



DETERMINATION OF MERGER NOTIFICATION

M/24/026 – Formpress/D&D Media

17 October 2024



Coimisiún um
Iomaíocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

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1. INTRODUCTION

Introduction

- 1.1 On 24 April 2024, 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 transaction whereby Formpress Publishing Limited (“Formpress”) would acquire the entire issued share capital, and thus sole control, of D&D Media Limited (“D&D Media”) (together “the Parties”) (the “Proposed Transaction”).
- 1.2 Given that both Formpress and D&D Media carry on a “media business” in the State (as defined in section 28A(1) of the Act), the Commission considers that the Proposed Transaction forms part of a class of merger or acquisition specified by the Competition Act 2002 (Section 18(5) and (6)) Order 2007 (S.I. No. 122/2007) for the purposes of section 18(1)(b) of the Act.

The Proposed Transaction

- 1.3 At the time of the notification, the Parties informed the Commission that they had signed a Heads of Terms agreement on 31 January 2024 (the “Heads of Terms”). The Parties provided a copy of the Heads of Terms, and the Commission is satisfied that it provides for the acquisition by Formpress of the entire issued share capital and thus sole control, of D&D Media.
- 1.4 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

The Acquirer – Formpress

- 1.5 Formpress is part of the corporate group of Media Concierge (Holdings) Limited (“Media Concierge”), which includes Mediaforce (Ireland) Limited (“Mediaforce”). Table 1 sets out the local/regional newspaper titles and newspaper title websites in the State which are owned and operated by Formpress.

Table 1: Local/regional newspaper titles and newspaper title websites owned and operated by Formpress in the State

Local/regional newspaper titles	Websites
Donegal Democrat	donegalive.ie

Donegal Post
Letterkenny Live
Inish Times
Dundalk Democrat
Kilkenny People
Leinster Express
Leinster Leader
Leitrim Observer
Limerick Leader
Limerick Leader Monday
Longford Leader
Midland & Tullamore Tribune
Mayo News
Clonmel Nationalist
Tipperary Star

inishlive.ie
Eirebheo.ie
Leitrimlive.ie
Longfordlive.ie
Louthlive.ie
Kildarelive.ie
Kildarenow.ie
Laoislive.ie
Offalylive.ie
Nenaghlive.ie
Carlowlive.ie
Waterfordlive.ie
Clarelive.ie
Kilkennylive.ie
Tipperarylive.ie
Limericklive.ie
Irelandlive.ie
Mayolive.ie
Letterkennylive.ie

1.6 Currently, Mediaforce represents 41 local/regional newspaper in the State, acting as a channel for advertising agencies to direct advertising for advertisers to those titles. Mediaforce directs advertising spend to local/regional newspaper titles and newspaper title websites in the State. Generally, an advertising agency will engage with Mediaforce to allocate advertising to the local/regional newspaper titles and/or newspaper title websites in which the advertiser wishes to advertise. Less frequently, advertisers may contact Mediaforce directly to channel advertising to local/regional newspaper titles and newspaper title websites.

1.7 For the financial year ending 30 September 2022, Media Concierge’s worldwide turnover was approximately ██████████¹, approximately ██████████ of which was generated in the State.

The Target – D&D Media

1.8 D&D Media owns and operates the Inishowen Independent, a County Donegal local/regional newspaper title, and the associated digital website inishowenindo.ie.

1.9 For the financial year ending 30 September 2023, D&D Media’s worldwide turnover was approximately ██████████, all of which was generated in the State.

¹ This was calculated on the basis of the European Central Bank (“ECB”) average GBP to EUR conversion rate for 2022 (1.1727) – see: https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-gbp.en.html

Rationale for the Proposed Transaction

1.10 Formpress stated the following in the merger notification form received by the Commission on 24 April 2024 (the “Merger Notification Form”):

“Through the proposed acquisition of D&D Media, Formpress seeks to ensure the continuity of the Inishowen Independent and inishowenindo.ie as a local business and a primary source of content for the community in County Donegal. It also seeks the continued employment of the employees of D&D Media. In the absence of such proposed acquisition, it is likely that the Inishowen Independent would not be able to continue in business.”²

1.11 D&D Media stated the following in response to the Requirement for Further Information (“RFI”) served on D&D Media on 5 June 2024 (the “D&D Media Phase 1 RFI”), in relation to the rationale for the Proposed Transaction:

“We are a very small business, with less than █ employees...There was simply a meeting between the shareholders of D&D Media Limited, where it was verbally decided it is impossible to carry on the paper without a digital presence which is necessary to secure the future of the paper, the business and the jobs within it.”

Preliminary Investigation (“Phase 1”)

1.12 On 5 June 2024, the Commission served an RFI on each of Formpress and D&D Media pursuant to section 20(2) of the Act (the “Formpress Phase 1 RFI” and the “D&D Media Phase 1 RFI” respectively) (together the “Phase 1 RFIs”). The service of the Phase 1 RFIs adjusted the deadline within which the Commission had to conclude its assessment of the Proposed Transaction in Phase 1.

1.13 Formpress provided a full response to the Formpress Phase 1 RFI on 27 June 2024 (the “Formpress Phase 1 RFI Response”).

1.14 D&D Media provided a full response to the D&D Media Phase 1 RFI on 1 July 2024 (the “D&D Media Phase 1 RFI Response”).

² Merger Notification Form, Section 2.7.

- 1.15 Upon receipt of a full response to each of the Phase 1 RFIs the “*appropriate date*” (as defined in section 19(6)(b)(i) of the Act)³ became 1 July 2024.
- 1.16 During the Phase 1 investigation, the Commission requested and received further information and clarifications from the parties.

Third Party Submissions

- 1.17 One submission was received during the Phase 1 investigation. The submission was fully considered by the Commission insofar as it related to the potential effects of the Proposed Transaction on competition in markets for goods or services in the State.

Market Enquiries

- 1.18 The Commission also engaged with third parties in relation to its review of the likely competitive effects of the Proposed Transaction. This third-party engagement consisted of market enquiries, including the issuing of questionnaires to competitors of the Parties.

The Phase 1 Investigation

- 1.19 Having considered all the available information in its possession at the time, the Commission was unable to form the view, at the conclusion of its Phase 1 investigation, that the result of the Proposed Transaction would not be to substantially lessen competition in any market for goods or services in the State.
- 1.20 On 9 August 2024, the Commission determined, in accordance with section 21(2)(b) of the Act, to carry out a full investigation under section 22 of the Act.

Full Investigation (“Phase 2”)

Contact with the Undertakings Involved

- 1.21 On 28 August 2024, the Commission served a Requirement for Further Information (“RFI”) on each of Formpress and D&D Media (the “Formpress Phase 2 RFI” and the “D&D Media Phase 2 RFI”, respectively) (together the “Phase 2 RFIs”). In accordance with section 22(4)(a) and section 22(4A) of the Act, the issuance of the Phase 2 RFIs had the effect of adjusting the deadline by which the Commission was required to conclude its review of the Proposed Transaction in Phase 2.

³ The “appropriate date” is the date from which the time limits for making Phase 1 or Phase 2 determinations begin to run.

- 1.22 Formpress provided a full response to the Formpress Phase 2 RFI on 25 September 2024 (the “Formpress Phase 2 RFI Response”).
- 1.23 D&D Media provided a full response to the D&D Media Phase 2 RFI on 25 September 2024 (the “D&D Media Phase 2 RFI Response”).
- 1.24 During the Phase 2 investigation, the Commission requested and received further information and clarifications from the Parties on an ongoing basis.

Third Party Submissions

- 1.25 Two third-party submissions were received during the Phase 2 investigation. Both submissions were fully considered by the Commission insofar as they related to the potential effects of the Proposed Transaction on competition in markets for goods or services in the State.

Market Enquiries

- 1.26 During the Phase 2 investigation, the Commission continued the process initiated during the Phase 1 investigation of seeking the views of and engaging with third parties in relation to the potential competitive effects of the Proposed Transaction.
- 1.27 Such stakeholders included:
- Local advertising customers; and
 - Advertising agencies.
- 1.28 The Commission engaged with approximately 165 third parties during its investigation into the Proposed Transaction, and received responses, by way of interview call or survey response, from 29 third parties.

Information Sources Relied Upon

- 1.29 In forming its views on the Proposed Transaction, as set out in this Determination, the Commission has considered all the relevant information available to it at the time of making the Determination and in particular information provided by the Parties in response to the Phase 1 RFIs, the Phase 2 RFIs, the Commission’s information requests, information obtained from third parties, and other information available in the public domain.

2. INDUSTRY BACKGROUND

Introduction

2.1 This section provides an overview of the newspaper sector in the State, with the aim of providing context for the identification of relevant product and geographic markets, and for the Commission’s assessment of the competitive effects of the Proposed Transaction set out later in this Determination. Specifically, this section will address:

- The newspaper sector in the State;
- The newspaper sector in County Donegal;
- The sale of local newspaper title advertising space;
- Market trends—the decline of local/regional newspaper title readership in recent years; and
- Market trends—the increasing presence of online platforms as an alternative to local/regional newspaper titles.

2.2 The Commission has considered previous Commission determinations,⁴ previous determinations of the Commission’s predecessor the Competition Authority (“the Authority”),⁵ evidence gathered from the Parties, evidence gathered from customers and competitors of the Parties, and responses to questionnaires sent to customers of the Parties. Whilst these have provided the Commission with sufficient background on the industry to identify potential relevant product and geographic markets, and ultimately to conduct its competitive assessment, the Commission notes that the newspaper sector is a sector undergoing significant change.

2.3 The Commission notes that the information obtained during this investigation pertains to the competitive dynamics which prevail in the newspaper sector in the Inishowen peninsula and in county Donegal.⁶ Whilst these dynamics may prevail in local and national markets

⁴ M/17/068 – *Irish Times/Sappho*. Available at: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2017/12/M-17-068-Irish-Times-Sappho-Phase-2-DET-Public-Version-1.pdf>.

⁵ M/09/13- *Metro/Herald AM*. Available at: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

⁶ The Inishowen peninsula is a peninsula in northern County Donegal. It borders County Derry and it includes areas such as Ballyliffin, Buncrana, Burt, Carndonagh, Clonmany, and Muff.

throughout the State, the Commission notes that further investigation would be required to confirm this.

The newspaper sector in the State

- 2.4 As a preliminary matter, it is necessary to note that an assessment of the nature of competition in the newspaper sector requires a consideration of the interaction between advertisers and readers. Newspaper titles seek to attract readership, both for the purposes of deriving revenue from the sale of newspaper titles and creating an audience for advertisers, to whom newspaper titles will sell advertisement space in their newspapers. Advertiser demand will be influenced by the reach of the newspaper title's circulation, as well as other factors such as geographical location and the characteristics of the newspaper title's readership. The dual-sided nature of the newspaper sector therefore gives rise to two distinct, but interdependent, markets: the market for the sale of newspaper titles to readers, and the market for the sale of advertisement space in newspaper titles. The Commission discusses this further later in this section.
- 2.5 The newspaper sector in the State consists of different types of publication, in terms of their content and target audience. A relevant distinction for the purpose of reviewing the Proposed Transaction is the distinction between national newspaper titles and local/regional newspaper titles.
- 2.6 National newspaper titles are sold in all or most regions in the State. They therefore focus on content which is likely to be of interest to readers nationwide. Examples of national newspaper titles include the Irish Times, the Irish Independent and the Irish Examiner. Their target audience resides across the State and, as such, the content which is published in a national newspaper title is generally considered to be of broad relevance and interest to readers throughout the State. A national newspaper title is a potential outlet in which to place advertisements intended to reach consumers across the State.
- 2.7 Local/regional newspaper titles, on the other hand, are sold only in specific local areas or regions. They therefore tend to focus on publishing content relevant to their specific locality. Local/regional newspaper titles serve areas of varying size. For example, a local/regional newspaper title may serve a larger area, such as a province; or it may operate on a county-wide basis; or it may serve a smaller area, such as a town. The target customers for local/regional newspaper titles are inhabitants of that local area or region.

- 2.8 A local/regional newspaper title is a potential outlet in which to place advertising intended to reach readers of that newspaper title. Many advertising customers, therefore, are businesses within or around the local area in which the newspaper title operates, who are looking to target consumers living within those localities. It is also the case that many national advertising campaigns will place advertisements in local media, to increase the coverage and frequency of their advertising.⁷
- 2.9 In general, national newspaper titles compete more closely with other national newspaper titles than with local/regional newspaper titles. Conversely, local/regional newspaper titles compete more closely with other local/regional newspaper titles in the same or nearby local areas. As advertisers are trying to reach a newspaper title’s readership, in general a newspaper title’s closest competitors for readers are also its closest competitors for advertisers.
- 2.10 The Commission’s investigation into the newspaper sector thus revealed functional distinctions between national newspaper titles and local/regional newspaper titles and also instances in which those distinctions are less rigid. Competition in the newspaper sector, at national and local/regional levels, is two-sided, and is influenced and shaped by a number of features which are discussed in the remainder of this section.⁸

The newspaper sector in County Donegal

- 2.11 The newspaper sector in County Donegal consists of a number of local/regional newspaper titles which compete alongside the national newspaper titles available within the county.⁹ Some of these newspaper titles also operate a website, where digital versions of their content may be accessed. Table 2 lists the local/regional newspaper titles available in County Donegal, and their respective owners.

Table 2: List of local/regional newspaper titles active in Donegal and their respective owners.

Newspaper title	Owner	Website
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⁷ M/09/13 – Metro/Herald AM, page 9, paragraph 2.3. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

⁸ A traditional two-sided market typically consists of a platform product (i.e., newspaper) and two distinct customer groups (i.e., readers and advertisers), in which the relationship between the customer groups is of competitive significance (i.e., the size of a newspaper’s readership influences its attractiveness to advertisers, which in turn affords the newspaper owner greater freedom with regard to pricing and content presentation). For a more detailed explanation of the concept of two-sided markets, see Rochet and Tirole, ‘Two-Sided Markets: An Overview’, (2004), available at: https://web.mit.edu/14.271/www/rochet_tirole.pdf.

⁹ National newspaper titles include the Irish Times, the Irish Independent and the Irish Examiner.

Inishowen Independent	D&D Media	No website ¹⁰
Donegal Democrat	Formpress	https://www.donegallive.ie/
Donegal Post	Formpress	https://www.donegallive.ie/
Inish Times	Formpress	https://www.donegallive.ie/
Letterkenny Live	Formpress	https://www.donegallive.ie/
Donegal News (Monday and Thursday)	Northwest News Group	https://donegalnews.com/
Derry Journal (Tuesday and Friday)	National World	https://www.derryjournal.com/
Finn Valley Voice	Voice Publishing Company Limited	No website
Tirconail Tribune	Tirconail Tribune Limited	https://tirconailtribune.com/

Source: The Commission

- 2.12 Formpress competes in County Donegal, owning and operating four different local/regional newspaper titles. It also owns and operates other local/regional newspaper titles throughout the State and in the UK. No other local/regional newspaper title owner in County Donegal operates more than one paper, albeit the local/regional newspaper titles of the Northwest News Group and National World are published twice weekly.
- 2.13 One feature of the newspaper sector in Donegal which illustrates the unpredictable nature of competition in this sector is the prominent position of the [REDACTED] in the generation of [REDACTED] in the County Donegal newspaper sector. [REDACTED] [REDACTED] in County Donegal despite its focus specifically on the Inishowen peninsula, as distinct from County Donegal generally, and despite the fact that it is not a market leader in circulation in County Donegal.
- 2.14 For example, the Inishowen Independent has a weekly circulation within County Donegal of [REDACTED] copies. The Thursday edition of the Donegal News has a weekly circulation of [REDACTED] copies within Donegal. The Inishowen Independent generates [REDACTED] in advertising revenue annually, and the Thursday edition of Donegal News generates [REDACTED] in advertising revenue annually. So, whilst Donegal News has a weekly circulation in the Donegal area almost

¹⁰ D&D Media have previously operated a website ('inishowenindo.ie'), but, according to D&D Media's Phase 2 RFI Response, this website was hacked and is currently offline.

_____ generates similar _____. This goes against the conventional understanding of the factors influencing the attractiveness of a newspaper title for advertising, which, as the Commission has previously noted, depend on “*the size of the newspaper title’s readership, its target readers and distribution area.*”¹¹ _____ suggests that other factors, such as the degree to which a particular area values local/regional newspaper title advertising, or the industriousness with which one newspaper title solicits advertisers, may be relevant when considering the competitive dynamics of local/regional newspaper title markets.

The sale of local/regional newspaper title advertising space

2.15 In the following paragraphs, the sale of local/regional newspaper advertising space is described, and distinct customer groups are identified.

How newspaper title advertising space is sold

2.16 There are different forms of adverts which may be placed in a newspaper title. Display adverts are adverts which contain graphic information beyond text, such as logos, photographs and other mechanisms for the visual representation of the subject of the advertisement. Classified adverts are text-based adverts consisting of a heading and a description, and usually occupy a distinct section of a newspaper title, where classified adverts relating to particular subject matter are grouped together.

2.17 Newspaper title owners set the base price of advertising via a ‘single column centimetre’ (“SCC”) rate. The SCC rate refers to the price of a single column of a newspaper title of one column wide and one centimetre in height. The overall price of an advert will depend on the size of the advert, measured in terms of SCC rate. The SCC rate is a base price for all display adverts, but it may vary as between types of display adverts (e.g. a display advert which is required to be printed in colour will likely have a different SCC rate to a monochrome display advert).¹²

¹¹ M/09/13 – Metro/Herald AM, page 9, paragraph 2.3. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

¹² See, for example, the Irish Times rate card (available here: [Irish Times rate card](#)) which breaks down the SCC price for an advertisement by size, colour, and subject matter. The rate card of the Donegal Democrat provides an example of a less detailed rate card, with a uniform SCC, ½ page and full-page rates. It may be found here: [Donegal Democrat rate card](#).

- 2.18 Newspaper titles publish the prices they charge for advertising space in a publicly available form known as a ‘rate card’. Rate cards published by newspaper titles can contain different levels of detail. Formpress, for example, publishes a rate card which provides information on the SCC rate for each of the newspaper titles which they own. Other newspaper titles, for example the Irish Times, publish a more detailed rate card listing rates, including SCC rates, for different forms of advertisements and for different advertising spaces within the newspaper title.¹³
- 2.19 As the Authority discussed in *M/09/013 – Metro/Herald AM*,¹⁴ the rate card is only a starting point in the determination of the ultimate price an advertiser will pay to place an advert in a newspaper title. A newspaper title publisher will prefer to charge a price as close as possible to that set out in the rate card, whilst an advertiser will seek to broker the maximum discount on that price which the publisher is willing to concede.¹⁵ As the Authority has previously noted, and the Commission’s investigation of the Proposed Transaction has shown, discounts are widespread in the sale of newspaper title advertising space and rate card information may only provide a high-level overview of pricing in the industry.¹⁶
- 2.20 The Authority, in *M/09/013 – Metro/Herald AM*,¹⁷ identified the following factors as influencing the negotiations between newspaper title publishers and advertising customers as regards the price of advertising space in a newspaper title:
- Client’s expenditure volume in a given newspaper title;
 - Commitment to spend a certain amount of money or a share of the client’s overall newspaper title advertising budget;
 - Position of the advertisement (i.e., front page versus rest of paper, etc);
 - Category of advertisement (retail, property, recruitment, etc.);

¹³ For examples of rate cards offered by different newspaper titles see footnote 13 above.

¹⁴ *M/09/13 – Metro/Herald AM*, page 10, paragraph 2.10. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

¹⁵ *M/09/13 – Metro/Herald AM*, page 10, paragraph 2.10. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

¹⁶ *M/09/13 – Metro/Herald AM*, page 10, paragraph 2.10. Available at: [Microsoft Word - M-09-013 Metro - Herald AM public.doc](#)

¹⁷ *M/09/13 – Metro/Herald AM*, page 10, paragraph 2.11. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

- Campaign length;
- Trade history;
- Strength of the newspaper title or publisher group;
- Negotiating skills/power of the customer; and
- General market conditions.

2.21 The price of newspaper title advertising space ultimately depends on the outcome of negotiations between the publisher and the advertiser. For example, in the Formpress Phase 2 RFI Response, Formpress stated:

“It should be noted that it is common across the regional news media market for rate-card prices to be discounted locally to compete with other media for finite local advertising budgets. The Rates are negotiated individually with customers and discretionary discounts are offered to reflect the volume and the frequency of business placed. In a market that offers increased choice for advertisers the actual prices paid have gradually moved further away from the rate-card prices over time.”

2.22 When determining the attractiveness of a particular newspaper title as an outlet in which to advertise, an important metric used by advertisers is known as the ‘cost per thousand’ (“CPT”).¹⁸ This measures the efficiency of the advert, in terms of potential reach of an advertisement per euro spent, by dividing the SCC rate for the newspaper title, by its circulation figure.¹⁹

Advertising customers

2.23 In the course of its investigation, the Commission has considered three broad advertiser groups:

- Media agencies providing advertising services, or advertising agencies acting on behalf of large companies;

¹⁸ M/09/13 – Metro/Herald AM, page 10, paragraph 5.36. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

¹⁹ M/09/13 – Metro/Herald AM, page 10, paragraph 5.36. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

- small-to-medium sized businesses (“SMEs”), active in the area serviced by the local/regional paper; and
- certain professional entities required by law to publish statutory notices in local print media.

Media agencies acting on behalf of large companies

2.24 Media agencies or advertising agencies act as intermediaries or brokers, running advertising campaigns on behalf of their clients. The advantage of using a media agency to run an advertising campaign is that the advertising customer does not have to engage with a network of potential suppliers of advertising space, as the media agency will do this on the customer’s behalf and can intermediate between the advertiser and the particular supplier.

2.25 Media agencies contacted by the Commission considered that other forms of advertising, such as local radio and certain forms of digital advertising, were equally, if not more, effective than local/regional newspaper title advertising.²⁰ Particularly in Donegal, where local radio stations, such as Highland Radio, command a wide listenership, advertising with local/regional newspaper titles is not seen as a vital component of a local advertising strategy.²¹ Running an advertisement with Highland Radio, for example, is likely to provide an advertiser with greater ‘reach’ (i.e., the advertisement will reach a greater number of customers), than an advertisement placed with a local/regional newspaper title, such as the Inishowen Independent.²²

2.26 On the other hand, media agencies contacted by the Commission consider adverts placed in local/regional newspaper titles to have the advantage of durability: whereas a radio advert runs for a defined time and goes unnoticed by those who do not hear it, a newspaper title advert remains visible in the newspaper title for as long as that issue is sold, and then for as long as the newspaper title is in a visible location (such as on a coffee table in a reader’s home, or in a communal area in an office space).²³

²⁰ For example, Havas stated that the most cost-effective method of advertising “would be social media, TV, radio and then press.” Call with Havas dated 16 September 2024.

²¹ For example, Dentsu, Ireland Holdings Limited (“Dentsu”), an advertising agency, stated: “Local radio is best numbers-wise in the Donegal market – local print does very small numbers.” Call with Dentsu dated 17 September 2024.

²² Call with Dentsu dated 17 September 2024.

²³ For example, Dentsu stated: “When looking at circulation numbers [for local/regional newspaper titles] you do have to factor in that more than one person will likely read it (different members of a family). If a local paper had a circulation of 3.5k, it’s likely that double that figure may read it.” Call with Dentsu dated 17 September 2024.

2.27 The evidence available to the Commission illustrated that these advertisers often wished to allocate portions of the budget for a national or regional advertising campaign to local advertisements, but that they were not solely dependent on local/regional newspaper titles to deliver such advertisements. For example, in an interview between the Commission and Havas Media Ireland Limited (“Havas”),²⁴ Havas stated that if the price of adverts in the Inishowen Independent were to increase, Havas would explore whether its client’s money could be deployed in a more efficient way and, if it could, that Havas “[REDACTED]”

[REDACTED]²⁵

Small-to-medium sized businesses (“SMEs”), active in the area serviced by the local/regional newspaper title

2.28 The second group of advertising customers identified by the Commission was SMEs operating within the local area serviced by the local paper. The Commission distributed surveys to a sample of these customers and received broadly consistent responses.²⁶

2.29 According to the responses of this survey, these SMEs did not consider local/regional newspaper title advertising and local radio advertising to be close substitutes.²⁷ From the perspective of these SMEs, local/regional newspaper titles and local radio are distinguishable from one another for two main reasons:

- (i) First, advertising with local radio is more expensive than advertising with local/regional newspaper titles. Whilst the CPT for an advertisement on Highland Radio in County Donegal will, on account of its wide listenership, be lower than the CPT for an advertisement with a local/regional newspaper title, the cost of the advertisement with Highland Radio, in absolute terms, can be beyond the available budget of small businesses in County Donegal.²⁸ For SMEs, local/regional newspaper titles, such as the Inishowen Independent, represent the most cost-effective form of local advertising.

²⁴ Havas is a media agency active in the State.

²⁵ Call with Havas dated 16 September 2024, page 1.

²⁶ All of the customers to whom the Commission sent surveys had within the period of 1 January 2023 to 31 July 2024 placed advertisements with the Inishowen Independent.

²⁷ For example, Brennans Pharmacy, a pharmacy with several branches in County Donegal, described local/regional newspaper titles as a ‘complementary medium’ for the placement of advertisements (Brennans Pharmacy Questionnaire Response dated 27 September 2024).

²⁸ For example, John McCay Architects, an architect firm in County Donegal, described local radio advertising as “very expensive” (John McCay Architects Questionnaire Response dated 25 September 2024). Similarly, the Donegal Education and Training Board (“Donegal ETB”) stated that “with radio being more expensive, our schools for example would not have budgets for advertising on radio” (Donegal ETB Questionnaire Response dated 24 September 2024).

- (ii) Second, these SMEs indicated that local radio and local/regional newspaper titles serve different purposes and reach different audiences.²⁹ Advertisements in local/regional newspaper titles are more durable than a radio advertisement.³⁰ Advertisements in local/regional newspaper titles allow, for some products or services, the message of the advertiser to be communicated more effectively; some SMEs value the visual effect of a local/regional newspaper title advertisement.³¹ Consistent throughout the responses to the surveys issued by the Commission was a sense that local/regional newspaper title advertisements were an important part of the marketing strategies of these customers, and that other forms of local advertising, such as local radio, did not serve the same purpose as local/regional newspaper titles.

2.30 Finally, a number of the SMEs contacted by the Commission stated that they value the local/regional newspaper title and place advertisements with it because of its local focus. Also noted was the ability to contact the manager of a local/regional newspaper title, with whom they have a relationship, and negotiate the placement of an advertisement.³² For these SMEs, local/regional newspaper titles provide an important source of coverage and visibility in the locality in which they operate, and therefore they consider local/regional newspaper titles to be an important advertising tool.

2.31 14 of the 20 SME customers that responded to the survey indicated that they would continue to place advertisements in the Inishowen Independent in response to a 5-10% increase in price.

Professional entities required by law to publish statutory notices in local print media

²⁹ For example, Kellys Toyota, a car dealership based in Letterkenny, County Donegal, stated: “We currently do both [local radio and local/regional newspaper title advertising], they serve different purposes” (Kellys Toyota Questionnaire Response dated 26 September 2024).

³⁰ For example, the Donegal ETB stated that “if you miss a radio advert, you have no way of hearing it again other than having to listen for a prolonged period, whereas with a newspaper title you have a copy of the advert” (Donegal ETB Questionnaire Response dated 24 September 2024).

³¹ For example, Shelley’s Childcare, a childcare provider in County Donegal, stated that local radio advertisements are “not the same” as local/regional newspaper title advertisements as it is “nice to see and read [to] add better effect” (Shelley’s Childcare Questionnaire Response dated 28 September 2024).

³² For example, Michael D White Solicitors, a solicitors firm in County Donegal, stated: “It is good to have a local/regional newspaper title that you can contact directly by telephone and someone picks up straight away rather than having to go through a dialling option of some company that can’t locate the person you want or whereby everything is done by email and by email only” (Michael D White Solicitors Questionnaire Response dated 26 September 2024).

- 2.32 The final group of customers which the Commission identified, during its investigation, are certain professional entities which are required by law to publish statutory notices in local/regional newspaper titles. For example, an applicant seeking planning permission for certain developments must, before applying to the relevant authority, publish a statutory notice of their proposed development in a newspaper title circulating in the area in which the proposed development will be situated. The publication of these notices is usually organised by the architects working for the relevant developer. Other examples of professional entities which are required by law to publish certain matters in local/regional newspaper titles include media agencies acting on behalf of government authorities who are obliged to communicate certain matters by way of a notice published in local/regional newspaper titles.
- 2.33 These customers are required by law to publish statutory notices in local/regional newspaper titles. For this reason, national newspaper titles or other forms of media are not viable alternatives to local/regional newspaper titles, and they are insensitive to general price increases in local/regional newspaper title advertising space (although they may choose to publish with the lowest cost local/regional newspaper title).

Alternative forms of media advertising

- 2.34 Alternative forms of media compete with newspaper titles, both for readership and for advertisers. These media forms include other traditional media, such as radio, as well as social media and digital media which continue to evolve, though they are not strictly speaking recent phenomena.

Radio³³

- 2.35 The market for radio broadcasting within the State is subject to a regulatory regime provided for in the Broadcasting Act 2009, as amended, whereby licences and authorisations from the Commission for Communications Regulation and Coimisiún Na Meán (“CNaM”) are required in order to offer broadcasting services. Radio stations must comply with the terms of their individual ‘broadcasting contract’, which is entered into with CNaM, and whose terms specify both the content the station may provide, and the area, or ‘franchise region’, across which they may broadcast. These features of the market for radio broadcasting have given rise to local radio stations and national radio stations. As noted by the Authority in *M/07/040* –

³³ The Commission and the Authority have examined the market for radio broadcasting in a number of determinations. These include the following: [M/07/040 – Communicorp/SRH](#); [M/17/056 – Bay/Radio Nova](#); and [M/19/002 – Kerry FM/Clare Radio, Dreamglade](#).

*Communicorp/SRH, “in local franchise areas, local independent radio stations attract a significantly higher level of listenership than national radio stations”.*³⁴

- 2.36 The Commission, during its investigation, identified Highland Radio and Ocean FM as local radio stations broadcasting in County Donegal. According to Dentsu Ireland Limited (“Dentsu”), an advertising customer of both Formpress and D&D Media, Highland Radio is particularly popular and reaches approximately 50% of adults in County Donegal daily.³⁵ Whilst Highland Radio does not compete in the publication and sale of local/regional newspaper titles, it does possibly offer an alternative outlet for advertisers looking to reach consumers in the Donegal area. According to Dentsu, Highland Radio, as a result of its wide listenership, is the advertising medium with the greatest reach in Donegal.³⁶ As a result, and as discussed in Section 5, this means that for those customers with sufficient budget to advertise via this medium, local radio is an alternative to local/regional newspaper titles, as regards the supply of advertising space.
- 2.37 On the other hand, some SMEs contacted by the Commission do not consider local radio and local/regional newspaper titles to be substitutes for the purposes of placing advertisements.³⁷ They consider that local/regional newspaper titles offer distinct advantages which cannot be replicated by radio advertisements. In addition, they consider that radio advertisements are also expensive, and beyond the budget of some SMEs.

Online and Digital Media

- 2.38 Advertising on online and digital media involves running advertisements which capture the attention of consumers that use or have access to online or digital media. Advertisers can be made visible to users of online or digital media whenever that user is actively using an online application or digital device. This is also the case when that user is not using the application or device, but whose attention can otherwise be captured, such as through a push notification on a smartphone.

³⁴ M/07/040 – Communicorp/SRH, page 30, footnote 55. Available at: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2017/05/M-07-040.Communicorp-SRH.public.pdf>.

³⁵ Call with Dentsu, dated 17 September 2024, page 2.

³⁶ Call with Dentsu, dated 17 September 2024, page 2.

³⁷ For example, the Donegal ETB states that local/regional newspaper titles and local radio were “different mediums, different ad costs, much smaller in comparison with newspaper title ads, if radio spot is missed then there’s no way of hearing it unless it’s played again whereas copy of newspaper title ad is always there. Diverse range of communication tools needed.” (Donegal ETB Questionnaire Response dated 24 September 2024).

- 2.39 Online advertising may take a number of forms. For example, ‘search’ advertising responds to keywords entered by consumers when using a search engine such as Google Search. The advertiser pays the search engine provider to display its product prominently or give priority to its website on the search engine results page when certain keywords, or a particular combination of keywords, relevant to the advertiser’s product or service, feature in a search entered by a consumer. Other forms of online advertising include display advertising on websites. This involves an advertiser paying for their advertisement to appear in a prominent position on a website.
- 2.40 Social media advertising uses personal data collected by a platform operator to target users with advertisements tailored to their preferences. The form of the advertisement varies from platform to platform. On Instagram, for example, advertisements are integrated with other posts and stories which appear on a user’s feed, and they also take the form of promotional posts by accounts with a large following. On Facebook Inc. (“Facebook”), the advertisements may be integrated with other posts on a user’s timeline, or they may take the form of a display advert visible on the page.

Market trends—the decline of local/regional newspaper title readership in recent years

- 2.41 A 2023 Reuters Digital News Report noted that while, in 2015, 49% of respondents to a survey in the State said that they read print newspaper titles, within three years that number had fallen to 35%.³⁸ According to the same report, print newspaper titles account for 5% of respondents’ main sources of news, ranked last among media forms.³⁹ In the Merger Notification Form, the Parties cited the closure of 17 paid-for (as opposed to free) local/regional newspaper titles in the last ten years, as well as the competitive pressure exerted by the presence of other nascent forms of news consumption and advertising, as evidence of the decline of local/regional newspaper titles.⁴⁰
- 2.42 According to an Irish Times article on 27 December 2023, GroupM Ireland, a media agency owner, estimated that *“print advertising will drop off by a further 5 per cent in 2024 after a 9*

³⁸ Reuters Digital News Report, June 2023, page 104. Available at: [20230609_DNR-Final-Report_STRICT-EMBARGO-00.01-14-June-23_FINAL.pdf](#).

³⁹ Ibid, page 10.

⁴⁰ Merger Notification Form, Section 4.1.

per cent plunge this year. ... Print continues to face significant challenges, despite the increased focus on digital offerings, as demand declines and production costs increase.”⁴¹

2.43 The Commission, during its investigation, gathered evidence which further tends to suggest that the newspaper sector, and in particular the local newspaper sector, is in decline. For example, Table 3 provides a breakdown of average weekly circulation figures for Formpress local/regional newspaper titles based in County Donegal, between 2018 and 2024. Table 4 provides a breakdown of the advertising revenue generated by Formpress local/regional newspaper titles in County Donegal between 2018 and 2024.

Table 3: Circulation figures for Formpress local/regional newspaper titles based in County Donegal, 2018-2024

	12 MONTHS TO 31/12/2018	12 MONTHS TO 31/12/2019	12 MONTHS TO 31/12/2020	12 MONTHS TO 31/12/2021	12 MONTHS TO 31/12/2022	12 MONTHS TO 31/12/2023	9 MONTHS TO 30/09/2024
Donegal Democrat Tuesday	██████	██████	██████	██████	██████	██████	██████
Donegal Democrat Thursday	██████	██████	██████	██████	██████	██████	██████
Donegal Post	-	██████	██████	██████	██████	██████	██████
Letterkenny Live	-	-	-	-	-	██████	██████
Inish Times	-	██████	██████	██████	██████	██████	██████

Source: Formpress

Table 4: Advertising revenue generated by Formpress local/regional newspaper titles in County Donegal, 2018-2024

	12 MONTHS TO 31/03/2018	12 MONTHS TO 31/03/2019	18 MONTHS TO 30/09/2020	12 MONTHS TO 30/09/2021	12 MONTHS TO 30/09/2022	12 MONTHS TO 30/09/2023	12 MONTHS TO 30/09/2024
Donegal Democrat Tuesday	██████	██████	██████	██████	██████	██████	██████
Donegal Democrat Thursday	██████	██████	██████	██████	██████	██████	██████
Donegal Post	-	-	██████	██████	██████	██████	██████
Letterkenny Live	-	-	-	-	-	██████	██████
Inish Times	-	-	██████	██████	██████	██████	██████
Letterkenny Post ⁴²	-	-	██████	-	-	-	-

⁴¹ Bray, J. (2023) ‘Irish advertising market will grow 3.2% in 2024 but print and TV revenue will fall, says GroupM’, *The Irish Times*, 27 December. Available at: <https://www.irishtimes.com/business/2023/12/27/irish-advertising-market-will-grow-32-in-2024-but-print-and-tv-revenue-will-fall-says-groupm/>.

⁴² As a free title, no circulation figures are available for the Letterkenny Post. The Letterkenny Post is no longer in print.

Source: Formpress

2.44 The figures set out in Tables 3 and 4 illustrate that both the circulation levels for local/regional newspaper titles, and the levels of revenue generated from the sale of advertising space in local/regional newspaper titles, has, excluding an uplift in both during the COVID-19 pandemic, steadily been in decline.

2.45 For example, in terms of the revenue generated from the sale of local/regional newspaper title advertising space, each of Formpress's local/regional newspaper titles generate lower levels of revenue than when the title was purchased by Formpress. Specifically:

- the Donegal Democrat (Tuesday) generated, between August 2023 and August 2024, [15-20%] of the revenue it generated in the period between March 2017 and March 2018;
- the Donegal Democrat (Thursday) generated, between August 2023 and August 2024, [40-45%] of the revenue it generated in the period between March 2017 and March 2018;
- the Donegal Post generated, between August 2023 and August 2024, [15-20%] of the revenue it generated between September 2019 and September 2020; and
- the Inish Times generated, between August 2023 and August 2024, [45-50%] of the revenue it generated between September 2019 and September 2020.

2.46 A similar decline is apparent in terms of circulation. For example:

- the Donegal Democrat (Tuesday), in 2023, circulated at [35-40%] of the level at which it circulated in the year 2018;
- the Donegal Democrat (Thursday) in 2023, circulated at [55-60%] of the level at which it circulated in the year 2018;
- the Donegal Post in 2023, circulated at [30-35%] of the level at which it circulated in 2019; and
- the Inish Times circulated at [60-65%] of the level at which it circulated in the year 2018.

2.47 These figures reflect the difficulties faced by local/regional newspaper titles; fewer copies of local/regional newspapers are being sold, and less money is being generated from the sale of advertising space in local/regional newspapers. There is thus a correlation between declining circulation and declining advertising levels: as a newspaper title’s circulation declines, it becomes less attractive to advertisers, which means less money is generated to increase its circulation. For this reason, it is to be expected that if circulation figures continue to decline, advertising revenues will also decline.

2.48 Additionally, the costs associated with producing, printing and distributing print media have increased in recent years, imposing further financial distress on the owners of local/regional newspaper titles. Formpress, for example, in the Formpress Phase 2 RFI Response stated:

*“Print pricing has remained constant from 2019 through to 2024 despite a [REDACTED] increase in the cost of our biggest consumable, newsprint, in [REDACTED]. This dramatically increased cost of production of our print titles but it was felt that commercially it would be unviable to increase advertising rates as a result. The increased costs were [REDACTED]”.*⁴³

Conclusion

2.49 This section has provided an overview of the newspaper sector in the State, and in the county of Donegal in particular. It has highlighted the following:

- the distinction between national newspaper titles and local/regional newspaper titles;
- the manner in which newspaper title advertising space is sold and the factors influencing the price of newspaper title advertisements;
- the profile of the advertising customers which use local/regional newspaper titles;
- alternative forms of media in which advertisements can be placed; and
- the pressures faced by the newspaper sector generally, and the local newspaper sector in particular.

⁴³ Formpress Phase 2 RFI response, dated 24 September 2024, question 2.

3. RELEVANT PRODUCT AND GEOGRAPHIC MARKETS

Introduction

3.1 In this section, the Commission identifies the potential product and geographic markets that are relevant for the assessment of the competitive effects of the Proposed Transaction. This section sets out:

- i. The relevant principles that apply to market definition;
- ii. The horizontal and vertical overlaps between the activities of the Parties;
- iii. The potential relevant product markets;
- iv. The potential relevant geographic markets; and
- v. The Commission's conclusions on relevant market definition.

3.2 Market definition provides a framework for assessing the competitive effects of a merger; it is a means to an end. The boundaries of a market do not in themselves determine the outcome of the analysis of competitive effects by the Commission in its merger review, as there may be competitive constraints on the merging parties from outside the relevant market or from a segmentation within the relevant market or other ways in which some constraints will be more significant than others.⁴⁴ The Commission takes such factors into account in its assessment of competitive effects, where relevant.

Relevant Principles

3.3 The role of market definition is explained in the Commission's Guidelines for Merger Analysis (the "Commission's Merger Guidelines") as follows:

"Market definition is a conceptual framework within which relevant information can be organised for the purposes of assessing the competitive effect of a merger. Identifying the precise relevant market involves an element of judgement. It is often not possible or even necessary to draw a clear line around the fields of rivalry. Indeed,

⁴⁴ Guidelines for Merger Analysis, adopted by the Competition and Consumer Protection Commission on 31 October 2014 (the "Commission's Merger Guidelines"), paragraphs 2.1 and 2.3. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/CCPC-Merger-Guidelines.pdf>.

*it is often possible to determine a merger's likely impact on competition without precisely defining the boundaries of the relevant market.*⁴⁵

*"...if an SLC [substantial lessening of competition] can be shown when a merger is evaluated with respect to a number of alternative markets, there is no need to choose between them; it will be sufficient to show that the merger will result in an SLC regardless of the choice of market definition."*⁴⁶

3.4 According to the Commission's Merger Guidelines:

*"The relevant product market is defined in terms of products rather than producers. It is the set of products that customers consider to be close substitutes. In identifying the relevant product market, the Commission will pay particular attention to the behaviour of customers, i.e., demand-side substitution. Supply-side substitution (i.e., the behaviour of existing and/or potential suppliers in the short term) may also be considered".*⁴⁷

3.5 The relevant market contains the most significant alternatives available to the customers of the merging parties. Identifying the precise relevant market involves an element of judgement, with appropriate weight being given to factors on both the demand and supply side.⁴⁸

3.6 The Commission's Merger Guidelines note that:

*"Whether or not a product is a close substitute of a product supplied by one or more of the merging parties will depend on the willingness of customers to switch from one product to the other in response to a small but significant and non-transitory increase in price (or an equivalent decrease in quality). This will involve an assessment of the characteristics and functions of the products in question".*⁴⁹

3.7 The standard economic test for defining the relevant market is the small but significant non-transitory increase in price ("SSNIP") test.⁵⁰ The SSNIP test seeks to identify the smallest group

⁴⁵ The Commission's Merger Guidelines, paragraph 2.3.

⁴⁶ The Commission's Merger Guidelines, paragraph 2.4.

⁴⁷ The Commission's Merger Guidelines, paragraph 2.8.

⁴⁸ The Commission's Merger Guidelines, paragraphs 2.3 and 2.8.

⁴⁹ The Commission's Merger Guidelines, paragraph 2.9.

⁵⁰ The SSNIP test is discussed in detail in the Commission's Merger Guidelines, paragraphs 2.9-2.14.

of products and geographic areas within which a hypothetical monopolist could profitably impose a SSNIP (usually 5-10%), or an equivalent decrease in quality, without a sufficient number of customers switching to alternative products to render the price increase non-profitable.⁵¹ However, the Commission notes that the SSNIP test is just one of the tools used in defining the relevant product market, and its applicability varies depending on pricing practices in the market.⁵² A substantial emphasis should also be placed on product characteristics, price and intended use as well as observed substitution patterns between various products that can potentially be included in the same product market.

3.8 As noted in the Commission’s Merger Guidelines: *“Market definition should not restrict the range of competitive effects to be assessed by the Commission in its merger review.”*⁵³ In coming to a view of the relevant product and geographic markets, the Commission may therefore *“consider segmentation within the relevant market or factors outside the relevant market that impose competitive constraints on firms in the relevant market.”*⁵⁴

3.9 Ultimately, the Commission’s definition of the relevant market or markets depends on the specific facts, circumstances, and evidence of the merger or acquisition under investigation.⁵⁵

Horizontal and vertical overlaps

Horizontal overlaps

3.10 There is a horizontal overlap between the Parties as both are active in the publication and sale of local/regional newspaper titles and the supply of advertising space in local/regional newspaper titles.

3.11 In the Merger Notification Form, the Parties have addressed the horizontal overlaps as follows:

“The Inishowen Independent is active in the following markets:

- (a) *The market for the publication and sale of regional/local newspaper titles in County Donegal; and*
- (b) *the market for the sale of advertising in regional/local newspaper titles in County Donegal.*

⁵¹ The Commission’s Merger Guidelines, paragraphs 2.9-2.11.

⁵² The Commission’s Merger Guidelines, paragraph 2.13.

⁵³ The Commission’s Merger Guidelines, paragraph 2.1.

⁵⁴ The Commission’s Merger Guidelines, paragraph 2.1.

⁵⁵ The Commission’s Merger Guidelines, paragraph 2.6.

Formpress owns and operates the Donegal Democrat, the Donegal Post, the Letterkenny Live and the Inish Times, which are local newspaper titles whose circulation is in County Donegal, together with their associated digital websites donegallive.ie and inishlive.ie.”⁵⁶

Vertical overlaps

3.12 With respect to vertical overlaps between their respective activities, the Parties stated that:

“the CCPC in Formpress Publishing (Iconic)/Assets of Midland Tribune⁵⁷ appeared to take the view that a market existed for the provision of the service of channelling national advertising to local/regional newspaper and digital newspaper titles in the State and that Mediaforce is active in this market.

To this extent only, there may be a vertical overlap between the activities of Mediaforce and D&D Media, since national advertisers may direct Mediaforce to place their advertisements in the Inishowen Independent.”⁵⁸

Potential relevant product markets

Previous determinations of the Commission

3.13 The Commission and the Authority have previously considered the following mergers in the newspaper sector:

- M/07/022 – *Thomas Crosbie Holdings/South East Broadcasting*;⁵⁹
- M/08/038 – *Alpha/The Herald*;⁶⁰
- M/09/13- *Metro/Herald AM*;⁶¹

⁵⁶ Merger Notification Form, section 4.1, page 14.

⁵⁷ M/19/010 – FormPress Publishing (Iconic)/assets of Midland Tribune. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

⁵⁸ Merger Notification Form, section 4.2, page 18.

⁵⁹ M/07/022- *Thomas Crosbie Holdings/South East Broadcasting*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/Determination-M-07-022-TCH-WLRFM.pdf>.

⁶⁰ M/08/038- *Alpha Publications/The Herald*. Available at: https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M08038-Alpha-Publications-The-Tuam-Herald_public_0.pdf.

⁶¹ M/09/13- *Metro/Herald AM*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>.

- M/14/017 – *Anglo-Celt/Connaught Telegraph*;⁶²
- M/16/044 – *INM/CMNL*;⁶³
- M/18/092 – *FormPress Publishing (Iconic)/assets of River Media*;⁶⁴
- M/19/010 – *FormPress Publishing (Iconic)/assets of Midland Tribune*;⁶⁵ and
- M/22/060 – *Formpress Publishing (Iconic)/Mayo News*.⁶⁶

3.14 In these determinations, the Commission has consistently held that:

- (i) For the publication of newspapers, local/regional newspaper titles can be treated as a distinct market from national daily/evening newspaper titles; and
- (ii) In respect of advertising, the supply of advertising space in local/regional newspaper titles can be treated as a distinct market from the supply of advertising space in national daily/evening newspaper titles.

Views of the Parties

3.15 In the Merger Notification Form, the Parties stated that:

“The Inishowen Independent is active in the following markets:

(a) the market for the publication and sale of regional/local newspaper in County Donegal; and

(b) the market for the sale of advertising in regional/local newspaper in County Donegal.

Formpress owns and operates the Donegal Democrat, the Donegal Post, the Letterkenny Live and the Inish Times, which are local newspapers whose circulation is

⁶² M/14/017- *Anglo Celt/Connaught Telegraph*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-14-017-Anglo-Celt-Connaught-Telegraph.pdf>.

⁶³ M/16/044- *INM/CMNL*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-16-044-INM-CMNL-Public.pdf>.

⁶⁴ M/18/092-*Formpress Publishing (Iconic)/Assets of River Media*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/12/M-18-092-Formpress-Publishing-Iconic-Assets-of-River-Media-Public-Determination-.pdf>.

⁶⁵ M/19/010-*Formpress Publishing (Iconic)/Assets of Midland Tribune*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

⁶⁶ M/22/060 – *Formpress Publishing (Iconic)/Mayo News*. Available at: [M.22.60-Formpress-Mayo-News-Public-Determination.pdf](https://www.ccpc.ie/business/wp-content/uploads/sites/3/2022/06/M.22.60-Formpress-Mayo-News-Public-Determination.pdf).

in County Donegal, together with their associated digital websites donegallive.ie and inishlive.ie.

It is unsurprising that in a small local market as is common for regional/local newspapers that there would be a small number of market participants and horizontal area(s) of overlap.

The Proposed Transaction will ensure the continuity of circulation of the Inishowen Independent for both consumers and advertisers which could not otherwise be guaranteed. The Proposed Transaction will therefore ensure that consumers and advertisers in County Donegal will continue to have a choice between local/regional newspaper in County Donegal.⁶⁷

3.16 In the Merger Notification Form, the Parties identified the following potential relevant product markets:

- The publication and sale of local/regional newspaper titles in County Donegal;⁶⁸
- The sale of advertising to customers in County Donegal;⁶⁹ and
- The channelling of national advertising to local/regional newspaper titles and digital newspaper titles.⁷⁰

Commission's analysis of relevant product markets

3.17 In this section, the Commission has taken the horizontal overlap set out by the Parties in the Merger Notification Form, between the activities of Formpress and D&D Media (the publication and sale of local/regional newspaper titles, and the supply of advertising in local/regional newspaper titles), as the starting point for identifying the appropriate potential relevant product market(s) for the purposes of assessing the competitive effects of the Proposed Transaction.

⁶⁷ Merger Notification Form, section 5.1.1, pages 27-28.

⁶⁸ Merger Notification Form, section 5.1.1, page 27.

⁶⁹ Merger Notification Form, section 5.1.2, page 28.

⁷⁰ Merger Notification Form, section 5.1.3, page 28.

3.18 In coming to a view on the potential relevant product market(s), the Commission has considered whether the market definition should be wider or narrower than this.

3.19 Specifically, the Commission has considered:

(i) The publication and sale of local/regional newspaper titles:

(a) Is the product market narrower than the publication and sale of local/regional newspaper titles?

(b) Is the product market wider than the publication and sale of local/regional newspaper titles?

(ii) The supply of advertising space in local/regional newspaper titles:

(a) Is the potential relevant product market narrower than the supply of advertising space in local/regional newspaper titles?

(b) Is the potential relevant product market wider than the supply of advertising space in local/regional newspaper titles?

The publication and sale of local/regional newspaper titles

Is the product market narrower than the publication and sale of local/regional newspaper titles?

3.20 The Commission considered whether the potential market for the publication and sale of local/regional newspaper titles should be narrowed. The Commission has concluded that it is not necessary to consider in detail a narrower product market definition as no feasible potential narrower market definition would materially affect the Commission's analysis. For example, were the Commission to consider segmenting the product market by the content type of the newspaper title, the Commission considers that the participants and products included in the assessed market would be unchanged, as the Commission did not find evidence of significant product differentiation between competitors.

3.21 The Commission is of the view that the potential product market should not be narrower than the publication and sale of local/regional newspaper titles.

Is the product market wider than the publication and sale of local/regional newspaper titles?

3.22 The Commission assessed whether the potential market for the publication and sale of local/regional newspaper titles should be broadened to include the publication and sale of

national newspaper titles. The Commission considers that local/regional newspaper titles contain substantially different content compared to national newspaper titles. Typically, the content and articles in local/regional newspaper titles have a local context and would therefore, not feature in national newspaper titles which have a focus on coverage of matters of national and international relevance. Ultimately, however, as the inclusion or not in a potential product market of the sale and publication of national newspaper titles would not change the Commission's conclusions with respect to the Proposed Transaction, the Commission did not assess this in further detail.

- 3.23 The Commission also considered whether the potential market for the publication and sale of local/regional newspaper titles should be broadened to include alternative media such as radio or online media. In both cases, there is significant differentiation between local/regional newspapers and either radio or online media, both in terms of form and content. However, the Commission acknowledges that some customers may see alternative media forms, or a combination of them, as substitutable for local/regional newspapers. Ultimately, however, as the inclusion or not in a potential product market of alternative media forms would not change the Commission's conclusions with respect to the Proposed Transaction, the Commission did not assess this in further detail.

Conclusion on the publication and sale of local/regional newspaper titles

- 3.24 The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, the Commission has decided to leave the precise product market definition open, as its assessment of the competitive effects of the Proposed Transaction would be unchanged whether the Proposed Transaction is assessed by reference to a product market that is wider than or narrower than the potential market for the publication and sale of local/regional newspaper titles. For the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction by reference to the publication and sale of local/regional newspaper titles.

The supply of advertising space in local/regional newspaper titles

Is the product market narrower than the supply of advertising space in local/regional newspaper titles?

- 3.25 The Commission considered whether the potential market for the supply of advertising space in local/regional newspaper titles should be narrowed. The Commission has concluded that it is not necessary to consider in detail a narrower product market definition as no feasible potential narrower market definition would materially affect the Commission's analysis.

- 3.26 The Commission is of the view that there is no need to narrow the potential market further as it does not impact the Commission’s overall conclusion. Further, there is no reason to depart from previous Commission decisions. As such, the potential product market should not be narrower than the supply of advertising space in local/regional newspaper titles.

Is the potential relevant product market wider than the supply of advertising space in local/regional newspaper titles?

Is the sale of advertising space in national newspaper titles in the same potential market as the sale of advertising space in local/regional newspaper titles?

Views of the Parties

- 3.27 The Parties stated that *“local media used to be the main route to market for advertisers targeting a specific local audience (e.g. the catchment area around a store).”*⁷¹

- 3.28 The Parties stated that *“an advertiser such as a national or multinational trading company or a government body will use an advertising agency to plan and compile a schedule of titles and areas it wishes to cover and instruct Mediaforce to place the advertising within its schedule of local/regional newspaper titles and digital websites.”*⁷² Further, the Parties explained in the Merger Notification Form that national daily newspaper titles reach 28% of the population in county Donegal.⁷³

Views of Third Parties

- 3.29 In a call with Carndonagh SuperValu (“SVC”), an advertising customer of each of the Parties, SVC stated that, *“One of the main reasons why SVC advertises in the local print media is because it is local... their number one reason for advertising with Inishowen Independent is because it is local... and what it means by that is that it looks after local concerns... SVC advertises locally to highlight the importance of being local and to reach the Inishowen audience.”*⁷⁴

- 3.30 When asked what they would do if, hypothetically, they could no longer place adverts in the Inishowen Independent, Dentsu – a media agency that is an advertising customer of both Formpress and D&D Media – stated that it *“would pivot to the Inish Times and the Derry*

⁷¹ Merger Notification Form, section 4.4.2, page 21.

⁷² Merger Notification Form, section 1.1.1, page 6.

⁷³ Merger Notification Form, section 4.1, page 17.

⁷⁴ Call with SVC, dated 24 September 2024, page 3.

*Journal.*⁷⁵ Similarly, when asked the same question, The Engine Room – a media agency which is an advertising customer of both Parties – stated that, “*in the event of a doubling of the cost of advertising, [The Engine Room] would consider moving to an alternative local newspaper.*”⁷⁶

- 3.31 Fitzroy’s Bistro Limited (“Fitzroy’s Bistro”), an advertising customer of D&D Media, stated that, in terms of modes of advertising, “*... local newspapers remain unavoidable for a business such as the Bistro... customers are more likely to see the advertisements in the Inishowen Independent.*”⁷⁷ Forward Emphasis International Limited (“Forward Emphasis”), a customer of both Parties, stated that if faced with an increase in the price of placing an advert in the Inishowen Independent, “*it would take account of what the increase was, but in terms of how they view the paper as a source for getting to prospective candidates, it is vital.*”⁷⁸

Views of the Commission

- 3.32 The Commission assessed whether an advertising customer of a local/regional newspaper title would consider advertising in national newspaper titles to be a close substitute for this product, such that they would switch to advertising in national newspaper titles and render a price increase in advertising in local/regional newspaper titles unprofitable.

- 3.33 Advertising customers of a local/regional newspaper title reach that newspaper’s readership, which for the purposes of the present case is readers who purchase the Inishowen Independent. Advertisers and businesses that want to reach a specific local audience may not view an advert in a national newspaper title as a substitute for an advert in a local/regional newspaper title if, for example:

- The national newspaper title readership does not overlap with the advertiser’s target audience, which is captured by the local/regional newspaper title; or
- The commercial terms are sufficiently different (i.e., if the cost of placing an advertisement in a national newspaper title is considerably higher than in a local/regional newspaper title) that, even if the advertisement would reach a

⁷⁵ Call with Dentsu, dated 17 September 2024, page 3.

⁷⁶ Call with The Engine Room, dated 13 September 2024, page 1.

⁷⁷ Call with Fitzroy’s Bistro, dated 20 August 2024, page 1.

⁷⁸ Call with Forward Emphasis, dated 13 September 2024, page 1.

comparable audience, it is not a viable substitute for advertising in a local/regional newspaper title.

3.34 Advertising customers cannot guarantee that they will reach the same audience by placing an advertisement in a national newspaper title that they would by placing an advertisement in a local/regional newspaper title. As stated in paragraph 3.27 above, local/regional newspaper titles were previously considered the main method of reaching a local audience for advertisers. In the Merger Notification Form, the Parties state that *“local media used to be the main route to market for advertisers targeting a specific local audience (e.g. the catchment area around a store) however social media platforms have disrupted this market and are able to offer local audiences with a much higher degree of targeting than traditional local media.”*⁷⁹ However, this is not the case with national newspaper titles, as the advertisement may not reach the same readership. As discussed above in paragraph 3.28, national daily newspaper titles are consumed by 28% of the population in county Donegal.⁸⁰ This is supported by the comments of Dentsu, set out in paragraph 3.30 above, who stated that to reach the local audience they would continue to advertise in local/regional newspaper titles.

3.35 The Commission also considers it relevant that national advertising campaigns can and do include advertising in a range of local/regional newspaper titles, as described by the Parties above in paragraph 3.28. This would appear to indicate that, aside from differences in the costs of placing advertisements in local media versus in national media, there appear to be sufficient differences in these forms of advertising that national advertisers will utilise both local/regional and national media for the same advertising campaigns. For example, Dentsu, a holding company for media agencies which is an advertising customer of both Formpress and D&D Media, stated that in the past some of its clients have specifically asked to place their adverts in local/regional newspaper titles as it is effective at *“monitoring footfall in relation to placement of ads.”*⁸¹ The Engine Room, another media agency which is an advertising customer of both Parties stated that its client who requested advertising in the Inishowen Independent did so because of *“the basis price, positioning in the paper, and circulation.”*⁸²

⁷⁹ Merger Notification Form, section 4.4.2, page 21.

⁸⁰ Merger Notification Form, section 4.1, page 17.

⁸¹ Call with Dentsu, dated 17 September 2024, page 3.

⁸² Call with The Engine Room, dated 13 September, page 1.

3.36 Ultimately, however, as the inclusion or not in a potential product market of national newspapers would not change the Commission's conclusions with respect to the Proposed Transaction, the Commission did not assess in further detail whether the sale of advertising space in national newspapers is in the same potential market as the sale of advertising space in local/regional newspaper titles.

Is the sale of local radio advertising in the same potential market as the sale of advertising space in local/regional newspaper titles?

Views of the Parties

3.37 The Parties stated that *"All local/regional newspaper in County Donegal experience strong competition in respect of customers and advertisers from both online platforms such as [Meta Platforms Inc. ("Meta")] and local radio stations such as Highland Radio."*⁸³

Views of Third Parties

3.38 Some advertising customers, such as Dentsu, highlighted audience reach and price as potential benefits of local radio advertising as compared to local/regional newspaper title advertising: *"Highland Radio in Donegal has very good listenership, 50% of adults listen daily. That would be a cheaper alternative. ... [i]n Ireland local radio is very important. For Donegal, the weekly reach ("listened yesterday")⁸⁴ of local radio is 70%."*⁸⁵ Dentsu stated that local radio has a relatively large target audience and *"local radio is best numbers-wise in the Donegal market."*⁸⁶

3.39 Some advertising customers stated that they consider local radio advertising as a substitute for local/regional newspaper title advertising. Havas stated that, *"radio ads can replace local press – in Donegal, [REDACTED]"*⁸⁷ Similarly, when asked if there are any alternative advertising forums that would reach the same audience as the Inishowen Independent, The Engine Room stated that it *"would consider local radio"*⁸⁸ and that *"radio is likely the most cost-effective form of advertising, as it has a more active listenership than an ad in a paper or on social media."*⁸⁹ When asked the same question, Spark Foundry, an

⁸³ Merger Notification Form, section 1.1, page 8.

⁸⁴ The reach of a radio station refers to the average weekday yesterday listenership, i.e., the number of people who listened/tuned into a station yesterday (average day), see [IPSOS Terms Definitions](#).

⁸⁵ Call with Dentsu, dated 17 September 2024, page 2.

⁸⁶ Call with Dentsu, dated 17 September 2024, page 3.

⁸⁷ Call with Havas, dated 16 September 2024, page 2.

⁸⁸ Call with the Engine Room, dated 13 September 2024, page 1.

⁸⁹ Call with the Engine Room, dated 13 September 2024, page 2.

advertising agency, stated that, *“while they have slightly different strengths, radio and online advertising can serve as an effective substitute for local newspapers.”*⁹⁰ When asked hypothetically, what the best placement of advertising would be for a small local café to best reach its target audience Havas stated, *“local press and radio would be effective... local trust is important in these areas.”*⁹¹

- 3.40 However, other advertising customers do not consider local radio advertising as a substitute for local/regional newspaper title advertising. When asked if local radio advertising is a substitute for local/regional newspaper title advertising, Donegal Education and Training Board (“Donegal ETB”), stated that *“No- they are two different mediums, have different advertising costs (with radio being more expensive,)... and adverts have to be much ‘smaller’ [in radio] which means you cannot fit in anywhere near the amount of information that you can in a newspaper advert... We use the local newspaper much, much more than we use local radio.”*⁹² Similarly, in response to this same question, Kellys Toyota (“Kellys Toyota”) stated, *“no, we currently do both, they serve different purpose[s].”*⁹³
- 3.41 Furthermore, another advertising customer of the Inishowen Independent, Fort Dunree Military Museum Company Limited by Guarantee (“Fort Dunree”), stated that if it could no longer advertise in the Inishowen Independent then it *“would not advertise”*.
- 3.42 John McCay Architect Limited (“McCay Architects”) stated that pricing differences were the reason why it does not view local radio advertising as a substitute for local/regional newspaper title advertising. For some advertising customers, local radio advertising is not a substitute for local/regional newspaper title advertising as, *“it is a regulatory requirement to publish our notices in print,”* as stated by the Foyle, Carlingford and Irish Lights Commission (“Loughs Agency”).⁹⁴ Another advertising customer, Cornerstone Associates (“CSARC”), stated that local radio advertising is *“not suitable for the type of advertising we do in relation to planning applications”* when asked if local radio advertising is a substitute for local/regional newspaper title advertising.⁹⁵

⁹⁰ Call with Spark Foundry, dated 13 September 2024, page 2.

⁹¹ Call with Havas, dated 16 September 2024, page 2.

⁹² Donegal ETB Questionnaire Response, dated 24 September 2024, question 5.

⁹³ Kelly’s Toyota Questionnaire Response, dated 23 September 2024, question 5.

⁹⁴ Loughs Agency Questionnaire Response, dated 27 September 2024, question 5.

⁹⁵ CSARC Questionnaire Response, dated 27 September 2024, question 5.

- 3.43 Some advertising customers noted differences between the ability to analyse audience reach between advertising in local/regional newspaper titles compared to local radio. For example, CSV noted that *“the local radio station can give you verified listenership, but it doesn’t give you a breakdown of that listenership by town or catchment area.”*⁹⁶
- 3.44 Several advertising customers simply stated that they did not consider local radio advertising as a substitute to local/regional newspaper title advertising. Such advertising customers include HML Plant Hire & Construction,⁹⁷ Inish Oils,⁹⁸ Inishowen Engineering Limited (*“Inishowen Engineering”*),⁹⁹ McDonald Boats,¹⁰⁰ McGonagle Oil Limited,¹⁰¹ McLaughlin Motor Factors Limited (*“McLaughlin Motor Factors”*),¹⁰² Michael D. White & Co. LLP (*“Michael D. White & Co.”*),¹⁰³ and Scoil Mhuire Buncrana.¹⁰⁴

Views of the Commission

- 3.45 The Commission and the Authority previously found that newspaper title advertising occupies a distinct product market from other media advertising platforms (i.e., radio, online).¹⁰⁵ The Authority also previously noted that advertisers have indicated that they do not consider radio and press to be substitutable advertising platforms.¹⁰⁶
- 3.46 During its assessment of the Proposed Transaction, the Commission has received mixed evidence from advertising customers as to whether local radio advertising is a substitute for advertising in local/regional newspaper titles. Some advertising customers that the

⁹⁶ Call with SVC, dated 24 September 2024, page 3.

⁹⁷ H. McLaughlin & Sons Limited (*“HML Plant Hire & Construction”*) Questionnaire Response, dated 23 September 2024, question 5.

⁹⁸ Inishowen Oil Company Limited (*“Inish Oils”*) Questionnaire Response, dated 23 September 2024, question 5.

⁹⁹ Inishowen Engineering Manufacturing Limited (*“Inishowen Engineering”*) Questionnaire Response, dated 30 September 2024, question 5.

¹⁰⁰ McDonald Boats Questionnaire Response, dated 24 September 2024, question 5.

¹⁰¹ McGonagle Oil Limited (*“McGonagle Oil”*) Questionnaire Response, dated 30 September 2024, question 5.

¹⁰² McLaughlin Motor Factors Questionnaire Response, dated 24 September 2024, question 5.

¹⁰³ Michael D. White & Co. Questionnaire Response, dated 26 September 2024, question 5.

¹⁰⁴ Scoil Mhuire Buncrana Questionnaire Response, dated 26 September 2024, question 5.

¹⁰⁵ See M/09/013 – *Metro/Herald AM*, paragraphs 3.72-3.72. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-09-013-Phase-2-Determination.public.pdf>; M/07/22 – *Thomas Crosbie Holdings/ South East Broadcasting*, paragraph 18. Available at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/Determination-M-07-022-TCH-WLRFM.pdf>.; M/17/009 – *Irish Post/Irish TV*, paragraph 15. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/02/M-17-009-Irish-Post-Irish-TV-Public.pdf>; and M/17/017 – *Landmark/Benchwarmers* paragraph 15. Available at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-17-017-Landmark-BenchWarmers-Public.pdf>.

¹⁰⁶ M/07/22 – *Thomas Crosbie Holdings/ South East Broadcasting*, paragraph 18. Available at <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/Determination-M-07-022-TCH-WLRFM.pdf>.

Commission engaged with stated that local radio advertising is a substitute for advertising in local/regional newspaper titles.¹⁰⁷ However, other advertising customers stated that local radio advertising is not a substitute for advertising in local/regional newspaper titles.¹⁰⁸ Some of these advertising customers stated that, in certain instances, local radio advertising cannot be a substitute due to specific characteristics of the advert i.e., road planning announcements require location-specific adverts.¹⁰⁹

Is the sale of online advertising in the same potential market as the sale of advertising space in local/regional newspaper titles?

Views of the Parties

3.47 In the Merger Notification Form, the Parties stated that:

“[Google Inc. (“Google”)] and Meta have established particularly strong positions in relation to online advertising (both in the State and internationally) and present a very significant competitive threat to traditional newspaper advertising.”¹¹⁰

“Likewise, advertising revenue has declined, as advertisers take advantage of the more widespread demand for digital ads and spend significantly less on print advertising.”¹¹¹

3.48 The Parties further stated that *“All local/regional newspapers in County Donegal experience strong competition in respect of customers and advertisers from both online platforms such as Meta and local radio stations such as Highland Radio”¹¹²* and *“It is abundantly clear that the rise that online media platforms have had, and will continue to have, at an exponential rate, has had a massive adverse impact on newspaper publishing and advertising.”¹¹³*

Views of Third Parties

3.49 Some advertising customers of both the Parties referenced the cost-effectiveness of online advertising when comparing it to local/regional newspaper title advertising. SVC noted that

¹⁰⁷ See Havas Call Note, Initiative Call Note, Dentsu Call Note, Spark Foundry Call Note, Brennans Pharmacy questionnaire response.

¹⁰⁸ SVC Call Note, Donegal ETB questionnaire response, Fort Dunree questionnaire response, HML Plant Hire & Construction questionnaire response, Inish Oils questionnaire response, Inishowen Engineering questionnaire response, McCay Architects questionnaire response, Kelly’s Toyota questionnaire response, McDonald Boats questionnaire response, McGonagle Oil questionnaire response, McLaughlin Motor Factors questionnaire response, Michael D. White & Co questionnaire response, and Scoil Mhuire Bunrana questionnaire response.

¹⁰⁹ Spark Foundry Call Note, Michael Galbraith Associates Limited Call Note, CSARC questionnaire response and Loughs Agency questionnaire response.

¹¹⁰ Merger Notification Form, section 5.3.1, page 32.

¹¹¹ Merger Notification Form, section 5.3.2, page 34.

¹¹² Merger Notification Form, section 1.1.1, page 8.

¹¹³ Merger Notification Form, section 4.1, page 17.

*“currently print media is the least cost-effective form of media in which to advertise- social media is the most cost effective.”*¹¹⁴ When asked whether online advertising reaches the same audience as local/regional newspaper titles and radio, Initiative Ireland Nominees Limited (“Initiative”) stated that *“online advertising can be quite targeted, whereas there is sometimes wastage in press and radio.”*¹¹⁵

3.50 However, other advertising customers of both the Parties cited some of the disadvantages of online advertising in comparison to local/regional newspaper title advertising. Dentsu expressed the review that *“local print is still more effective than online ads for targeting some audiences... hyper local online targeting is difficult because the digital market is fragmented.”*¹¹⁶ Fitzroy’s Bistro compared online advertising and local/regional newspaper title advertising and stated that it *“gets the same reach from local newspapers vs Google, but that the latter is more expensive and more random, whereas local newspapers is a surer way of ensuring that your advertisement reaches its intended audience.”*¹¹⁷ The Engine Room, another advertising customer of both the Parties, compared online advertising with local/regional newspaper title advertising and concluded that, *“the price of local newspaper advertising is very low, but that digital has more potential visibility.”*¹¹⁸

Views of the Commission

3.51 The Commission considered whether the potential market for the supply of advertising space in local/regional newspaper titles should include the sale of online advertising.

3.52 Often, an advertiser will pay an online platform such as Meta for online advertising, which is then distributed across several social media platforms such as Facebook and Instagram Inc. (“Instagram”). Based on the evidence provided to the Commission, it has found that smaller advertising customers do not pay for online advertising on a regular basis mainly due to budget constraints. Dentsu, a media agency who is a customer of both Parties, stated that offering advertising with Meta as an option to its clients *“depends on the money you have to spend. Meta is prohibitively expensive for small local businesses.”*¹¹⁹

¹¹⁴ Call with SVC, dated 24 September 2024, page 2.

¹¹⁵ Call with Initiative, dated 16 September 2024, page 2.

¹¹⁶ Call with Dentsu, dated 17 September 2024, page 3.

¹¹⁷ Call with Fitzroys Bistro, dated 20 August 2024, page 1.

¹¹⁸ Call with the Engine Room, dated 13 September 2024, page 2.

¹¹⁹ Call with Dentsu, dated 17 September 2024, page 3.

3.53 Of these smaller advertising customers, McLaughlin Motor Factors and HML Plant Hire stated that it would use social media as an alternative advertising method. Similarly, Fitzroy's Bistro stated that it *"does not pay much for advertising on Facebook"* and that it *"gets the same reach from local newspapers vs Google, but that the latter is more expensive and more random, whereas local newspaper is a surer way of ensuring that your advertisement reaches its intended audience."*¹²⁰

3.54 During its review, the Commission has received mixed evidence from advertising customers of both the Parties as to whether online advertising is a substitute for advertising in local/regional newspaper titles. Some advertising customers, mainly smaller customers, that the Commission engaged with stated that online advertising is not a substitute for advertising in local/regional newspaper titles mainly due to budget constraints.¹²¹ However, other advertising customers stated that online advertising is a substitute for advertising in local/regional newspaper titles due to wider audience and cost-effectiveness.¹²² Ultimately, however, as the inclusion or not of online advertising in a potential product market would not change the Commission's conclusions with respect to the Proposed Transaction, the Commission did not assess in further detail whether the sale of online advertising is in the same potential market as the sale of advertising space in local/regional newspaper titles.

Conclusion on the supply of advertising space in local/regional newspaper titles

3.55 The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, the Commission has decided to leave the precise product market definition open, as its assessment of the competitive effects of the Proposed Transaction would be unchanged whether the Proposed Transaction is assessed by reference to a product market that is wider than or narrower than the potential market for the sale of advertising space in local/regional newspaper titles. For the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction by reference to the sale of advertising space in local/regional newspaper titles.

Commission's conclusion on relevant product markets

3.56 In this instance, as the precise market definition does not alter the Commission's assessment of the competitive effects of the Proposed Transaction, the Commission has decided to leave

¹²⁰ Call with Fitzroys Bistro, dated 20 August 2024, page 1.

¹²¹ Call with SVC, dated 24 September 2024, page 3; and Call with Fitzroys Bistro, dated 20 August 2024, page 1.

¹²² Call with Spark Foundry, dated 13 September 2024, page 2 and 3.

the precise product market definition open. Taking into account all of the evidence and information in its possession, the Commission sees no reason to depart from its prior approach to product market definition as set out in the above-mentioned merger determinations in paragraph 3.13, which is that, for the purposes of its competitive assessment, the Commission has assessed the Proposed Transaction by reference to the following two potential relevant product markets:

- The publication of local/regional newspaper titles; and
- The supply of advertising space in local/regional newspaper titles.

3.57 The Commission notes that the Parties agreed with this approach to product market definition.

Relevant Geographic Markets

Relevant principles

3.58 The role of market definition is explained in the Commission's Merger Guidelines as follows:

"The product market(s) affected by a merger may be geographically bounded if geography limits some customers' willingness or ability to switch products or some suppliers' willingness or ability to supply to customers. The relevant geographic market is usually defined in terms of the location of suppliers and it includes those suppliers that customers consider to be feasible substitutes. The relevant geographic market may be local, regional, national or wider."¹²³

"The approach to defining the relevant geographic market is similar to that of product market definition. Both can use the SSNIP test as an analytical tool."¹²⁴

3.59 According to the Commission's Merger Guidelines:

"The relevant geographic market consists of all supply locations that would have to be included for the hypothetical monopolist to find it profitable to impose a small but significant non-transitory increase in price. Beginning with the location of each of the merging parties, the SSNIP test is applied by considering what would happen if a hypothetical monopolist of the relevant product at that location imposed a small but

¹²³ The Commission's Merger Guidelines, paragraph 2.19.

¹²⁴ The Commission's Merger Guidelines, paragraph 2.20.

significant non-transitory increase in price. If a sufficient number of customers switch to suppliers in other locations, the next closest location where customers can purchase the relevant product is included. The SSNIP test is thus iteratively applied until a hypothetical monopolist could profitably increase the price of the relevant product in a location or group of locations by a small but significant non-transitory amount. This location or group of locations is thus defined as the relevant geographic market.”¹²⁵

3.60 Having identified two potential relevant product markets, the Commission now assesses the geographic dimension of both potential markets:

- (i) The publication of local/regional newspaper titles; and
- (ii) The supply of advertising space in local/regional newspaper titles.

Views of the Parties

3.61 In the Merger Notification Form, the Parties stated the following in respect of geographic market definition:

“The Parties consider that the definition of the relevant product and geographic markets can be left open as, on any plausible basis, the Proposed Transaction does not give rise to any competition concerns. However, in order to assist the CCPC with its analysis, the Parties have considered the possible relevant markets in each of the areas of overlap according to the narrow market definitions used by the CCPC.”

“As regards geographic market definition, the CCPC and the European Commission have tended to define the geographic market for newspaper titles along national, regional, or local lines, on the basis of distribution and coverage of the titles involved (including the attractiveness of content to people in certain areas and/or persons wishing to advertise in those areas).¹²⁶

3.62 The Parties also stated that *“the relevant geographic market in respect of the Proposed Transaction is County Donegal.”¹²⁷*

¹²⁵ The Commission’s Merger Guidelines, paragraph 2.21.

¹²⁶ Merger Notification Form, Section 5.1.1, page 27.

¹²⁷ Merger Notification Form, section 1.1.1, page 3.

Commission's analysis of the relevant geographic market for the publication and sale of local/regional newspaper titles and the sale of advertising space in local/regional newspaper titles

3.63 The Commission has considered the Parties' view that the relevant geographic market is County Donegal for the following potential relevant product markets:

- (i) the publication of local/regional newspaper titles; and
- (ii) the supply of advertising space in local/regional newspaper titles.

3.64 Accordingly, the Commission has used County Donegal as the starting point for identifying the appropriate potential relevant geographic market for the purposes of assessing the competitive effects of the Proposed Transaction.

3.65 In coming to a view on the potential relevant geographic market(s), the Commission has considered whether the market should be narrower or wider than County Donegal.

The publication of local/regional newspaper titles

Is the relevant geographic market for the publication of local/regional newspaper titles narrower or wider than County Donegal?

3.66 The Commission considered whether narrowing the geographic market from County Donegal to the area surrounding the Inishowen Peninsula would impact the review of potential competitive effects arising from the Proposed Transaction. The Parties state that "*the majority of the Inishowen Independent's circulation sales are within Inishowen*"¹²⁸ as "[e]ffectively, [95-100%] of the Inishowen Independent's circulation is in the Inishowen Peninsula area of North Donegal."¹²⁹ However, Formpress submitted information to the Commission on the circulation of its multiple titles in County Donegal which sets out that some titles have a considerable circulation in the Inishowen area, namely, Donegal Post [20-25%] and Inish Times [70-75%].¹³⁰ In general, the set of local/regional newspapers available in the Inishowen area is the same as the available set in Donegal more widely. Therefore, there would appear to be little justification in narrowing the geographic market to the Inishowen Peninsula.

3.67 In terms of whether the market could be wider than County Donegal, the Commission notes that, while some newspapers based outside of County Donegal, such as the Derry Journal, have a limited readership within County Donegal, for the most part local/regional newspaper

¹²⁸ Merger Notification Form, Section 1.1, Page 4.

¹²⁹ Merger Notification Form, Section 3.3.2, Page 14.

¹³⁰ Circulation figures were provided by the Parties in correspondence with the Commission dated 31 July 2024.

titles which are available in County Donegal are not available outside of County Donegal, and vice versa. Therefore, there is evidence to suggest that the potential relevant geographic market is unlikely to be wider than County Donegal. Ultimately, however, as the precise scope of the geographic market would not change the Commission's conclusions with respect to the Proposed Transaction, the Commission did not assess this in further detail.

3.68 The Commission has concluded in this case that it was not necessary to consider a potential narrower or wider geographic market definition for the publication of local/regional newspaper titles than County Donegal, as doing so would not alter its assessment of the potential competitive effects arising from the Proposed Transaction.

The supply of advertising space in local/regional newspaper titles

3.69 While advertising customers of a local/regional newspaper title can be located nationwide, they tend to be based in the same area as the newspaper title's readership. For example, *"the Inishowen Independent ... sells over [95-100%] of its advertising to local advertisers in County Donegal, while the balance of less than [0-5%] is generated from national advertisers seeking to target business in County Donegal."*¹³¹

3.70 D&D Media stated that it receives *"occasional advertising from Dublin-based advertising agencies."*¹³² In response to further questions from the Commission, D&D Media provided a breakdown of its advertising customers for the period from 1 January 2023 to 31 July 2024. The Commission analysed this data and concluded that [70-75%]¹³³ of D&D Media's advertising customers for this period were local businesses with an address in County Donegal.¹³⁴

3.71 Further, the Parties referenced a nationwide decline in national advertisers placing adverts in local/regional newspaper titles. In the Formpress Phase 1 RFI Response, Formpress stated that *"national advertising in local/regional newspapers has fallen by approximately 80% over the last ten (10) years"*.¹³⁵ There are minimal numbers of adverts placed by national advertisers in local/regional newspaper titles; it is clear that the majority of the advertising customers of the Inishowen Independent are local businesses located within County Donegal.

¹³¹ Merger Notification Form, Section 1.1.1, page, 4.

¹³² D&D Media Phase 1 RFI Response, question 3.

¹³³ The Commission calculated this figure as the data showed that ████████ of a total ████████ advertising spend for the period from 1 January 2023 to 31 July 2024 was from local businesses with an address in County Donegal.

¹³⁴ Correspondence provided by D&D Media in response to further questions from the Case Team, dated 2 August 2024.

¹³⁵ Formpress Phase 1 RFI Response, question 2.

- 3.72 Ultimately, the purpose of advertising in newspapers is to reach the readership of those newspapers. It therefore stands to reason that the competitive landscape for the publication and sale of newspaper titles—which in this case has been left open but is being assessed on the basis of County Donegal—is highly similar to the competitive landscape for the supply of advertising in local/regional newspaper titles.
- 3.73 The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, the Commission has decided to leave the precise geographic market definition open but has assessed the competitive effects of the Proposed Transaction on the potential market for the supply of advertising space in local/regional newspaper titles by reference to a geographic market which is no wider than County Donegal.

Commission’s conclusion with respect to the potential relevant geographic markets for the publication and sale of local/regional newspaper titles and the sale of advertising space in local/regional newspaper titles

- 3.74 The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant geographic markets because doing so will not alter the Commission’s assessment of the competitive impact of the Proposed Transaction. However, for the purposes of its competitive analysis of the overlaps that exists between the Parties, the Commission has assessed the competitive impact of the Proposed Transaction by reference to the following potential relevant geographic markets:

- The publication of local/regional newspaper titles in County Donegal; and
- The supply of advertising space in local/regional newspaper titles in County Donegal.

Overall conclusion on relevant market definition

- 3.75 For the purposes of its competitive analysis of the horizontal overlap that exists between the Parties, the Commission has assessed the competitive effects of the Proposed Transaction by reference to the following potential markets:
- The publication of local/regional newspaper titles in County Donegal; and
 - The supply of advertising space in local/regional newspaper titles in County Donegal.

3.76 As the Commission has not come to a definitive view in respect of any relevant market, throughout this Determination a reference to “market” or “markets” implies a potential market or potential markets.

4. RELEVANT COUNTERFACTUAL

Introduction

4.1 The SLC test in section 22(3) of the Act requires an assessment of whether the result of a merger or acquisition will or will not be to substantially lessen competition in a relevant market. In assessing the likely effects of a merger on competition, the Commission, as in the present case, typically compares the competitive situation that may be expected to arise following the merger with that which would have prevailed without the merger. The market situation without the merger is often referred to as the “*counterfactual*”.¹³⁶

4.2 The Commission’s Merger Guidelines state that:

*“The term ‘counterfactual’ refers to the state of competition without the merger or acquisition. In other words the “actual” situation is the merger being put into effect and the “counterfactual” is the situation in the absence of the merger being put into effect. The counterfactual provides the reference point, or the point of comparison, for assessing competitive effects arising from a merger.”*¹³⁷

4.3 The sole purpose of establishing the counterfactual is therefore to provide a point of comparison for assessing the competitive effects arising from a given merger.¹³⁸ The “actual” situation for the purposes of assessing the competitive effects of the notified merger is that particular merger coming into effect, i.e., being implemented. This is compared with the “counterfactual” situation which identifies the most plausible conditions of competition which would have arisen in the absence of the notified merger. The absence of the notified merger is not the same as the notified merger not being implemented.¹³⁹

4.4 Inevitably there is a degree of uncertainty as regards hypothetical future events, and the Commission will consider all the evidence adduced by the parties as to whether there is likely to be an SLC in the future. The Commission must ultimately ask itself whether it is satisfied on the balance of probabilities that there will be an SLC caused by the merger. The Commission is, however, not under an obligation to make findings of fact (whether on a balance of

¹³⁶ The Commission’s Merger Guidelines, paragraph 1.12.

¹³⁷ The Commission’s Merger Guidelines, paragraph 1.12.

¹³⁸ The Commission’s Merger Guidelines, paragraph 1.12.

¹³⁹ The CCPC’s approach to establishing the counterfactual is consistent with that of other merger control authorities. The CCPC’s perspective is *ex ante* (as opposed to *ex post*) in the sense that it examines the situation absent the proposed transaction the time frame of which can begin before the transaction in question was proposed.

probabilities basis or otherwise) in respect of each item of evidence. Nor is it obliged to find that any particular potential event is more likely than not to occur before it can take it into account in its overall assessment of the probability of SLC.

4.5 Paragraph 1.15 of the Merger Guidelines states the following:

“[T]he Commission will expect the merging parties to substantiate any counterfactual they propose with objective evidence supported, where necessary, by independent expert analysis. Such evidence and analysis should obviously be consistent with the parties’ own internal pre-merger assessments of the likely counterfactual.”

4.6 The very act of the relevant parties agreeing to the merger and actions taken in pursuance of a merger may affect the competitive conditions arising on a given market.¹⁴⁰ For this reason, the Commission must distinguish between competitive effects that are specific to the merger, and other effects that may occur during the relevant period but which are not specific to the merger. As set out in recent determinations, the Commission’s position is that:

*“[a]ctions that are directly related to a merger or arise as a consequence of a merger would not have occurred in the absence of the merger. They are therefore irrelevant to the counterfactual assessment”.*¹⁴¹

4.7 The Commission generally adopts the prevailing conditions of competition as the counterfactual against which it assesses the impact of the merger, i.e., the situation prior to the merger or acquisition.¹⁴² However, as the counterfactual is necessarily forward-looking, this will not always be the case.¹⁴³ The Commission will consider whether the prevailing conditions of competition would likely have continued in the absence of the notified merger.¹⁴⁴

Views of the Parties and Third Parties

¹⁴⁰ For instance, one of the parties to a given merger (or indeed competitors of the parties to a merger) may put business plans into abeyance in anticipation of the merger being put into effect which they may not have done if the merger had never been contemplated in the first place. As these events are a consequence of the agreeing of a merger, they cannot be taken into account by the Commission.

¹⁴¹ Commission’s determination in merger notification M/21/079 – Uniphar/NaviCorp, paragraph 4.27 (a) and (b); M/21/021 – Bank of Ireland/Certain Assets of KBC, paragraphs 5.13 and 5.14; M/23/011- DAA plc/Certain assets of Mr Gerard Gannon, paragraph 4.8.

¹⁴² The Commission’s Merger Guidelines, paragraph 1.14.

¹⁴³ The Commission’s Merger Guidelines, paragraph 1.14. Typically, the prevailing conditions of competition involve the merging parties continuing to compete independently in the relevant market(s) identified by the Commission.

¹⁴⁴ This approach is consistent with that of other merger control authorities.

- 4.8 No submission was made to the Commission by the Parties in the Merger Notification Form, in response to any of the Parties' respective RFIs, concerning the relevant counterfactual.
- 4.9 The Commission received no third-party views explicitly commenting on a counterfactual.

Views of the Commission

- 4.10 The Commission's investigation has revealed no evidence to suggest that a relevant counterfactual other than the prevailing conditions of competition would be the appropriate counterfactual against which the Proposed Transaction should be assessed.

The Commission's conclusion on the relevant counterfactual

- 4.11 For the purposes of assessing the Proposed Transaction, the Commission considers that the relevant counterfactual is that, absent the Proposed Transaction, D&D Media would remain in the market and the *status quo* would prevail. The prevailing conditions of competition would be maintained, and D&D Media would remain an independent undertaking active in the potential relevant markets set out in Section 3.

5. COMPETITIVE ASSESSMENT

HORIZONTAL UNILATERAL EFFECTS

Introduction

5.1 In this section, the Commission sets out its analysis of the likelihood of horizontal unilateral effects occurring from the implementation of the Proposed Transaction in the market for the publication and sale of local/regional newspaper titles in County Donegal and in the market for the sale of advertising space in local/regional newspaper titles in County Donegal.

Relevant Principles

5.2 Unilateral effects, as explained in the Commission’s Merger Guidelines, occur when *“a merger results in the merged entity having the ability and the incentive to raise prices at its own initiative and without coordinating with its competitors.”*¹⁴⁵

5.3 In addition, the European Commission’s “Guidelines on the assessment of horizontal mergers under the Council Regulations on the control of concentrations between undertakings”, (the “EC Horizontal Merger Guidelines”) state the following in respect of *“Non-coordinated effects”*:

“A merger may significantly impede effective competition in a market by removing important competitive constraints on one or more sellers, who consequently have increased market power. The most direct effect of the merger will be the loss of competition between the merging firms. For example, if prior to the merger one of the merging firms had raised its price, it would have lost some sales to the other merging firm. The merger removes this particular constraint. Non-merging firms in the same market can also benefit from the reduction of competitive pressure that results from the merger, since the merging firms’ price increase may switch some demand to the rival firms, which, in turn, may find it profitable to increase their prices. The reduction in these competitive constraints could lead to significant price increases in the relevant market.”

¹⁴⁵ The Commission’s Merger Guidelines, paragraph 4.8.

*A number of factors, which taken separately are not necessarily decisive, may influence whether significant non-coordinated effects are likely to result from a merger. Not all of these factors need to be present for such effects to be likely”.*¹⁴⁶

- 5.4 In considering the likelihood of the implementation of the Proposed Transaction resulting in unilateral effects, the Commission assessed the submissions put forward by the Parties and the information collected from the Parties and third parties.

Assessment of the Market

- 5.5 In this section, in considering the extent to which the Proposed Transaction is likely to raise unilateral effects concerns, the Commission sets out below:

- (i) Views of the Parties;
- (ii) Impact of the Proposed Transaction on market structure and concentration in the publication and sale of local/regional newspaper titles in County Donegal;
- (iii) Impact of the Proposed Transaction on market structure and concentration in the sale of advertising space in local/regional newspaper titles in County Donegal; and
- (iv) Conclusion on assessment of horizontal unilateral effects.

Views of the Parties

- 5.6 In the Merger Notification Form, the Parties stated that the Proposed Transaction will not give rise to a SLC for two reasons: that the Proposed Transaction would not lead to a change in market structure, and that there remains a strong competitive constraint from internet and digital media.¹⁴⁷
- 5.7 As regards market structure, the Parties submit that the Proposed Transaction will “ensure the continuity of circulation of the *Inishowen Independent* for both consumers and advertisers which could not otherwise be guaranteed”.¹⁴⁸ For this reason, the Proposed Transaction,

¹⁴⁶ European Commission’s Horizontal Merger Guidelines, paragraph 24 and 26. Available here: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52004XC0205\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52004XC0205(02)).

¹⁴⁷ Merger Notification Form, section 5.3.2, pages 33-35.

¹⁴⁸ Merger Notification Form, section 5.3.1, page 32.

according to the Parties, will preserve for advertisers a choice of local/regional newspaper titles in which to place advertisements.¹⁴⁹

5.8 As regards any competitive constraint exercised by online and digital media, the Parties submit that “*newspapers have suffered dramatically from the rise of the Internet.*”¹⁵⁰ Specifically, the Parties assert that circulation has fallen as consumers use the internet as a source of news and other content, and that advertising revenue has declined as advertisers take advantage of cheap and effective forms of digital advertising. The Parties submit that, as a sector, print media “*faces challenges and significant competitive constraints in the age of digital media and internet.*”¹⁵¹

5.9 In the Formpress Phase 2 RFI Response, Formpress elaborated on its view of the threat to newspaper title advertising posed by online and digital advertising:

*“In today’s increasingly competitive market, local advertisers have more media options available to them than ever before. In the past local advertisers would have a choice between advertising in the local newspaper or on the local radio station, the growth of digital media has fundamentally changed that situation. Local advertisers now have many more options including online platforms like Google, Meta, and Instagram which offer highly targeted advertising solutions, allowing advertisers to reach specific demographics, behaviours, or geographic areas with precision. This level of targeting is difficult for traditional print media to match, especially in terms of real-time feedback and optimisation.”*¹⁵²

Impact of the Proposed Transaction on the publication of local/regional newspaper titles in County Donegal

5.10 In this section, the Commission sets out its analysis of the likelihood of horizontal unilateral effects occurring from the implementation of the Proposed Transaction in the market for the publication of local/regional newspaper titles in County Donegal.

5.11 In considering the likelihood of the implementation of the Proposed Transaction resulting in unilateral effects in the market for the publication of local/regional newspaper titles in County

¹⁴⁹ Merger Notification Form, section 5.3.1, page 32.

¹⁵⁰ Merger Notification Form, section 5.3.2, page 33.

¹⁵¹ Merger Notification Form, Section 3.5.2, page 34.

¹⁵² Formpress Phase 2 RFI response, 24 September 2024, question 7.

Donegal, the Commission has considered all the evidence available to it, including evidence provided by the Parties and third parties. The Commission has conducted this assessment and applied the principles outlined in paragraphs 5.2 to 5.415.4.

5.12 In this regard, the Commission sets out below:

- a) The structure of the market for the publication of local/regional newspaper titles in County Donegal;
- b) The concentration level of the market for the publication of local/regional newspaper titles in County Donegal; and
- c) Assessment of horizontal unilateral effects in the market for the publication of local/regional newspaper titles in County Donegal.

The structure of the market for the publication of local/regional newspaper titles in County Donegal

5.13 The Commission's Merger Guidelines states that "[a] central element in assessing the competitive impact of a merger is identifying its effect on market structure."¹⁵³ Market structure can be characterised by the number, size and distribution of firms in a market. A merger or acquisition will have an impact on market structure as the merging parties which were two firms pre-acquisition become one firm post-acquisition. In the case of the Proposed Transaction, the impact on the market structure is the removal of D&D Media and the likely transfer of its market share to Formpress.

5.14 The Commission assessed market structure and market concentration in relation to the market for the publication of local/regional newspaper titles in County Donegal.

5.15 The Commission has set out the market shares in the market for the publication of local/regional newspaper titles in County Donegal based on publishers' weekly circulation figures. These shares are set out in Table 5 below. These market shares are based on evidence provided to the Commission by the Parties.¹⁵⁴

¹⁵³ The Commission's Merger Guidelines, paragraph 3.1.

¹⁵⁴ Merger Notification Form, section 5.2, page 30-32.

Table 5: Market share estimates for the publication of local/regional newspaper titles in County Donegal

Owner	Newspaper title	Weekly Circulation	Annual Circulation Turnover	Market share by Weekly Circulation
D&D Media	Inishowen Independent	██████	██████████	[5-10%]
Formpress	Donegal Democrat	██████	██████████	[20-25%]
	Donegal Post	████	██████████	
	Inish Times	██████	██████████	
	Letterkenny Live	██████	-	
Merged Entity		██████████	██████████	[30-35%]
Northwest News Group	Donegal News (Monday)	██████	██████████	[30-35%]
	Donegal News (Thursday)	██████	██████████	
National World	Derry Journal (Tuesday)	██████	██████████	[10-15%]
	Derry Journal (Friday)	██████	██████████	
Voice Publishing Company Limited	Finn Valley Voice	██████	██████████	[5-10%]
Tirconail Tribune Limited	Tirconail Tribune	██████	██████████	[15-20%]

Source: The Parties

5.16 As shown in Table 5, following the implementation of the Proposed Transaction, Formpress’ market share will increase by [5-10%], to [30-35%], in the market for the publication of local/regional newspaper titles in County Donegal, making it the second-largest competitor in the relevant market.

- 5.17 Following the implementation of the Proposed Transaction, there will remain 4 independent local/regional newspaper title publishers in County Donegal, in addition to Formpress. In particular, Formpress will face a competitive constraint from the Northwest News Group, which holds a [30-35%] share of the market, and from Tirconaille Tribune Limited, which holds a [15-20%] share of the market.

The concentration level of the market for the publication of local/regional newspaper titles in County Donegal

- 5.18 Market concentration refers to the degree to which production or supply in a particular market is concentrated in the hands of a few large firms. The Commission's Merger Guidelines state the following:

"Market concentration provides a snapshot of market structure and is often a useful indicator of the likely competitive impact of a merger. It is of particular relevance to the assessment of horizontal mergers. A horizontal merger that has little impact on the level of concentration in the market under consideration is unlikely to lead to an SLC.

Market concentration, however, is not determinative in itself. A high level of market concentration post-merger is not sufficient, in and of itself, to conclude that a merger is likely to lead to an SLC. Other relevant factors (such as, for example, the closeness of competition between the merging parties, market dynamics, barriers to entry and expansion, etc.) will be examined by the Commission before any conclusion is reached concerning the likely competitive impact of a merger.

Market shares are important when measuring concentration. The market shares of firms in the market can give an indication of the extent of a firm's market power. The combined market share of the merging parties, when compared with their respective market shares pre-merger, can provide an indication of the change in market power resulting from the merger. Competition concerns are more likely to arise when the merger creates a merged entity with a large market share."¹⁵⁵

¹⁵⁵ The Commission's Merger Guidelines, paragraphs 3.2 to 3.4.

5.19 The Commission’s Merger Guidelines set out that the Commission utilises the Herfindahl-Hirschman Index (“HHI”) as a measure of market concentration.¹⁵⁶ The Commission’s Merger Guidelines state that the Commission will have regard to the following HHI thresholds:

“A post-merger HHI below 1,000 is unlikely to cause concern. Any market with a post-merger HHI greater than 1,000 may be regarded as concentrated and highly concentrated if greater than 2,000. Except as noted below, in a concentrated market a delta of less than 250 is unlikely to cause concern and in a highly concentrated market a delta of less than 150 is unlikely to cause concern.”¹⁵⁷

5.20 Based on the market share estimates provided in Table 5 above, the HHI for the market for the publication of local/regional newspaper titles in County Donegal, prior to the implementation of the Proposed Transaction, is [REDACTED]. Following the implementation of the Proposed Transaction, the HHI for the market for the publication of local/regional newspaper titles will be [REDACTED]. The delta is [REDACTED].

5.21 The Commission notes that, based on the Commission’s Merger Guidelines, the post-merger HHI indicates that the market for the publication of local/regional newspaper titles in County Donegal is highly concentrated. The Commission further notes that the delta, at [REDACTED], is above the level at which the Commission would consider a transaction unlikely to cause concern.

Conclusion on horizontal unilateral effects in the market for the publication of local/regional newspaper titles in County Donegal

5.22 In this section the Commission sets out its assessment of horizontal unilateral effects in the market for the publication of local/regional newspaper titles in County Donegal.

5.23 The Commission considers that the Proposed Transaction will not lead to an SLC in the market for the sale and publication of local/regional newspaper titles for the following reasons:

- **First**, following the implementation of the Proposed Transaction, there will remain 4 independent local/regional newspaper title publishers in County Donegal. In particular, Formpress will face a competitive constraint from the Northwest News Group, which holds a [30-35%] share of the market, and from Tirconaille Tribune Limited, which holds a [15-20%] share of the market;

¹⁵⁶ The Commission’s Merger Guidelines, paragraph 3.9.

¹⁵⁷ The Commission’s Merger Guidelines, paragraph 3.10.

- **Second**, as set out in Section 2 above, the newspaper sector competes for audience to some extent with other forms of media, such as online and digital media and radio. The overall decline of local/regional newspaper title sales, as detailed in Table 3 above, is illustrative of the pressures the newspaper sector faces.

5.24 For these reasons, the Commission considers that the Proposed Transaction will not lead to an SLC in the market for the publication of local/regional newspaper titles in County Donegal.

Impact of the Proposed Transaction on the sale of advertising space in local/regional newspaper titles in County Donegal

5.25 In this section, the Commission sets out its analysis of the likelihood of horizontal unilateral effects occurring from the implementation of the Proposed Transaction in the market for the sale of advertising space in local/regional newspaper titles in County Donegal.

5.26 In considering the likelihood of the implementation of the Proposed Transaction resulting in unilateral effects in the market for the sale of advertising space in local/regional newspaper titles in County Donegal, the Commission has considered all the evidence available to it, including evidence provided by the Parties and third parties. The Commission has conducted this assessment and applied the principles outlined in paragraphs 5.2- 5.4.

5.27 In this regard, the Commission sets out below:

- (i) Market structure for the sale of newspaper title advertising space in local/regional newspaper titles in County Donegal;
- (ii) The concentration level of the market for the sale of newspaper title advertising space in local/regional newspaper titles in County Donegal;
- (iii) Closeness of competition;
- (iv) Competitive constraints from outside the relevant market;
- (v) Barriers to entry and expansion; and
- (vi) Assessment of horizontal unilateral effects in the market for the sale of advertising space in local/regional newspaper titles in County Donegal.

Market structure for the sale of newspaper title advertising space in local/regional newspaper titles in County Donegal

5.28 Table 6 below sets out estimated shares for the market for the sale of advertising space in local/regional newspaper titles in County Donegal.

Table 6: Estimated shares for the sale of advertising space in local/regional newspaper titles in County Donegal

Owner	Newspaper title	Annual Turnover for Advertising	Market Share by title	Market share by independent competitor
D&D Media	Inishowen Independent	████████	[15-20%]	[15-20%]
Formpress	Donegal Democrat	████████	[10-15%]	[30-35%]
	Donegal Post	████████	[0-5%]	
	Inish Times	████████	[5-10%]	
	Letterkenny Live	████████	[10-15%]	
Merged Entity		████████	[45-50%]	[45-50%]
Northwest News Group	Donegal News (Monday)	████████	[0-5%]	[20-25%]
	Donegal News (Thursday)	████████	[15-20%]	
National World	Derry Journal (Tuesday)	████████	[0-5%]	[10-15%]
	Derry Journal (Friday)	████████	[5-10%]	
Voice Publishing Company Limited	Finn Valley Voice	████████	[0-5%]	[0-5%]
Tirconail Tribune Limited	Tirconail Tribune	████████	[15-20%]	[15-20%]

Source: The Parties' estimates

5.29 Based on the above, the Inishowen Independent currently has an estimated share of [15-20%] in the relevant market, while Formpress has an estimated share of [30-35%]. As a result of the Proposed Transaction, Formpress's market share will increase by [15-20]%. Accordingly,

following completion of the Proposed Transaction, Formpress will have an estimated [45-50%] share in the market for the sale of advertising space in local/regional newspaper titles in County Donegal.

The concentration level of the market for the sale of newspaper title advertising space in local/regional newspaper titles in County Donegal

5.30 The Commission calculated HHIs and HHI deltas based on the market share estimates for the sale of advertising space in local/regional newspaper titles in County Donegal set out in Table 6 above. The relevant market has a pre-Proposed Transaction HHI of [1850-2900], and a post-Proposed Transaction HHI of [2750-3775]. In both cases, these mean the market is ‘highly concentrated’, according to the Commission’s Merger Guidelines.¹⁵⁸ The HHI delta is [800-1200]. Based on these HHI calculations, and consistent with the Commission’s Merger Guidelines,¹⁵⁹ the Commission’s view is that the HHI delta of [800-1200] is significantly higher than the threshold of 150 below which the Commission could conclude that, on the basis of market concentration, the Proposed Transaction is unlikely to cause concern.

5.31 The Commission considers that the Proposed Transaction would result in an increase in concentration in the market for the sale of advertising space in local/regional newspaper titles in County Donegal, and that the increase in concentration occurs in a highly concentrated market. Contrary to the submissions of the Parties in the Merger Notification Form that the Proposed Transaction will not lead to a change in market structure,¹⁶⁰ the fact that the number of local/regional newspaper titles in which to advertise will remain unchanged following completion of the Proposed Transaction does not imply that the structure of the market is the same. It is the number of *independent* operators in a market that is relevant when considering the impact of a merger on the structure of a market.

Closeness of competition

5.32 In the Formpress Phase 2 RFI Response, Formpress stated:

¹⁵⁸ The Commission’s Merger Guidelines, paragraph 3.10.

¹⁵⁹ See the Commission’s Merger Guidelines, paragraph 3.10, which details that a post-merger HHI greater than 2000 may be regarded as highly concentrated, and that, in highly concentrated markets, only a delta of less than 150 is unlikely to cause concern.

¹⁶⁰ Merger Notification Form, Section 5.3.1, page 32.

“It is rare to compete with other local newspapers, as, even when there are multiple titles in a county it is usual that each title will be stronger in a specific part of the county”.¹⁶¹

5.33 The Commission considers that the Parties compete closely for advertising customers in the Inishowen Peninsula, and to a lesser extent in the wider County Donegal. The Commission has formed this view based on the Parties’ submissions in the Merger Notification Form, and accompanying documentation provided to the Commission during its investigation.¹⁶²

5.34 In the Merger Notification Form, the Parties stated that [95-100%] of the circulation of the *Inishowen Independent* is within the Inishowen Peninsula.¹⁶³

5.35 Formpress submitted a spreadsheet to the Commission which detailed the number of copies of its local/regional newspaper titles which it sold in County Donegal and the Inishowen Peninsula, and the corresponding location of those sales.¹⁶⁴ Using this spreadsheet, the Commission has examined the extent to which each Formpress title competes on the Inishowen Peninsula:

- [70-75%] of the circulation of the *Inish Times* occurs within the Inishowen Peninsula.¹⁶⁵
- [20-25%] of the circulation of the *Donegal Post* occurs within the Inishowen Peninsula.
- [0-5%] of the circulation of the *Donegal Democrat (Thursday)* occurs within the Inishowen Peninsula.
- [0-5%] of the circulation of the *Donegal Democrat (Tuesday)* occurs within the Inishowen Peninsula.

5.36 Based on the submissions of the Parties in the Merger Notification Form, and the analysis conducted by the Commission, the Commission considers that, of the local/regional

¹⁶¹ Formpress Phase 2 RFI Response question 8.

¹⁶² The accompanying documentation includes a spreadsheet submitted by the Parties on 31 July 2024, in response to an informal information request from the Commission dated 29 July 2024. The spreadsheet identifies the retail traders which Formpress supplies its titles to on a wholesale basis.

¹⁶³ Merger Notification Form, Section 3.3.2, page 14.

¹⁶⁴ The spreadsheet, as outlined in Footnote 162 above, includes a ‘net sales’ column, which details the number of copies of Formpress titles supplied to the retail trader and excludes those copies which were returned to Formpress. The Commission considers that the net sales figure is therefore likely to represent the number of Formpress titles which were sold to end-users by each retail trader.

¹⁶⁵ The Inishowen Peninsula includes the following areas: Buncrana, Carndonagh, Malin, Moville, Culdaff, Ballyliffin, Quigley’s Point, Fahan, Burt, Newtown, Killea, and Manor.

newspaper titles owned by the Parties, only the *Inishowen Independent* and the *Inish Times* source the majority of their sales from within the Inishowen Peninsula. This suggests that, in terms of the horizontal overlap between the activities of the Parties, the *Inishowen Independent* likely does compete closely with the *Inish Times*. The *Inishowen Independent* competes to a lesser extent, if at all, with other Formpress local/regional newspaper titles for which the Inishowen Peninsula accounts only for a small portion of their circulation.

- 5.37 The Commission therefore considers that within County Donegal, D&D Media competes with Formpress closely within the Inishowen Peninsula, but to a lesser extent outside of the Inishowen Peninsula. On the Inishowen Peninsula, the following third-party newspaper titles are also available: *Donegal News*, *Derry Journal*, *Finn Valley Voice* and *Tirconaill Tribune*.

Competitive constraints from outside the relevant market

- 5.38 The Commission, during its investigation, identified competitive constraints from outside the market for the sale of local/regional newspaper title advertising space, including online and digital media, and local radio.

Online and Digital Media

Views of the Parties

- 5.39 In the Merger Notification Form, the Parties cite the “*significance of the growth of Internet and online platforms such as Google and Meta as competitive threats to traditional newspaper markets, both in terms of circulation and advertising*”.¹⁶⁶ The Parties state that online media platforms have “*had a massive adverse impact on newspaper publishing and advertising*.”¹⁶⁷
- 5.40 In support of these statements, the Parties provided to the Commission marketing data from Targeted Group Index (“TGI”), compiled by Kantar Media, which details the proportion of the population of County Donegal which each advertising medium reaches annually.¹⁶⁸ The TGI data provided to the Commission indicate that Facebook and newspaper title websites reached [75-80%] and [70-75%], respectively, of the population of County Donegal in 2021, whereas national daily newspaper titles reach [25-30%] of the population of County Donegal.
- 5.41 Similarly, in in the Formpress Phase 1 RFI Response, Formpress stated the following:

¹⁶⁶ Merger Notification Form, Section 4.1, page 17.

¹⁶⁷ Merger Notification Form, Section 4.1, page 17.

¹⁶⁸ TGI data are data collected about consumer behaviour in media markets.

“National advertising in local/ regional newspapers has fallen by approximately 80% over the last ten (10) years and this is due to the dominance of digital companies like Meta and Google massively increasing their share of national advertising budgets over that period.”¹⁶⁹

Views of the Commission

5.42 The Commission notes that online advertising has grown substantially in recent decades and represents an increasingly high share of total advertising. By taking advantage of both historical and real-time data collected on user behaviour, online platforms can potentially target advertisements at particular users or geographic regions more effectively than other forms of media. This means that online advertising may be particularly effective for advertisements seeking to reach specific groups or demographics. This may be the case particularly for younger demographics, for whom online media represents a larger proportion of their media consumption. The ability of online platforms to target and tailor advertisements to users and regions poses a threat to local/regional newspaper titles, who would traditionally have touted their ability to target advertisements locally as a competitive advantage.

5.43 As noted above, at paragraph 2.23, the Commission identified distinct advertising customer groups during its investigation. In interviews conducted with media agencies, it was communicated to the Commission that online and digital forms of advertising can be used as an alternative to local/regional newspaper title advertising.¹⁷⁰

5.44 Media agencies seek to use the most effective form of advertising to satisfy their clients’ needs. Effectiveness, in this context, refers to both cost-effectiveness and substantive effectiveness (i.e., choosing the correct medium for the client’s particular brand and target audience). Online and digital forms of advertising, and social media can be highly cost-effective and allow for a greater level of targeting than other forms of media. For example, Havas, an advertising agency, stated on a call with the Commission that social media advertising is the most effective form of advertising on a “*cost-per-acquisition metric*”, because “*you can track behaviour and serve ads when they are more likely to make a purchase.*”¹⁷¹ Havas stated that,

¹⁶⁹ Formpress Phase 1 RFI Response, question 2.

¹⁷⁰ The Commission spoke with the following media agencies during its review of the Proposed Transaction: Dentsu, Havas, Initiative, Spark Foundry and the Engine Room.

¹⁷¹ Call with Havas, dated 16 March 2024, page 2.

in terms of effectiveness of advertising medium, that *“it would be social media, TV, radio, then press.”*¹⁷²

5.45 However, some third parties which the Commission engaged with stated that advertising in local/regional newspaper titles can still be more cost-effective than digital advertising. For example, some demographics do not use digital media enough for it to be cost-effective to place heavy reliance on online platforms as a form of local advertising. For example, Dentsu, an advertising agency, stated on a call with the Commission that advertising with Meta, a social media platform, *“is prohibitively expensive for small local businesses”*.¹⁷³ Local/regional newspaper titles or local radio can therefore remain an effective means of reaching customers.¹⁷⁴

5.46 The Commission considers, therefore, that it is likely that online advertising exerts a degree of competitive constraint on local/regional newspapers, though the extent of that is likely variable and context dependent. Indeed, as the effectiveness of advertising is, in large part, determined by the reach of that advertising, the overall decline of local/regional newspaper title sales is likely to lead to local/regional newspaper titles facing increased competitive pressures from other modes of advertising, such as online, where the reach is potentially greater. D&D Media, in the D&D Media Phase 2 RFI Response, stated that *“it is the customer who holds all the power when it comes to newspaper advertising [sic]– and more so in recent years because of the decline of newspaper sales and the myth that because something is posted on Facebook everyone will see it.”*¹⁷⁵

Local Radio

Views of the Parties

5.47 In the Merger Notification Form, the Parties state the following:

¹⁷² Call with Havas, dated 16 March 2024, page 2.

¹⁷³ Call with Dentsu, dated 17 September 2024, page 4.

¹⁷⁴ For example, Dentsu, an advertising agency, stated on a call with the Commission: *“Digital [advertising] can look cheaper, but [it] can be harder to reach the numbers you would reach by more traditional forms.”* Call with Dentsu, dated 17 September 2024, page 2.

¹⁷⁵ D&D Media Phase 2 RFI Response, question 7.

“All local/regional newspapers in County Donegal experience strong competition in respect of customers and advertisers from both online platforms such as Meta and local radio stations such as Highland Radio.”¹⁷⁶

Views of the Commission

- 5.48 As noted above, at paragraph 2.36, the Commission identified local radio, in particular Highland Radio, as a prominent advertising outlet in Donegal. In the course of its investigation, the Commission spoke both with media agencies, and with SMEs operating in the local area, about the substitutability or otherwise of local radio for local/regional newspaper titles as a form of advertising, with a view to ascertaining the magnitude of the competitive constraint exercised by local radio on local/regional newspaper titles with respect to the sale of advertising.
- 5.49 As regards media agencies, Dentsu thought local radio to be an effective advertising medium, by virtue of its significant listenership in County Donegal.¹⁷⁷
- 5.50 As regards SMEs, some expressed the view to the Commission that local radio and local/regional newspaper titles are not substitutable for the purpose of placing advertisements. For example, the Donegal ETB, in response to a questionnaire circulated by the Commission to SMEs in County Donegal, stated the following in relation to whether local/regional newspaper titles and local radio are substitutable from the perspective of advertisers:

“No - they are two different mediums, have different advertising costs (with radio being more expensive, our schools for example would not have budgets for advertising on radio) and adverts have to be much 'smaller' which means you cannot fit in anywhere near the amount of information that you can in a newspaper advert. Moreover, if you miss a radio advert, you have no way of hearing it again other than having to listen for a prolonged period, whereas with a newspaper you have a copy of the advert. We work with a diverse range of communities, audiences and age groups and need to use a diverse range of communications tools. We use the local newspapers much, much more than we use local radio.”¹⁷⁸

¹⁷⁶ Merger Notification Form, page 8.

¹⁷⁷ Dentsu call note, dated 17 September 2024, page 2.

¹⁷⁸ Donegal ETB questionnaire response, dated 25 September 2025, question 5.

- 5.51 Similarly, some SMEs are required by law to publish certain notices in local/regional newspaper titles. Thus, CSARC, a firm of architects, stated that local radio is “[N]ot suitable for the type of advertising we do in relation to planning applications.”¹⁷⁹
- 5.52 For these customers, radio and newspaper title advertisements serve different purposes. There are differences between radio advertisements and advertisements which appear in local/regional newspaper titles. For example, radio advertisements are in audio form, and they can only attract the attention of the consumer while the audio message is on air. Newspaper title advertisements, on the other hand, use text and images, and they can capture the attention of a consumer for as long as the newspaper title is visible. SMEs in County Donegal emphasised these distinctions and indicated that local/regional newspaper title advertisements serve a distinct purpose in their marketing strategies. Additionally, two customers expressed the view that advertising on local radio is more expensive than advertising in local/regional newspaper titles.¹⁸⁰
- 5.53 In summary, the Commission considers the evidence it gathered points to radio advertising being a substitute for some customer groups, but not for other customer groups. As such, the behaviour of local/regional newspaper titles in the sale of advertising space may be influenced by, and subject to limited competitive constraints from, local radio.

Barriers to entry and expansion

- 5.54 The Commission considers that features of the newspaper sector suggest that new entry into the market for the sale of newspaper title advertising space in County Donegal is unlikely, but that expansion by existing competitors is possible.

Barriers to Entry

- 5.55 As noted at paragraph 2.43, the newspaper sector is in decline. Circulation figures have fallen steadily over the last decade, and advertising revenue has deteriorated. The market for the sale and publication of newspaper titles in County Donegal, and for the sale of advertising space in newspaper titles in County Donegal, is reflective of the decline of the newspaper sector generally.

¹⁷⁹ CSARC questionnaire response, dated 27 September 2025, question 5.

¹⁸⁰ Donegal ETB questionnaire response dated 24 September 2024 question 4, John McCay Architects questionnaire response dated 25 September 2024 question 5 and

5.56 For example, as shown in Table 3, the average weekly circulation of the Donegal Democrat (Tuesday), has fallen from [REDACTED] copies in 2018, to [REDACTED] in 2023.¹⁸¹ Similarly, as shown in Table 4, annual advertising revenues generated by the Donegal Democrat (Tuesday) have fallen from [REDACTED] in 2018, to [REDACTED] in 2023.¹⁸²

5.57 Additionally, the Parties, in the Merger Notification Form, submitted to the Commission a report published by PWC entitled “Ireland’s Entertainment & Media Outlook 2023-2027”.¹⁸³ In this report, PWC state:

*“The Irish newspaper market was worth €379m in 2022 and will fall to €288m in 2027. Digital revenue will rise from €88m to €113m over the next five years but will not outweigh the decline in print from €291m to €175m over the forecast period”.*¹⁸⁴

5.58 Additionally, the Parties, in the Merger Notification Form, also identified several paid for and free local/regional newspaper titles which have closed in the last 10 years, further indicating that the local/regional newspaper sector is in decline, and that new entry is unlikely.¹⁸⁵

5.59 Further, there remain a number of local/regional newspaper titles in County Donegal, each competing for a declining readership. There are nine local/regional newspaper titles in the County Donegal area, and six corresponding owners (see Table 2: List of local/regional newspaper titles active in Donegal and their respective owners.).

5.60 A noticeable trend in the local/regional newspaper sector in the State has been the consolidation of ownership of local/regional newspaper titles in corporate entities such as Formpress. For example, since 2018, the Commission has reviewed the acquisition by Formpress of three companies active in the publication of local/regional newspaper titles, and

¹⁸¹ The corresponding figures for other Formpress titles in County Donegal are as follows: *Donegal Democrat (Thursday)* – [REDACTED] copies in 2018 to [REDACTED] copies in 2023; *Donegal Post* – [REDACTED] copies in 2019 to [REDACTED] copies in 2023; *Inish Times* – [REDACTED] copies in 2019 to [REDACTED] copies in 2023.

¹⁸² The corresponding figures for other Formpress titles in County Donegal are as follows: *Donegal Democrat (Thursday)* – [REDACTED] in 2018 to [REDACTED]; *Donegal Post* – [REDACTED] in 2020 to [REDACTED] in 2023; *Inish Times* – [REDACTED] in 2020 to [REDACTED] in 2023.

¹⁸³ Ryan, N. (2023) ‘Ireland’s Entertainment and Media Outlook 2023-2027’, PWC, 6 November. Available at: <https://www.pwc.ie/industries/technology-media-telecommunications/insights/entertainment-media-outlook-2023-2027.html>.

¹⁸⁴ Ryan, N. (2023) ‘Ireland’s Entertainment and Media Outlook 2023-2027’, PWC, 6 November. Available at: <https://www.pwc.ie/industries/technology-media-telecommunications/insights/entertainment-media-outlook-2023-2027.html>.

¹⁸⁵ *Carlow People; Clare People; Connacht Sentinel; East Cork Journal; Enniscorthy Echo; Gorey Echo; Limerick Chronical; Longford News; Navan Weekender; Munster Express Weekend Edition; Naas Newbridge Nationalist; New Ross Echo; Roscommon Champion; The Kingdom; Waterford People; Wexford Echo; The Fingal Independent; The Kildare Post; The Kilkenny Reporter; South Tipp Today; Finn Valley Post; The Letterkenny Post.*

the sale of advertising space therein.¹⁸⁶ These transactions transferred ownership to Formpress of thirteen local/regional newspaper titles.¹⁸⁷ Such consolidation may be expected given the commercial pressures facing the sector.

- 5.61 The Commission considers that new entry into the market, in the form of a new newspaper title, is unlikely, in light of the observed industry decline. The most recent local/regional newspaper title to enter the relevant market was the *Inishowen Independent* in 2007.

Barriers to expansion

- 5.62 On the other hand, for established participants, the Commission considers that there are not significant barriers to expansion in the market for the sale of local/regional newspaper title advertising space in County Donegal, in terms of competing for increasing proportions of the existing readership and advertising revenue in the relevant markets. This is because there are unlikely to be significant costs to a local/regional newspaper title of increasing the number of advertisements they can run in a particular issue. To some extent, page numbers in newspaper titles are unconstrained—a publisher can add sheets to the newspaper title to accommodate more advertising space when required.¹⁸⁸ If the Proposed Transaction were to lead to an increase in the prices charged by the merged entity for newspaper title advertising space, the Commission considers that a competing newspaper title could, quickly and at relatively low cost, increase the available space in their newspaper title for advertising, to accommodate advertisers seeking to move away from the merged entity.¹⁸⁹

Conclusions on barriers to entry and expansion

- 5.63 In light of the above, whilst new entry into the market for the sale of newspaper title advertising space in County Donegal seems unlikely, the Commission considers that existing

¹⁸⁶ M/18/092 – *FormPress Publishing (Iconic)/assets of River Media*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/12/M-18-092-Formpress-Publishing-Iconic-Assets-of-River-Media-Public-Determination-.pdf>. M/19/010 – *FormPress Publishing (Iconic)/assets of Midland Tribune*. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>. M/22/060 – *Formpress Publishing (Iconic) / Mayo News*. Available at: <M.22.60-Formpress-Mayo-News-Public-Determination.pdf>.

¹⁸⁷ *The Letterkenny Post; The Finn Valley Post; The Kildare Post; The Inish Times; The Donegal Post; Derry News; Derry Now; County Derry Post; Donegal Now; Kildare Now; The Midland Tribune; The Tullamore Tribune; and Mayo News*.

¹⁸⁸ The Commission acknowledges that this is true within reason. At some level, the size of the newspaper title would likely become unattractive to purchase for potential readers.

¹⁸⁹ As noted above, at paragraph 2.13, D&D Media's market share in the market for the sale of advertising space in local/regional newspapers in County Donegal is higher than its market share in the market for the publication and sale of local/regional newspapers in County Donegal. This suggests that the revenue a title can generate from the sale of advertising space does not directly depend on its share of circulation; local/regional newspaper titles are, to an extent, able to generate new revenues from the sale of advertising space without growing circulation.

competitors can remain strong competitive constraints, with the potential to expand if the merged entity were to begin offering worse terms to its customers.

- 5.64 For these reasons, the Commission considers that, while the entry of new competitors is, in the Commission's view, unlikely, existing competitors will continue to exercise a competitive constraint on the behaviour of the merged entity.

Conclusion on horizontal unilateral effects in the market for the sale of advertising space in local/regional newspaper titles in County Donegal

- 5.65 The Commission considers that the Proposed Transaction will not lead to an SLC the market for the sale of newspaper title advertising space in local/regional newspaper titles in County Donegal.

- 5.66 With respect to the market for the sale of advertising space in local/regional newspaper titles in county Donegal, while the market is highly concentrated pre-Proposed Transaction, the Commission considers that the Proposed Transaction will not lead to an SLC for the following reasons:

- 5.67 First, as referenced previously, the markets for the publication of newspaper titles and the markets for the supply of newspaper title advertising space are interdependent. As noted above, there remain a number of other suppliers of local/regional newspaper titles in County Donegal, with whom advertisers may place newspaper title advertisements. Switching between local/regional newspaper titles for the purposes of placing advertisements is not expensive, and it can be done quickly in response to an exercise of market power by a market leader (the price of newspaper title advertising space is renegotiated regularly). Additionally, competing newspaper titles would be capable, were Formpress to increase the price of newspaper title advertising space in the Inishowen Independent, of increasing the volume of advertising space in their publications. These dynamics will impose a competitive constraint on the behaviour of Formpress following the implementation of the Proposed Transaction.

- 5.68 Second, and relatedly, the newspaper sector competes with other forms of media, such as online and digital media and radio, for the custom of advertisers. The overall decline of local/regional newspaper title sales is likely to lead to local/regional newspaper titles facing increased competitive pressures from other modes of advertising, such as online, where the reach is potentially greater. In this regard, the increasing popularity of digital and online forms

of advertising, and the particular prominence of Highland Radio in Donegal, pose a real threat to the market for the sale of newspaper title advertising space in County Donegal.

- 5.69 The Commission considers that the combination of these competitive constraints are sufficient to constrain the ability of Formpress to exercise market power following completion of the Proposed Transaction.

Overall Conclusion on Horizontal Unilateral Effects

- 5.70 Therefore, for the reasons set out above, the Commission considers that the Proposed Transaction does not raise horizontal competition concerns in: (i) the potential market for the publication of local/regional newspaper titles in County Donegal; or (ii) the potential market for the sale of newspaper title advertising space in local/regional newspaper titles in County Donegal.

6. COMPETITIVE ASSESSMENT COORDINATED EFFECTS

- 6.1 Coordinated effects can occur where a proposed transaction changes the nature of competition in the relevant market by making it more likely that the merged entity and some or all of its competitors will coordinate their behaviour by, for example, raising prices and/or decreasing output. Thus, the key question¹⁹⁰ is whether a proposed transaction would materially increase the likelihood that firms would successfully coordinate their behaviour or would strengthen existing coordination between firms in this market.
- 6.2 Section 5 sets out that, based on the information in the possession of the Commission, the likely effects of the Proposed Transaction in the market for the publication of local/regional newspaper titles in County Donegal and in the market for the sale of advertising space in local/regional newspaper titles in County Donegal are mainly unilateral in nature.
- 6.3 On the basis of the information in the possession of the Commission, no plausible coordinated effects theory of harm was identified given the relevant counterfactual. Therefore, no further discussion of coordinated effects is carried out for the purposes of assessing the likely effects of the Proposed Transaction in the identified potential relevant markets.

¹⁹⁰ The Commission's Merger Guidelines, paragraph 4.23.

7. VERTICAL RELATIONSHIP

Introduction

7.1 The Commission has identified the following vertical relationship between the parties:

- the channelling of national advertising: Mediaforce channels national advertising to local/regional newspaper titles in the State, including the local/regional newspapers titles operated by the Parties (i.e. Formpress titles and the *Inishowen Independent*). The Commission has previously examined the vertical relationship between Mediaforce and Formpress in its determination in *M/19/10 – FormPress Publishing (Iconic)/assets of Midland Tribune* (the “2019 Determination”).¹⁹¹

Relevant Principles

7.2 Vertical effects can occur where a proposed transaction changes the ability and incentives of the parties involved in the transaction, making it more likely that the merged entity will engage in either customer foreclosure or input foreclosure. Thus, the key question for the Commission to consider is whether a proposed transaction would materially increase the likelihood of customer foreclosure or input foreclosure due to the merger’s effects on the merged entity’s ability and incentive to foreclose its upstream and/or downstream competitors.¹⁹²

7.3 The Commission’s analysis of foreclosure arising from a merger involving a vertical overlap includes an examination of (i) the ability of the merged party to foreclose upstream or downstream competitors in spite of competitive constraints and/or consumer behaviour, (ii) the incentive for the merged entity to foreclose upstream or downstream competitors, and (iii) the likely effect on competition, particularly whether foreclosure would result in an SLC. The merged entity’s ability and incentive to foreclose competitors does not depend on the existence of a vertical relationship pre-merger. Rather, the ability and incentive to foreclose depends on the scenario post-merger.¹⁹³

Potential Theory of Harm

¹⁹¹ *M/19/10 – FormPress Publishing (Iconic)/assets of Midland Tribune*, paragraphs 39-48. Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

¹⁹² The Commission’s Merger Guidelines, paragraphs 5.7-5.17.

¹⁹³ The Commission’s Merger Guidelines, paragraphs 5.7-5.17.

7.4 The Commission has assessed the arguments put forward by the Parties and the evidence collected from the Parties and third parties. The Commission has identified the following potential theories of harm (i.e., how the Proposed Transaction could potentially result in an SLC):

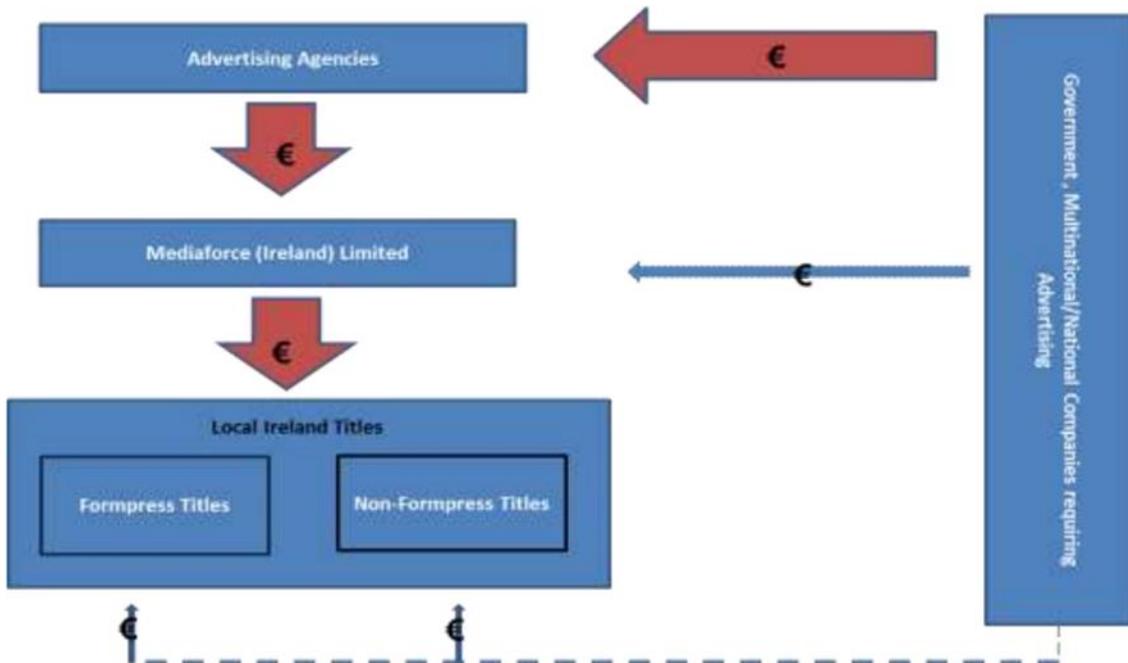
- **Theory of harm 1** – the Proposed Transaction may result in Mediaforce channelling national advertising to local/regional newspaper titles which are owned by Formpress, foreclosing rival (i.e., non-Formpress) local/regional newspaper titles in the sale of advertising space to national advertisers, and thereby significantly lessening competition.
- **Theory of harm 2** – the Proposed Transaction may result in Mediaforce acquiring access to information confidential to rival local/regional newspaper titles, and the common ownership of Mediaforce and Formpress may allow this information to be shared with managers or employees within Formpress and its titles, to the detriment of rival local/regional newspaper titles.

7.5 The Commission assesses the likelihood of these potential theories of harm below.

The sale of advertising space to national advertisers

7.6 Figure 1 below shows the operation of national advertisers (i.e., multinational corporations, domestic companies and government bodies) placing advertising in local/regional newspaper titles and digital newspaper titles.

Figure 1: National Advertisers placement of advertising in local/regional newspaper title and digital newspaper titles



Source: [M-19-010-Formpress//Assets of Midland Tribune](#)

7.7 As shown in Figure 1, and as explained in *M/19/010- Formpress/Assets of Midland Tribune*,¹⁹⁴ national advertising campaigns are usually placed by national advertisers in local/regional newspaper titles and digital newspaper titles through an advertising agency. Advertising agencies are used by national advertisers for effectiveness and efficiency purposes as it removes the requirement for the national advertisers to contact each individual local/regional newspaper title and digital newspaper title in which they wish to place their advertisement.

7.8 Advertising agencies can place national advertising in local/regional newspaper titles and digital newspaper titles on behalf of their clients through a broker (e.g., Mediaforce) or directly with local/regional newspaper titles and digital newspaper titles. Mediaforce acts as a conduit for advertising agencies to channel national advertising spend to local/regional newspaper title and digital newspaper titles in the State.¹⁹⁵

¹⁹⁴ M/19/10 – *FormPress Publishing (Iconic)/assets of Midland Tribune*, paragraph 42. Available at: <https://www.ccpcc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

¹⁹⁵ M/19/10 – *FormPress Publishing (Iconic)/assets of Midland Tribune*, paragraph 43. Available at: <https://www.ccpcc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

7.9 In M/19/010- *Formpress/Assets of Midland Tribune*, the Commission stated the following:

“Given that Mediaforce occupies a very strong position in the provision of the service of channelling national advertising to local/regional newspapers and digital newspaper titles in the State and that Mediaforce group¹⁹⁶ owns and operates local/regional newspapers and websites, the Commission is concerned that Mediaforce will have the ability and incentive to foreclose its local/regional newspaper competitors. In particular, the Commission is concerned that Mediaforce:

(i) could potentially direct national advertising allocated to local/regional newspapers and digital newspaper titles to its own group titles to the detriment of competing titles; and

(ii) may access confidential information from Formpress’ competitors and the common ownership of Formpress and Mediaforce may lead to the potential for the exchange of competitively sensitive information of Formpress’ competitors should there be any overlap in management or employees or roles/functions between Mediaforce and Formpress”.¹⁹⁷

7.10 To address the above concerns, Formpress and Mediaforce submitted proposals dated 1 October 2019 to the Commission in accordance with section 20(3) of the Act for the purpose of ameliorating any effects of that proposed transaction on competition in markets for goods or services in the State (the “2019 Proposals”)¹⁹⁸. The 2019 Proposals included non-discrimination commitments and separation of management and non-disclosure of information commitments. In particular, Formpress and Mediaforce committed:

- *“to direct the advertising business received by it from advertisers and advertising agencies to local/regional newspapers and digital newspapers on a strictly fair,*

¹⁹⁶ In M/19/010- *Formpress/Assets of Midland Tribune*, “Mediaforce group” is defined as a group of companies to which Formpress and Mediaforce both belong. Available at: [M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf](https://www.ccpic.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf).

¹⁹⁷ M/19/10 – *FormPress Publishing (Iconic)/assets of Midland Tribune*, paragraph 45. Available at: <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

¹⁹⁸ Available at: [M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf](https://www.ccpic.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf).

reasonable and non-discriminatory basis and to apply equivalent conditions in equivalent circumstances to all Formpress Titles¹⁹⁹ and Non-Formpress Titles,²⁰⁰

- *to prevent the exchange of competitively sensitive information between Formpress and Mediaforce; and*
- *that an independent monitoring trustee shall be appointed, who will have all the rights and powers necessary to monitor compliance with the proposals. The role of the monitoring trustee also includes consideration of how Mediaforce addresses any issues raised by third parties in relation to the non-discrimination commitment.”²⁰¹*

7.11 The Commission took the 2019 Proposals into account and stated in writing that the 2019 Proposals formed part of the basis of the Commission’s determination in M/19/010-*Formpress/Assets of Midland Tribune*.²⁰² The 2019 Proposals are binding on Formpress and Mediaforce and shall remain in force until the Termination Date.

7.12 “Termination Date” is defined as follows in the 2019 Proposals:

““Termination Date” means the date on which:

a) Mediaforce Group:

i) no longer operates local/regional newspapers and regional digital newspapers; or

ii) accounts for the provision of less than 30% of national advertising agency/conduit services to local/regional newspapers and regional digital

¹⁹⁹ “Formpress Titles” is defined in the 2019 Proposals as “any local/regional newspaper title or digital newspaper titles in the State owned or controlled, indirectly or directly, by Mediaforce Group at or after the Commencement Date”, page 17. Available at: <https://www.ccpcc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

²⁰⁰ Non-Formpress Titles is defined in the 2019 Proposals as “means any local/regional newspaper title or digital newspaper titles in the State not owned or controlled, directly or indirectly, by the Mediaforce Group at or after the date of the Determination.” at, page 18. Available at: <https://www.ccpcc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

²⁰¹ M/19/10 – *FormPress Publishing (Iconic)/assets of Midland Tribune*, paragraph 46. Available at: <https://www.ccpcc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

²⁰² M/19/10 – *FormPress Publishing (Iconic)/assets of Midland Tribune*, paragraph 48. Available at: <https://www.ccpcc.ie/business/wp-content/uploads/sites/3/2019/05/M-19-010-Formpress-Assets-of-Midland-Tribune-Public-Full-Determination.pdf>.

newspapers in the State; and satisfaction of these criteria have been confirmed in writing to the Undertakings by the Commission; or

b) the Commission considers that the Proposals are no longer required and confirms in writing to the Undertakings that the Proposals shall cease to apply.”²⁰³

- 7.13 As of the date of this Determination, none of the events referred to in paragraph 7.12 above have occurred and the 2019 Proposals remain binding on Mediaforce and Formpress.
- 7.14 “*Formpress Titles*” are defined in the 2019 Proposals as “*any local/regional newspaper or digital newspaper titles in the State owned or controlled, indirectly or directly, by Mediaforce Group at or after the Commencement Date²⁰⁴*”. Following implementation of the Proposed Transaction, Formpress will have sole control of D&D Media. The Commission therefore considers that, following the implementation of the Proposed Transaction, the *Inishowen Independent* would fall within the definition of “*Formpress Titles*” in the 2019 Proposals. Therefore, the measures put in place by Formpress and Mediaforce pursuant to the 2019 Proposals would continue to apply to Formpress and Mediaforce and in particular to Formpress’s control of D&D Media (and, consequently, the *Inishowen Independent*).
- 7.15 The Commission considers that any potential vertical competition concerns arising from the relationship between Formpress and Mediaforce are addressed by the ongoing compliance of Formpress and Mediaforce with the 2019 Proposals.
- 7.16 In light of the above, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

²⁰³ The 2019 Proposals, paragraph 1.

²⁰⁴ The “Commencement Date” is defined in the 2019 Proposals as the date of the Commission’s determination in M/19/010-*Formpress/Assets of Midland Tribune*.

8. ANCILLARY RESTRAINTS

8.1 No ancillary restraints were notified.

9. CONCLUSION

- 9.1 In light of its analysis of all the information and evidence available to it, as set out in this Determination, the Commission has formed the view that the Proposed Transaction will not result in a substantial lessening of competition in any of the potential relevant markets.

10. DETERMINATION

The Competition and Consumer Protection Commission (the “Commission”), in accordance with section 22(3)(a) of the Competition Act 2002, as amended (the “Act”), has determined that the result of the proposed acquisition whereby Formpress Publishing Limited would acquire the entire issued share capital, and thus sole control, of D&D Media 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) of the Act.²⁰⁵

Before making a determination in this matter, the Commission, in accordance with section 22(8) of the Act, had regard to any relevant international obligations of the State, and concluded that there were none.

For the Competition and Consumer Protection Commission

Brian McHugh

Chairperson

Competition and Consumer Protection Commission

²⁰⁵ Section 28C(1) of the Competition Act 2002, as inserted by section 74 of the Competition and Consumer Protection Act 2014.



Coimisiún um
Iomalocht agus
Cosaint Tomhaltóirí

Competition and
Consumer Protection
Commission

