

Anticipated acquisition by Future Plc of TI Media Limited

Decision on relevant merger situation and substantial lessening of competition

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 16 March 2020. Full text of the decision published on 22 April 2020.

ME/ 6863/19

Please note that [✂] 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.

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SUMMARY

1. Future Plc (**Future**) has agreed to acquire TI Media Limited (**TI Media**), through the acquisition of TI Media's holding company, Sapphire Topco Limited (**Sapphire**) (the **Merger**). Future and TI Media are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Future and TI Media is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the turnover test is met. The CMA therefore believes that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. Future is a media group and publishing company producing specialist interest print and digital publications, websites and events. Future generated turnover of £125 million worldwide and £[~~XX~~] million in the UK in 2018. It is listed on the London Stock Exchange.
4. TI Media is also a specialist interest magazine and digital content publisher. TI Media wholly owns 29 subsidiary companies, including Marketforce, a magazine distributor. TI Media generated turnover of £226 million worldwide and £[~~XX~~] million in the UK in the calendar year 2018.

Supply of specialist interest magazines

5. The Parties overlap in the supply of specialist interest magazines in the United Kingdom (**UK**) in the following Audit Bureau of Circulation (**ABC**) content categories: (i) Shooting; (ii) Home Interest; (iii) Cycling; (iv) Football; and (v) Photography.
6. The supply of magazines is a two-sided market with readers and advertisers. The Parties earn the majority of their revenues from sales to readers through subscriptions and newsstand. In line with decisional precedent in this industry, the CMA focused its assessment on the reader's side.
7. Overall the CMA received some evidence that the print magazine sector is in decline, albeit the rate of decline differs across the categories. The CMA has assessed the Merger against this backdrop.
8. While the CMA found that there has been a migration of readers and advertisers to online content, the CMA found insufficient evidence of demand-side or supply-side substitution between magazines and online content to support including online content in its frame of reference. The CMA has

therefore assessed the Merger by reference to the supply of specialist interest magazines in the UK, with each ABC magazine category being a separate frame of reference. The CMA has taken into account the constraint posed by the related online specialist interest content as part of its competitive assessment.

9. For each magazine category in which the Parties overlap, the CMA assessed whether the merged entity may worsen their competitive offer through a price rise, reduction in quality or reduction in choice, including through magazine closures (ie a reduction in range). The CMA considered shares of supply and the competitive strength of the Parties, evidence of closeness of competition and constraint from rivals, including from a survey of the Parties' readers, internal documents, and third-party views.
10. For Shooting, Home Interest and Cycling magazines, taking the evidence in the round, the CMA found that the Parties titles are differentiated, that they are not close competitors and that the overlapping titles face significant constraint from alternative suppliers. The CMA therefore believes that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) in relation to these three magazine categories.
11. In Football and Photography, the Parties have very large shares of supply with a significant increment. The survey data and internal documents indicate that the Parties' titles are close competitors. Third party views indicated that the Parties' titles are the market leaders and do not face a significant competitive constraint from other print magazines or from online content.
12. The CMA did not receive evidence that entry or expansion would be timely, likely and sufficient to prevent a realistic prospect of an SLC as a result of the Merger.
13. The CMA therefore believes that the Merger gives rise to a realistic prospect of an SLC in relation to these two magazine categories, namely Football and Photography.

Supply of technology websites

14. The Parties also overlap in the supply of technology websites. Technology websites provide reviews and advice related to technology products, such as gadgets, phones, laptops and wearable technology.
15. The supply of technology websites is a two-sided market with readers and advertisers. In technology websites, the Parties derive their revenues from advertising and e-commerce activity, as the websites are free to use. The

CMA considers that some advertisers and e-commerce partners will face the same alternatives as readers to meet their needs. Therefore, on a cautious basis, the CMA focused its competitive assessment on the readers' side of the market. The CMA considered shares of supply and the competitive strength of the Parties, evidence of closeness of competition and constraint from rivals, internal documents, an analysis of the Parties' use of web search terms and the views of third parties, including advertisers and e-commerce partners.

16. The Parties have a large combined share of supply with a significant increment. The Parties' internal documents indicate that the Parties' technology websites compete closely, in particular two of Future's technology websites compete very closely with TI Media's sole website. The CMA's web search term analysis also demonstrated the closeness of competition between the Parties. Accordingly, the CMA found that Merger raises significant competition concerns in the supply of technology websites.
17. Although revenues are high and technology websites is a growing market, third party evidence indicates that there are significant cost-related barriers to entry, in particular high marketing costs, making timely and sufficient entry and expansion unlikely. The CMA received no evidence of recent successful entry in UK technology websites.
18. The CMA therefore believes that the Merger gives rise to a realistic prospect of an SLC in relation to the supply of technology websites in the UK.

Magazine distribution

19. TI Media is active 'upstream' in magazine publishing and 'downstream' in the provision of magazine distribution services (through its wholly-owned subsidiary, Marketforce). Marketforce distributes magazines in the UK for both TI Media, and other magazine publishers, including Future.
20. The Merger therefore involves a vertical relationship between the Parties' upstream magazine publishing activities and TI Media's downstream activities, through Marketforce, in magazine distribution. The CMA considered whether the Merger could raise competition concerns as a result of vertical effects (ie, a foreclosure strategy which would involve the merged entity ceasing to supply or worsening the terms on which it supplies magazine distribution services to publishers).
21. The CMA found that the supply of magazine distribution services is a highly concentrated market, with only two companies present. The CMA found that, short of publishers providing their own distribution services, no alternative

means of distributing print magazines is possible. Accordingly, there would be limited options available to magazine publishers seeking to avoid a hypothetical price rise or worsening of terms by Marketforce. The CMA concluded that the merged entity would have the ability to increase prices or refuse to supply magazine distribution services to magazine publishers.

22. However, the CMA found that the costs of carrying out a foreclosure strategy (regarding publishers to which TI Media currently provides magazine distribution services) currently outweigh the benefits for TI Media, including those with which it competes strongly. The CMA also found that the addition of Future's titles would not create any greater incentive to foreclose magazine publishers than currently exists. The CMA therefore concluded that, after the Merger, the merged entity would not have the incentive to foreclose rival publishers.
23. Accordingly, the CMA concluded that the Merger will not result in a realistic prospect of an SLC as a result of vertical effects arising from foreclosure of rival publishers through the worsening of terms offered by Marketforce.

Decision

24. For the reasons set out above, the CMA believes that it is or may be the case that: (i) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and (ii) the creation of that situation may be expected to result in an SLC within a market or markets in the UK.
25. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (**the Act**). The Parties have until 23 March 2020 to offer an undertaking to the CMA that might be accepted by the CMA. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Act.

ASSESSMENT

Parties

26. Future is a media group and publishing company producing specialist interest print and digital publications, websites and events. Future has operations in the United Kingdom (**UK**), France, USA and Australia. Future sells advertising space for its digital and print publications and generates e-commerce revenue through linking products in its publications to sales outlets. The turnover of Future in the year ending 30 September 2018 was £125 million worldwide and £[REDACTED] million in the UK.

27. TI Media is also a media group and publishing company producing specialist interest print and digital magazines as well as websites and events. TI Media wholly owns 29 subsidiary companies, including Marketforce, a magazine distributor. The turnover of TI Media in the calendar year 2018 was £226 million worldwide and £[~~226~~] million in the UK.

Transaction

28. On 30 October 2019, Future Holdings 2002 Limited (**Future Holdings**), a wholly-owned subsidiary of Future, entered into an agreement to acquire the whole of the issued share capital of Sapphire, the holding company of TI Media.¹

Procedure

29. The Merger was considered at a Case Review Meeting.²

Jurisdiction

30. Each of Future and TI Media is an enterprise. As a result of the Merger, Future will acquire a controlling interest in TI Media. Therefore, as a result of the Merger, these enterprises will cease to be distinct.
31. The UK turnover of TI Media exceeds £70 million, so the turnover test in section 23(1)(b) of the Act is satisfied.
32. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
33. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 21 January 2020 and the statutory 40 working day deadline for a decision is therefore 16 March 2020.

Counterfactual

34. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers, the CMA generally adopts the prevailing conditions of competition as the

¹ Separately, TI Media sold Collective, an advertising agency, to a third party on 2 March 2020. The CMA had considered the merged entity's ability to foreclose rivals in relation to Collective's purchasing of advertising space from websites that compete with the Parties' websites but had already dismissed any possible concerns by the time that the business was sold.

² See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), January 2014, from paragraph 7.34.

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.³

35. The Parties submitted that the magazine industry faces a number of challenges. In particular, the Parties highlighted a downward cycle of declining print sales, reduced retail shelf-space for print media and a move of readership and advertising online. The Parties did not submit that any Future or TI Media titles would exit the supply of specialist magazines or any further specific evidence warranting the CMA considering the Merger against a different counterfactual than the prevailing conditions. The Parties did not put forward an alternative counterfactual for the purposes of the investigation into technology websites or distribution of magazines.
36. The CMA received mixed evidence on the decline of print sales, with some evidence indicating that a degree of decline may be category specific.
37. In light of the available evidence, the CMA found the prevailing conditions of competition to be the relevant counterfactual for assessment of the Merger. However, the CMA taken into account the challenges facing the magazine industry in its competitive assessment for each category of specialist magazines.

Overlap between the Parties

Specialist interest magazines

38. The Parties overlap in the supply of print and digital specialist interest magazines and bookazines⁴, technology websites, and events.⁵ The Parties

³ [Merger Assessment Guidelines \(OFT1254/CC2\)](#), paragraph 4.3.5.

⁴ Bookazines are normally published at irregular frequencies and focus on very specific topics. Their publication cycle can be related to specific events (e.g. the World Cup), or purely ad hoc. In any event, they are usually one-off purchases and consumers do not subscribe to bookazines. Bookazines typically have a higher price point, and longer pagination than magazines. The CMA found no evidence that bookazines should be assessed differently than in previous decisions and therefore considered them in the same frame of reference as the magazines.

⁵ The Parties also overlap in the supply of photography events. However, the CMA considers that the Merger does not give rise to competition concerns in relation to this market as the overlap between the Parties is minimal.

categorise their magazine titles according to the ABC⁶ method leading. On this basis, the Parties' titles overlap within the following categories:

- (a) Shooting;
- (b) Home Interest;
- (c) Cycling;
- (d) Football; and
- (e) Photography.

39. The full list of magazine titles in these overlap categories is set out in Table 1 below.

Table 1: Parties' magazine titles in the overlap categories

Shooting	Home Interest	Cycling	Football	Photography
Future Titles				
<i>Airgun Shooter</i>	<i>Period Living</i>	<i>ProCycling</i>	<i>FourFourTwo</i>	<i>Digital Camera</i>
<i>Clay Shooting</i>	<i>Real Homes</i>			<i>N Photo</i>
<i>Sporting Rifle</i>				<i>Digital Photographer</i>
				<i>Photo Plus</i>
				<i>Photography Week</i>
TI Media Titles				
<i>Shooting Times & Country Magazine</i>	<i>25 Beautiful Homes</i>	<i>Cycling Weekly</i>	<i>World Soccer</i>	<i>Amateur Photographer</i>
<i>Sporting Gun</i>	<i>Country Homes and Interiors</i>			
<i>The Shooting Gazette</i>	<i>Homes and Gardens</i>			
	<i>Ideal Home</i>			
	<i>Living Etc</i>			
	<i>Style at Home</i>			

Source: The Parties

40. Shooting magazines provide content related to various shooting sports such as game and clay shooting, as well as technical content related to different types of guns such as air rifles and shotguns.

⁶ The ABC identifies various consumer magazine categories and sub-segments based, principally, on editorial content and target audience of a particular magazine.

41. Home Interest magazines cover topics on all aspects of home design and improvement. Content ranges from day-to-day home improvement ideas for varying budgets as well as examples of 'before' and 'after' home improvement projects.
42. Cycling magazines provide buying and riding advice for hobby cyclists and fans of professional cycle racing. The magazines include news on national and international races as well as product reviews for bicycles and bicycle accessories.
43. Football magazines provide information and analysis on football throughout the world. This includes analysis of important games, interviews with football players as well as technical know-how. The ABC category definition is not club- or league-specific.
44. Photography magazines provide content for amateur and professional photographers, ranging from product reviews and recommendations to know-how and advice on improving photography skills.

Digital content

45. The Parties provided details of the websites they host in the overlapping categories.

Table 2: Parties' websites in the overlap categories

Related ABC Segment	TI Media Website	Future Website
Shooting	<i>shootinguk.co.uk</i>	<i>airgunmagazine.co.uk</i> <i>clay-shooting.com</i> <i>sporting-rifle.com</i>
Home Interest	<i>homesandgardens.com</i> <i>idealhome.co.uk</i> <i>livingetc.com</i>	<i>realhomes.com</i>
Cycling	<i>cyclingweekly.com</i>	<i>cyclingnews.com</i>
Photography	<i>amateurphotographer.co.uk</i>	<i>digitalcameraworld.com</i>
Football	<i>worldsoccer.com</i>	<i>fourfourtwo.com</i>

Source: The Parties⁷

46. The CMA found that the content offered in the online version of the print magazines is repurposed content from the magazine titles with the same

⁷ Consolidated Final Merger Notice, table 13.

readers and competitors. The frame of reference was therefore no different and the CMA has not assessed these overlaps separately.

Technology websites

47. The Parties also overlap in the supply of technology websites. Technology websites are an online-only product, a free to use service with revenue generated from advertising and e-commerce.⁸ Technology websites offer content on gadgets, lifestyle advice and technology news. Technology websites predominantly offer product reviews to assist readers in their choices of product purchases and also offer some e-commerce functions.⁹
48. Future has a portfolio of 13 technology websites that cover a diverse range of content including content technology, product content and expert reviews. Some of the smaller websites such as *Tomsguide.com* and *Tomshardware.com* focus on more technical product reviews, as opposed to the lifestyle, science and miscellaneous content provided by websites such as *Gizmodo.co.uk* and *Lifehacker.co.uk*. Two of Future's largest technology websites, *Techradar.com* and *T3.com* specialise in technology product reviews, travel and lifestyle content, including the latest deals on those consumer products.
49. TI Media has one technology website, *Trustedreviews.com*, which specialises in technology product and gaming reviews, buying advice and price information. It also offers discounts across a range of consumer and home technology products, including more general household appliances.

Table 3: Parties' technology websites

Publisher	Site
Future	<i>anandtech.com</i>
	<i>androidcentral.com</i>
	<i>gizmodo.co.uk</i>
	<i>gizmodo.com</i>
	<i>laptopmag.com</i>
	<i>lifehacker.co.uk</i>
	<i>lifehacker.com</i>
	<i>t3.com</i>
	<i>techradar.com</i>
	<i>tomsguide.com</i>
	<i>tomshardware.co.uk</i>

⁸ Although there are print titles that also offer product reviews, such as a print version of *T3* called *T3.com*, it is a separate subscription title, not a replication of the website.

⁹ For example, *Techradar.com*.

Publisher	Site
	<i>tomshardware.com</i>
	<i>whathifi.com</i>
TI Media	<i>trustedreviews.com</i>

Source: The Parties¹⁰

Background

Magazines

50. Magazine publishers derive revenues from readers and advertisers. This section briefly summarises the conditions of competition in these two sides of the Parties' business.
51. On the readers' side, publishers sell their printed titles either directly to consumers through subscriptions or through retailers.¹¹ Subscriptions are generally purchased online with the magazine being sent to the subscriber through the post. Many publishers also sell digital versions of their titles, which reproduce in digital format the content of a title and are purchased online.¹²
52. On the advertisers' side, publishers compete against each other to attract advertisers. Advertisers are attracted by the size, demographics and specialist interests of the readership of a particular title; these advertisers are more likely to consider titles to be substitutable when they reach similar demographics (even though there may be significant differences in the actual content).¹³

Decline in the demand of specialist magazines

53. The Parties submitted that demand for print magazines in the UK is in decline, referring to PwC data which project a decline of 32% between 2014 and 2023.¹⁴ The Parties submitted that, overall, the print magazine market is declining by 5-11% annually.¹⁵ The Parties submitted that this decrease in volume is principally due to the possibility of accessing the same content

¹⁰ Consolidated Final Merger Notice, table 24.

¹¹ Such as WH Smith, grocery stores and newsagents.

¹² Through both subscription and one-off purchases, using, for instance, Google Play and Apple's App Store or through the magazine publishers' own websites such as *www.digitalcameraworld.com*.

¹³ The CMA sent RFIs to advertisers across the overlapping magazine categories.

¹⁴ Consolidated Final Merger Notice, paragraph 3.20.

¹⁵ Response to Issues Letter, slide 5.

online for free.¹⁶ Specifically in relation to the overlapping categories, the Parties submitted that [REDACTED].

54. The CMA found that the Parties' internal documents were consistent with this position. For instance, a Future internal document shows that Future's circulation [REDACTED] for categories tracked.¹⁷ This same document also showed that the total sector declined for [REDACTED] categories.
55. Revenue data provided by the Parties shows that [REDACTED]. The median change in sales revenue for all the Parties' overlapping titles between 2017 and 2019 is a decrease of [10-20]%.¹⁸
56. Third party views provided to the CMA during its merger investigation also indicated a similar trend of overall sector decline, albeit some evidence indicating that it is category specific.¹⁹ Against this backdrop, the CMA considered magazine closures for the relevant titles as explained in the section below, 'Competitive dynamics relevant to the CMA's assessment of magazine overlaps'.

Technology websites

57. The supply of technology websites is also a two-sided market with readers and advertisers. The Parties' websites derive revenues from advertisers and e-commerce partners. All of the Parties' technology websites are free to use. As the readership attracts advertisers, websites seek to attract as high a number of readers as possible.
58. On the advertisers' side, websites compete against each other to attract advertisers. Some advertisers are attracted by the readership demographics of a particular website; these advertisers are more likely to consider websites that reach a similar audience (but which may be quite different in content) as substitutes. Other advertisers seek to target customers who share a specific interest.²⁰
59. E-commerce partners²¹ pay the website a proportion of the ultimate sale that is derived from click through by readers of the website. The advertiser and the e-commerce partners are often the same business. Similar to the advertisers,

¹⁶ Consolidated Final Merger Notice, Annex A 1.5

¹⁷ Consolidated Final Merger Notice, Figure 2, page 100.

¹⁸ This excludes *ProCycling* and all of TI Media's Home Interest titles.

¹⁹ Note of call with [REDACTED]

²⁰ [REDACTED]

²¹ *Ibid.*

the e-commerce seller will target a website on the basis of the interests of the readers with the objective of selling to that reader/consumer.

60. As advertisers and e-commerce partners target websites on the basis of their readership and their readership's interests, the CMA has focused on the readers' perspective in assessing competition in technology websites.

The supply chain for magazines

61. The distribution of magazines to retailers is typically managed by a distributor acting on behalf of a publisher. Each magazine title's recommended retail price (or **cover price**) and content are determined by its publisher. Distributors negotiate and manage the trading relationship with wholesalers and retailers, organise the distribution of magazines to wholesalers, use demand forecasting models to minimise unsold copies and optimise in-store availability at the retail level, recommend marketing strategies and deal with key retailers.²² The role of the wholesaler is largely limited to managing logistics. Retailers buy magazines from wholesalers. Retailers make the final decision on the price of a magazine, informed by the cover price, and dictate the titles for sale in their outlets.²³ Figure 1 below provides an overview of the magazine supply chain.²⁴
62. The price paid by the retailer is a large percentage of the cover price, usually around [X]%,²⁵ giving the retailer a [X]% share of the cover price. The distributor typically receives a small proportion of the cover price [X]%.²⁶ Wholesalers are typically paid a small percentage [X]%²⁷ of the cover price.²⁸ This leaves the publisher with the large majority [X]²⁹ of the cover price, known as a 'remit'.

Figure 1: The magazine supply chain

²² Response to questions 21 and 22 of RF11.

²³ Response to question 22 of RF11. The Parties submitted that retailers have been adopting increasingly sophisticated ranging policies which allow them to tailor magazine ranges based on the demographics of the local customer base, see Consolidated Final Merger Notice, paragraph 20.8.

²⁴ Although ownership of the magazine ostensibly transfers as it passes through the supply chain, the commercial relationships are more akin to an agency arrangement, as (i) the cover price is set by the publisher (ii) the distributor, wholesaler and retailers each receive a percentage of this price for each copy sold and (iii) the publisher bears any volume risk, as it is obligated to refund unsold copies of the magazine that retailers return.

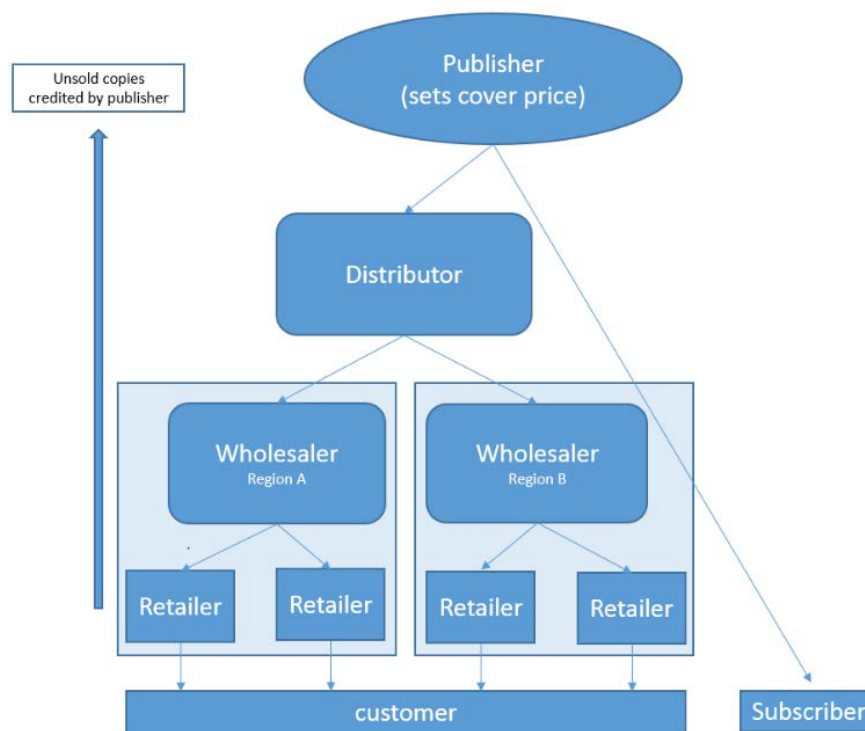
²⁵ [X]

²⁶ [X]

²⁷ [X]

²⁸ Response to question 22 of RF11.

²⁹ [X]



Source: CMA

Frame of reference

63. 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.³⁰
64. In its assessment, the CMA has had regard to the demand-side factors (behaviour of the consumer and its effects) and supply-side factors (supplier capabilities and market reactions).

Product scope

Specialist interest magazines

65. In line with the CMA's approach in previous mergers in the magazine sector, the Parties submitted that the categories in the ABC sub-segmentation of

³⁰ [Merger Assessment Guidelines](#), paragraph 5.2.2.

magazines are the relevant product frames of reference for the assessment of the Merger.³¹ The Parties overlap in the following categories:

- (a) Shooting;
- (b) Home Interest;
- (c) Cycling;
- (d) Football; and
- (e) Photography.

66. The CMA considers, in light of the specialist interests of the reader, magazines in different specialist categories or generalist magazines are unlikely to be seen as substitutes by readers. As set out in the CMA's competitive assessment, the conditions of competition also vary from category to category. The CMA therefore considers specialist interest categories to be the starting point to define the product frames of reference for the assessment of the Merger.
67. Nevertheless, the CMA has seen evidence that there is further differentiation between titles within individual categories.³² The CMA has taken this differentiation into account in its assessment of closeness of competition between the Parties under each category.
68. The CMA considered whether to expand or further segment the frame of reference in relation to digital content.³³ In line with previous decisions,³⁴ the CMA considers print and digital magazines to be in the same product frame of reference due to supply side considerations, that is, from a supply-side, it is straightforward to publish a digital version of a print magazine³⁵ and, from the demand-side the set of competitors is broadly the same.
69. The CMA considered whether there was any evidence to suggest that the product scope should be widened to include online services separately for each of the categories where the Parties overlap, as summarised above.³⁶ In making this assessment, the CMA considered the results of a survey of

³¹ ME/6624/16, [Anticipated acquisition by Future plc of Miura \(Holdings\) Limited \(Future/ Miura\)](#).

³² For example, Shooting titles may be differentiated by the target audience, with some titles not including game shooting content.

³³ A digital magazine contains the same content and advertising as its print magazine and it is delivered in electronic form (eg pdf).

³⁴ See Future/Miura paragraph 48.

³⁵ Noting that it may be more difficult the other way round (to publish digital versions in print), which would need to account for distribution costs, for example.

³⁶ Online services comprise online content on websites, blogs or any social media sites.

subscribers to the print and digital editions of the Parties' magazines (**Readers' Survey**) (see paragraphs 109 - 119), and the degree to which readers stated they would divert to online sources. This is considered further below.

70. As explained in the background section above, these are two-sided markets. The CMA's assessment reflects the demands of both readers and advertisers but, for the reasons set out below, focuses on the readers' side.³⁷

Supply of digital content by the Parties

71. The Parties are also present in the supply of online content through various websites. However, for the overlapping magazine categories, the digital versions provided by the Parties largely mirror the print content. Therefore, the CMA assessed the effects of the Merger on print magazines, including digital content of the respective magazines.

Constraint from online content

72. The CMA assessed the extent to which the customers of the Parties' magazines regard content available online as a direct substitute to the Parties' magazines in each category.
73. The Parties submitted that the relevant market could include content available on free websites, as well as other platforms providing similar content, such as mobile apps, video/streaming sites (such as *Youtube.com*) and other social media sites.³⁸ The Parties submitted that in all overlapping categories internal documents refer to digital content. In addition, the Parties submitted that digital advertising continues to grow year on year, compared to a declining trend in print advertising.³⁹
74. In order to assess whether the online constraint significantly constrains print magazines, the CMA assessed evidence of substitution in relation to online content in each magazine category, including the Readers' Survey (see paragraphs 109-119 below) and, where relevant, internal documents and third-party views.
75. The CMA notes that the Parties' customers were engaged in the Readers' Surveys through emails, so the sample is liable to be more representative for

³⁷ In line with previous decisions, since the competitive effects of the Merger in bookazines mirror the competitive effects of the Merger on magazines, the economic assessment of the impact of this Merger focuses on magazines. See for example Future/Miura.

³⁸ Consolidated Final Merger Notice, paragraph 4.8.

³⁹ Parties' slides for Issues Meeting, slide 7.

a subset of readership who are more likely to regularly use the internet rather than of the overall readership of a Party's title. The CMA therefore considers that diversion to online content may be overstated, to some extent, in the Readers' Survey, and has taken this into account in considering how much weight can be given to that evidence.

76. The CMA considered diversion ratios to online content to assess whether the frame of reference should be widened (as set out in Tables 5, 7, 9, 11 and 13). The CMA found that this survey evidence, by itself, was not sufficient to expand the frame of reference for any of the magazine categories. The other evidence, including internal documents and third party views, was mixed, some noting that certain demographics prefer print over online.⁴⁰ Taken in the round, and noting that the Readers' Survey may be not be representative of the Parties' customers (for the reasons described above), the CMA did not consider the evidence available to the CMA was sufficient to support the position that the frame of reference should be widened within the context of a Phase 1 investigation.⁴¹
77. However, the CMA has taken the constraint from online sources into account in its competitive assessment where the evidence supports the existence of such a constraint. In particular, the CMA's analysis of diversion ratios and gross upward pricing pressure index (**GUPPI**) calculations (set out further below) is directly informed by the Readers' Survey, including evidence of online diversion.

Technology websites

78. The Parties submitted that the supply of technology websites is the relevant product scope.⁴² The Parties further submitted that the category covers websites offering content on lifestyle gadgets and technology, providing news and expert reviews on technology products such as phones, computers, laptops, tablets and wearable technology.⁴³ Technology websites cover those websites that offer product reviews and 'how-to' guides as well as news and blog posts on new technology products. A number of the Parties' technology websites have some form of e-commerce function.⁴⁴
79. The Parties submitted that the frame of reference could be widened to include online sales platforms such as *Amazon.co.uk* and other online retailers as

⁴⁰ [REDACTED]

⁴¹ [Merger Assessment Guidelines](#), from paragraph 5.2.1.

⁴² Consolidated Final Merger Notice paragraph 5.118.

⁴³ Consolidated Final Merger Notice paragraph 5.114.

⁴⁴ Consolidated Final Merger Notice paragraph 5.111.

readers of technology reviews may also choose peer-to-peer review websites.⁴⁵

80. As its starting point, the CMA has taken the supply of technology websites and considered if this frame can be widened to include other forms of online content and advertising.

Other reviews content

81. The Parties submitted that, in addition to competitors to the Parties in technology websites, such as *Pocket-Lint.com*, *Expertreviews.co.uk*, *Cnet.com* and *The Verge.com*, the Parties' websites compete more broadly with online retailers such as *Amazon.co.uk*, *AO.com* or *Which?*, which offer product reviews as well as e-commerce for those products.⁴⁶ The Parties submitted that *Amazon.co.uk* represents a strong source of competitive pressure on the Parties' websites.⁴⁷
82. In relation to the advertisers' side of the market, the Parties submitted that advertisers have sufficient choice other than technology websites, such as placing adverts on *Youtube.com* channels dedicated to technology reviews.⁴⁸ However, the Parties did not provide further evidence that would indicate the product scope should be expanded from an advertisers' perspective.
83. Based on the available evidence, the CMA considers that those websites which primarily provide an e-commerce function offer a different service, selling and shipping a product, as well as offering non-expert consumer reviews.
84. Advertisers indicated that they chose to advertise technology products through technology websites suggesting that they do not view other websites as potential substitutes.⁴⁹ Third parties also noted that technology websites provide editorial content that may be distinguished from other types of non-expert review websites that typically include customer reviews. One e-commerce partner⁵⁰ told the CMA that it placed adverts for its technology products on the Parties' technology websites and made a distinction between those adverts and its use of adverts on websites such as *Currys.co.uk*, *Argos.co.uk*, and *AO.com*.

⁴⁵ Consolidated Final Merger Notice paragraph 5.113.

⁴⁶ Consolidated Final Merger Notice, paragraph 5.125.

⁴⁷ Consolidated Final Merger Notice paragraph 5.112.

⁴⁸ Consolidated Final Merger Notice paragraph 5.127.

⁴⁹ RFIs from competitors of technology websites, advertisers and e-commerce partners.

⁵⁰ [X]

85. Both *Amazon.co.uk* and *AO.com* have as their primary function the selling and shipping of products, in *AO.com*'s case limited to electronic appliances. Although both of these sites provide the infrastructure for reviews, the CMA believes that reviews written by possible consumers of that product are not a substitute for professional, edited reviews as are found on the Parties' technology websites. Therefore, the large e-retailers such as *Amazon.co.uk* and *AO.com* do not offer a competing product or service and offer little competitive constraint.
86. *Which?* is a premium review publication which charges subscription fees and has a corresponding website that sits behind a paywall. The CMA found that *Which.co.uk* is aimed at a different audience and does not feature gaming and lifestyle articles that are similar to that of the Parties. Although TI Media refers to *Which?* in its internal documents, the evidence from the internal documents overall and third parties [redacted].⁵¹
87. The CMA did not identify internal documents of the Parties suggesting they are constrained from sources outside of the above product scope of technology websites to a significant extent.
88. Therefore, the CMA has found no evidence to extend the product scope beyond technology websites in relation to other online content and advertising.

Conclusion on technology websites product frame of reference

89. For the reasons set out above, the CMA has considered the impact of the Merger in the supply of technology websites.

Magazine distribution

90. The Parties submitted that the provision of distribution services to magazine publishers constitutes a separate product frame of reference.⁵² Third party evidence received as part of the CMA's merger investigation supported this frame of reference. The CMA investigated whether some publishers might choose to forego the services offered by distributors altogether and negotiate with wholesalers or retailers directly. However, the CMA did not find any evidence to suggest this was a common practice. Evidence from third parties and the Parties indicates that there are no clear alternatives to magazine distribution services.

⁵¹ 10.2.13 TR Strategy Review – Session 2.0 Q3 2018, page 67.

⁵² Parties' response to question 22 of the CMA's RFI dated 29 November 2019 (RFI1).

Conclusion on magazine distribution product frame of reference

91. For the reasons set out above, the CMA considered the effects of the Merger in the supply of magazine distribution services. However, it has not been necessary for the CMA to conclude on the product frame of reference in relation to magazine distribution, given the CMA has not found competition concerns arising from the Merger on any plausible basis.

Conclusion on product scope

92. For the reasons set out above, on a cautious basis, the CMA has considered the impact of the Merger in the following product frames of reference:

- The supply of magazines⁵³ in each of Shooting, Home Interest, Cycling, Football and Photography;
- The supply of technology websites; and
- The supply of magazine distribution services.

Geographic scope

Specialist interest magazines

93. The Parties submitted that the appropriate geographic frame of reference is the supply of magazines in the UK.

94. The CMA considered that the supply of magazines in the UK is the appropriate geographic frame of reference, in line with previous CMA decisions.⁵⁴ Although the Parties are active outside of the UK, the supply of specialist interest magazines is provided on a national basis. Third parties did not provide any evidence suggesting that an alternative geographic frame of reference should be adopted.

95. Therefore, the CMA considered the impact of the Merger in the UK.

Technology websites

96. The Parties submitted that the appropriate geographic frame of reference for technology websites is global.⁵⁵ The Parties submitted that a considerable

⁵³ Including bookazines and related digital content where relevant.

⁵⁴ See *Future/Miura*, paragraphs 118-119.

⁵⁵ Consolidated Final Merger Notice, paragraph 2.31 and 5.143(C).

amount of the Parties' websites generate revenue from outside of the UK [redacted].⁵⁶

97. Although the Parties are clearly active in the supply of technology websites outside of the UK, the available evidence indicates that they are treated by the Parties as separate markets. For instance, in internal documents, [redacted].⁵⁷ Further, Future's technology websites such as *Gizmodo* and *LifeHacker* are separated into ".co.uk" and ".com" for the UK and US markets respectively, albeit with similar content.⁵⁸
98. Therefore, in line with recent cases⁵⁹ and, taking into account the evidence above, the CMA believes the appropriate geographic frame of reference for the supply of technology websites is the UK.

Magazine distribution

99. The Parties submitted that the appropriate geographic product scope for magazine distribution is the UK.⁶⁰ The CMA notes the clear requirement for a physical presence in relation to magazine distribution services. The CMA did not receive any evidence to the contrary. However, it has not been necessary for the CMA to conclude on the geographic frame of reference, given the CMA has not found competition concerns arising from the Merger in relation to the distribution of magazines in the UK.

Conclusion on frames of reference

100. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- The supply of magazines in each of Shooting, Home Interest, Cycling, Football and Photography in the UK;
 - The supply of technology websites in the UK; and
 - The supply of magazine distribution services in the UK.

⁵⁶ Consolidated Final Merger Notice, paragraph 5.147(B).

⁵⁷ Future's response to the CMA's s109 Notice dated 20 December 2019 PROD20000410, slide 23.

⁵⁸ Consolidated Final Merger Notice, para 5.115 (E) and (F).

⁵⁹ For instance, [eBay Inc / Motors.co.uk Limited](#) merger inquiry ME/6774/18, in which the Parties submitted that the market was UK-wide in scope. The CMA did not receive any evidence to suggest that the geographic frame of reference should be any narrower (or wider) than national. In APW/ GMG/ EMAP, the European Commission found that the market for online advertising was national in scope.

⁶⁰ Consolidated Final Merger Notice, paragraph 4.15.

COMPETITIVE ASSESSMENT

Theories of harm

101. The CMA has considered the following theories of harm:
- (a) Horizontal unilateral effects in the supply of specialist interest magazines;
 - (b) Horizontal unilateral effects in the supply of technology websites; and
 - (c) Vertical effects in the supply of magazine distribution to publishers.

Horizontal unilateral effects in the supply of specialist interest magazines

Introduction

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.⁶¹ 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 may be expected to result in an SLC in relation to horizontal unilateral effects in magazine publishing.
103. The concern under this theory of harm is that the removal of one party as a competitor could allow the Parties to increase prices, lower quality, reduce their range, reduce quality of service and/or reduce innovation. After the merger, it is less costly for the merged entity to raise prices (or lower quality) because it will recoup the profit on recaptured sales from those customers who would have switched to the offer of the other merging party. The CMA also considered whether the Merger would incentivise the Parties to close magazine titles, leading to a deterioration of range.

The CMA's approach to the analysis

104. In order to assess the likelihood of the Merger resulting in unilateral effects, the CMA considered, for each of the magazine categories (Shooting, Home Interest, Cycling, Football and Photography), the following factors to assess closeness of competition:
- (a) Shares of supply;

⁶¹ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

- (b) Readers' Survey evidence, including diversion ratios and GUPPI figures;
- (c) Similarity of titles within the category;
- (d) Internal documents;
- (e) Third party views; and
- (f) The Parties' portfolio offerings, where applicable.

105. Unilateral effects are more likely where customers have little choice of alternative supplier. The CMA considered whether there are alternative suppliers, in each magazine category, which would provide a competitive constraint on the combined entity. In assessing competitive constraints, the CMA considered the following factors:

- (a) Similarity to the Parties' overlapping titles;
- (b) Internal documents;
- (c) Third party views; and
- (d) The online constraint.

106. When considering evidence relating to specific categories in which the Parties overlap, the CMA also took into account certain competitive dynamics, which broadly apply across all the categories of overlap, as set out below.

Competitive dynamics in the magazines sector

Shares of supply

107. The CMA considers, based on the evidence received during its merger investigation, that there is differentiation between competitors and between individual titles. Where there is product differentiation and Parties are close competitors, market shares may understate the loss of competition brought about by the Merger. The CMA has therefore considered shares of supply in the round with other evidence and has placed particular emphasis on evidence of closeness of competition.

108. The Parties submitted that in some categories, either volume or value data may be more appropriate.⁶² In this case the CMA considered the Parties'

⁶² Consolidated Final Merger Notice, paragraph 5.49; noting that in Cycling category value-based shares are more informative because of different frequencies for publications.

shares of supply by value and volume.⁶³ Overall, the CMA found the shares of supply by volume and value do not differ significantly.

Readers' Survey and GUPPI

109. The CMA conducted a Readers' Survey of subscribers to the print and digital editions of the Parties' magazines. Respondents were asked what they would have done if the magazine to which they currently subscribe had ceased publication. The options provided included buying or subscribing to another magazine, using an online source of similar content, or doing something else. Follow-up questions asked respondents to identify the particular publications or online sources they would have diverted to.
110. For each magazine, the CMA calculated the share of customers (as a proportion of all respondents) that chose a publication of the other Party. This proportion served as a proxy of the 'diversion ratio' between the Parties.⁶⁴ This diversion ratio serves as an indicator of the extent to which customers consider the Parties' magazines to be substitutable.
111. For the assessment on closeness of competition between the Parties in each magazine category, the evidential weight the CMA attached to the survey depended on the response rate (as a share of surveyed subscribers) and the total number of responses. The CMA attached weight in respect of each title according to the following criteria:
 - (a) Where the survey for a title had a response rate of more than 5% and the number of respondents was 100 or more, the CMA considered that the sample size and response rate was large enough for diversion ratios to be reliable;
 - (b) Where the survey for a title either had a response rate of between 3.5% and 5% or had fewer than 100 respondents, only partial evidential weight has been placed on these results, and greater evidential weight has been attached to other evidence;⁶⁵

⁶³ Shares of supply were provided by the Parties based on Consolidated Final Merger Notice, tables 18-22.

⁶⁴ This is the share of customers that, when induced to switch away (for example, due to a price increase or quality deterioration), would choose to go to the other merging party. This approach more closely resembles how customers make their choices (and how publishers compete) than other approaches, such as simply measuring revenues and market shares. The survey also allowed the CMA to calculate diversion ratios to other alternatives, such as online sources or deciding not to use any alternative publication.

⁶⁵ The CMA has not given survey evidence from *Photography Week* any weight in its assessment on the basis that the survey only received a single response, even though it meets these criteria.

- (c) Where the survey for a title had a response rate of 3.5% to 5% and had fewer than 100 respondents, only very limited evidential weight has been placed on these results;⁶⁶
- (d) Where the survey for a title had a response rate of less than 3.5%, no evidential weight has been placed on these results.⁶⁷
112. The results of the Readers' Survey was used to produce GUPPI estimates.⁶⁸ The sample sizes and response rates varied across the magazine titles and were low for many of the magazines. The CMA has taken the Readers' Survey – and analysis which relies on it, including GUPPI estimates – into account alongside other evidence such as internal documents and third party views to establish: (i) an overall view of the extent of closeness of competition between the Parties' titles for each of the magazine categories in its competitive assessment; and (ii) the extent to which they are sufficiently close to give rise to an incentive to increase prices.
113. GUPPI figures were calculated for titles for which the CMA could place greater evidential weight on the survey results (ie, for titles meeting the standards set out at paragraph (111(a))). For titles for which the CMA could only place partial or limited weight on the Readers' Survey, the CMA has not calculated GUPPI. However, the CMA has used diversion figures as part of the assessment of the measure of closeness. The CMA interpreted these figures with caution.
114. As mentioned in the product scope section above, the CMA believes that a survey sent by email may disproportionately represent those readers that are more likely to divert to online, as they regularly use the internet. Accordingly, the CMA believes that the diversion to online may be overstated and the diversion ratios between the Parties may be understated.
115. The Parties submitted that a GUPPI of less than 5% should be interpreted as ruling out competition concerns. The Parties also submitted that, in a market characterised by low or relatively low diversion and high margins, a GUPPI of

⁶⁶ As diversion ratios close to 0% or 100% do not require a large sample to support, any titles with such diversions may be able to attract some weight, and this has been discussed on a per-title basis, if relevant.

⁶⁷ The CMA added the title *Sporting Rifle* to this category rather than category (c) above to which it would otherwise belong, due to the combination of a very low number of responses and a low response rate.

⁶⁸ To calculate the GUPPI, it is necessary to include a measure of the relative price of the two products. As magazines are purchased at different frequencies, the CMA used an annualised effective price to calculate the GUPPI. As a sensitivity measure, the CMA also calculated a GUPPI assuming equal prices, assuming that on average diverting customers will spend the same amount of money on the magazine that they divert to. However, the CMA considers that a GUPPI calculated by reference to an annualised effective price is a more accurate reflection of the differences in pricing and frequency of publication in respect of the relevant magazines (and, therefore, of the Parties' incentives to worsen their offer).

below 5% is not appropriate because it would be an overly cautious measure.⁶⁹

116. In this case, the CMA has not used the GUPPI as a decision rule, but rather it forms part of the overall assessment in conjunction with other evidence, both qualitative and quantitative. Further, consistent with previous decisions, the CMA does not consider that 5% represents a ‘safe harbour’ that should rule out competition concerns in all cases. The level of GUPPI that is consistent with competition concerns depends on several factors and is subject to a case-by-case assessment.⁷⁰ Consistent with previous decisions, in the particular circumstances of this case, the CMA considers that a GUPPI of less than 5%, when considered in the light of the other available evidence, may be consistent with competition concerns.⁷¹ Lastly, the CMA does not consider the reliability of GUPPI analysis to be in question merely because a business’ margins are high.
117. The CMA has not placed decisive weight on GUPPI in this case in any of the markets at issue, but has sought to assess whether GUPPI implies a degree of upwards pricing pressure that is consistent with the potential lessening of competition (or otherwise) indicated by the rest of the evidence available to the CMA.
118. Efficiencies can give rise to downward pressure on prices and potentially offset any upward pressure implied by the GUPPI. The CMA has considered whether the factors put forward as part of the Parties’ economic rationale and efficiencies would constitute relevant efficiencies in this context.⁷²
119. The CMA considers that it has not received evidence of rivalry-enhancing efficiencies relating to the Merger and has *prima facie* reasons to consider that almost all of the Parties’ efficiencies claims would be inconsistent with the CMA’s criteria for accepting efficiencies at Phase 1.⁷³ In light of this, the CMA considers that, in the circumstances of this particular case, upwards pricing pressure (or downwards pressure on quality) could arise even for relatively low values of GUPPI.

⁶⁹ Issues Meeting, 24 February 2020.

⁷⁰ ME/4805/10, [Unilever/Alberto Culver](#), paragraph 94.

⁷¹ [J Sainsbury PLC / Asda Group Ltd merger inquiry](#), Final Report, paragraphs 8.93 and 8.109.

⁷² [Merger Assessment Guidelines](#), paragraph 5.7.4.

⁷³ For example, amongst other efficiencies submitted by the Parties, the CMA considers that expertise to generate online revenue streams or TI Media’s relationship with premium brands do not appear to be merger-specific. The CMA considers that there is no evidence suggesting that entering new genres or expanding into the US market (even if merger-specific) would increase competition or benefit UK consumers in the frames of reference set out in paragraph 65.

Qualitative assessment – similarity of titles

120. The Parties submitted that overlapping titles are not similar based on different factors, including content, target audience, price point and frequency of publication.⁷⁴ The Parties did not provide any direct empirical evidence of the impact of these qualitative factors on the substitutability of different titles. For example, it is unclear whether the fact that a magazine may be seasonal will affect a customer's choice of alternative at the newsstand. In contrast, the CMA considers that the Readers' Survey, internal documents and third-party views should reflect the relevant factors of substitutability.
121. With respect to some frames of reference, the Parties submitted that the Parties were not each other's closest competitors, by virtue of the presence of a larger or closer competitor. However, the CMA considers that it is not a necessary condition for the Parties to be each other's closest competitor in order for competition concerns to arise. Competition concerns might also arise if the Parties were sufficiently close, such that the removal of the relevant constraint would constitute a substantial lessening of competition.

Portfolio Offerings

122. As part of the CMA's competitive assessment the CMA has considered the extent to which owning a portfolio of magazines within a category may increase the competitive strength of the Parties or third parties. Such competitive strength may arise as a result of the ability to recycle content across several different magazines to lower cost base or through providing a more attractive offering to advertisers as a result of greater range of titles. The CMA considers evidence of these factors, and their impact on competition, separately within each magazine category.

Closures of magazine titles

123. The evidence available to the CMA suggests that a material proportion of the overlapping titles that were acquired by Future as a result of the *Future/Miura*⁷⁵ transaction (**Imagine titles**) were subsequently closed, [✂].
124. The removal of one party as a competitor could allow the Parties to reduce the range of magazines they offer where the two titles are close alternatives. In the context of assessing the wider theory of harm, the CMA considered

⁷⁴ Consolidated Final Merger Notice.

⁷⁵ ME/6624/16, [Anticipated acquisition by Future plc of Miura \(Holdings\) Limited](#).

some evidence of particular relevance to the closure of magazines. In particular, the CMA considered:

- (a) Evidence on the historical closure of magazine titles;
- (b) Internal documents relating to magazine closures; and
- (c) Evidence on the historical retention of subscribers following the closure of magazines.

125. In the context of this evidence, and the observation that readers could be transferred from a closing magazine to another magazine operated by the same publisher, the CMA also considered whether the Readers' Survey could understate the potential diversion between the Parties.

- *Historical magazine closures*

126. The CMA considered evidence from the past closures as relevant to the prospect of magazines being closed as a result of the Merger.

127. Using data provided by the Parties,⁷⁶ the CMA calculated the proportion of the acquired Imagine titles that were subsequently closed. The proportion of Imagine titles overlapping with Future's that were closed was 73%. This rate is significantly higher than the rate at which non-overlapping titles were closed over the same period, which was 33%. The CMA considers that, absent an alternative explanation, this evidence of a disproportionately high rate of closure among acquired magazines suggests that some of these past magazine closures may have been influenced by their acquisition by Future.

128. The Parties submitted that profitability was the major consideration when deciding which titles to close and that all closed titles were either loss-making or were marginally profitable, while the titles remaining open were much more profitable.⁷⁷

129. The CMA used title-specific profitability data to consider whether Future's marginally profitable titles (that were identified as overlapping in the *Future/Miura* transaction) were more likely to be closed than titles not

⁷⁶ The Parties provided the CMA with a list of magazines operated by Future since 2016, together with information on whether those magazines were acquired as part of the Future/Miura transaction, whether any acquired magazines were overlapping with Future magazines, whether magazines had been closed and, where this was the case, the date of their closure.

⁷⁷ In addition to profitability the Parties explained that Future identified poor performances by considering a number of criteria including: [REDACTED]. The CMA notes that this is not necessarily inconsistent with the possibility of closure as a result of an acquisition, because the more marginally profitable a magazine is, the more likely it is that a small amount of recapture between the merging parties would make a difference between the incentive to keep running the title and the incentive to close the title.

identified as overlapping. The CMA found that titles that were both marginally profitable and were identified as overlapping in the *Future/Miura* inquiry were more likely to be closed than the remainder of Future's titles. Although not conclusive, the CMA considers that this evidence would be consistent with these closures having been related to the *Future/Miura* transaction.

- *Internal documents*

130. The Parties submitted title-specific reasons for the acquired magazines having been closed, together with evidence from some internal documents.⁷⁸ Internal documents submitted by the Parties indicated that the profitability of titles was the primary motivating factor for closing titles. However, [REDACTED]⁷⁹ [REDACTED]. The documents indicate that the Parties anticipated, as part of the subscriber management post-title closure, to transfer a considerable proportion of subscribers across to similar titles in the year of closure, particularly where the titles were considered to be close alternatives.

- *Evidence on the historical retention of subscribers*

131. The Parties submitted that the rate of retention of subscribers was [REDACTED].⁸⁰ The Parties submitted that such information is not tracked comprehensively by the Parties,⁸¹ consistent with customer transfers not being a significant consideration in Future's closure strategy.

132. The CMA found that the retention of subscribers was significantly lower than had been forecasted in the Parties' internal documents. However, the evidence also indicated that the level of customer retention generally remained higher than the diversion estimated by the CMA based on its readers' survey in its investigation of the *Future/Miura* transaction. This indicates that [REDACTED]. Additionally, while the CMA's assessment above has focused on the managed transfer of subscribers, the CMA notes that there may be some scope for the merged entity to use its relationship with readers to increase the proportion of newsstand customers who divert to the remaining title.

⁷⁸ See 2020.02.25 Future Titles P&Ls All UK Consumer Magazines, and the Parties' response to the CMA's questions dated 24 February 2020.

⁷⁹ One of these documents' purpose was to make recommendations to the board of directors, the other was budgeting document.

⁸⁰ Information was provided for a further two titles for a period of two months or less.

⁸¹ Parties submission, email of 28 February 2020.

- *Conclusion on title closures*

133. Based on the evidence set out above, the CMA considers:

- (a) The potential for title closure and managed transfer of readers to be a relevant consideration in the competitive assessment; and
- (b) The diversion ratios set out below may be understated and, therefore, the CMA has treated the results of the Readers' Survey with caution.

Conclusion on competitive dynamics relevant to assessment

134. As set out below, the CMA has taken into account the above cross-cutting factors in respect all of the overlapping magazine categories as part of its competitive assessment.

Shooting

Shares of supply

135. The CMA estimates that the Parties have a high combined share of the supply in the Shooting category both by value of [40-50]%, with an increment of [5-10]%, and by volume of [40-50]%, with an increment of [0-5]%. These shares of supply give rise to *prima facie* competition concerns.

136. The major competitors in Shooting are Diamond Publishing, Archant Specialist and Aceville Publications. Diamond Publishing's *Countryman Weekly* is the second largest title by a significant margin.

Table 4: Shares of supply in the Shooting category in 2018

Magazine Title	Total Revenue (£)	Share (Value)	Total Volume	Share (Volume)
<i>Airgun Shooter</i> (Future)	[X]	[0-3]%	[X]	[0-3]%
<i>Clay Shooting</i> (Future)	[X]	[0-3]%	[X]	[0-3]%
<i>Sporting Rifle</i> (Future)	[X]	[0-3]%	[X]	[0-3]%
<i>Shooting Times and Country Magazine</i> (TI Media)	[X]	[20-25]%	[X]	[25-30]%
<i>Sporting Gun</i> (TI Media)	[X]	[5-10]%	[X]	[5-10]%
<i>The Shooting Gazette</i> (TI Media)	[X]	[5-10]%	[X]	[3-5]%
Future + TI Media	[X]	[40 – 50]%	[X]	[40 – 50]%
<i>Gunmart</i> (Aceville Publications)	[X]	[5-10]%	[X]	[3-5]%
<i>Shooting Sports</i> (Aceville Publications)	[X]	[0-3]%	[X]	[0-3]%
<i>Air Gunner</i> (Archant Specialist)	[X]	[5-10]%	[X]	[3-5]%
<i>Airgun World</i> (Archant Specialist)	[X]	[5-10]%	[X]	[5-10]%
<i>Clay Shooter</i> (Archant Specialist)	[X]	[0-3]%	[X]	[0-3]%

Magazine Title	Total Revenue (£)	Share (Value)	Total Volume	Share (Volume)
<i>Rifle Shooter</i> (Archant Specialist)	[X]	[0-3]%	[X]	[0-3]%
<i>Sporting Shooter</i> (Archant Specialist)	[X]	[5-10]%	[X]	[3-5]%
<i>The Countryman's Weekly</i> (Diamond Publishing)	[X]	[20-25]%	[X]	[25-30]%
<i>Combat Handguns</i> (Athlon Outdoors)	[X]	[0-3]%	[X]	[0-3]%
<i>Survivors Edge</i> (Athlon Outdoors)	[X]	[0-3]%	[X]	[0-3]%
<i>Guns & Ammo</i> (Outdoor Sportsman)	[X]	[0-3]%	[X]	[0-3]%
Total Other	[X]	[50 – 60]%	[X]	[50 – 60]%
Total	[4-6] million	100.0%	[1.5-2.5] million	100.0%

Source: CMA calculations based on the Parties' data

137. Shares of supply do not take into account closeness of competition. The CMA therefore has interpreted these shares as a broad indicator of the Parties' competitive position in the frame of reference, but has attached greater weight to evidence on closeness of competition.

Readers' Survey

138. Table 5 below sets out the Readers' Survey results for Shooting. The CMA received a larger number of responses for TI Media titles *Shooting Times and Country Magazine* (242), *Sporting Gun* (185) and *The Shooting Gazette* (131), but a low number for Future titles *Airgun Shooter* (36), *Clay Shooting* (26) and *Sporting Rifle* (12). Due to a combination of a low number of respondents and a low response rate, the survey results for *Sporting Rifle* have not been given any weight.

Table 5: Survey results for Shooting

Parties' magazines	Diversion to other party	Diversion to third party	Diversion to online	Diversion to "doing nothing"	GUPPI ⁸²	Reliability
Future						
<i>Airgun Shooter</i>	0/23	12/23	5/23	4/23	N/A	Partial weight
<i>Clay Shooting</i>	2/21	7/21	4/21	5/21	N/A	Partial weight
<i>Sporting Rifle</i>	N/A	N/A	N/A	N/A	N/A	No weight
TI Media						
<i>Shooting Times and Country Magazine</i>	1.1%	24%	9.0%	66%	0.2	Greater weight
<i>Sporting Gun</i>	11%	53%	6.9%	29%	4.7	Greater weight
<i>The Shooting Gazette</i>	6.2%	9.3%	9.4%	75%	2.1	Greater weight

Source: CMA Survey data

Closeness of competition

139. In assessing the scope for unilateral effects in the supply of Shooting magazines, the CMA has considered the extent to which the Parties compete closely across the whole category and also narrowly by focusing on closeness of competition between *Sporting Gun*, *Sporting Rifle* and *Clay Shooting* where the CMA found evidence that the Parties' titles compete more closely.

Survey evidence, GUPPI and diversion

140. The CMA had robust estimates for the results for *Shooting Times and Country Magazine*, *Sporting Gun* and *The Shooting Gazette*. Based on the above diversion ratios:

(a) *The Shooting Gazette* had a moderate GUPPI of 2.1.

(b) *Shooting Times and Country Magazine* had a low GUPPI of 0.2.

(c) *Sporting Gun* had a significant GUPPI of 4.7.

141. Given the small number of respondents for Future titles *Airgun Shooter* and *Clay Shooting*, the CMA has interpreted these responses with some caution and the CMA has placed less weight on these aspects of the survey results.⁸³

⁸² The GUPPI calculated assuming equal prices was: 0.4 for *Shooting Times and Country Magazine*, 3.9 for *Sporting Gun* and 2.2 for *The Shooting Gazette*.

⁸³ However, the CMA observes that *Clay Shooting* readers named a TI Media title as the closest alternative in two out of 21 cases, representing a significant proportion according to the corresponding GUPPI/diversion figure.

142. The diversion data indicates the Parties are not close competitors, with the exception of *Sporting Gun*'s significant GUPPI, which indicates that it competes somewhat closely with Future's titles, *Clay Shooting* and *Sporting Rifle* (although CMA notes that the survey responses in relation to this segment are low in number).⁸⁴ The survey results indicate that TI Media's largest title, *Shooting Times and Country Magazine*, does not compete closely with the Future titles. The CMA considers the GUPPI figure for *Sporting Gun* implies that there is some degree of closeness in competition between *Sporting Gun* and the Future titles.

Similarity of titles in terms of content and target audience

143. The Parties submitted that their respective titles are not each other's closest competitors as Future's titles are more technical in nature, whereas TI Media's titles have a more aspirational and lifestyle-focused target audience.⁸⁵ The CMA received evidence from the Parties that TI Media's Shooting magazines are seasonal, [X]. In contrast, monthly information for Future's three shooting titles does not indicate any strong impact on newsstand sales based on seasonality.⁸⁶

144. Regarding specific Shooting titles, the Parties submitted that Future's *Clay Shooting* does not compete closely with TI Media's Shooting titles such as *Sporting Gun* because the former provides content on the shooting of inanimate objects, whereas all three of TI Media's Shooting titles cover the shooting of game or wider shooting news.⁸⁷

145. The CMA found that third parties generally support this view. For example, one third party cited four competitors to *Clay Shooting* and three competitors to *Rifle Shooter* none of which were a TI Media title. It also mentioned two competitors to *Sporting Gun* neither of which were Future titles that were seen to be general shotgun Shooting titles.⁸⁸

Internal documents

146. The internal documents submitted by the Parties did not indicate that they view each other as close competitors in the Shooting category overall. With respect to closeness of competition more narrowly between *Sporting Gun*, *Sporting Rifle* and *Clay Shooting*, the CMA identified limited relevant internal

⁸⁴ Ten readers of *Sporting Gun* reported diversion to *Clay Shooting* (9) and *Sporting Rifle* (1).

⁸⁵ Consolidated Final Merger Notice, paragraph 5.11 (A).

⁸⁶ Consolidated Final Merger Notice, paragraph 5.11 (E).

⁸⁷ Consolidated Final Merger Notice, paragraphs 5.3 and 5.4.

⁸⁸ RFI to competitor publishers in the Shooting category, [X]

documents, which did not indicate particular closeness of competition between the Parties.

Third party views

147. The CMA received limited third-party evidence on closeness of competition between Future's and TI Media's Shooting titles. The third parties that responded to the CMA's merger investigation did not indicate that the Parties were close competitors across the Shooting category overall. With respect to the narrower subset of *Sporting Gun*, *Sporting Rifle* and *Clay Shooting* the majority of third parties did not identify *Sporting Gun* as a competitor to either *Sporting Rifle* or *Clay Shooting*, while naming third party competitors for all of these titles. However, one advertiser identified *Sporting Gun* as the closest competitor to *Clay Shooting*.⁸⁹

Portfolio offerings

148. Both Future and TI Media have a number of Shooting titles, giving both of them some portfolio strength. A small number of advertisers indicated to the CMA that they advertise across a portfolio of print titles, and noted the increased strength of the merged entity across the segment as a whole. The CMA notes that two other competitors, Archant and Aceville, also have portfolio offerings.

Conclusion on closeness of competition

149. The diversion data and estimated GUPPI figures were low to moderate, with the exception of *Sporting Gun*. While the CMA notes there is some evidence, such as the Readers' Survey, indicating closeness of competition between a small number of the Parties' titles,⁹⁰ overall the Readers' Survey, internal documents and third party evidence indicate the Parties do not compete particularly closely across Shooting titles. The CMA also notes that both Parties had portfolio offerings that may increase their competitive strength, particularly because of the ability to recycle content across several different magazines to lower cost base or through providing a more attractive offering to advertisers. However, two of the major competitors in this segment also had portfolio offerings and, as shown below, both of these competitors impose a strong constraint on the Parties.

⁸⁹ Advertiser RFI, Shooting, [REDACTED]

⁹⁰ *Sporting Gun*, *Sporting Rifle* and *Clay Shooting*.

Competitive constraints

150. The Parties submitted that they face competitive constraints from several other print publishers, including Diamond Publishing's *Countryman's Weekly*, which is the second largest publication in the Shooting category by a significant margin. Although, individually, Archant's titles are small, they have a combined share of supply by value of [20-30]% and benefit from being part of a portfolio offering.
151. With respect to *Sporting Gun*, *Sporting Rifle* and *Clay Shooting* the Parties submitted that they face the following constraints:⁹¹
- (a) TI Media's *Sporting Gun* is largely constrained by Archant's *Sporting Shooter*.
 - (b) Future's *Sporting Rifle*'s closest competitor is Archant's *Rifle Shooter*.
 - (c) Similarly, Archant's clay shooting title *Clay Shooter* is the only direct competitor to Future's *Clay Shooting*.
152. In addition to these print competitors, the Parties submitted that there are significant online constraints from websites such as *Facebook.com* and *Youtube.com* that distribute shooting content.⁹²

Similarity to the Parties' overlapping titles

153. The Parties submitted that:
- (a) Both Archant and Diamond Publishing have similar shooting titles to those of the Parties. Archant's *Airgun World* and *Airgunner* compete closely with Future's *Airgun Shooter*, as well as Archant's offering *Rifle Shooter*, and are aimed at a very similar audience to that of Future's *Sporting Rifle*.⁹³
 - (b) TI Media's shooting title *Shooting Times & Country Magazine* is constrained by Diamond Publishing's *The Countryman's Weekly* as both combine shooting content with more holistic 'country' lifestyle content such as recipes and news from county shows.⁹⁴
154. The CMA found that the Parties' submissions above are consistent with the Readers' Survey findings and third party evidence. Two competitor publishers in this category told the CMA that Archant's *Airgunner* and *Airgun World* are

⁹¹ Consolidated Final Merger Notice, paragraphs 5.15 and 5.16.

⁹² Consolidated Final Merger Notice, paragraph 5.23.

⁹³ Consolidated Final Merger Notice, paragraph 5.16.

⁹⁴ Consolidated Final Merger Notice, paragraph 5.15.

the closest competing magazines of Future's *Airgun Shooter*.⁹⁵ One competitor publisher told the CMA that Archant's *Clay Shooter* and *Sporting Shooter* were the closest competitors of Future's *Clay Shooting*.⁹⁶

Internal documents

155. The CMA considered evidence from the Parties' internal documents on the extent to which the Parties are constrained by other competitors across the Shooting category as a whole, and more narrowly with respect to *Sporting Gun*, *Sporting Rifle* and *Clay Shooting*.
156. When considering Shooting category as a whole, internal documents submitted by the Parties show that both Future and TI Media track competitors such as [REDACTED] closely.⁹⁷ For example, the CMA identified documents in which: (i) Future states that [REDACTED] is *Sporting Rifles'* main competitor;⁹⁸ (ii) Future outlines how it seeks to improve its newsstand performance against [REDACTED], yet no other publisher is mentioned;⁹⁹ and (iii) TI Media tracks its closest competitors, listing [REDACTED] titles, but no Future titles.
157. Considered in the round, the internal documents indicate that the Parties are not close competitors. Future's internal documents indicate that it competes particularly closely with [REDACTED] titles which focus on the same particular segments within the Shooting category.

Third party views

158. Competitors and advertisers that responded to the CMA's investigation indicated that Archant and Aceville are both of the Parties' primary competitors. More specifically, the views of advertisers that responded to the CMA's investigation indicated that Archant's *Rifle Shooter*, *Air Gunner* and *Air Gun World* as well as Aceville Publications' titles compete closely with Future's titles.¹⁰⁰ Advertisers also identified that TI Media's closest competitors were Archant's *Sporting Shooter* as well as TI Media's own titles. Overall, the views of advertisers received by the CMA corroborated the view that the Parties face strong constraints from rival publishers.

⁹⁵ RFIs to competitor publishers in the Shooting category, [REDACTED]

⁹⁶ RFI to competitor publishers in the Shooting category, [REDACTED]

⁹⁷ Annex 10.1.22: Hobbies QBR November 2018, page 25; Annex 08.2.05 'Shooting Strategy Draft September 2018' page 3 'Market Overview'.

⁹⁸ Future's response to the CMA's s109 Notice dated 20 December 2019, PROD200000100.

⁹⁹ 10.1.22 Hobbies QBR November 2018, page 25.

¹⁰⁰ [REDACTED]

Online constraint

159. The Parties submitted that they are constrained by broad online competition in the Shooting category and gave *Facebook.com* and *Youtube.com* as examples of distributors of online content with high engagement levels. The Parties also cited *gunsonpegs.com* which launched a print magazine in 2016 and suggested that other online publishers could follow suit.¹⁰¹
160. The results of the Readers' Survey show that diversion to online content ranges from 6.9% to 9.4%.

Conclusion on competitive constraints

161. Based on the evidence above, the CMA considers that the Parties face a material constraint from rival publishers of Shooting magazines, and some (more limited) constraint from online content.

Conclusion on Shooting

162. Based on the evidence set out above, while the high market shares and material increment give rise to *prima facie* concern, the evidence from the Readers' Survey, GUPPI analysis, internal documents and third party evidence indicate that: (i) the Parties' Shooting titles are in general differentiated and do not compete particularly closely, even within specialist sub-segments of Shooting magazines; and (ii) there is a strong constraint exerted on the Parties by other Shooting publishers, including in specialist sub-segments where the Parties may be closer competitors.
163. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in relation to the supply of Shooting magazines in the UK.

Home Interest

Shares of supply

164. The CMA estimates that the Parties have a high combined share of supply in the Home Interest category both by value of [40-50]%, with an increment of [0-5]%, and by volume of [40-50]% with an increment of [0-5]%. These shares of supply give rise to *prima facie* competition concerns.

¹⁰¹ Consolidated Merger Notice, paragraph 5.23.

165. The major competitors in this category are Hearst UK, Condé Nast and Hubert Burda Media, which have shares of supply by value of [20-30]%, [5-10]% and [5-10]% respectively.

Table 6: Shares of supply in the Home Interest category in 2018

Magazine Title	Total revenue (£)	Share (Value)	Total Volume	Share (Volume)
<i>Period Living</i> (Future)	[X]	[0-3]%	[X]	[0-3]%
<i>Real Homes</i> (Future)	[X]	[0-3]%	[X]	[0-3]%
<i>25 Beautiful Homes</i> (TI Media)	[X]	[5-10]%	[X]	[5-10]%
<i>Country Homes And Interiors</i> (TI Media)	[X]	[5-10]%	[X]	[5-10]%
<i>Homes And Gardens</i> (TI Media)	[X]	[5-10]%	[X]	[5-10]%
<i>Ideal Home</i> (TI Media)	[X]	[10-15]%	[X]	[10-15]%
<i>Living etc</i> (TI Media)	[X]	[5-10]%	[X]	[5-10]%
<i>Style At Home</i> (TI Media)	[X]	[0-3]%	[X]	[5-10]%
Future + TI Media	[X]	[40 – 50]%	[X]	[40 – 50]%
<i>The English Home</i> (Chelsea Magazine Company)	[X]	[0-3]%	[X]	[0-3]%
<i>Architectural Digest</i> (Condé Nast)	[X]	[0-3]%	[X]	[0-3]%
<i>House & Garden</i> (Condé Nast)	[X]	[5-10]%	[X]	[5-10]%
<i>World of Interiors</i> (Condé Nast)	[X]	[3-5]%	[X]	[0-3]%
<i>County Living</i> (Hearst UK)	[X]	[10-15]%	[X]	[10-15]%
<i>Elle Decoration</i> (Hearst UK)	[X]	[5-10]%	[X]	[3-5]%
<i>House Beautiful UK</i> (Hearst UK)	[X]	[5-10]%	[X]	[5-10]%
<i>Essential Kitchen Bathroom Bedroom</i> (Hubert Burda Media)	[X]	[0-3]%	[X]	[0-3]%
<i>Homestyle</i> (Hubert Burda Media)	[X]	[0-3]%	[X]	[3-5]%
<i>Your Home</i> (Hubert Burda Media)	[X]	[5-10]%	[X]	[5-10]%
<i>Homes and Antiques</i> (Immediate Media)	[X]	[3-5]%	[X]	[0-3]%
<i>Good Homes</i> (Media 10)	[X]	[0-3]%	[X]	[0-3]%
<i>Grand Designs Magazine</i> (Media 10)	[X]	[0-3]%	[X]	[0-3]%
<i>Utopia Kitchen & Bathroom</i> (Media 10)	[X]	[0-3]%	[X]	[0-3]%
<i>Better Homes & Gardens</i> (Meredith)	[X]	[0-3]%	[X]	[0-3]%
<i>Magnolia Journal</i> (Meredith)	[X]	[0-3]%	[X]	[0-3]%
<i>Martha Stewart Living</i> (Meredith)	[X]	[0-3]%	[X]	[0-3]%
Total Other	[X]	[50 – 60]%	[X]	[40 – 50]%
Total	[42-44] million	100.0%	[11.5-13.5] million	100.0%

Source: CMA calculations on the Parties' data

166. Shares of supply do not take into account closeness of competition. The CMA therefore has interpreted these shares as a broad indicator of the Parties'

competitive position in the frame of reference, but has attached greater weight to evidence on closeness of competition.

Readers' Survey

167. The results of the Readers' Survey for Home Interest are summarised below. The CMA received a larger number of responses for TI Media titles *25 Beautiful Homes* (144), *Country Homes & Interiors* (208), *Homes and Gardens* (112), *Ideal Home* (252), *Living etc.* (130) and *Style at Home* (193), and a lower number of responses for Future titles *Period Living* (63) and *Real Homes* (19). Due to a low response rate, no weight has been placed on the results for *Real Homes*, *Homes and Gardens* and *Ideal Home*. Only *Country Homes and Interiors* and *Style at Home* (TI Media) had response rates high enough to give full weight while the other six overlapping titles had low response rates. Given this, the CMA has placed limited weight upon the survey results for those six magazines.

Table 7: Survey results for the Home Interest category

Parties' magazines	Diversion to other party	Diversion to third party	Diversion to online	Diversion to "doing nothing"	GUPPI ¹⁰²	Reliability
Future						
<i>Period Living</i>	11/42	10/42	3/42	14/42	N/A	Partial weight
<i>Real Homes</i>	N/A	N/A	N/A	N/A	N/A	No weight
TI Media						
<i>25 Beautiful Homes</i>	3.0%	21%	8.0%	68%	N/A	Partial weight
<i>Country Homes and Interiors</i>	6.2%	34%	4.3%	55%	2.3	Greater weight
<i>Homes and Gardens</i>	N/A	N/A	N/A	N/A	N/A	No weight
<i>Ideal Home</i>	N/A	N/A	N/A	N/A	N/A	No weight
<i>Living etc</i>	0%	39%	20%	41%	N/A	Partial weight
<i>Style at Home</i>	1.8%	53%	3.0%	42%	1.3	Greater weight

Source: CMA

¹⁰² The GUPPI calculated assuming equal prices was: 2.2 for *Country Homes and Interiors*, and 0.6 for *Style at Home*.

Closeness of competition

Survey evidence, GUPPI and diversion

168. The CMA had robust estimates the results for *Country Homes & Interiors* and *Style at Home*. By way of summary:
- (a) *Country Homes & Interiors* had a moderate GUPPI of 2.3.
 - (b) *Style at Home* had a low GUPPI of 1.3.
169. Given the lower response rate for *25 Beautiful Homes* and *Living etc.*, and the low number of respondents for *Period Living*, the CMA considers that this evidence should be interpreted with some caution and the CMA has placed less weight on this data.¹⁰³ With the exception of *Period Living* for which the CMA has only given partial weight, the diversion data indicates that the Parties are not close competitors. The GUPPI figures are consistent with low upwards pricing pressure.

Similarity of titles in terms of content and target audience

170. The Parties submitted that their titles in this category are not each other's closest competitors and in particular:¹⁰⁴
- (a) *Period Living* is a specialist home interest title which focuses solely on living in a period property and has little in common with any TI Media titles.
 - (b) Whilst TI Media's *Country Homes & Interiors* has similarities to Future's titles, it is focused on location (countryside) rather than home (style/historical period).
 - (c) The Home Interest category includes titles that sell at a lower price point and offer a lower end product, such as TI Media's *Style At Home*, which differ from more premium titles such as Future's *Period Living*, and therefore they do not compete closely.
 - (d) A distinction can be made in the Home Interest category between those titles more focused on projects and renovations, such as Future's *Real Homes* against those which focus on design, such as TI Media's *House*

¹⁰³ However, the CMA observes that for *Period Living*, 10 out of 42 respondents indicated they would divert to a TI Media title, representing a significant proportion. The CMA also observes that *25 Beautiful Homes* had a low diversion of 3.0%, and no *Living etc.* respondents indicated they would divert to a Future title.

¹⁰⁴ Consolidated Final Merger Notice, paragraph 5.34.

and Garden. This distinction also implies that the Parties' titles do not compete closely.

171. However, the Parties did not provide any direct empirical evidence of the impact of these qualitative factors on the substitutability of different titles. Since other evidence, such as the Reader's Survey, internal documents and third party views should reflect the relevant factors affecting substitutability, the CMA has attached limited weight to these comparisons.

Internal documents

172. The internal documents submitted by Future [REDACTED]. Within Home Interest, Future's *Period Living* internal documents indicate [REDACTED]. However, internal documents also indicate that there are numerous other competing titles which compete more closely with the Parties. Further, the Parties' internal documents indicate that, [REDACTED].

Third party responses

173. Third party responses to the CMA's questionnaires were mixed. One advertiser¹⁰⁵ and one competitor¹⁰⁶ indicated that titles within Home Interest are generally differentiated. Two advertisers indicated that some of the Parties' titles compete closely (specifically, Future's *Period Living*, and TI Media's *25 Beautiful Homes*, *Country Homes and Interiors* and *Homes and Gardens*). However, these third parties also noted the considerable competitive constraint against those specific titles from third party titles (Hearst's *Country Living*, Condé Nast's *House and Garden*, Hearst's *Elle Decoration* and The Chelsea Magazine Company's *The English Home*).

Portfolio offerings

174. Future has two Home Interest titles, and TI Media has six, which would give the merged entity eight Home Interest titles. This portfolio of titles across the category may give the merged entity an advantage over its rivals, in particular because of the ability to recycle content across several different magazines to lower cost base or through providing a more attractive offering to advertisers. However, the other competitor publishers in the Home Interest category, with the exception of one competitor, also benefit from a portfolio of titles which reduces, in relative terms, the degree to which the Parties' portfolios would indicate particular closeness of competition between the Parties.

¹⁰⁵ [REDACTED]

¹⁰⁶ [REDACTED]

Conclusion on closeness of competition

175. The diversion data and estimated GUPPI figures were low to moderate. The CMA found that the Parties' submissions that the titles appeal to different readers were supported by the evidence from their internal documents and third party responses. Overall, the Readers' Survey, internal documents and third party evidence indicate that the titles do not compete particularly closely in Home Interest overall. Some third party evidence suggests that the Parties are closer competitors in the premium sub-segment of Home Interest magazines.

Competitive constraints

176. The Parties submitted that there is competition in the market from Hearst with three titles (*Country Living*, *Elle Decoration* and *House Beautiful UK*), Condé Nast with three titles (*Architectural Digest*,¹⁰⁷ *House & Garden*, *World of Interiors*) and Hubert Burda with three titles (*Essential Kitchen Bathroom*, *Home Style*, *Your Home*) and at least 16 other smaller scale publishers.¹⁰⁸ They also submitted that their titles face online competition from free websites such as *Pinterest.com*.

Similarity to the Parties' overlapping titles

177. The Parties submitted that competitor magazine *Country Living* covers much of the same content as *Period Living* but *Period Living* is not limited to country homes, making *The English Home* a close competitor as it also covers period properties. The Parties also submitted that TI Media's *Ideal Home*'s closest competitors are *House Beautiful* and *Good Homes*, which have a similar price point.¹⁰⁹ The CMA has taken this similarity into account in its assessment, noting that it showed several close alternative competitors.

Internal documents

178. The CMA considers that the Parties' internal documents support the Parties' submissions that they face strong competitive constraint from other magazine titles in Home Interest. In particular:

(a) TI Media internal documents [redacted].¹¹⁰

¹⁰⁷ Architectural Digest is a US and European title and is not generally available in the UK.

¹⁰⁸ Consolidated Final Merger Notice, paragraph 5.36.

¹⁰⁹ Consolidated Final Merger Notice, paragraph 5.40.

¹¹⁰ 9.2.01 - TI Media Management Presentation.

(b) A Future internal document shows that [REDACTED].¹¹¹

(c) A TI Media internal document [REDACTED].¹¹² This shows that when TI Media conducts competitor analysis [REDACTED].

179. Taken in the round, the CMA considers that the Parties' internal documents support the Parties' submissions that the Parties' titles do not pose a significant competitive constraint on each other and that they face constraint from a number of competitors. In the subsegment of Home Interest magazines, where the Parties' titles compete more closely, internal documents indicate there are many other magazine titles that the Parties consider to be closer competitors than the other Party.

Third party views

180. One competitor told the CMA that Future titles *Period Living* and *Real Homes* compete with several other titles that offer similar content, namely *Good Homes* and *Period Ideas* published by Media 10 and Aceville. The same publisher also stated that TI Media titles such as *Ideal Home* and *Country Homes and Interiors* compete closely with Hearst's *Country Living* and Media 10's *Good Homes*. Advertisers that responded to the CMA's merger investigation also commented on the competitive constraint from a range of competitors within this segment (such as Hearst's *Country Living*, Condé Nast's *House and Garden*, Hearst's *Elle Decoration* and The Chelsea Magazine Company's *The English Home*).

Online constraint

181. The Parties submitted that similar content to their titles can also be found online, on home interest websites and also on websites and applications such as *Pinterest.com* and *Instagram.com*, which are free to access and use. The Parties provided examples of Instagram accounts which, they submitted, provide similar content to that of Future's *Period Living* and TI Media's *Ideal Home*. The Parties submitted that these websites and applications act as a competitive constraint on print titles.¹¹³
182. However, the Parties did not provide direct empirical evidence of the constraint from such online content on their Home Interest magazines.

¹¹¹ 10.1.34 - Home Interest QBR February 2019, page 97.

¹¹² 60.4 - TQ42 - Homes survey autumn 2019 CHARTS, page 28.

¹¹³ Consolidated Final Merger Notice, paragraph 5.45.

183. The results of the Readers' Survey show that, for the titles where the CMA places weight on the diversion data (discussed above), there was limited diversion to online content, ranging from 3% to 4.3%.

Conclusion on third party constraints

184. Based on the evidence above, considered in the round, the CMA considers that the Parties face significant constraints from numerous other publishers with significant market shares and varied titles. However, the CMA found limited evidence of constraint from online content based on the Readers' Survey.

Conclusion on Home Interest

185. Based on the evidence set out above, while the high market shares and material increment give rise to *prima facie* competition concern, the evidence from the Readers' Survey, GUPPI analysis, internal documents and third party evidence indicate that: (i) the Parties' titles are in general differentiated from each other and do not compete particularly closely overall; and (ii) there is a strong constraint exerted on the Parties by other Home Interest publishers, including in the premium sub-segment where the Parties appear to be closer competitors.
186. 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 Home Interest magazines in the UK.

Cycling

Shares of supply

187. The CMA estimated that the Parties have a combined share of supply in the Cycling category by value of [40-50]%, with an increment of [5-10]%, and a combined share of supply by volume of [50-60]%, with an increment of [0-5]%. These market shares give rise to a *prima facie* competition concern.
188. The major competitors in this category are Immediate Media and Dennis Publishing, which have shares of supply by value, of [20-30]% and [20-30]% respectively.

Table 8: Shares of supply in the Cycling category in 2018

Magazine Title	Total Revenue (£)	Share (Value)	Total Volume	Share (Volume)
<i>ProCycling</i> (Future)	[X]	[5-10]%	[X]	[5-10]%
<i>Cycling Weekly</i> (TI Media)	[X]	[30-40]%	[X]	[50-60]%
Future + TI Media	[X]	[35-45]%	[X]	[55-65]%
<i>Conquista</i> (Conquista)	[X]	[0-3]%	[X]	[0-3]%
<i>Road Bike Action Mag</i> (Hi-Torque Publications)	[X]	[0-3]%	[X]	[0-3]%
<i>Bikes etc</i> (Dennis Publishing)	[X]	[5-10]%	[X]	[5-10]%
<i>Cyclist</i> (Dennis Publishing)	[X]	[15-20]%	[X]	[10-15]%
<i>Bicycling</i> (Hearst)	[X]	[0-3]%	[X]	[0-3]%
<i>Cycling Plus</i> (Immediate Media)	[X]	[20-25]%	[X]	[20-25]%
<i>Essential Cycling Series</i> (Immediate Media)	[X]	[5-10]%	[X]	[0-3]%
<i>Rouleur</i> (Rouleur Ltd)	[X]	[3-5]%	[X]	[0-3]%
Total Other	[X]	[55-65]%	[X]	[45-55]%
Total	[6-8] million	100.0%	[0.5-2.5] million	100.0%

Source: CMA calculations on the Parties' data

189. Shares of supply do not take into account closeness of competition. The CMA therefore has interpreted these shares as a broad indicator of the Parties' competitive position in the frame of reference, but has attached greater weight to evidence on closeness of competition.

Readers' Survey

190. The table below shows the results of the Readers' Survey for Cycling. The CMA received a larger number of responses for *Cycling Weekly* (311) but a low number for *ProCycling* (64).

Table 9: Survey results for the Cycling category

Parties' magazines	Diversion to other party	Diversion to third party	Diversion to online	Diversion to "doing nothing"	GUPPI ¹¹⁴	Reliability
Future						
<i>ProCycling</i>	4/53	11/53	12/53	15/53	N/A	Partial weight
TI Media						
<i>Cycling Weekly</i>	3.9%	37%	26%	34%	0.6	Greater weight

Source: CMA

¹¹⁴ The GUPPI calculated assuming equal prices was 1.4 for *Cycling Weekly*.

Closeness of competition

Survey evidence, GUPPI and diversion

191. The CMA had a robust estimate the results for *Cycling Weekly*. *Cycling Weekly* had a low GUPPI of 0.6. Given the small number of respondents for *ProCycling*, the CMA has treated these results with some caution and the CMA has placed less weight on these results.¹¹⁵ The diversion data indicates that the Parties are not close competitors. The GUPPI figure for *Cycling Weekly* is consistent with low upwards pricing pressure.

Similarity in titles in terms of content and target audience

192. Both Parties have one title in this segment and the Parties submitted that:
- (a) Future's *ProCycling* focuses on reviews for racing enthusiasts, whereas TI Media's *Cycling Weekly* has buyer's guides as well as news on international and domestic races.¹¹⁶ *ProCycling* therefore focuses on fans, whereas *Cycling Weekly* has content aimed at active participants.¹¹⁷
 - (b) An important distinction is that TI Media's *Cycling Weekly* is published weekly, as opposed to Future's *ProCycling*, which is every four weeks.¹¹⁸
 - (c) *ProCycling* is aimed at the premium end of the market, with its readers spending on average £[redacted] on their bike and £[redacted] on equipment compared to £[redacted] on a bike and £[redacted] for accessories by readers of *Cycling Weekly*.¹¹⁹ This makes *ProCycling* almost a 'prosumer' magazine as opposed to the lower end service proposition offered by TI Media's *Cycling Weekly*.
193. The internal documents and third-party evidence discussed below supports the Parties' submission that there is a significant degree of differentiation between the Parties' titles. In particular, third parties noted *ProCycling* was more of a high-end magazine title, this is reflected by the higher average spend on the customers bikes, whereas *Cycling Weekly* was more of an everyday magazine.

¹¹⁵ However, the CMA observes that *ProCycling* readers named the TI Media title as the closest alternative in four out of 53 cases, representing a significant proportion.

¹¹⁶ Consolidated Final Merger Notice, paragraph 5.52-5.54.

¹¹⁷ Consolidated Final Merger Notice, paragraph 5.56 (B).

¹¹⁸ Consolidated Final Merger Notice, paragraph 5.52-5.54.

¹¹⁹ Consolidated Final Merger Notice, paragraph 5.56(D).

Internal documents

194. Most of the Parties' internal documents submitted to the CMA that list the other Parties' title also refer to a wider number of competitors.¹²⁰ A TI Media document outlines [X] available whereas *ProCycling* is one of the more 'luxury/premium' titles.¹²¹ Future's Internal documents show that [X]¹²² suggesting that they may be complementary from a readers perspective. In the round, the CMA considers that the internal documents indicate that the Parties do not compete closely.

Third party views

195. The CMA received mixed third-party evidence on closeness of competition between the Parties. Some advertisers told the CMA that TI Media's *Cycling Weekly* was either the closest or one of the closest competitors to Future's *ProCycling*. This indicates that from an advertisers' perspective, *ProCycling* and *Cycling Weekly* compete closely.
196. The CMA received one response from a competitor who stated that *Rouleur* and *Cyclist* by Dennis competed closely with *ProCycling* but not with *Cycling Weekly* and corroborated the Parties' submissions that there is a premium part of the Cycling market which excludes TI Media's *Cycling Weekly*.
197. One competitor expressed a concern about the Merger, specifically the increased concentration in the Cycling category.

Conclusion on closeness of competition

198. The diversion data and estimated GUPPI for *Cycling Weekly* was low. The CMA found that the Parties' submissions that the titles appeal to different readers was supported by the evidence from their internal documents. While the CMA notes that third party views may suggest a degree of closeness between the Parties' titles, both the Readers' Survey and internal documents indicate that the Parties are not close competitors. Overall the Readers' Survey, internal documents and third-party evidence indicate the Parties do not compete particularly closely in Cycling.

¹²⁰ TI Media's response to the CMA's s109 Notice dated 20 December 2019, Annex 69 - Cycling Thoughts (004), page 18.

¹²¹ TI Media's response to the CMA's s109 Notice dated 20 December 2019, Annex 69 - Cycling Thoughts (004), page 56.

¹²² Annex 59.7 - FQ42 - ProCycling reader survey results July 2015.

Competitive constraints

199. The Parties submitted that there is competition in the category from Dennis (*Bikes etc, Cyclist*) and Immediate Media (*Cycling Plus*) with one or more titles each.

Similarity to the Parties' titles in terms of content and target audience

200. The Parties submitted that *Cycling Plus* published by Immediate Media is a close competitor to TI Media's *Cycling Weekly* with a 'similar focus on product reviews (including commuter products and energy bars), riding advice, and features such as 'cyclist-friendly cafes' in the UK and UK trails'.¹²³ The Parties submitted that a general competitive constraint to *ProCycling* comes from national papers such as *The Guardian* and *The Telegraph*.¹²⁴

Internal documents

201. TI Media's internal documents cite [§], in line with the Parties' submissions.

Third party views

202. Third party views on alternative suppliers were mixed with advertisers stating that both Immediate's *Cycling Plus* and Future's *ProCycling* were close competitors to TI Media's *Cycling Weekly*. This indicates that advertisers see few alternative suppliers to the Parties' titles in terms of advertising, listing one (Immediate) of the publishers that the Parties cite as strong alternative competition. No advertisers that responded to the CMA's questionnaire identified concerns with the Merger.

Online constraint

203. The Parties submitted that their titles face a competitive constraint from online sources of cycling content and cited dedicated *Facebook.com* pages and *Youtube.com* channels which focus on cycling and race news. In addition, the Parties stated that cycling websites published by third parties, like *bikeradar.com* and *cyclist.co.uk* also provide a competitive constraint.¹²⁵
204. The results of the Readers' Survey show that diversion to online content was 26% for *Cycling Weekly*.

¹²³ Consolidated Final Merger Notice, paragraph 5.59.

¹²⁴ Consolidated Final Merger Notice, paragraph 5.59.

¹²⁵ Consolidated Final Merger Notice, paragraph 5.64.

205. Internal documents from TI Media state how it is unlikely lost buyers on the newsstand will return given the availability of free-to-use content online,¹²⁶ showing that online content is perceived to be a threat to *Cycling Weekly*.

Conclusion on competitive constraints

206. Based on the evidence above, considered in the round, the CMA considers that the Parties face significant constraints from other publishers that are closer competitors to the Parties than each Party. The CMA found some evidence of constraint from online based on the Readers' Survey.

Conclusion on Cycling

207. Based on the evidence set out above, while the high market shares and material increment give rise to *prima facie* competition concern, the evidence from the Readers' Survey, GUPPI analysis, internal documents and third party evidence indicate that: (i) the Parties do not compete closely; and (ii) post-Merger, the merged entity would face significant competitive constraints from at least three competing titles in Cycling and a degree of constraint from online content.
208. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC in relation to the supply of Cycling magazines in the UK.

Football

Shares of supply

209. The CMA estimates that the Parties have a high combined share of the supply in the Football category by value of [70-80]%, with a large increment of [10-20]%, and a combined share of supply by volume of [70-80]%, with an increment of [10-20]%. These market shares indicate a *prima facie* competition concern.
210. The major competitors are *When Saturday Comes*, *Backpass* and *Backspin* and *Football Weekends*, which have much lower shares of supply by value of [10-20]%, [0-10]% and [0-5]% respectively.

¹²⁶ 1.43 43 - RF1 Cycling.

Table 10: Shares of supply in the Football category in 2018

Magazine Title	Total Revenue (£)	Share (Value)	Total Volume	Share (Volume)
<i>FourFourTwo</i> (Future)	[X]	[50-60]%	[X]	[50-60]%
<i>World Soccer</i> (TI Media)	[X]	[15-20]%	[X]	[10-20]%
Future + TI Media	[X]	[70-80]%	[X]	[70-80]%
<i>Backpass</i> (Backpass and Backspin)	[X]	[5-10]%	[X]	[3-5]%
<i>Eight By Eight</i> (Eight By Eight)	[X]	[0-3]%	[X]	[0-3]%
<i>Football Weekends</i> (Football Weekends)	[X]	[3-5]%	[X]	[3-5]%
<i>Late Tackle</i> (Greenways Publishing)	[X]	[0-3]%	[X]	[0-3]%
<i>Mundial</i> (Mundial Magazine)	[X]	[0-3]%	[X]	[0-3]%
<i>When Saturday Comes</i> (When Saturday Comes)	[X]	[10-15]%	[X]	[15-20]%
Total Other	[X]	[20-30]%	[X]	[20-30]%
Total	[2-4] million	100.0%	[0.5 – 2.5] million	100.0%

Source: CMA calculations on the Parties' data

211. Shares of supply do not take into account closeness of competition. The CMA therefore has interpreted these shares as a broad indicator of the Parties' competitive position in the frame of reference, but has attached greater weight to evidence on closeness of competition.

Readers' Survey

212. The table below shows the results of the Readers' Survey for Football. The CMA received a larger number of responses for *World Soccer* (450) and *FourFourTwo* (111), though *FourFourTwo* received a response rate of less than 3.5% and so the CMA has placed no weight on that evidence.

Table 11: Survey results for the Football category

Parties' magazines	Diversion to other party	Diversion to third party	Diversion to online	Diversion to "doing nothing"	GUPPI ¹²⁷	Reliability
Future						
<i>FourFourTwo</i>	N/A	N/A	N/A	N/A	N/A	No weight
TI Media						
<i>World Soccer</i>	9.8%	9.0%	22%	59%	3.3	Greater weight

Source: CMA Survey data

¹²⁷ The GUPPI calculated assuming equal prices was 3.4 for *World Soccer*.

Closeness of competition

Survey evidence, GUPPI and diversion

213. The CMA had a robust estimate the results for *World Soccer*, which had a significant GUPPI of 3.3.
214. The diversion data indicates that the Parties are close competitors. The GUPPI figure for *World Soccer* indicates that the Parties would have an incentive to raise prices post-Merger, notwithstanding reported diversion to third parties. The GUPPI figure is consistent with material upwards pricing pressure. The CMA recognises that there is diversion to and competition from other publishers, but nonetheless the CMA considers that the Parties are sufficiently close for material upwards pricing pressure to arise (as discussed in paragraphs 109-119).
215. The CMA's calculations based on the Parties' submitted data show that the category-wide proportion of the Parties' revenue which comes from subscriptions makes up [30-40]% of total sales by value for the Football category. This proportion of revenue from subscriptions, and an ability to transfer subscription customers from a closed title, suggests that the diversion estimated by the CMA's Readers' Survey may be understated in the event of closure.

Similarity of titles in terms of content and target audience

216. The Parties submitted that their respective titles are not each other's closest competitors. The Parties submitted that their titles are differentiated, as TI Media's *World Soccer* focuses on international football, whilst Future's *FourFourTwo*'s has a domestic focus.¹²⁸ The Parties further submitted that their titles' coverage of football players are differentiated, with *FourFourTwo* covering British players and *World Soccer* focusing on global content, for example recently using non-British league football players on the cover.
217. The CMA did not identify evidence to support the Parties' submission. For instance, a TI Media internal document cites [REDACTED].¹²⁹ Further, the CMA notes that a Future internal document¹³⁰ states [REDACTED], indicating that the differentiation is not as pronounced as the Parties suggest and is likely to evolve over time.

¹²⁸ Consolidated Final Merger Notice, paragraph 5.74.

¹²⁹ TI Media Information Memorandum for Sale.

¹³⁰ Future's response to the CMA's s109 Notice dated 20 December 2019, PROD200000251, slide 4.

218. In the round, the CMA found the titles to be very similar in terms of content and target audience. Both titles produce high-quality content including interviews with high-profile football players and managers and, although *World Soccer* has a more international focus than *FourFourTwo*, the nature of football means there is significant overlap in terms of content as well as readers.
219. However, the Parties did not provide any direct empirical evidence of the impact of these qualitative factors on the substitutability of different titles.. Other evidence, such as the Reader's Survey, internal documents and third-party views, should reflect the relevant factors affecting substitutability, the CMA has attached limited weight to these individual qualitative factors.

Internal documents

220. The internal documents submitted by Future show that [REDACTED].¹³¹ In internal documents assessing the performance of Future's hobby magazines, [REDACTED].
221. These internal documents indicate that the Parties compete closely in the Football category.

Third party views

222. Competitors that responded to the CMA's questionnaire told the CMA that *World Soccer* and *FourFourTwo* were each other's closest competitor in the Football category. Similarly, an advertiser told the CMA that the two titles were close competitors pointing to their '*demographic and history/ credibility*'. Overall, the evidence from these third parties pointed to close competition between the Parties' respective titles.

Conclusion on closeness of competition

223. The estimated GUPPI for *World Soccer* was significant. The Readers' Survey, internal documents and third-party evidence all indicate that the Parties are very close competitors.

Competitive constraints

224. The Parties submitted that there were a number of print competitors that constrained the Parties (namely, those listed in Table 10 above), including *When Saturday Comes* which is the only other title with significant market share ([10-20]% by value). They also submitted that they face competition

¹³¹ Consolidated Final Merger Notice, Annex 09.01.04, page 35; Future's response to the CMA's s109 Notice dated 20 December 2019/2019 PROD200000234, PROD2000000300.

from national newspapers, which is sufficiently strong such that it outranks the Parties' titles in online searches.¹³² In particular the Parties submitted that they face competition from club-specific magazine and specialist football websites, such as *Copa90.com*, *90min.com* and *goal.com* and the football content on websites like the *Athletic.co.uk* or *JOE.co.uk*.¹³³

225. The Parties submitted that football club magazines, which command a high degree of brand loyalty, overlap with Parties' titles heavily in terms of content.¹³⁴ They also submitted that their titles (both in print and online) compete with the sports/football sections of newspapers.¹³⁵

Internal documents

226. The Parties stated that *When Saturday Comes* is a close competitor, however this is not one of the competing magazines that Future tracks, with internal documents only tracking *World Soccer* (TI) along with [REDACTED].¹³⁶ There are no internal documents provided by the Parties that describe the competitive constraint from either club-specific magazines or football content in national newspapers.
227. Overall, the CMA found little evidence in the internal documents that suggested other print competitors in the Football category compete as closely with the Parties' titles than each of the Parties or exert a strong constraint on the Parties. However, the internal documents illustrated some constraint from online, as discussed below.

Third party views

228. The CMA received limited third party evidence on the constraint from other publishers. One advertiser that responded to the CMA's merger investigation stated that *Mundial* was a close competitor, but it did not list *When Saturday Comes* as a competitor to either of the Parties' titles. This advertiser did not indicate that club-specific magazine titles compete with the Parties' titles. One competitor to the Parties stated that *When Saturday Comes* was a close competitor to both *World Soccer* and *FourFourTwo*, but not as close as the Parties are to each other.¹³⁷

¹³² Consolidated Final Merger Notice, paragraph 5.80.

¹³³ Consolidated Final Merger Notice, paragraphs 5.78-5.80.

¹³⁴ Consolidated Final Merger Notice, paragraph 5.79.

¹³⁵ Consolidated Final Merger Notice, paragraph 5.80.

¹³⁶ Future's response to the CMA's s109 Notice dated 20 December 2019, PROD200000234 and PROD200000300.

¹³⁷ Competitor RFI, Football, [REDACTED]

Online constraint

229. The results of the Readers' Survey show that diversion to online content was 22% for *World Soccer*. The Parties submitted that diversion to online content represents a significant competitive restraint and refer to a leavers' survey which [REDACTED].¹³⁸
230. However, the CMA has not been able to place material weight on the leavers' survey as, unlike the CMA's readers' survey, it does not answer the question of how current customers of the magazine would respond to a worsening of the Parties' offering or the closure of one of the Parties' titles (ie it does not address the question of substitution). The leavers' survey asked customers who were already planning to leave, why they were leaving. These customers may be leaving the magazine due to a change in preference such as a stronger preference for online media, this migration to online content is discussed above in paragraph 115.
231. The Parties submitted that content for football fans covered by the Parties' titles such as match reviews and interviews, is also available in online football magazines, mainstream news websites and subscription-based services. The Parties submitted that this is illustrated by the fact that [REDACTED] *theAthletic.co.uk*, a pure online market player, the launch of which the Parties characterised at the CMA's Issues Meeting as a particularly significant market development. The Parties also cited *COPA90.com* which the Parties submit has a dedicated *Youtube.com* channel with over 77,000 subscribers and with similar content coverage to *FourFourTwo*. The Parties also submitted that there is also a significant volume of football-related material published every day in national and local newspapers.¹³⁹
232. The CMA notes that the evidence in relation to the Parties' submissions is mixed. While the Parties emphasised the significance of the launch of *theAthletic.co.uk*, they were unable to identify any steps they had taken in response to this development or any impact on their business [REDACTED]. Moreover, the CMA noted that the content on *COPA90.com*, for example, appears to be very different from the content to *FourFourTwo*'s content. For example, *COPA90.com* does not have interviews with premier league footballers, but focusses more heavily on fan-generated content.

¹³⁸ Consolidated Final Merger Notice, Annex 10.1.6.3.

¹³⁹ Parties' response to the CMA's RFI dated 17 December 2019 (RFI4).

Conclusion on competitive constraints

233. Based on the evidence above, the CMA considers that the Parties face limited competition from a small number of competitors that would be considerably smaller than the merged entity. The evidence also indicates that the Parties would face limited constraint from online or other print content.

Profitability of titles

234. Data submitted by the Parties' shows that TI Media's *World Soccer* is [X]. This [X] profitability increases the risk that, where the Parties are close competitors, title closures could result in a deterioration of choice for consumers. One reason that the survey diversion may be understated is that the Parties may have some ability to transfer subscription customers from a closed title. The increased risk of closure in this category may increase the extent to which diversion is understated. Furthermore, it remains the case that the CMA's diversion estimates may understate diversion due to the survey being conducted online as discussed in paragraph 75 above.

Conclusion on Football

235. Post-Merger, the Parties would have a high combined share of supply with a significant increment indicating *prima facie* competition concerns. The merged entity would be the leader in Football by a large margin. The estimated GUPPI for *World Soccer* is significant, consistent with material upwards pricing pressure. The Readers' Survey, internal documents and third-party evidence all indicate that the Parties are very close competitors. The CMA considers that post-Merger the Parties would face only limited competition from a small number of competitors that are considerably smaller than the merged entity. Whilst there is a degree of constraint from online football-related content, the CMA considers that this would be unlikely to offset the constraint lost as a result of the Merger.
236. Accordingly, the CMA believes that the Merger raises significant competition concerns as a result of horizontal unilateral effects in the supply of Football magazines in the UK.

Photography

Shares of supply

237. The CMA estimates that the Parties have a high combined share of supply in the Photography category by value of [50-60]%, with a large increment of [20-

30]%, and by volume of [60-70]%, with an increment of [30-40]%. These market shares indicate a *prima facie* competition concern.

238. The other major competitor in this category is Bauer Media, with a share of supply by value of [20-30]%. Among smaller competitors, GMC and Raspberry Pi have significantly smaller shares, with shares of supply by value of [5-10]% and [0-5]% respectively.

Table 12: Shares of supply in the Photography category in 2018

Magazine Title	Total Revenue (£)	Share (Value)	Total Volume	Share (Volume)
<i>Digital Camera</i> (Future)	[X]	[10-15]%	[X]	[10-15]%
<i>Digital Photographer</i> (Future)	[X]	[3-5]%	[X]	[3-5]%
<i>N-Photo</i> (Future)	[X]	[5-10]%	[X]	[5-10]%
<i>PhotoPlus</i> (Future)	[X]	[5-10]%	[X]	[5-10]%
<i>Photography Week</i> (Future)	[X]	[0-3]%	[X]	[0-3]%
<i>Amateur Photographer</i> (TI Media)	[X]	[20-25]%	[X]	[30-35]%
Future + TI Media	[X]	[50-60]%	[X]	[60-70]%
<i>The British Journal of Photography</i> (1854 Media)	[X]	[0-3]%	[X]	[0-3]%
<i>Practical Photography</i> (Bauer Media)	[X]	[20-25]%	[X]	[15-20]%
<i>Professional Moviemaker</i> (Bright Publishing)	[X]	[0-3]%	[X]	[0-3]%
<i>Black & White Photography</i> (GMC)	[X]	[3-5]%	[X]	[0-3]%
<i>Outdoor Photography</i> (GMC)	[X]	[5-10]%	[X]	[5-10]%
<i>Digital SLR Photography</i> (Raspberry Pi)	[X]	[5-10]%	[X]	[3-5]%
<i>Black & White</i> (Ross Periodicals)	[X]	[0-3]%	[X]	[0-3]%
<i>Professional Photo</i> (So Smart Media)	[X]	[0-3]%	[X]	[0-3]%
Total Other	[X]	[40-50]%	[X]	[30-40]%
Total	[6-8] million	100.0%	[1-3] million	100.0%

Source: CMA calculations based on data submitted by the Parties

239. Shares of supply do not take into account closeness of competition. The CMA therefore has interpreted these shares as a broad indicator of the Parties' competitive position in the frame of reference, but has attached greater weight to evidence on closeness of competition.

Readers' Survey

240. The table below shows the results of the Readers' Survey for Photography. The CMA received a larger number of responses for *Digital Camera* (125), *N-*

Photo (119), *Photo Plus* (133) and *Amateur Photographer* (568), but fewer than 100 responses for *Digital Photographer* (27) and *Photography Week* (1).

Table 13: Survey results for the Photography category

Parties' magazines	Diversion to other party	Diversion to third party	Diversion to online	Diversion to "doing nothing"	GUPPI ¹⁴⁰	Reliability
Future						
<i>Digital Camera</i>	6.6%	43%	15%	36%	5.2	Greater weight
<i>Digital Photographer</i>	2/21	4/21	2/21	6/21	N/A	Partial weight
<i>N-Photo</i>	10%	17%	20%	53%	8.1	Greater weight
<i>Photo Plus</i>	5.4%	29%	22%	44%	4.5	Greater weight
<i>Photography Week</i>	N/A	N/A	N/A	N/A	N/A	No weight
TI Media						
<i>Amateur Photographer</i>	9.8%	24%	20%	47%	1.4	Greater weight

Source: CMA

Closeness of competition

Survey evidence, GUPPI and diversion

241. The CMA had robust estimates for the results for *Digital Camera*, *N-Photo*, *Photo Plus* and *Amateur Photographer*. Based on the above survey diversion:
- (a) *Digital Camera* had a significant GUPPI of 5.2;
 - (b) *N-Photo* had a significant GUPPI of 8.1;
 - (c) *Photo Plus* had a moderate GUPPI of 4.5; and
 - (d) *Amateur Photographer* had a low GUPPI of 1.4.
242. Given the small number of respondents for Future's title *Digital Photographer* the CMA has treated these results with caution and the CMA has placed less weight on these particular survey results.¹⁴¹
243. The diversion data indicates that the Parties are close competitors, in particular in relation to *N-Photo* and *Amateur Photographer*, and *Amateur Photographer* to Future's titles. The GUPPI figures are consistent with material upwards pricing pressure. The CMA recognises that there is diversion to and competition from other publishers, but nonetheless the CMA

¹⁴⁰ The GUPPI calculated assuming equal prices was: 2.5 for *Digital Camera*, 3.7 for *N-Photo*, 2.0 for *Photo Plus* and 3.4 for *Amateur Photographer*.

¹⁴¹ However, the CMA observes that *Digital Photographer* readers named a TI Media title as the closest alternative in two out of 21 cases, representing a significant proportion.

considers that the Parties are sufficiently close for material upwards pricing pressure to arise (as discussed in paragraphs 109-119).

244. The CMA's calculations based on the Parties' submitted data show that the category-wide proportion of the Parties' revenue which comes from subscriptions makes up [30-50]% of total sales by value for the Photography category. This proportion of revenue from subscribers, and an ability to transfer subscription customers from a closed title, suggests that the diversion estimated by the CMA's Readers' Survey may be understated in the event of closure.

Similarity of titles in terms of content and target audience

245. The Parties submitted that their respective titles are not each other's closest competitors with Future's titles aimed at highly specific audiences, such as Nikon and Canon camera owners, (with the exception of *Digital Camera*), whereas TI Media's (only title) *Amateur Photographer* is aimed at amateurs and has generalist content.¹⁴²
246. The Parties acknowledge that TI Media's *Amateur Photographer* has similar content to Future's *Digital Camera*, with both being generalist photography magazines. However, the Parties submitted that they do not compete closely because *Amateur Photographer* is a cheaper weekly magazine with fewer pages, whereas *Digital Camera* is a more expensive monthly title.¹⁴³
247. The CMA notes that there may be some differentiation based on the frequency of magazine circulation (ie monthly or weekly). The CMA also notes that there are some differences between those photography titles that are aimed at specific owners of cameras, and generalist photography magazines. However, the price and circulation differences do not relate to the title content or target audience and therefore do not necessarily indicate that the titles are not close alternatives.
248. The Parties did not provide any direct empirical evidence of the impact of these qualitative factors on the substitutability of different titles. Since other evidence, such as the Reader's Survey, internal documents and third-party views, should reflect the relevant factors affecting substitutability, the CMA has attached limited weight to these individual qualitative factors.

¹⁴² Consolidated Final Merger Notice, paragraph 5.92.

¹⁴³ Consolidated Final Merger Notice, paragraph 5.93.

Internal documents

249. The internal documents submitted by Future indicate that [REDACTED]. For instance, a Future internal document notes that [REDACTED].¹⁴⁴ Internal documents submitted to Future's Board in 2019 also highlighted that [REDACTED].¹⁴⁵

Third party responses

250. One competitor told the CMA that TI Media's *Amateur Photographer* is a close competitor of Future's titles because of 'similar content in terms of camera reviews & industry news'.¹⁴⁶ It cited Future titles as the closest competitors to TI Media's title.
251. Advertisers told the CMA that Future's *Digital Camera* is a close competitor of TI Media's *Amateur Photographer* thanks to a similar customer profile, notwithstanding the fact that *Amateur Photographer* is a weekly magazine. One advertiser said that technically *Amateur Photographer* was in a different segment from *Digital Camera* as it is a weekly magazine, but it appeals to the same readership.¹⁴⁷
252. Overall, the evidence from third parties indicated that although *Amateur Photographer* is a weekly magazine, it competes closely with monthly magazines such as *Digital Camera* and other Future titles. This is in line with third party responses that despite being a weekly publication, *Amateur Photographer* competes closely with all Future titles, *Digital Camera* in particular.

Portfolio offerings

253. Future has five photography titles. The addition of TI Media's *Amateur Photographer*, already the largest Photography title in the UK, would mean the merged entity has six photography titles. One advertiser told the CMA that a large number of titles may give the Merged entity a strength over its competitors in the same category, in particular in its negotiations with advertisers.¹⁴⁸ This concern was also raised by a competitor who responded to the CMA's questionnaires.¹⁴⁹ The CMA has taken into account the

¹⁴⁴ Consolidated Final Merger Notice, Annex 10.1.04.

¹⁴⁵ Consolidated Final Merger Notice, Annex 09.1.03.

¹⁴⁶ Competitor RFI Photography, [REDACTED]

¹⁴⁷ Advertiser RFI Photography, [REDACTED]

¹⁴⁸ Advertiser RFI Photography [REDACTED]

¹⁴⁹ Competitor RFI Photography, [REDACTED]

evidence of Future's existing strength in this category in its competitive assessment.

Conclusion on closeness of competition

254. The diversion data and estimated GUPPI figures were moderate to significant, with the exception of *Amateur Photographer*. The evidence shows that *Amateur Photographer* competes closely with Future's *Digital Camera* in spite of the difference in circulation frequency. Overall, the Readers' Survey, internal documents, third party evidence, and Future's portfolio offering indicate the Parties are close competitors.

Competitive constraints

255. The Parties submitted that there is competition in the market from seven other players including from Bauer Media's *Practical Photography* which holds a [20-30]% value-based share in the market and which Future submits is its main competitor in this category.¹⁵⁰ In addition to *Practical Photography*, Future also named GMC's titles *Outdoor Photography* and *Black and White Photographer* (with a combined value-based market share of [0-10]% and Raspberry Pi's title *Digital SLR Photography* with a [0-10]% value-based market share) as significant competitors.¹⁵¹ The Parties also cited websites, such as *dpreview.com* as alternative suppliers and competitive constraints.

Similarity to the Parties' overlapping titles

256. Future submitted that it considers Bauer's *Practical Photography* to be its main rival in this category, stating that the two titles are very similar in their editorial offering, packaging, format, target audiences, circulations, advertisers and cover mounted gifts.¹⁵² The Parties submitted there are similarities between Future's *Digital Camera* and Bauer's *Practical Photography*, for the same reasons.¹⁵³ The CMA took these similarities into account as part of the assessment, noting that there is only one strong close alternative to the Parties.

¹⁵⁰ Consolidated Final Merger Notice, paragraph 5.95.

¹⁵¹ Consolidated Final Merger Notice, paragraph 5.96.

¹⁵² Consolidated Final Merger Notice, paragraph 5.95.

¹⁵³ Consolidated Final Merger Notice, paragraph 5.95.

Internal documents

257. Future's internal documents indicate that [REDACTED].¹⁵⁴ While Future's internal documents also [REDACTED],¹⁵⁵ the [REDACTED] and [REDACTED]¹⁵⁶ as alternatives, they do not indicate particular closeness of competition with such titles.

Third party views

258. Competitors and advertisers that responded to the CMA's investigation suggested that Bauer's *Practical Photography* may be the primary competitor for Future's titles and TI Media's *Amateur Photographer* due to '*similar features and readership*'. Although one advertiser stated that TI Media's *Amateur Photographer* faced little competition because it was a weekly title, the majority of respondents told the CMA that *Digital Camera* competed closely with *Amateur Photographer* despite being weekly. One advertiser cited only Bauer's *Practical Photography* as a strong competitor to both Parties' titles as a broad interest photography magazine.¹⁵⁷

Online constraint

259. The Parties stated that readers of magazines in this category will access content from other sources including online. The Parties stated that their websites generate significantly less user traffic than a competitor, *dpreview.com*, and there is similar content available from at least two additional websites.¹⁵⁸
260. The results of the Readers' Survey show that diversion to online content for all titles,¹⁵⁹ ranges from 15% to 22%.
261. Advertisers that responded to the CMA's merger investigation indicated the online constraint may be strong from an advertiser's perspective. However, the survey evidence and GUPPI did not suggest that readers of photography magazines divert to online content to a large extent. The CMA has therefore found that online constraint in Photography category is not sufficient to outweigh competition concerns.

¹⁵⁴ Consolidated Final Merger Notice, Annex 10.1.45 Photograph QBR Q1 2019. page 12.

¹⁵⁵ Consolidated Final Merger Notice, Annex 08.1.05 Photography FY19 Q3 QBR, page 32.

¹⁵⁶ Consolidated Final Merger Notice, Annex 10.1.04 Side-by-Side Photography, page 2.

¹⁵⁷ Advertiser RFI Photography [REDACTED]

¹⁵⁸ Consolidated Final Merger Notice, paragraph 5.101.

¹⁵⁹ Excluding *Photography Week* which received only one response.

Conclusion on third party constraints

262. Based on the evidence above, the CMA considers that the Parties face limited constraint from competitors, and from only one other significant title, Bauer's *Practical Photography*. The CMA has also found that online constraint in Photography category is not sufficient to outweigh competition concerns.

Profitability of titles

263. Data submitted by the Parties shows that all of the Parties' titles in the Photography category are currently [X]. This [X] reduces the risk that, where the Parties are close competitors harm will result from title closures. One reason that the survey diversion may be understated is that the Parties may have the ability to transfer subscription customers from a closed title. However, the reduced risk of closure in this category may lessen the extent to which diversion is understated. It remains the case that the CMA's diversion estimates may understate diversion due to the survey being conducted online as discussed in paragraph 75 above.

Conclusion on Photography

264. Post-Merger, the Parties would have a high combined share of supply, with a large increment indicating *prima facie* competition concerns. The merged entity would be the market leader by a large margin in the Photography category. The evidence from the Readers' Survey, GUPPI analysis, internal documents, third party evidence and Future's portfolio offering indicate that: (i) the Parties face limited constraint from competitors, and in particular that post-Merger there would be only one other significant competing title; and (ii) the online constraint in Photography category is not sufficient to offset the constraint lost as a result of the Merger.
265. Accordingly, the CMA believes that the Merger raises significant competition concerns as a result of horizontal unilateral effects in relation to the supply of Photography magazines in the UK.

Horizontal unilateral effects in the supply of technology websites

266. The CMA assessed whether it is or may be the case that the Merger may be expected to result in an SLC in relation to horizontal unilateral effects in the supply of technology websites.
267. In making this assessment, the CMA considered:
- (a) Shares of supply;

(b) Closeness of competition between the Parties; and

(c) Competitive constraints from alternative suppliers.

Shares of supply

268. The Parties submitted shares of supply estimates for technology websites using a number of different metrics, including the average monthly unique visitors and average monthly page views in the UK. Table 14 below sets out these shares of supply.¹⁶⁰

Table 14: Shares of supply based on average unique visitors and page views (UK)

Publisher ¹⁶¹	Site	Average monthly unique visitors (UK)	Average monthly page views (UK)
Future	<i>anandtech.com</i>	[0-3]%	[0-3]%
Future	<i>androidcentral.com</i>	[0-3]%	[0-3]%
Future	<i>gizmodo.co.uk</i>	[0-3]%	[0-3]%
Future	<i>gizmodo.com</i>	[0-3]%	[5-10]%
Future	<i>laptopmag.com</i>	[0-3]%	[0-3]%
Future	<i>lifehacker.co.uk</i>	[0-3]%	[0-3]%
Future	<i>lifehacker.com</i>	[0-3]%	[0-3]%
Future	<i>t3.com</i>	[5-10]%	[3-5]%
Future	<i>techradar.com</i>	[10-15]%	[10-15]%
Future	<i>tomsguide.com</i>	[3-5]%	[3-5]%
Future	<i>tomshardware.co.uk</i>	[0-3]%	[0-3]%
Future	<i>tomshardware.com</i>	[0-3]%	[0-3]%
Future	<i>whathifi.com</i>	[0-3]%	[0-3]%
TI Media	<i>trustedreviews.com</i>	[5-10]%	[3-5]%
Combined share of supply		[30-40]%	[40-50]%
Arena Com	<i>gsmarena.com</i>	[0-3]%	[0-3]%
BGR Media	<i>bgr.com</i>	[0-3]%	[0-3]%
CBS	<i>cnet.com</i>	[10-15]%	[10-15]%
Condé Nast	<i>arstechnica.com</i>	[0-3]%	[0-3]%
Condé Nast	<i>wired.co.uk</i>	[5-10]%	[0-3]%
Condé Nast	<i>wired.com</i>	[0-3]%	[0-3]%
Dennis	<i>expertreviews.co.uk</i>	[0-3]%	[0-3]%
DesignTechnica Corp.	<i>digitaltrends.com</i>	[3-5]%	[0-3]%
IDG	<i>macworld.co.uk</i>	[0-3]%	[0-3]%

¹⁶⁰ Websites are often monetised through the sale of advertising space, but compete for the readers.

¹⁶¹ These websites are all ranked below 1% on both measures (UK visitors and views): *androidauthority.com* (Android Authority); *cultofmac.com* (Cultofmedia Corp); *alphr.com* (Dennis) (data available from October 2018 only); *Macworld.com* (IDG); *pcworld.com* (IDG); *techhive.com* (IDG) (data for *techhive.com* are not available for January 2017, July 2017, October 2017, April 2018, or July 2018.); *stuff.tv* (Kelsey); *androidpit.com* (NextPit); *pocket-lint.com* (Pocket-lint Limited); *phonearena.com* (PhoneArena); *slashgear.com* (SlashGear) (data for *slashgear.com* are not available for January 2017, July 2017, or April 2018); *techspot.com* (TechSpot); *techpowerup.com* (TechPowerUp); *venturebeat.com* (VentureBeat) and *recode.net* (Vox Media) (data for *recode.net* are not available for January 2017, April 2018, July 2019 or October 2019).

Publisher ¹⁶¹	Site	Average monthly unique visitors (UK)	Average monthly page views (UK)
IDG	<i>techadvisor.co.uk**</i>	[0-3]%	[0-3]%
M2N	<i>avforums.com</i>	[0-3]%	[5-10]%
Verizon Media	<i>engadget.com</i>	[0-3]%	[0-3]%
Verizon Media	<i>techcrunch.com</i>	[0-3]%	[0-3]%
Vox Media	<i>theverge.com</i>	[5-10]%	[5-10]%
Wright's Media	<i>9to5mac.com</i>	[0-3]%	[0-3]%
Ziff Davis	<i>pcmag.com</i>	[0-3]%	[0-3]%

Source: Parties' data

269. Based on the evidence provided by the Parties, the CMA estimated that, post-Merger, the Parties would have a high combined share of supply:

- (a) by average monthly unique UK visitors of [30-40]% with an increment of [0-10]%; and
- (b) by average monthly UK page views of [40-50]% with an increment of [0-10]%.¹⁶²

270. The next largest competitor is CBS's *Cnet.com*. This supplier is considerably smaller than the merged entity, with [10-20]% and [10-20]% shares of supply based on UK unique visitors and UK page views respectively. Only two other competitors, Condé Nast's *Wired.co.uk* and Vox Media's *theverge.com*, would have a [0-10]% share of supply and would be significantly smaller than the merged entity. All other competitors appear to be small, with shares of 5% or less based on either measure.

271. The Parties submitted that a [0-10]% increment in share of supply should not lead to the CMA finding competition concerns. The CMA notes, however, that in highly concentrated markets even a small increment can give rise to a significant competition concern, particularly where the acquirer already holds a significant market position and there are high barriers to entry and expansion.

272. In addition, the CMA considers that, given the differentiation between technology websites within the frame of reference, 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 technology websites pose a competitive constraint on the Parties.¹⁶³

¹⁶² [Merger Assessment Guidelines](#), September 2010, paragraph 5.3.4

¹⁶³ [Merger Assessment Guidelines](#), September 2010, paragraph 5.3.4

273. Evidence from internal documents and third-party views indicates that the Parties are particularly close competitors with a similar focus on professional reviews of technical products (which differs from the focus of some of the other products within the frame of reference). Therefore, the CMA considers that shares of supply are likely to understate the extent to which the Parties compete with each other.

Closeness of competition

274. In order to assess the closeness of competition between the Parties' overlapping technology websites the CMA assessed:
- (a) Qualitative differences between the technology websites offered by the Parties;
 - (b) The Parties' service offering as a portfolio of websites;
 - (c) The Parties' internal documents;
 - (d) Views of third parties; and
 - (e) Analysis of the Parties' use of web search terms and rankings.

Qualitative differences between service proposition

275. The Parties submitted that their technology websites are not close competitors, and specifically that:
- (a) Future's websites such as *Gizmodo.co.uk* and *LifeHacker.co.uk* have more culture-related content, such as film reviews and lifestyle guides, whereas TI Media's website *Trustedreviews.com*, does not have the same focus.¹⁶⁴
 - (b) Future's *T3.com*, *WhatHifi.com* and *Tomshardware.co.uk* offer more technical reviews, appealing to a narrower audience than that of TI Media's *Trustedreviews.com*,¹⁶⁵
 - (c) Although Future's flagship technology website *Techradar.com* competes closely with TI Media's sole technology website, *Trustedreviews.com*, *Techradar.com* focuses on buying advice, and 'how to' guides, whereas

¹⁶⁴ Consolidated Final Merger Notice, paragraph 5.123.

¹⁶⁵ Consolidated Final Merger Notice, paragraph 5.122.

Trustedreviews.com is simply a website hosting product reviews and is therefore distinguishable from *Techradar.com*.¹⁶⁶

276. The CMA notes that there are differences between *Trustedreviews.com* and some of Future's websites, such as *Gizmodo.co.uk*, *LifeHacker.co.uk*, and *WhatHifi.com*. However, the CMA considers that there are very few differences between Future's *Techradar.com* and *T3.com* when compared to *Trustedreviews.com* which, together, operate in the same specialised segment of the market within the technology website frame of reference.
277. The CMA notes that Future's *Techradar.com*, *T3.com* and TI Media's *Trustedreviews.com* appear very similar in terms of content. All three websites have the same basic functionality, usability and layout. These websites appear to serve a very similar purpose in that they assist the user in selecting which product to purchase.¹⁶⁷
278. The CMA's assessment of the qualitative differences between the websites therefore indicates that some of Future's technology websites compete particularly closely with TI Media's *Trustedreviews.com* (*Techradar.com* and *T3.com*) and others also compete closely (*Gizmodo.co.uk*, *Lifehacker.co.uk*, and others).
279. On the basis of the evidence above, the CMA considers that the Parties offer a similar service, within the differentiated spectrum of service offerings that fall within the frame of reference, and compete particularly closely through *Techradar.com* and *Trustedreviews.com*.
280. In contrast, as described below, in the section on alternative constraints, the CMA considers that some competitor websites listed in Table 14 compete less closely with the Parties' technology websites.

Portfolio offering

281. The CMA considered whether suppliers with a portfolio offering may exert a particularly strong competitive constraint on their rivals. Third parties submitted that suppliers that offer a portfolio of websites may be particularly strong competitors because they operate with significant advantages in their cost base (because of the editorial savings incumbent in a degree of overlap between the content produced for different websites) and because there are commercial advantages, when competing to attract advertising revenues, in being able to offer access to a broader readership base.¹⁶⁸ Future owns 13

¹⁶⁶ Consolidated Final Merger Notice, paragraph 5.123.

¹⁶⁷ For example, 60.5 - TQ42 - TR Survey one-page 201808, 1.31 31 - TR Audience 201808.

¹⁶⁸ Competitor RFI technology websites, [X]

technology websites, whereas the next largest competitor in terms of portfolio offerings, Condé Nast, owns only two technology websites,¹⁶⁹ and all other competitors own fewer technology websites (including CBS, Parties' largest rival owning one).

282. One third party considered that this level of portfolio offering is a concern because of the competitive advantages that may be shared across the portfolio websites and the market power supported by high total aggregated visitor traffic.¹⁷⁰ Future's market strength is also illustrated by the fact that TI Media, through *Trustedreviews.com*, lists five of Future's websites in the list of its top ten most tracked competitors.¹⁷¹
283. The CMA considers that this evidence indicates that having a large portfolio of technology websites represents a material competitive advantage. The CMA therefore considers that Future may hold a particularly strong market position and be a particularly close competitor to its rivals, including TI Media.

Internal documents

284. The documents submitted by Future suggest that [REDACTED]. For example, in one internal document, [REDACTED].¹⁷² In another Future internal document, [REDACTED].¹⁷³
285. TI Media's internal documents also indicate that TI Media's *Trustedreviews.com* competes closely with Future's technology websites. Internal presentations and papers submitted to TI Media's board indicate that *Techradar.com* and *T3.com* are [REDACTED] competitors,¹⁷⁴ and *Trustedreviews.com*'s performance is measured principally against those websites.¹⁷⁵ Even when *Trustedreviews.com* is measured against other websites, *Techradar.com* and *T3.com* appear as the [REDACTED] competitors among five listed, by reference to the number of unique users cited in that document for the 'Tech' category.¹⁷⁶
286. Based on the evidence above, the CMA believes that the Parties' internal documents indicate that the Parties compete closely in the supply of

¹⁶⁹ *Wired.com* and *Wired.co.uk* considered as one.

¹⁷⁰ [REDACTED]

¹⁷¹ Parties' response to RFI4.

¹⁷² Future response to S109 response dated 20 December, document PROD20000408, slide 26, table 2, slide 27.

¹⁷³ Future's response to the CMA's s109 dated 20 December 2019, document PROD20000408 slide 31.

¹⁷⁴ TI Media's response to the CMA's s109 dated 20 December 2019, document 1.34.34, TR v TechRadar.

¹⁷⁵ TI Media's response to the CMA's s109, 1.11 11 - Sapphire Topco - BM- 27 February 2019, 1.13 13 - Sapphire Topco - BM - 25 April 2019.

¹⁷⁶ TI Media's response to the CMA's s109 dated 20 December 2019, document 1.21 21 OGSM December 2019.

technology websites, particularly TI Media's *Trustedreviews.com* and Future's *T3.com* and *Techradar.com*.

Analysis of the Parties' use of web search terms and rankings

287. Advertisers pay for their adverts to be displayed when consumers enter particular keywords or phrases. Determining the relevant keywords and monitoring the performance of these keywords is therefore an important aspect of an online business which generates revenue largely from advertising.¹⁷⁷ The Parties submitted that [REDACTED].¹⁷⁸ Other third parties also told the CMA that significant costs are spent on maximising 'search engine optimisation' (**SEO**), referring to efforts made to improve the ranking of websites on popular search engines in order to increase the amount of visitors or traffic to those websites.¹⁷⁹ The Parties submitted that [REDACTED] and general search is the point at which [REDACTED] competition for a user (and the corresponding advertising revenue) takes place.
288. In light of the role of such search terms, the CMA considered to what extent the Parties' rankings in search results were consistent with the Parties being close competitors.
289. The Parties provided the CMA with data used by Future to track its competitors.¹⁸⁰ This data shows how often the Parties and a set of potential competitors tracked by Future rank highly on 2,853 industry-specific search terms, such as: 'iPhone XR'; 'Fifa 20'; 'Facebook messenger'; and 'Black Friday deals'.
290. The CMA calculated the number of search terms where either Future or TI Media's technology websites ranked highly and another competitor or the other Merging party also ranked highly.¹⁸¹ The CMA considers that two websites both ranking highly on a search term is consistent with them being close substitutes for users and therefore with them being close competitors.
291. The CMA has analysed the frequency with which the Parties' websites both appear in the top nine, the top five and the top three search results of Google's search engine for each of the 2,853 terms tracked by Future.¹⁸² The CMA understands that click-through onto websites drops sharply with Google

¹⁷⁷ The [CMA's online platforms and digital advertising interim report](#).

¹⁷⁸ In response to question 19 of RF11.

¹⁷⁹ Competitor RFI, tech websites, response from [REDACTED], [REDACTED]

¹⁸⁰ Parties' Response to RF14, Annex 48.1.

¹⁸¹ This data included information for Future websites *T3.com*, *TechRadar.com*, *Tomsguide.com*, *Tomshardware.com* and *Whathifi.com*.

¹⁸² The top nine search results represent the first page of organic search results on a Google webpage.

ranking,¹⁸³ so two websites both being in the top three results for a given search term is consistent with close competition.

292. The CMA found that, when *Trustedreviews.com* ranked highly on a search term, the technology website that most commonly also ranked highly was *Techradar.com*. This is consistent with *Techradar.com* representing a close alternative to *Trustedreviews.com*.

293. The CMA found that when *Trustedreviews.com* ranked in the top three for a search term, Future’s websites also ranked in the top three extremely frequently – the total frequency was four times greater than the frequency of all other technology website competitors combined. This is consistent with Future’s technology websites being a particularly close substitute for *Trustedreviews.com*.¹⁸⁴

Table 15 Analysis of instances *Trustedreviews.com* and another Party rank highly on search terms¹⁸⁵

Number of rankings considered	Proportion of high rankings with <i>Techradar.com</i>	Proportion of high rankings with next closest competitor (<i>Expertreviews.com</i>)	Proportion of high rankings with all of Future’s websites	Proportion of high rankings with all third party websites
Top 9	27%	15%	47%	53%
Top 5	42%	20%	62%	38%
Top 3	63%	17%	77%	23%

Source: CMA analysis of search terms based on the data submitted by the Parties

294. The results shown in Table 16 below demonstrate that Future’s websites appear to compete with a wider range of competitors and that, although *Trustedreviews.com* appears to be one of the strongest constraints, there are other constraints on Future’s technology websites. This asymmetric constraint is consistent with Future having a substantially larger share of supply than TI Media due to its portfolio offering and the relative strength of *Techradar.com*.

¹⁸³ For example, see the CMA’s [Online search: Consumer and firm behaviour](#), 7 April 2017.

¹⁸⁴ Outside of Future’s titles the closest competitor on search terms appears to be expertreviews.co.uk. For each of the different indicators considered by the CMA, expertreviews.co.uk is the next closest competitor to *Trustedreview.com* after *Techradar.com*. For each of the different indicators considered by the CMA, expertreviews.co.uk is the next closest competitor to *Trustedreview.com* after *Techradar.com*.

¹⁸⁵ For each column the proportion is based on the number of instances that the Party or Parties named in the column were ranked highly on the same search term as *Trustedreview.com* divided by the total number of instances that *Trustedreviews.com* ranked highly with other titles.

Table 16 Analysis of instances Future technology websites and another Party rank highly on search terms¹⁸⁶

Number of rankings considered	Proportion of high rankings with <i>Trustedreviews.com</i>	Proportion of high rankings with next closest competitor (<i>Expertreviews.co.uk</i>)	Proportion of high rankings with all third party sites
Top 9	19%	18%	81%
Top 5	25%	23%	75%
Top 3	27%	31%	73%

Source: CMA analysis of search term rankings based on the data submitted by the Parties

295. The analysis relies on Future’s internal performance tracking data. The CMA considered whether this might bias the results in favour of search terms where Future performs well. While the CMA considers this to be a possibility, and has taken this into account when considering how much weight should be given to this evidence, it notes that any such effect would not affect the interpretation of the results for *Trustedreviews.com* on Future’s websites, where the analysis still suggests that *Trustedreviews.com* (TI Media) is a close competitor to Future.
296. The data was restricted to 22 technology websites¹⁸⁷ which are tracked by Future. While, in some instances, the closest alternatives would have been websites not tracked by Future, the CMA considers that the fact that they are not tracked by Future suggests that they may not be close substitutes.
297. The CMA notes that the analysis does not take into account paid search results (ie where search engine providers are paid for high search positions) and therefore does not capture the competitive constraint imposed by competitors who pay search engine providers for high search positions. However, the CMA considers that the commercial significance of paid search results may be limited, given that the majority of click-through comes from unpaid search and such advertising appears not to be prevalent in this industry given that neither TI Media or Future use paid advertising for their technology websites. Accordingly, the CMA considers that the analysis provides a meaningful indicator of closeness of competition between the Parties.
298. The Parties submitted that for 75% of the search terms, Future websites appear with other competitors.¹⁸⁸

¹⁸⁶ For each column the proportion is based on the number of instances that the Party or Parties named in the column were ranked highly on the same search term as Future’s technology websites divided by the total number of instances that Future’s technology websites ranked highly with other titles.

¹⁸⁷ Data included five Future websites (*t3.com*, *Techradar.com*, *Tomsguide.com*, *Tomshardware.com*, *Whathifi.com*), *Trustedreviews.com*, and 16 third parties. Eight of the 16 third party competitors tracked were identified in the shares of supply, additionally it included eight not included in the share of supply table.

¹⁸⁸ Issues Meeting, 24 February 2020, slide 37.

299. The CMA's analysis identifies some competitive constraints on the Parties technology websites such as *Expertreviews.co.uk*, however, these third party competitors are less frequently highly ranking than *Trustedreviews.com* is when the Future sites rank highly, this is particularly the case when considering the top three search term rankings, where the constraint imposed on the Future's sites is likely to be higher.
300. The Parties also submitted that the CMA compared all of Future's websites against *Trustedreviews.com*, and therefore did not take into account fact that the Future portfolio is not homogenous. The Parties submitted that, since each Future technology website will compete with *Trustedreviews.com* for different search terms, an assessment which amalgamates the Future portfolio understates the competitive constraints *Trustedreviews.com* faces from other technology websites.
301. The CMA notes that its analysis also considers the constraint imposed on *Trustedreviews.com* solely by *Techradar.com*, where it has found that *Techradar.com* is *Trustedreviews.com*'s closest competitor excluding the all other Future technology websites.
302. In light of the above, the CMA considers that search term rankings are a relevant indicator of competitive strength that is tracked by the Parties, and that the Parties' high ranking for a large number of the same search terms is consistent with the Parties competing closely for user traffic.

Third party views

Third party evidence received by the CMA as part of its investigation consistently showed that TI Media's *Trustedreviews.com* and Future's *TechRadar.com* are close competitors. One third party stated that the Parties are each other's closest competitor and another referred to the Parties' 'very similar' service proposition, similar target reader demographic and similar advertiser base. More generally, third parties also highlighted the closeness of competition between TI Media's *Trustedreviews.com* and Future's *Techradar.com*, *T3.com*, *Tomsguide.com* and *Tomshardware.co.uk*.

Conclusion on closeness of competition

303. On the basis of the evidence above, the CMA considers that the Parties' technology websites compete closely. In particular, the evidence from internal documents, the CMA's analysis of search terms and ranking, and third-party views indicates that Future's *T3.com* and *Techradar.com* compete very closely with TI Media's *Trustedreviews.com*.

Competitive constraints

304. The Parties submitted that both *Techradar.com* and *Trustedreviews.com* face significant competition from other websites. The Parties submitted that:
- (a) Future’s websites such as *Techradar.com*, *LifeHacker.com*, *Gizmodo.com* and *T3.com* often have content that goes wider than reviews and so compete closely with *Cnet.com* and *Theverge.com*;
 - (b) TI Media’s *Trustedreviews.com* also competes closely with other product review sites such as *Which?*, which are not necessarily limited to technology products;¹⁸⁹ and
 - (c) *Techradar.com* competes with IDG’s *Techadvisor.com* more closely than with *Trustedreviews.com*, and *Trustedreviews.com* competes closely with Dennis’ *Expertreviews.co.uk*.¹⁹⁰
305. The Parties submitted that both of their respective technology websites track many competitors and each of the Parties’ websites appeared in the other’s list of commonly tracked websites with Future websites making up half of the websites that TI Media’s *Trustedreviews.com* tracks.

Internal documents

306. Assessed in the round, the Parties’ internal documents indicate [REDACTED]. In particular, [REDACTED].¹⁹¹ Internal documents also indicate that [REDACTED] as the same documents indicate that Future’s portfolio websites are “[REDACTED]”.¹⁹²

Third party views

307. Third parties indicated that *Cnet.com* (CBS), *Expertreviews.com* (Dennis) compete with (Future’s) *Techradar.com* and (TI Media’s) *Trustedreviews.com* to a varying degree but not very closely
308. One technology website provider stated that it was not a close rival to the Parties because its own websites concentrate on a different demographic in terms of readers and focus on high-end advertising and because its e-commerce offering is differentiated from the Parties. This indicates that the

¹⁸⁹ Consolidated Final Merger Notice, paragraph 5.125 (C).

¹⁹⁰ Consolidated Final Merger Notice, paragraph 5.125 (A).

¹⁹¹ Future’s response to the CMA’s s109 dated 20 December 2019, PROD20000408, slides 26, 27, 31 and 32.

¹⁹² Consolidated Final Merger Notice, Annex 08.1.03 Tech FY19 Q3 QBR.

competitive constraint posed by this competitor may be lower than its market shares would otherwise imply.¹⁹³

Conclusion on horizontal unilateral effects in supply of technology websites

309. Based on the evidence described above, the CMA found that:
- (a) the Parties hold a strong position in the supply of technology websites in the UK, holding a combined share of supply of [40-50]%, and a material increment (of [0-10]%) is brought by the Merger;
 - (b) Future, thanks to its existing large portfolio of technology websites (which is far larger than any other competitor), appears to hold a particularly strong market position at present;
 - (c) the Parties are close competitors, with Future likely to be TI Media's closest competitor focusing on professional reviews of technology products; and
 - (d) while the Parties would face some constraint from alternative suppliers post-Merger, such as *Cnet.com* and, to a lesser, extent *Wired.com*, this constraint is likely to be limited (because of the size of these competitors and differences in reader and advertiser demographic), and the remaining fringe of suppliers would not be sufficient to constrain the merged entity.
310. Accordingly, the CMA believes that the Merger raises significant competition concerns as a result of horizontal unilateral effects in relation to the supply of technology websites in the UK.

Vertical effects in magazine distribution

311. Vertical effects may arise when a merger involves firms at different levels of the supply chain, for example a merger between an upstream supplier and a downstream distributor. Vertical mergers can be competitively benign or even efficiency-enhancing, but in certain circumstances can weaken rivalry, for example when they result in the foreclosure of the merged firm's competitors. The CMA only regards such foreclosure to be anticompetitive where it results in an SLC in the foreclosed market(s), not merely where it disadvantages one or more competitors.¹⁹⁴

¹⁹³ [redacted]

¹⁹⁴ See section 5.6 of the [Merger Assessment Guidelines](#). In relation to this theory of harm 'foreclosure' means either foreclosure of a rival or to substantially competitively weaken a rival.

312. TI Media is active at both the upstream market for magazine publishing and the downstream market for magazine distribution (through its wholly-owned subsidiary, Marketforce). Marketforce distributes magazines in the UK for both TI Media, and other magazine publishers, including Future.
313. The CMA has assessed a vertical theory of harm in relation to the potential foreclosure by the merged entity of rival upstream magazine publishers, through refusing to supply or worsening the terms on which Marketforce provides magazine distribution services.
314. The CMA has considered whether the Merger will give the merged entity the ability and incentive to engage in a strategy of foreclosure of rival magazine publishers by increasing the cost of distributing their magazine titles, decreasing the level of service provided to them or by refusing to supply distribution services to them. If this could cause rival magazine publishers to increase price, reduce quality or, in the extreme, cease distributing their titles, readers, retailers and wholesalers might switch to the merged entity's own magazine titles.¹⁹⁵
315. The CMA's approach to assessing vertical theories of harm is to analyse:
- (a) The ability of the merged entity to foreclose competitors;
 - (b) The incentive of it to do so; and
 - (c) The overall effect of the strategy on competition.¹⁹⁶
316. The CMA discusses each of these aspects below.

Ability

317. The CMA considered whether the merged entity would have the ability to foreclose rival publishers by worsening the terms offered to them by Marketforce, or refusing to supply them entirely.
318. The Parties submitted¹⁹⁷ that they would not have the ability to foreclose rival publishers post-Merger for the following reasons:
- (a) Marketforce is a separate legal and commercial entity and will continue to operate as such post-Merger;

¹⁹⁵ [Merger Assessment Guidelines](#), paragraph 5.6.13.

¹⁹⁶ [Merger Assessment Guidelines](#), paragraph 5.6.6.

¹⁹⁷ Consolidated Final Merger Notice, paragraph 19.6 (A).

- (b) Marketforce operates in a market with significant competitive constraints from other distributors (namely Frontline Group);
- (c) Publishers would have other options, including digital-only distribution and operating their own vertically integrated distributor; and
- (d) Distribution costs form only a small proportion of the overall costs in the supply chain.

CMA's assessment

319. To assess if Marketforce would have the ability to foreclose the Parties' rival magazine publishers, the CMA considered:

- (a) Whether distribution is an important component of a publisher's supply-chain; and
- (b) Whether rival publishers would be able to avoid foreclosure by switching to another distributor, self-supplying or switching to digital distribution.

Whether distribution is an important component of a publisher's supply chain

320. Third parties told the CMA that distribution services were an important part of the supply chain. A number of magazine publishers [REDACTED].¹⁹⁸ These publishers cited several key functions performed by a distributor, including having complex systems for managing sales and logistics, trade expertise, promotional support and maintaining relations with retailers. Publishers also told the CMA that the service provided by distributors is bespoke to their requirements. One third party informed the CMA that, [REDACTED].¹⁹⁹

321. The Parties submitted that distribution only forms a small proportion of the overall costs of publishing, with a title typically accounting for [REDACTED]% of the cover price of a magazine.²⁰⁰ Consistent with the breakdown provided above, an analysis based on the cover price understates the importance of distribution costs for publishers (which typically only receive a proportion of that cover price). Furthermore, third parties told the CMA that distribution services are vital to the ability of publishers to reach newsstand readers (with wholesalers having considerable leverage over publishers in practice), and therefore that these services have more commercial significance than might be reflected in a bare analysis of the proportion of a publishers' costs that they

¹⁹⁸ Marketforce Customers RFI - [REDACTED], [REDACTED], [REDACTED] and [REDACTED] response to questionnaire Question 6.

¹⁹⁹ [REDACTED].

²⁰⁰ Consolidated Final Merger Notice paragraph 19.6.

represent. On this basis, the available evidence is consistent with the position that distribution services are an important input for magazine publishers.

Whether rival publishers would be able to avoid foreclosure by switching to another distributor

Alternative distributors

322. The market for magazine distribution in the UK is a highly concentrated market with the two largest distributors making up over [X]% of the market.²⁰¹ Marketforce has a [X]% share of supply by value, whereas Frontline Group, which operates two distribution companies, Seymour and Frontline, has a [X]% share of supply²⁰² by the same measure.²⁰³
323. The CMA considered whether the ability to switch to Frontline Group may prevent a foreclosure strategy from being successful. In the context of Marketforce and Frontline constituting [X]% of the market, the CMA considers that Frontline and Marketforce are likely to be important competitive constraints on each other. To the extent the merged entity worsens the terms that Marketforce offers to publishers, this may allow Frontline to raise its own prices or otherwise worsen the terms they charge to non-integrated rival publishers.²⁰⁴ [X]
324. Given the small number of alternative distributors, the CMA found that, for publishers seeking to avoid higher prices or a worsening offer from Marketforce, the options for switching to an alternative distributor to be limited.²⁰⁵

Self-supply

325. The CMA notes that magazine distributors in the UK are owned by publishers. The CMA therefore considered whether it would be possible for other publishers to distribute their own titles by conducting their distribution services in-house.

²⁰¹ Consolidated Final Merger Notice paragraph 19.6.

²⁰² [X]

²⁰³ Consolidated Final Merger Notice, paragraph 23.1, table 3.

²⁰⁴ Where there is only one alternative to the merged entity, the ability to switch to an alternative may not act as an effective counter strategy to limit the ability of the merged entity to impose an effective price increase on the downstream rival, to the extent the alternative distributor is aware that it would be the residual monopolist for the downstream rival in the event it is foreclosed.

²⁰⁵ The CMA considered whether capacity constraints could further restrict the availability of alternatives to Marketforce. However, [X] (Note of call [X]). In addition, Marketforce also confirmed that it has no capacity constraints, Marketforce Capacity Memo of 25.2.2020.

326. The CMA notes that there has been no entry by publishers in the last three years, and that one distributor exited the market in 2017. [REDACTED]. One third party told the CMA that a significant amount of infrastructure is needed in order to operate a distribution service.²⁰⁶ [REDACTED].²⁰⁷ One third party, however, [REDACTED].²⁰⁸ The CMA therefore does not consider self-supply to be a realistic option for most rival publishers.

Digital distribution

327. The CMA found limited evidence that switching to digital-only distribution was a viable option for publishers. [REDACTED]. In addition, the Parties told the CMA that moving to a digital-only distribution model is not common and that it is not a credible alternative [REDACTED].²⁰⁹ The CMA therefore does not consider digital distribution to be a realistic option for rival publishers.

Conclusion on ability

328. The CMA considers that distribution services are an important part of the supply chain, and for many publishers this service is important for their print magazines. Moreover, based on the evidence above, the CMA considers that rival publishers would have limited ability to counter a foreclosure strategy by switching to another distributor or to an alternative distribution channel. The CMA has found that the market for magazine distribution in the UK is highly concentrated, and self-supply or switching to digital only content are not viable options for most publishers. Therefore, the CMA considers that there would be limited options available to publishers seeking to avoid higher prices or a worsening offer from Marketforce post-Merger. The CMA therefore believes that the merged entity would have the ability to foreclose rival publishers.

Incentive

329. When assessing whether the Parties would have the incentive to adopt a foreclosure strategy, the CMA considered whether it is likely that the gains made from customers diverting to the Parties' magazine titles would outweigh the cost of losing distribution business from third party publishers.

330. The Parties submitted that they would not have the incentive to foreclose rival publishers.²¹⁰ In particular, they submitted that TI Media and Future do not

²⁰⁶ [REDACTED]

²⁰⁷ Marketforce Customers RFI - [REDACTED], [REDACTED], [REDACTED] and [REDACTED] response to questionnaire Question 7G.

²⁰⁸ [REDACTED].

²⁰⁹ Parties' response to RFI1 dated 29 November 2019, Consolidated Merger Notice paragraph 19.36.

²¹⁰ Consolidated Final Merger Notice, paragraph 19.6 (B).

represent a large proportion of Marketforce's business, accounting for only [30-40] % of Marketforce's total revenue in 2018, making it unlikely that the forgone profits in distribution could be recaptured through increased publisher sales. In addition, the Parties submitted that Marketforce [X] and [X], such that it is tasked to [X]. Parties also submitted that Marketforce does [X].

The CMA's assessment

331. The CMA considered whether, post-Merger, the merged entity would have the incentive to foreclose rival publishers either by increasing the price charged to rival publishers, by reducing the quality of service offered or by ceasing to distribute their titles. The CMA considers that such incentive would arise if the profits gained from customers of rival publishers switching to purchasing the Merged Entity's magazines, outweighed the lost profits suffered by the distributor with respect to those publishers that would switch away from using the merged entity as its distributor.
332. The CMA notes that there are some material overlaps between Future's titles and those of rival publishers currently using Marketforce as a distributor. Therefore, there is, in theory, some potential for there to be material gains from implementing a foreclosure strategy against Future's rival publishers. However, implementing a foreclosure strategy would result in some lost profits at the distributor level. The following paragraphs set out the steps the CMA took to assess whether these costs would outweigh the benefits.
333. First, the CMA considered evidence on whether TI Media was implementing a foreclosure strategy pre-merger. For the reasons set out below, the evidence indicates that, for categories where an overlap currently exists, the costs of carrying out a foreclosure strategy currently outweigh the benefits.
334. Second, the CMA carried out a comparison between: (i) the new or expanded²¹¹ overlaps between the merged entity and rival publishers that use Marketforce for distribution; and (ii) the pre-existing overlaps between TI Media and rival publishers that use Marketforce for distribution, in terms of whether they were more or less prone to greater benefits from foreclosure and smaller costs of foreclosure.
335. In light of the CMA's finding that the costs of carrying out a foreclosure strategy currently outweigh the benefits, the CMA in particular focused on whether the new or expanded overlaps were *more* or *less* prone to

²¹¹ In some instances, Future and TI Media both currently overlap with a rival publisher that uses Marketforce as its distributor, therefore the overlap would be expanded to be a more significant overlap than the pre-existing overlap between TI Media and those rival publishers.

foreclosure than the pre-existing overlaps, rather than investigating the precise gains and losses from foreclosure.

336. To consider whether the new or expanded overlaps were more or less prone to the merged entity having an incentive to foreclose, the CMA considered the size of competitors and the size of the merged entity in every category which TI Media or Future are currently present.
337. The CMA also sought views of rival publishers, including those active in the magazine categories where the Parties overlap.

Evidence of pre-Merger conduct

338. The CMA assessed whether Marketforce provides any discriminatory or worsened commercial terms to publishers that compete closely with TI Media in any of the magazine categories, as compared to those publishers that are not TI Media's competitors. In assessing pre-existing foreclosure, the CMA assessed:
- (a) Analysis of discounts provided by Marketforce to some publishers;²¹²
 - (b) Analysis of sales and EBIT²¹³ margins Marketforce achieves from all of its publishers;
 - (c) Internal documents; and
 - (d) Third party views.

Discounts and margins

339. The Parties submitted that Marketforce has negotiated discounts with wholesalers [REDACTED]. The Parties submitted that the [REDACTED] is determined by [REDACTED], as some types have historically attracted [REDACTED].²¹⁴
340. The CMA analysed these discounts to assess whether larger discounts have been negotiated for publishers not active in the same categories as TI Media's titles, relative to those that had titles in the same categories.
341. The CMA found that, [REDACTED]. The CMA found that discounts were [REDACTED] distributed by Marketforce.

²¹² The CMA has used shares of supply in ABC categories to assess which publishers competed in the same categories.

²¹³ Earnings before interest and tax.

²¹⁴ Consolidated Final Merger Notice, paragraph 19.74.

342. The CMA also analysed sales margins and EBIT margins earned by Marketforce on all of the [50-70] third party publishers that Marketforce distributes for. Although the CMA found considerable variation in margin between publishers, the CMA did not find any indication that Marketforce earns higher margins from publishers that were active in categories where TI Media is a larger competitor (and therefore more likely to recapture lost sales from rivals), compared to publishers that are not.²¹⁵
343. There was therefore no evidence from this review of discounts, sales margin and EBIT margins that TI Media (through Marketforce) was using volume discounts, charging higher prices or reducing quality as a tool to weaken strategically rival publishers.

Internal documents

344. The CMA did not identify any internal documents of the Parties that suggested that a foreclosure strategy was considered or pursued.

Third party views

345. Overall, third party publishers did not express any specific concerns regarding foreclosure from vertically integrated distributors. However, a number of publishers raised general concerns that the distributor market is concentrated.²¹⁶

Conclusion on the existence of pre-Merger conduct

346. For the reasons set out above, the CMA considers that the available evidence indicates that the costs of carrying out a foreclosure strategy currently outweigh the benefits for TI Media.

Impact of the addition of Future's magazine titles on the incentive to foreclose

347. The CMA assessed whether the addition of Future's magazine titles to the merged entity's magazine portfolio may result in the merged entity having an increased incentive to implement a foreclosure strategy.
348. To assess whether the Merger may change the merged entity's incentives to engage in a foreclosure strategy, the CMA analysed: (i) sales data on Future, TI Media and all of Marketforce's publishers' titles; and (ii) the extent to which the merged entity would overlap in various categories with third party

²¹⁵ This includes [REDACTED]

²¹⁶ Calls with [REDACTED] [REDACTED]

publishers. The CMA considered, in particular, the extent to which overlap between the merged entity and rivals that could potentially be foreclosed, differed from the pre-Merger scenario (where the CMA did not find evidence of similar pre-Merger conduct).

349. The CMA conducted its analysis on a title-by-title basis and found that there were no titles for which the incentive to foreclose a rival was greater than the incentive that existed pre-Merger.²¹⁷ Furthermore, adopting a foreclosure strategy on a title-by-title basis would require Marketforce to adjust its business model to vary price and/or service quality at a title level (which would likely introduce additional complexity, and therefore cost, not included in the CMA's analysis).
350. The CMA also considers that the above analysis of competitive overlaps is consistent with other factors regarding TI Media and Future's businesses that indicate that the Merger would be unlikely to incentivise foreclosure. In particular:
- (a) The majority of third-party publishers using Marketforce as a distributor did not overlap with either TI Media or Future in any categories, therefore any foreclosure strategy would exclude all of these publishers.
 - (b) Overall, third party publishers did not express any specific concerns regarding foreclosure from vertically integrated distributors.²¹⁸
351. Based on this evidence, the CMA considers that the potential gain from engaging in a foreclosure strategy (by selling more of its own magazine titles as a result of restricting access to distribution to a rival publisher) is outweighed by the loss the merged entity would face by losing profits at the distributor level. The CMA therefore believes that the Merger would not lead to an incentive for the merged entity to foreclose rival publishers.

Effect

352. On the basis that the CMA has not found that the Merger would lead to an incentive to foreclose rival publishers, the CMA has not assessed the effect of foreclosure.

²¹⁷ This analysis has been conducted by comparing the categories in which TI Media and publishers that use Marketforce overlap the most pre-merger (where the gains from magazine customers would be closest to outweighing the losses from publishers switching away from using Marketforce), with the categories where the merged entity would have the most overlaps with these same customers.

²¹⁸ Albeit, a number of publishers raised general concerns that the distributor market is concentrated.

Conclusion on vertical effects

353. For the reasons set out above, the CMA believes that the merged entity may have the ability to foreclose rival publishers by increasing prices for magazine distribution, reducing quality or refusing to supply the services provided by Marketforce. However, the CMA found that the Merger does not give rise to an incentive for the merged entity to foreclose rival publishers because the potential gain from engaging in a foreclosure strategy is outweighed by the loss the merged entity would face by losing profits at the distributor level. The CMA found that the addition of Future's magazine titles would not increase the incentive for the merged entity to foreclose rival publishers and found no evidence of pre-Merger foreclosure.
354. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC magazine publishing as a result of vertical effects in relation to the supply of magazine distribution services in the UK.

Barriers to entry and expansion

355. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.²¹⁹ In terms of timelines, the CMA will look for entry to have a significant impact on competition within two years.²²⁰
356. The Parties submitted that:
- (a) Barriers to entry to supply specialist content magazines and technology websites are low, with marketing costs the biggest barrier to entry into new markets, which the Parties submitted are relatively low as these would typically not exceed £30,000;²²¹
 - (b) Low barriers to entry are evidenced by the regular opening and closing of magazine titles; and
 - (c) Barriers to entry are particularly low for existing publishers looking to diversify into different categories.
357. To be considered a competitive constraint, entry or expansion should be of sufficient scope to deter or defeat any attempt by the merged firm to exploit

²¹⁹ [Merger Assessment Guidelines \(OFT1254/CC2\)](#), from paragraph 5.8.1.

²²⁰ [Merger Assessment Guidelines \(OFT1254/CC2\)](#), from paragraph 5.8.11.

²²¹ Consolidated Final Merger Notice paragraphs 6.1 et seq.

any lessening of competition resulting from the merger. Small-scale entry by a producer of differentiated goods may be insufficient, even when the entry may be the basis for later expansion.²²²

358. While publishers may launch titles generally, the Parties' own submission recognises that launched titles are often unsuccessful and ultimately closed, noting the sector's decline as a barrier to entry and expansion.²²³ While the Parties referred to online entry by *Copa90.com* and *Goal.com* in Football, the CMA notes that these are online-only offerings which offer a qualitatively different product than the Parties' magazine. The CMA did not receive any evidence showing recent successful entry in the supply of Photography and Football magazines. Further, the evidence the CMA received for the overlapping magazine categories shows a clear declining trend, which would tend to make entry unattractive for prospective competitors.
359. Regarding technology websites, the Parties also submitted that barriers to entry and expansion are minimal.²²⁴ However:
- (a) The CMA did not receive evidence of meaningful entry in the recent five years;
 - (b) The technology website business model appears to depend highly on marketing via optimising search engine terms, which is costly and considered as sunk costs;
 - (c) Trust and brand awareness are often tracked and mentioned as an important parameter;²²⁵
 - (d) One third party²²⁶ confirmed that there were no recent entries that it was aware of that were able to scale; and
 - (e) A number of third parties noted high (and increasing) entry and expansion barriers, including: (i) Future's presence within the market due to the large number of websites and their total aggregated traffic, revenues and profitability across their portfolio; (ii) risks of achieving a return on investment; and (iii) considerable costs of expansion, relating to the

²²² [Merger Assessment Guidelines \(OFT1254/CC2\)](#), paragraph 5.8.10.

²²³ Issues Meeting 24 February 2020.

²²⁴ Consolidated Final Merger Notice, paragraph 28.1.

²²⁵ Parties' response to the CMA's RFI dated 17 December 2019 (**RFI4**), Annex 60.5 - TQ42 - TR Survey one-page 201808, 1.31 31 - TR Audience 201808 (TI Media).

²²⁶ [REDACTED]

required preparation time, significant investment in staffing, advertising and marketing.²²⁷

360. For the reasons set out above, the CMA believes that entry or expansion would not be timely, likely and sufficient to prevent a realistic prospect of an SLC as a result of the Merger.

Third party views

361. The CMA contacted retailers, distributors, advertisers and competitors of the Parties.
362. To the extent relevant, third party responses have been taken into account in the competitive assessment above.

Conclusion on substantial lessening of competition

363. Based on the evidence set out above, the CMA believes that it is or may be the case that the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in relation to:
- (a) the supply of Football magazines in the UK;
 - (b) the supply of Photography magazines in the UK; and
 - (c) the supply of technology websites in the UK.

Exceptions to the duty to refer

364. Where the CMA's duty to refer is engaged, the CMA may, pursuant to section 33(2)(a) of the Act, decide not to refer the merger under investigation for a phase 2 investigation on the basis that the market(s) concerned is/are not of sufficient importance to justify the making of a reference (the **de minimis exception**).
365. Where the annual value in the UK, in aggregate, of the market(s) concerned is between £5 million and £15 million, the CMA will consider whether the expected customer harm resulting from the merger is materially greater than the average public cost of a phase 2 reference.

²²⁷ Competitor RFI, tech websites, [REDACTED]

366. The Parties' submitted that the magazine markets considered by the CMA are, on an individual basis, *de minimis*.²²⁸
367. However, the aggregate value of the markets concerned is in excess of £15 million. For completeness, the CMA considers that, in this case, clear-cut undertakings in lieu are in principle available as the Parties can divest the stand-alone businesses relating to magazine publications and technology websites to an independent third-party purchaser, thus allowing the Merger to proceed albeit in a modified form.
368. The CMA will therefore not apply the *de minimis* exemption, in accordance with its Guidance.²²⁹

Decision

369. Consequently, the CMA believes that it is or may be the case that (i) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and (ii) the creation of that situation may be expected to result in an SLC within a market or markets in the United Kingdom.
370. The CMA therefore believes that it is under a duty to refer under section 33(1) of the Act. However, the duty to refer is not exercised whilst the CMA is considering whether to accept undertakings under section 73 of the Act instead of making such a reference.²³⁰ The Parties have until 23 March 2020²³¹ to offer an undertaking to the CMA.²³² The CMA will refer the Merger for a phase 2 investigation²³³ if the Parties do not offer an undertaking by this date; if the Parties indicate before this date that they do not wish to offer an undertaking; or if the CMA decides²³⁴ by 30 March 2020 that there are no reasonable grounds for believing that it might accept the undertaking offered by the Parties, or a modified version of it.

Colin Raftery Senior Director

²²⁸ Issues meeting, 24 February 2020. Specifically, the Parties submitted that the value of the Football magazine is £3.4 million and the value of the Photography magazine market is £7 million. For technology websites, *techradar.co.uk* alone generates approximately £18 million in the UK.

²²⁹ [Mergers: Exceptions to the duty to refer](#) (CMA64).

²³⁰ Section 33(3)(b) of the Act.

²³¹ Section 73A(1) of the Act.

²³² Section 73(2) of the Act.

²³³ Sections 33(1) and 34ZA(2) of the Act.

²³⁴ Section 73A(2) of the Act.

Annex 1: Comments on the survey evidence

The Readers' Survey

371. The CMA conducted an online survey of subscribers to the print and digital editions of the Parties' magazines. Questionnaires were sent to subscribers of 12 Future magazines and 13 TI Media magazines. For four Future titles and 13 TI Media titles, the CMA received more than 100 responses, and of those 12 had a response rate of higher than 5%. In other cases, responses ranged between one and 64.
372. Respondents were asked what they would have done if the magazines to which they currently subscribe had ceased publication. The options were:
- (a) I would have bought, or taken out a paid subscription to, another magazine
 - (b) I would have used an online source of similar content
 - (c) I would have done something else instead
 - (d) I would not have done anything else instead
 - (e) Don't know
373. Depending on the answer to this question, respondents were then asked which other magazine they would have purchased, which online source they would have used, or what other action they would have chosen. In the case of alternative magazines, some titles were listed as possible options, but respondents were free to indicate any other titles. The choice of listed titles was based on the Parties' submission and the CMA's initial understanding of competition in each genre.
374. If the respondents answered that they would have used an online course, the following question asked them to specify the type of online source, and the options given were:
- (a) Blog
 - (b) Social media
 - (c) Website
 - (d) Another type of online source
 - (e) Don't know

375. In analysing the responses and computing diversion ratios, the CMA excluded respondents answering ‘don’t know’ to the questions at paragraph 372 above, but included all respondents who would have chosen an online source or that would not have done anything. The individual responses were analysed for the respondents who stated they would have done something else instead, and then categorised into either points (a), (b), (d) or (e) in paragraph 372 above, leaving no individuals left in option (c). The same principle was applied to the respondents who stated they would have used an online source, and then picked option (d) in paragraph 374 above.

(a) Including diversion to online sources ensured that the constraint imposed by online sources is taken into account, even if these are not considered part of the same market.

(b) While some of the respondents who would not have done anything else might be inframarginal customers, who would not switch in response to a small increase in price or decrease in quality, the CMA considered that the proportion of respondents choosing this answer could provide an insight into the closeness of competition between a magazine and other titles in the same genre and online alternatives.

376. As with any customer survey, this survey has some limitations. In particular, the sample population only included subscribers, which constitute between [X]% and [X]% of the Parties’ magazine readership and between [X]% and [X]% of the corresponding sales revenues. However, the CMA considers that the survey provides a good source of evidence on customer diversion and has used it in its assessment, in combination with internal documents and third party evidence.

377. The CMA has taken into account that subscribers’ diversion preferences may be different from those of customers purchasing magazines at newsstands. Therefore, in the case of magazines for which subscribers account for a small proportion of sales revenue, the estimated diversion should be considered with care when drawing conclusions on the Parties’ post-Merger incentives.

378. The CMA calculated GUPPI for each title for which it placed greater weight on the Readers’ Survey diversion estimate²³⁵ by combining the diversion ratios,

²³⁵ The criteria under which the CMA has placed greater weight on the reader’s survey diversion estimates is explained in the ‘Readers’ Survey and GUPPI’ section of the Decision.

margin information and the price ratio.^{236,237} Additionally, the CMA calculated a sensitivity assuming equal prices.²³⁸ The results are set out at Annex 2.

²³⁶ This involved making a weighted average price from the four different prices provided by the Parties (print singles, print subscriptions, digital singles and digital subscriptions) using proportion of revenue. Where the Parties had more than one title competing in any given category, a weighted average price ratio was created based on the Readers' Survey diversion to other Party figures.

²³⁷ The following formula is an index of the incentive to increase price (or otherwise worsen the offering) of Future's magazine titles that overlaps with a TI Media magazine title. For the reverse case (price rises of a TI Media title) the CMA used an analogous formula. $GUPPI_{FT} = [diversion\ from\ Future's\ title\ to\ TI\ Media's\ titles] * [TI\ Media\ margin] * [ratio\ TI\ Media's\ price\ to\ Future's\ price]$.

²³⁸ See further the 'Readers' Survey and GUPPI' section of the Decision.

Annex 2: Table with summary on Readers' Survey

	Title	Respondent number	Diversion to other party	Diversion to third party	Diversion to online	Diversion to "doing nothing"	Sensitivity check assuming equal prices	GUPPI	Reliability
Shooting									
Future	Airgun Shooter	36	0/23	12/23	5/23	4/23	N/A	N/A	Partial
	Clay Shooting	26	2/21	7/21	4/21	5/21	N/A	N/A	Partial
	Sporting Rifle	12	N/A	N/A	N/A	N/A	N/A	N/A	None
TI Media	Shooting Times and Country Magazine	242	1.1%	24%	9.0%	66%	0.4	0.2	Greater
	Sporting Gun	185	11%	53%	6.9%	29%	3.9	4.7	Greater
	The Shooting Gazette	131	6.2%	9.3%	9.4%	75%	2.2	2.1	Greater
Home Interest									
Future	Period Living	63	11/42	10/42	3/42	14/42	N/A	N/A	Partial
	Real Homes	19	N/A	N/A	N/A	N/A	N/A	N/A	None
TI Media	25 Beautiful Homes	144	3.0%	21%	8.0%	68%	N/A	N/A	Partial
	Country Homes & Interiors	208	6.2%	34%	4.3%	55%	2.2	2.3	Greater
	Homes & Gardens	112	N/A	N/A	N/A	N/A	N/A	N/A	None
	Ideal Home	252	N/A	N/A	N/A	N/A	N/A	N/A	None
	Living etc.	130	0%	39%	20%	41%	N/A	N/A	Partial
	Style at Home	193	1.8%	53%	3.0%	42%	0.6	1.3	Greater
Cycling									
Future	ProCycling	64	4/53	11/53	12/53	15/53	N/A	N/A	Partial
TI Media	Cycling Weekly	311	3.9%	37%	26%	34%	1.4	0.6	Greater
Football									
Future	FourFourTwo	111	N/A	N/A	N/A	N/A	N/A	N/A	None
TI Media	World Soccer	450	9.8%	9.0%	22%	59%	3.4	3.3	Greater

		Photography							
Future	Digital Camera	125	6.6%	43%	15%	36%	2.5	5.2	Greater
	Digital Photographer	27	2/21	4/21	2/21	6/21	N/A	N/A	Partial
	N-Photo	119	10%	17%	20%	53%	3.7	8.1	Greater
	Photo Plus	133	5.4%	29%	22%	44%	2	4.5	Greater
	Photography Week	1	N/A	N/A	N/A	N/A	N/A	N/A	None
TI Media	Amateur Photographer	218	9.8%	24%	20%	47%	3.4	1.4	Greater

Source: CMA analysis