

Anticipated acquisition by Durrants Limited of certain media monitoring assets of Cision UK Limited

ME/4192/09

The OFT's decision on reference under section 33(1) given on 18 September 2009. Full text of the decision published 2 October 2009.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. **Durrants Limited (Durrants)** is active in the provision of media monitoring and evaluation services to companies that require media coverage of their organisation and/or particular topics of interest to them. Durrants monitors 10,000 print, broadcast and on-line sources on a daily basis. Durrants' UK turnover in its last financial year was £26.2 million, of which approximately [] million was derived from media monitoring services.
2. **Cision UK Limited (Cision)** is active in the provision of a variety of media related services, including business research and publishing media information, distribution of press releases and promotional material, and media monitoring services. Cision's turnover for the financial year ended 31 December 2008 was £18.8 million.
3. The acquisition comprises only the provision of certain media monitoring services of Cision to customers in the UK (**the Target Business**). The assets relating to the Target Business are the customer lists for Cision's UK customers for media monitoring, the benefit of the customer contracts for the provision of such services, the goodwill and business records related to those activities and approximately [] employees including a number of

account managers and production employees (predominantly readers). The turnover relating to the Target Business for the financial year ending 31 December 2008 was approximately [] million.

TRANSACTION

4. On 22 July 2009, Durrants and Cision entered into a business purchase agreement pursuant to which Durrants will acquire the assets comprising the Target Business.
5. The parties notified the proposed transaction to the Office of Fair Trading (OFT) on 24 July 2009, accordingly the administrative target date for the OFT to announce its decision in this case is Monday 21 September 2009.

JURISDICTION

6. As a result of this transaction Durrants and the Target Business will cease to be distinct. The combined share of supply of media monitoring services in the UK for Durrants and the Target Business exceeds 25 per cent. Accordingly, the OFT believes that the share of supply test in section 23 of the Enterprise Act 2002 (the Act) is met.
7. The OFT therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

MARKET DEFINITION

8. The parties are active in the provision of media monitoring services in the UK, which involves collating and, in some cases, summarising media coverage for references to a specific company or issue. The provision of media monitoring services in the UK covers two broad categories: (1) print media (newspapers, magazines, trade press etc), and (2) on-line sources.

Industry background

9. In order to copy and disseminate newspaper content, businesses - often referred to as press cuttings agencies (PCAs) - require a licence or subscription. The Newspaper Licensing Authority (NLA) currently represents over 1400 publications, including all national and virtually all regional newspapers. The NLA offers a collective licence for these publications. For

other magazines and trade press, PCAs pay a licensing fee per copy to the Copyright Licensing Agency (CLA).

10. Initially PCAs employed large numbers of people to read all print media, physically cut out any relevant articles and photocopy them to create press packs. As technology developed, PCAs invested in scanning equipment in order to scan all print media to then search it using character recognition software, at which point a smaller core of staff provide editorial review (for example to check whether the articles were indeed relevant and produce any required summaries).
11. According to the parties, with respect to print media, the industry is currently in a transitional stage due to the development of the eClips service by the NLA. The eClips service converts the top 150 print titles (all national daily newspapers and some daily regional newspapers) into a stream of text on a daily basis. This can be searched more accurately than scanned documents and avoids inefficient duplication.
12. Of the 24 PCAs that currently have an NLA licence, 14 have signed up to the eClips service. These agencies are likely still to require some scanning equipment for additional titles which are not covered by eClips and are important to their client list.¹ Nevertheless, the top 150 titles cover a considerable proportion of a PCA's daily titles and therefore significantly reduces scanning costs.
13. With the growth of on-line media, PCAs now offer on-line media monitoring as well and the monitoring of on-line sources is expected to become more important.
14. Currently the on-line media monitoring companies do not tend to have licences for copying and disseminating on-line newspaper content. However, this is expected to evolve as the NLA is launching a new licence for newspaper web content – eClips-web.

¹ For example [].

15. Based on evidence provided to the OFT, the majority of customers require both print and on-line media monitoring services. The NLA considers that currently around 30 per cent of national newspaper coverage in print does not appear on-line and similarly around 30 per cent of newspaper coverage on-line is not reproduced in printed form.
16. Third parties indicated that suppliers of print media monitoring also supply on-line media monitoring and therefore that these services should be considered as a single product market. News aggregators who focus on on-line media are discussed below.
17. Based on the evidence provided by the parties to the OFT, it seems that traditional print media monitors faced relatively low costs to start monitoring on-line publications as well. In particular, the parties noted that, through advanced digital technology and the internet relevant media, sources can now be monitored through automated sources at significantly lower cost.
18. Therefore, evidence suggests that the supply of media monitoring services includes the coverage of print and on-line media.

News aggregation

19. Durrants argued that there was a distinction between media monitoring and news aggregation services. In particular, Durrants argued that news aggregators provide just the articles identified from an automated search, whereas media monitoring involves a level of human editorial review to (i) ensure that the articles identified by the automatic search are indeed relevant and, in some cases, (ii) provide summaries.
20. Third party responses on this issue were mixed. Overall third parties indicated that news aggregators tended to offer a more basic service (that is, identifying articles from an automated search) but also noted that news aggregators also tended to only monitor on-line publications, given their focus on automated search.
21. Third party comments suggested that there is a range of services on offer from 'Google Alerts' type services which provide automated links to on-line sources to 'full media monitoring' which offer detailed searches of thousands of print and on-line sources, including human review to ensure relevancy of

articles and summaries.

22. One third party noted that the larger PCAs all seem to be structured in a similar way, with automated searches selecting items and readers allocating them to client accounts and editors checking the content for superfluous items and omissions². In addition, it went on to note that there is a marked difference in the service available in the area of summaries. Some providers offer simply a headline, which tends to be automatically generated, whilst others offer a more detailed summarising service in which a dedicated reader produces a summary of the selected articles. It considered that the effectiveness of the editors' and readers' interpretation of the individual client's search brief would determine the quality and quantity of cutting provided and therefore have a big impact on costs.
23. Wider third party comments indicated that customers were unlikely to switch between basic 'news aggregation' and comprehensive 'media monitoring' services in response to a 5 to 10 per cent price increase, however, it is unclear precisely where the boundary between these services lies.

Conclusion on product scope

24. Given the evidence provided, the OFT does not consider it informative in this case to define specific market boundaries. Below, the OFT refers to media monitoring services, encompassing PCAs that provide print and on-line media monitoring, and PCAs that provide news aggregation services. However, as there is no realistic prospect of a substantial lessening of competition on any reasonable alternative definitions of the market, the OFT does not consider it necessary to conclude on the precise market definition in this case.

Geographic scope

25. Durrants stated that the customer bases of both Durrants and the Target Business were essentially limited to the UK, and that they are primarily interested in receiving media monitoring services in respect of the UK media.
26. Durrants noted that many of the UK providers of media monitoring services are part of international corporate groups and that it is not necessary for the OFT to decide whether the relevant market is the UK or wider than the UK as

² [].

no competition concerns arise on either basis.

27. For on-line monitoring with electronic delivery third parties conceded that it is not necessary to be based in the UK, but where monitoring of print media is required or delivery of hard-copy press packs having a UK base is necessary due to the logistics of getting newspapers in and press packs out quickly to customers.
28. Some third parties also indicated that it was useful to use a UK provider as they were likely to have local knowledge and be more familiar with the brands, issues and relevant publications and media contacts.

Conclusion on geographic scope

29. Overall the evidence suggests that the relevant market for the provision of print media monitoring is likely to be the UK, whereas for on-line media monitoring it may in some cases be wider. However, as there is no realistic prospect of a substantial lessening of competition on any reasonable alternative definition of these markets, the OFT does not consider it necessary to conclude on the precise market definition in this case.

Conclusion on market definition

30. Based on the evidence provided, there are different interpretations of whether media monitoring is in the same product market as 'news aggregation'. Without prejudice to the precise market definition, the OFT has therefore examined the impact of the merger in the supply of media monitoring services to customers in the UK separately and together with the supply of news aggregation to customers in the UK. However, as there is no realistic prospect of a substantial lessening of competition on this market, the OFT does not consider it necessary to conclude on the precise market definition.

COMPETITIVE ASSESSMENT

UNILATERAL EFFECTS

Shares of Supply

31. Durrants provided estimates of UK shares of supply for the provision of all media monitoring and news aggregation services, and for media monitoring services only (defined by Durrants as those services involving a degree of human editorial review).
32. In the supply of news aggregation services in the UK, the parties did not supply any estimates of UK shares of supply. However, the OFT understands that the parties are not significant suppliers, with a combined share of supply of less than ten per cent. In addition, evidence provided to the OFT suggests that there is a number of alternative suppliers of news aggregation services. Therefore, the OFT does not find it necessary to consider this area of overlap any further in its assessment of this merger.

Table 1 – Share of supply estimates, 2008

	Share of supply (by value) for media monitoring and news aggregation services		Share of supply (by value) for media monitoring services
Durrants	[10-20]%	Durrants	[20-30]%
Cision	[0-10]%	Cision	[0-10]%
Combined	[10-20]%	Combined	[25-35]%
Factiva	[10-20]%	Precise	[20-30]%
Google News	[10-20]%	TNS	[5-15]%
Precise	[10-20]%	Press Index	[0-10]%
TNS	[0-10]%	IPCB	[0-10]%
Meltwater	[0-10]%	Media Market	[0-10]%
Moreover	[0-10]%	Others	[10-20]%
Lexis Nexis	[0-10]%		
Other	[20-30]%		

Source: Durrants

33. Durrants noted that these share estimates were based on 2008 sales revenue. In 2008, Cision's media monitoring business generated revenues

of [] million.³

34. Furthermore, given the ease of switching, Durrants stated that it expects to lose several Cision contracts post-merger, estimating that the loss will be [] per cent of the Target Business' customers. Durrants also stated that around [] per cent of Cision's fixed term contracts are due to expire before 30 September 2009 when the transaction is expected to complete. As such, Durrants argues that the increment ([] per cent for media monitoring services) may be lower than historic figures might indicate. It is not clear, however, what the basis for these projections is. As a result we have not placed significant weight on them in our analysis.
35. No third parties provided comprehensive and substantiated share of supply estimates.
36. Due to the complexity of defining specific market boundaries, the OFT also looked at the availability of alternative suppliers, the closeness of competition between the merging parties, and the ease of switching between suppliers in order to assess the constraints on the merged entity post-merger.

Unilateral effects

37. The OFT examined whether the merger would give rise to competition concerns in the supply of media monitoring services in the UK. In particular, one third party raised the concern that post-merger the merged entity will raise prices or reduce quality of services. Based on the evidence provided and analysed below, the OFT does not believe that the merger may be expected to result in a substantial lessening of competition in the supply of media monitoring services in the UK.

Alternative suppliers

38. Durrants considered that there are a wide range of PCAs and web monitoring companies with which they compete. In particular, a number of competitors, such as Vocus, TNS/Presswatch and Press Index, Media Market were mentioned in Durrants' internal documents and Durrants estimated that it has a similar turnover to Cision and as such would provide

³ Durrants argued that Cision's revenues have subsequently declined in 2009, with first half revenues of just [] million.

a similar level of constraint on Durrants post-merger.

39. The OFT received responses from competitors, including [], [], [] and [], who all considered that they compete with the merging parties.
40. Customer views on the availability of other players were mixed. On the one hand, a number of customers mentioned only Durrants, Precise and Cision as suppliers. On the other hand, a larger number of customers and the NLA considered there were a large number of alternative suppliers, although they did not name them.
41. As mentioned earlier, one third party informed the OFT that only Precise and Durrants have been awarded contracts [] for the provision of media monitoring services. However, the same third party considered that following the merger there would still be a large number of providers in the market and that Cision was not acting as a significant player in the market.
42. The NLA also considered that there are a significant number of suppliers in the market and that, whilst Cision is a relatively large supplier, there would still be plenty of alternatives post-merger. In particular the NLA noted that there are now 24 PCAs with NLA licences, 14 of which have subscribed to the eClips service. NLA also considered that there were a further 10 providers specialising in web monitoring.
43. Both the parties and the majority of third parties stated that the industry has been moving towards on-line monitoring as more publications go on-line. Third parties strongly believed that in the medium-term there would still be strong demand for print media monitoring, but that those companies specialising in web-monitoring may become increasingly important in the market. Consequently those third parties argued that web-focused entities such as Factiva, Meltwater, Moreover and Google News are increasingly able to offer media monitoring services in direct competition with Durrants.

Closeness of Competition

44. Several third parties considered Durrants and Cision to offer similar services and therefore to be close competitors. However, two customers noted that Durrants and Cision are not the closest competitors. Specifically, one third party commented that Cision did not have the scale to compete with Durrants. Another third party noted that whilst six national providers were

[], all [] contracts awarded [] had gone to Durrants or Precise. Furthermore, two customers considered Durrants and Cision to be competitors in the market as they offer similar services, but that Cision's service was uncompetitive.

45. Durrants provided data on its customers switching to other suppliers and on customers switching from Cision. The data show that switching between them is no greater than their share of supply estimates would suggest. As such, there is no reason to believe that the parties compete more closely with one another than with any of the other suppliers.
46. Similarly examination of the parties' internal documents gives no reason to believe that the parties compete more closely than their share of supply estimates might imply.
47. Based on the balance of evidence the OFT considers that competition between Durrants and Cision is not unusually strong as compared to competition between each of them and the other suppliers.

Ease of switching

48. Durrants stated that switching was easy as customer contracts tend to have very short notice periods and switching costs were low. In addition, Durrants provided contract data for the period November 2008 and May 2009 – showing it lost an average of [] contracts a month and won an average of [], indicating that around [] per cent of customers switch suppliers each month.⁴
49. Third parties agreed that switching was relatively straightforward. In particular, one customer told the OFT that if the price increased it would first consider cutting the number of words monitored, but that if overall prices were still higher it would look for added value from the provider and if not would consider switching. Furthermore, another customer stated that any price increase would result in it conducting a market review and that it moved to Durrants previously due to price and service. Finally, another customer stated that Durrants and Precise compete strongly for its business and it gave examples where it has previously switched between these suppliers. Only one customer stated that it would not switch in response to

⁴ Over the period, Durrants had between [] and [] customers.

a 5 to 10 per cent price increase, because it had a good relationship with Durrants. No customer told us that switching between the parties was any easier or more attractive than that between the parties and other suppliers.

50. Competitors commented that they won/lost between 30 and 100 customers a month and that switching was the 'norm' in response to a price increase. In addition, all competitors agreed that the cost of switching was relatively low, with the only costs being trialling the new system and explaining their requirements.

Conclusion

51. Based on the evidence provided, the OFT considers that there are a number of alternative suppliers in the UK for customers to switch easily to and the industry of media monitoring services is developing continually allowing more on-line delivery and web suppliers to become competitive. Moreover, the balance of evidence is that competition between the parties is no stronger than their share of supply estimates would suggest. Accordingly, the OFT does not believe that it may be the case that the merger could result in a substantial lessening of competition in the supply of media monitoring services in the UK, as the acquisition of the Target business by Durrants.

Effects due to economies of scale

52. Some competitors raised concerns that the market is one with high economies of scale and that the acquisition of the Target Business will give Durrants sufficient scale to be able to undercut smaller competitors in the short-run forcing these smaller providers to exit the market and therefore reducing customer choice and increasing prices in the medium term.
53. The majority of competitor concerns have been consistent, with the exception of one supplier, who considered that there were sufficient alternative suppliers of media monitoring services. However, the OFT considered that no evidence has been provided to demonstrate that Cision's contracts would be sufficient to tip the market in favour of Durrants, to the eventual exclusion of other suppliers.
54. Furthermore, the OFT received evidence showing that several media monitoring suppliers would find alternative ways to compete rather than

exit the market in the short to medium term, for example through tie-ups with other organisations. In particular, one third party stated that, if prices did go down, it would try and match the economies of scale through growth, possibly through a tie-up with a smaller organisation. In addition, some third parties stated that TNS and Press Index are both international corporations and as such may be less likely to exit the market. These two providers [], but it has been argued that they would be in a good position to expand to compete with Durrants and Precise in the future.

55. Finally, as analysed above, there is evidence that the industry will continue to move towards web monitoring and therefore that agencies such as Meltwater and Moreover will become stronger constraints on Durrants and other traditional media monitors in the medium term in any event.
56. Therefore, in light of the above, the OFT does not believe that the merger could result in a substantial lessening of competition in the supply of media monitoring services in the UK in the medium-term.

Integrated media services

Background

57. Larger companies are increasingly demanding integrated media solutions, specifically a full media service which allows all the communications functions of an organisation to work together. In particular, organisations will be able to submit press releases to a software (the platform), which will then disseminate to the relevant newswires. Furthermore, the platform will track media contacts to make sure the most appropriate journalists are contacted about the press release and then the platform will monitor and evaluate media coverage. The platform may also include media planning tools. The larger PCAs are developing software which enables them to offer this type of fully integrated service, for example, the CisionPoint Platform.
58. Currently there are individual companies specialising in different parts of this service, with some sections more likely than others to be conducted in-house. Third party comments suggested that whilst smaller organisations will continue to demand stand-alone media monitoring services, there may be a shift towards fully integrated services for larger organisations.

59. Cision estimated that its share of supply for integrated media services was [45-55] per cent and Durrants' was [0-10] per cent. According to Cision, Vocus' share of supply was [20-30] per cent, PR Newswire followed with [5-15] per cent and Precise with [0-10] per cent.

Reseller Agreement

60. As part of the transaction, Durrants will supply Cision with UK print monitoring (for example cuttings that require an image delivery) which it requires to provide its integrated media service, CisionPoint, for a period of [less than five] years (the Reseller Agreement).
61. Durrants submitted that the Reseller Agreement should be considered as being an integral part of the merger. Durrants stated that, although it would have been willing to acquire the Target Business with or without the Reseller Agreement, it was essential to Cision, and the transaction would have been unlikely to have gone ahead without it. The parties argued that any company in the position of Cision would have required a similar reseller agreement with the purchaser in order to allow for a seamless continuity of provision of integrated media services from the date of the merger.
62. Given that the existence of some form of purchasing contract of monitoring services from the purchaser was integral to the merger (and can therefore be considered directly related and necessary) the OFT has considered the impact of the resale agreement as part of its competitive assessment of the merger. In particular the OFT considered whether the agreement would create a link between Cision and Durrants and provide Durrants with knowledge on a proportion of Cision's costs, reducing competition in the supply of integrated media services.
63. Based on evidence provided by the parties, the Reseller Agreement only relates to Cision's UK print media monitoring requirements for a short period of [less than five] years. Furthermore, Cision estimated that Durrants would be the source of [] per cent of Cision's total third party media monitoring input and that media monitoring is only one of the services that makes up the integrated media service. According to Cision, many customers choose not to include hard copy editions in the service they purchase. Cision estimated that [] per cent of its integrated media service customers would not receive any material sourced from Durrants under the Reseller Agreement. Finally Cision estimated that Durrants has a share of

supply of [0-10] per cent in integrated media services and Durrants estimated that only [less than 15] per cent of its revenue comes from evaluation and planning services.

64. Cision stated that it intends to compete fully with Durrants in the supply of integrated media services and considers that the fact that [] shows that it intends to develop and expand its offering to compete fully in the provision of integrated media services.
65. Durrants stated that competition will be enhanced post-merger as the media monitoring element of Cision's integrated offering will be strengthened. Durrants also noted that it is more profitable for it to win new clients for its integrated media service rather than supplying the media content to Cision under the Reseller Agreement if Cision won those clients instead.
66. No concerns were expressed by customers in this sector.
67. Based on the evidence provided, the OFT concludes that the merger (taking account of the Reseller Agreement) is not expected to result in competition concerns in the supply of integrated media services.

Barriers to entry and expansion

68. Durrants stated to the OFT that barriers to entry were low as the majority of the work is done electronically and it is very easy for prospective providers of media monitoring services to obtain the raw data. In particular, new entrants can obtain the raw data of national and certain regional newspapers from the NLA eClips database. In addition the NLA confirmed that it will start licensing the aggregation of newspaper website content (eClipsWeb), which will further facilitate new entry. Furthermore, Durrants considered that new entry has been facilitated by the migration of print media to web media, with many publications now being available in both hard copy and digital format.
69. Competitors however mainly considered that the costs of entry are likely to be high due to scanning and staff requirements, customers demanding more sophisticated services and because the print media monitoring business is declining making it less profitable to enter. A competitor stated that a new entrant would require expensive scanning equipment and an

eClips licence (£50,000). Several competitors estimated entry costs at £2 million for the creation of a delivery platform, search software, staff and subscriptions to at least 2000 printed publications.

70. However, Durrants provided examples of where suppliers (that is, Adfero, MediaGen and Vocus) had entered the market in the last five years, and won business from traditional media monitoring services, such as itself.
71. The OFT considers that as this merger does not give rise to any prima facie competition concerns, it is not necessary to conclude on the issue of barriers to entry.

Buyer power

72. During the OFT's investigation, there have been a number of references made to the presence of buyer power in this market. However, given that the merger does not raise any competition concerns, the OFT does not consider it necessary to conclude on this issue.

COORDINATED EFFECTS

73. The OFT notes that this transaction increases asymmetry in the supply of media monitoring services, and that there is no evidence that Cision was acting as a maverick in the industry preventing coordination. In addition, no third parties raised coordination concerns. Therefore, the OFT does not consider that the transaction will give rise to an increased risk of coordination in the market.

COUNTERFACTUAL

74. Section 33 of the Act imposes a duty to refer upon the OFT if the OFT believes it is or may be the case that the anticipated acquisition by Durrants of the Target Business may be expected to result in a substantial lessening of competition within any market or markets in the UK for goods or services.
75. In order to decide whether the duty to refer applies, the OFT considers the merger's impact relative to the situation absent the merger (the counterfactual). Generally speaking, this will normally be the current (pre-

merger) conditions of competition. Paragraph 3.24 of the OFT's Substantive Assessment Guidance⁵ states:

'In most cases, the best guide to the appropriate counterfactual will be prevailing conditions of competition. However, the OFT may need to take into account likely and imminent changes in the structure of competition in order to reflect as accurately as possible the nature of rivalry without the merger.'

76. Durrants argued that absent the sale of the Target Business to Durrants, Cision was likely to exit the UK market as far as print media monitoring activities were concerned. [].
77. However, as the OFT has concluded (see above) that the merger does not give rise to a realistic prospect of a substantial lessening of competition against pre-merger conditions of competition, there is no need for the OFT to reach any conclusion as to whether Cision would in any event have exited the market absent the merger.⁶

THIRD PARTY VIEWS

78. The OFT received comments and views from a number of third parties, including competitors and customers. These third party comments have been addressed, where appropriate, throughout this decision. However, the OFT notes that the majority of customers did not raise any concerns regarding the transaction, with the exception of one customer who stated that the merger would reduce the number of available suppliers and would make the market more challenging.
79. Some competitors raised concerns that the acquisition will give Durrants sufficient scale to be able to undercut all competitors in the short-run forcing smaller providers to exit and reducing customer choice and therefore increasing prices in the medium term. These concerns have been dealt with above.

⁵ Mergers Substantive Assessment Guidance (OFT 506). See also, paragraph 4.23 of draft Merger Assessment Guidelines, a joint publication of the Competition Commission and the Office of Fair Trading (draft joint CC/OFT Merger Assessment Guidelines).

⁶ See in this respect paragraph 19 of Anticipated acquisition by Tesco Stores Limited of five former Kwik Save stores (Handforth, Coventry, Liverpool, Barrow-in-Furness and Nelson) 11 December 2007.

80. Finally one third party stated that the Reseller Agreement between the parties will reduce competition in the supply of 'integrated media services' for which there are fewer providers than for media monitoring services alone. These concerns have been dealt with above.

ASSESSMENT

81. The parties overlap in the provision of certain media monitoring services to customers in the UK.
82. Media monitoring services involve press cutting agencies (PCAs) collating and in some cases summarising the media coverage, both traditional print media (newspapers, magazines, trade press etc) and on-line sources for either references to a specific company or issue. The OFT examined whether print and on-line media monitoring services would also include news aggregation services. In particular, evidence for this distinction was mixed. Whilst some third parties agreed with the distinction being related to the level of human review, others considered that the distinction was in fact that news aggregators only monitor on-line sources, whereas media monitors look at print and on-line media sources. Finally, the OFT received evidence showing that large companies are increasingly demanding integrated media solutions, specifically a full media service which allow all the communications functions of an organisation to work together. The larger PCAs including the parties are developing software which enables them to offer this type of fully integrated service.
83. Durrants provided estimates of market shares for the provision of media monitoring and news aggregation services, and for media monitoring services only – defined by Durrants as those services involving a degree of human editorial review. In particular, the merged entity will have a combined market share of [10-20] per cent with an increment of [0-10] per cent in the provision of media monitoring services and news aggregation in the UK. Other providers, based on the same estimates will have market shares of [10-20] per cent, [10-20] per cent, [10-20] per cent and a number of small providers with market shares of [0-10] per cent.
84. In the market of media monitoring services, as defined by Durrants above (see paragraph 21), the combined share of supply of the parties will be [25-35] per cent with an increment of [0-10] per cent. Other providers will follow with [20-30] per cent, [5-15] per cent, [0-10] per cent and [0-10]

per cent.

85. No third parties provided comprehensive and substantiated share of supply estimates.
86. The OFT received several third party concerns, In particular, one third party raised the concern that post-merger the merged entity will raise prices or reduce quality of services. The OFT examined the availability of alternative suppliers and the closeness of competition between the parties. Durrants provided evidence suggesting that there are a wide range of PCAs and web monitoring companies, such as Vocus, TNS/Presswatch and Press Index, Media Market with which Durrants compete and which would provide a similar level of constraint on Durrants post-merger. In addition, competitors who responded to the OFT, including [], [] and [], considered that they all compete with the merging parties. Furthermore, the OFT received evidence from third parties showing that there were a significant number of suppliers in the market and that whilst Cision was a relatively large supplier there would still be plenty of alternatives post-merger including companies specialising in web-monitoring.
87. Regarding the closeness of competition between the merging parties, the data showed that switching between them is no greater than their share of supply estimates would suggest. As such, the OFT considered that there is no reason to believe that the parties compete more closely with one another than with any of the other suppliers.
88. Similarly examination of the parties' internal documents and evidence provided by third parties gave no reason to believe that the parties' compete more closely than their share of supply estimates might imply.
89. The OFT also received evidence from the parties and third parties indicating that switching was easy and that customer contracts tend to have very short notice periods and that switching costs were low.
90. Some third parties raised concerns that the market was one with high economies of scale and that the acquisition of the Target Business will give Durrants sufficient scale to be able to undercut smaller competitors in the short-run forcing these smaller providers to exit the market and therefore reducing customer choice and increasing prices in the medium term. However, the OFT considered that no evidence has been provided to

demonstrate that Cision's contracts would be sufficient to tip the market in favour of Durrants, to the eventual exclusion of other suppliers. In addition, the OFT received evidence showing that several media monitoring suppliers rather than deciding to exit the market in the short to medium term, they would find alternative ways to compete, for example through tie-ups with other organisations.

91. Finally, the OFT considered the impact on competition of the Reseller Agreement, according to which Durrants will supply Cision with UK print monitoring (for example cuttings that require an image delivery) which it requires to provide its integrated media service, CisionPoint, for a period of [less than five] years. In particular the OFT considered whether the agreement would create a link between Cision and Durrants and provide Durrants with knowledge on a proportion of Cision's costs, reducing competition in the supply of integrated media services. However, based on evidence provided, similar outsourcing arrangements between other providers of integrated media services are common practice in the industry. Furthermore, Cision, estimated that Durrants would be the source of [] per cent of Cision's total third party media monitoring input and that Durrants has only a share of supply of [0-10] per cent in integrated media services. Finally, Durrants noted that it is more profitable for it to win new clients for its integrated media service rather than supplying the media content to Cision under the Reseller Agreement if Cision won those clients instead.
92. Consequently, the OFT does not believe that it is or may be the case that the merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom.

DECISION

93. This merger will therefore **not be referred** to the Competition Commission under section 33(1) of the Act.

END NOTES

1. The parties clarified, subsequently to the decision, that their view has always been that there was little distinction between media monitoring and news aggregations services but acknowledged that news aggregators provide just the articles identified from an automated search whereas media monitoring involves a level of human editorial review to (i) ensure that the articles identified by the automatic search are indeed relevant and, in some cases, (ii) provide summaries.
2. For clarification, in paragraph 38 the phrase 'it has a similar turnover' should be replaced with 'these competitors have similar turnover'.