



DETERMINATION OF MERGER NOTIFICATION M/18/092 – FORMPRESS PUBLISHING (ICONIC) / ASSETS OF RIVER MEDIA

Section 21 of the Competition Act 2002

Proposed acquisition by Formpress Publishing Limited of certain business assets of River Media Newspapers Limited.

Dated 28 December 2018

Introduction

1. On 04 December 2018, in accordance with section 18(1)(b) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Formpress Publishing Limited (“Formpress”) would acquire certain business assets of River Media Newspapers Limited (“River Media”) (the “Proposed Transaction”).
2. Given that both Formpress and River Media 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. At the time of the notification, the parties informed the Commission that they had not yet executed a formal written agreement relating to the Proposed Transaction. The parties submitted to the Commission, together with the notification, a copy of the signed heads of terms between River Media and Formpress signed by River Media on 27 November 2018 and by Formpress on 28 November 2018.
4. The parties have informed the Commission that the River Media titles have been loss making for a number of years and as a result, the River Media titles can no longer be supported under their current ownership. The directors of River Media are therefore looking to dispose of the titles and if no acquirer were to be found, then the titles would be forced to be shut immediately.



5. In the circumstances, the Commission considers that the undertakings involved have demonstrated a good faith intention to conclude an agreement for the purpose of section 18(1A)(b)(ii) of the Act.

The Undertakings Involved

Formpress

6. Formpress is a private company limited by shares, incorporated in the State in 2014, with its registered office at 30 Hatch Lane, Dublin 2. Formpress is owned by Iconic Newspapers Limited, a company also incorporated in the State and having its registered office at 30 Hatch Lane, Dublin 2. Formpress is in the business of operating provincial newspaper titles and associated websites.

7. Formpress is the owner of the following newspaper and website titles:

- The Donegal Democrat
- The Leinster Leader
- The Kilkenny People
- The Limerick Leader
- The Longford Leader
- The Tipperary Star
- The Leinster Express
- The Leitrim Observer
- The Nationalist
- The Dundalk Democrat
- The Donegal People's Press
- The Limerick Chronicle
- The Letterkenny People
- The Offaly Press

8. For the financial year ending 31 March 2017, Formpress' worldwide turnover was approximately €[...], all of which was generated in the State.

River Media

9. River Media is a private company limited by shares, incorporated in Northern Ireland in 2011, with its registered office at Pearl Assurance House, 2 Donegall Square East, Belfast, BT1 5HB and its principal place of business at 26 Balliniska Road, Derry, BT48 ONA. River Media is a wholly owned subsidiary of Q Local Media Limited.¹ River Media is in the business of operating provincial newspaper titles and associated websites.

10. River Media is the owner of the following newspaper and website titles:

¹ The shareholders in Q Local Media Limited are: Dominic Fitzpatrick; Andrew Fitzpatrick; Bernard Fitzpatrick; James Fitzpatrick; Anne Sykes; Brid Fitzpatrick; Clare Fitzpatrick and Eileen Fitzpatrick, with each having an equal shareholding.



- The Letterkenny Post
- The Finn Valley Post
- The Kildare Post
- The Inish Times
- The Donegal Post
- Derry News (Monday edition)
- Derry News (Thursday edition)
- County Derry Post
- Derry Now
- Donegal Now
- Kildare Now

11. For the financial year ending 31 December 2016, River Media's worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

Rationale for the Proposed Transaction

12. The Parties state in the notification that:

"The commercial objective sought to be achieved by River Media by the proposed transaction is the continuity of its newspaper titles and websites and preserving the employment of its employees.

The commercial objective sought to be achieved by Iconic by the proposed transaction is to ensure long term viability."

Third Party Submissions

13. No submission was received.

Competitive Analysis

Horizontal Overlap

14. There is a horizontal overlap between the activities of the parties within the State with respect to the provision of publishing local/regional newspapers, specifically in South Donegal & Letterkenny area and Kildare.
15. The Commission has previously held that newspapers may be categorised as national, regional, local or imports. While the Commission defines markets to the extent necessary depending on the particular circumstances of a given case, it has consistently held in its previous determinations² that:

² See previous Commission determinations in cases M/16/044 - INM/CMNL (<https://www.ccpic.ie/business/mergers-acquisitions/merger-notifications/m16044-inmcmnl/>), M/14/017. Anglo-Celt/Connaught Telegraph,



- for newspaper readership - local/regional newspapers can be treated as a distinct market from national daily/evening newspapers;
 - for newspaper advertising - the supply of advertising space in local/regional newspapers can be treated as a distinct market from the supply of advertising space in national daily/evening newspapers;
 - the geographic scope of the market for the publication of local/regional newspaper titles is the distribution area for the relevant newspaper title.
16. In this instance, it is not necessary for the Commission to define the precise product markets because doing so does not alter the Commission's assessment of the likely competitive effects of the Proposed Transaction in the State. Therefore, to determine whether the Proposed Transaction might result in a substantial lessening of competition, the Commission assessed its impact on competition by reference to a potential market for publishing (based on readership and supply of advertising space) of local/regional newspaper titles in the distribution areas in which each of River Media and Formpress operate.
17. River Media and Formpress both publish regional newspapers in the Kildare and South Donegal & Letterkenny areas. Therefore, the Commission assessed the competitive effects of the Proposed Transaction in respect of the potential relevant markets for regional newspaper readership and the sale of newspaper advertising in these two areas.

Regional Newspaper Readership

18. The circulation figures, in terms of readership of local/regional newspaper titles, along with price format, that is free or paid for, of River Media, Formpress and their competitors, for the Kildare and South Donegal & Letterkenny areas are presented in Table 1 and Table 2 below respectively.

Table 1 - The Kildare Area – Circulation figures

Title	Circulation Figure	Price Format
The Kildare Post (River Media)	[...]	Free

(<https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m14017-anglo-celtconnaught-telegraph/>) and (M/08/038 – Alpha/The Herald. <http://ccpc.ie/enforcement/mergers/merger-notices/m08038-alpha-herald>) and M/07/022-Thomas Crosbie Holdings/South East Broadcasting, please see <http://ccpc.ie/enforcement/mergers/merger-notices/m07022-thomas-crosbie-holdings-south-east-broadcasting>



The Leinster Leader (Formpress)	[...]	Paid For
The Liffey Champion	[...]	Paid For
The Kildare Nationalist	[...]	Paid For

Source: The Commission based on information provided by the Parties

Table 2 - The South Donegal & Letterkenny Area – Circulation Figures

Title	Circulation Figure	Price Format
The Letterkenny/Finn Valley Post (River Media)	[...]	Free
The Donegal Post (River Media)	[...]	Paid For
The Donegal Democrat (Formpress)	[...]	Paid For
The Letterkenny Leader (bi-weekly)	[...]	Free
The Donegal News	[...]	Paid For
The Tirconnell Tribune	[...]	Paid For
The Finn Valley Voice	[...]	Paid For

Source: The Commission based on information provided by the Parties

19. In the Kildare area, River Media's newspaper, The Kildare Post is a free publication whereas Formpress's *The Leinster Leader* is a paid for publication. Therefore from a regional newspaper readership perspective the proposed transaction does not raise any competition concerns as the proposed acquired newspaper, *The Kildare Post* will continue to be a free publication. In addition following implementation of the proposed transaction there would remain a number of competitors, such as The Liffey Champion and The Kildare Nationalist, which will continue to exert a competitive constraint on Formpress in the provision of regional newspapers in the Kildare area post transaction.

20. In the South Donegal & Letterkenny areas as can be seen from Table 2, River Media's *The Letterkenny/Finn Valley Post* is a free publication whereas River Media's *The Donegal Post* is a paid for publication as is Formpress's *The Donegal Democrat*. Therefore considering that *The Letterkenny/Finn Valley Post* is free publication and that the circulation figures for *The Donegal Post* are relatively small, the Commission considers from a regional newspaper readership perspective the proposed transaction does not raise any competition concerns. In addition following implementation of the proposed transaction there would remain a number of competitors, such as *The Letterkenny Leader*, *The Donegal News*, *The Tirconnell Tribune*, and *The Finn Valley Post*



which will continue to exert a competitive constraint on Formpress in the provision of regional newspapers in the South Donegal & Letterkenny area post transaction.

Supply of Advertising

21. For the most part, local/regional advertising is targeted at newspaper readers within the specific distribution area of a particular newspaper title, since it is those readers who will be interested in the local/regional content carried by the newspaper in question (e.g. local restaurant advertising and family notices/announcements, etc.).
22. Information submitted by the parties in relation to their top ten direct advertising customers in the areas of overlap indicate that there is very little overlap between their respective direct advertising customers in either the Kildare area or the South Donegal & Letterkenny area. This would indicate the advertising customers use different regional newspaper titles for their advertising requirements depending on such factors as the circulation of the newspaper, demographic of the newspaper readers and cost. Therefore the remaining regional newspaper competitors, as outlined above in Tables 1 and 2, will continue to exert competitive constraint on Formpress in relation to newspaper advertising pricing post completion in the respective areas.
23. In addition following implementation of the Proposed Transaction, Formpress will continue to face competitive constraint to some extent from other forms of media available in relation to sale of newspaper advertising in the areas such as publishers of free online news content.
24. In 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 South Donegal & Letterkenny area or the Kildare area.

Vertical Relationship

25. The parties have stated in the notification that there is no vertical relationship between Formpress and River Media. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.



Conclusion

26. 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

27. No ancillary restraints were notified.



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 acquisition, whereby Formpress Publishing Limited would acquire certain business assets of River Media Newspapers 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)³ of the Competition Act 2002, as amended.

For the Competition and Consumer Protection Commission

Brian McHugh

Member

Competition and Consumer Protection Commission

³ Section 28C(1) of the Competition Act 2002, as inserted by section 74 of the Competition and Consumer Protection Act 2014.