



News Release

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FOOTBALL POOLS MERGER PROVISIONALLY CLEARED

The Competition Commission (CC) has provisionally cleared the anticipated acquisition by Sportech plc (Sportech) of the Vernons football pools business of Ladbrokes plc. Sportech already operates two football pools, Littlewoods and Zettors, though the latter is very small. The acquisition of Vernons would mean that it will have virtually 100 per cent of the UK football pools market.

In a summary of its provisional findings published today at www.competition-commission.org.uk, the CC has concluded that the acquisition may not be expected to result in a substantial lessening of competition.

Peter Davis, Inquiry Chairman, said:

Although Littlewoods and Vernons pools provide customers with similar products, we found little evidence that customers have switched between the two in the past. There was, for instance, no evidence of customer switching to Littlewoods when Vernons closed its house-to-house collector network in 1998, to Vernons when Littlewoods raised its entry prices in 1999, or more recently between the companies following direct mail marketing initiatives. Similarly, the extensive customer survey evidence we examined pointed to the conclusion that pools customers would be unlikely to switch between the two in large numbers in the event of a future price rise.

With or without the merger, the companies' ability to increase their prices or otherwise reduce the value of the product it offers, for example by reducing the proportion of the total stakes it returns as prizes, appears to be constrained primarily by the likelihood that customers will stop playing the pools altogether. That constraint will not be affected by the merger.

Consequently we provisionally conclude that Littlewoods and Vernons are not exercising a substantial competitive constraint on each other and therefore allowing the merger would not result in a substantial lessening of competition.

The full provisional findings report has also been published today.

Anyone wishing to comment further on the provisional findings is requested to do so by 21 September 2007 by email to edwin.james@cc.gsi.gov.uk or in writing to:

Inquiry Secretary (Sportech/Vernons merger inquiry)
Victoria House
Southampton Row
London
WC1B 4AD

The CC is required to publish its final report by 17 October 2007.

Notes for editors

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. The members of the Sportech/Vernons inquiry group are: Peter Davis (Group Chairman), Roger Davis, Peter Stoddart and Jonathan Whiticar.
3. The Enterprise Act 2002 empowers the Office of Fair Trading to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
4. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period. It is required to report by 17 October 2007.
5. Enquiries should be directed to Siobhan Allen on 020 7271 0242 (email siobhan.allen@cc.gsi.gov.uk).