
| 192 | 43a High Street, Swadlincote, Derby | DE118JE |
| 193 | 85/86 Horninglow Road, Burton, Staffordshire | DE142PT |
| 194 | 12-14 Gerard Street, Ashton in Makerfield, Wigan, Manchester | WN49AA |
| 195 | 180 High Street, Beckenham, Kent | BR31EW |
| 196 | 40/42 Nuxley Road, Belvedere, Kent | DA175JG |

| No | Address | Postcode |
|-----|------------------------------------------------------------------------------------|----------|
| 197 | 103 High Street, Welling, Kent | DA161TY |
| 198 | 4/4a West Street, Porchester, Portsmouth, Hampshire | PO169UZ |
| 199 | 73 High Street, Newport, Shropshire | TF107AU |
| 200 | 7/9 Campbell Place, Stoke-on-Trent, Staffordshire | ST41NH |
| 201 | 24-26 Great Junction Street, Edinburgh, Lothian & Borders | EH65LA |
| 202 | 54/56 Green Lane, Northwood, Middlesex | HA62XW |
| 203 | 12 Edinburgh Road, Portsmouth, Hampshire | PO11DE |
| 204 | 1253 London Road, Alvaston, Derby, Derbyshire | DE248QN |
| 205 | 37 Belmont Road, Uxbridge, Middlesex | UB81QT |
| 206 | 19/23 Woodhall Parade, Cole Green Lane, Welwyn Garden City, Hertfordshire | AL73PP |
| 207 | 2/3/4a Kneesworth Street, Royston | SG85AA |
| 208 | 182 Rye Lane, Peckham, London | SE154NF |
| 209 | 49 Market Street, Oakengates, Telford, Shropshire | TF26EL |
| 210 | 3a Cambridge Street, Wellingborough, Northamptonshire | NN81DJ |
| 211 | 226 Wellingborough Road, Northampton | NN14EQ |
| 212 | 46 Kingsley Park Terrace, Northampton | NN27HH |
| 213 | 12 Market Square, Sandy, Bedford | SG191HU |
| 214 | 5 Victoria Square, Worksop, Nottinghamshire | S801DX |
| 215 | Unit 1, 127 Kilburn High Road, London | NW66JH |
| 216 | 23 James Street, Ebbw Vale, Gwent | NP236JG |
| 217 | 2146 Coventry Road, Sheldon, Birmingham, West Midlands | B263JB |
| 218 | 11 Bank Street, Braintree, Essex | CM71UG |
| 219 | 11 Corbets Tey Road, Upminster, Essex | RM142AP |
| 220 | 61 Ambleside Drive, Warndon, Worcester | WR49DA |
| 221 | 144 Whitehall Road, Bristol, Avon | BS59BP |
| 222 | 45/47 Grosvenor Street, Stalybridge, Cheshire | SK152JN |
| 223 | 46/48 High Street West, Glossop, Derbyshire | SK138BH |
| 224 | Unit 2, Market Square, Royton Precinct, Royton, Oldham, Lancashire | OL25QD |
| 225 | 1A & 2A, Whinney Moor Avenue, Lupsett, Wakefield, West Yorkshire | WF28RG |
| 226 | 6-8 Fowler Street, South Shields, Tyne & Wear | NE331NF |
| 227 | 11 Front Street, Hetton Le Hole, Houghton-le-Spring, Tyne & Wear | DH59PF |
| 228 | 39 Grange Road, Jarrow, Tyne & Wear | NE323JY |
| 229 | Ground Floor Unit, 1 Hailsham Place, Peterlee, Co. Durham | SR81AA |
| 230 | 218-219 High Street West & 69 John Street, Sunderland, Tyne & Wear | SR11TZ |
| 231 | Retail Unit 3 Old Co-operative Building, Front Street, Winlaton, Blaydon-upon-Tyne | NE216DU |
| 232 | 1 East Barnet Road, Barnet, Hertfordshire | EN48RR |
| 233 | 12 High Street, Andover, Hampshire | SP101NX |
| 234 | 36/36A London Road, Brighton, East Sussex | BN14JB |
| 235 | 6 Davyhulme Circle, Urmston, Manchester | M410SS |
| 236 | 618 Romford Road, Manor Park, London | E125AQ |
| 237 | 67 High Street, Spennymoor, Co. Durham | DL166BB |

| No | Address | Postcode |
|-----|-----------------------------------------------------------------|----------|
| 238 | 20 Topsfield Parade, Tottenham Lane, London | N88PT |
| 239 | Basement with Grd Flr Entrance, 48/51 Minories, London | EC3N1JJ |
| 240 | 12/14 Westmuir Street/11 Tollcross Road, Glasgow, Strathclyde | G315EH |
| 241 | Unit C, Westpoint, Avon Street, Bath | BA11UN |
| 242 | 6 St. George's Street, Winchester, Hampshire | SO238BG |
| 243 | 123 Station Road, Port Talbot | SA131NR |
| 244 | 61 West Street, Fareham, Hampshire | PO160AT |
| 245 | 48 Market Street, Barnsley, South Yorkshire | S701SN |
| 246 | 29 High Street, Stevenage, Hertfordshire | SG13AU |
| 247 | 543 Kingsbury Road, London | NW99EL |
| 248 | 155 Earls Court Road, London | SW59RQ |
| 249 | 32 Reform Street, Dundee | DD11RH |
| 250 | 36/40 Drapery, Northampton NN1 2HJ/9 Market Square, Northampton | NN12DL |
| 251 | Unit B8, West Swindon District Centre, Swindon | SN57DL |
| 252 | 80 South Street, Romford, Essex | RM11RX |
| 253 | Unit 3, 193-221 Southwark Park Road, London | SE163TU |
| 254 | 93-95 High Street, Ayr | KA71QL |
| 255 | 41a South Street, Dorchester, Dorset | DT11DF |
| 256 | 158 High Street, Barnet, | EN55XP |
| 257 | 107 Baker Street, London | W1U6RP |
| 258 | 1-3 Coronation Walk, Southport, Liverpool | PR81RD |
| 259 | 12 West Street, Bridport, Dorset | DT63QP |
| 260 | 185 HOXTON STREET | N1 6RA |
| 261 | 207 Streatfield Road, Harrow | HA39DA |
| 262 | 10 Station Parade, Station Road, Mill Hill Broadway, London | NW72JU |
| 263 | 29 Tolworth Broadway, Tolworth, Surbiton | KT67DJ |
| 264 | Part Ground floor, 4 churchill Way (also known as 4a) Cardiff | CF102DW |
| 265 | 10 Cricklade Street, Cirencester | GL71JH |
| 266 | 91 Senhouse Street, Maryport, Cumbria | CA156BU |
| 267 | 61/62 Main Street, Egremont, Cumbria | CA222DB |
| 268 | 52-54 High Street, Cleator Moor, Cumbria | CA255AA |
| 269 | 18 Market Place, Whitehaven, Cumbria | CA287JB |
| 270 | 42 Boutport Street, Barnstaple | EX311SE |
| 271 | 20 Nelson Street, Bristol | BS12LE |
| 272 | 181 White Lane, Gleadless, Sheffield | S123GF |
| 273 | 73 Murray Place, Stirling | FK81AU |
| 274 | 6 Lombard Street, Stourport-on-Severn | DY138DT |
| 275 | 68 Hope Street, Crook, County Durham | DL159HT |
| 276 | 45 Western Road, Bexhill-on-Sea, East Sussex | TN401DT |
| 277 | 9-11 Stonecot Hill, Sutton | SM39HB |
| 278 | 5 Emmanuel Street, Cambridge | CB11NE |
| 279 | 1 Adkins Corner, Perne Road, Cambridge | CB13RU |
| 280 | 49-51 High Street, Cherry Hinton, Cambridgeshire | CB19HX |
| 281 | 13 High Street, March, Cambridgeshire | PE159JA |

| No | Address | Postcode |
|-----|--------------------------------------------------------|----------|
| 282 | 29 High Street, Wisbech, Cambridgeshire | PE131DE |
| 283 | 3 La Porte Precinct, Grangemouth | FK38AZ |
| 284 | The Former Wimpy Restaurant, The Quay, Bideford, Devon | EX392HJ |
| 285 | 90-92 High Road, East Finchley, London | N29EB |
| 286 | 109 High Street, Brentwood | CM144RX |
| 287 | 2 Chapel Street, Southport | PR81AZ |
| 288 | 103 George Street, Hove | BN33YE |
| 289 | 56 Western Road, Brighton | BN12HA |
| 290 | 49 Princes Street, Port Glasgow | PA145JH |
| 291 | 13-15 Castle Street, Forfar | DD83AE |
| 292 | 101 High Street, Dumfries | DG12BN |
| 293 | 16-18 High Street, Whitton | TW27LT |
| 294 | 5 Walcot Street, Bath | BA15BN |
| 295 | 25 Bath Street, Frome, Somerset | BA111DJ |
| 296 | 31 Herbert Road, Plumstead | SE183SZ |
| 297 | 157 High Street, Wrekenton, Gateshead, Tyne & Wear | NE97JR |
| 298 | 10 Glassford Street, Glasgow, Strathclyde | G11UL |
| 299 | 192 Balham High Road, London | SW129BP |
| 300 | 10-12 Holdenhurst Road, Bournemouth, Dorset | BH88AD |
| 301 | Unit 2, 114 Manse Road, Newmains, Wilshaw | ML29BD |
| 302 | 1-2 High Street, Colchester, Essex | CO11DA |
| 303 | 4 Courtland Road, Rose Hill, Oxford | OX44JA |
| 304 | 239 High Street, Erdington, Birmingham, West Midlands | B236SS |
| 305 | Unit 4, Haymarket, Newcastle-upon-Tyne | NE17PF |
| 306 | 28 High Street, Snodland, Kent | ME65DF |
| 307 | 15 Church Street, Walton-on-Thames, Surrey | KT122QP |
| 308 | 1-2 The Strand, Exmouth, Devon | EX81AB |
| 309 | 609 London Road Bridgeton Glasgow | G401NE |
| 310 | 148-150 Church Road, Yardley, Birmingham | B258UT |
| 311 | 46 Hairst Street, Renfrew, Renfrewshire | PA48QY |
| 312 | 12 High Street, Potters Bar, Hertfordshire | EN65AF |
| 313 | 51 London Road, Southampton, Hampshire | SO152AD |
| 314 | 48 Camp Road, Farnborough, Hampshire | GU146EP |
| 315 | 9 Holles Street, London | W1G0BD |
| 316 | HAMLET COURT ROAD | SS0 7EL |
| 317 | 77 Station Road, Chingford, London | E47BU |
| 318 | 119-121 High Street, Penge, London | SE207DS |
| 319 | 88 Town Centre, Hatfield | AL10 0JT |
| 320 | 16 & 18 St James Mall Hebburn Tyne & Wear | NE311LF |
| 321 | 4 Market Parade, Hampton Road West, Feltham | TW136AJ |
| 322 | 358 BOWES ROAD | N11 1AN |
| 323 | 23/24 Market Place, Penzance, Cornwall | TR182JD |
| 324 | 789 Commercial Road, London | E14 7HG |
| 325 | 44 The Broadway, Crouch End, Hornsey London | N8 9SU |

| No | Address | Postcode |
|-----|--------------------------------------------------------------|----------|
| 326 | Unit 1, 496 Ridgeway Road, Gleadless, Sheffield, Yorkshire | S12 2JX |
| 327 | 1A/2 East Street, Southampton | SO14 3HE |
| 328 | 1 High Street, Sandy | SG19 1AG |
| 329 | 1 Melbourn St Royston | SG8 7BP |
| 330 | 1 West Way, Cirencester | GL7 1JA |
| 331 | 1 White Hart Buildings, March, Cambs | PE15 8TP |
| 332 | 1/2 Marine Gardens, Margate, Kent | CT9 1UH |
| 333 | 1/3 Hairst Street, Renfrew, Scotland | PA4 8QU |
| 334 | 10 Front Street, Hetton Le Hole, Tyne & Wear | DH5 9PF |
| 335 | 10 St Georges Street, Winchester, Hants | SO23 8BG |
| 336 | 10-12 Hope Street, Ayr, Scotland | KA7 1LT |
| 337 | 100/102 Fintry Road, Fintry, Dundee | DD4 9EZ |
| 338 | 104 South Ealing Road, Ealing | W5 4QJ |
| 339 | 107 Poole Road, Westbourne, Bournemouth | BH4 9BB |
| 340 | 109B Oxford Road, Reading, Berks | RG1 7UD |
| 341 | 11/13 High Street, Dawley, Telford, Shrops | TF4 2EU |
| 342 | 11 Fisherton Street, Salisbury | SP2 7SU |
| 343 | 11 High West Street, Dorchester | DT1 1UW |
| 344 | Unit 11, Town Centre, Blackburn, West Lothian, Scotland | EH47 7LG |
| 345 | 112 London Road, Brighton, Sussex | BN1 4JG |
| 346 | 117 High Street, Stockton, Cleveland | TS18 1AY |
| 347 | 12 Princess Parade, Bury, Lancs | BL9 0QL |
| 348 | 12 Red Dial Parade, Derwent Close, Worcester, Worcestershire | WR4 9TY |
| 349 | 12 Splott Road, Splott, Cardiff, South Glamorgan | CF24 2BZ |
| 350 | 12/14 Lower Brook Street, Rugeley Staffs | WS15 2DF |
| 351 | 121d Nelson Road, Whitton | TW2 7AZ |
| 352 | 124 Middlesex Street, London | E1 7HY |
| 353 | 125 Station Road, Port Talbot, West Glamorgan | SA13 1NR |
| 354 | 127/127A Northdown Road, Cliftonville, Kent | CT9 2QY |
| 355 | 129 St Marys Steet, Southampton, Hants | SO14 1NX |
| 356 | 11/13 Grange Road, Jarrow, Tyne & Wear | NE32 3JY |
| 357 | 13 High Street West, Glossop, Derbyshire | SK13 8AL |
| 358 | 13 Queen Street, Mansfield | NG18 1JL |
| 359 | 13 Station Parade, Whitchurch Lane, Canons Park | HA8 6RW |
| 360 | 136 High Street, Rayleigh, Essex | SS6 7BU |
| 361 | 14 Bridge Road, Farnborough | GU14 0HS |
| 362 | 1-4 Derrys Cross, Plymouth | PL1 2SU |
| 363 | Unit 1, 14/17 Church Terrace, Wisbech | PE13 1BL |
| 364 | 142 Main Street, Cambuslang | G72 7EL |
| 365 | 156 Oscar Road, Torry, Aberdeen Scotland | AB11 8EJ |
| 366 | 16 Commercial Road, Totton | SO40 3BY |
| 367 | 16 High Street, Haverhill | CB9 8AT |
| 368 | 16 Westgate Street, Bath | BA1 1EQ |
| 369 | 161 High Street, Northallerton, North Yorkshire | DL7 8JZ |

| No | Address | Postcode |
|-----|----------------------------------------------------------|----------|
| 370 | 16/18 Campbell Place, Stoke on Trent, Staffs | ST4 1LX |
| 371 | 15 & Part 16-18 York Square, Mexborough, South Yorkshire | S64 9DG |
| 372 | 168 HAMLET COURT ROAD | SS0 7LJ |
| 373 | 168 High Street, Barnet | EN5 5XP |
| 374 | 17-18 New College Parade, Finchley Road, London | NW3 5EP |
| 375 | 17 High Street, South Norwood, London | SE25 6EZ |
| 376 | 17 Hoxton Walk, 201 Hoxton Street, London | N1 6RA |
| 377 | 17 Silver Street, Wellingborough, Northants | NN8 1BD |
| 378 | 17 Wood Street, Stratford Upon Avon, Warwickshire | CV37 6JF |
| 379 | 17/19 East High Street, Forfar, Scotland | DD8 2EL |
| 380 | 17-18 Market Place, Wednesbury, West Midlands | WS10 7AY |
| 381 | 17-19 Market Square, Basildon | SS14 1DF |
| 382 | 181 Station Road, Bamber Bridge, Preston | PR5 6LA |
| 383 | 183 High Street, Hornchurch, Essex | RM11 3XS |
| 384 | 187 High Street, Cowdenbeath | KY4 8LS |
| 385 | 188/190 High Street, Eston, Middlesbrough | TS6 9JE |
| 386 | 19 Church Parade, Ashford | TW15 2TX |
| 387 | 19 Queens Road, Hastings | TN34 1QY |
| 388 | 19 Rectory Terrace, Cherry Hinton, Cambs | CB1 9HU |
| 389 | 191/193 East India Dock Road, London | E14 0EA |
| 390 | 19/21 Great Tower Street, London | EC3R 5AR |
| 391 | 195 Church Road, Redfield, Bristol | BS5 9HG |
| 392 | 198/200 Earls Court Road, London | SW5 9QF |
| 393 | 198/200 High Street, Scunthorpe, Lincs | DN15 6EA |
| 394 | 199 Shenley Road, Borehamwood, Herts | WD6 1AT |
| 395 | Unit 19, Town Square, Billingham | TS23 2NB |
| 396 | 19j Bridge Street, Linwood, Scotland | PA3 3DB |
| 397 | 1E St James Street, Brighton, Sussex | BN2 1RE |
| 398 | 250-252 Commercial Road, Portsmouth, Hampshire | PO1 1HH |
| 399 | 32 Market Place, Penzance, Cornwall | TR18 2JF |
| 400 | 4 Cardiff Road, Caerphilly | CF83 1JN |
| 401 | 2 High Street, Spennymore, County Durham | DL16 6DB |
| 402 | 2 Mere Street, Diss, Norfolk | IP22 4AD |
| 403 | 2 Ocean Road, South Shields | NE33 2HZ |
| 404 | 2 Poundtree Road, Southampton, Hampshire | SO14 1ND |
| 405 | 2 Wallingford Street, Wantage, Oxfordshire | OX12 8AX |
| 406 | 2/3 Kingsway Centre, Frome, Somerset | BA11 1BT |
| 407 | 2/3 Quarry Hill Road, Tonbridge, Kent | TN9 2RN |
| 408 | 20 Clarence Square, Brighton, Sussex | BN1 2ED |
| 409 | 20 High Street, Stamford, Lincolnshire | PE9 2AL |
| 410 | 20/22 Kingsley Park Tce, Northampton | NN2 7HG |
| 411 | 20/22 Parker Lane, Burnley | BB11 2BY |
| 412 | 208 Trafalgar Road, Greenwich, London | SE10 9ER |
| 413 | 21 Bruce Street, Dunfermline, Scotland | KY12 7AG |

| No | Address | Postcode |
|-----|-------------------------------------------------|----------|
| 414 | 19/21 Tudor Drive, Morden, Surrey | SM4 4PD |
| 415 | 21/23 High Street, Walton On Thames | KT12 1DG |
| 416 | 209/211 Dunearn Drive, Kirkcaldy, Fife Scotland | KY2 6LE |
| 417 | 21/23 Paisley Road West, Glasgow | G51 1LF |
| 418 | Coventry Road, Sheldon, Birmingham | B26 3JE |
| 419 | 21B South Street, Dorchester, Dorset | DT1 1BY |
| 420 | 22 Calcutta Road, Tilbury, Essex | RM18 7QU |
| 421 | 22 Great Portland Street, London | W1W 8QS |
| 422 | 20/22 Holborough Road, Snodland, Kent | ME6 5NJ |
| 423 | 22 Market Place, Mildenhall, Suffolk | IP28 7EF |
| 424 | 224 Farnham Road, Slough, Berks | SL1 4XE |
| 425 | 23 Cowell Street, Llanelli | SA15 1UU |
| 426 | 23 Market Place, Hatfield, Herts | AL10 0LJ |
| 427 | 22/23 North Street, Guildford, Surrey | GU1 4TA |
| 428 | 23 Replingham Road, London | SW18 5LT |
| 429 | 235/237 Finchley Road, London | NW3 6LS |
| 430 | 238 Cherry Hinton Road, Cambridge | CB1 7AU |
| 431 | 23B Greengate Street, Stafford, Staffordshire | ST16 2HS |
| 432 | 24 East Barnet Road, New Barnet, Herts | EN4 8RQ |
| 433 | 24/25 Market Street, Ebbw Vale, Gwent | NP23 6HL |
| 434 | 2-4 Northgate, Guisborough, Cleveland | TS14 6JU |
| 435 | 24/26 Stoney Lane, Yardley, Birmingham | B25 8YP |
| 436 | 24/26 The Parade, Exmouth, Devon | EX8 1RW |
| 437 | 244/245 Horninglow Road, Burton On Trent | DE14 2PZ |
| 438 | 25 Argyll Street, London | W1F 7TU |
| 439 | 25 Catford Broadway | SE6 4SN |
| 440 | 25 Head Street, Colchester | CO1 1NH |
| 441 | 25 High Street, Weston Super Mare, Avon | BS23 1HA |
| 442 | 253/255 Oxlow Lane, Dagenham, Essex | RM10 7YR |
| 443 | 263 Basingstoke Road, Whitley, Reading, Berks | RG2 0HY |
| 444 | 27 Hall Place, Spalding | PE11 1SG |
| 445 | 27 Upper Borough Walls, Bath | BA1 1RH |
| 446 | 272 High Street, Langley, Slough | SL3 8HD |
| 447 | 274 Sherwood Park Avenue, Sidcup, Kent | DA15 9JN |
| 448 | 274 Wellingborough Road, Northampton | NN1 4EJ |
| 449 | 28 High Street, Romford, Essex | RM1 1HR |
| 450 | 28/32 Manse Road, Newmains Cross, Scotland | ML2 9AX |
| 451 | 29 Bellegrove Road, Welling | DA16 3PB |
| 452 | 29 High Street, Sutton | SM1 1DJ |
| 453 | 29 High Street, Norton | TS20 1AH |
| 454 | 292 Broxtowe Lane, Nottingham | NG8 5NB |
| 455 | 29/31A The Hundred, Romsey | SO51 8GD |
| 456 | 294 High Street, Sutton, Surrey | SM1 1PQ |
| 457 | 2 Central Circus, Hendon, London | NW4 3JX |

| No | Address | Postcode |
|-----|-------------------------------------------------------------|----------|
| 458 | 3 Holdenhurst Road, Bournemouth, Dorset | BH8 8EH |
| 459 | 3 Midland Road, Wellingborough | NN8 1HA |
| 460 | 3 Sovereign Way, Norwich | NR3 1ER |
| 461 | 3 Upper Northam Road, hedge End, Southampton | S0314DY |
| 462 | Unit 1, Former Half Moon P.H., Springwell Avenue, Wrekenton | NE9 7JL |
| 463 | 31/33 Commercial Street, Batley, Yorks | WF17 5EP |
| 464 | 31 Merthyr Road, Whitchurch, Cardiff | CF14 1DB |
| 465 | 317 Bexley Road, Erith, Kent | DA8 3EX |
| 466 | 325 Chester Road, Castle Bromwich | B36 0JG |
| 467 | 33 - 33a Market Place, Melton Mowbray, Leicester | LE13 1XD |
| 468 | 33 Arundel Street, Portsmouth | PO1 1NB |
| 469 | 33-35 Cavendish Street, Barrow In Furness, Cumbria | LA14 1SF |
| 470 | 334 Burdett Road, London | E14 7DL |
| 471 | 335 Putney Bridge Road, Putney, London | SW15 2PG |
| 472 | 3 & 4 Kemble Parade, Potters Bar | EN6 5AP |
| 473 | 340 Station Road, Harrow | HA1 2DR |
| 474 | 347-349 Lee High Rd, SE12 8RU | SE12 8RU |
| 475 | Part of former Kwik Save, Main Street, Egremont, Cumbria | CA22 2DR |
| 476 | 352 Nacton Road, Ipswich | IP3 9NA |
| 477 | 352 Strand, London | WC2R 0HS |
| 478 | 35a High Street, Old Town, Stevenage | SG1 3AU |
| 479 | 36-37 Topsfield Parade, Hornsey, London | N8 8PT |
| 480 | 370 Coventry Road, Small Heath, Birmingham | B10 0XE |
| 481 | 371 Barking Road, Plaistow | E13 8AJ |
| 482 | 34/38 Grosvenor Street, Stalybridge | SK15 2JN |
| 483 | 38 The Broadway, Mill Hill, London | NW7 3LH |
| 484 | 382 Bowes Road, New Southgate, London | N11 1AH |
| 485 | 38a West Street, Portchester | PO16 9UZ |
| 486 | 39 New Street, Wellington, Telford | TF1 1LU |
| 487 | 4 Albert Road, Upper Belvedere, Kent | DA17 5LJ |
| 488 | 4 Bell Corner, Corbets Tey Road, Upminster, Essex | RM14 2AT |
| 489 | 4 High Street, Cleator Moore, Cumbria | CA25 5AB |
| 490 | 4 The Broadway, Wimbledon | SW19 1RF |
| 491 | 15 Broadway, Accrington, Lancs | BB5 1PL |
| 492 | 40 Hanbury Road, Bargoed, Mid Glamorgan | CF81 8QU |
| 493 | 40/42 Herbert Road, Plumstead, London | SE18 3SH |
| 494 | 40/42 Princess Street, Port Glasgow, Scotland | PA14 5JQ |
| 495 | 40/42 Western Road, Bexhill On Sea, Sussex | TN40 1DY |
| 496 | 409 Honeypot Lane, Stanmore, Middx | HA7 1JJ |
| 497 | 41/43 School Road, Sale, Cheshire | M33 7YE |
| 498 | 41/43 Great Junction Street, Leith, Edinburgh Scotland | EH6 5HX |
| 499 | 41 Beveridge Way, Newton Aycliffe, Durham | DL5 4DU |
| 500 | 41 Collier Row Road, Collier Row, Romford, Essex | RM5 3NR |
| 501 | 37/43 Peabody Road, Farnborough, Hants | GU14 6HA |

| No | Address | Postcode |
|-----|-----------------------------------------------------------|----------|
| 502 | 43 High Street, Weybridge, Surrey | KT13 8BB |
| 503 | 43 Kings Road, St. Leonards on Sea | TN37 6DX |
| 504 | 432 Bitterne Road, Bitterne, | SO18 5RT |
| 505 | 432/434 Linthorpe Road, Middlesbrough | TS5 6HW |
| 506 | 44 Cannon Street, London | EC4N 6JJ |
| 507 | 44 The Common, Hatfield, Herts | AL10 0LU |
| 508 | 44 Wimbledon Hill Road, London | SW19 7PA |
| 509 | 448 HIGH STREET | KY4 8LS |
| 510 | 45 Charles Street, Milford Haven, Dyfed | SA73 2AA |
| 511 | 46 Market Place, Boston | PE21 6NF |
| 512 | 48/54 Moorgate, London | EC2R 6EL |
| 513 | 48 Main Street, Uddingston | G71 7LS |
| 514 | 4/8 Shottskirk, Shotts, Lanarkshire | ML7 4AB |
| 515 | 5/7 Market Square, Royton, Oldham | OL2 5QD |
| 516 | 5 Abbey Street, Nuneaton | CV11 5BP |
| 517 | 5 Broadway, Pitsea | SS13 3AT |
| 518 | 5 Sheep Market, Spalding | PE11 1BH |
| 519 | 5 Tower Street, Kings Lynn, Norfolk | PE30 1EJ |
| 520 | 50 Front Street, Stanley | DH9 0HU |
| 521 | 50 Senhouse Street, Maryport | CA15 6BW |
| 522 | 50/52 St James Street, Walthamstow, London | E17 7PE |
| 523 | 51 Woodhall Shopping Parade, Welwyn Garden City | AL7 3PP |
| 524 | 517 Mansfield Road, Sherwood, Nottingham | NG5 2JL |
| 525 | 51A High Street, Keynsham, Bristol | BS31 1DS |
| 526 | 52 Hillington Road, Glasgow | G52 2AA |
| 527 | 53 Market Place, Whitehaven, Cumbria | CA28 7JB |
| 528 | 55a West Street, Boston, Lincolnshire | PE21 8QN |
| 529 | 56 Kingsbury, Aylesbury | HP20 2JE |
| 530 | 560 Pentregethin Road, Ravenhill, Swansea, West Glamorgan | SA5 5ET |
| 531 | 5/7 Station Road, Letchworth | SG6 3BB |
| 532 | 586 Rainham Road South, Dagenham | RM10 7XD |
| 533 | 587 Alexandra Parade, Glasgow, Scotland | G31 3DB |
| 534 | 59/61 Green Lane, Northwood | HA6 3AD |
| 535 | 59 South Street, Chichester | PO19 1DS |
| 536 | 59/61 Fratton Road, Portsmouth | PO1 5AE |
| 537 | 6 Botchergate, Carlisle | CA1 1QS |
| 538 | 6 George Street, Hove | BN3 3YA |
| 539 | 6 Kings Road, Chingford, London | E4 7EY |
| 540 | 6 Market Street, Aberdare, Mid Glamorgan | CF44 7DY |
| 541 | 6 Station Road, New Milton, Hants | BH25 6JU |
| 542 | 6 West Street, Bridport, Dorset | DT6 3QP |
| 543 | 6/6A Broadway Ashby High Street, Scunthorpe, S Humberside | DN16 2SN |
| 544 | 6/6A The Bridge, Chippenham, Wilts | SN15 1EX |
| 545 | 615 London Road, Bridgeton, Glasgow Scotland | G40 1NE |

| No | Address | Postcode |
|-----|------------------------------------------------------|----------|
| 546 | 630 Kingsbury Road, Kingsbury, London | NW9 9HN |
| 547 | 64 Leicester Road, Wigston, Leicester | LE18 1DR |
| 548 | 65 London Road, Southampton | SO15 2AB |
| 549 | 67 Boothferry Road, Goole | DN14 6BB |
| 550 | 67 Stamford Road, Kettering, Northants | NN16 8XZ |
| 551 | 677 Romford Road, Manor Park, London | E12 5AD |
| 552 | 68 London Road, North End, Portsmouth. | PO2 0LN |
| 553 | 68 Newgate Street, Bishop Auckland | DL14 7EQ |
| 554 | 6a High Street, Brentwood | CM14 4AB |
| 555 | 7 High Street, Andover, Hants | SP10 1LJ |
| 556 | 7 New Road, Porthcawl, Mid Glamorgan | CF36 5DL |
| 557 | 7/7A Portman Terrace, Southbourne, Bournemouth | BH5 2HP |
| 558 | 70-72 Upper Bar, Newport, Telford, Shropshire | TF10 7AW |
| 559 | 71 Ballards Lane, Finchley Central, London | N3 1XT |
| 560 | 71 Ipswich Street, Stowmarket, Suffolk | IP14 1BA |
| 561 | 73 High Street, Bideford, Devon | EX39 2AA |
| 562 | 73/77 High Street, Tranent | EH33 1LW |
| 563 | 73/74 Hope Street, Crook | DL15 9HT |
| 564 | 782 Fishponds Road, Bristol | BS16 3TT |
| 565 | 78b South Street, Romford | RM1 1RX |
| 566 | 79 Fore Street, Exeter | EX4 3HR |
| 567 | 79 London Road, East Grinstead | RH19 1EQ |
| 568 | 7a Market Place, Wymondham | NR18 0AG |
| 569 | 8/8a New Street, Neath, West Glamorgan | SA11 1RT |
| 570 | 8 The Garth, Front Street, Winlaton, Tyne & Wear | NE21 6DD |
| 571 | 80/82 High Street, Redcar, Cleveland | TS10 3DL |
| 572 | 804-806 Uxbridge Road, Hayes, Middlesex | UB4 0RS |
| 573 | 8/10 Bank Street, Braintree, Essex | CM7 1UL |
| 574 | Kingstanding Circle, Birmingham | B44 9RT |
| 575 | 84 High Street, Brentwood | CM14 4AP |
| 576 | 85/87 Pier Avenue, Clacton-On-Sea, Essex | CO15 1QE |
| 577 | 86 Chapel Street, Luton, Beds | LU1 5DD |
| 578 | 874 Washwood Heath Road, Birmingham | B8 2NG |
| 579 | 88 Rosehill, Oxford | OX4 4HX |
| 580 | 9 Old Market Place, Sudbury | CO10 1TL |
| 581 | 9 South Parade, Yate, Avon | BS37 4BB |
| 582 | 96 Main Street, Kilwinning, Scotland | KA13 6AG |
| 583 | 96 York Road, Hartlepool | TS26 9DQ |
| 584 | 97 HIGH STREET | FK1 1ED |
| 585 | 98A Allitsen Road, London | NW8 7BB |
| 586 | 98A-99 High Street, Gorleston-on-sea, Great Yarmouth | NR31 6RF |
| 587 | 99/101 High Road, East Finchley | N2 8AG |
| 588 | 99 Hamilton Road, Felixstowe, Suffolk | IP11 7BL |
| 589 | 9A/9B Crutched Friars, London | EC3N 2AU |

| No | Address | Postcode |
|-----|---------------------------------------------------------------|----------|
| 590 | 9B Lostock Road, Davyhulme, Manchester | M41 0SU |
| 591 | 6 North Street, Ferryhill, Durham | DL17 8HX |
| 592 | Adj The New Stags Head, off Red Street, Carmarthen | SA31 1QL |
| 593 | Adj. Marine Hotel, The Esplanade, Porthcawl, Mid Glamorgan | CF36 3YR |
| 594 | Guildhall Chambers, Guildhall Place, Cambridge | CB2 3NH |
| 595 | Market Cross, Cornmarket, Bury St Edmunds | IP33 1BT |
| 596 | Old Brewery House, South Burns, Chester Le Street Durham | DH3 3EZ |
| 597 | Former Park Vaults PH, Park Lane, Cardiff | CF10 3UD |
| 598 | Unit 1, 50 High Street, Swadlincote | DE11 8HS |
| 599 | Unit 1, 2/4 Russel Street, North Shields | NE29 0BJ |
| 600 | Unit 10, Chadderton Rd Shop Precinct, Chadderton Oldham | OL9 0LQ |
| 601 | Units 12/14, 18/19 St. James Mall, Hebburn | NE31 1LE |
| 602 | Unit 150 Ellesmere Centre, Walkden | M28 3ZH |
| 603 | Unit 16 Horsefair Shopping Centre, Wisbech | PE13 1AR |
| 604 | Unit 19 Marble Place, Eastbank Street, Southport | PR8 1DF |
| 605 | MIDDLE STREET | DH8 5QJ |
| 606 | Unit 2, 2-10 High Street, Carlisle | ML8 4AJ |
| 607 | Unit 1 & 2 Gibraltar House, High Street, Wickford, Essex | SS12 9AX |
| 608 | Unit 2, The London Arms, Victoria Road, Woolston, Southampton | SO19 9DX |
| 609 | 117 Priestpople, Hexham, Northumberland | NE46 1PF |
| 610 | 23B Spinning Gate Shopping Centre, Leigh | WN7 4PG |
| 611 | 27-29 Chadderton Road, Precinct, Oldham | OL9 0LJ |
| 612 | Cooperative House, 259 Rye Lane, Peckham, London | SE15 4UA |
| 613 | Unit 3 Oxford Street, Oakengates | TF2 6AA |
| 614 | Unit 3 The Gerrard Centre, Ashton In Makerfield, Wigan | WN4 9AN |
| 615 | 74 UNION ROAD | FK1 4PF |
| 616 | Unit 30 Smithfield Centre, Haywood Street, Leek Staffs | ST13 5JW |
| 617 | Unit 4, Charlotte Street, Stanraer Scotland | DG9 7ED |
| 618 | 4/5 Rex House, Hampton Road West, Hanworth | TW13 6AP |
| 619 | Unit 45b Idlewells Centre, Sutton in Ashfield | NG17 1BP |
| 620 | Unit 53/54, Skinnergate, Darlington Co Durham | DL3 7LH |
| 621 | 29 Hallam Road, Stenhousemuir | FK5 3BF |
| 622 | Unit 7, The Swan Centre, Rugby | CV21 3EB |
| 623 | Unit 7B Eastgate, Llanelli | SA15 3YF |
| 624 | Unit B9, Swindon Dist Centre, Swindon Wilts | SN5 7DL |
| 625 | Unit 7D, St Martins Quarter, Worcester (Lowesmoor) | WR1 2DA |
| 626 | Unit G133, Trinity Centre, Gateshead | NE8 1BH |
| 627 | Units 2&3 Second Avenue, Clydebank, Glasgow. | G81 3BD |
| 628 | Winnymoor Hotel, Horbury Road, Wakefield, York | WF2 8RE |
| 629 | High Street, Stourport-on-Severn | DY13 8BX |

Source: CMA analysis.

Table 2: List of SLC areas by reference to an 800m catchment area

| No | Address | Postcode |
|-----------|-----------------------------------------------------------------------------|-----------------|
| 1 | 5/7 Ditchfield Road, Widnes, Cheshire | WA88QG |
| 2 | Adj. The Hogs Head, Bradway Road, Bradway, Sheffield | S174QW |
| 3 | 46/48 East Meadway, Kitts Green, Birmingham, West Midlands | B330AP |
| 4 | 303/307 Llangyfelach Road, Brynhyfryd, Swansea, West Glamorgan | SA59LG |
| 5 | 10 East Street, Blandford Forum, Dorset | DT117DR |
| 6 | 9 The Broadway, Tilbury, Essex | RM187BP |
| 7 | 100/102 Castle Lane West, Bournemouth, Dorset | BH93JU |
| 8 | Wynyard Road, Hartlepool, Cleveland | TS253LQ |
| 9 | 304 Meadowcroft, Aylesbury, Buckinghamshire | HP193HZ |
| 10 | 16 Town Street, Farsley, Leeds, West Yorkshire | LS285LD |
| 11 | 12 Moredon Road, Swindon, Wiltshire | SN253DQ |
| 12 | 6a Northampton Road, Wellingborough, Northamptonshire | NN83HG |
| 13 | Unit 13, Lordshill District Centre, Southampton, Hampshire | SO168HY |
| 14 | 13a Keyford, Frome, Somerset | BA111JN |
| 15 | 89 Prince Charles Avenue, Mackworth, Derby | DE224BG |
| 16 | Unit 1, Whinfield Shopping Centre, Whinfield, Darlington, County Durham | DL13RR |
| 17 | 109 Rownhams Road, Maybush, Southampton | SO16 5EB |
| 18 | 10A West Street, Blandford, Dorset | DT11 7AJ |
| 19 | 128 Worplesdon Road, Guildford | GU2 9RT |
| 20 | 18 Humbleton Drive, Mackworth, Derby | DE22 4AT |
| 21 | 250 Lowedges Road, Lowedges, Sheffield | S8 7JB |
| 22 | 292 Kitts Green Road, Birmingham | B33 9SB |
| 23 | 6 Saunders House, Leith Avenue, Pauls Grove Portsmouth | PO6 4NY |
| 24 | 93 Commercial Street, Aberbargoed, Bargoed, Mid Glamorgan | CF81 9EU |
| 25 | 996 Wimborne Road, Moordown, Bournemouth Dorset | BH9 2DE |
| 26 | Adj. Rompney Castle, Wentloog Road, Rumney, Cardiff, South Glamorgan | CF3 3EB |
| 27 | Adj. To Three Sisters, Pentregethin Road, Cwmbwrla, Swansea, West Glamorgan | SA5 8NN |
| 28 | Haughton Club And Institute, The Green, Haughton Le Skerne, Nr Darlington | DL12DD |
| 29 | CATCOTE ROAD, Hartlepool | TS25 2LS |
| 30 | 908 CARMARTHEN ROAD, Swansea | SA5 4AA |

Source: CMA analysis.

Glossary

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| 49s | Randomly generated numbers betting product that has a twice daily draw. Customers can bet on one to five numbers from the 49 in each draw (bookmakers' bets may vary). Six numbers and a 'booster ball' are drawn and customers can select to play either the six number or seven number draw (which includes the booster ball to increase the chances of winning). |
| ABB | The Association of British Bookmakers, a trade association for off-course bookmakers . |
| Act | Enterprise Act 2002. |
| AGC | Adult Gaming Centre. |
| BAGS | Bookmakers Afternoon Greyhound Service. |
| Betting | Making or accepting a bet on: (a) the outcome of a race, competition or other event or process; (b) the likelihood of anything occurring or not occurring; or (c) whether anything is or is not true. |
| Betfair | Betfair Group plc. |
| Betfred | Betfred Limited. |
| Bookmakers | Companies licensed to offer gaming and betting products in LBOs and/or online in the UK. Bookmakers who offer gaming and betting products in LBOs are also referred to as LBO operators . |
| Centroid | Individual LBO on which a particular catchment area was centred. |
| CC | Competition Commission. |
| CMA | Competition and Markets Authority. |

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| CMA survey | A face-to-face survey including 3,921 interviews in 30 LBOs of Ladbrokes and Coral across 15 areas carried out by DJS on behalf of the CMA during phase 2 . |
| Concessions | Special offers by bookmakers limited to particular LBOs that typically enhance the return to customers. |
| Coral | The businesses of Gala Coral being acquired under the Transaction . |
| Parties' survey | Consumer survey research carried out face-to-face, online and by phone with customers of betting and gaming products in the UK. |
| Fascia | LBOs brand name. Also referred to as brand. |
| Fixed odds betting | A situation where a customer places a bet on the outcome of an event on the basis of odds fixed by the bookmaker at the time that the bet is placed. |
| FOBTs | Fixed odds betting terminals. |
| Gala Coral | Gala Coral Group Limited and its subsidiaries. |
| Gambling Act | Gambling Act 2005. |
| Gaming | Playing a game of chance for a prize. |
| Gambling | Betting, gaming and participating in a lottery. |
| GBGB | Greyhound Board of Great Britain. |
| GGY | Gross gambling yield. |
| Greyhound TV | Greyhound TV Limited. |
| Inquiry group | A group of CMA panel members constituted to decide the questions set out in section 35 of the Act in respect of the Transaction . |
| Irish lottery | Randomly generated numbers betting products for sale in LBOs . |
| Jennings | Jenningsbet (UK) Limited. |

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|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kantar research | Consumer survey research carried out by Kantar Group Limited online and by phone with customers of betting and gaming products in the UK. |
| Ladbrokes | Ladbrokes plc and its subsidiaries. |
| LBO | Licensed Betting Office. |
| LBO operators | Companies licensed to offer gaming and betting products in LBOs . Also referred to as bookmakers (see above). |
| Merged Entity | The entity formed by the combination of Ladbrokes and Coral . |
| OFT | Office of Fair Trading. |
| Online channel | Supply of betting and gaming products online. |
| Online bookmakers | Companies licenced to offer gaming and betting products online in the UK. |
| Paddy Power | Paddy Power plc. |
| Paddy Power Betfair | Paddy Power Betfair plc. |
| Parties | Ladbrokes and Coral . |
| Phase 1 | The investigation of the Transaction to determine whether the statutory test for reference was met (in the case of anticipated mergers, section 33 of the Act). |
| Phase 2 | The investigation of the Transaction following the reference made on 11 January 2016 to decide the questions set out in section 36 of the Act . |
| Playtech | Playtech plc. |
| PQRS | Price, quality, range and service: the parameters of a retail offering. |
| Promotions | Special offers by LBO operators applied uniformly across all their LBOs . |
| Retail channel | Supply of betting and gaming products by LBO operators . |
| SIS | Satellite Information Services Limited. |

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|---------------------|--------------------------------------------------------------------------------------------|
| SLC | Substantial lessening of competition within the meaning of section 36 of the Act . |
| SSBT | Self Service Betting Terminal. |
| Transaction | The proposed merger between Ladbrokes and certain businesses of Gala Coral . |
| William Hill | William Hill plc. |