



MERGER ANNOUNCEMENT

The Competition and Consumer Protection Commission has cleared the proposed acquisition by The Irish Times Designated Activity Company of sole control of Sappho Limited

24 April 2018

The Competition and Consumer Protection Commission (“CCPC”) has cleared the proposed transaction whereby The Irish Times Designated Activity Company (“ITD”), through its wholly-owned subsidiary Palariva Limited, would acquire sole control of Sappho Limited (“Sappho”) from Landmark Media Investments Limited following a phase two investigation. The proposed transaction was notified to the CCPC on 14 December 2017 under section 18(1)(a) of the Competition Act 2002, as amended (the “2002 Act”). Given that both ITD and Sappho carry on a “media business” within the State, the proposed transaction constitutes a “media merger” for the purposes of Part 3A of the 2002 Act.

In the course of a two-phase investigation, the CCPC consulted with a number of third parties, including competitors, advertising customers and industry representative bodies. During the investigation, the CCPC also requested and received, on an on-going basis, information and clarifications from the notifying parties.

The CCPC assessed the likely competitive impact of the proposed transaction in the context of a two-sided market analysis. In a two-sided market, two distinct customer groups interact through a particular medium (e.g., a newspaper) which enables each group to achieve their inter-related objectives. In this instance, newspapers seek to attract, on one side, advertisers and, on the other side, readers to form an audience for advertisers. An advertiser’s demand for advertising space in a particular newspaper depends on, amongst other things, the size and demographic of the newspaper’s readership. As part of its analysis of the likely competitive impact of the proposed transaction, the CCPC distinguished between the potential impact of the proposed transaction on readers and the potential impact of the proposed transaction on advertisers given the two-sided nature of the newspaper industry.

In reaching its determination that the proposed transaction will not lead to a substantial lessening of competition in any relevant market in the State, the CCPC analysed the likely competitive impact of the proposed transaction in the following three potential markets:

- The publication and sale of daily national newspapers in the State;
- The sale of daily national newspaper advertising in the State; and
- The sale of online advertising in the State.

1. The publication and sale of daily national newspapers in the State

During its investigation, the CCPC found no evidence to suggest that *The Irish Times*, which is published by ITD, and the *Irish Examiner*, which is published by Sappho, are each other’s closest



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competitor in the publication and sale of daily national newspapers in the State. This was confirmed by information provided to the CCPC by the notifying parties which indicated that, while sales of *The Irish Times* are predominantly made in Leinster, the vast majority of sales of the *Irish Examiner* are made in Munster. In addition, the CCPC found that, post-transaction, ITD will continue to face competition in the publication and sale of daily national newspapers in the State from a number of newspaper publishers, including Independent News and Media PLC, Trinity Mirror PLC and News Corp UK & Ireland Limited.

2. *The sale of daily national newspaper advertising in the State*

During its investigation, the CCPC found no evidence to suggest that *The Irish Times* and the *Irish Examiner* are each other's closest competitor in the sale of daily national newspaper advertising in the State. This was confirmed to the CCPC by advertising customers of *The Irish Times* and the *Irish Examiner*, none of whom raised concerns that the proposed transaction would lead to a substantial lessening of competition in the potential market for the sale of daily national newspaper advertising in the State. The CCPC found that, post-transaction, ITD will continue to face competition in the sale of daily national newspaper advertising in the State from a number of newspaper publishers, including Independent News and Media PLC, Trinity Mirror PLC and News Corp UK & Ireland Limited. In addition, the CCPC also found that newspaper publishers currently active in the sale of daily national newspaper advertising in the State face a growing constraint from online advertisers.

3. *The sale of online advertising in the State*

The CCPC has concluded that the proposed transaction will not lead to a substantial lessening of competition in the potential market for the sale of online advertising in the State. The CCPC found that, post-transaction, ITD will continue to face competition from a large number of providers of online advertising in the State, including Independent News and Media PLC, Trinity Mirror PLC, News Corp UK & Ireland Limited, Google and Facebook.

Following a detailed analysis of the proposed transaction, the CCPC has formed the view that the proposed transaction will not substantially lessen competition in any market for goods or services in the State, and, accordingly, that the proposed transaction may be put into effect subject to the provisions of section 28C(1) of the 2002 Act. The CCPC will publish the reasons for its determination on its website by no later than 1 August 2018, after allowing the parties the opportunity to request that any confidential information be removed from the published version.

Additional Information

ITD is engaged in the following business activities in the State:

- the publication of *The Irish Times*, a daily national newspaper, and its website *irishtimes.com*;



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- the operation of the following three websites: *myhome.ie*, *irishracing.com* and *myantiques.ie*;
- the sale of newspaper advertising in its print edition of *The Irish Times*;
- the sale of online advertising on *irishtimes.com*, *myhome.ie*, *irishracing.com* and *myantiques.ie*;
- the hosting of a number of podcasts;
- the provision of contract printing services to third party newspaper publishers; and
- the provision of training courses.

Sappho is engaged in the following business activities in the State:

- the publication of the *Irish Examiner*, a daily national newspaper, and its website *irishe Examiner.com*;
- the publication of the *Evening Echo*, a daily evening newspaper circulated primarily in Co. Cork, and its website *eveningecho.ie*;
- the publication of the following six weekly regional newspapers: *Laois Nationalist*, *Kildare Nationalist*, *Carlow Nationalist & Leinster Times*, *Western People*, *Waterford News and Star* and *Roscommon Herald*;
- the operation of the following three websites: *breakingnews.ie*, *recruitIreland.com* and *benchwarmers.ie*;
- the operation of two radio stations: *Beat 102-103* which is licensed by the Broadcasting Authority of Ireland to broadcast in the South East of Ireland and *WLR FM* which is licensed to broadcast in Co. Waterford;
- the sale of newspaper advertising in each of the newspapers that it publishes; and
- the sale of online advertising on each of the websites that it operates.

Section 28C(1) of the 2002 Act requires that a media merger shall not be put into effect before the Minister for Communications, Climate Action and Environment makes a determination.