



DETERMINATION OF MERGER NOTIFICATION M/06/061 – D’OLIER/GLOSS/EARLSFORT

Section 21 of the Competition Act 2002

Proposed acquisition of joint control of Earlsfort Publications Limited by D’Olier Investments Limited and Gloss Publications Limited

Dated 22/09/06

Introduction

1. On 1 September 2006 the Competition Authority (“the Authority”), in accordance with Section 18 (1) (a) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposed joint venture (“The Joint Venture” – “JV”) between D’Olier Investments Limited (“DIL”) and Gloss Publications Limited (“GPL”). The proposed JV involves DIL and GPL acquiring joint control of Earlsfort Publications Limited (“EPL”), a newly incorporated company and the corporate vehicle through which a new monthly magazine “The Gloss” will be published.
2. The Authority advised the undertakings and the Minister that it considered the proposed transaction to be a “media merger” within the meaning of Section 23 of the Act.

The Undertakings Involved

3. DIL is a newly incorporated company of the Irish Times Limited (“ITL”). ITL, a company incorporated in Ireland, is primarily active in publishing The Irish Times, a daily national newspaper sold on the island of Ireland. It also has a newspaper printing business which provides printing services to a number of newspapers including Irish Daily Mail and Metro. ITL offers classified and other advertising space in The Irish Times. In the financial year ended 31 December 2005, ITL’s worldwide turnover was approximately €113 million. In the State, ITL’s turnover amounted to €105 million in the same period.
4. GPL was incorporated in the State on 26 September 2005, with limited liability. To date, GPL has been involved in the brochure publishing and consultancy activities.
5. EPL, incorporated in the State on 19 July 2006, is the corporate vehicle through which DIL and GPL will publish The Gloss. Both DIL and GPL are each entitled to appoint two directors to the board of directors; DIL is also entitled to nominate one of its appointed directors as chairman of the board of directors. The chairman has casting vote at the board meeting and his position is to be reviewed after three years.

The Transaction and Rationale

6. Under the terms of the JV, EPL will publish a title, The Gloss, on an indefinite basis. The Gloss will be published monthly and it is aimed at the female ABC1 reader market in the State.
7. The proposed JV will benefit from the extensive experience of the principal shareholders of GPL in the publication of quality magazines on one side and from the management and financial advice of ITL on the other side. EPL will operate independently of the Irish Times Newspaper, with a separate structure.
8. The undertakings involved submitted that the rationale for the proposed JV is to take advantage of the business opportunity represented by the publication of a quality female magazine aimed at female ABC1 reader market in Ireland.

Analysis

9. The activities of the undertakings involved concern publishing and advertising. The Irish Times Limited is mainly active in newspaper printing and publishing, and advertising via newsprint and on-line associated websites. It owns the Irish Times newspaper and has a 45% share in FortuneGreen Limited which publishes the Metro newspaper ("Metro").¹ EPL will be active in the publication of monthly magazine aimed at a female audience and will provide advertising space.

Publishing

10. In terms of publishing, it should be noted that ITL is not active in the magazine publishing market and EPL has not entered that market yet. Post merger, the products of the undertakings involved appear most likely to be complementary products.
11. According to the undertakings involved, The Gloss magazine will likely compete with other similar female magazines such as *Prudence*, *Image*, *Irish Tatler* and *VIP* and with other magazines whose content is not principally related to news and comments on current affairs.
12. Also, in terms of target audience and content (daily newspapers and monthly female magazines are not considered substitutable products from the point of view of the readers) the Authority's view is that any overlap, if at all, is insignificant.
13. Therefore, the Authority has concluded that the proposed JV does not raise competition concerns.

Advertising

14. With respect to advertising, the Irish Times newspaper sells both display and classified advertising space to advertisers in the State and international advertisers who seek national coverage from Monday to

¹ See Merger Notification M/05/071 - Associated Newspapers & Irish Times & Metro / FortuneGreen.

Saturday. Metro's advertising is targeted at readers in the Greater Dublin area: it sells both classified and display advertising.

15. EPL will also, post merger, provide space for display and classified advertising to advertisers seeking national coverage on a monthly basis and wishing to target ABC1 female readers.
16. However, it is likely that advertisers view newspapers and magazines as two different channels for reaching their targets for several reasons, including the following:
 - The Irish Times and Metro newspapers differ from The Gloss in terms of target audience, content and frequency: the former are daily paid-for newspaper and daily free-sheet newspaper respectively with the main focus on news and current affairs targeted to a broader audience, while the latter will be a monthly female magazine. Therefore, advertisers targeting a specific market may not find one channel as a good substitute for the other.
 - The quality of the printing typically differs between newspapers and magazines with the latter usually printed on high-grade paper. Accordingly, advertising rates are likely to vary significantly. Therefore, magazines can provide advertisers with an alternative source of advertising that is not available in newspapers.
17. Without taking a view as to what the product market is, it is the Authority's view that The Gloss magazine will provide an additional avenue through which advertisers can increase or diversify their current advertising targeted at female readers. Moreover, The Gloss magazine may provide a complementary product to the current advertising of those advertisers which are seeking to reach a new targeted audience rather than duplicating advertising to their existing audience.
18. Therefore, the Authority has concluded that the proposed JV does not give rise to competition concerns.

Ancillary restraints

19. The Authority also reviewed several arrangements agreed by the undertakings involved. These arrangements concern a non-compete clause and a confidentiality clause.
20. Both clauses are in line with the Authority's approach in respect of ancillary restraints.
21. The Authority, in this regard, has concluded that no competition concerns arise.



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 of joint control of Earlsfort Publications Limited by D'Olier Investments Limited and Gloss Publications 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

Dr. Paul K Gorecki
Member of the Competition Authority