



**Determination of the Competition Authority, dated 28<sup>th</sup> July 2005, under Section 21 of the Competition Act, 2002 in respect of Merger Notification Case No. M/05/036 - Proposed acquisition by Emap plc. of Scottish Radio Holdings plc.**

**Introduction**

1. On 28<sup>th</sup> June 2005, the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of a proposal whereby Emap plc (“Emap”) would acquire the remaining issued share capital of Scottish Radio Holdings plc (“SRH”) not already owned by Emap to acquire sole control of SRH. The Authority advised the parties and the Minister that it considered the transaction to be a “media merger”, within the meaning of Section 23 of the Act.

**The Parties**

2. Emap is a FTSE 100 media company with one-hundred per cent (100%) of its shares listed on the London Stock Exchange. It is divided into four media businesses: (i) Emap Consumer Media; (ii) Emap Performance; (iii) Emap Communications; and (iv) Emap France.
3. Emap Consumer Media comprises Emap’s consumer magazine portfolio for the United Kingdom, Ireland and overseas, with the exception of France. Over 65 titles are published in the United Kingdom and Ireland.
4. Emap Performance manages Emap’s music-market businesses in the United Kingdom. These comprise of 19 local analogue radio stations licensed by Ofcom; 6 music magazines; 7 digital music channels (digital television content contracts); and Emap’s digital radio network which comprises of a digital sound broadcasting licence issued by Ofcom to broadcast Emap’s Kiss 100FM digital broadcasting service in Northern Ireland.
5. Emap Communications manages over 240 products in the Business-to-Business marketplace, which are primarily placed in the United Kingdom, in addition to its organisation of annual exhibitions in the United Kingdom.
6. Emap France publishes forty-four consumer magazine titles in France.
7. Emap also has a 27.1% interest in SRH, which it acquired in January 2004. This interest is a non-controlling interest in SRH.



8. SRH is a media group whose activities, through its subsidiaries, are radio broadcasting and newspaper publishing in the United Kingdom and the State. SRH wholly or partly-owns 24 analogue and digital radio broadcasting services; six digital radio multiplexes and publishes 45 local weekly newspapers. Of these, two analogue radio stations are broadcast and five local and/or regional newspapers are published in the State. SRH has proposed to acquire one further analogue broadcasting service in the State through the proposed acquisition of Donegal Highland Radio<sup>1</sup>.

### **The Transaction**

9. The proposed transaction concerns the acquisition by Emap of the remaining issued share capital of SRH not already owned by Emap.
10. As agreed between the Parties to the proposed transaction, Emap will immediately sell Score Press Limited ("Score Press") to Johnston Press plc ("Johnston"), on Emap's acquisition of sole control and ownership of SRH. Johnston is a fully-listed public company on the London Stock Exchange and is engaged in the publication of newspaper titles in Scotland and England only and operates associated internet sites. Score Press is a wholly-owned subsidiary of SRH which prints and publishes SRH's newspaper titles in the United Kingdom and Ireland.
11. The Parties have submitted that the rationale for the proposed sale of Score Press is to enable Emap to focus on and develop its radio and broadcasting businesses in the State and in the United Kingdom which is facilitated by the sale of Score Press.
12. On 29<sup>th</sup> June 2005, the Authority was notified on a mandatory basis of the proposed acquisition by Johnston Press plc ("Johnston") of Score Press Limited ("Score Press") (Merger Notification Case Number M/05/037).

### **Analysis**

13. The Parties' activities in the State do not overlap. Emap has limited activities in the State: it distributes certain of its magazine titles in the State, managed by Emap Consumer Media and Emap Performance, through wholesalers and certain of its digital music channels are supplied to Chorus Ireland and ntl Ireland.
14. Emap does not operate any sound broadcasting services in the State, but does, however, provide a digital broadcasting service in Northern Ireland. Reception of digital broadcasting services requires the use of a digital receiver (i.e. a digital radio). According to information

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<sup>1</sup> Merger Notification Case Number M/05/025.



submitted by the Parties, the number of digital radios in the UK (including Northern Ireland) is approximately two million. No precise figures are available in respect of the number of digital radios used in Northern Ireland, however, the estimation submitted by the Parties considers that this figure is minimal. As a consequence, the potential for Emap's digital broadcasting services to be received in the State is not determinable.

15. In the State, SRH owns and controls Radio Ireland Limited, which broadcasts Today FM pursuant to a licence issued and regulated by the Broadcasting Commission of Ireland under the Radio and Television Act, 1988 ("the 1988 Act"). Today FM is the only licensed provider of commercial sound broadcasting services in a national franchise area. SRH also owns and controls FM 104, a local commercial radio station broadcasting in the Dublin City and County franchise area.
16. SRH, through Scope Press, publishes and prints several weekly local and/or regional newspapers in the State: The Kilkenny People, The Leitrim Observer, The Longford Leader, The Tipperary Star and The Nationalist/Munster Advertiser.
17. The Authority considered several possible product groupings in its analysis of the potential overlap of activities of the Parties.
18. The first product grouping considered by the Authority was whether radio advertising slots and advertising in print media (newspapers and magazines), which would include both national and local advertising, could be considered a potential area of overlap of the Parties.
19. In previous determinations of the Authority<sup>2</sup>, the Authority has found that radio advertising and other forms of advertising are not part of the same market. Radio advertising has distinguishing features from other forms of advertising such as print, cinema, TV and outdoor: radio advertising involves substantially less production and placement costs, less production time and can be placed at short notice. That radio advertising is a distinct market is in line with the decisions of the European Commission.<sup>3</sup>

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<sup>2</sup> Decision No: 591 in relation to Notification No. CA/1/01 – Independent Radio Sales/Shareholders Agreement

<sup>3</sup> See Case No IV/M.779 – Bertelsmann/CLT at paragraph 19.



20. In respect of SRH's radio broadcasting operations and Emap's magazine distribution into Ireland through wholesalers, there is, therefore, no overlap in activities.
21. The Authority also considered whether advertising in local newspapers and advertising in magazines formed part of the same product grouping and whether this product grouping, if established, constitutes an area of overlap of the Parties' activities in the State.
22. Drawing on the Authority's investigation of alleged predatory pricing by a local newspaper in the Greater Drogheda Area and the Authority's detailed analysis of all forms of advertising markets therein<sup>4</sup>, the Authority considers that other forms of media, such as magazines, leaflet drops, cinema advertising, outdoor advertising and business telephone directories do not compete in the same product market as local newspapers. In a particular reference to magazines, the Authority noted that magazines and local newspapers appear to contain distinctly different types of advertisements aimed at different demographics.
23. In respect of SRH's publishing and printing activities and Emap's magazine titles distributed in Ireland through wholesalers there is, therefore, no overlap in activities.
24. The proposed transaction does not give rise to competition concerns.

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<sup>4</sup> Enforcement Decision Series E/05/001 Decision of the Competition Authority (Case COM/05/03) – The alleged predation by the Drogheda Independent Company Limited in the market for advertising in local newspapers in the greater Drogheda area of 7<sup>th</sup> December 2004.



**The Competition Authority**  
An tÚdarás Iomaíochta

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Emap of SRH will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect subject to the provisions of Section 23(9)(a) of the Act.

**For the Competition Authority**

**Declan Purcell**

Member of the Competition Authority