



Determination No. M/04/078 of the Competition Authority, dated 21st January 2005, under Section 21 of the Competition Act, 2002

Notification No. M/04/078 – Proposed acquisition by Ulster Television plc of Coderidge Limited

Introduction

1. On 23rd December 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 Ulster Television plc (“UTV”) would acquire Coderidge Limited, (“Coderidge”). The Authority advised the parties and the Minister that it considers the transaction to be a “media merger”, within the meaning of Section 23 of the Act.

The Parties

2. UTV is a media group that operates in three principal areas: commercial television (UTV); radio (Cork’s 96 FM and 103 FM, Limerick’s Live 95 FM, Dublin’s Q102 and Liverpool’s Juice FM); and new media (UTV Internet and BOCOM International). UTV’s worldwide turnover in 2003 is STG £54,384m.
3. Cork 96 FM/103 FM County Sound has a local licence to broadcast in Cork city and county and has a programme style focussed on news/current affairs and music with a strong local identity. Its target audience is 22 to 45 year olds.
4. Limerick’s Live 95 FM has a local licence to broadcast in Limerick city and county and has a programme style focussed on adult contemporary music with news features and sport. Its target audience is primarily 20 to 44 year olds, with a secondary target audience of 45+ year olds.
5. Dublin’s Q102 has a local licence to broadcast in Dublin city and county and has a programme style focussed on providing a 24-hour music-led service of all time favourites targeted at 35+ year olds.
6. Coderidge is the beneficial owner of the entire issued share capital of The Independent Broadcasting Corporation Limited (“IBCL”). IBCL has a contract with the Broadcasting Commission of Ireland (“BCI”) to provide a local sound broadcasting service for the franchise area of counties Louth and Meath under the name LM FM. LM FM has a programme style focussed on informative speech with a carefully selected music mix. Coverage of local issues and events is paramount. Its target audience is 25+ year olds during the day-time and 15-30 year olds during the night-time.



Analysis

7. As set forth by the parties and in prior Authority Determinations¹, there is a market for the sale of advertising slots on radio. Advertising may be conducted on a national or local basis. UTV's radio stations are licensed to broadcast in different franchise areas than LM FM, therefore there is no geographical overlap in the licensed franchise areas. There may be some overlap of listenership between Q102 and LM FM in the border regions of Dublin and Louth/Meath. However, advertisers seeking to advertise in the Dublin city and county area only, would not tend to buy advertising space on LM FM. Similarly advertisers seeking to advertise in Louth/Meath would not tend to buy advertising space on Q102. This is due to the wastage in coverage that would arise, since the advertiser would be mostly reaching listeners in a geographic area outside its target audience. Consequently there is an insignificant overlap in local radio advertising.
8. Radio advertising may be conducted on a national or local basis. Advertisers seeking to advertise nationally will choose one of the national radio stations (the RTE stations and Today FM) or will choose a grouping of local stations represented by a sales agency. LM FM and UTV's three radio operations all sell national advertising through their respective sales agencies – Independent Radio Sales (IRS) in the case of LM FM and Broadcast Media Sales (BMS) in the case of the UTV stations. Since there is no geographic overlap in the respective licensed areas of the UTV stations and LM FM, no overlap in respect of national advertising arises. Indeed, the national advertising broadcast on the UTV stations and LM FM is complementary, since the national advertisers choosing LM FM will also need to advertise in the local areas covered by the UTV stations.
9. LM FM is currently a member of the radio advertising sales agency IRS. This is a central sales office for 18 independent local radio stations, selling advertising space to advertisers and advertising agencies. BMS, the other sales agency for local radio stations, sells national advertising on behalf of the UTV radio stations, along with Galway Bay FM and the regional station Beat 102-103FM. Post merger, LM FM will move from IRS to BMS. The move by LM FM from IRS to BMS is not a significant alteration in the competitive structure of national radio advertising and does not give rise to competition concerns.

¹ Determination No. M/03/033 – Scottish Radio Holdings/FM 104 of 5th February 2004; Determination No. M/04/003 – Radio 2000/News 106 Limited of 5th March 2004.



The Competition Authority
An tÚdarás Iomaíochta

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 UTV plc of Coderidge 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 subject to the provisions of Section 23(9)(a) of the Act.

For the Competition Authority

Edward Henneberry

Member of the Competition Authority