



DETERMINATION OF MERGER NOTIFICATION M/18/001 – CMNL/NORTH DUBLIN PUBLICATIONS

Section 21 of the Competition Act 2002

Proposed acquisition by CMNL Limited of joint control of North Dublin Publications Limited

Dated 8 February 2018

Introduction

1. On 5 January 2018, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed acquisition (“the Proposed Transaction”) whereby CMNL Limited (“CMNL”) would acquire joint control of North Dublin Publications Limited (“North Dublin Publications”).
2. Given that both of CMNL and North Dublin Publications carry on a “media business” within the State (as defined in section 28A(1) of the Act), the Proposed Transaction constitutes a “media merger” for the purposes of Part 3A of the Act.

The Proposed Transaction

3. The Proposed Transaction is to be implemented pursuant to a share purchase agreement (“the Agreement”) dated 19 December 2017 between Robin Webb, CMNL, North Dublin Publications and David Mahon.¹ Pursuant to the Agreement, CMNL will acquire [...] % of the issued share capital of North Dublin Publications from Robin Webb. The parties have informed the Commission that, following implementation of the Proposed Transaction, CMNL and David Mahon will exercise joint control over North Dublin Publications.

¹Prior to 2 June 2017, North Dublin Publications was 100% owned by Robin Webb. David Mahon acquired [...] % of the issued share capital of North Dublin Publications from Robin Webb on 2 June 2017. Robin Webb currently owns the remaining [...] % of the issued share capital of North Dublin Publications.



The Undertakings Involved

CMNL

4. CMNL, a private limited company incorporated in the State, is owned by the following shareholders: Frank Mulrennan (37.89%); Frank Long (27.37%); Jonathan Wood (13.68%); and the remaining 21.06% shareholding in CMNL is owned by ten other individual shareholders (collectively, “the Shareholders”).
5. CMNL publishes the following five paid-for regional newspapers in the State: *Anglo Celt*; *Meath Chronicle*; *Westmeath Examiner*; *Westmeath Independent*; and *Connaught Telegraph*. It also publishes one free regional newspaper: *Offaly Independent*. CMNL sells newspaper advertising in each of these six regional newspapers. CMNL also operates the websites of each of the six regional newspapers and the website of the Celtic Media Group, www.celticmediagroup.ie.² CMNL sells online advertising on each of these seven websites.
6. CMNL supplies pre-press services to third party newspapers. The pre-press services provided by CMNL include sub-editorial activities such as the graphic design and makeup of pages by combining both editorial content and advertising content and exporting completed pages in a format acceptable to a print plant. CMNL’s pre-press customers include [...].
7. The Shareholders also own Celtic Media Limited, which owns the entire issued share capital of Celtic Media Print Limited. Celtic Media Print Limited owns a printing plant in Co. Meath which provides printing services to a number of newspapers, including [...] and the six newspapers owned by CMNL.
8. For the financial year ending 31 December 2017, CMNL’s worldwide turnover was approximately €[...] million, all of which was generated in the State.

²The six websites comprise: <http://www.anglocelt.ie/>, <http://www.meathchronicle.ie/>, <http://www.westmeathexaminer.ie/>, <http://www.westmeathindependent.ie/>, <http://www.con-telegraph.ie/>, and <http://www.offalyindependent.ie/>.



North Dublin Publications

9. North Dublin Publications, a private limited company incorporated in the State, is a newspaper publisher. It publishes the following three free weekly newspapers in the State:
- *Northside People (East)* which is circulated in the area extending from Clontarf to Malahide and inwards to Swords in north Co. Dublin;
 - *Northside People (West)* which is circulated in parts of west Co. Dublin, including Blanchardstown and Lucan³; and
 - *Southside People* which is circulated in south Co. Dublin.
10. North Dublin Publications sells newspaper advertising in each of the above three free weekly newspapers. North Dublin Publications also operates two websites, *www.dublinpeopleawards.com* and *www.dublinpeople.com*, on which it sells online advertising.
11. For the financial year ending 31 August 2017, North Dublin Publications' worldwide turnover was approximately €[...] million, all of which was generated in the State.

Rationale for the Proposed Transaction

12. The parties state in the notification:

"The Proposed Transaction will provide CMNL's regional business with access to the Dublin suburban geographic markets and [...]. CMNL Limited has been a service provider of pre-press to North Dublin Publications Limited since October 2014 and now wishes to take a minority equity stake in this company. This will provide greater continuity of business service provision for both parties."

Third Party Submissions

13. No submission was received.

³Except one pick up bin in Supervalu store in Ashbourne, Co. Meath.



Competitive Analysis

14. There are both horizontal overlaps and vertical relationships between the business activities of CMNL and North Dublin Publications in the State.

Horizontal Overlap

15. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. The Commission's predecessor, the Competition Authority, in its previous determinations, has held that:

- Daily paid-for and free newspapers are part of the same newspaper advertising market;⁴ and
- Newspaper advertising occupies a distinct product market from other media advertising platforms (e.g., television, radio and on-line).⁵

16. If the Commission were to deviate from its previous position and consider that free newspapers do not compete with paid-for newspapers for advertising, the Proposed Transaction would not result in any substantial lessening of competition as there would be no overlap in the activities of the parties. However, the Commission has found no reason to deviate from its previous position for the purpose of assessing the likely competitive impact of the Proposed Transaction. The Commission therefore assessed the likely competitive impact of the Proposed Transaction in respect of the potential separate markets for: (i) newspaper (both free and paid-for) readership and the sale of newspaper (both free and paid-for) advertising and (ii) the sale of online advertising. The Commission considers that these are the potential markets that are likely to be impacted by the Proposed Transaction.
17. In relation to the geographic scope of the potential relevant product market for newspaper readership and the sale of newspaper advertising, the Commission has

⁴ See, for example, paragraph 3.27 of M/09/013 – Metro/Herald AM which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>

⁵ See, for example, paragraphs 3.47-3.72 of M/09/013 – Metro/Herald AM which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>



previously found that local/regional newspapers circulated in different geographic areas do not compete directly with each other for newspaper readership and sale of newspaper advertising.⁶ Therefore, the Commission considers that the potential market for newspaper readership and the sale of newspaper advertising in Co. Dublin is the narrowest potential geographic market that is likely to be affected by the Proposed Transaction.

18. In relation to the geographic scope of the potential relevant product market for online advertising, the Commission defines markets to the extent that necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define a precise relevant geographic market for online advertising because there is no competitive overlap in relation to the online advertising sold by the parties. A review of each of CMNL's and North Dublin Publications' websites shows that each party's online advertising is targeted at local businesses and local events in the areas where their newspapers are circulated.⁷ The Commission therefore considers that the Proposed Transaction does not raise any competition concerns in relation to the sale of online advertising in any market in the State. The Commission will therefore not further assess the likely impact of the Proposed Transaction on the sale of online advertising in the rest of this determination.
19. In conclusion, the Commission assessed the competitive effects of the Proposed Transaction in respect of the potential relevant markets for newspaper readership and the sale of newspaper advertising in Co. Dublin.

Newspaper readership and sale of newspaper advertising in Co. Dublin

20. Table 1 below provides details of the newspapers published by the parties in the State and their respective circulation areas.

⁶ See, for example, paragraph 14 of M/14/017-Anglo-Celt/Connaught Telegraph which can be accessed at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-14-017-Anglo-Celt-Connaught-Telegraph.pdf>. See also paragraphs 11 and 13 of M/08/038 – Alpha/The Herald, which can be accessed at <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m08038-alpha-herald/>

⁷ In 2016, North Dublin Publications generated total revenue of €26,553.00 from the sale of online advertising. For the same period, CMNL generated total revenue of €81,357.00 from the sale of online advertising.



Table 1: The Parties' newspaper titles and circulation areas

| Table 1: Newspaper Titles Published by the Parties | | | |
|---|--------------------------------|--------------------------------|------------------------------|
| Parties | Titles | Type | Circulation area |
| North Dublin Publications | <i>Northside People (East)</i> | Local weekly free newspaper | Dublin North East |
| | <i>Northside People (West)</i> | Local weekly free newspaper | Dublin North West |
| | <i>Southside People</i> | Local weekly free newspaper | Dublin South |
| | | | |
| CMNL | <i>Anglo Celt</i> | Regional weekly paid newspaper | County Cavan/Monaghan |
| | <i>Meath Chronicle</i> | Regional weekly paid newspaper | County Meath |
| | <i>Westmeath Examiner</i> | Regional weekly paid newspaper | County Westmeath |
| | <i>Westmeath Independent</i> | Regional weekly paid newspaper | County Westmeath |
| | <i>Connaught Telegraph</i> | Regional weekly paid newspaper | County Mayo |
| | <i>Offaly Independent</i> | Regional weekly free newspaper | County Offaly |
| Source: The Commission based on information provided by the parties | | | |

21. Table 1 above clearly shows that there is no obvious geographic overlap between the business activities of CMNL and North Dublin Publications for newspaper readership. CMNL does not publish any newspaper that is circulated in the same geographic area as any of the newspapers published by North Dublin Publications.
22. Post-transaction, CMNL/North Dublin Publications will continue to face competition for the publication of free newspapers in Co. Dublin from:



- Dublin Gazette Newspapers which publishes the following newspapers: *Gazette City Edition, Gazette North Edition, Gazette West Edition, Gazette East Edition*;
- Newsgroup which publishes the following newspapers: *Tallaght News, Clondalkin News, Lucan News, Rathcoole & Saggart News*; and
- Local News Publication Limited which publishes the following newspaper titles: *The Local News West edition, The Local News South edition and The Local News North edition*.

23. In previous merger determinations, the Commission has considered potential ‘spillover’ effects whereby different regional newspaper titles have circulation areas which are distinct but lie in close proximity to each other.⁸ While the circulation areas for each of CMNL’s and North Dublin Publications’ newspapers are distinct, due to the close proximity between the circulation areas of CMNL’s *Meath Chronicle* and North Dublin Publications’ *Northside People (west)*, the Commission also assessed whether the Proposed Transaction would give rise to a significant ‘spillover’ effect in those circulation areas. As part of this assessment, the Commission required the parties to provide newspaper 2016 and 2017 circulation figures for: (i) *Meath Chronicle* into Co. Dublin and (ii) *Northside People (west)* into Co. Meath.

⁸See, for example, paras 18 of M/05/065 *Johnston Press/Leinster Leader*, which can be assessed at https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/m_05_065_p1d_0.pdf



| Table 2 | Meath Chronical and North Dublin Publications' Titles' circulation | | | |
|--------------------------------|--|--|--|--|
| Titles | 2016 | | 2017 | |
| | Co. Meath | Co. Dublin | Co Meath | Co. Dublin |
| <i>Meath Chronicle</i> | [...] | Spill over [...] ([0-5]% spillover) | [...] | Spill over [...] ([0-5]% spillover)) |
| <i>Northside People (west)</i> | Spill over [...] ([0-1]% spillover) | approx. [...] | Spill over [...] ([0-1]% spillover) | approx. [...] |

Source: The Commission based on information provided by the Parties

24. Table 2 above indicates that the CMNL's *Meath Chronicle*'s "spillover" circulation in Co. Dublin is less than [0-5]% of its circulation in Co. Meath whereas North Dublin Publications' *Northside People (West)* "spillover" circulation in Co. Meath is less than [0-5]% of its circulation in Co. Dublin in 2016 and 2017. Therefore, the Commission considers that the Proposed Transaction does not give rise to any significant "spillover" effect in the border areas between Co. Dublin and Co. Meath.
25. CMNL's newspaper advertising is targeted at customers located in the regions of its newspaper circulates whereas North Dublin Publications' newspaper advertising is targeted at customers located in Co. Dublin. The Commission therefore, considers that there is no competitive overlap between the parties' activities with respect to the sale of newspaper advertising in Co. Dublin.
26. In the light of the above, the Commission considers that the Proposed Transaction does not raise any competition concerns in relation to newspaper readership and the sale of newspaper advertising in Co. Dublin.



Vertical Relationship

27. There are two vertical relationships between CMNL and North Dublin Publications in the State:

- CMNL provides pre-press services to North Dublin Publications' newspapers;⁹ and
- Celtic Media Print Limited provides newspaper printing services to North Dublin Publications.

The provision of pre-press services

28. The Commission considers that the Proposed Transaction will not raise vertical competition concerns in relation to the provision of pre-press services for the following reasons:

- As discussed in paragraphs 20 to 25 above, the newspapers published by CMNL do not compete with those published by North Dublin Publications;
- CMNL currently provides pre-press services to North Dublin Publications' newspapers on a contractual basis. Post-transaction, CMNL will continue to provide pre-press services to North Dublin Publications' newspapers and to the newspapers outlined in paragraph 6 above; and,
- Pre-press services provided to regional newspapers are predominantly offered by small design teams or individual graphic designers and these services can be provided remotely. Some national newspapers have their own in-house pre-press teams. There are a number of competing pre-press services providers currently active in the State, such as Anglo Printers Limited, Westside Press Limited, Kilkenny Reporter, and Typemasters Limited. Post-transaction, these pre-press services providers will continue to act as competitive constraints on CMNL in the provision of pre-press services in the State.

⁹ CMNL also provides certain back office financial services to North Dublin Publications.



29. The Commission therefore considers that the Proposed Transaction does not raise any vertical competition concerns with respect to the provision of pre-press services to newspapers in the State.

The provision of newspaper printing services

30. As mentioned in paragraph 7 above, the Shareholders also own Celtic Media Print Limited. The Commission considers that there is a vertical relationship between the parties in newspaper printing on the basis of the cross-ownership between CMNL and Celtic Media Print Limited. Celtic Media Print Limited currently prints CMNL's newspapers and other third party newspapers and magazines. Post-transaction, Celtic Media Print Limited will continue to provide printing services to North Dublin Publications and to other third party newspapers and magazines.
31. Furthermore, the Commission considers that, post-transaction, CMNL will not have the ability or incentive to foreclose competing newspaper publishers on the basis that there are a number of alternative providers of newspaper printing services currently active in the State. Important and significant providers of newspaper printing services in the State include The Irish Times DAC and Independent News and Media plc. The Commission considers that, post-transaction, these newspaper printing services providers will continue to compete with Celtic Media Print Limited for the provision of printing services to newspapers in the State.
32. The Commission therefore considers that the Proposed Transaction does not raise any vertical competition concerns with respect to the provision of newspaper printing services in the State.

Conclusion

33. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

34. No ancillary restraints were notified to the Commission by the parties.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed transaction whereby CMNL Limited would acquire joint control of North Dublin Publications Limited will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect subject to the provisions of section 28C(1)¹⁰ of the Competition Act 2002, as amended.

For the Competition and Consumer Protection Commission

Brian McHugh
Member
Competition and Consumer Protection Commission

¹⁰ Section 28C(1) of the Competition Act 2002, as inserted by section 74 of the Competition and Consumer Protection Act 2014.