

Completed acquisition by Reach Plc of certain assets of Northern & Shell Media Group Limited

Decision on relevant merger situation and substantial lessening of competition

ME/6741/18

The CMA's decision on reference under section 22(1) of the Enterprise Act 2002 given on 20 June 2018. Full text of the decision published on 20 June 2018.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

SUMMARY

1. On 28 February 2018, Trinity Mirror plc (since renamed Reach plc (**Reach**)) acquired certain assets (the **Target Assets**) of Northern & Shell Media Group Limited (**Northern & Shell**) (the **Merger**). Reach and the Target Assets are together referred to as the **Parties**.¹
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that the Parties' enterprises have ceased to be distinct and that the turnover test is met. The four-month period for a decision has not yet expired. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
3. The Parties overlap in the publishing of national print newspapers and the supply of online news, the supply of advertising in national print newspapers and digital advertising, and the printing of newspapers. The CMA has therefore assessed the impact of the Merger in relation to the following frames of reference:

¹ For consistency, the CMA refers in this report to Reach rather than to Trinity Mirror plc, irrespective of whether the events or submissions referred to occurred before or after the renaming of the company.

- (a) The publishing of national print newspapers in the UK;
 - (b) The supply of advertising in national print newspapers in the UK;
 - (c) The supply of online news in the UK;
 - (d) The supply of digital advertising in the UK; and
 - (e) The printing of newspapers in the South of England.
4. The CMA believes that the Merger does not raise competition concerns in any of the frames of reference listed above, in particular because:
- (a) In relation to the publishing of national print newspapers in the UK, the Parties' titles are not close competitors, as they target different demographic groups and differ in content and tone. The available evidence, in particular the Parties' internal documents, shows minimal competitive interaction between the Parties, and price cuts by the Target Asset's titles appear to have had no meaningful impact on sales of Reach's titles. This lack of competitive interaction was also consistent with the views submitted by third parties during the CMA's investigation.
 - (b) In relation to the supply of advertising in national print newspapers in the UK, the Parties are not particularly close competitors (in that they do not compete more closely with each other than with other tabloids) and face significant competitive constraints from other national print newspapers and other forms of newspaper media.
 - (c) In relation to both the supply of online news and the supply of digital advertising in the UK, the Parties have a limited market presence (on any plausible basis) and are constrained by a range of other suppliers.
 - (d) To the extent that the Parties overlap in the printing of newspapers (ie in the South of England), they face significant competitive constraints from several alternative suppliers with substantial spare capacity, which will both constrain the prices the Parties can charge for printing third party newspapers, and prevent the Parties from being able to foreclose rival newspaper publishers from accessing their printing facilities.
5. The CMA therefore believes that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) in any market or markets in the UK. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

6. Reach (formerly Trinity Mirror plc) is a UK-based multimedia company with a portfolio of five UK national newspapers (the Daily Mirror, the Sunday Mirror, the Daily Record, the Sunday People and the Sunday Mail),² 150 local/regional newspapers and a range of associated digital products. Reach also provides printing services to third parties. The turnover of Reach in 2017 was £623.2 million worldwide and £[~~8~~] million in the UK.
7. The Target Assets include:
 - (a) the entire share capital of Northern & Shell Network Limited, a UK-based company that owns four national newspaper titles (the Daily Express, Sunday Express, Daily Star and Daily Star Sunday) and the magazine titles Ok!, new! and Star;
 - (b) the entire share capital of International Distribution 2018 Limited, a UK-based company that owns the business which sells the Daily Express, Sunday Express and Daily Star Sunday in the Republic of Ireland; and
 - (c) 50% of the issued share capital of Independent Star Limited, an Irish company that is engaged in newspaper publishing and owns the Irish Daily Star.³
8. The vast majority of revenues generated by the Target Assets come from the newspaper and magazine publishing activities of Northern & Shell Network Limited in the UK. Non-UK sales of the titles of Northern & Shell Network Limited and the 50% joint venture stake in Independent Star Limited are incidental to the UK business.
9. The turnover in the UK of the Target Assets for its financial year ended 31 December 2016 was [in excess of £70 million].

Transaction

10. On 9 February 2018, Reach agreed to acquire the Target Assets from Northern & Shell Media Group Limited (the **Vendor**) for a total consideration of £121.7 million.

² The Daily Record and the Sunday Mail are Scottish titles, with limited circulation in other parts of the UK, and can also therefore be considered as Scottish national or regional titles.

³ The remaining 50% shareholding in Independent Star Limited is owned by Independent News Media.

11. Reach informed the CMA that the Merger is also the subject of review by the Competition and Consumer Protection Commission (**CCPC**) in Ireland.
12. Reach submitted that its main rationale for the Merger was to create a more resilient media business, with the potential for significant synergies and cost savings. The Vendor submitted that the sale formed part of a wider strategic decision to divest of its media assets.

Relevant merger situation

13. Under section 23 of the Act, a relevant merger situation exists where the following conditions are satisfied:
 - (1) two or more enterprises have ceased to be distinct (in the case of completed mergers) or will cease to be distinct (in the case of anticipated mergers); and
 - (2) either:
 - (i) the value of the target enterprise's UK turnover exceeded £70 million in its last fiscal year (the turnover test); or
 - (ii) the enterprises ceasing to be distinct have a share of supply in the UK, or in a substantial part of the UK, of 25% or more in relation to goods or services of any description (the share of supply test); and
 - (3) in relation to completed mergers only, the enterprises must not have ceased to be distinct more than four months before the date of any reference to phase 2.⁴
14. Section 129(1) of the Act defines an 'enterprise' as 'the activities, or part of the activities, of a business'. Each of Reach and the Target Assets (comprising the assets purchased as described at paragraph 7 above) constitutes an enterprise within the meaning of section 129 of the Act.
15. The Merger involves the acquisition by Reach of sole control over Northern & Shell Network Limited and International Distribution 2018 Limited, and joint control over Independent Star Limited. The acquisition of the core business of the Target Assets, ie the business of Northern & Shell Network Limited,

⁴ Section 24(1) of the Act. This four-month period starts from the earlier of the date when either 'material facts' about the transaction have been made public, or from the date that the CMA is provided with 'material facts' concerning the merger. The Act does not define 'material facts' but the CMA interprets these to be the information that is relevant to its determination of jurisdiction (See Jurisdictional and Procedural Guidance, para. 4.14). For the facts to have been 'made public', they must have been 'so publicised as to be generally known or readily ascertainable' (section 24(3) of the Act).

completed on 28 February 2018.⁵ Therefore, the enterprises of Reach and the Target Assets have ceased to be distinct within the meaning of section 26 of the Act.⁶

16. The Target Assets' UK turnover for its financial year ended 31 December 2016 was [in excess of £70 million]. Therefore, the turnover test is met.
17. Given that the acquisition of the core business of the Target Assets, ie the business of Northern & Shell Network Limited, completed on 28 February 2018 (see paragraph 15 above), the four-month deadline for a phase 2 reference decision under section 24 of the Act decision is 27 June 2018.
18. Accordingly, the CMA believes that it is or may be the case that a relevant merger situation has been created for the purposes of section 44(4)(a) of the Act. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 11 April 2018 and the statutory 40 working day deadline for a decision, as extended pursuant to section 34ZB(4), is 17 July 2018.

Counterfactual

19. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For completed mergers, the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.⁷
20. In this case, there is no evidence supporting a different counterfactual, and Reach and third parties have not put forward arguments in this respect. Therefore, the CMA believes the pre-Merger conditions of competition to be the relevant counterfactual.

⁵ Completion of the acquisition by Trinity Mirror of the entire share capital of International Distribution 2018 Limited, and the 50% shareholding is conditional, amongst other things, to the approval of the CCPC.

⁶ The main business and vast majority of revenues of the Target Assets result from the business of the newspaper and magazine publishing activities of Northern & Shell Network Limited in the UK. The Target Assets have no employees based outside of the UK. Non-UK sales of the titles of Northern & Shell Network Limited, and the 50% joint venture stake in Independent Star Limited, are incidental to the UK business.

⁷ *Merger Assessment Guidelines* (OFT1254/CC2), September 2010, from paragraph 4.3.5. The *Merger Assessment Guidelines* have been adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, Annex D).

Industry background

21. Newspapers operate in a two-sided market with two customer groups: readers and advertisers. The Parties' national titles obtain revenues from both customer groups.⁸ Two-sided markets are generally characterised by indirect network effects, where the value of the product for customers on one side of the market depends on the number of users on the other side. In the case of national newspapers, network effects are likely to operate in one direction only: while more readers will make the newspaper more attractive to advertisers, more adverts are unlikely to make the newspaper more attractive to readers.
22. The CMA⁹ and Ofcom¹⁰ have both noted the structural decline in circulation of printed newspapers. Reach indicated that this decline is one of the main reasons behind the transaction, as the structural changes in the industry threaten the long-term economic viability of smaller print publishers.
23. Reach, using data from a report by market research firm Enders Analysis,¹¹ submitted that between 2009 and 2016 circulation of national titles in the UK decreased by at least 5% year-on-year.¹² The weekly circulation volumes of national newspaper titles fell from 67.6 million copies in 2009 to 42.4 million copies in 2016, with tabloids¹³ experiencing the largest decline over this period.
24. In addition to the printed version, many newspaper publishers (including the Parties) also provide digital versions of their products. Readers can therefore access publishers' content in the following ways:
 - (a) Buying a print version of the newspaper;
 - (b) Subscribing to a print version of the newspaper;
 - (c) Subscribing to an electronic version of the newspaper; or

⁸ Some newspapers, such as Metro and The Evening Standard, offer free titles to readers and only generate revenue on the advertiser side.

⁹ Provisional Findings Report on the Fox/Sky merger investigation.

¹⁰ Ofcom News Consumption Survey 2016.

¹¹ Enders Analysis, "News brands: Rise of membership as advertising stalls", 15 February 2017, page 3.

¹² In the CMA's Phase 2 assessment of Fox/Sky (reviewed by the CMA on the public interest ground of media plurality), the CMA provisionally found that readership data (ie how many people read a certain newspaper) was a more appropriate parameter for its assessment than circulation data (ie how many copies of a newspaper are sold). In the present case, however, where the focus of the CMA's assessment is on the effect on competition, the CMA considers that circulation data is the most appropriate metric for assessment.

¹³ 'Tabloids' in this analysis include the Mirror, the Star and the Express titles, as well as The Sun and the Mail.

(d) Accessing the associated websites – this may be free of charge (as is the case for the Parties and many other publishers) or paid-for.¹⁴

25. Many newspaper publishers offer a weekly edition and a Sunday edition of their newspapers. In this report, where the CMA refers, for example, to ‘the Mirror’ or ‘the Mail’, this is generally intended as a collective term to refer to both the weekly and Sunday editions. Where the CMA instead intends to refer to either the weekly edition or the Sunday edition specifically, the CMA uses the particular title name (eg ‘the Daily Mail’ or ‘the Mail on Sunday’).

Frame of reference

26. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.¹⁵
27. The Parties overlap in the publishing of national print newspapers and the supply of online news, the supply of advertising in national print newspapers and digital advertising, and the printing of newspapers.

The supply of news and advertising

Product scope

28. As discussed in paragraph 21, the Parties’ newspapers earn revenues from two groups of customers: readers and advertisers. Since the range of substitutes may differ between each customer group, the CMA has given separate consideration to each in considering the product frame of reference. The CMA has taken account of interactions between the two customer groups where appropriate in the competitive assessment.
29. Reach did not submit a precise product frame of reference, suggesting instead that each of the Parties’ titles should be assessed as competing not with other newspapers, for either advertising or readership, but with a wide

¹⁴ For example, the Telegraph adopts a soft paywall, which allows users to view a specific number of articles before requiring paid subscription. Until November 2015, The Sun adopted a ‘hardlocked’ model, where all content sat behind a paywall.

¹⁵ [Merger Assessment Guidelines](#), paragraph 5.2.2.

range of other media, and especially the internet. Reach submitted that the next best alternative for a reader of a given title is often a different medium, not a different newspaper, and that, as advertisers follow readers, the same would apply for advertisers.

Supply of newspapers

30. In previous cases investigated by the Office of Fair Trading (**OFT**) and the Competition Commission (**CC**), newspapers were considered to belong to separate markets from other media.¹⁶ National newspapers were also considered distinct from local and regional newspapers in the UK.¹⁷ Within national newspapers, the different segments of popular tabloids, mid-market titles and quality newspapers were not defined as different markets, with the different segments instead being considered to form part of a chain of substitution.¹⁸
31. In its recent decision in *Fox/Sky*,¹⁹ the European Commission did not conclude on the exact product frame of reference, including whether the segmentation between national, regional and free print newspapers was still appropriate in the UK.
32. The Target Assets are not active in the publishing of regional or local newspapers (and neither party is active in the publishing of free print newspapers). Given the lack of overlap in these products, the CMA has only considered the supply of national newspapers in this decision.²⁰
33. Reach submitted that national newspaper titles are highly differentiated and not interchangeable, and that readers make their purchasing decisions based on each title, not in comparison to other titles.
34. Research provided to the CMA²¹ indicated that newspaper readers tend to be brand loyal and align themselves to a chosen title or, if switching, remain within the same newspaper segment. Third party responses received by the

¹⁶ CC report on Trinity Plc/Mirror Group Plc and Regional Independent Media Holdings Ltd/Mirror Group Plc, Cm. 4393 (July 1999), paragraph 4.25; OFT decision "Completed acquisition by Press Acquisitions Limited of Telegraph Group Limited" (11 October 2004), paragraph 6.

¹⁷ CC report on Trinity Plc/Mirror Group Plc and Regional Independent Media Holdings Ltd/Mirror Group Plc, Cm. 4393 (July 1999), paragraph 4.25.

¹⁸ CC report on Trinity Plc/Mirror Group Plc and Regional Independent Media Holdings Ltd/Mirror Group Plc, Cm. 4393 (July 1999), paragraphs 4.27-4.28; OFT decision "Completed acquisition by Press Acquisitions Limited of Telegraph Group Limited" (11 October 2004), paragraph 7.

¹⁹ Case M.8354 - Fox / Sky.

²⁰ On a conservative basis, Trinity Mirror's Scottish titles (the Daily Record and the Sunday Mail) have been included among national newspapers.

²¹ YouGov research for Johnston Press, June 2016. The CMA notes that YouGov uses an online panel. Online panel surveys tend not to be representative of the target population as online panellists are generally heavier Internet and technology users compared to the general population.

CMA provided mixed evidence on the extent to which newspapers compete against each other for readers, although no newspaper publishers told the CMA that they had seen price changes of competitors' titles have an impact on sales of their own titles. Given the many dimensions of differentiation between newspapers (in terms of positioning in the market, political stance and other editorial choices) the CMA considered it appropriate to define the product frame of reference as including all national newspaper types (without further segmenting between popular, mid-market and quality newspapers). Differences in the closeness of competition between particular newspaper titles are considered in the competitive assessment.

35. Reach submitted that the Parties face significant competition from the internet and other media, and that the national newspaper industry has experienced continued decline. Responses to the CMA's market testing provided mixed evidence. On one hand, almost all the national newspaper publishers told the CMA that newspapers compete for readers with other media, including online, TV and radio news. However, several publishers also told the CMA that, although newspapers compete against a wide range of news sources, competition is closer within newspapers, and particularly within the categories of popular, mid-market and quality newspapers. On this basis, the CMA considered it appropriate to segment the product frame of reference between print and online news, with constraints on newspapers from other media being considered within the competitive assessment.

Supply of advertising

36. With regard to advertising, the European Commission's market investigation in *Fox/Sky* indicated that advertising on TV channels and advertising in print newspapers should be treated as separate product markets. In relation to advertising in print newspapers, the European Commission's market investigation confirmed that daily and non-daily newspapers form separate relevant markets and that national and local newspapers are not substitutable.²²
37. Reach submitted that there is a high degree of substitution from print to online advertising, with television and other media retaining a steady share of advertising.
38. Newspaper publishers sell advertising directly to advertisers and via advertising agencies. Overall, third party evidence indicated that constraints on newspapers from other channels are significant, with a general shift of

²² Case M.8354 - Fox / Sky.

advertising spending away from newspapers to other media. When asked by the CMA, advertising agencies and individual advertisers indicated a small increase²³ in the price of print advertising could lead to a significant shift of advertising spending towards other media.

39. However, some advertisers and agencies recognised specific reasons for advertising in newspapers as opposed to other channels, such as a fast turnaround for adverts, engaging a hard-to-reach audience, or the relatively lower price of delivering a message to wide audience than when using alternative media (eg TV).
40. Therefore, on a cautious basis, the CMA has considered that print and digital advertising form separate product frames of reference, but has taken into account the significant constraint on print advertising from other channels within the competitive assessment.

Geographic scope

41. In previous cases, the OFT and the CC considered the geographic frame of reference for national newspapers to be national in scope.²⁴ Similarly, the European Commission in *Fox/Sky* considered both the advertising and newspaper publishing markets to be national in scope.²⁵
42. Reach did not make submissions into the geographic frame of reference that it considered should be used in this case, but appeared to agree with the assessment in previous cases that the appropriate geographic frame of reference, for both newspaper publishing and advertising, is national.
43. The CMA is also aware that publishers do, occasionally, implement localised special offers. Reach has previously run a campaign selling specially-priced copies of the Sunday Mirror to certain low-selling retailers in limited geographic areas. However, Reach did not continue this trial based [✂]. Given the very limited level of localisation for national newspapers, the CMA considered the geographic frame of reference to be UK-wide.
44. The CMA recognises that some of Reach's titles (the Daily Record and the Sunday Mail) are Scottish titles and that competitive conditions in Scotland

²³ The question specified a 5% price increase. This is a level commonly used in the application of the SSNIP test.

²⁴ See, for example, the geographic scope of the analysis undertaken by the CC in its report on Trinity Plc/Mirror Group Plc and Regional Independent Media Holdings Ltd/Mirror Group Plc, Cm. 4393 (July 1999), paragraphs 4.18-4.33 and 4.88.

²⁵ Case M.8354 – Fox/Sky, paragraphs 118 and 135.

may be different from the rest of the UK. The CMA considered any such differences within the competitive assessment.

45. In relation to advertising, almost all of the advertising revenue of the Parties relates to national advertising.²⁶ Third party evidence received by the CMA confirmed that, although national newspapers tend to offer regional advertising, the vast majority of advertising in national newspapers is national. Therefore, the CMA has considered the geographic frame of reference for advertising to be UK-wide.

Conclusion on frame of reference for the supply of news and advertising

46. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- (a) The publishing of national print newspapers in the UK;
 - (b) The supply of online news in the UK;
 - (c) The supply of advertising in national print newspapers in the UK; and
 - (d) The supply of digital advertising in the UK.

The printing of newspapers

Product scope

47. Newspaper publishers, including the Parties, offer printing services to each other. This is a result of falling demand for printing facilities (due to falling circulation) and the need to cover high fixed costs at printing plants. Most newspapers are printed between 10:30pm and 3am, with printing facilities having spare capacity outside of this time slot to print other types of print publications.
48. Reach submitted that, as the Target Assets outsource the printing of magazine titles, the only overlap is in relation to the printing of newspapers, and that this should be the relevant product frame of reference. Although there are two methods for printing newspapers, Reach considers these processes are interchangeable from a customer perspective.

²⁶ In 2017, nearly all of the advertising revenue in each of the Parties' national titles (excluding the Daily Record and the Sunday Mail) came from national advertising.

49. The CMA did not receive any evidence to suggest that a narrower frame of reference than the printing of newspapers was appropriate. The CMA therefore analysed the Merger within this frame of reference.

Geographic scope

50. Reach submitted that the printing of national newspapers has to occur relatively close to where final sales take place, due to the narrow time window between the end of printing and the start of the sale of newspapers (typically between 3am and 6am). Reach therefore submitted that the relevant geographic market for newspaper printing is regional, distinguishing between plants located in the South of England, the North of England, and Scotland.²⁷ It submitted that the narrowest geographic frame of reference was the South of England (as the Parties' printing plants do not overlap in the North of England or Scotland), which includes the Target Assets' plant in Luton, Reach's plants in Watford and Birmingham, and nine third party plants.
51. The CMA did not receive any evidence to indicate a different geographic frame of reference, and so considered the printing of newspapers to be regional in scope.

Conclusion on frame of reference

52. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- (a) The publishing of national print newspapers in the UK;
 - (b) The supply of online news in the UK;
 - (c) The supply of advertising in national print newspapers in the UK;
 - (d) The supply of digital advertising in the UK; and
 - (e) The printing of newspapers in the South of England.

²⁷ Trinity Mirror confirmed neither Party has printing facilities in Northern Ireland, and that this is considered separate to Great Britain given it is not economical to transport newspapers between Great Britain and Northern Ireland.

Competitive assessment

Horizontal unilateral effects

53. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.²⁸ Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in relation to the frames of reference listed in paragraph 52.
54. In undertaking this assessment, the CMA has considered the Parties' shares of supply in each frame of reference and a wide variety of evidence (including the Parties' internal documents, economic evidence submitted by the Parties, third party data (National Readership Survey and a YouGov survey), and views submitted by third parties) relating to the closeness of competition between the Parties pre-Merger and the constraints that the Parties will face post-Merger.

Loss of competition in the publishing of national print newspapers in the UK

55. The Merger may give rise to horizontal unilateral effects in the publishing of national print newspapers if the Parties had an incentive, post-Merger, to increase the cover price of their titles, reduce promotions, or degrade elements of non-price competition, such as competition for exclusive stories.

Reach's views

56. Reach submitted that:
- (a) The Parties' titles are very differentiated in terms of tone and editorial positioning and are therefore not seen as substitutes by readers. This is reflected in the differences between the demographic makeup of the titles' readerships.
 - (b) The Parties do not compete closely with each other and, among print newspapers, third party titles are closer substitutes to each Party's titles than the Parties' titles are to each other. In particular, the Mail is closer to the Express, while the Sun is closer to the Star and the Mirror.

²⁸ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

- (c) More generally, the Parties do not compete for new print readers (given declining print readership), but can only try to increase the frequency with which their existing readers buy their newspapers. The Parties monitor other newspaper publishers in order to measure their titles' performance against the declining trend experienced by the industry, rather than for competition-related purposes.
- (d) The Parties' print titles are constrained by other media, such as TV, radio and the internet, which represent the next best alternatives for their customers.

Shares of supply

57. The Parties provided the CMA with circulation data computed by the Audit Bureau of Circulation (ABC), from which shares of supply can be calculated with respect to national newspapers,²⁹ national tabloids³⁰ and national popular tabloids.³¹ These are summarised in Table 1.

Table 1: Average circulation shares in 2017

	National Newspapers		National tabloids		National popular tabloids	
	Daily	Sunday	Daily	Sunday	Daily	Sunday
Reach	13%	17%	17%	23%	28%	37%
Target	13%	11%	17%	15%	14%	10%
Combined	26%	28%	34%	38%	43%	47%
News UK	34%	38%	35%	33%	57%	53%
DMGT	24%	22%	31%	29%		
Telegraph Media	8%	7%				
Johnston	5%	0%				
GMG	3%	3%				
Nikkei	1%	0%				
DC Thomson	0%	3%				

Source: ABC circulation data provided by the Parties

58. The CMA notes that the Parties' combined share of supply is relatively high within the narrowest category of national popular tabloids. However, as noted in paragraph 33 above, there are many dimensions of differentiation between newspapers and it is necessary to take into account the closeness of competition between them and other competitive constraints, which are

²⁹ National newspapers include: a) all the Parties' national titles; b) News UK's the Sun, Sun on Sunday, the Times and the Sunday Times; c) DMGT's Daily Mail and Mail on Sunday; d) Telegraph Media's Daily Telegraph and Sunday Telegraph; e) Johnston's i; f) GMG's the Guardian and the Observer; g) Nikkei's Financial Times; and h) DC Thomson's Sunday Post.

³⁰ National tabloids include: a) all the Parties' national titles; b) News UK's the Sun and Sun on Sunday; and c) DMGT's Daily Mail and Mail on Sunday.

³¹ National popular tabloids include a) all Trinity Mirror's national titles and the Target Assets' Daily Star and Daily Star Sunday; and b) News UK's the Sun and Sun on Sunday.

assessed in the next sections. The CMA has therefore considered the significance of market shares in the light of the other evidence set out below.

Closeness of competition

59. The CMA has considered several categories of evidence to assess the closeness of competition between the Parties' titles in the supply of print newspapers:
- (a) Their respective readership demographics, content and tone;
 - (b) Their use of competitor monitoring and price comparisons;
 - (c) The impact of price changes by the Target Assets' titles on Reach's titles; and
 - (d) The views of third parties, in particular other newspaper publishers.
 - *Readership demographics, content and tone*
60. The CMA considered several sources of evidence to assess the respective readership demographics, content and tone of the Parties' titles.
61. First, Reach provided the CMA with National Readership Survey data, which shows that the Express readership is on average older and more affluent than the readership of the Mirror or of the Sunday People. The readers of the Star are on average younger than those of Reach's titles, but with a less pronounced difference in terms of occupational grades. On the other hand, the readership demographics of the Mirror and the Sun are quite similar, while readers of the Express have a similar demographic profile to those of the Mail.
62. Second, the Parties referred the CMA to the results of a YouGov survey of how different readers voted at the 2017 general elections. This survey shows that 77% of the Express' readers voted Conservative, while 68% of the Mirror's readers voted Labour. Figures for the Star were more mixed, with 49% voting Labour and 38% Conservative.³²

³² The CMA notes that YouGov uses an online panel. Online panel surveys tend not be representative of the target population as online panellists are generally heavier Internet and technology users compared to the general population.

63. Third, the CMA reviewed the topics covered by the titles and featured on its cover pages, which supported the Parties' arguments regarding their different tone and editorial position of their titles.³³
64. Fourth, the CMA has considered evidence from third parties. In particular, one third party advertiser confirmed the difference in readership, submitting that it stopped advertising in the Express because that title's readership did not align with its target audience, but that it continues to advertise in Reach's titles and the Daily Star.
65. The CMA believes this evidence, in the round, indicates that the profile of the average reader tends to differ across different titles, and there exists a high level of differentiation between the Parties' titles. However, on the evidence above, the CMA cannot exclude the possibility that there remains a sizeable overlap between the readership audiences targeted by the Parties.
- *Competitor monitoring and price comparisons*
66. The CMA has considered the extent to which the Parties monitored their titles against other newspaper titles, both within internal documents and, in the case of the Target Assets, through price comparisons printed on its covers.
67. The Parties' internal documents show that they monitor the circulation of several newspapers, including each other's titles. The set of newspapers considered varies across different internal documents reviewed by the CMA. For example, some of Reach's documents list a wide group of newspapers, including quality titles (the Telegraph, the Times and the Guardian), whereas others consider only tabloids or popular tabloids. Even when a larger set of newspapers is included, in most cases the CMA found that the focus of these documents is on tabloids or more narrowly on popular tabloids.
68. The CMA found that the Target Assets' internal documents also monitor a wide range of newspapers, which are in some cases segmented between quality titles and tabloids (and, in the case of the latter, sometimes further segmented between popular and mid-market tabloids).
69. Nevertheless, the CMA notes that the internal documents reviewed tend to support the Parties' argument that such monitoring is focused on declining circulation rates, and comparing the Parties' performance to that downward trend, rather than on any particular competitive interaction between the titles monitored. This is consistent with the lack of any evidence that such

³³ The CMA's review of content was based on a representative sample of the Parties' publications. The CMA notes, however, that it did not undertake an exhaustive content analysis and therefore has placed relatively limited weight on the results of this review.

monitoring was used by the Parties to alter their own competitive behaviour. To the extent that the CMA observed some limited examples in internal documents of monitoring that was focused on parameters of competition (eg references to other titles being able to attract readers from particular demographic groups, or to sustain readers' interest for longer), the CMA notes that these comparisons tended to focus on titles other than the other Party's titles (eg internal documents relating to the Mirror tended to focus on the Sun).

70. The CMA noted that price comparisons are printed on the front page of the Target Assets' titles. Currently, the Star's price is compared to that of the Sun, and the Express's to the prices of the Daily Mail and the Daily Mirror on weekdays, and the Mail on Sunday on Sundays.³⁴
71. Reach submitted that these statements are not indicative of price competition between those titles, but are simply indications of value for money for the reader. In addition, the large font size of the price comparisons is intended to make readers believe that the titles' cover prices are 10p, 20p or 40p, instead of their (higher) actual price.
72. In the absence of contemporaneous evidence to support Reach's submissions in this regard, the CMA believes that these comparisons to other titles are likely to indicate some form of competition between newspaper titles for readers. Nevertheless, the CMA notes that the comparison is made against a third party title (the Sun) in the case of the Star, and against both the Mirror and a third party title (the Mail) in the case of the Express.
73. The CMA believes that the evidence described above indicates that there is a degree of competition between newspaper titles. The CMA notes also notes, however, that to the extent the Parties do compare themselves against other titles, they tend to monitor and compare their titles to third party titles more than to each others' titles.
 - *Impact of price changes for the Express and the Star*
74. Between the end of 2015 and the beginning of 2016,³⁵ Northern & Shell significantly reduced the cover prices of the Express and the Star publications. More specifically:

³⁴ For example, the Daily Star's front cover currently indicates that it is "20p cheaper than the Sun", and the Daily Express currently states that it is "still 10p cheaper than the Daily Mail and 15p cheaper than the Daily Mirror and ten times better" on its Monday to Friday edition.

³⁵ These price cuts began to be reversed on 23 July 2016.

- (a) On 5 October 2015, Star publications halved their cover prices;³⁶
- (b) On 28 December 2015, the Daily Express reduced its cover prices in Scotland by around 40%;³⁷ and
- (c) On 2 January 2016, the Saturday edition of the Daily Express reduced its cover price in the rest of the UK.³⁸
75. Reach submitted an analysis of the impact of these price changes on the circulation of the Parties' newspapers. It submitted that the analysis shows that the price cuts had no significant impact on Reach's titles, implying that the Parties do not compete for the same readership.
76. The CMA examined the analysis provided by Reach and conducted sensitivity analysis to test the results produced. While the CMA identified certain limitations with the analysis, which may reduce the weight that can be placed on its findings, the CMA nevertheless found that:
- (a) the Express price cuts in Scotland resulted in a very small (but statistically significant) impact on Reach's sales, which was limited in duration to up to two weeks after the price cut;
- (b) while the Star and Express price cuts in the UK reversed declining circulation for these titles, they do not appear to have any impact on the declining rate of circulation of the Mirror. Further, Reach internal documents do not suggest any measure was taken in response to the price cuts.
77. The CMA believes that, despite certain limitations in the data, this evidence is therefore consistent with the view that the Parties' titles are not particularly close competitors.
- *Third party views on closeness of competition*
78. Almost all competitors who responded to the CMA's market testing indicated they do not consider the Parties' titles to be close competitors. One competitor submitted that it does not consider any of the Parties' titles to be closer competitors to one another than to any other national newspaper. In particular, this competitor viewed the readership profile of the Mirror titles to be different from the Express titles' readership profile; and that this was

³⁶ The cover price of the Monday to Friday editions was halved from 40p to 20p, the Saturday edition was halved from 60p to 30p, and the Sunday edition was halved from £1 to 50p on 5 October 2015.

³⁷ The cover price of the Monday to Friday editions in Scotland was reduced from 50p to 30p, and the Saturday edition in Scotland was reduced from 80p to 45p.

³⁸ The cover price of the Saturday edition in the rest of the UK was reduced from 85p to 45p.

reflected in the different political stance adopted by the *Express* compared to the *Mirror*.

- *Conclusion on closeness of competition*

79. The CMA believes, based on the evidence above, that the Parties' titles are not close competitors. The Parties' titles appear to target different demographic groups, and differ in content and tone accordingly. Further, while the monitoring conducted by the Parties suggests there may be some competition for readers between the Parties, this appears to be quite limited, and to the extent this competition exists, the Parties face closer competition from other print newspapers titles. This conclusion is supported by the apparent absence of any meaningful impact on Reach's titles following price cuts by the Target Asset's titles, and by the views of third parties.

Competitive constraints

80. As discussed in the previous section, the Parties' newspapers face constraints from other newspapers, in particular the Sun competes with the Daily Mirror, Daily Record and Daily Star, and the Daily Mail with the Daily Express; and similarly for the Sunday papers.
81. The CMA has also considered the competitive constraints that the Parties may face from outside the frame of reference of national newspapers. Reach submitted that national newspapers face significant constraints from a large number of media, including the internet, TV and radio, and that Enders Analysis shows that the rate of decline for national newspaper circulation has been accelerated by internet and smartphone penetration. Reach also submitted that, alongside the significant number of readers who switch from consuming print newspapers altogether, there are also readers who reduce their consumption and purchase a title less frequently.
82. As indicated in paragraph 34, almost all competitor publishers submitted that print newspapers face competition from a wide range of media, and many cited declining circulation figures of print newspapers in general (discussed at paragraph 22).
83. The CMA considers that the available evidence indicates that print newspapers are likely to be constrained, to some extent, from other sources of news, which are often free at the point of use. The CMA also notes that there are likely to be some customers, for example those with a strong preference for print products or for a certain title, who would reduce consumption, rather than switching to an alternative newspaper title, in response to a price increase or reduction in the quality of their preferred

newspaper (and that the Parties have limited potential for price discriminating against such customers as the cover price is paid by most purchasers).

84. In any event, the CMA has not had to conclude on the extent of the competitive constraint imposed by other media on the Parties' newspapers, because the available evidence shows that there is very limited competitive interaction between Parties' newspapers (and therefore that the Parties are not a significant constraint on each other at present). Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the publishing of national print newspapers in the UK.

Loss of competition in the supply of advertising in national print newspapers in the UK

85. The Merger may give rise to horizontal unilateral effects in the supply of advertising in national print newspapers if the Parties had an incentive, post-Merger, to increase the price charged, or reduce the quality of the service provided, to advertisers or advertising agencies.

Reach's views

86. Reach submitted that it does not have the ability or incentive to raise advertising prices post-Merger, for the following reasons:
- (a) The Parties' titles are not competitors for advertisers. The titles have different readerships and do not allow advertisers to reach the same audience. As a result, advertisers and advertising agencies see the Parties' titles as complements rather than substitutes;
 - (b) The Parties' titles face significant competitive constraints from other media in relation to the sale of advertising space; and
 - (c) Reach will continue to be constrained by the buyer power of advertising agencies.

Shares of supply

87. The Parties estimated shares of supply of print advertising with respect to national newspapers, national tabloids and national popular tabloids (see Table 2). Scottish editions and Scottish titles, such as Reach's Daily Record

and Sunday Mail, and DC Thomson's Sunday Post, have been excluded on the basis that they carry Scottish advertising rather than national advertising.³⁹

88. The shares are based on Nielsen data, which reports advertising volumes measured in single column centimetres.⁴⁰ The shares are computed looking at the volume of advertising per copy across titles and, as such, do not reflect the differences in circulation among titles.

Table 2: Shares of supply for advertising in 2017

	National Newspapers		National tabloids		National popular tabloids	
	Daily	Sunday	Daily	Sunday	Daily	Sunday
Reach	7%	9%	15%	21%	30%	53%
Target	18%	15%	40%	32%	34%	18%
Combined	25%	24%	56%	52%	64%	71%
News UK	20%	28%	18%	11%	36%	29%
DMGT	12%	17%	26%	37%		
Telegraph Media	20%	20%				
Johnston	5%	0%				
GMG	10%	11%				
Nikkei	8%	0%				

Source: Nielsen data provided by the Parties

89. As with the shares of supply for print newspapers, the CMA notes that the Parties' combined share of supply is relatively high within the narrowest category of national popular tabloids (and also within national tabloids). However, the CMA believes, for the reasons described above, that an assessment of the closeness of competition between the Parties' titles and of the competitive constraints that they face should be given greater weight in this case.

Closeness of competition and competitive constraints

90. The CMA has assessed the closeness of competition between the Parties, and the constraint imposed on them, through the Parties' internal documents and the views submitted by third parties.

- *Internal documents*

91. Reach documents provided to the CMA show that it monitors advertising volumes of other titles, with data circulated weekly covering all national

³⁹ Given the Target Assets have no Scottish specific titles, the CMA has not needed to consider advertising in Scotland print newspapers further in this decision.

⁴⁰ Each corresponding to an area 1cm in height by 1 column in width each.

tabloids. The CMA noted that the cover email accompanying the data tends to focus on comparisons between the Mirror and the Sun.

92. Other Reach internal documents make comparisons with a much larger set of alternatives – across print titles, websites and digital platforms – including (across print titles) the Sun, the Mail, the Guardian, the Express, the Telegraph, the Times and the i, as well as (across websites and digital platforms) Vice, BuzzFeed, Facebook, Twitter and Instagram.

93. The CMA believes that these internal documents suggest that Reach does not see the Target Assets' titles as closer competitors than other tabloids, and not as close as the Sun. Moreover, a wider set of relevant competitors is also considered.

- *Third party views*

94. During its market testing, the CMA asked advertising agencies and individual advertisers to name what they considered to be the best alternative to each of the Parties' titles. Responses varied significantly. Some respondents mentioned a short list of national newspapers, but approximately half of the respondents included various other media including TV, digital display, social media and the radio. Among national newspapers, third party responses tended to suggest that:

(a) the closest alternatives to the Mirror were considered to be the Sun and the Mail, followed by the Target Assets' titles;

(b) the closest alternative to the Express was considered to be the Mail, with other titles mentioned much less frequently; and

(c) the closest alternative to the Star was considered to be the Sun, followed by the Mirror and the Mail.

95. In addition, several advertisers told the CMA that threatening to switch advertising spend away from the Parties' titles towards other newspapers or other media was a regular occurrence, consistent with the long list of alternative available to advertisers.

96. Only one of the advertisers who responded to the CMA's market testing expressed a concern with the Merger, in particular that prices for advertising could increase, although it did not explain further the basis for this concern. The CMA notes further that this advertiser, consistent with the CMA's findings, considered third party titles to be better alternatives to each Party's titles. Meanwhile, a few advertisers and advertising agencies commented that the Merger may lead to a good outcome for them/their clients.

- *Other evidence*

97. The Parties also put forward data on advertisers' switching between newspapers to support their views that their own titles, and newspapers more generally, are not close competitors for advertisers. The Parties submitted that the data demonstrated that switching from the Mirror, the Express or the Star to any other tabloid was low in each year between 2013 and 2017.
98. The CMA notes that the weight that can be placed on such evidence is likely to be limited given that low levels of switching (at least in the form measured by the Parties' analysis) would often be expected in a market in constant decline.⁴¹ In any event, the CMA has not needed to consider this evidence in depth as it does not affect the conclusion, based on the other available evidence, that the Parties' titles are not the closest competitors for advertisers and that they will remain constrained by other forms of media.

Conclusion

99. Based on evidence from the internal documents and from third parties, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in relation to the supply of advertising in national print newspapers in the UK. This is because the Parties do not appear to compete more closely with each other than with other tabloids and face significant competitive constraints from other media.

Loss of competition in the supply of online news in the UK

100. The Merger may give rise to horizontal unilateral effects in the supply of online news in the UK if the Parties had an incentive, post-Merger, to degrade the service offered to online readers, whether by degrading the editorial content or introducing a pay wall model.⁴²

Reach's submissions

101. Reach estimated shares of supply for online news in the UK using comScore data on monthly page views. Based on data from October 2017, the Parties have a combined share of supply of 3.1%, with the Merger bringing about an increment of 1.5%. This makes the Parties the fourth-largest supplier (albeit considerably smaller than the largest and second largest players) of online

⁴¹ Switching was estimated by looking at the proportion of advertising volume reductions in one title that correspond to advertising volume increases in another title.

⁴² The adoption of a payroll model is not necessarily a degradation of offer if accompanied, for example, by significant improvements in the quality or quantity of the editorial content.

news after Facebook (56.8%), the BBC (19.3%) and DMGT (Mail Online) (6.8%). Reach also submitted that the supply of online national news is highly competitive, with low barriers to entry and a large number of news sources accessible free of charge.

CMA Assessment

102. The CMA noted in its Phase 2 assessment of *Fox/Sky* (reviewed by the CMA on the public interest ground of media plurality) that traditional news organisations still provide the majority of news content that is consumed online,⁴³ including the content accessed by readers through intermediaries such as Facebook, Google and Twitter. The CMA in *Fox/Sky* also considered it useful to also use an alternative measure for the share of supply which excluded intermediaries. This alternative measure is based on the shares of time spent online for 20 news providers, using comScore data. The CMA has considered that it may be appropriate to use a similar approach in this case. Under this metric, the largest supplier is the BBC, with approximately 60% of news consumption online, while the Parties' combined share is around 6%, broadly similar to Sky News, BuzzFeed and DMGT (Mail Online).⁴⁴
103. The CMA notes that these shares of supply may indicate that the Parties will continue to face constraints in the supply of online news from a range of alternative suppliers, in particular the BBC, but also other news outlets beyond newspaper publishers. This is supported by Reach's internal documents, which indicate that it competes for readers online with a wider range of sources than the websites of printed newspapers, with Facebook, the BBC, BuzzFeed and Sky listed as competitors alongside the other newspaper publishers.
104. In addition, none of the third parties who responded to the CMA's market testing expressed a concern regarding the impact of the Merger on the supply of online news.
105. Based on the evidence above, including the low combined shares of supply and the evidence provided by Reach's internal documents, the CMA believes that the Parties will continue to be constrained in the supply of online news by a range of other suppliers. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in relation to the supply of online news in the UK.

⁴³ Provisional Findings Report on the Fox/Sky merger investigation, paragraph 60.

⁴⁴ Provisional Findings Report on the Fox/Sky merger investigation, paragraph 10.38 and Figure 10.9.

Loss of competition in the supply of digital advertising in the UK

106. The Merger may give rise to horizontal unilateral effects in the supply of digital advertising if the Parties had an incentive, post-Merger, to increase the price charged to advertisers or advertising agencies.

Reach's submissions

107. Reach told the CMA that it is not possible to provide complete and accurate shares of supply for digital advertising in the UK. However, it submitted that, based on an estimate by Enders Analysis that total UK digital advertising spend in 2016 amounted to £10.25 billion, the Parties' estimated combined share of supply would be [0-5%].

CMA Assessment

108. The CMA notes that the Parties' estimate for their combined share of supply in the supply of digital advertising is negligible. The CMA has not been able to test the robustness of the total market size figure submitted by Reach, and therefore does not place significant weight on the precise share of supply figure produced by its calculations. However, the CMA notes that even if the overall size of digital advertising spend was substantially smaller than that suggested by the Parties, the Parties' share would remain small.
109. The availability of a wider range of alternatives for the supply of digital advertising was supported by the views put forward by advertisers and advertising agencies contacted during the CMA's market testing. While third party views on the best alternatives to the Parties' websites and apps varied, these third parties generally indicated that their options spanned both other newspapers' websites, and other digital platforms. Some advertisers also mentioned other media, such as radio and TV.
110. Based on the evidence above, including the very low combined shares of supply and the views of third parties, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in relation to the supply of digital advertising in the UK.

Horizontal unilateral and vertical effects in the printing of newspapers in the South of England

111. The Parties overlap in the printing of newspapers in the South of England. In principle, the Merger could therefore give rise to horizontal effects if the Parties were able to increase prices for printing services or had an incentive to reduce capacity, for example by closing one of their printing plants. Given

the vertical relationship between the printing and publishing of newspapers, the Merger could also give rise to vertical effects, if the merged entity had the ability and incentive to foreclose rival publishers from using its printing facilities.

112. Vertical mergers may be competitively benign or even efficiency-enhancing, but in certain circumstances can weaken rivalry, for example when they result in foreclosure of the merged firm’s competitors. The CMA only regards such foreclosure as anticompetitive where it results in an SLC in the foreclosed market(s), not merely where it disadvantages one or more competitors.⁴⁵

Shares of supply

113. Reach estimated publishers' total (used and unused) capacity available for the printing of the publisher's own newspapers and of third-party newspapers. In particular, Reach estimated the number of copies which each publisher is able to print at each plant daily between 10.30pm and 3am, the time period during which almost all daily newspapers are printed. The estimates were based on Reach's industry knowledge of the number and type of presses at each publisher's plants. Table 3 summarises the shares of capacity in the South of England.⁴⁶

Table 3: Newspapers printing capacity in the South of England

Printer	Estimated total printing capacity (number of copies)	Estimated share of supply
Reach	[X]	[10-20]%
Target	[X]	[0-10]%
Combined	[X]	[20-30]%
Newsprinters (News UK)	[X]	[30-40]%
Harmsworth Quays Printing Ltd (DMGT)	[X]	[10-20]%
Newsquest	[X]	[0-10]%
Johnston Press	[X]	[0-10]%
Archant	[X]	[0-10]%
St Clements Press (Nikkei)	[X]	[0-10]%
Cambridge Newspapers (Iliffe)	[X]	[0-10]%

Source: The Parties' submission to the CMA

114. Reach submitted that total capacity is the most meaningful measure for calculating shares of supply because the majority of publishers outsource some of their printing and the printing of a publisher's own titles and of third

⁴⁵ In relation to this theory of harm, 'foreclosure' means either the total foreclosure of a rival or a substantial competitive weakening of a rival.

⁴⁶ The Parties' combined share is very similar if the whole of Great Britain is considered. Trinity Mirror submitted that Northern Ireland should be considered separate because it is not economical to transport newspapers between Great Britain and Northern Ireland. Neither of the Parties has printing facilities in Northern Ireland.

party titles are interchangeable. Therefore, Reach submitted that spare capacity could be employed by newspaper publishers for the printing of third party newspapers.

115. The CMA notes that Reach also submitted that printing in-house is more cost-effective than outsourced printing, which means that publishers are incentivised to print at their own plants where possible. This might suggest that a more appropriate measure for calculating shares of supply could be the capacity available for the printing of third party newspapers only. Nevertheless, as the other evidence available to the CMA indicated that the Merger would not raise concerns under this theory of harm, the CMA did not consider it necessary to recalculate the shares of supply on this basis.

Reach's submission

116. Reach submitted that it will not have the ability or incentive to raise prices for the printing of newspapers post-Merger, in particular because:
- (a) There are a number of large printing presses geographically close to the Parties' sites, which will continue to impose strong competitive constraints; and
 - (b) Some of the publishers for which Reach prints newspapers also print Reach's own newspapers in other locations in the UK, meaning that charging high prices would affect the wider relationship between Reach and these publishers.
117. Reach also submitted that it will not have an incentive as a result of the Merger to close any of the Parties' printing plants, as printing in-house is more cost-effective than outsourcing.

CMA Assessment

118. The CMA has assessed this evidence for the purposes of considering both the potential horizontal and the potential vertical effects of the Merger on the printing of newspapers in the South of England.
119. The CMA has considered the geographic locations of the Parties' printing plants, along with those of a number of third party plants in the London area, and several others in the wider South of England. The CMA notes, in this regard, that there are nine alternative printing plants in that area to those owned by the Parties.
120. In addition, the CMA notes that Reach's submissions regarding the availability of spare capacity is consistent with evidence from its internal documents. For

example, one internal document states '[redacted]'.⁴⁷ The CMA believes that the existence of, and increase in, spare capacity for printing newspapers is likely to impose a downward pressure on prices, making it unprofitable for the Parties to increase the price charged for printing third party newspapers.

121. In addition, no third parties raised concerns about the impact of the Merger on the printing of newspapers.
122. The CMA believes that the presence of several alternative suppliers in the South of England and of significant spare capacity in the market will continue to constrain the prices the Parties can charge for printing third party newspapers and that, therefore, the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects. In addition, given the presence of alternative suppliers and spare capacity, the Parties will not have the ability to foreclose rival newspaper publishers by not providing access to their printing facilities. Therefore, the CMA also believes that the Merger does not give rise to a realistic prospect of an SLC as a result of vertical effects in relation to the printing of national newspapers in the South of England.

Third party views

123. A number of third parties, including some who responded to the CMA's Invitation to Comment, raised concerns on public interest aspects of the Merger. The CMA has passed these concerns to Ofcom for consideration in their report to the Secretary of State on the media public interest considerations mentioned in the PIIN.

Decision

124. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
125. The Merger will therefore **not be referred** under section 22(1) of the Act.

Andrea Gomes da Silva
Executive Director, Markets and Mergers
Competition and Markets Authority
20 June 2018

⁴⁷ [redacted], Appendix 6, page 73