

Anticipated acquisition by Nielsen of Ebiquity's Advertising Intelligence Division

Summary of provisional findings

Notified: 11 October 2018

1. Introduction

- 1.1 On 25 June 2018, the Competition and Markets Authority (**CMA**) referred for an in-depth investigation the anticipated acquisition by Nielsen Media Research Limited and Nielsen Holdings PLC (collectively referred to as **Nielsen**) of the advertising intelligence (**AdIntel**) division of Ebiquity PLC (**Ebiquity's AdIntel division**) (the **Merger**). Throughout this summary Ebiquity's AdIntel division and Nielsen are collectively referred to as the **Parties**.
- 1.2 We provisionally conclude that the Merger may not be expected to result in a substantial lessening of competition (**SLC**) in the supply of UK Deep Dive AdIntel products and the supply of International AdIntel products to UK customers. We also provisionally conclude that the Merger may not be expected to result in an SLC as a result of input foreclosure in the supply of UK AdIntel data post-Merger.
- 1.3 We now invite any parties to make representations to us on these provisional findings by no later than 5pm on 1 November 2018. Parties should refer to our notice of provisional findings for details on how to do this.

2. The Parties

Ebiquity's AdIntel division

- 2.1 Ebiquity plc (**Ebiquity**) is a multinational company listed on the London Stock Exchange (company registration number 03967525) that describes itself as a leading independent marketing and multi-media consultancy.
- 2.2 Part of Ebiquity's business is the provision of AdIntel products. *Portfolio UK* provides a detailed analysis of UK advertising, capturing detailed data about

the content of the advert, such as the strapline and the dialogue of the advert typed to text. *Portfolio International* provides a cross-country view of advertising but with less in-depth data than is available in the Portfolio UK product.

- 2.3 Ebiqity has agreed with Nielsen the carve out of Ebiqity's AdIntel division and subsequent sale to Nielsen.

Nielsen

- 2.4 Nielsen Media Research Limited is a subsidiary of Nielsen Holdings plc (a company registered in England and Wales under number 09422989) (collectively 'Nielsen'). Nielsen's ultimate parent is Nielsen Holdings PLC a multinational company registered in the USA and headquartered in Connecticut, USA and listed on the New York Stock Exchange. Its two main activities are measuring and analysing a) what consumers buy and b) what they watch.
- 2.5 As part of its watch service Nielsen provides two main AdIntel products. *AdDynamix* provides a detailed analysis (**Deep Dive**) of the spending on advertising (referred to as ad spend data) and the associated placement of that advertising. The data in AdDynamix is sufficiently granular that it can create reports that show how much advertising spending was undertaken in particular sectors, in particular titles or stations and by particular advertisers. *Nielsen Global AdView (NGA)* is an international product that allows for a cross country analysis of ad spend data.

3. Industry Background

- 3.1 Both Ebiqity and Nielsen collect and distribute AdIntel which includes a variety of components including estimates of the amount an advertiser has spent on media; information as to which media categories have been used; which titles or media brands were chosen within a category; when it was spent; the identities of the advertising and media agencies engaged to create the advertising content and then plan and buy the media chosen; and the content of the advertising.
- 3.2 The information may vary in its industry focus, its geographic coverage, its scope, in the speed and timing with which it is delivered to the customer or the distribution channel or format chosen for the service.
- 3.3 Advertising industry participants include:

- (a) Advertisers, who wish to communicate with their chosen audience. Advertisers will be particularly interested in the activities of their competitors.
- (b) Creative agencies, who supply the creative input to advertising campaigns. Like advertisers, creative agencies will have an interest in the messaging and treatment being deployed by their clients' competitors.
- (c) Media agencies, who plan and buy the media where advertisements will be placed. Media agencies will be primarily interested in the amount their clients' competitors are spending, where and when.
- (d) Full service agencies, who carry out both of the functions performed by creative agencies and media agencies.
- (e) Media owners, whose job is to sell their advertising space/airtime to media agencies. Media owners will wish to ensure that they achieve at least an equivalent share of advertisers' budgets as do their competitors.
- (f) Media auditors, who, on behalf of advertisers, analyse how media agencies have deployed their clients' budgets, including whether they have done so efficiently and in line with their contractual obligations to the client.
- (g) Other agencies, who provide a wide range of services to industry participants including market and customer surveys.

3.4 The advertising industry has experienced very significant changes in the last twenty years. Advertisers increasingly focus on obtaining return on investment insights for their campaigns and a number of analytical and consultancy services also compete for a share of the advertisers' marketing budget. In particular, however, there has been a huge growth in the use by advertisers of digital advertising.

3.5 Digital advertising differs from traditional advertising in that the advertising served to a visitor to a website may depend on the web activity/browsing history of that individual. Advertisers are thus able to serve highly targeted adverts to consumers offering goods or services that they know are relevant to that consumer at a time when they may be considering a purchase.

3.6 These developments have had significant consequences for businesses monitoring advertising expenditure because of the number of media channels/brands that must be monitored and because of the technical difficulties of monitoring the targeted advertising messages served to online audiences.

- 3.7 For advertising monitoring services like those provided by Ebiquity's AdIntel division and Nielsen this has meant that instead of simply monitoring advertising messages sent to large numbers of consumers at the same time on 'mass' media they have had to develop ways of capturing targeted advertising. This has proved a challenge for all of the traditional advertising intelligence providers and a number of digital-only monitoring businesses have emerged to compete in this field.

4. Our Provisional findings:

Jurisdiction

- 4.1 We provisionally find that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation. The jurisdictional test of the Enterprise Act 2002 (the Act) is therefore met.

5. Market definition

- 5.1 We considered whether the Parties' UK Deep Dive products and International products are part of the same market. We then examined the degree of competitive constraint imposed between the two UK Deep Dive products, and separately, the two International products. We also considered the role played by specialist digital AdIntel products.
- 5.2 We note that in many merger assessments it is standard practice to employ the hypothetical monopolist or 'SSNIP' test. However, because the evidence we received indicates that the prices of the Parties' UK Deep Dive products are individually negotiated with each of their customers we do not use the test in our assessment of the Merger. Instead, we have focused on a broader qualitative assessment of the degree of functional substitutability between the Parties' products.

Evidence on whether Deep Dive and International products are in separate markets

- 5.3 We provisionally conclude that the Parties' UK Deep Dive products and their International products belong to separate product markets. This view is based on the different characteristics of the Parties' UK Deep Dive products and International AdIntel products, the different set of competing suppliers for the two types of products, and customer evidence pointing towards a lack of

substitutability between International AdIntel products and Deep Dive products.

- 5.4 We found that there are important differences between the two sets of products which are likely to significantly limit the degree to which customers could use them as substitutes. In particular:
- (a) International AdIntel products provide consistent information across a number of different countries, whereas Deep Dive products only provide information on one country (in this case, the UK).
 - (b) Deep Dive products offer significantly greater coverage and granularity of information compared with International products.
 - (c) Information provided in Deep Dive products is typically updated more regularly. As a result, it can be used to track market developments on close to a 'real time' basis.
- 5.5 The Parties' internal documents describe the competitive landscapes within which the Parties' products are offered. While little can be found in Nielsen's internal documents specific to Deep Dive and International AdIntel, documents from Ebiquity typically discuss Deep Dive and International AdIntel separately. This view is consistent with what we were told by third parties.
- 5.6 Views expressed by the Parties' customers on the substitutability between International and Deep Dive AdIntel products indicated that collecting local advertising data from each country and then using that data as an alternative for an International AdIntel product was not feasible, as it would require substantial investment and time.
- 5.7 Finally, the evidence of switching behaviour indicated very limited substitutability.

Evidence on whether there are separate product markets within UK Deep Dive

- 5.8 We provisionally conclude that the relevant market is no wider than the supply of UK Deep Dive AdIntel products.
- 5.9 On the basis of the Parties' submissions, customer evidence and our own direct assessment, we found that although it is also possible to identify certain similarities, Nielsen's and Ebiquity's UK Deep Dive products differ significantly, Nielsen's has a strong emphasis on ad spend data whereas Ebiquity's focuses on creative data. We considered the degree of similarity between the Parties' products with respect to the coverage of the products; the analysis performed on and the meta-data applied to each advert; the user

interface (UI) provided to their customers and the range of features in that UI; and the database access packages sold.

- 5.10 The types of customers that tend to purchase each of the two products differ (creative agencies and advertisers tend to purchase AdIntel from Ebiquity whereas media agencies and media owners tend to purchase from Nielsen). This indicates that the functional differences between the products may make the different products principally appeal to different customer types. However, our analysis also showed that there are no hard and fast divisions as at least some customers of every type can be found using either of the Parties' UK Deep Dive product.
- 5.11 This is supported by our review of the Parties' internal documents which shows that products are marketed by both Parties at three customer types: advertisers; media owners; and media agencies and that, in addition, Ebiquity markets its product towards creative agencies. The evidence suggests that the products are principally designed and marketed for different uses, even by the same customer groups. However, with respect to advertisers and media owners there appears to be some overlap in the tasks to which the products can be put. We found little evidence in Nielsen's internal documents to support the view that Nielsen views its AdDynamix product as competing closely with Portfolio UK. Ebiquity's documents indicate that Ebiquity views AdDynamix as a competitor to Portfolio UK but that the constraint imposed is not strong.
- 5.12 Information received from the Parties' UK Deep Dive customers indicate a wide range of opinion regarding whether and how closely the Parties' UK Deep Dive products compete. Overall, the evidence indicated that although the UK Deep Dive products are not substitutes for many customers, for some customers and for some uses they may be functional substitutes.

Evidence regarding separate markets for individual media channels including digital

- 5.13 We have considered whether AdIntel about each individual media channel might constitute a separate market. For traditional media, we have provisionally concluded that this is not the case. Customers tend not to take AdIntel for individual media channels – Nielsen's product contains all media channels as standard and most Ebiquity customers we spoke to wanted coverage of more than one media channel. We have found no evidence in the Parties' internal documents to support the view that they see individual media channels as separate markets.

5.14 We have also considered whether the supply of digital AdIntel is a separate market given the very different technical challenges of supplying this product and the different set of firms that supply digital AdIntel compared to those supplying AdIntel for traditional media. We consider that the supply of UK Deep Dive AdIntel includes digital coverage but that specialist digital only providers are not part of that market. This is principally because the customers of UK Deep Dive AdIntel mostly need a multi-media view of the market that includes traditional media as well as digital media. Any competitive constraint imposed by digital specialists on the Parties has been taken into account in our competitive assessment.

Provisional conclusion on the supply of UK Deep Dive AdIntel

5.15 Overall, the evidence shows that the Parties' UK Deep Dive products are significantly differentiated. That differentiation covers a wide range of differences but can be summarised as a focus on spend data and advert positioning data in the AdDynamix product and a focus on creative data in Portfolio UK. Those product differences mean that the products are best suited to different tasks. This is reflected in the customer base for each product, as the mix of customer types varies substantially between the two products. Nevertheless, there is some overlap in the information provided by the two products and, consequently, in the tasks that advertisers, advertising agencies and media owners might use the products to undertake. Both businesses have customers of each customer type and several customers indicated the products as functional substitutes. In addition, the degree of differentiation between the Parties' products is largely a result of their historical strategies rather than in the types of media they cover.

5.16 We provisionally conclude that the relevant market is no wider than the supply of UK Deep Dive AdIntel products.

Evidence on whether there are separate product markets within International AdIntel

5.17 We provisionally conclude that the relevant market is no wider than the supply of International AdIntel products. For the purpose of the competitive assessment, we have treated the Parties' International AdIntel products as part of the same market, which also includes Kantar's and Global Ad Source's International products. We have considered the degree of differentiation between the products as part of our competitive assessment.

Nature of the Parties' International products

5.18 The Parties' International products service various customer types, but principally advertisers, with information about adverts. We found that both

Parties offer customers a harmonised data set for multiple countries. Both International products are highly customised, with the customers choosing which countries they would like included.

- 5.19 The process of producing the International products differs between the Parties more than does the process for producing UK Deep Dive products.
- 5.20 Portfolio International is focused on providing insights into the creative content of an advert and includes ad spend data only upon specific request by a customer. Where such data is requested, Ebiquity uses its in-house data and supplements it with third-party ad spend data for countries in which it does not collect such data in-house. Nielsen's NGA focusses on providing spend data information and includes creative information, while Portfolio International also includes translations of the advertisement.
- 5.21 Evidence from customers suggests that the Parties' International products are significantly differentiated and that most customers do not see them as alternatives. We consider the evidence points toward some degree of functional substitutability between the Parties' International AdIntel products but that the products may be closer substitutes for some customer types than for others.
- 5.22 We spoke to companies that the Parties submitted were active in the provision of International AdIntel products in the UK and competed to varying degrees with the Parties' products. We consider that the evidence from other International AdIntel providers is consistent with the Parties' view that there is significant differentiation between products focused on ad spend data and those focused on creative content.
- 5.23 Nielsen's internal documents indicate that Nielsen considers the Parties' International products to be complementary. Ebiquity's internal documents, on the other hand, suggest that Ebiquity considers Nielsen as a potential substitute to its International product for some customers.

Provisional conclusion on the supply of International AdIntel

- 5.24 The evidence from customers and from the Parties' customer data is consistent with the Parties' claim that their International products are significantly differentiated and used in most cases for different purposes. It is evident from Nielsen's internal documents that it perceives Ebiquity's product as a complement rather than a substitute. Similarly, other AdIntel suppliers see themselves either as competing with Nielsen (Kantar) or with Ebiquity (Global Ad Source) but not with both.

5.25 However, the functionality of the products is such that they overlap for some customers. In addition, we consider that the demand for creative data information expressed by some of Ebiquity's clients may well be met by the limited information available in Nielsen's product, but that those Ebiquity clients were unaware of the Nielsen product. We also consider that both products can to some degree be customised to customers' specifications, which may allow these bespoke offerings to overlap more closely than the standard offering, which we consider is demonstrated by Ebiquity adding spend data for some of its clients. Ebiquity's internal documents also support the view that it considers Nielsen as a competitor even allowing for the differences between the products.

Geographic market definition

Supply of UK Deep Dive AdIntel

5.26 On the demand side, the nature of the UK Deep Dive product, with its in depth information on the UK advertising landscape, is such that it is unlikely to be of use to companies not operating in the UK. This is confirmed by analysis of the Parties' customer bases.

5.27 On the supply side, the Parties have not identified any suppliers of UK multi-channel Deep Dive products covering traditional media other than themselves. Furthermore, third party AdIntel providers, not currently active in the supply of UK Deep Dive products, told us that a UK presence was important to compete in the supply of UK Deep Dive AdIntel.

5.28 Based on the evidence received we provisionally conclude that the geographic scope of the relevant Deep Dive market is the UK.

Supply of International AdIntel

5.29 Taken in the round, the evidence received so far indicates that, both on the demand and on the supply side, the market(s) for International AdIntel may be wider than the UK. This continues to be the case if we only consider the provision of International AdIntel products that include some UK data. We therefore provisionally conclude that the geographic scope of the market is wider than the UK. We note, however, that the precise definition of the geographic scope of the market does not affect the results of our competitive assessment.

6. Counterfactual

6.1 We assess the possible effects of the Merger on competition compared with the competitive situation that would have prevailed absent the Merger (i.e. the

counterfactual situation). That is, the counterfactual acts as a benchmark against which to assess the competitive effects of the Merger.

- 6.2 In establishing the most likely counterfactual, we have assessed whether absent the Merger, (i) Ebiquity's AdIntel division would have been sold to a third party or (ii) Ebiquity would have closed down its UK Deep Dive business as these were the likely possible scenarios.
- 6.3 We provisionally conclude that, absent the Merger, Ebiquity would not have sold its AdIntel business to a third party and it would be likely to have retained it under its ownership. We find that it would be likely to continue to offer both products; the UK Deep Dive product and the International product, and we adopt this as our counterfactual.
- 6.4 We acknowledge that it is likely that the UK Deep Dive product would not continue to be offered in its current form, but it has not been possible for us to form a sufficiently firm view on the way or extent to which the UK Deep Dive business would differ in the foreseeable future absent the Merger. We have nonetheless considered the Parties' submissions on the future prospects of the UK Deep Dive business in our assessment of the competitive effects of the Merger.

7. Competitive Assessment

Horizontal effects of the Merger in the supply of UK Deep Dive AdIntel products

- 7.1 We provisionally found that the Merger would not result in a substantial lessening of competition as a result of horizontal unilateral effects in the supply of UK Deep Dive products. This is based on the finding that the Parties impose very little competitive constraint on each other, in particular, the Parties are close alternative suppliers for each other's customers only in a very small number of cases. We have also provisionally found that absent the Merger the Parties would not become stronger competitors to each other in the future.
- 7.2 We note that there is likely to be some loss of competition as a result of the Merger for a small number of customers who are currently buying the UK Deep Dive AdIntel products from one of the Parties, however, given the very limited constraint the Parties impose on each other pre-merger, we provisionally consider that the lessening of competition resulting from the Merger is unlikely to be substantial.
- 7.3 In assessing the closeness of competition between the Parties and the potential impacts of the Merger, we have taken into account that (i) the

Parties' UK Deep Dive products are significantly differentiated, (ii) the Parties' customer bases include different types of customers, with specific customer needs; (iii) the pricing of the Parties' UK Deep Dive products are individually negotiated; and (iv) the advertising industry has experienced a rapid growth in the importance of new media types using digital platforms which has led to changes in the way advertising information is collected and to the emergence of AdIntel providers specialising in these new media.

Evidence considered

7.4 We considered the following evidence:

- (a) Evidence on the Parties' customer bases and from their bidding data suggests that the Parties are targeting largely different customer types.
- (b) We looked at evidence on the Parties' revenues per customer as significant differences in the amount customers spend for the Parties' products can be seen as evidence that these products are different and not close substitutes. We provisionally found that in relation to many of their customers, the Parties are selling significantly different products, which are priced at different pricing points compared to the other Party.
- (c) Evidence on competition in the Parties' internal documents gives no indication that Nielsen sees Ebiquity as a significant competitive threat. In contrast, Ebiquity's internal documents indicate that it sees Nielsen as a competitor but the documents offer mixed evidence on the strength of the constraint imposed.
- (d) A very small number of customers switch between the Parties, both in absolute terms and in comparison to the number of customers ceasing to buy any UK Deep Dive product. However, as low rates of switching between the Parties do not necessarily imply an absence of competitive pressure we therefore considered the negotiations between the Parties and their customers to assess whether the Parties imposed a competitive constraint on each other's pricing behaviour or on each other's development of their respective products or improvement of their service. However, we found no evidence of customers threatening to switch, or referring to the other Party, as a strategy to negotiate a better price. In most cases that we examined there appeared to be no negotiation over price or service.
- (e) Evidence from the Parties' customers:
 - (i) Advertisers we talked to who were using the UK Deep Dive product to monitor dealers' or retailers' compliance did not consider the Parties'

products as substitutes. The views of advertisers who were mainly interested in monitoring competitors' advertising varied significantly between customers of Nielsen and of Ebiquity.

- (ii) Evidence from media owners and media agencies was mixed. It is, however, important to note that, overall, media owners and media agencies overwhelmingly choose Nielsen's Deep Dive product. There is nevertheless evidence of some customers in this category switching between the Parties.
- (iii) We interviewed four customers that used the Parties' AdIntel data as an input to the products or services they provide to their own clients and all considered the Parties' products as functional substitutes.

Assessment of competition between the Parties

7.5 The evidence indicates that the Parties impose very little competitive constraint on each other:

- (a) The Parties target largely different customer bases and rarely submit proposals to each other's customers.
- (b) Sales data shows a very low number of customers switching between the Parties in the period 2010-2018, both in absolute terms and compared to the much larger number of customers leaving the market in the same period.
- (c) Direct evidence of competitive interaction between the Parties is limited. Negotiation emails between the Parties and their customers show no evidence of threats of switching being used by customers as a bargaining strategy. The Parties' internal documents show no evidence of the other Party being considered when setting prices and very limited evidence of competition between the Parties having an impact on product innovation. The main constraint appears to come from the threat of customers ceasing to buy the product.
- (d) The Parties do mention each other as competitors in their internal documents; however, some documents show that the competitive constraint the Parties impose on each other is considered by the Parties themselves to be weak.
- (e) While some of the customers we contacted during the investigation told us that the Parties' UK Deep Dive products were to a certain extent functional substitutes, in many cases either these views were based on a limited knowledge of the substitute product (ie the product that the

customer did not currently use) or there were reasons to believe that functional substitutability may not translate into price substitutability (ie an actual ability to switch between the Parties in response to a price increase).

7.6 Nevertheless, the evidence suggests that, for some customers, the Parties' products are substitutes. Given that prices are individually negotiated, we consider it is possible that the Parties might be able to raise prices to these customers post-Merger. We also acknowledge that several of the customers we contacted expressed a concern with the Merger. Given the limited number of customers we contacted and the large variations in customer needs, it is difficult to precisely estimate the size of the customer type that could be negatively affected by the Merger.

(a) The customers that we have contacted, who have expressed a concern with the Merger, and for which the Parties' products are (at least to a certain degree) substitutes accounted for 6% of the Parties' combined Deep Dive revenues in 2017. However, as discussed at 7.4(e) in several cases the views expressed by customers reflected the possible functional substitutability of the Parties' products, rather than price substitutability.

(b) Advertisers using Ebiquity's Portfolio UK to monitor their competitors were the customer type who most frequently saw the Parties' products as substitutes. This overall group (including customers we did not contact) would account for 12% of the Parties' combined Deep Dive revenues in 2017.¹ However, given that substitutability was typically indicated as limited, we believe that many of these customers do not see the Parties' products as sufficiently close substitutes to be willing to switch between the two.

7.7 Looking at the evidence in the round, we consider that the strength of substitutability is only sufficient to act as a competitive constraint in only a very small number of cases.

7.8 We also assessed if competition between the Parties was likely to become closer in the foreseeable future. The evidence we saw does not suggest that, in recent years, Nielsen has introduced innovations to its UK Deep Dive products in response to competition from Ebiquity, nor has aimed at competing more closely with Ebiquity. Nielsen has not made such investments in the past and, in the current context of structural decline of

¹ This was estimated excluding advertisers in the automotive industry, as they are more likely to use AdIntel products to monitor their dealers.

demand for traditional media AdIntel in the UK such investments are likely to become less and less attractive.

- 7.9 The evidence we have seen does not suggest that Ebiquity will start competing more closely with Nielsen. We note that Ebiquity set out to compete with Nielsen from the outset, aiming to ‘become the standard currency of media spend in the UK’, but that it has not replaced Nielsen’s data as the accepted ‘currency’. We think it is unlikely that Ebiquity would make the investments necessary to become a stronger competitor to Nielsen in the foreseeable future.

Horizontal effects of the Merger in the supply of International AdIntel products

- 7.10 We provisionally conclude that the Merger is not likely to lead to an SLC in the provision of International AdIntel in the UK. We consider that the balance of evidence indicates that the competitive constraint between the Parties is weak. We also do not consider it likely that either Party will attempt to make its International product a stronger competitive competitor to the other. In addition, we found evidence suggesting that the parties may face some competitive constraint from other suppliers of International AdIntel products.

Evidence considered

- 7.11 Both Parties principally sell their International AdIntel products to advertisers, in particular, multinational companies. The features of the Parties’ International products nevertheless differ significantly. In addition, there is a high level of customisation in each of the products. Reflecting this, the pricing for the International AdIntel products is also individualised. We have considered which customers have been targeted by price proposals from each of the Parties; the evidence showed that there is very limited overlap between the Parties’ potential customer bases.
- 7.12 Evidence on the Parties’ internal documents regarding how they view the competitive landscape for their International products show that Nielsen makes no direct reference to competition faced by their International product, Ebiquity’s documents make more references to competition indicating that it competes with a number of businesses including Nielsen but there is no discussion of the closeness of competition.
- 7.13 The Parties’ sales data shows that the degree of switching between the Parties’ International products is very low. In most of the cases identified, customers simultaneously bought the two Parties’ products, suggesting that they did not consider them to be substitutes.

- 7.14 To assess the competitive interaction between the Parties and their customers we have examined correspondence between each Party and a sample of their customers. We found only one instance of a customer benchmarking the product against the other Parties' in all of the cases reviewed.
- 7.15 The evidence we obtained from the customers of the Parties' International product indicates that the degree of competitive interaction between the Parties' International AdIntel products is weak:
- (a) Advertisers explained that they use the products in a variety of different ways. Four of the five advertisers told us that they did not see NGA as a substitute for Portfolio International.
 - (b) We spoke with three creative agencies, all of whom purchased Portfolio International. They did not describe NGA as a substitute for Ebiquity.
 - (c) The two media agencies we spoke to were predominantly interested in ad spend data. Neither saw NGA and Portfolio International as substitutes.

Assessment of competition between the Parties

- 7.16 Based on this evidence we provisionally conclude that there is limited competitive constraint between the Parties.
- 7.17 While there is evidence that some customers view the Parties as functional substitutes, we do not see this as strong evidence of price substitutability, ie of the willingness of customers to switch in response to a price increase. We are aware of only one example of a customer switching between the two Parties' products and found no evidence in either Parties' internal documents that they saw each other as a strong competitive constraint. Our provisional conclusion is further supported by the review of the Parties' internal documents and bidding data.
- 7.18 We have also considered the evidence on likely future competitive constraints. We do not consider it likely that Nielsen will attempt to make its International product a stronger competitive constraint on Portfolio International. The structural decline in traditional media AdIntel means we think it unlikely that Nielsen would divert investment resources towards trying to focus its product more closely on Portfolio International customers. For the same reason, we do not think that Ebiquity will try to make its product more similar to Nielsen's.

Vertical effects of the merger

7.19 Both Nielsen and Ebiquity (the Parties) sell UK AdIntel data to third parties that use it as an input for their own products. Some of these third parties may then compete against the Parties with these products. We considered the possibility of input foreclosure post-Merger towards three businesses and provisionally found that the Merger is not likely to lead to an SLC as a result of input foreclosure in the supply of UK AdIntel data post-Merger. With regard to the first business this is because the merged entity is unlikely to have an incentive to engage in foreclosure as this business is likely to be in a strong bargaining position, allowing it to respond to any attempted foreclosure from the Parties. With regard to the second business, the information we received leads us to provisionally conclude that it is unlikely that the merged entity would have an ability to foreclose it. With regard to the third business, the evidence we have received indicates that Nielsen is unlikely to have the incentive to foreclose it.

8. Provisional conclusion

8.1 We provisionally conclude that the Merger may not be expected to result, in an SLC in (i) the supply of UK Deep Dive AdIntel products and (ii) the supply of International AdIntel products to UK customers. We also provisionally conclude that the Merger may not be expected to result in input foreclosure in the supply of UK AdIntel data post-Merger.