

## **BAUER/4 LOCAL RADIO ACQUISITIONS – PHASE 2 MERGER INQUIRY**

### **Note of Call with KM Group on 8 January 2020**

#### **Parallels between FRS and Clacksons.**

1. James Gurney had worked in press for 20 years before joining KM Group. During this time, the companies he worked for sold inventory on local papers through a national sales house called Clacksons. It was a similar arrangement to the one which independent radio stations currently have with FRS in that Clacksons represented their national sales.
2. At the time, Clacksons competed with Mediaforce, the only other independent sales house, to represent local papers. A couple of the larger National newspapers ran their own sales houses, such as Trinity (now Reach) which also sold inventory on behalf of third parties. As with radio, there has been a decline in the number of operators independent of the big national players. The pool of inventory owned by independents had therefore also been declining.
3. Mediaforce bought Clacksons in about 2012, so that there was only one independent sales house. This consolidation did not result in worse terms for the newspapers where James Gurney worked. National Advertisers naturally prefer dealing with as few sellers of inventory as possible and the acquisition resulted in Mediaforce (already the larger National Saleshouse) becoming larger and being able to represent a greater portfolio of products and coverage to National media buyers.

#### **Views on the CMA's remedy proposals**

4. The behavioural remedy ticks all the boxes and draws a similar comparison. Bauer would be able to sell inventory more effectively than FRS as it already has a larger and stronger network. This is KM Group's preference, provided Bauer is contractually bound to represent third parties fairly and potentially looks to offer some form of contractual agreement or underwriting to maintain or grow performance which is in line with how Mediaforce moved business.
5. A structural remedy would be complex and it would take a long time to implement. Such a remedy is unlikely to favour KM Group and although this could be accommodated it would likely be seen as a distraction.