

# Completed acquisition by DMG Media Limited of JPIMedia Publications Limited

## Decision on relevant merger situation and substantial lessening of competition

**ME/6871/19**

The CMA's decision on reference under section 22 (1) of the Enterprise Act 2002 given on 27 March 2020. Full text of the decision published on 17 April 2020.

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

### SUMMARY

1. On 29 November 2019, DMG Media Limited (**DMG Media**), a subsidiary of Daily Mail and General Trust Plc (**DMGT**) acquired the entire issued share capital of JPIMedia Publications Limited (**JPIMedia Publications**) (the **Merger**). DMG Media and JPIMedia Publications are together referred to as the **Parties** and, for statements referring to the future, the **Merged Entity**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of DMGT and JPIMedia Publications is an enterprise; that these enterprises have ceased to be distinct and that the share of supply 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, the supply of online news, the supply of advertising in national print newspapers and the supply of digital advertising. The CMA has therefore assessed the impact of the Merger in relation to the following frames of reference:
  - (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; and
  - (d) the supply of digital advertising in the UK.
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 available evidence indicates that the Parties' titles are not close competitors. In particular, the Parties' internal documents and the views submitted by third parties during the CMA's investigation show minimal competitive interaction between the Parties. Furthermore, the Merged Entity's titles will continue to face significant competitive constraints (in particular, from other national print newspapers), which are stronger than those currently exerted on the Parties' respective titles by each other.
  - (b) In relation to the supply of advertising in national print newspapers in the UK, the Parties are not close competitors and will continue to face significant competitive constraints, both from other national print newspapers and also from other forms of advertising media, particularly from digital advertising.
  - (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.
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**

#### ***The Acquirer***

6. DMGT manages a portfolio of companies that provide businesses and consumers 'with information, analysis, insight, events, news and entertainment'.<sup>1</sup> The turnover of DMGT for the year ended 30 September

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<sup>1</sup> Merger Notice, paragraph 3.1.

2019 was £1.4 billion worldwide, of which £814.5 million was in the UK.<sup>2</sup> DMGT is listed on the London Stock Exchange.

7. DMG Media, the direct purchaser of JPIMedia Publications, forms part of DMGT's consumer media arm. DMG Media owns and publishes the following newspaper titles and associated websites in the UK: the *Daily Mail*, *The Mail on Sunday*, [dailymail.co.uk](http://dailymail.co.uk) (Mail Online), the *Metro* and [metro.co.uk](http://metro.co.uk).<sup>3</sup> The turnover of DMG Media for the year ended 30 September 2019 was £672 million worldwide, of which £[REDACTED] was in the UK.<sup>4</sup>
8. DMGT also holds a direct [REDACTED]% equity interest in Evening Standard Limited (which owns and publishes the *Evening Standard* newspaper title and its accompanying website, [standard.co.uk](http://standard.co.uk))<sup>5</sup> and there are a number of other links between DMGT and Evening Standard Limited.<sup>6</sup>
9. Outside the UK, DMG Media Ireland runs DMG Media's Irish media business. The Mail Online brand also operates sister American and Australian websites.

### **The Target**

10. JPIMedia Publications publishes the *i*, a national newspaper in the UK, and its sister website [i.news.co.uk](http://i.news.co.uk). JPIMedia Publications' turnover in 2018 was £[REDACTED] (all of which was attributable to the UK).<sup>7</sup>
11. The *i* was launched in 2010 as a sister newspaper to *The Independent* and was acquired by Johnston Press in 2016 after *The Independent* shifted to an online-only model. In November 2018, Johnston Press filed for administration and the *i* (along with other regional publications owned by Johnston Press such as *The Scotsman* and *Yorkshire Post*) was transferred to JPIMedia Ltd (the **Seller**), a regional and local multimedia organisation which was newly created as part of the pre-packaged administration.<sup>8</sup> The Seller is retaining

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<sup>2</sup> Merger Notice, paragraph 6.3.

<sup>3</sup> Merger Notice, paragraph 3.2.

<sup>4</sup> Merger Notice, paragraph 6.3.

<sup>5</sup> For completeness, the CMA notes that Associated Newspapers Limited (a wholly owned subsidiary of DMGT) (**ANL**) holds a direct [30-40]% equity interest in ES London Limited, a subsidiary of Evening Standard Limited. [REDACTED].

<sup>6</sup> For example, the editor of the *Daily Mail* is a director on the board of Evening Standard Limited and [REDACTED]. The CMA has not had to conclude on whether DMGT's shareholding in Evening Standard Limited together with other factors such as those outlined above may give DMGT the ability to exercise material influence over Evening Standard Limited, as the Merger does not give rise to competition concerns on any plausible basis.

<sup>7</sup> Merger Notice, paragraph 6.1.

<sup>8</sup> Merger Notice, paragraph 3.6.

JPIMedia Print Holdings Limited, its dedicated newspaper printing business, as well as its various regional titles.<sup>9</sup>

## Transaction

12. On 29 November 2019, DMGT acquired the entire issued share capital of JPIMedia Publications from the Seller for a total consideration of approximately £49 million.<sup>10</sup>
13. DMGT informed the CMA that the Merger has also been notified to the Competition and Consumer Protection Commission (**CCPC**) in Ireland.<sup>11</sup>

## *Rationale for the Merger*

14. The Parties submitted that the newspaper publishing industry is facing challenges in maintaining profitability and necessary economies of scale.<sup>12</sup>
15. DMGT submitted that these challenges have affected the businesses of JPIMedia Publications (amongst others) and the industry is currently following a trend of consolidation. [REDACTED].<sup>13</sup>
16. Against this background, DMGT submitted that its primary rationale for the Merger was to acquire a complementary, high-quality newspaper, which it believes it can run more efficiently and profitably than the existing management.<sup>14</sup> Overall, the CMA believes DMGT's internal documents to be consistent with DMGT's submissions on the rationale for the Merger.<sup>15</sup>
17. DMGT also submitted that, for the shareholders of JPIMedia Holdings Limited (the Seller's parent company), the primary rationale for selling JPIMedia Publications (and therefore the *i*) was to recover value from their investment in JPIMedia Publications and their investment in the Seller more generally.<sup>16</sup>
18. This is also consistent with the internal documents submitted by the Seller regarding the rationale for the Merger.<sup>17</sup>

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<sup>9</sup> The Parties confirmed that they do not overlap in the printing of newspapers and, as such, this is not discussed further in this decision.

<sup>10</sup> Merger Notice, paragraph 2.4.

<sup>11</sup> Merger Notice, paragraph 2.5.

<sup>12</sup> Merger Notice, paragraph 2.9.

<sup>13</sup> Merger Notice, paragraph 2.9. [REDACTED].

<sup>14</sup> Merger Notice, paragraph 2.11.

<sup>15</sup> [REDACTED].

<sup>16</sup> Merger Notice, paragraph 2.10.

<sup>17</sup> [REDACTED].

## **Jurisdiction**

### ***Enterprises ceasing to be distinct***

19. Section 129(1) of the Act defines an 'enterprise' as 'the activities, or part of the activities, of a business'. Each of DMGT and JPIMedia Publications constitutes an enterprise within the meaning of section 129 of the Act.
20. The Merger involves DMGT acquiring (through DMG Media) the entire issued share capital of JPIMedia Publications. Therefore, the enterprises of DMGT and JPIMedia Publications have ceased to be distinct within the meaning of section 26 of the Act.

### ***The turnover test***

21. JPIMedia Publications' UK turnover in 2018 was less than £70 million. Therefore, the turnover test in section 23 of the Act is not met.

### ***The share of supply test***

22. The Parties overlap in the publishing of national print newspapers in the UK, with a combined share of supply (based on Monday to Saturday circulation)<sup>18</sup> of [20-30]% and an increment of c. [0-5]%.
23. The CMA therefore believes that the share of supply test in section 23 of the Act is met.

### ***The four-month period***

24. The Merger completed on 29 November 2019. The CMA considers that material facts relating to this Merger were made public and provided to the CMA on the same day.
25. Therefore, the four-month deadline for a Phase 2 reference decision under section 24 of the Act, which is applicable in accordance with section 56(2) of the Act,<sup>19</sup> is 29 March 2020.

## **Conclusion**

26. Accordingly, the CMA believes that it is or may be the case that a relevant merger situation has been created.

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<sup>18</sup> Excluding free print newspapers.

<sup>19</sup> As the Secretary of State issued a Public Interest Intervention Notice in respect of the Merger, decided not to make a reference to the CMA under section 45 of the Act, and by notice under section 56(1) of the Act on 25 March 2020 required the CMA to deal with the matter otherwise than under Chapter 2 of Part 3 of the Act.

27. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 27 March 2020 and the statutory 40 working day deadline for a decision is 27 May 2020. However, as noted above at paragraph 25, as the four-month period under section 24 of the Act, which is applicable in accordance with section 56(2) of the Act, ends before this date, the deadline for the CMA to announce its decision whether to refer the Merger for a Phase 2 investigation is the final day of this four-month period ie 29 March 2020.

## Counterfactual

28. 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.<sup>20</sup>
29. In this case, there is no evidence supporting a different counterfactual and the Parties and third parties have not put forward arguments in this respect.<sup>21</sup>
30. However, the Parties submitted that the pre-Merger conditions of competition necessarily include the challenging market conditions facing the newspaper industry. According to the Parties, these challenging market conditions include both the long-term decline in print newspaper circulation, along with an associated impact on print advertising revenues, and the increasing popularity of other news formats such as internet, TV and radio.<sup>22</sup>
31. In accordance with the Parties' submissions, the CMA believes the pre-Merger conditions of competition to be the relevant counterfactual. To the extent relevant, the CMA has considered ongoing market trends within the newspaper industry within the competitive assessment below.

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<sup>20</sup> [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).

<sup>21</sup> Merger Notice, paragraphs 11.1 -11.4.

<sup>22</sup> Merger Notice, paragraph 11.2.

## Industry background

32. News publishers primarily generate revenue by charging for their news content and/or by selling advertising space on their news platforms (whether a print newspaper or a website).<sup>23</sup> In this respect, newspaper publishers operate in a two-sided market with two customer groups: readers and advertisers. The Parties' national titles obtain revenues from both customer groups.<sup>24</sup>
33. 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.<sup>25</sup>
34. The CMA<sup>26</sup> and Ofcom<sup>27</sup> have both noted the structural decline in the circulation of print newspapers. DMGT indicated that this decline is relevant to the Merger rationale, as the Merger may increase the prospects of the *i* continuing to operate as a viable title despite current market conditions. The Parties' internal documents<sup>28</sup> and evidence submitted by third parties indicate that circulation volumes of national print newspapers in the UK are declining.
35. According to the Parties' internal documents, many print newspaper titles (including the Parties' own titles) have been increasing prices in recent years.<sup>29</sup> Most competitors who responded to the CMA's merger investigation stated that they had recently increased their prices in order to compensate for declining circulation figures.
36. As regards further industry trends, DMGT submitted that:

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<sup>23</sup> Merger Notice, paragraph 12.5.

<sup>24</sup> Some newspapers, such as the *Metro*, offer free titles to readers and therefore only generate revenue on the advertiser side. Each of the online news services associated with the Parties' titles are also currently offered free of charge to readers (Merger Notice, paragraph 15.31). [§].

<sup>25</sup> CMA decision of 20 June 2018 in the case ME/6741/18, *Completed acquisition by Reach Plc of certain assets of Northern & Shell Media Group Limited (Reach / Northern & Shell)*, paragraph 21.

<sup>26</sup> See for example *Reach / Northern & Shell*, paragraph 22; CMA provisional findings of 23 January 2018 in the case ME/6668/17, *Provisional Findings Report on the Fox / Sky merger investigation*, paragraph 10.22.

<sup>27</sup> Ofcom News Consumption Survey 2019, which noted *inter alia* that the circulation of print newspapers had decreased from nearly 22 million in 2010 to 10.4 million in 2018. See also Ofcom advice to the Secretary of State, 'Public interest test for the acquisition by Trinity Mirror plc of publishing assets of Northern & Shell Media Group Limited' of 31 May 2018 where it was noted that 'consolidation of print publishers may offer a way to support the continued availability of newspaper titles and the range of opinions on political and public policy matters that they represent'.

<sup>28</sup> See for example 'Circulation trends for national newspaper titles (2010 to 2018)' (source: ABC / Ofcom Analysis), Figure 12.2 of the Merger Notice.

<sup>29</sup> See for example [§].

- (a) consumers are increasingly accessing news through online sources such as websites, apps and social media (with mobile consumption of news a particularly large driver of growth);<sup>30</sup>
- (b) although the supply of advertising in national print newspapers is in decline, the UK digital advertising market (related not only to online news sites, but all types of online content) is growing;<sup>31</sup> and
- (c) c. 50% of the digital advertising market is attributable to paid-for search, to which publishers largely do not have access.<sup>32</sup>

37. The CMA's recent Market Study Interim Report on 'Online Platforms and Digital Advertising' (**Interim Report**),<sup>33</sup> also notes that digital advertising is 'the largest and the fastest growing segment within the UK advertising sector' and now accounts for 57% of total advertising revenues'.<sup>34</sup>

## Frame of reference

38. 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.<sup>35</sup>
39. The Parties overlap in the publishing of national print newspapers, the supply of online news, the supply of advertising in national print newspapers and the supply of digital advertising.

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<sup>30</sup> Merger Notice, paragraph 12.7; see also 'Main device used for news (2013 – 2019)' (source: Reuters News Report 2019), Figure 12.3 of the Merger Notice.

<sup>31</sup> Merger Notice, paragraphs 12.11 and 12.13; [§].

<sup>32</sup> Merger Notice, paragraph 12.11.; See also *2018 IAB UK & PwC Digital Adspend Study*, available at [https://www.iabuk.com/sites/default/files/public\\_files/123IAB%20UK%20%26%20PwC%20Digital%20Adspend%20Study%202018%20Full%20Report\\_compressed%20%281%29.pdf](https://www.iabuk.com/sites/default/files/public_files/123IAB%20UK%20%26%20PwC%20Digital%20Adspend%20Study%202018%20Full%20Report_compressed%20%281%29.pdf) .

<sup>33</sup> *Online Platforms and Digital Advertising*, Market Study Interim Report, 18 December 2019, available at [https://assets.publishing.service.gov.uk/media/5dfa0580ed915d0933009761/Interim\\_report.pdf](https://assets.publishing.service.gov.uk/media/5dfa0580ed915d0933009761/Interim_report.pdf) .

<sup>34</sup> Interim Report, page 47, paragraph 2.31.

<sup>35</sup> *Merger Assessment Guidelines*, paragraph 5.2.2.



## **Product scope**

40. As discussed in paragraph 32, the Parties' newspapers earn revenues from two groups of customers: readers and advertisers.<sup>36</sup> Since the range of substitutes may differ between each customer group, and consistent with CMA decisional practice, the CMA has given separate consideration to each in considering the product frame of reference. Where appropriate, the CMA has taken account of interactions between the two customer groups in the competitive assessment.
41. DMGT submitted that there is a single product market for the publishing of news, encompassing both print newspapers and online news sites.<sup>37</sup> However, DMGT also noted that in *Reach / Northern & Shell* the CMA identified distinct frames of reference for each of (i) UK print and digital news and (ii) UK print and digital advertising, and provided data to the CMA on these bases.<sup>38</sup>
42. The CMA's approach to assessing the product frame of reference is to begin with the overlapping products of the merger parties in the narrowest plausible candidate product frame of reference and then to see if this can be widened on the basis, primarily, of demand or supply-side considerations.<sup>39</sup> The CMA has considered whether the frames of reference identified in *Reach / Northern & Shell* are the appropriate framework for assessing this Merger.<sup>40</sup>

## **Supply of news**

43. The CMA believes that the narrowest plausible candidate product frame of reference is the supply of national print newspapers, and separately, online news.<sup>41</sup> In determining the appropriate product frame of reference, the CMA has considered whether there is any basis to widen these frames of reference.

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<sup>36</sup> As noted in footnote 24 above, the *Metro* is offered free to readers. DMGT therefore only generates revenue on the advertiser side in respect of this title.

<sup>37</sup> Merger Notice, paragraph 13.1.

<sup>38</sup> Merger Notice, paragraph 13.3 and section 15.

<sup>39</sup> [Merger Assessment Guidelines](#), section 5.2.

<sup>40</sup> [Merger Assessment Guidelines](#), paragraphs 5.2.6-5.2.20.

<sup>41</sup> For the purposes of this decision, 'online news' is a broad concept which includes, *inter alia*: online versions of print newspapers, online-only newspapers (eg *The Independent*), internet-only news sites (eg BBC News and Sky News) and international news sites (eg BuzzFeed and HuffPost). Consumers can also access news through various online social media platforms (eg Facebook and Twitter).

### *Segmentation between print newspapers and online news*

44. In previous cases investigated by the Office of Fair Trading (**OFT**), the Competition Commission (**CC**), and the CMA, print newspapers were considered to belong to separate markets from other media.<sup>42</sup> In particular, in *Reach / Northern & Shell*, 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.<sup>43</sup>
45. DMGT indicated that it had adopted this approach on a conservative basis in its submissions to the CMA, but also submitted that there are reasons to consider that print and online news are part of the same frame of reference (in particular, given the strong competitive constraint exerted by online news on print publications).<sup>44</sup>
46. The CMA notes the decline in the circulation of print newspapers, as well as increased access to news through online sources by consumers (see paragraph 34 and 36). However, general migration trends from one product to another (in this case, print newspapers to online news) do not necessarily indicate that there is diversion between them in response to marginal increases in price or quality degradation.
47. Although most of the Parties' competitors considered that there is a general migration trend from print newspapers to online news, a number of these competitors also indicated that their remaining print customers are generally loyal, and one competitor indicated that its print customers are willing to pay a premium for the print version. Such views were consistent with evidence received by the CMA that most competitors have been increasing print prices despite the general migration trend to online news sources, which are often offered for free (see paragraph 35).
48. In addition, further evidence received by the CMA indicated limited diversion between print newspapers and online news:

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<sup>42</sup> *Reach / Northern & Shell*, paragraph 35. CC report of 23 July 1999 in *Trinity Plc/Mirror Group Plc and Regional Independent Media Holdings Ltd/Mirror Group Plc*, Cm. 4393, paragraph 4.25 (**Trinity Plc/Mirror Group Plc**); OFT decision of 11 October 2004 in the case ME/1243/04, *Completed acquisition by Press Acquisitions Limited of Telegraph Group Limited*, paragraph 6.

<sup>43</sup> *Reach / Northern & Shell*, paragraph 35.

<sup>44</sup> Merger Notice, paragraph 13.21.

- (a) according to the Parties' internal documents, the [redacted] of their print readers differ from those of their online news sites ([redacted]), which indicates some differences between the customer base of each channel;<sup>45</sup> and
- (b) the CMA considers that the fact that most national print newspapers in the UK (with the exception of *The Independent*) maintain both a print and an online version of their newspapers indicates that each channel has its own specific advantages that are not also provided by the other distribution channel. For instance, one internal document from DMGT stated that [redacted],<sup>46</sup> [redacted].<sup>47</sup>

49. On this basis, the CMA considered it appropriate to consider separate product frames of reference for the publishing of print newspapers and the supply of online news. However, the CMA has taken into account the constraints on print newspapers from online news within the competitive assessment.

50. Within the publishing of print newspapers, the CMA has also assessed whether it is appropriate to narrow further the frame of reference in the following segments:

- (a) national and regional (or local) print newspapers;
- (b) popular, mid-market and quality print newspapers;
- (c) free and paid-for print newspapers; and
- (d) daily and Sunday print newspapers.<sup>48</sup>

#### *Segmentation between national and regional (or local) print newspapers*

51. In the CMA's previous decisional practice, national print newspapers have been considered distinct from local and regional print newspapers in the UK.<sup>49</sup> In *Reach / Northern & Shell*, as the Parties did not overlap in the publishing of regional or local print newspapers, the CMA did not conclude on this point and only considered the supply of national print newspapers in its decision.<sup>50</sup>

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<sup>45</sup> [redacted]; and [redacted].

<sup>46</sup> [redacted].

<sup>47</sup> [redacted].

<sup>48</sup> For the purposes of this decision, and, in accordance with the terminology used in the industry, 'daily newspapers' refer to print newspapers published from Monday to Saturday.

<sup>49</sup> *Trinity Plc/Mirror Group Plc*, paragraph 4.25.

<sup>50</sup> *Reach / Northern & Shell*, paragraph 32.

52. JPIMedia Publications is not active in the publishing of either regional or local print newspapers. Therefore, there is no overlap between the Parties in the publishing of regional or local print newspapers.
53. Furthermore, the evidence received by the CMA during its merger investigation also indicated that there is limited competitive interaction between national and regional/local print newspapers. In particular:
- (a) the Parties<sup>51</sup> and a number of the Parties' competitors indicated that the content of their national print newspapers does not vary materially by region (with only limited such variations in relation to sports, TV and other special local events); and
  - (b) the Parties' internal documents indicate that they do not generally monitor regional/local print newspapers.
54. On this basis and given the Parties' lack of overlap in respect of local or regional print newspapers, the CMA has considered the impact of the Merger on the supply of national print newspapers.
55. The Parties also submitted that *Metro* (operated by DMGT) is a regional newspaper that is distributed in select urban locations, with [a majority] of its distribution happening in London.<sup>52</sup> The CMA notes that *Metro* is a free print newspaper circulated in approximately 70 urban areas in the UK.<sup>53</sup> However, it was not necessary for the CMA to conclude on whether *Metro* is a national or a regional print newspaper, as the Merger does not give rise to competition concerns on any plausible basis (but, on a cautious basis, the CMA has included *Metro* for the purposes of the competitive assessment of national print newspapers).

*Segmentation between popular, mid-market and quality print newspapers*

56. In *Reach / Northern & Shell*, given the many dimensions of differentiation between print newspapers (in terms of positioning in the market, political stance and other editorial choices), the CMA considered it appropriate not to segment between popular, mid-market and quality print newspapers.<sup>54</sup>
57. DMGT submitted that:

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<sup>51</sup> Merger Notice, paragraphs 13.15-13.19.

<sup>52</sup> Merger Notice, paragraph 13.7

<sup>53</sup> See for example <https://www.metroclassified.co.uk/metro/readdistribution> .

<sup>54</sup> *Reach / Northern & Shell*, paragraph 34.

- (a) print newspapers are highly differentiated by content (including depth of coverage) and tone and that news readers tend to display relatively high levels of loyalty to their preferred titles based on these characteristics;<sup>55</sup> and
- (b) whilst it may not be appropriate to identify distinct markets based on type of newspaper and/or political stance, such differentiation should be taken into account in the competitive assessment.<sup>56</sup>
58. Third-party views generally indicated that titles within the ‘popular’, ‘mid-market’ and ‘quality’ categories tend to compete more closely with other titles in the same category than with titles in other categories. However, some third parties also added that the boundaries between categories are not strict, and there is crossover of readers between categories.
59. Similarly, while some of the Parties’ internal documents supported this potential segmentation,<sup>57</sup> other internal documents indicated that there were other potential dimensions and/or differences in positioning between national print newspapers across categories, such as political stance, content and target demographics (see paragraph 112).
60. On this basis, the CMA considered it appropriate to define the product frame of reference as including all national print newspaper types (without further segmenting between popular, mid-market and quality print newspapers). Differences in the closeness of competition between particular print newspaper titles are considered (where relevant) in the competitive assessment.

*Segmentation between free and paid-for print newspapers*

61. In *Reach / Northern & Shell*, the CMA considered it appropriate to exclude free print newspapers from the product frame of reference, given that neither of the merging parties in that case was active in the supply of free print newspapers.<sup>58</sup>
62. In this case, DMGT is active in the supply of a free print newspaper, the *Metro*. However, JPIMedia Publications is not active in the publishing of free print newspapers. Therefore, there is no overlap between the Parties in this respect.

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<sup>55</sup> Merger Notice, paragraph 13.10.

<sup>56</sup> Merger Notice, paragraph 13.12

<sup>57</sup> [REDACTED].

<sup>58</sup> *Reach / Northern & Shell*, paragraph 32.

63. DMGT submitted that it may be appropriate to distinguish between free and paid-for print newspapers and that this should be taken into account in any assessment of closeness of competition. In particular, DMGT submitted that free print newspapers may be perceived as having lower-quality news content and a higher proportion of advertisements than paid-for print newspapers, and that from a customer perspective there is therefore likely to be limited substitution between free print newspapers and paid-for print newspapers (particularly with respect to quality paid-for print newspapers, which are purchased in particular for their editorial quality).<sup>59</sup>
64. The CMA received mixed evidence on the extent to which free and paid-for print newspapers compete against each other. Some of DMGT's internal documents included surveys which benchmarked purchase consideration by readers of a range of print newspaper titles,<sup>60</sup> including [REDACTED].<sup>61</sup> Another internal document from DMGT included [REDACTED].<sup>62</sup> [REDACTED].<sup>63</sup>
65. Some internal documents from both JPIMedia Publications and the Seller included free print newspapers *Metro* and *Evening Standard* in their brand positioning maps.<sup>64</sup> However, one internal document from the Seller mentioned that [REDACTED].<sup>65</sup>
66. Given the lack of overlap between the Parties in respect of these products, it was not necessary for the CMA to reach a conclusion on this aspect of the product frame of reference. The CMA has assessed the Merger in the supply of national print newspapers for the purposes of this decision. As noted at paragraph 55 above, on a cautious basis, the CMA has included *Metro* in its competitive assessment of national print newspapers.<sup>66</sup> Differences between *Metro* and paid-for newspaper titles have been considered, where relevant, in the competitive assessment, although no competition concerns arise on any plausible basis.

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<sup>59</sup> Merger Notice, paragraph 13.9.

<sup>60</sup> The surveys assessed the percentage of monthly readers of each title which would consider purchasing that title in the future.

<sup>61</sup> [REDACTED]; [REDACTED].

<sup>62</sup> [REDACTED].

<sup>63</sup> [REDACTED].

<sup>64</sup> [REDACTED]; [REDACTED]; [REDACTED].

<sup>65</sup> [REDACTED].

<sup>66</sup> The CMA did not include other free print newspapers (such as *Evening Standard* and *City AM*) in its competitive assessment, as the circulation of these newspapers is, at most, limited to the Greater London area.

### *Segmentation between daily and Sunday print newspapers*

67. In *Reach / Northern & Shell*, daily and Sunday print newspapers were included as part of the same product frame of reference.<sup>67</sup>
68. DMGT agreed with this approach but submitted that this segmentation is not relevant for the purposes of this Merger, on the basis that JPIMedia Publications is not active in the supply of Sunday print newspapers.<sup>68</sup>
69. However, an internal document from JPIMedia Publications regarding the *iWeekend* (which it supplies on Saturdays) indicated that, in contrast with formerly distinctive behaviours between Saturday and Sunday, societal changes are re-shaping weekend attitudes and the weekend is becoming ‘a media moment in itself’.<sup>69</sup> Another internal document from JPIMedia Publications mentioned that [REDACTED].<sup>70</sup>
70. The CMA considered that those internal documents indicated that the boundaries between daily and Sunday print newspapers are becoming less clear, and that some Saturday newspapers like the *iWeekend* may, to some extent, compete with Sunday print newspapers and, to a lesser extent, with daily print newspapers.
71. On the other hand, evidence received by the CMA during its merger investigation indicated that the main competitors of the Parties’ titles were similar regardless of the day of the week on which they were published (as their brand positioning does not vary, and most competitors’ titles have both a daily and a Sunday version),<sup>71</sup> and that the Parties’ share of supply estimates (based on circulation numbers) did not vary materially between daily and Sunday print newspapers (or, indeed, between weekday and weekend print newspapers).<sup>72</sup>
72. The CMA has assessed the Merger within the frame of reference for the supply of all national print newspapers, including Sunday print newspapers, for the purposes of this decision, although no competition concerns would arise on any plausible basis.

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<sup>67</sup> [Reach / Northern & Shell](#), paragraph 32 and footnote 29.

<sup>68</sup> Merger Notice, footnote 31.

<sup>69</sup> [REDACTED].

<sup>70</sup> [REDACTED].

<sup>71</sup> See for example evidence from internal documents and from third parties in paragraphs 133 to 135 below.

<sup>72</sup> [REDACTED].

### *Supply of advertising*

73. The CMA believes that the narrowest plausible candidate product frame of reference is the supply of advertising in national print newspapers, and separately, digital advertising. In determining the appropriate product frame of reference, the CMA has considered whether there is any basis to widen these frames of reference.

### *Segmentation between print and digital advertising*

74. In *Reach / Northern & Shell*, the CMA noted that third party evidence indicated that constraints from other channels on print newspaper advertising were significant, but also that some advertisers recognised specific reasons for advertising in print newspapers as opposed to other channels. As such, the CMA considered that print and digital advertising formed separate product frames of reference, but also considered the constraint on print advertising from other channels within the competitive assessment.<sup>73</sup>
75. The Parties submitted that advertising in print newspapers faces a significant constraint from other forms of advertising and that, while print advertising revenues have been in decline in recent years in the newspaper industry as a whole, digital advertising revenues have been increasing.<sup>74</sup>
76. Evidence submitted by a number of the Parties' advertising customers indicated that advertising in print newspapers is sometimes constrained by advertising in other channels, particularly digital advertising.<sup>75</sup> However, some of these (and other) third parties also indicated that print advertising has some specific characteristics that offer certain advantages relative to some other media, such as its flexibility and short lead time and its ability to convey detailed information to an engaged audience who are likely to spend longer reading the advertisements.
77. The CMA's Interim Report also states that advertisers use different forms of advertising for different purposes, noting with regard to digital advertising in particular that the ability for advertisers to use data to target specific audiences online distinguishes it substantially from traditional advertising media.<sup>76</sup>
78. The CMA has therefore considered advertising in print newspapers and digital advertising as separate product frames of reference, but (where relevant) has

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<sup>73</sup> *Reach / Northern & Shell*, paragraph 40.

<sup>74</sup> Merger Notice, paragraphs 13.25-13.26.

<sup>75</sup> See paragraph 160 below.

<sup>76</sup> Interim Report, paragraphs 5.25 and 5.285.



also considered the constraint exerted on advertising in print newspapers by other channels within the competitive assessment.

79. Within print newspaper advertising, the CMA has also assessed whether it is appropriate to narrow further this frame of reference between the following segments:<sup>77</sup>
- (a) advertising in national and regional/ local print newspapers; and
  - (b) advertising in daily and Sunday print newspapers.<sup>78</sup>
80. Finally, with respect to both print and digital advertising, the CMA has also assessed whether it is appropriate to narrow further each of these frames of reference taking into account the different forms of advertising within each print and digital advertising.

*Segmentation between advertising in national and regional / local print newspapers*

81. The Parties submitted that the majority of print advertising revenues in FY19 for each of their daily titles was mostly derived from national rather than regional/local advertising [90-100]% of the *Daily Mail*'s print advertising revenue, [90-100]% of the *i*'s print advertising revenue, and [70-80]% of *Metro*'s print advertising spend was for national rather than regional advertising).<sup>79</sup>
82. Competitors active in the supply of national print newspapers, also indicated to the CMA that they rarely vary their advertising content by region.<sup>80</sup>
83. With regard to demand-side substitutability, some of the Parties' customers mentioned that advertising in regional or local newspapers is more useful for campaigns where the objective is to target a specific region, while advertising in national newspapers is more useful for campaigns where the objective is to achieve nation-wide coverage in a cost-effective way. One third party noted that advertisers running nationwide campaigns sometimes complement advertising in national newspapers with advertising in some regional

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<sup>77</sup> For completeness, the CMA notes that, further to its approach to the publishing of print newspapers, it has not further segmented the product frame of reference for the supply of advertising in print newspapers between either (i) free and paid-for print newspapers; or (ii) popular, mid-market and quality print newspapers.

<sup>78</sup> For the purposes of this decision, and in accordance with the terminology used within the industry, 'daily newspapers' refer to newspapers published from Monday to Saturday.

<sup>79</sup> Merger Notice, paragraph 13.28.

<sup>80</sup> The CMA notes that this is also consistent with the European Commission's findings in *Fox / Sky*, in which the Commission confirmed that national and local newspapers are not substitutable in relation to advertising in print newspapers (European Commission decision of 7 April 2016 in the Case M.8354 – *Fox / Sky* (**EC Fox / Sky decision**), paragraph 112).

newspapers to place more weight on regions of particular interest to them (typically, more affluent or urban regions such as London).

84. On the basis of the above evidence, the CMA considered that advertising in national print newspapers constitutes a separate product frame of reference.

*Segmentation between advertising in daily and Sunday print newspapers*

85. For completeness, the CMA notes that it has also considered the extent to which there are separate product frames of reference for advertising in daily and Sunday print newspapers.
86. The Parties did not make any submissions in this regard.
87. The CMA noted that, when asked about the best alternatives to each of the Parties' titles for the purposes of advertising, the Parties' advertising customers generally mentioned daily newspapers as alternatives for the Parties' daily titles (*Daily Mail*, *Metro*, *i*) and Sunday newspapers as alternatives to DMGT's *The Mail on Sunday*.<sup>81</sup>
88. However, the CMA also noted the positioning of the *iWeekend* which, as set out in paragraphs 69 to 72 above, is a Saturday newspaper which to some extent may compete for readers' attention with both daily and Sunday newspapers (which the CMA considers may translate into competition for advertisers).
89. On the basis of the above, the CMA considered it appropriate to adopt a similar position for advertising in print newspapers as for the publishing of print newspapers to this respect, and therefore assessed all national print newspapers (daily and Sunday) as part of the same product frame of reference, although no competition concerns would arise on any plausible basis.

*Segmentation between different forms of advertising within print and digital advertising*

90. With regard to print advertising, the Parties only provided shares of supply to the CMA for display advertising, but acknowledged the existence of classified advertising in print newspapers.<sup>82</sup> DMGT also submitted that, in 2019, the

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<sup>81</sup> The CMA notes that this seems to be consistent with the European Commission's findings in *Fox / Sky*, in which the European Commission confirmed that daily and non-daily newspapers form separate relevant markets, with respect to advertising in print newspapers (*EC Fox / Sky decision*, paragraph 112).

<sup>82</sup> See for example Merger Notice, footnote 74. [REDACTED].

proportion of DMGT's print advertising revenues that related to classified advertising for each of its titles was: [30-40]% for the *Daily Mail*, [20-30]% for *The Mail on Sunday* and [10-20]% for the *Metro*.<sup>83</sup>

91. With respect to digital advertising, the Parties submitted that it can take many forms, including search advertising, display advertising and classified advertising. The Parties submitted that online news websites are one of a number of forums for digital advertising and that advertisers and their media agencies purchase one or more forms of digital advertising from publishers, or through search platforms and social media platforms.<sup>84</sup>
92. The CMA's Interim Report also notes that the three main types of digital advertising are display advertising, search advertising and classified advertising and describes these as follows:
  - (a) *search advertising*: advertisers pay online companies to link their company website to a specific search word or phrase so that it appears in relevant search engine results;
  - (b) *display advertising*: advertisers pay online companies to display advertising using a range of advertising content types shown within defined ad units on web pages or mobile apps; and
  - (c) *classified advertising*: advertisers pay online companies to list specific products or services on a specialised website serving a particular market.<sup>85</sup>
93. DMGT submitted that all of its digital advertising revenues correspond to display advertising.<sup>86</sup> Evidence from the Parties' internal documents indicated some distinction between display and classified advertising, as well as a higher strategic focus on display advertising by the Parties.
94. For instance, while several internal documents (particularly from DMGT) discussed display advertising (print or digital),<sup>87</sup> only one DMGT internal document mentioned classified advertising, [REDACTED].<sup>88</sup>
95. On the basis of the above evidence, the CMA considered that a segmentation between display and classified print advertising and between search, display and classified digital advertising may be possible. However, given that the

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<sup>83</sup> [REDACTED].

<sup>84</sup> Merger Notice, paragraphs 13.29-13.31.

<sup>85</sup> Interim Report, paragraph 5.6.

<sup>86</sup> [REDACTED].

<sup>87</sup> [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]. [REDACTED].

<sup>88</sup> [REDACTED].

Merger would not give rise to competition concerns on any basis, it was not necessary for the CMA to conclude on whether specific forms of print or digital advertising constitute separate product frames of reference. For the purposes of this decision, the CMA therefore assessed the Merger within a product frame of reference for the supply of advertising in national print newspapers, and separately, for the supply of digital advertising, without segmenting by different forms of advertising.

### *Conclusion on product scope*

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

### **Geographic scope**

97. The OFT and the CC have previously considered the geographic frame of reference for the publishing of national newspapers to be national in scope.<sup>89</sup> Similarly, the European Commission in *Fox / Sky* considered both the advertising and newspaper publishing markets to be national in scope.<sup>90</sup>
98. More recently, in *Reach / Northern & Shell* the CMA considered the geographic frame of reference for national newspapers to be UK-wide, given the very limited level of localisation for national newspapers.<sup>91</sup> In relation to advertising, the CMA also considered the geographic frame of reference to be UK-wide, referring in particular to third party evidence indicating that the vast majority of advertising in national newspapers is national.<sup>92</sup>
99. DMGT submitted that following the assessment in previous cases, for each of the product frames of reference identified at paragraph 96 above, the appropriate geographic frame of reference is UK-wide.<sup>93</sup>

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<sup>89</sup> See for example the geographic scope of the analysis undertaken by the CC in [Trinity Plc/Mirror Group Plc](#), paragraphs 4.18-4.33 and 4.88.

<sup>90</sup> [EC Fox / Sky decision](#), paragraphs 118 and 135.

<sup>91</sup> [Reach / Northern & Shell](#), paragraph 43.

<sup>92</sup> [Reach / Northern & Shell](#), paragraph 45.

<sup>93</sup> Merger Notice, paragraphs 13.15, 13.23, 13.28 and 13.32.

100. In this case, there is no evidence supporting a different geographic frame of reference for any of the product frames of reference identified at paragraph 96 above (and third parties have not put forward arguments in this respect). The CMA has therefore considered the geographic frame of reference, for each of these product frames of reference, to be UK-wide.

### ***Conclusion on frame of reference***

101. 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.

## **Competitive assessment**

### ***Horizontal unilateral effects***

102. 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.<sup>94</sup> 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 101.

103. In undertaking this assessment, the CMA has considered the following factors:

- (a) shares of supply of the Parties and their competitors;
- (b) closeness of competition between the Parties; and
- (c) competitive constraints.

104. The CMA assessed each of the relevant frames of reference in turn.

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<sup>94</sup> [Merger Assessment Guidelines](#), from paragraph 5.4.1.

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

*Shares of supply*

105. The Parties submitted shares of supply based on circulation of paid-for national print newspapers in the UK, based on data from the Audit Bureau of Circulation (ABC).<sup>95</sup> The figures are set out in Table 1 below.

**Table 1: Circulation shares for national daily (Mon-Sat)<sup>96</sup> print newspapers in the UK (Nov 2018 to Oct 2019)**

Publisher/Title	National print newspapers	National tabloids	National 'quality' newspapers
<b>Parties combined</b>	<b>29.12%</b>	<b>31.94%</b>	<b>20.34%</b>
Daily Mail	24.19%	31.94%	-
i (Target)	4.94%	-	20.34%
News UK	35.20%	35.63%	33.83%
The Sun	26.99%	35.63%	-
The Times	8.21%	-	33.83%
Reach	24.56%	32.43%	-
Daily Mirror	9.75%	12.87%	-
Daily Record	2.45%	3.24%	-
Daily Express	6.52%	8.61%	-
Daily Star	5.84%	7.71%	-
Telegraph Media	7.01%	-	28.87%
The Daily Telegraph	7.01%	-	28.87%
Guardian Media	2.82%	-	11.63%
The Guardian	2.82%	-	11.63%
Nikkei	1.29%	-	5.32%
Financial Times	1.29%	-	5.32%

Source: Annex C13 to the Merger Notice.

106. With respect to these figures, the CMA notes the following:

- (a) the Merged Entity would have a significant combined share of supply based on circulation of nearly 30%;

<sup>95</sup> In the CMA's Phase 2 assessment of *Fox / Sky* (reviewed by the CMA on the public interest ground of media plurality), the CMA 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). (See the CMA final report of 1 May 2018 in the case ME/6668/17, [Report on the anticipated acquisition by 21<sup>st</sup> Century Fox, Inc of Sky Plc. \(Fox / Sky CMA provisional findings report\)](#) paragraph 10.32, and footnotes 282 and 284) However, in the present case, where the focus of the assessment is on the effect on competition in the publishing of print newspapers, the CMA considers that circulation data is more appropriate.

<sup>96</sup> As set out in paragraphs 67 to 72, the *i* is not published on Sundays, although its Saturday edition is marketed as a weekend edition and may compete to some extent with Sunday newspapers. For the purposes of shares of supply estimation, the CMA has considered circulation on a Monday-Saturday basis, but the CMA notes that results on alternative bases (Mon-Fri, Mon-Sun) were not materially different.

- (b) the *i* has a moderate share of supply of ‘quality’ national newspapers (over 20%) (which is higher than its share of supply of national print newspapers), however, there is no overlap between the Parties in this segment; and
- (c) these estimates are in line with the market share estimates (both for all national titles and also for quality newspapers only) in the Parties’ internal documents.<sup>97</sup>

107. The CMA estimated that, if *Metro* were to be included in the shares of supply based on circulation for national daily print newspapers in the UK, the Parties’ combined share of supply would be materially higher, at [40-50]% with an increment of [0-5]% brought about by the Merger.<sup>98</sup> However, *Metro* is a free newspaper, and the CMA considers that circulation numbers for this title are likely to materially overstate its competitive significance in the publishing of print newspapers, both in terms of revenues (which are nil on the readers’ side of the market) and readership (because these figures do not show how many people actually read this title).
108. More generally, in markets characterised by highly differentiated products – such as those affected by the Merger – measures of concentration such as shares of supply may not fully capture the closeness of competition between the Parties and the extent to which other publishers pose a competitive constraint on the Parties.<sup>99</sup> As noted at paragraph 59 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 assessed in the following sections. Accordingly, the CMA has considered the significance of market shares in light of the other evidence set out below.

### *Closeness of competition*

- *The Parties’ submissions*

109. The Parties submitted that their titles are highly differentiated in terms of their content, political stance and readership demographics.<sup>100</sup>

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<sup>97</sup> [REDACTED].

<sup>98</sup> Based on daily averages for Mon-Fri only, as *Metro* is not circulated during the weekend. Source: Annex C13 to the Merger Notice, ‘Revised tables 15.1 and 15.2’, Table 15.2.

<sup>99</sup> [Merger Assessment Guidelines](#), paragraph 5.3.2

<sup>100</sup> Merger Notice, paragraph 15.6.

- (a) With regard to content, the Parties submitted that the *Daily Mail* is a tabloid newspaper with a politicised approach to news stories and a focus on celebrity gossip, while the *i* positions itself as a ‘quality’ newspaper and its content and political coverage is written with a greater focus on depth and quality of analysis.<sup>101</sup>
- (b) With regard to political stance, the Parties submitted evidence from a 2017 survey which indicated that the *Daily Mail* was perceived as one of the most right-wing national newspapers, along with the *Daily Express*, *The Sun*, *The Daily Telegraph* and, to a lesser extent, *The Times*. While the *i* was not included in that survey, the Parties submitted that the *i* has positioned itself as politically neutral, and that this was in line with DMGT’s regulatory announcement of the Merger.<sup>102</sup>
- (c) With regard to demographics, the Parties submitted evidence from the Publishers Audience Measurement Company (PAMCo) which indicated that the proportion of readers of the *i* that belong to the AB social class<sup>103</sup> is significantly higher than that of readers of the *Daily Mail* and the *Metro*, and that print readers of the *Daily Mail* and the *i* have a relatively high average age (60+) compared to print readers of the *Metro* (early forties). The Parties submitted further evidence [REDACTED].<sup>104</sup>

110. The Parties also submitted evidence from a survey carried out by DMGT in 2014. The results of the survey indicated that readers of the *i* were more likely to consider reading titles other than the *Daily Mail* as an alternative to the *i* and that, similarly, readers of the *Daily Mail* were more likely to consider reading titles other than the *i* as an alternative to the *Daily Mail*.<sup>105</sup>

- *Internal documents on brand positioning*

111. The CMA only identified one internal document from DMGT related to brand positioning, which featured a comparison with other printed titles (but not with the *i*) based on value for money, quality and trust.<sup>106</sup>

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<sup>101</sup> Merger Notice, paragraphs 15.1(i) and 15.7-15.8.

<sup>102</sup> Merger Notice, paragraphs 15.9-15.10. See for example <<https://www.dmgmt.com/~media/Files/D/DMGT/investors/Oculus%20Nov19/DMGT%20acquisition%20of%20the%20i%20newspaper%20and%20website.pdf>>.

<sup>103</sup> The National Readership Survey defines six social grades (A, B, C1, C2, D, E) based on occupation, A and B being the highest grades and jointly accounting for 27% of the UK population. See also <<http://www.nrs.co.uk/nrs-print/lifestyle-and-classification-data/social-grade/>>.

<sup>104</sup> Merger Notice, paragraphs 15.11-15.13.

<sup>105</sup> [REDACTED].

<sup>106</sup> [REDACTED].



112. Internal documents of JPIMedia Publications and the Seller included several brand positioning maps which categorised a range of news providers (mainly print titles), including the *i*, the *Daily Mail* and the *Metro*, across several dimensions (eg [REDACTED]). According to these documents, the *i* positions itself significantly differently from the *Daily Mail* across several dimensions, and more closely to the *Metro* with respect to some dimensions, but not with respect to quality.<sup>107</sup> For example:

(a) [REDACTED];<sup>108</sup>

(b) [REDACTED];<sup>109</sup>

(c) [REDACTED].<sup>110</sup>

- *Internal documents on readers' likeliness to switch*

113. DMGT's internal documents mentioned the *i* only as part of market-wide studies. The majority of DMGT's studies covering a range of competitors did not include the *i*, but other national newspapers (see paragraphs 130 to 131). In the few instances where the *i* was included as part of a study, results indicated that:

(a) *Daily Mail* readers were more likely to consider purchasing other titles than the *i* (such as *The Sun*, *The Times*, *The Daily Telegraph* and the *Metro*).<sup>111</sup>

(b) *Metro* readers were relatively more likely to consider purchasing the *i* than *Daily Mail* readers, but still indicated higher preference for the *Daily Mail* and *The Sunday Times*.<sup>112</sup>

(c) The *Daily Mail* was the least likely alternative title out of seven other national newspapers<sup>113</sup> that readers of the *i* considered purchasing.<sup>114,115</sup>

114. Two internal documents (one from each of JPIMedia Publications and the Seller indicated that the *i* had considered the possibility of targeting *Daily Mail* readers due to the large scale of the *Daily Mail* readership. However, the *i*

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<sup>107</sup> However, as set out in paragraph 132, other internal documents further indicated that the *i* benchmarked itself most frequently against other high quality newspapers, and not against the *Metro*.

<sup>108</sup> [REDACTED]; and [REDACTED].

<sup>109</sup> [REDACTED].

<sup>110</sup> [REDACTED].

<sup>111</sup> [REDACTED].

<sup>112</sup> [REDACTED].

<sup>113</sup> [REDACTED].

<sup>114</sup> [REDACTED].

<sup>115</sup> [REDACTED]. [REDACTED]. [REDACTED]. [REDACTED].

ultimately concluded that it would be difficult to attract *Daily Mail* readers, due to the *Daily Mail's* low affinity with the *i's* content and positioning.<sup>116</sup>

(a) One of these documents [REDACTED].<sup>117</sup>

(b) The other document [REDACTED].<sup>118</sup>

115. No subsequent documents indicated that the *i* was planning to change its content or positioning as a result of these studies.

- *Internal documents on pricing*

116. DMGT's internal documents included price comparisons of a range of national print newspapers, including the *i*. A price comparison dated September 2019 indicated that quality daily newspapers like *The Times*, *The Daily Telegraph* and *The Guardian* are all priced between £1.80 and £2.20, while the remaining newspapers, including the Parties' titles, are all priced between 45p and 80p, with the *Daily Mail* and the *i* in the middle of the range, at 70p and 65p, respectively.<sup>119</sup> The price of the Parties' print newspapers has not changed since September 2019.<sup>120</sup>

117. Whilst the Parties' paid-for print titles are priced at similar levels, internal documents indicated they do not take each other into account particularly when taking pricing decisions. According to DMGT's internal documents, [REDACTED].<sup>121</sup> An internal document of the Seller from 2017 indicated that [REDACTED].<sup>122</sup>

- *Third party views*

118. Only two of the Parties' competitors who responded to the CMA's merger investigation indicated that the *Daily Mail* was among the *i's* top three competitors, and none of them indicated that the *i* was among the *Daily Mail's* top three competitors. One of these competitors added a view that the *i* was an anomaly with respect to pricing, and that it would arguably fit into a mid-market positioning, competing with both popular tabloid titles and quality titles.

119. With regard to the *Metro*, only one competitor considered that the *Metro* and the *i* are each other's closest competitors because they are both 'national print newspapers with relatively short articles packaged to appeal to price

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<sup>116</sup> [REDACTED]; and [REDACTED].

<sup>117</sup> [REDACTED].

<sup>118</sup> [REDACTED].

<sup>119</sup> [REDACTED].

<sup>120</sup> [REDACTED].

<sup>121</sup> [REDACTED].

<sup>122</sup> [REDACTED].

conscious consumers who enjoy consuming news in a physical format'. Another competitor considered that the *Metro* was among the *i*'s top four competitors, and vice versa, but this third party added that the *Metro* is often read as an additional title alongside other newspapers, and that the *i* is 'closer to the quality titles'.

120. The remainder of respondents to the CMA's merger investigation did not consider that any of the Parties' titles were close competitors for readers, mainly due to different target demographics and political stance.

- *Geographic coverage*

121. The CMA also considered differences in geographic coverage between the Parties' titles as part of its assessment of closeness of competition. The Parties submitted data from PAMCo on the distribution of readers by Great Britain nation and English regions for the *Daily Mail*, the *Metro* and the *i*.<sup>123</sup>

122. The Parties' data indicated that all three titles are present in all eleven regions and nations.<sup>124</sup> However, it also indicated that the distribution of readers by region is broadly similar for the *i* and for the *Daily Mail* (and broadly in line with the overall distribution of the Great Britain population), while the distribution of readers by region for the *Metro* is materially different and significantly skewed towards the London region (where it concentrates 58.5% of its readers).

123. Based on the above, the CMA considers that the *Metro* is geographically very differentiated from the *i*, which further limits their closeness of competition.

- *Conclusion on closeness of competition*

124. The CMA believes, based on the evidence above, that the Parties' print titles are not close competitors. According to the Parties' internal documents and most third parties, the *i*'s brand positioning is materially different from the *Daily Mail*'s with respect to quality and political stance, and readers are relatively unlikely to switch between them. This evidence indicates that the *i* and the *Metro* may be closer in terms of conciseness and tone, but not in terms of quality and geographical coverage. While the *i*'s pricing is more in line with mid-market titles like the *Daily Mail* than with other quality newspapers, the Parties' internal documents indicated that the *i* benchmarks itself with other 'quality' newspapers (and not the *Daily Mail*) when taking

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<sup>123</sup> [REDACTED].

<sup>124</sup> The data included a breakdown of each title's readership between the following regions and nations: Scotland, Wales, North East, North West, Yorkshire and the Humber, West Midlands, East Midlands, East of England, South West, South East and London.

pricing decisions, and that DMGT benchmarks itself with the market average (but not with the *i* specifically).

#### *Competitive constraints*

- *The Parties' submissions*

125. The Parties submitted that the *Daily Mail* is closest in profile to (and therefore likely to be most constrained by) the *Daily Express*, given that the *Daily Express* covers similar content and is also perceived as having a similar right-wing political stance to the *Daily Mail*. The Parties also referred to the findings from the CMA's *Reach / Northern & Shell* decision, in which the *Daily Mail* was identified as a close competitor to the *Daily Express*.<sup>125</sup>
126. The Parties submitted that the *i* is most similar to other quality newspapers in the UK, such as *The Guardian*, *The Times* and *The Daily Telegraph* and referred to internal documents from JPIMedia Publications to support this position.<sup>126</sup>
127. The Parties also referred to a DMGT survey carried out in 2014, which shows that readers of the *i* were most likely to consider reading *The Guardian*, *The Independent*, *The Times* and *The Daily Telegraph*, whereas readers of the *Daily Mail* were most likely to consider reading the *Daily Express*, *The Daily Telegraph* and *The Sun*.<sup>127</sup>
128. Finally, the Parties submitted that print newspapers are constrained to a very significant extent by other media, in particular, online news.<sup>128</sup>

- *CMA's assessment*

129. The CMA notes that the Parties' newspapers face constraints from other national newspapers. In particular, the share of supply estimates based on circulation shares set out in Table 1 indicate that there is a wide range of national print titles in the UK, and that many of them are owned by publishers of a similar size to the Merged Entity, namely Reach and News UK. However, as set out in paragraph 108, given that newspaper titles are highly differentiated products, circulation shares may not fully reflect the extent to which the Parties' titles are competitively constrained by those competing

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<sup>125</sup> Merger Notice, paragraph 15.17.

<sup>126</sup> Merger Notice, paragraphs 15.17-15.18. The findings from the CMA's review of the Parties' internal documents relevant for the assessment of competitive constraints are set out in paragraphs 130 to 133 below.

<sup>127</sup> See 'DMGT 2014 survey data' (source: DMGT), Figure 15.4 of the Merger Notice. See also paragraph 110 above.

<sup>128</sup> Merger Notice, paragraph 15.21.

titles. Therefore, the CMA has also assessed the extent of such competitive constraints based on evidence from internal documents and third-party views on closeness of competition between the Parties' titles and competitors' titles.

- *The Parties' internal documents*

130. DMGT's internal documents showed that it monitors the performance and commercial activities of most national print newspapers, and in some cases its analysis focuses on specific competitors (such as the *Daily Express*, the *Daily Mirror*, *The Sun* and *The Daily Telegraph*).<sup>129</sup> The CMA did not find any internal documents where DMGT specifically focused its analysis on the *i*.
131. With regard to the *Metro* in particular, DMGT's internal documents indicated that it is particularly benchmarked against the *Evening Standard* and *The Sun*.<sup>130</sup>
132. Internal documents from both the Seller and JPIMedia Publications indicated that the *i* benchmarks itself mostly with respect to other quality newspapers such as [redacted], [redacted], and [redacted]<sup>131</sup> and that it competes particularly closely with [redacted] given similarities in content.<sup>132</sup> For example, one document from the Seller dated 2017 which considered potential price increases of the *i* specifically mentioned that [redacted].<sup>133</sup>
133. An internal document from JPIMedia Publications which focused on the *iWeekend* indicated similar competitive constraints with respect to weekend titles. The document benchmarked its *iWeekend* title only with respect to other quality weekend titles ([redacted], [redacted], [redacted] and [redacted]) and not with respect to any of DMGT's titles.<sup>134</sup>

- *Third party views*

134. As part of its merger investigation, the CMA asked third parties to list the top three news publishers they consider compete most closely with each of the Parties' print titles. While views were relatively mixed, and a variety of different competitors were listed for each title, the CMA notes that:
  - (a) for the *Daily Mail*, competitors most frequently listed mid-market and popular tabloids (*The Sun*, the *Daily Mirror*, the *Daily Express*), and some

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<sup>129</sup> [redacted]; [redacted]; [redacted]; [redacted]; [redacted]; [redacted]; [redacted].

<sup>130</sup> [redacted]; and [redacted].

<sup>131</sup> [redacted]; [redacted]; [redacted]; [redacted].

<sup>132</sup> [redacted]; [redacted]; and [redacted].

<sup>133</sup> [redacted].

<sup>134</sup> [redacted].

also listed quality titles, such as *The Times* (albeit not the *i*). For *The Mail on Sunday*, competitors generally listed the Sunday editions of the titles listed for the *Daily Mail*;

(b) for the *Metro*, the spectrum was even wider, and it included tabloids (most frequently *The Sun*), other free newspapers (for example, the *Evening Standard* and *City AM*), as well as quality newspapers (including the *i*, among others); and

(c) for the *i*, competitors most frequently listed quality newspapers (*The Guardian*, *The Times* and *The Daily Telegraph*), and some (although a minority) also mentioned mid-market titles *Daily Mail* and *Metro*, but none mentioned any popular tabloids.

135. One competitor noted that quality newspapers compete more closely with titles within the quality group, but that there is also some competitive interaction with mid-market titles.

136. Another competitor told the CMA that it does not consider that any of its national print titles compete closely for readers with any other print titles, as each of them is highly differentiated in terms of editorial line and content and there is therefore no (or very limited) switching of readers between titles.

137. The CMA considered that the above evidence from third parties indicated that, while print newspapers are highly differentiated products and there is limited switching between them, there is a wide range of national titles that compete closely with the Parties' titles, which indicates that the Parties' titles will continue facing competitive constraints from such titles.

- *Other competitive constraints outside the frame of reference*

138. The CMA has also considered the competitive constraints that the Parties may face from outside the frame of reference of national print newspapers.

139. The Parties submitted that newspapers are constrained to a very significant extent by other media, in particular, online news, and referred to evidence on the decline of circulation of print newspapers and the increase in the use of other media, in particular online news. The Parties submitted evidence indicating that the popularity of the internet and social media as a source of news is particularly high among young people, which suggests that the industry trends are likely to continue.<sup>135</sup>

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<sup>135</sup> Merger Notice, paragraph 15.21.

140. As noted in paragraph 34 above, the CMA noted that the Parties' submissions on industry trends were in line with other evidence, including views from almost all competitor publishers. In this regard, the CMA considered that the available evidence indicates that print newspapers are likely to be constrained, to some extent, by other news sources, and in particular, by online news providers.<sup>136</sup>

141. 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 there is limited competitive interaction between the Parties' newspapers (and therefore the Parties are not a significant constraint on each other at present) and that there is a wide range of national titles that compete closely with the Parties' titles, which indicates that the Parties' titles will continue facing competitive constraints from such titles.

- *Conclusion on competitive constraints*

142. Based on the evidence set out above, the CMA believes that the Merged Entity would continue to face competitive constraints from other rival newspaper publishers (in particular, other national print newspapers).

*Conclusion on loss of competition in the publishing of national print newspapers in the UK*

143. For the reasons set out above, the CMA believes that the Parties' combined share of supply in the publishing of national print newspapers is significant, but given that there are many dimensions of differentiation between newspapers, the CMA has considered the significance of this figure in the light of other evidence related to closeness of competition between the Parties and other competitive constraints. In this regard, the CMA believes that the Parties are not close competitors, and that the Merged Entity's titles will continue to face significant competitive constraints (in particular, from other national print newspapers). Accordingly, the CMA believes 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.

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<sup>136</sup> However, as mentioned in paragraphs 46 to 48 above, the CMA also considered that there was evidence of limited diversion (as opposed to migration) between print newspapers and other news sources in response to marginal increases in prices or quality degradation.

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

### *Shares of supply*

144. The Parties submitted share of supply data based on the average number of display advertising pages per print title.<sup>137</sup> Based on this data, the CMA calculated that the Parties' combined share of supply of display advertising in national print newspapers in the UK would be [20-30]% including the *Metro* (with an increment of [5-10]% as a result of the Merger) and [10-20]% excluding the *Metro* (with an increment of [5-10]% as a result of the Merger). However, these estimates did not account for differences in circulation numbers between titles,<sup>138</sup> which the CMA considers could result in significant differences in advertising revenues between titles. Furthermore, the Parties' estimates only related to display advertising and did not account for classified advertising.
145. The CMA therefore considered that total print advertising revenues were more relevant in assessing the Parties' competitive position than numbers of display advertising pages per print title. In this regard, the Parties submitted an estimate of the size of total advertising spend in national print newspapers in the UK,<sup>139</sup> which the CMA calculated would imply a combined share of supply of [20-30]% for the Parties assuming the estimate included the *Metro*, and of [10-20]% assuming it excluded the *Metro*, as well as an increment of [0-5]% regardless.<sup>140</sup> However, the CMA was not able to verify the accuracy of this estimate.
146. Given the limitations set out above, the CMA placed limited weight on these share of supply estimates. Instead, the CMA noted evidence from internal documents and third parties indicating that total publisher reach (in terms of total number of unique readers reached by each publisher, adding all of its titles together) was a more relevant indicator of publishers' relative positioning.<sup>141</sup>
147. The Parties acknowledged that, given that their offering is complementary in terms of target demographics, adding the *i* to its portfolio would extend the overall demographic group DMGT can offer to its advertising customers, and

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<sup>137</sup> Merger Notice, paragraph 15.24.

<sup>138</sup> The Parties confirmed this in footnote 75 to the Merger Notice.

<sup>139</sup> See 'Advertising Association WARC data' (source: AA/WARC Expenditure Report, April 2019), Figure 12.6 of the Merger Notice.

<sup>140</sup> [REDACTED].

<sup>141</sup> [REDACTED].



therefore would make DMGT's overall offering more valuable to advertisers.<sup>142</sup> [REDACTED]. With regard to advertising in print newspapers, Table 2 sets out a comparison of the total brand reach of publishers of print newspapers in the UK.<sup>143</sup>

**Table 2: Total publisher reach – print only (in 000's of unique readers)**

Publisher	Unique readers reached by print titles
DMG Media	[REDACTED]
DMG Media + Target	[REDACTED]
News UK	[REDACTED]
Reach	[REDACTED]
Guardian Media	[REDACTED]
Telegraph Media	[REDACTED]

Source: Annex F1 to the Merger Notice.

148. The CMA noted that, while DMGT is the leading publisher in terms of total reach of its print titles, the increment brought about by the Merger would be very small. The CMA also considered other evidence from internal documents and third parties on closeness of competition and competitive constraints, as set out below.

*Closeness of competition and competitive constraints*

- *Parties' submission*

149. The Parties submitted that their publications attract different types of advertisers given their different readership demographics.<sup>144</sup>

150. The Parties submitted that readers of third-party titles are more likely to have a similar readership to each of the Parties' titles than the Parties have to each other, which suggests that these third parties are closer competitors for the purposes of advertising content.<sup>145</sup>

151. The Parties further submitted that publishers of print newspapers face very strong competition from other media, including both other print media (such as magazines) and digital media such as online advertising, which offer

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<sup>142</sup> Merger Notice, paragraphs 2.14 and 2.15.

<sup>143</sup> Annex F1 to the Merger Notice, 'Oculus PAMCO 4 2019 \_ Total publisher and brand reach tables'.

<sup>144</sup> Merger Notice, paragraph 15.26.

<sup>145</sup> Merger Notice, paragraph 15.27.

significant advantages to advertisers in terms of the sophistication of targeting potential customers and data analytics, amongst others.<sup>146</sup>

- *The Parties' internal documents*

152. DMGT's internal documents indicated that it benchmarks its performance with respect to the majority of national print newspapers, sometimes excluding the *i*, and in some cases focusing particularly on [REDACTED].<sup>147</sup> No internal documents indicated that DMGT considered the *i* as a particular competitive constraint in print advertising beyond the constraint exerted by all other national titles.
153. Internal documents from both the Seller and JPIMedia Publications show that the *i* monitors a competitor set comprised of other quality newspapers ([REDACTED], [REDACTED] and [REDACTED]) as well as the [REDACTED].<sup>148</sup> One document from the Seller specifically mentioned that [REDACTED].<sup>149,150</sup> While the CMA considers that this indicated some competitive interaction between the *i* and the *Daily Mail* with regard to print advertising, it has assessed the extent of such interaction with respect to different parameters of competition such as pricing and readership characteristics, as set out below.
154. With respect to pricing, an internal document from the Seller indicated that the *i*'s pricing decisions ([REDACTED]) took into account the competitiveness of the price with respect to the *Daily Mail*, although also with respect to other quality newspapers (namely [REDACTED]).<sup>151</sup>
155. Another internal document from JPIMedia Publications further indicated that, apart from pricing, differences in readership characteristics are also an important parameter of competition in the supply of print advertising. In particular, the document noted that [REDACTED] constitute an opportunity to create value for advertisers.<sup>152</sup> To that respect, as discussed in paragraph 114, internal documents from JPIMedia Publications and the Seller indicated that readers of [REDACTED] and [REDACTED] have higher affinity with the *i*'s content than readers of the *Daily Mail*.

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<sup>146</sup> Merger Notice, paragraph 15.28.

<sup>147</sup> [REDACTED]; [REDACTED].

<sup>148</sup> [REDACTED]; [REDACTED] and [REDACTED].

<sup>149</sup> [REDACTED].

<sup>150</sup> [REDACTED].

<sup>151</sup> [REDACTED].

<sup>152</sup> [REDACTED].

- *Third party views*

156. None of the competitors who responded to the CMA's merger investigation considered the Parties to be particularly close competitors in the supply of print advertising.
157. One competitor added that the Parties are not close competitors for readers, and therefore from the perspective of advertisers they will be considered as complementary. Another competitor specified that large advertisers spend across the whole print segment, and therefore the Parties compete with each other (along with all other print newspapers) for a share of this spend. However, this competitor added that, given the circulation numbers of DMGT, very few customers would choose the *i* over a DMGT title, unless the budget requirement was unable to meet the cost of DMGT titles or there was a solution offered by the *i* that could not be matched by DMGT.
158. The CMA asked customers to list the best alternative titles to each of the Parties' titles with respect to print advertising, and the results were similar to those with respect to readership, namely: advertising customers most frequently mentioned (i) the *Daily Express* and *The Sun* as best alternatives to the *Daily Mail*, (ii) the *Evening Standard* and *The Sun* as best alternatives to the *Metro*, and (iii) *The Guardian* as best alternative to the *i*.<sup>153</sup> Only two customers specifically mentioned the Parties' titles as one of the best alternatives to each other, albeit along with other titles.
159. Advertising customers generally indicated that their choices of print newspapers are largely driven by achieving the target audience and reach in the most cost-efficient manner, and that therefore all national daily titles can be considered as alternatives or as complements depending on the campaign.
160. Furthermore, a number of customers also indicated that constraints from digital advertising and other media on print advertising are significant, as their choice of advertising channel is largely driven by differences in advertising costs per audience reached. For example, one advertising customer indicated that it constantly reviews its advertising media channel mix, as relative prices and indicators of audience reach by channel (such as circulation numbers or number of online views) fluctuate.

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<sup>153</sup> See paragraph 134 above.

*Conclusion on loss of competition in the supply of advertising in national print newspapers in the UK*

161. The CMA believes that the evidence above indicates that the Parties are not particularly close competitors. While the *i* does monitor the *Daily Mail* with regard to print advertising, it also monitors a range of 'quality' newspapers. Furthermore, evidence from third parties indicates that the Parties are not close competitors and that they face significant competitive constraints from all other national print newspapers, as well as from suppliers of advertising in other media. While DMGT is the leading publisher of print newspapers in terms of total reach of print readers, the increment resulting from the Merger is very small.
162. Accordingly, the CMA believes 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 supply of advertising in national print newspapers in the UK.

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

*Shares of supply*

163. The Parties submitted share of supply estimates based on data from comScore on number of page views over one month (October 2019) in the UK. According to this data, the BBC (21.3%) and Reach (12.8%) have a higher combined share of supply than the Parties' online sites combined (12.6%), and the increment brought about by the Merger is very small (1.6%).<sup>154</sup> However, the Parties added that there are some limitations with this data, given that: (i) it does not always include off-platform views (eg those accessed through Google/ Apple News / Facebook Instant Articles), and (ii) page views does not necessarily translate into the number of unique readers reached, which the Parties consider to be more relevant in assessing the market position of online publishers.<sup>155</sup>
164. The Parties also submitted data from comScore on the number of unique visitors and brand reach by online publisher in the UK in October 2019,<sup>156</sup> which indicated that Reach is the leading UK news sites publisher (with a brand reach of 82%), DMGT ranks fourth (70.5%) and inews.co.uk only has a brand reach of 13.1%, with a very low ranking compared with other

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<sup>154</sup> [redacted]; and [redacted].

<sup>155</sup> Merger Notice, paragraph 15.34.

<sup>156</sup> The Parties submitted that percentage 'reach' signifies the percentage of the total online population that visit the website in the period as defined.

established UK news brands, such as ESI Media (55.5%), Guardian Media (51.1%) and Telegraph Media (41.1%).<sup>157</sup> The Parties added that they expected the increment in reach brought about by the Merger to be 3% daily.<sup>158,159</sup> This was in line with the same estimate included in the Parties' internal documents.<sup>160</sup>

165. Furthermore, an internal document from DMGT included publisher market share estimates in the supply of online news in the UK in terms of number of clicks from Google search. The estimates indicated that, in 2018, theguardian.com was leading ([10-20]%), followed by Mail Online ([10-20]%) and BBC News ([10-20]%). inews.co.uk did not appear in the estimates.<sup>161</sup>
166. The CMA noted that, regardless of the methodology used, all the estimates set out above indicated that the increment brought about by the Merger in the supply of online news in the UK is very small, and that there are a range of competitors of a similar size (or larger) than the Parties combined, particularly the BBC and Reach.

#### *Closeness of competition and competitive constraints*

- *Parties' submissions*

167. The Parties submitted that they face strong competition from a range of other media, including other news sites (such as the BBC) and international news sites which are readily accessible to consumers in the UK.<sup>162</sup>
168. The Parties also noted the constraints posed by many non-traditional providers of online news such as BuzzFeed and HuffPost, and news aggregators, such as Apple News and Microsoft News, social media news sources, such as Facebook and Twitter, and overseas publishers such as nytimes.com.<sup>163</sup>

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<sup>157</sup> [REDACTED]; and [REDACTED].

<sup>158</sup> Merger Notice, paragraph 15.36.

<sup>159</sup> The Parties further referred to the estimates included in previous CMA reports ([Reach / Northern & Shell decision](#) and [Fox / Sky CMA provisional findings report](#)) which measured time spent online for 20 news providers in the UK in August 2017. The Parties noted that, on this basis, the BBC was the largest supplier of online news in the UK (60% share), DMGT had a share of approximately 6% (along with similarly sized competitors Reach, Sky News, and BuzzFeed), and inews.co.uk was not included in the estimates, but the Parties expected its presence to be negligible (Merger Notice, paragraph 15.32).

<sup>160</sup> [REDACTED].

<sup>161</sup> [REDACTED].

<sup>162</sup> Merger Notice, paragraph 15.1 (iii).

<sup>163</sup> Merger Notice, paragraph 15.37.

- *Internal documents*

169. The Parties' internal documents did not indicate that they track each other specifically with regard to the supply of online news in the UK, but they indicated that the Parties track other online news suppliers. For example:

(a) Some DMGT internal documents tracked different competitors in the supply of online news with respect to [REDACTED] which generally excluded inews.co.uk (or, in the few cases where inews.co.uk was included as part of the competitor set, the documents indicated that it had a very low ranking);<sup>164</sup> and

(b) the majority of internal documents from both the Seller and JPIMedia Publications relating to the supply of online news did not mention DMGT's online titles, and instead focused on other providers such as [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED].<sup>165</sup>

- *Third party views*

170. Most third parties who responded to the CMA's merger investigation did not consider the Parties to be close competitors in the supply of online news.

171. In fact, one competitor who had indicated that the *Metro* and the *i* were relatively close alternatives in print, told the CMA that the main competitors of all of the Parties' online news sites were digital-native players such as HuffPost and social networks such as YouTube. Another competitor indicated that the main competitors of all of the Parties' online news sites were Reach, the Sun Online and the BBC, which may imply that the distinction between tabloids and quality newspapers is less prominent online, but that the number of players is larger and the constraints from such players on the Parties are strong.

*Conclusion on loss of competition in the supply of online news in the UK*

172. Based on the evidence set out above, the CMA believes that the Parties have a limited market presence, that they are not particularly close competitors in the supply of online news, and that the Parties will continue to be constrained by numerous other online news providers. Accordingly, the CMA believes 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 supply of online news in the UK.

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<sup>164</sup> [REDACTED]; [REDACTED]; [REDACTED]; and [REDACTED].

<sup>165</sup> [REDACTED]; [REDACTED]; [REDACTED]; and [REDACTED]. [REDACTED].

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

### *Shares of supply*

173. The Parties submitted that the total UK digital advertising spend in national news brand, regional news brand and digital magazines only accounts for c. [0-5]% of the UK digital advertising market.<sup>166</sup>
174. The Parties also submitted a market size estimate of £[~~£~~] for digital advertising in the UK in 2018, based on a study by IAB/PwC.<sup>167</sup> Based on the Parties' digital advertising revenues, the CMA estimated that this would imply a combined share of supply for the Parties of less than [0-5]%, with a close to negligible increment.<sup>168</sup> The Parties also submitted data on predicted digital advertising revenues for Google and Facebook which would indicate a significant presence for Google and Facebook in digital advertising in the UK.<sup>169</sup>
175. The CMA has not been able to test the robustness of the figures submitted by the Parties, and therefore does not place significant weight on the precise share of supply figures produced by these 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.
176. The Interim Report also notes that Google and Facebook are by far the largest suppliers in the UK for search advertising and display advertising respectively, and that with regard to classified advertising in the UK there are a broad range of online platforms focused on specific sectors that provide the ability for advertisers to list specific products and services and the functionality for consumers to then make comparisons across these listings.<sup>170</sup>
177. Therefore, the CMA considers that the Parties' combined share post-Merger is likely to remain small with respect to all forms of digital advertising.<sup>171</sup>

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<sup>166</sup> Merger Notice, paragraph 15.43.

<sup>167</sup> Merger Notice, paragraph 12.11.

<sup>168</sup> [~~£~~].

<sup>169</sup> Merger Notice, paragraph 15.43.

<sup>170</sup> Interim Report, paragraphs 5.8, 5.9, 5.56 and 5.110.

<sup>171</sup> This conclusion remains the same even if, on a cautious basis, the *Evening Standard* was considered together with DMGT (noting the links and [~~£~~] between DMGT and the *Evening Standard* discussed at footnotes 6 and 82 above).

## *Closeness of competition and competitive constraints*

- *Parties' submissions*

178. The Parties submitted that advertising platforms such as Facebook and Google are by far the largest players in this area, and advertisers have a broad range of other potential publishers and websites for their content should they choose to advertise directly with suppliers rather than programmatically via intermediaries such as Facebook and Google.<sup>172</sup>

- *Internal documents*

179. The Parties' internal documents did not indicate that they track each other specifically with regard to digital advertising, beyond the limited extent they track each other with regard to their supply of online news (see paragraph 169).

180. Internal documents from DMGT relating to digital advertising indicated that it considered [redacted], [redacted] and [redacted] as its main competitors.<sup>173</sup> Furthermore, an internal document from DMGT related to the Merger indicated that DMGT did not consider inews.co.uk to be a significant player in digital advertising or to grow significantly in digital advertising in the near future (even after the Merger).<sup>174</sup>

- *Third parties' views*

181. All competitors who responded to the CMA's merger investigation indicated that there are a large number of competitors in this market, and some competitors specifically indicated that Facebook and Google were their main competitors in this market.

182. None of the customers who responded to the CMA's Merger investigation indicated that the Parties were particularly close competitors in the supply of digital advertising in the UK. Furthermore, many advertising customers indicated that they do not choose between suppliers of digital advertising directly and instead make use of programmatic advertising via intermediaries.

183. One customer mentioned that, if either of the Parties' online news sites were not available for advertising, its investment would be distributed across other national newspaper websites. Another customer listed a number of

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<sup>172</sup> Merger Notice, paragraph 15.1(iv).

<sup>173</sup> [redacted]; and [redacted].

<sup>174</sup> [redacted].



alternatives to the Parties' websites, including other news sites, as well as Yahoo, Facebook and Instagram.

184. One customer mentioned that alternative (non-news brand) sites may not 'carry the same quality' as news brand sites do but that, if the Parties' sites were not available, it would switch to other (unspecified) news brand sites. Another customer mentioned specific news brand alternatives to the Parties' sites, but none of these (namely theguardian.com, the Telegraph Online, independent.co.uk and standard.co.uk) belonged to the other Party.

*Conclusion on loss of competition in the supply of digital advertising in the UK*

185. Based on the evidence above, the CMA believes that the Parties are not particularly close competitors, and that they face significant constraints from a range of other suppliers, particularly from advertising platforms such as Google and Facebook. Therefore, the CMA believes 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 supply of digital advertising in the UK.

### **Third party views**

186. The CMA contacted customers and competitors of the Parties. A few competitors raised concerns regarding the greater scale and reach of the Parties post-Merger in some of the frames of reference affected by the Merger. No other third parties raised competition concerns about the Merger.
187. Third party comments have been taken into account where appropriate in the competitive assessment above.

### **Decision**

188. 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.
189. The Merger will therefore not be referred under section 22(1) of the Act.

**Eleni Gouliou**  
**Director, Mergers**  
**Competition and Markets Authority**  
**27 March 2020**