



## News Release

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### **CC PROVISIONALLY CLEARS GAME/GAMES STATION MERGER**

The CC has provisionally cleared the completed acquisition by Game Group plc (GAME) of Games Station Limited (Gamestation), concluding that the merger may not be expected to result in a substantial lessening of competition in the markets for the supply of gaming software, consoles and related accessories in the UK.

The merger brings together the two largest specialist retailers of new and pre-owned video games (including new PC games), video games consoles and related accessories. At both retailers, customers can trade-in old or unwanted products in return for credit to be used against future purchases. The summary of the provisional findings report has been published at: [www.competition-commission.org.uk](http://www.competition-commission.org.uk). The full report will be published shortly.

Inquiry Chairman Diane Coyle said:

This is a finely balanced verdict but our provisional conclusion is that we do not believe this acquisition would give the merged company the opportunity to significantly raise prices or reduce service for new or pre-owned products, or to cut trade-in prices paid to customers.

Even though customers view GAME and Gamestation as the next best alternative for each other, if the merged company was to raise prices, for example, we think it is likely that customers could move a significant amount of their business to alternative retailers such as independents, high-street retailers, supermarkets and Internet retailers. Customers appear to switch between different types of retailers to look around for the best deals.

There are fewer alternative retailers engaged in trade-ins and the sale of pre-owned. However, we see that several competitors are expanding rapidly and customers are increasingly making use of alternative retail channels. We also found that competition for new gaming products effectively sets a cap on prices for pre-owned products, as customers could easily switch to new products sold elsewhere were the merged company to increase pre-owned prices.

Two members of the Group disagreed with the conclusion in relation to the potential for a substantial lessening of competition with regard to the trade-in and sale of pre-owned gaming software. As this meant a split 2:2 verdict, the Chairman has exercised her casting vote in favour of a provisional clearance. CC guidelines state that at least two-thirds of an

inquiry group must decide there is an anti-competitive outcome from a merger for the CC to consider remedies.

The CC has carried out an extensive investigation into this market by speaking to a variety of retailers: specialist gaming retailers, non-specialists including music and video retailers, high street outlets, electrical goods retailers, and online retailers.

The CC would like to hear from all interested parties about the provisional findings, in writing, by 31 December 2007. To submit evidence, please email [game.gamestation@cc.gsi.gov.uk](mailto:game.gamestation@cc.gsi.gov.uk) or write to:

Inquiry Secretary (Game/Gamestation)  
Competition Commission  
Victoria House  
Southampton Row  
LONDON  
WC1B 4AD

The CC is expected to publish its final report by 23 January 2007.

### **Notes for editors**

1. 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.
2. 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.
3. The Group consists of four members: Dr Diane Coyle (Group Chairman), Alexander Johnston, Ian Jones and Richard Taylor.
4. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: [www.competition-commission.org.uk](http://www.competition-commission.org.uk).
5. Enquiries should be directed to Siobhan Allen on 020 7271 0242 (email [siobhan.allen@cc.gsi.gov.uk](mailto:siobhan.allen@cc.gsi.gov.uk)).