



## DETERMINATION OF MERGER NOTIFICATION M/16/033 - NEWS CORP/WIRELESS

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### Section 21 of the Competition Act 2002

### Proposed acquisition by News Corp UK & Ireland Limited of Wireless Group plc

Dated 2 August 2016

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#### Introduction

1. On 30 June 2016, 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 notification of a proposed transaction whereby News Corp UK & Ireland Limited (“News UK”), an indirect wholly-owned subsidiary of News Corporation, would acquire sole control of Wireless Group plc (“Wireless”).
2. News Corporation and Wireless have agreed the terms of a recommended cash offer to be made by News UK for the entire issued share capital of Wireless. It is intended that the cash offer will be implemented by means of a takeover offer under the UK Takeover Code and within the meaning of Part 28 of the UK Companies Act 2006. News Corporation issued a public announcement of News UK’s intention to make a public bid for Wireless on 30 June 2016.<sup>1</sup>
3. Given that both News Corporation and Wireless carry on a “media business” within the State (as defined in section 28A(1) of the Act), the proposed transaction constitutes a “media merger” for the purposes of Part 3A of the Act.

#### The Undertakings Involved

##### *News Corporation*

4. News Corporation is an international media and information services company, which is incorporated in the state of Delaware, USA and is listed on the NASDAQ stock market. News Corporation and its subsidiaries are active in newspaper publishing, information services, book publishing, digital real estate and cable network programming.
5. News Corporation’s news and information services division includes Dow Jones & Company Inc. (a global provider of news and business information), News Corporation Australia, News UK (publisher of The Sun, The Times and The Sunday Times newspaper titles), and Storyful Limited (a social media news agency). News Corporation also owns HarperCollins Publishers L.L.C. (a book publisher), Unruly Group Limited (a platform for

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<sup>1</sup> Section 18(1A)(b)(i) of the Act provides for parties to make a notification to the Commission where one of the undertakings involved has publicly announced an intention to make a public bid or a public bid is made but not yet accepted.



social media video advertising) and FOX Sports Australia Pty Limited (a sports programming provider in Australia).

6. In the State, News UK publishes local editions of The Sun, The Sun on Sunday and The Sunday Times. News UK sells the hardcopy United Kingdom edition of The Times in the State and publishes a digital-only Irish edition of The Times which is available to subscribers. News UK also operates websites and apps for its newspaper titles.
7. News UK sells advertising space in the Irish editions of its newspapers. Irish-based advertisers comprise the majority of advertising contained in the Irish editions of News UK's newspapers. Approximately [...] % of News UK's advertising revenue generated in the State comes from advertising agencies, with the remainder coming from direct sales to advertisers.
8. News UK outsources the printing of its newspapers in the State to [...]. News UK also outsources some ad hoc printing of The Sun to [...]. News UK outsources the distribution of its newspapers in the State to [...].
9. News Corporation's subsidiary Dow Jones & Company Inc. does not have a physical presence in the State, but it does make sales of subscriptions to its Factiva and Newswire services, in addition to the Wall Street Journal, to subscribers in the State.
10. News Corporation's subsidiary Storyful Limited is headquartered in Dublin. Storyful Limited is active in the verification and licensing of video content posted on social media to wider media platforms.
11. News Corporation's subsidiary HarperCollins Publishers L.L.C. does not have a physical presence in the State, but it does make sales of books in the State.
12. For the financial year ending 30 June 2015, News Corporation had a worldwide turnover of €7.8 billion, of which €[...] was generated in the State.

#### *Wireless*

13. Wireless, currently listed on the London Stock Exchange and the Irish Stock Exchange, is a media company operating commercial radio stations and digital media businesses in the United Kingdom and in the State.<sup>2</sup> Wireless operates twelve independent local radio stations in England and Wales; four national radio stations and a magazine dedicated to sport in the United Kingdom as well as a number of digital radio multiplexes throughout the United Kingdom. Wireless also operates the digital media businesses Tibus and Simply Zesty, which have activities in the United Kingdom and in the State.
14. In the State, Wireless operates the following six local radio stations under sound broadcasting contracts awarded by the Broadcasting Authority of Ireland ("BAI"):

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<sup>2</sup> Until 29 February 2016, Wireless was known as UTV Media plc. UTV Media plc changed its name to Wireless after it sold its television business to ITV plc. (On 12 January 2016, the Commission cleared ITV plc's acquisition of UTV Limited from UTV Media plc. See merger determination M/15/069 – ITV/UTV which can be accessed at <http://ccpc.ie/enforcement/mergers/merger-notices/m15069-itv-utv>)



- Q102 which broadcasts in Co. Dublin to a target age demographic of 25-34 years;
  - FM104 which broadcasts in Co. Dublin to a target age demographic of 25-34 years;
  - 96FM which broadcasts in Co. Cork to a target age demographic of 25-44 years;
  - C103 which broadcasts in Co. Cork to a target age demographic of 25-44 years;<sup>3</sup>
  - Live 95FM which broadcasts in Co. Limerick to a target age demographic of 35+ years; and
  - LMFm which broadcasts in Counties Louth and Meath to a target age demographic of 35+ years.
15. All six radio stations are predominantly music-based and offer a minimal amount of news content to their listeners.
16. Wireless also operates a national radio sales house, Urban Media, which sells radio advertising on behalf of its six radio stations and two radio stations operated by third parties: WLR FM and Galway Bay FM.
17. Wireless's digital media businesses Tibus and Simply Zesty are also active in the State. They provide infrastructure and marketing services to Wireless's radio stations in addition to third party clients. Tibus provides digital infrastructure services to website operators, while Simply Zesty is a digital marketing agency.
18. For the financial year ending 31 December 2015, Wireless's worldwide turnover was €101 million, of which €[...] was generated in the State.

#### Rationale for the Proposed Transaction

19. The parties state in the notification:

*“News Corporation believes that Wireless’ profitable businesses represent an excellent strategic fit with its existing operations, broadening News Corporation’s range of services in the UK and internationally. Wireless’ audience complements the audience of The Sun, and there is significant opportunity to increase engagement and monetisation. News Corporation, which is evolving rapidly into a more digital and increasingly global company with a diverse revenue mix, has a proven track record of investing in content that drives audiences and in businesses that complement its existing brands and platforms.”*

#### Third Party Submissions

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<sup>3</sup> 96FM and C103 operate under a single sound broadcasting contract awarded by the BAI although they operate as distinct radio stations.



20. No submission was received.

### Competitive Analysis

21. 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 precise relevant markets since there is no horizontal overlap between the activities of the parties in the State. News Corporation is active in the publication of newspapers and the provision of newspaper advertising in the State. Wireless is active in radio broadcasting and the provision of radio advertising in the State. The Commission's predecessor, the Competition Authority,<sup>4</sup> has in previous merger determinations concluded that radio advertising is in a different product market to other forms of media advertising (e.g., newspaper advertising).<sup>5</sup> The Commission sees no reason to depart from this view. On this basis, there is no horizontal overlap between News Corporation's newspaper and online media interests and Wireless's radio stations in the State.
22. There is a vertical aspect to the proposed transaction since News Corporation currently purchases radio advertising space from some of Wireless's radio stations in the State. The Commission considers that the proposed transaction is not likely to result in any vertical foreclosure concerns. Given News Corporation's minimal radio advertising spend with Wireless in the State<sup>6</sup> and its need to advertise across a broad range of media platforms (and not just Wireless's radio stations) to obtain sufficient population coverage, the Commission considers that News Corporation does not have the ability or incentive to engage in a foreclosure strategy post-transaction.
23. In light of the above, the Commission considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

### Ancillary Restraints

24. No ancillary restraints were notified.

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<sup>4</sup> On 31 October 2014, in accordance with sections 38 and 39 of the Competition and Consumer Protection Act 2014, the Competition Authority was dissolved and all of the functions vested in the Competition Authority immediately before that date became vested in the Commission.

<sup>5</sup> See, for example, merger determination M/07/022 – *Thomas Crosbie Holdings/South East Broadcasting*, which can be accessed at <http://ccpc.ie/enforcement/mergers/merger-notices/m07022-thomas-crosbie-holdings-south-east-broadcasting>

<sup>6</sup> News UK's total radio advertising spend with Wireless's radio stations in the State in 2015 accounted for [...] [...] % of the total advertising turnover generated by Wireless in the State.



### **Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed transaction whereby News Corp UK & Ireland Limited, an indirect wholly-owned subsidiary of News Corporation, would acquire sole control of Wireless Group plc, 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)<sup>7</sup> of the Competition Act 2002.

For the Competition and Consumer Protection Commission

**Gerald FitzGerald**  
**Member**  
**Competition and Consumer Protection Commission**

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<sup>7</sup> Section 28C(1) of the Competition Act 2002, as inserted by section 74 of the Competition and Consumer Protection Act 2014.