



Determination No. M/04/048 of the Competition Authority, dated 13 September 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/048 – The proposed acquisition by Hachette Livre SA of Hodder Headline Limited

Introduction

1. On 13 August 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby Hachette Livre SA ("Hachette") would acquire all of the shares in Hodder Headline Limited ("Hodder") ("the proposed acquisition").
2. The proposed acquisition is international and was also notified to the UK Office of Fair Trading and to the Bundeskartellamt in Germany.

The Parties

3. Hachette is a French company that publishes educational, reference, general cultural and leisure books in France, Spain and the UK. Hachette is part of the Lagardère group of companies, which operates in two main industries: communications/media/publishing, high technology (including defence/aerospace). Hachette has no physical presence in the State, but does export books into the State from the UK.
4. Hodder, a subsidiary of the UK retail company WH Smith PLC, is active in book publishing in the UK, Ireland, New Zealand and Australia. Through its Irish branch office, Hodder publishes a small amount of Irish non-fiction and fiction, and popular and literary books, in the State. Hodder also makes direct sales into the State from the UK.

Analysis

5. The parties to the proposed acquisition overlap in the Irish industry for the wholesale supply of books to retail outlets. The parties estimate that, post-acquisition, Hachette would hold the following sector shares: [10-20]% of the sector for the wholesale supply of general literature (hardback); [10-20]% of the sector for the wholesale supply of general literature (paperback); [0-10]% of the sector for the wholesale supply of children's books; [0-10]% of the sector for the wholesale supply of scientific/medical/technical books; and [0-10]% of the sector for the wholesale supply of academic and professional publications.
6. The parties also provided information indicating that several large competitors hold substantial shares in each of the above sectors. All share estimates provided were derived from Nielsen Bookscan data.
7. The proposed acquisition would not result in the creation of market power because concentration would not be substantially increased in any market as may be defined. Hachette would hold no more than approximately [0-20]% of any of the above sectors, post-acquisition, whilst a sufficient number of large competitors would remain therein.



Determination of the Competition Authority

8. The parties cite a recent decision of the European Commission concerning the wholesale supply of books¹, where the Commission defined the relevant product markets and the relevant geographic market. However, because the proposed acquisition would not substantially lessen competition in the State, it is not considered necessary to define the relevant market, or markets, in this matter.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Hachette Livre SA of Hodder Headline Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

¹ *Lagardère/Natexis/VUP* (Case COMP/M.2978), Decision of 7 January 2004