

**Response to Provisional Findings Report
Competition Commission
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**Submitted by:
Seatem Group**

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Response from Seatem Group

Summary

1. Noted

Background

2. At the end of this paragraph you refer to “UK”. Your Provisional Findings make no reference to the situation which would develop in Northern Ireland were the merger to proceed. We submit that there are serious issues of Competition in Northern Ireland which should be addressed by CC.

3. Noted

4. [X]

The Relevant Markets Ticketing

5. Noted

6. Noted

7. We agree that much of what is stated in this paragraph is accurate. We are one of the businesses which has found it to be very difficult to get into live music ticketing. We do not believe however that we need the help of CC to make progress in this market. We certainly need the help of CC to ensure that there is equality of treatment but by opening distribution channels [X] we are making substantial progress in live music ticketing. To build the logic of this paragraph as in some way justifying CC supporting the introduction of CTS is counter productive.

8. We accept the findings of The Group that there needs to be a widening of ticket distribution. In the evidence which we gave to The Group we confirmed that the distribution of live music tickets was becoming increasingly flexible with all of the main promoters beginning to work with a wider range of distribution channels, a factor in which TicketMaster is cooperating. Competition in the market is now less than fully effective but is increasing significantly.

Promotion

9. Noted

Venues

10. Noted

The Counterfactual

11. The findings outlined in this paragraph are almost unbelievable. They read like a promotional piece for CTS. If we were to draw up a job description for a Business Development Manager for CTS we think the job description would incorporate most of the points made in this paragraph. We do not understand the role of CC in attempting to ensure an entry into the UK of a Company [X]. Nor do we understand why CC is promoting the cause of CTS by attempting to ensure that should CTS enter the UK then it will do so “with a secure revenue stream to cover its fixed cost and entry costs in the near future, and with access to a guaranteed minimum volume of tickets for sale. “We as a Company would dearly wish to have the support of CC in reaching findings which would enable us to get to the position which seems to be the minimum launch pad for CTS. It would appear that not only do CC wish to oil the path for CTS to gain entry with guaranteed profit but CC have also worked out how CTS can “establish a virtuous circle to guarantee the growth of CTS to become a dominant player in the UK”. What has induced CC to take up the cause of a private Company [X].

12. From communication over the years we are aware that CTS have been studying the UK market with a view to enter it for many years. [X]. It is interesting that in this section CC refer to “the technological investments” which CTS has made in its markets. These investments have been minimal and will be minimal in the UK. [X].

13. The conclusion that CTS entry “would have had a significant beneficial impact on the extent of competition in the market” is almost beyond belief. The ambition of CTS is (as stated in paragraph 12) to become the largest or second largest ticket agent in every market it entered. It can become so only if CC smoothes the path, enable entry at low cost, ignore the need to invest and enable CTS to establish a dominant footprint in UK.

Expected Effects of the Merger

Effects on the ticketing market due to the entry of CTS.

14. The findings that the merger might “impede CTS’s position in the UK market” or “limit its allocation of tickets” or “have a direct and significant effect on CTS’s ability to attract customers” or compel CTS to “struggle to overcome the significant barriers to entry to the market”. We have all had these difficulties but we have invested and grown and built relationships which have now placed us in a significant position in the market without having the support of CC. We would appreciate an explanation as to why CC finds that it should support the entry of CTS into the UK whilst ignoring significant Companies already in the UK who are taking a competitive stance to win market share and being quite successful.

15. This finding is remarkable. In summary it says that CTS “would not come into the UK without the Live Nation contract, it has minimised its investment in the UK market due to uncertainty and has put the process of entering the UK on hold”. The outcome of all of that is that CC feels an obligation to comfort CTS and assist their entry into the UK without CTS making significant investment or trying to win business in open

competition. This we believe is the opposite of competition. This is the Competition Commission acting in a way which is distinctly disadvantageous to existing ticket agents in UK. Why is this the policy of CC.

16. Again we read that CTS will not “accept a small position on the fringes of the market”. If the path of entry is not very easy, if they cannot gain entry without investment if the going gets tough then CTS “would decide not to complete its entry into the UK market and would exit the market”. The market is tough. We believe that CC should not have the purpose of making it easy for one company whilst ignoring the fact that other companies have got to compete on commercial terms. So what, if CTS decide not to enter the market.?

17. The finding here that if CTS do not come into the UK market there would be “a substantial lessening of competition in the UK market”. This verges on the absurd. CTS is not in the UK. The suggestion that “it might lead to higher prices and lower service levels is equally untrue”. We utterly fail to understand how CC can reach these conclusions. Promoters do not make decisions to put prices up and lower service levels because of ticket agents. They need to sell tickets, to find people to go to shows and to provide high levels of service. We think it is wrong to suggest otherwise.

Effects on the ticketing market due to effects on existing ticket agents.

18. Why has there been a finding that there is no prospect of Live Nation providing increased levels to UK ticket agents because of the merger. This is absolutely contrary to evidence which we gave to CC and contrary to the fact.

Effects on the promotions and venue markets.

19. Noted

Conclusion

20. The conclusion as outlined does not make sense. CTS is not now a competitor in the UK market. To state that the merger would result in the loss of CTS as an effective competitor in the UK market is therefore nothing but speculation.

Our Conclusion

In summary we would like to say that the Provisional Findings Report reads like an advocacy for the entry of CTS into the UK market and not as an analysis of the impact of the proposed merger between TicketMaster and Live Nation. We would not therefore support the provisional findings report.

We believe it is not the role of OFT or CC to act as cheerleaders for one ticketing company which is not yet in the UK, to the detriment of the existing ticket agents in this Country.