Anticipated acquisition by Outbrain Inc. of Teads S.A. and the acquisition by Altice Teads S.A. of a minority shareholding in Outbrain Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/7117/24

The Competition and Markets Authority's decision on relevant merger situation and substantial lessening of competition under section 33(1) of the Enterprise Act 2002 given on 31 January 2025. Full text of the decision published on 11 March 2025.

The Competition and Markets Authority (**CMA**) has excluded from this published version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✂]. Some numbers have been replaced by a range, which are shown in square brackets.

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SUMMARY

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the anticipated acquisition by Outbrain Inc. (**Outbrain**) of Teads S.A. (**Teads**), and the acquisition by Altice Teads S.A. (**Altice Teads**) of a minority shareholding in Outbrain, does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects or conglomerate effects.

2. The CMA refers to this acquisition as the **Merger**. Outbrain, Teads and Altice Teads are together referred to as the **Parties** and, for statements relating to the future, Outbrain and Teads are referred to as the **Merged Entity**.

Who are the businesses and what products/services do they provide?

3. Outbrain is a digital advertising intermediary that provides advertising platform services to publishers, enabling publishers to display ads on their webpages. Outbrain does so primarily in relation to content recommendation ads, a type of advertising format which is displayed alongside publishers' editorial content, and identifies other content that a website user may be interested in reading, often based on personalisation algorithms.

4. Teads is a digital advertising intermediary which specialises in outstream video ads used primarily for brand advertising. Outstream video advertising is an independent video advertising unit that plays within an article page, feed or any other location on the site, outside of any existing video player. Teads was acquired in 2017 by Altice, a telecommunications and mass media company, and is a wholly owned subsidiary of Altice Teads.

5. The Parties overlap in the supply of outstream video advertising platform services to publishers in the UK, as Outbrain also supplies an outstream video format through its Onyx brand.

Why did the CMA review this merger?

6. The CMA believes that it is or may be the case that each of Outbrain, Teads and Altice Teads is an enterprise that will cease to be distinct as a result of the Merger, and that the turnover test as applicable to this Merger is met.

7. As a result of the Merger, Outbrain will acquire a controlling interest in Teads and Altice Teads will be able to materially influence the Merged Entity's policy and strategic decisions through a minority shareholding and board representation in

Outbrain. The combined UK turnover of Outbrain and Teads exceeded £70 million in 2023.

What evidence has the CMA looked at?

8. In assessing this Merger, the CMA considered a wide range of evidence in the round.

9. The CMA received several submissions and responses to information requests from the Parties. This includes information about the nature of the Parties' businesses, their market shares, their competitors and their business plans in relation to outstream video and content recommendation in particular.

10. The CMA also examined the Parties' internal documents, which show eg how they run their business and how they view their rivals in the ordinary course of business. These internal documents were also helpful in understanding the Parties' plans for the future of their business.

11. The CMA spoke to and gathered evidence from other companies and organisations to understand better the competitive landscape and get their views on the impact of the Merger on competition.

What did the evidence tell the CMA…

…about the effects on competition of the Merger?

12. The CMA looked at whether the Merger would lead to an SLC as a result of:

    (a) horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers;

    (b) conglomerate effects arising from tying or bundling Outbrain's content recommendation and Teads' outstream video advertising platform services to foreclose rivals in outstream video advertising platform services to UK publishers; and

    (c) conglomerate effects arising from tying or bundling of Teads' outstream video and Outbrain's content recommendation advertising platform services to foreclose rivals in content recommendation advertising platform services to UK publishers.

Theory of harm 1: horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers

13. The available evidence indicated that the Parties are not close competitors in the supply of outstream video advertising platform services to UK publishers, and that there are sufficient alternative providers that will constrain the Merged Entity post-Merger. Further, the majority of third parties did not raise concerns regarding the impact of the Merger in the supply of outstream video advertising platform services to UK publishers.

14. As part of this theory of harm, the CMA also considered a potential narrower market segment for premium outstream video advertising platform services. While the available evidence indicated that Teads has a strong position in relation to this potential market segment, the CMA found that UK publishers will still have alternatives to Teads post-Merger.

15. For these reasons, the CMA concluded that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers.

Theory of harm 2: conglomerate effects in the supply of outstream video advertising platform services to UK publishers

16. In its assessment of this theory of harm, the CMA considered whether Outbrain could leverage its position in content recommendation to encourage publishers to purchase Teads' outstream video advertising platform service, by engaging in either tying (ie requiring customers to purchase both services together) or bundling (ie selling both services at a lower price than if the services were sold separately). This in turn could foreclose Teads' rivals and reduce competition in the supply of outstream video adverting platform services to UK publishers.

17. The CMA found that, while Outbrain is one of the largest providers of content recommendation and may exercise a degree of market power, it faces a significant competitive constraint from Taboola. The available evidence also indicated that most publishers would reject any attempts to restrict their choice of intermediaries through tying. While publishers were more receptive to a bundled offer, the evidence indicated that bundling is unlikely to cause rivals to incur a substantial loss of sales or significantly impact rivals' ability to scale (whether in the supply of outstream video advertising platform services as a whole or any potential segment for premium outstream video). In view of these factors, the CMA did not find that the Merged Entity would have the ability to foreclose rivals through adopting a tying or bundling strategy.

18. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of conglomerate effects in the supply of outstream video advertising platform services to UK publishers.

Theory of harm 3: Conglomerate effects in the supply of content recommendation advertising platform services to UK publishers

19. In its assessment of this theory of harm, the CMA considered whether the Merged Entity could leverage Teads' position in outstream video advertising platform services to encourage publishers to purchase Outbrain's content recommendation advertising platform service, by tying or bundling the two services. This in turn could foreclose Outbrain's content recommendation rivals and reduce competition in this market.

20. Further to the CMA's conclusions in relation to the Theory of harm 1 above, the CMA found that publishers have a range of alternatives to Teads. Furthermore, while Teads may have a strong position in a narrower potential segment for premium outstream video, the CMA estimated the size of this potential market segment to be small. The available evidence also indicated that, similar to Theory of harm 2 above, most publishers would not accept attempts to restrict their choice of intermediaries through tying, while bundling is unlikely to cause rivals to incur a substantial loss of sales or significantly impact rivals' ability to scale. In view of these factors, the CMA did not find that the Merged Entity would have the ability to foreclose rivals through adopting a tying or bundling strategy.

21. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of conglomerate effects in the supply of content recommendation advertising platform services to UK publishers.

What happens next?

22. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

PARTIES, MERGER AND MERGER RATIONALE

23. Outbrain is a digital advertising intermediary which specialises in content recommendation ads used for performance advertising.[1] Outbrain is headquartered in New York and is listed on the NASDAQ stock exchange.[2] The turnover of Outbrain in 2023 was approximately £751 million worldwide and approximately £[✄] in the UK.[3]

24. Teads is a digital advertising intermediary which specialises in video and display ads used primarily for brand advertising.[4] Teads is a privately held company incorporated under the laws of Luxembourg.[5] Teads was acquired by Altice in 2017, a telecommunications and mass media company, and is a wholly owned subsidiary of Altice Teads. The turnover of Teads in 2023 was approximately £[✄] worldwide and approximately £58.1 million in the UK.[6]

25. Outbrain has agreed to acquire all of the equity interest in Teads pursuant to the share purchase agreement dated 1 August 2024, for a price of approximately USD 1 billion.[i] As part of the consideration, Altice Teads will receive common stock and convertible preferred stock in Outbrain amounting to approximately 42% of Outbrain's issued and outstanding shares of Common Stock post-Merger or 48% if all preferred stock was converted.[7, ii]

26. The Parties informed the CMA that the Merger is also the subject of review by competition authorities in France, Germany, Israel, Turkey, and the United States.[8]

27. The Parties submitted that the main strategic rationale for the Merger is to create a larger scale advertising platform with solutions across the full marketing funnel, combining Outbrain's expertise in performance advertising and Teads' omni-channel video and branding solutions, providing publishers and advertisers with a stronger alternative to the integrated platforms provided by Big Tech players in online advertising.[9] The CMA considers that the Parties' internal documents support this rationale.[10]

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[1] Final Merger Notice, 5 December 2024 (**FMN**), paragraph 24.
[2] FMN, paragraph 19.
[3] FMN, Table 11.
[4] FMN, paragraph 28.
[5] FMN, paragraph 22.
[6] FMN, Table 11.
[7] FMN, paragraphs 4–5.
[8] FMN, paragraph 6.
[9] FMN, paragraphs 12–13.
[10] Outbrain's internal document, DOC ID OB-00002809, [✄], February 2024, slides 2–8. Teads' internal documents, Annex 8.1.10 to the FMN, [✄], April 2024, slide 1. Annex 8.1.31 to the FMN, [✄], April 2024, slides 13, 15, 19, and 23.

PROCEDURE

28. The CMA commenced its phase 1 investigation on 6 December 2024. As part of its phase 1 investigation, the CMA gathered a significant volume of evidence from the Parties. In response to targeted information requests, the CMA received and reviewed internal documents from Outbrain and Teads to understand the competitive conditions, market shares, competitors and the Parties' business plans. The CMA also gathered evidence from other market participants, such as customers (publishers and advertisers) and competitors. The evidence the CMA has gathered has been tested rigorously, and the context in which the evidence was produced has been considered when deciding how much weight to give it. Where relevant, this evidence has been referred to within this Decision.

JURISDICTION

29. As the initial period for consideration of the Merger under section 34ZA(3) of the Act started on 9 December 2024, the amendments to the tests for assessing jurisdiction under the Act introduced by the Digital Markets, Competition and Consumers Act 2024 do not apply to the Merger.[11] Accordingly, the jurisdictional tests as in force immediately prior to 1 January 2025 apply to the Merger.[12]

30. The CMA has jurisdiction to review transactions under its merger control function set out in the Act where arrangements are in progress or in contemplation which, if carried into effect, will lead to the creation of a relevant merger situation as a result of two or more enterprises ceasing to be distinct, and either the turnover or the share of supply test is met.[13]

31. The CMA considers it appropriate to consider the Merger as a single relevant merger situation, under which Outbrain and Teads, and Altice Teads and the Merged Entity, all cease to be distinct.

Enterprises ceasing to be distinct

32. Each of Outbrain, Teads and Altice Teads is an enterprise. Two or more enterprises cease to be distinct if they are brought under common ownership or control.[14] Control is not limited to the acquisition of outright voting control but may

[11] The Digital Markets, Competition and Consumers Act 2024 (Commencement No. 1 and Savings and Transitional Provisions) Regulations 2024, Schedule (Savings and transitional provisions), paragraph 5(1)(b)(i).
[12] References to the Act in this Decision should be construed as references to the version of the Act in force immediately prior to 1 January 2025.
[13] Mergers: Guidance on the CMA's jurisdiction and procedure (**CMA2**), 25 April 2024, chapter 4. CMA2 Revised was further updated on 2 January 2025, however Chapter 4 of the April 2024 version remains the applicable guidance for the purposes of the jurisdictional assessment.
[14] CMA2, paragraph 4.5.

include situations falling short of outright voting control, including material influence.[15]

33. The Merger will result in Outbrain acquiring a controlling interest in Teads within the meaning of section 26(2) of the Act.

34. The Parties submitted that Altice Teads will have material influence over the Merged Entity as a result of the Merger.[16]

35. The ability to exercise material influence is the lowest level of control that may give rise to a relevant merger situation. When making its assessment, the CMA focuses on the acquirer's ability materially to influence policy relevant to the behaviour of the target entity in the marketplace. The policy of the target in this context means the management of its business, and therefore includes the strategic direction of a company and its ability to define and achieve its commercial objectives.[17] The assessment of material influence requires a case-by-case analysis of the overall relationship between the acquirer and the target, having regard to all the circumstances of the case.[18]

36. As a result of the Merger, Altice Teads will acquire:

(a) approximately 42%[iii] of the voting rights in Outbrain; and

(b) the right to appoint two (out of ten) members of the board of directors of Outbrain.[19]

37. The Parties did not dispute that Altice Teads would acquire material influence over the Merged Entity. The CMA considers that voting rights of over 25% is likely to confer the ability materially to influence policy,[20] and that board representation alone may confer material influence.[21] The CMA also has not received submissions or other evidence suggesting that Altice Teads would not acquire material influence over the Merged Entity. Therefore, the CMA considers that Altice Teads will gain material influence over the Merged Entity as a result of the Merger.

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[15] CMA2, paragraph 4.16.
[16] FMN, paragraph 31.
[17] CMA2, paragraph 4.17.
[18] CMA2, paragraph 4.18.
[19] Agreed form stockholders' agreement between Outbrain and Altice Teads, clauses 1.1(b) and 1.2(a)–(b).
[20] CMA2, paragraphs 4.21–4.22.
[21] CMA2, paragraph 4.28.

Turnover test

38. The combined UK turnover of Teads and Outbrain exceeded £70 million in 2023 and so the turnover test in section 23(1)(b) of the Act is satisfied. The applicable turnover is the combined turnover of Outbrain and Teads because:[22]

    (a) Altice Teads, Teads and Outbrain are enterprises that will cease to be distinct under section 28(1);

    (b) Altice Teads will remain under the same ownership and control and so its turnover should be deducted from the calculation under section 28(1)(a); and

    (c) Neither Teads nor Outbrain will remain under the same ownership and control.

CMA's conclusion on jurisdiction

39. 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.

40. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 9 December 2024 and the statutory 40 working day deadline for a decision is therefore 5 February 2025.

COUNTERFACTUAL

41. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).[23]

42. In an anticipated merger, the counterfactual may consist of the prevailing conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the prevailing conditions of competition.[24] In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.[25]

43. The Parties submitted that the Merger should be assessed against the prevailing conditions of competition.[26] The CMA has not received submissions (or other evidence) suggesting that the Merger should be assessed against an alternative

[22] FMN, paragraph 32.
[23] Merger Assessment Guidelines (**CMA129**), March 2021, paragraph 3.1.
[24] CMA129, paragraph 3.2.
[25] CMA129, paragraph 3.9.
[26] FMN, paragraph 75.

counterfactual. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

COMPETITIVE ASSESSMENT

Background and nature of competition

Display advertising

44. The Parties are active as digital display advertising intermediaries. Display advertising is one of three main types of digital advertising (alongside search advertising and classified advertising) and involves advertisers paying online companies to display advertising using a range of advertising content types shown within defined ad units on web pages or mobile apps.[27]

45. The display advertising sector encompasses two main channels: owned-and-operated (**O&O**) platforms, which are primarily made up of large social media/Big Tech companies, which sell their own advertising inventory directly to advertisers or media agencies through self-service interfaces; and open display advertising, which encompasses a wide range of publishers (such as online newspapers) that sell their inventory to advertisers typically via intermediaries, such as the Parties.[28]

Open display advertising

46. In the open display channel, publishers may use intermediaries in different ways. This can include entering into direct contractual agreements with specific advertising intermediaries in relation to specific ad formats. Publishers also fill their advertising space programmatically,[29] automating the decision-making process of where and when to place ads, by relying on a complex chain of specialised intermediaries on the demand side and supply side that make up the ‘ad tech stack’. On the demand side, this includes:

    (a) advertiser ad servers, used by advertisers to store ads and deliver them to publishers; and

    (b) Demand Side Platforms (**DSPs**), which provide a platform for advertisers to buy advertising inventory from many sources.[30]

47. On the supply side, this includes:

[27] Digital Advertising Market Study, paragraph 5.6.
[28] Digital Advertising Market Study, paragraph 2.
[29] Digital Advertising Market Study, paragraph 5.117.
[30] Digital Advertising Market Study, pages 263–265.

(a) Supply Side Platforms (**SSPs**), which include specialist platforms in particular ad formats (such as the Parties), and general SSPs (such as Google AdX, which is part of Google Ad Manager, Index Exchange, OpenX, PubMatic, Rubicon Project and Xandr SSP).[31] SSPs provide the technology to automate the sale of digital inventory. They operate real time auctions by connecting to multiple DSPs, collecting bids from them and performing the function of exchanges.[32]

(b) Publisher ad services, which manage publishers' inventory and are responsible for the decision logic underlying the final choice of which to serve, based on the bids received from SSPs.[33]

48. In broad terms, the programmatic selling of ad inventory operates in the following way. When a user opens a webpage, the publisher's ad server sends a bid request for the advertising space available on the webpage to SSPs, which then request bids from multiple DSPs. DSPs evaluate the opportunity and send bids back to the SSPs, which rank them and send the best bids to the publisher. The publisher's ad server then selects the final ad to display.[34]

49. An important development in programmatic advertising has been the emergence of header bidding solutions from around 2015, which allow publishers to compare bids from multiple SSPs simultaneously. This makes SSPs compete against each other for each impression.[35] In its Digital Advertising Market Study, the CMA found that header bidding has reduced entry barriers for new SSPs and has driven the commoditisation of the SSP function. As a result, price and service have become the primary differentiators, rather than access to unique inventory, exerting downward pressure on SSPs' margins.[36] The CMA found that Google's Open Bidding is the most widely used solution, and is integrated with its publisher ad server.[37] Google also benefits from holding strong market positions across every level of the ad tech stack.[38]

Ad formats

50. Display advertising encompasses a variety of ad formats, which can broadly be categorised between non-video/static and video display advertising.[39] Video ads are mostly used for 'top-of-funnel' brand advertising,[40] due to the ability to

[31] Digital Advertising Market Study, paragraph 5.221.
[32] Digital Advertising Market Study, pages 263–265.
[33] Digital Advertising Market Study, pages 263–265.
[34] Digital Advertising Market Study, paragraph 5.210.
[35] Digital Advertising Market Study, paragraphs 5.211 and 5.223.
[36] Digital Advertising Market Study, paragraph 5.223.
[37] Digital Advertising Market Study, paragraphs 5.224–5.225.
[38] Digital Advertising Market Study, paragraph 5.375.
[39] Digital Advertising Market Study, paragraph 5.370.
[40] 'Top-of-funnel' advertising relates to improving awareness of consumers who are not currently aware of a product. Digital Advertising Market Study, paragraphs 5.18–5.19.

influence perceptions and create brand narratives through creative content.[41] Non-video and static ads may be used for both top-of-funnel advertising and 'bottom-of-funnel' advertising. For example, Teads provides static ads integrated into the middle of the page with the aim of generating views, while Outbrain focuses on bottom-of-page static ads aiming to generate clicks.[42]

51. The Parties offer display advertising platform services in relation to several different ad formats, with Teads specialising in outstream video ads and Outbrain specialising in content recommendation ads:

(a) **Outstream video.** Outstream video is an independent video advertising unit that plays within an article page, feed or any other location on a site, outside of any existing video player.[43] This contrasts with instream video, which plays alongside video content similar to traditional television advertising. Outstream video advertising is typically charged on a cost per mille (**CPM**) basis (charges per thousand impressions) as is common for brand advertising.[44] Outstream video represented [50-60]% of Teads' gross ad revenue in 2023 in the UK.[45]

(b) Outbrain's video offering has been limited in recent years, with only [5-10]% of the total ad spend on Outbrain campaigns each year between 2021 and 2023 being through video ads.[46] In 2023, Outbrain re-branded and re-positioned its video business through the Onyx product, a branding and video product offering for advertisers who want to drive outcomes from open web upper-funnel advertising, and focuses on the placement of large-format, high-impact ads, including outstream video, on premium publisher placements. One of Onyx's key goals was to [✄] advertising platform, having previously provided a publisher-focused video product with a limited advertiser offering.[47] However, Onyx has to date contributed minimally (less than [0-5]%) to Outbrain's total gross ad revenue in the UK both in 2023 and in 2024.[48]

(c) **Content recommendation.** Content recommendation is a type of static display advertising format displayed alongside editorial content on publishers' websites and identifies other content that the website user may be interested in reading, often based on personalisation algorithms which use real-time

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41 FMN, paragraphs 28 and 108.
42 FMN, paragraph 2. 'Bottom-of-funnel' advertising relates to driving actions like clicks from consumers who may have already expressed a preference for a product but have not bought it yet. Digital Advertising Market Study, paragraph 5.19.
43 CMA's decision regarding the anticipated acquisition by Taboola.com Ltd. of Outbrain Inc. (ME/6877-20), 26 June 2020, (**Taboola/Outbrain**), paragraph 9.
44 FMN, paragraph 28.
45 FMN, Table 17.
46 FMN, paragraph 299.
47 FMN, paragraph 299.
48 Parties' response to the CMA's Request for Information, 17 January 2025 (**RFI 7**), Table 1.

data from users.[49] Content recommendation is a form of performance-based advertising, mostly used to drive actions such as clicks.[50] Content recommendation is typically charged on a 'cost-per-click' (**CPC**) pricing model, which charges per user click as is common in performance advertising.[51] Content recommendation is the primary advertising format supplied by Outbrain (accounting for more than [80-90]% of its revenue),[52] while Teads does not offer the content recommendation format at all.[53]

(d) **In-article ads.** In-article ads include images, text or non-video content, placed either in-feed or in-article (ie natively within a webpage or at the top of the base as a banner ad). In-article static ads account for [30-40]% of Teads' revenue in the UK, whereas in-article static ads make up around [10-15]% of Outbrain's revenue in the UK.[54]

(e) **Connected TV (CTV) ads.** CTV ads include instream video ads during content streams or display ads on smart TV home screens. The CTV ads space is growing, with large companies with existing presence in the streaming space expected to establish themselves as major players.[55] CTV ads currently represent a small part of the revenues of both Outbrain and Teads, with CTV ads accounting for [0-5]% of Teads' UK turnover in 2023, and Outbrain having generated less than £[✂] in the UK in 2023 from its CTV ads operation.[56]

52. Teads' outstream video ad format lends itself well to programmatic relationships (but Teads also has direct relationships with publishers).[57] For example, around [50-60]% of Teads' revenue comes through header bidding where it competes head-to-head against other intermediaries in this way for publisher inventory.[58] On the other hand, Outbrain's content recommendation format is largely based on direct contractual relationships with publishers. This is evident in Outbrain's 2023 UK revenue figures, where £[✂] was generated from content recommendation advertising through direct relationships, compared to £[✂] from programmatic processes.[59]

[49] Taboola/Outbrain, paragraph 7.
[50] FMN, paragraph 122.
[51] FMN, paragraph 25.
[52] FMN, paragraph 14.
[53] FMN, paragraph 283.
[54] FMN, paragraph 121. As explained in paragraph 34 below, given that the CMA did not find any competition concerns in relation to in-article static ads, these are not discussed further in the Decision.
[55] FMN, paragraphs 125–126.
[56] FMN, paragraph 126. As explained in paragraph 34 below, given that the CMA did not find any competition concerns in relation to CTV ads, these are not discussed further in the Decision.
[57] Note of a call with a third party, October 2024, paragraph 16.
[58] FMN, paragraph 161.
[59] FMN, Table 16.

Market definition

53. Where the CMA makes an SLC finding, this must be 'within any market or markets in the United Kingdom for goods or services'. An SLC can affect the whole or part of a market or markets. Within that context, the assessment of the relevant market(s) is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.[60]

54. Market definition involves identifying the most significant competitive alternatives available to customers of the merger parties and includes the sources of competition to the merger parties that are the immediate determinants of the effects of the merger.

55. While market definition can be an important part of the overall merger assessment process, the CMA's experience is that in most mergers, the evidence gathered as part of the competitive assessment, which will assess the potentially significant constraints on the merger parties' behaviour, captures the competitive dynamics more fully than formal market definition.[61]

Product market

56. The Parties overlap in the supply of display advertising platform services in relation to outstream video ads, static ads (primarily in-article ads) and CTV ads. At an early stage of its investigation, the CMA did not identify competition concerns regarding the Parties' overlaps regarding static ads or CTV ads.[62] The CMA has therefore focused its assessment on the Parties overlap in outstream video advertising platform services (from now on, **outstream video**).

57. Outbrain also supplies content recommendation advertising platform services (from now on, **content recommendation**), but Teads does not. Nonetheless, as advertising platform services for content recommendation and outstream video may be supplied to the same type of customers, the CMA's assessment has also considered the conglomerate relationship between Teads' outstream video and Outbrain's content recommendation.

[60] CMA129, paragraph 9.1.
[61] CMA129, paragraph 9.2.
[62] Regarding the Parties' overlaps in advertising platform services for static ads, the CMA did not identify concerns in view of the Parties' low combined shares of supply (whether on the basis of static ads (Parties' estimated combined share of supply of [0-5]%) or for in-article display ads (Parties' estimated combined share of supply of [0-5]%)) together with other evidence indicating that the Parties are not close competitors and there are a range of other providers available, including via programmatic advertising. Similarly, the CMA did not identify concerns in relation to CTV advertising platform services in view of the Parties' low combined share of supply (Parties' estimated combined share of supply of [0-5]%) together with other evidence indicating that the Parties are not close competitors and face constraints from a range of other providers.

58. The below sections therefore consider the appropriate product market definitions for each of outstream video and content recommendation.

59. The Parties' services can be characterised as two-sided platforms, competing to attract advertisers on one side and publishers on the other. Given that the competitive dynamics on the advertiser side and publisher side are distinct,[63] the CMA has distinguished between each side as part of its assessment (taking into account the two-sided nature of these platform services where relevant). Furthermore, given that at an early stage the CMA did not identify competition concerns arising on the advertiser side, it is not further discussed in the Decision.[64]

60. Advertisers can purchase display advertising services either through O&O platforms or the open display market via intermediary platforms such as the Parties. The same is not, however, true for publishers, for whom O&O platforms are not an option. The CMA has not therefore included O&O platforms as part of the product market definitions discussed below.[65]

Outstream video

Parties' submissions

61. The Parties submitted that outstream video should be considered as part of a single product market for all display advertising services to publishers. According to the Parties:[66]

(a) Publishers seek to maximise revenue generated from the sale of their inventory to advertisers regardless of the advertising format in question. Once they have designated an ad placement on their page, publishers will monetise or fill that placement through a range of ad formats, depending on the bids that they receive and any other commercial rules they have in place. As a result, publishers switch between monetisation partners based mainly on yield rather than format.

[63] This is supported by the Parties' internal documents, which indicate the Parties have different strategies for advertisers and publishers (see for instance, Outbrain's internal document, DOC ID OB-00029669, [✄], October 2022, slide 11; Outbrain's internal document, DOC ID OB-00000549, [✄], Undated, pages 1–2); the Parties' customers, which are split by advertisers and publishers; and third-party views.
[64] In Taboola/Outbrain, paragraph 121, the CMA identified a wider market for display advertising services for advertisers in the UK encompassing outstream video, content recommendation, and other types of ad formats. The CMA has not received evidence to support departing from this approach in this case. In this market, the CMA found that the Parties have less than a [0-5]% combined share of supply in the UK, are not close competitors and compete against a wide range of alternative providers.
[65] Some providers of O&O platforms also however offer a separate service that intermediates between third-party publishers and advertisers. These separate services have been taken into account within the relevant product markets.
[66] FMN, paragraphs 159–164.

(b) To the extent some publishers consider what display advertising is filling their inventory, those publishers are becoming less focused on the format of the display advertising, and more focused on the content or objective of the advertising campaign itself. As a result, publishers can, in some cases, be prepared to substitute across formats if the ad campaign content or objectives align with its preferences (although yield remains the predominant focus).

62. The Parties submitted that even if the CMA adopts an artificially narrow segmentation by ad format, video services should not be segmented between outstream and instream video. According to the Parties:[67]

(a) Most digital advertising intermediaries which offer instream video also offer outstream video, including Big Tech players and other competitors.

(b) The distinction between outstream and instream has been abandoned by industry analysts and standards. Since April 2023 (changes announced in August 2022), the International Advertising Bureau (**IAB**) no longer tracks instream and outstream video separately in market reports.

(c) The lack of distinction between different types of video is reflected in the way the Parties organise their respective business and marketing teams.

(d) Publishers do not choose intermediaries based on whether they sell or buy outstream inventory in the main, and they aim to source as many different types of demand as possible, whether in the form of outstream video or otherwise.

CMA's assessment

63. In Taboola/Outbrain, the CMA considered the impact of the merger separately in relation to outstream video advertising platform services to publishers.[68] The CMA's Digital Advertising Market Study also concluded that there is limited substitutability between video and non-video display advertising.[69]

64. The Parties' internal documents support the view that, on the publisher side, outstream video constitutes a separate product market from other types of display advertising platform services. They also do not support the reasons put forward by the Parties for why instream and outstream should not be segmented. In particular:

[67] FMN, paragraphs 170–174.
[68] Taboola/Outbrain paragraphs 108–111 and 120.
[69] FMN, paragraph 166. See also, the Digital Advertising Market Study, paragraph 5.23.

(a) The Parties' internal documents generally refer to and monitor competitors in relation to outstream video. For example, a March 2022 Outbrain strategy workshop document describes Teads as [✂].[70] A Teads competitor analysis document (also described as 'Battlecard') from January 2024 comparing Teads and [✂] head-to-head notes that Teads is [✂] in outstream video.[71] Another Teads strategy document from November 2023, indicates that Teads has [✂] in most of the markets as a premium brand video/outstream player.[72]

(b) Teads' exclusivity agreements largely exclude any other suppliers based on format, particularly '[✂] advertising formats that are materially similar to [✂]'.[73]

(c) The Parties' internal documents indicate that not all instream suppliers are active in relation to outstream video. For example, an Outbrain internal document contains notes from a call with a video competitor ([✂]), noting that this competitor focuses on CTV ads and instream video, as it does not want to deal with outstream because it is a different platform, different sales process and different Key Performance Indicators. This document also records that [✂] is not playing as aggressively as other players in outstream, noting that it has lost campaigns to Teads but no longer wants to compete with it.[74] Further, an August 2023 Outbrain deep dive into its Onyx product notes that Teads is [✂] and does not compete on the instream video segment.[75]

(d) Outbrain's internal documents show that it has different strategies (marketing, growth, sales, etc) for the different types of ads it provides, including in respect of outstream video for the Onyx product.[76]

(e) The Parties' internal documents indicate that they internally assign little weight to the IAB's change in how it tracks outstream video, nor do their customers. For example, an Outbrain internal document from April 2024 noted that [✂].[77] A Teads internal document from December 2023 (post IAB change) still discusses outstream and instream video separately.[78]

65. Third-party views suggest that outstream video is a separate product market, and that other types of advertising ad formats (including other video ads) do not always

[70] Outbrain's internal document, DOC ID OB-00048091, [✂], March 2022, slide 51.
[71] Teads' internal document, Annex Q9.2.1 to the FMN, [✂], January 2024, slide 6.
[72] Teads' internal document, Annex Q9.2.13 to the FMN, [✂], November 2023, page 4.
[73] Teads' internal document, Annex 7.1 to RFI 3, [✂], January 2024, paragraph 2.1.
[74] Outbrain's internal document, DOC ID OB-00010960, [✂], Undated, page 1.
[75] Outbrain's internal document, Annex 9.1.2 to the FMN, [✂], August 2023, slide 24.
[76] Outbrain's internal document, DOC ID OB-00029669, [✂], October 2022, slide 11.
[77] Outbrain's internal document, DOC ID OB-00059751, [✂], 12 April 2024, paragraph 8. See also Teads' internal document, Annex Q9.2.8 to the FMN, [✂], December 2023, slide 31.
[78] Teads' internal document, Annex Q9.2.8 to the FMN, [✂], December 2023, slide 31.

represent effective alternatives to outstream video. For instance, one publisher explained that video commands a higher premium, and that outstream video is a separate format to click-to-play, instream or social video and that each video format address different needs.[79] Another publisher noted that other display ads can occupy the mid-page units where Teads' ads appear, but are less lucrative.[80] Further, publishers' views also support that they consider multiple factors when choosing a digital advertising provider, with yield, the format of the ads and the placement of the ads all being of high importance for publishers.[81]

66. The CMA also received evidence regarding the premium nature of Teads' outstream video offering. A number of third parties recognised that Teads has a premium outstream video offering, noting that this format is more likely to appeal to publishers concerned with user experience[82] and that for some publishers, Teads may be the only real option due to the commercials it offers, the fill rates and pricing.[83] In fact, one publisher noted that whilst there is not a huge technological differentiation in the outstream video market, if it was not working with Teads it would likely choose to monetise the ad spaces itself, albeit with fewer benefits; and explained that Teads is the most effective way in the market for it to sell outstream video ads.[84] Similarly, another publisher indicated that whilst outstream video is not technically difficult to execute, the way it is marketed by Teads is what makes its offering so good for publishers.[85]

67. Based on this evidence, the CMA considers that outstream video is distinct from other types of display advertising platform services on the publisher side, including instream video. The CMA has therefore considered the impact of the Merger on the supply of outstream video to publishers (and has considered the constraint offered by other types of ad formats as an out-of-market constraint where relevant in the competitive assessment). As for the premium nature of Teads' outstream video offering, the CMA considers that this is an important way by which Teads may be differentiated from its rivals and has taken it into account in the competitive assessment. The CMA has not however needed to conclude on whether premium outstream video constitutes a further segment of the market as it has not identified competition concerns on any plausible basis in relation to outstream video.

[79] Note of a call with a third party, October 2024, paragraph 28.
[80] Note of a call with a third party, October 2024, paragraph 13.
[81] Response to the CMA questionnaire from third parties, November 2024, question 4.
[82] Note of a call with a third party, October 2024, paragraph 11.
[83] Note of a call with a third party, October 2024, paragraph 8 and 18. See also, Note of a call with a third party, October 2024, paragraph 16; which indicated that although for its business outstream video is interchangeable with other ad formats, some publishers may only want to have outstream video ads.
[84] Note of a call with a third party, October 2024, paragraph 18.
[85] Note of a call with a third party, October 2024, paragraph 13. A competitor also noted that it tried to develop a product similar to Teads' outstream video format, and whilst it noted that it was not technically difficult to build, it was challenging to build a similar business system to Teads. In particular, this competitor noted that Teads had established significant relationships with advertisers that were interested in buying their particular ad unit, which in turn allowed them to bring significant demand to publishers, thereby attracting more inventory and achieving a network effect. Note of a call with a third party, October 2024, paragraph 10.

Content recommendation

Parties' submissions

68. The Parties submitted that content recommendation compete with other display advertising platform services and therefore forms part of a single product market for all display advertising platform services for publishers, for similar reasons as noted above in respect of outstream video.[86] That said, the Parties noted that, given the Parties do not overlap in relation to content recommendation services, the precise scope of the product market can ultimately be left open.[87]

CMA's assessment

69. In Taboola/Outbrain, the CMA considered the impact of the merger separately in relation to content recommendation to publishers.[88]

70. Outbrain's internal documents and third-party views do not indicate that the CMA should depart from this approach.

71. In particular, Outbrain commonly enters into exclusive supply agreements with publishers. The majority of these exclusivity agreements designate Outbrain as the exclusive supplier for content recommendation specifically.[89] This implies that other types of ad formats are not viewed as a substitute for content recommendation services either by Outbrain or by its customers.

72. Third-party views also indicate that content recommendation is a separate product market. For instance:

(a) A publisher explained that content recommendation is a specialised space, noting that Teads is not an alternative to Outbrain for content recommendation.[90] This publisher also indicated that its exclusivity agreement with Outbrain covers content recommendation only.[91]

(b) Another publisher indicated that Outbrain bids for the exclusive right to provide content recommendation ads on its webpages. This publisher only named other providers specialised in content recommendation as Outbrain's competitors. They also acknowledged that while both Outbrain and Teads

[86] FMN, paragraph 185.
[87] FMN, paragraph 186.
[88] Taboola/Outbrain, paragraphs 7–8.
[89] See, for example: Outbrain's internal documents Outbrain Annex 6.1 to RFI 3, [✂], September 2022, pages 5–6; Outbrain Annex 6.2 to RFI 3, [✂], August 2021, page 5; DOC ID OB-00000203, [✂], February 2023, page 4; DOC ID OB-00004741, [✂], December 2022, page 4; DOC ID OB-00006154, [✂], November 2022, page 4; DOC ID OB-00006200, [✂], January 2023, page 2; DOC ID OB-00048424, [✂], January 2023, page 5; DOC ID OB-00019323, [✂], May 2024, page 4; DOC ID OB-00048391, [✂], February 2023, page 4; DOC ID OB-00020730, [✂], May 2023, page 3.
[90] Note of a call with a third party, October 2024, paragraph 15.
[91] Note of a call with a third party, October 2024, paragraph 3.

have the opportunity to bid for the same ad space/formats, given they provide different formats, this does not typically occur.[92]

(c) Some publishers explained that content recommendation tends to be of low quality and lower yielding (in price) and as such is not an effective alternative in a high-quality environment.[93]

73. Based on this evidence, the CMA has defined a separate product market for content recommendation for publishers.

Geographic market

74. In Taboola/Outbrain, the CMA considered that the relevant geographic market for display advertising platform services for publishers is UK-wide.[94]

75. The Parties agreed with this approach although submitted that the precise scope of the geographic market can be left open as no competition concerns arise on any plausible basis.

76. The CMA has not received any evidence as part of its investigation to support departing from a UK market definition. The CMA has therefore assessed the impact of this Merger on a UK-wide basis.

Conclusion on market definition

77. Based on the evidence set out above, the CMA has assessed the competitive effects of the Merger in relation to the following markets:

(a) the supply of outstream video advertising platform services to UK publishers; and

(b) the supply of content recommendation advertising platform services to UK publishers.

Theories of harm

78. The CMA assesses the potential competitive effects of mergers by reference to theories of harm. Theories of harm provide a framework for assessing the effects of a merger and whether or not it could lead to an SLC relative to the counterfactual.[95]

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[92] Note of a call with a third party, October 2024, paragraphs 9–10.
[93] Response to the CMA questionnaire from a third party, November 2024, question 14. See also, Response to the CMA questionnaire from a third party, November 2024, question 16.
[94] Taboola/Outbrain, paragraphs 122–127.
[95] CMA129, paragraph 2.11.

79. In its investigation of this Merger, the CMA has considered the following theories of harm:

(a) horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers;

(b) conglomerate effects arising from tying or bundling of Outbrain's content recommendation and Teads' outstream video advertising platform services to foreclose rivals in outstream video advertising platform services to UK publishers; and

(c) conglomerate effects arising from tying or bundling of Teads' outstream video and Outbrain's content recommendation advertising platform services to foreclose rivals in content recommendation advertising platform services to UK publishers.

80. Each of these theories of harm is considered below.

Theory of Harm 1: Horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers

81. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.[96] Horizontal unilateral effects are more likely when the parties to a merger are close competitors.[97]

82. The CMA assessed whether the Merger may be expected to result in an SLC as a result of horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers. In its assessment, the CMA has considered:

(a) the Parties' submissions;

(b) shares of supply;

(c) closeness of competition between the Parties; and

(d) competitive constraints from alternative suppliers.

[96] CMA129, paragraph 4.1.
[97] CMA129, paragraph 4.8.

Parties' submissions

83. The Parties submitted that no competition concerns can arise in any hypothetical market segment for outstream video for UK publishers because the Parties are not close competitors:

(a) In general, the Parties focus on different types of advertisements that fulfil different roles within the advertising value chain or marketing funnel. Teads specialises in video and static display ads used for brand advertising,[98] and has focused on developing relationships with premium advertisers, working with brands around the world to launch effective brand advertising strategies through video.[99]

(b) By contrast, Outbrain specialises in content recommendation used for performance advertising, which Teads does not offer. Outbrain's video business is very limited despite [✂] Onyx product in 2023.[100] According to Outbrain, the majority of its video revenues arise within Outbrain's end of article content recommendation feed, whereas Onyx's outstream video offering is of negligible size.[101] The Onyx initiative expands on Outbrain's existing intermediation services and focuses on the placement of large-format, high-impact ads including video, on premium publisher placements.[102] Outbrain's limited success with Onyx largely reflects that it [✂] and has had difficulties associated with [✂] with new advertiser customers, which does not align with the more premium nature of upper funnel, middle-of-page video advertising that some customers seek.[103] Most of Onyx's customers to date include [✂], reflecting Onyx's weak ability to compete against more established players.[104]

(c) Outbrain also submitted that whilst Onyx involved new branding of Outbrain's services and some limited product changes to support that re-positioning, it did not involve a significant investment or technological shift (for example, Outbrain's 2024 budget envisaged just $[✂] of total investment in Onyx). Onyx remains a small contributor to Outbrain revenue, achieving limited revenues in the UK in video of just £[✂] in 2024.[105]

[98] FMN, paragraph 215.
[99] FMN, paragraphs 218–219.
[100] Onyx represents Outbrain's attempt to re-brand and re-position its small video advertising offering for advertisers, having previously only provided publisher-focused video products with a limited advertiser offering. One of Onyx's key goals was to elevate Outbrain's perception as a [✂] advertising platform. However, Onyx has had limited success to-date. FMN, paragraph 300(b).
[101] FMN, paragraph 299.
[102] FMN, paragraph 299(ii).
[103] FMN, paragraph 300(c).
[104] FMN, paragraph 299(iii).
[105] Parties' response to the CMA's RFI 7, Table 1.

(d) Publishers primarily look to the Parties to fill different advertising inventory, and rarely see the Parties' respective platforms as closely substitutable channels for selling inventory.[106]

(e) The lack of closeness between the Parties is borne out by their internal documents. Teads does not closely track Outbrain and mostly focuses on competitors that provide video advertising. Outbrain, although it sometimes tracks Teads, mostly focuses on competitors with a similar business model to Outbrain (and not Teads).[107]

84. The Parties submitted that Teads competes more closely with players such as Kargo, SeedTag, Ogury, GumGum and TripleLift, ie with other players that focus on brand advertising strategies through video, as well as Big Tech players.[108] In contrast, Outbrain helps advertisers deliver on performance marketing objectives in competition with players such as Taboola, Dianomi, RevContent and MGID.[109]

85. The Parties also indicated that industry shifts have resulted in control of important parts of the intermediation supply chain by Big Tech players in the market. The Parties also explained that their revenues have declined in recent years, with Outbrain making a net loss in 2022, while Teads' revenue fell by 10% in the UK in 2023.[110]

CMA's assessment

Shares of supply

86. Shares of supply can be useful evidence when assessing closeness of competition, particularly when there is persuasive evidence as to which potential substitutes should be included or excluded or when the degree of differentiation between firms is more limited. In such circumstances, a firm with a higher share of supply is more likely to be a close competitor to its rivals.[111]

87. In other cases, such as where the boundaries of the market are not as clear-cut or where there is a high degree of differentiation, the CMA may rely to a greater extent on other sources of evidence. Where products are more differentiated or customer preferences are more diverse, shares of supply may not provide evidence on the closest alternatives available to the merger firms' customers as

[106] FMN, paragraph 216(ii).
[107] FMN, paragraph 217.
[108] FMN, paragraph 219. The Parties noted that on the publisher side of the market, Big Tech players such as Google, Amazon and Microsoft have high market shares, the ability to leverage their owned inventory and data advantages. FMN, paragraph 226.
[109] FMN, paragraph 220.
[110] FMN, paragraph 81. Parties' response to the CMA's Request for Information, 9 December 2024 (**RFI 6**), paragraph 24.
[111] CMA129, paragraph 4.14.

these may be different from the products that achieve the greatest sales across a wider body of customers.[112]

88. The Parties submitted that it is difficult to estimate robust shares for a hypothetical market for the supply of outstream video since the IAB stopped tracking outstream video advertising as a separate segment in 2019.[113] In the absence of data from IAB, the Parties relied on data from Ofcom's 2023 Media Nations report to estimate the total size of the UK outstream video advertising market to be £4.6 billion in 2023.[114] On the basis of this total market, the Parties estimated that Teads has a [0-5]% share while Outbrain's share is [0-5]%.[115]

89. The Parties also estimated the shares of rivals based on publicly available data. According to the Parties, Google is the largest player, with an estimated 31% share, followed by The Trade Desk, with a 5-15% share, Meta with 3%, Amazon with 4%, Taboola with 1-5%, and 11 named rivals with 0-5%.

90. The CMA attempted to estimate shares of supply by requesting revenue data from competitors as part of its investigation. However, the data received was of poor quality.

91. The CMA has not placed any weight on share of supply estimates in its Decision. This is because the CMA believes that the estimates provided by the Parties are not sufficiently robust due to the data limitations, in particular regarding the data relied upon to estimate the size of the outstream video display advertising market.[116] In addition, the CMA believes that the estimated shares of supply are potentially inconsistent with other evidence seen by the CMA[117] given that this allocates significant shares of supply to firms that third parties have not mentioned as being strong competitors (as discussed in paragraph 100 below). Instead, the CMA has considered other evidence on competition between the Parties and third parties as discussed in the following sections.

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[112] CMA129, paragraph 4.15.
[113] FMN, paragraph 111.
[114] Ofcom Media Nations: UK 2023 (last accessed 31 January 2025). Ofcom's reports the split between instream and outstream video advertising expenditure up to 2021. To derive 2023 figures, the Parties uplifted the data from 2021 by around 20% per annum on the assumption that outstream video sales grew in proportion to digital display advertising generally.
[115] FMN, Table 20.
[116] The Parties estimated the total size of the outstream video market by using data provided in Ofcom's Media Nations Report 2023 that relies on the IAB classification for outstream video from 2021. However, Ofcom noted that the IAB revised its definition of instream in 2022 to reflect the evolution of social video advertising formats, such that the total market estimate for outstream video changed from £3.2 billion in 2021 to £0.46 billion in 2022, while the total instream video market increased from £1.50 billion in 2021 to £4.56 billion in 2022. The CMA is not confident that the classification used for outstream video in 2021 was robust or accurately reflects the market definition adopted by the CMA.
[117] For example: Outbrain's internal document, DOC ID OB-00048091, [✂], March 2022, slide 51 stating [✂]; Third-Party evidence discussed in paragraph 78.

Closeness of competition between the Parties

Internal documents

92. Outbrain's internal documents indicate that it closely monitors Teads and that it considers Teads to have a strong position in outstream video. For instance:

(a) An Outbrain internal document notes that Teads is [✂] on the aggregated open web.[118] As noted in the Market Definition section (paragraph 64(a)), Outbrain's internal documents have also referred to [✂].

(b) A video and monetisation strategy review document prepared for a Board discussion from November 2023, refers to Teads as a competitor in the video segment, and as a [✂]. The same document refers to the priority of [✂], which suggests Onyx is viewed as a competitor to Teads' mid-article video offering. It was also noted that Outbrain actively tries to [✂].[119]

(c) A deep dive into Teads from June 2024 notes that [✂] and highlights that Teads' key differentiators come from [✂].[120]

(d) A due diligence document prepared in the context of the Merger notes that Teads holds [✂] in outstream video, which may provide expertise for developing other video content (particularly CTV ads) post-Merger.[121]

93. While Teads' documents monitor a number of competitors (see further paragraph 98 below), they generally do not monitor Outbrain, including in a brand positioning report from January 2023, comparing the perception of Teads from the customers' perspective against rivals.[122] Furthermore, as noted in the Market Definition section, in its exclusivity agreements with publishers, Teads has not specifically named [✂] as a competitor that publishers are prohibited from working with for [✂].[123]

Third-party evidence

94. Almost all third parties responding to the CMA's investigation generally did not identify Outbrain as a competitor to Teads in outstream video.

95. Furthermore, the CMA asked third parties whether they were aware of Outbrain's outstream video offering, Onyx, and to comment specifically on its current or future

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[118] Outbrain's internal document, DOC ID OB-00028244, [✂], Undated, slide 45.
[119] Outbrain's internal document, DOC ID OB-00006591, [✂], November 2023, slide 12.
[120] Outbrain's internal document, DOC ID OB-00006635, [✂], June 2024, slide 9.
[121] Outbrain's internal document, DOC ID OB-00002275, [✂], July 2024, slide 11.
[122] Teads' internal document, Annex 9.2.18 to the FMN, [✂], January 2023, slides 8, 10–11.
[123] Teads' internal documents, Annex 7.1 to RFI 3, [✂]. January 2024, page 7; Annex 7.2 to RFI 3, [✂], March 2023, page 7; Annex 7.3 to RFI 3, [✂], July 2022, page 3; Annex 7.4 to RFI 3, [✂], April 2021, pages 7–8; Annex 7.5 to RFI 3, [✂], September 2022, pages 6–7.

(in ~2 years' time) strength absent the Merger. While the majority of publishers responding to the CMA were aware of Onyx, most did not express a view about its current or future strength. Of the minority of third parties that did express a view, Onyx received an average rating of 2.8 (ie weak) which is similar to the overall average rating that Outbrain received noted in paragraph 102(c) below), and an average rating of 3 (ie moderate) regarding the future absent the Merger.[124]

Conclusion on closeness of competition

96. On the basis of the available evidence set out above, the CMA does not consider that the Parties are close competitors in the supply of outstream video to UK publishers, or that this is likely to significantly change in the future absent the Merger. The Parties' internal documents indicate that while Outbrain views Teads as a significant provider of outstream video advertising platforms services and a close competitor, Outbrain is not viewed as a close competitor by Teads. Furthermore, few third parties mentioned Outbrain as a provider of outstream video, and those which did rated Outbrain as only a weak competitor currently and as only a moderately strong competitor in the future absent the Merger.

Competitive constraints from alternative suppliers

Internal documents

97. As noted above, Outbrain's internal documents generally indicate that Teads has a strong position in outstream video and tracks Teads regularly. That said, Outbrain also monitors other outstream video providers (albeit Outbrain's documents do not always distinguish between competitors on the publisher side versus competitors on the advertiser side). For instance:

(a) A document from June 2024 discussing the video competitive landscape, lists Teads, JW Player, DailyMotion, Anyclip, Connatix, Showheroes, Primis, Ex.Co, Taboola, Triplelift, and Freewheel as competitors. This document also contains detailed product overviews of these video providers. Further, in an August 2023 Onyx deep dive document, Outbrain distinguished between other intermediaries as primary competitors such as Connatix, ShowHeroes, Teads, GumGum and Taboola and separately social competitors such as YouTube, Meta, and TikTok.[125]

(b) An Outbrain document from May 2024 compiling a publisher's customer responses to an interview conducted by Outbrain, noted that the publisher considered that TripleLift, The Trade Desk, GumGum, Taboola, Outbrain and DV360 are major players in native and video advertising. It was also noted

[124] Response to CMA questionnaire from third parties, November 2024.
[125] Outbrain's internal document, Annex 9.1.5 to the FMN, [✄], June 2024, slide 9.

that Taboola and Outbrain products are largely placed at the bottom of the page.[126]

98. Teads' internal documents generally refer to itself [✂] in outstream video (see the Market Definition section above (paragraph 64(a)). Additionally, the CMA has seen an internal document where Teads considers itself [✂] of outstream video and particularly notes that [✂].[127]

99. That said, Teads' documents also monitor a range of other competitors in outstream video (albeit Teads' documents do not always distinguish between competitors on the publisher side versus competitors on the advertiser side). For instance:

(a) The CMA has seen deep dives on [✂] and [✂], as well as SWOT analyses on [✂], [✂], [✂], and other DSPs and SSPs like [✂] or [✂]. For example, Teads conducted an in-depth analysis on [✂] in 2022,[128] [✂] in 2023,[129] and [✂] in 2024.[130] These documents contain comparisons of Teads' offering to publishers against its competitors.

(b) Other providers such as [✂], [✂], [✂], [✂], [✂], [✂], [✂], and [✂] are frequently monitored in Teads' internal documents, where Teads' position against these competitors is measured. For example, competitors like [✂], [✂], [✂], [✂], [✂] and [✂] were mentioned in a strategy presentation for 2024 as key advertising players in the market, distinguishing between 'walled gardens', 'open web dominant players' and other notable players.[131] Teads also provides its management with regular ad tech industry updates, for example in December 2022 where it listed competitors such as [✂], [✂], [✂], [✂], and [✂].[132]

Third-party evidence

100. Several publishers indicated that Teads is a significant provider of outstream video and may hold a degree of market power. For example:

(a) One publisher noted that Teads dominates the outstream video format.[133]

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[126] Outbrain's internal document, DOC ID OB-00000814, [✂], May 2024, pages 1, 3, and 5.
[127] Teads' internal document, Annex 151 to the section 109 Notice, [✂], Undated.
[128] Teads' internal document, Annex Q9.2.21 to the FMN, [✂], January 2022, slide 2.
[129] Teads' internal document, Annex 89 to the section 109 Notice, [✂], 2023, slide 29.
[130] Teads' internal document, Annex Q9.2.2 to the FMN, [✂], January 2024, slide 2–3.
[131] Teads' internal document, Annex Q9.2.19 to the FMN, [✂], January 2023, slide 5.
[132] Teads' internal document, Annex 30 to the section 109 Notice, [✂], December 2022, pages 2–3.
[133] Note of a call with a third party, October 2024, paragraph 9.

(b) Similarly, a separate publisher also stated that Teads dominates the outstream video space and added that it innovates to lock its value on the supply side.[134]

(c) Another publisher noted that there are no real alternatives to Teads for outstream video.[135]

101. That said, the evidence received across all publishers responding to the CMA's investigation indicated that Teads has a relatively wide range of alternatives. In particular, the CMA asked publishers to identify Teads' competitors and rate the strength of their offerings. The CMA also assigned a score to the ratings, with one being a 'very weak' competitor and five being a 'very strong' competitor.

102. Of those competitors that were rated by at least two respondents:

(a) Four competitors rated strong to very strong receiving average scores between four and five: Google, Connatix, Ozone and Taboola.

(b) Seven competitors rated moderately strong receiving average scores between three and four: Invibes, Nexxen, Showheroes, JW and Triplelift.

(c) Three competitors received an average score between two and three: Index Exchange, Outbrain and Equativ. Magnite received a score between one and two.

(d) 19 additional competitors were also named, but by only one respondent. Accordingly, the CMA has attached less weight to these companies as competitors.

103. Customers indicated that the above competitors compete with Teads either through direct relationships with customers, programmatic advertising, or both. In this regard:

(a) One publisher explained that there is no need to go directly to niche providers like Teads to secure outstream video ad formats, given that publishers can opt instead for programmatic arrangements.[136]

(b) Another customer considered that programmatic advertising could be an alternative to direct relationships because with header bidding, it allows publishers to obtain bids to fill the inventory space available from multiple SSPs rather than dealing with a single company.[137]

[134] Note of a call with a third party, October 2024, paragraph 12.
[135] Note of a call with a third party, October 2024, paragraph 15.
[136] Note of a call with a third party, October 2024, paragraph 13.
[137] Note of a call with a third party, October 2024, paragraph 8.

104. Competitors were also asked to comment on the extent to which self-supply of programmatic advertising exerts a competitive constraint on direct contractual relationships with publishers. The majority of competitors indicated that programmatic advertising exerts a moderate to strong constraint.[138]

105. The CMA notes that the effectiveness of programmatic advertising as an alternative to a direct relationship with Teads is also reflected in Teads' own business, as [✂] of Teads' revenue is generated through programmatic relationships.[139]

106. The CMA asked publishers what impact it would have on their business if they were no longer able to have a direct relationship with Teads for outstream video, what alternative options they would have, and how effective they would be.

(a) The majority of publishers said that this would have minimal or no impact at all on their business, noting they can go to an alternative supplier, use programmatic advertising, remove the format or replicate Teads' service in-house.[140] They also noted that the alternative options would be either equally effective to Teads, or effective albeit with some sort of impact (eg not same scale, lower rates).[141]

(b) Several publishers indicated however that Teads' outstream video is preferable or even hard to replace due to its premium nature and high quality.[142] That said, these publishers still indicated they had alternative options if they no longer had a direct relationship with Teads.

107. The CMA also asked publishers what proportion of revenue shared with Teads would need to increase in order for them to switch to an alternative means of filling that ad impression. Notably all publishers responding to the question noted that there are alternative providers to Teads if Teads increased its revenue share.

(a) Some respondents mentioned that Teads competes within an auction or programmatically for ad impressions, and their bids need to remain competitive to continue driving revenue. In this competitive bidding environment, Teads must offer attractive terms to retain business.[143]

(b) Further, some publishers responding to the question referred to specific thresholds for considering alternative means, ranging from a 5-30% increase in revenue share to Teads.[144] This suggests that for these respondents,

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138 Response to CMA questionnaire from third parties, November 2024, question 7.
139 FMN, Table 17.
140 Response to the CMA questionnaire from third parties, November 2024, question 9.
141 Response to the CMA questionnaire from third parties, November 2024, question 9.
142 Note of a call with a third party, October 2024, paragraph 28. Note of a call with a third party, December 2024.
143 Submission to the CMA from third parties, December 2024.
144 Submission to the CMA from third parties, December 2024.

Teads may hold a degree of market power. However, these publishers were in the minority.

108. Finally, the CMA notes that the majority of third parties did not raise concerns regarding the impact of the Merger in the supply of outstream video to UK publishers. Only a minority of publishers noted concerns regarding the lack of like-for-like alternatives to Teads' premium outstream video format, and even those publishers nonetheless acknowledged that they have alternatives.

Conclusion on alternative constraints

109. The evidence set out above indicates that a relatively wide range of competitive constraints will remain post-Merger. This includes competitors with direct relationships with publishers, those that are active via programmatic advertising and other types of advertising ad formats (the latter as an out-of-market constraint). While Teads may hold a degree of market power at least for some publishers (in particular those that value Teads' premium offer), those publishers still have alternatives.

Conclusion on theory of harm 1

110. Overall, the evidence indicates that the Parties are not close competitors, and that, post-Merger, there are likely to be sufficient alternative providers that will constrain the Merged Entity post-Merger, many of which provide a far stronger constraint on Teads than Outbrain. The CMA has not therefore found the Merger to give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of outstream video advertising platform services for UK publishers.

Theory of Harm 2: Conglomerate effects in the supply of outstream video advertising platform services to UK publishers

111. The concern with a conglomerate theory of harm is that the merged entity may restrict its rivals in one 'focal' market from accessing customers using its strong position in an 'adjacent' market.[145] The merged entity could do this through linking the sales of the two products in some way, thereby requiring or encouraging customers who want its product in the adjacent market to also purchase its product in the focal market, at the expense of rivals.[146]

112. This loss of sales by competitors is not problematic in and of itself, and linked sales of related products can result in efficiencies. However, competition concerns may arise if such a strategy would result in rivals in the focal market becoming less

[145] This can also apply to leveraging between different segments of the same market as well as between different markets.
[146] CMA129, paragraph 7.30.

effective competitors, which may result in higher prices or lower quality in the longer term. Particularly in digital markets, this may take place through denying entrants growth opportunities, ie a loss of sales relative to the counterfactual, thereby protecting and reinforcing the power of incumbents.[147]

113. In assessing this concern, the CMA considers whether the following three cumulative conditions are satisfied:

(a) would the merged entity have the ability to link the sales of two products in some way and to harm the competitiveness of its rivals by doing so?

(b) would it have the incentive to actually do so, ie would it be profitable?

(c) would the foreclosure of these rivals substantially lessen overall competition?[148]

114. In this case, the CMA has considered whether the Merged Entity would have the ability and incentive to link the sale of Outbrain's content recommendation with Teads' outstream video to foreclose rivals to Teads, such as to substantially lessen overall competition in outstream video to UK publishers.

115. In doing so, the CMA has considered whether the Merged Entity could link the sales of the two products either through:

(a) tying, ie the Merged Entity mandating all publishers who purchase content recommendation from Outbrain to purchase all their outstream video from Teads; or

(b) bundling, ie the Merged Entity offering an increased revenue share or better service quality to those publishers who purchase both content recommendation and outstream video from it.

Ability

116. To assess the Merged Entity's ability to tie or bundle the provision of content recommendation to outstream video, the CMA considered evidence received from the Parties and from third-party competitors and customers. In particular, the CMA considered:

(a) **Whether the Merged Entity has market power in the provision of content recommendation to UK publishers.** The Merged Entity will only be able to have a substantial impact on the market for outstream video if it occupies an important position in the market for content recommendation. If it

[147] CMA129, paragraph 7.31.
[148] CMA129, paragraphs 7.30–7.32.

does not, then any attempt to make customers take outstream video alongside content recommendation may result in customers buying content recommendation from rivals.

(b) **Feasibility of a combined offering.** The Merged Entity will only be able to tie or bundle the provision of content recommendation to outstream video if publishers have an incentive to purchase the two together and the merged firm can tie or bundle the two products in some way.

(c) **Loss of sales by rivals.** Competitors in outstream video are more likely to be foreclosed if the Merged Entity can deprive them of a substantial volume of sales. This will be the case if a sufficiently large number of customers in outstream video are, or could be, customers in content recommendation. This may take place by denying entrants growth opportunities.

(d) **Importance of scale.** A loss of customers in outstream video would typically only result in other firms becoming less effective rivals if there is a link between volumes and competitiveness. This could be through economies of scale, network effects, access to data and so on. This could also be through driving them to exit or deterring potential entrants, if they are financially marginal.

Market power in content recommendation

Parties' submissions

117. Outbrain submitted that it does not have market power in the supply of content recommendation. According to Outbrain:

(a) Content recommendation ads compete with other display advertising formats as part of a wider market for all display advertising platform services to publishers.[149] In this market, Outbrain lacks market power and is a very small player compared to Big Tech players that dominate the online advertising landscape, which also includes other large incumbent players and many specialised players.[150]

(b) Even in a hypothetical market for content recommendation specifically, Outbrain faces [✂] because it faces a significant constraint from Taboola, Revcontent and Dianomi. Due to the fact that Outbrain directly negotiates for placement on a publishers' website [✂], publishers leverage this competitive

[149] FMN, paragraph 185.
[150] FMN, paragraph 461(i).

pressure [✄], to the point that for some contracts the publisher has negotiated terms that are so favourable to the publisher that Outbrain [✄].[151]

(c) In addition, publishers can and do switch between content recommendation providers and do switch away from content recommendation entirely.[152] Outbrain provided examples of where Outbrain has won customers from [✄] and vice versa, as well as where Outbrain customers have stopped using content recommendation advertising completely.

118. The Parties also submitted that Outbrain made a net loss in 2022[153] which demonstrates that they do not hold market power in content recommendation.

CMA's assessment

119. The CMA has previously considered the market for content recommendation in its 2020 Taboola/ Outbrain decision. In that decision, the CMA found that Outbrain is one of the two largest players, with a 40-50% share, alongside Taboola, with a 30-40% share. The CMA found that Outbrain and Taboola are each other's closest competitors and face few constraints from rival providers.

120. Outbrain estimated its 2023 share of supply to be approximately [40-50]%.[154] For other market participants, Outbrain estimated Taboola to be of equal size, with a 40-50% share of supply, Dianomi with a 10-20% share, and RevContent, MGID, Google (noting that Google 'serve ads at the bottom of the page') and Mantis each with 0-5% shares. The CMA notes that while these shares of supply are estimates and subject to a margin for error, they broadly align with other evidence received by the CMA indicating that both Outbrain and Taboola continue to be the two largest providers with few rivals of significant size (as summarised below).

121. Outbrain's internal documents generally indicate that it has a significant position in content recommendation with few rivals, and primarily only monitors Taboola. For example:

(a) An undated Outbrain document that contained a competitive analysis positions Outbrain as 'large' on the aggregated open-web (ie in open display advertising).[155]

(b) A third-party due diligence report prepared by [a well-known third-party consultant] for the Parties in June 2024 ahead of the proposed Merger places Outbrain [✄] in terms of revenue of core competitors behind Taboola and [✄] lists Taboola as another example firm in 'performance native' when

151 FMN, paragraph 470.
152 Parties' response to the CMA's RFI 6, paragraph 34.
153 FMN, paragraph 81.
154 FMN, Table 31.
155 Outbrain's internal document, DOC ID OB-00028244, [✄], Undated, slide 45.

producing an overview of the market.[156] This same document, as well as others seen by the CMA, also notes that in more general terms both Parties face competition from large tech firms such as Google, as well as a range of other smaller intermediaries to varying extents.

122. The CMA has also seen numerous Outbrain documents that are focussed on Taboola as a key competitor in content recommendation, which aligns with the findings of the Taboola/Outbrain merger investigation where the CMA found a large number of internal documents in that case indicated that Outbrain and Taboola see to be close, and often their closest, competitor in content recommendation.[157]

123. The CMA asked publishers to list competitors to Outbrain as part of its third-party questionnaire. A total of 13 competitors to Outbrain were mentioned, with Taboola mentioned by the vast majority of responses and only Google, Triplelift, Dianomi, and RevContent mentioned by two or more respondents. The CMA also asked third parties to rate the strength of each competitor on a five-point scale from Very Weak to Very Strong. By assigning a rating from one (Very Weak) to five (Very Strong) for each descriptor the CMA has been able to calculate average ratings of Outbrain's competitors, with Taboola rating 4.3, Dianomi 3.5, Google 3, Triplelift 3, and RevContent 2.5.

124. Third parties explained to the CMA that generally Outbrain and Taboola are the primary players, and other rivals are smaller. For example:

(a) One publisher noted that Outbrain and Taboola dominate the content recommendation format;[158]

(b) Another publisher indicated that Outbrain's main competitor is Taboola and noted there are some smaller competitors such as RevContent and Dianomi;[159] and

(c) A third publisher named Taboola as Outbrain's main competitor in content recommendation, as well as RevContent as a smaller competitor.[160]

125. The CMA also asked publishers what impact it would have on their business if they were no longer able to have a direct relationship with Outbrain. The majority of publishers indicated that there would be minimal revenue loss as they would switch to Taboola who are broadly seen as being as effective as Outbrain in monetising bottom of the page space.[161] A minority of publishers indicated that

[156] Outbrain's internal document, Annex 8.1.40 to the DMN, [✂], June 2024, slides 18 and 26.
[157] Taboola/Outbrain, paragraph 21.
[158] Note of a call with a third party, October 2024, paragraph 9.
[159] Note of a call with a third party, October 2024, paragraph 12.
[160] Note of a call with a third party, October 2024, paragraph 11.
[161] Response to the CMA questionnaire from third parties, November 2024, question 11.

they would also consider other content recommendation suppliers beside Taboola, self-supplying through programmatic advertising or replacing Outbrain with other types of ads.[162]

Conclusion on market power

126. Overall, the evidence indicates that Outbrain is one of the two largest providers of content recommendation, with all other competitors of a much smaller scale. This suggests Outbrain may have a degree of market power, although it does face a significant constraint from Taboola, who most publishers view as largely interchangeable with Outbrain.

Feasibility of a combined offering

Parties' submissions

127. The Parties submitted that they could not plausibly bundle or tie the sale of outstream video to the purchase of content recommendation. According to the Parties:

(a) In the event the Parties engage in such a strategy, publishers would readily switch their supply relationships to alternative large, well-resourced and established competitors (which they likely use already).[163]

(b) Publishers prefer to follow a multi-homing strategy and any attempt at anti-competitive bundling or tying would simply push customers away to other suppliers that can provide this flexibility.[164] In addition, several competitors have far greater ability to bundle and tie products, often holding much more significant market power than the Parties do, for example Google.[165]

(c) Teads' fill rates in relation to ads placed in the middle of the article are low, at around [10-20]% in the UK. This means that, for [80-90]% of ad impressions on Teads' publishers webpage, Teads does not have a relevant ad to show.[166] This means any strategy attempting to force more publishers to use Teads exclusively would spread the advertiser demand more thinly rather than increasing total revenues.[167] This could impact a publisher's likelihood of entering exclusive agreements with the Merged Entity if they suspect that the outcome would not be an increase in premium advertisements but rather Teads filling the space programmatically from other intermediaries.

[162] Response to the CMA questionnaire from third parties, November 2024, question 11.
[163] FMN, paragraph 461(ii).
[164] FMN, paragraph 461(iii).
[165] FMN, paragraph 461(iv).
[166] Parties' response to the CMA's RFI 6, paragraph 75.
[167] FMN, paragraph 471(e).

CMA's assessment

128. The CMA asked publishers to comment on the likely impact that the Merged Entity engaging in a tying or bundling strategy would have on their business and how they might respond to such a strategy. In relation to a tied offer, most publishers indicated that they would not accept a tied offer and would either switch supply to Taboola or simply decline to enter into such contractual arrangements. In particular, most publishers explained this was due to concerns related to the following:

(a) reduced diversification of outstream video suppliers;[168]

(b) revenue loss if Teads cannot fill the space as effectively;[169]

(c) the cost of required development work on publisher web pages to implement a change in outstream video supplier;[170] and

(d) the negative impact such a scenario would have on other outstream video suppliers.[171]

129. In relation to a bundled offer (ie receiving either an increased share of revenue or improved service quality when purchasing both products together), publishers mostly expressed a positive view of the potential scenario, and highlighted potential increased revenue share rates and enhanced analytics as potential benefits they could gain.[172]

130. However, the CMA also received evidence to indicate that the Parties engaging in a bundled offer would not be financially sustainable. In particular, one competitor noted that they would respond to a hypothetical bundle by matching the Parties' reduced prices, but indicated that they did not think it would be feasible for the Parties' to sustain in the long term as it would place unsustainable pressure on revenue growth.[173] Additionally, Outbrain was loss making in 2022[174] and Teads revenue fell between 2022 and 2023[175] which could be indicative of an inability to sustain the lower short term revenues that a bundle would necessitate.

Conclusion on feasibility of a combined offer

131. In view of the evidence set out above, the CMA considers that most publishers would not accept attempts to tie outstream video to content recommendation and

[168] Response to the CMA questionnaire from third parties, November 2024, question 6.
[169] Response to the CMA questionnaire from third parties, November 2024, question 6.
[170] Response to the CMA questionnaire from third parties, November 2024, question 6.
[171] Response to the CMA questionnaire from third parties, November 2024, question 6.
[172] Response to the CMA questionnaire from third parties, November 2024, question 6.
[173] Response to the CMA questionnaire from a third party, November 2024, question 15.
[174] FMN, paragraph 81.
[175] FMN, paragraph 469.

would either decline to enter into such an agreement or would switch away from the Merged Entity in favour of another supplier of content recommendation, such as Taboola.

132. The CMA's view of the evidence is that while it is plausible for the Merged Entity to construct a bundle that offers publishers a combination of an increase in revenue or better service quality, it is not clear this bundle could be sustained in the medium to long term.

Loss of sales by rivals

133. The Parties submitted that they would not be able to deny rivals a substantial volume of sales by engaging in a bundling strategy. The Parties explained that part of the synergies to the Merger involves cross-selling between the Parties' services. A valuation model in respect of these synergies estimated them to be worth $[✄] in gross revenues (ie including traffic acquisition costs) for FY2025 globally.[176] However, the Parties explained that these synergies were only anticipated to arise on the advertiser side and there are no planned synergies on the publisher side.[177] Further, even if these synergies were assumed to arise on the publisher side, they only equate to a [0-5]% increase in the Parties' global revenues.[178] According to the Parties, this is not of sufficient size to give rise to any meaningful risk of foreclosure.

134. The CMA notes that a significant number of Outbrain's content recommendation customers are or could be customers of outstream video. This suggests that any bundling strategy engaged in by the Parties may have the potential to impact a significant portion of outstream video customers.

135. However, while the CMA has not been able to identify reliable measures of shares of supply for outstream video, the evidence discussed in paragraph 102 above, indicates that Teads competes with a relatively wide range of competitors, with four rated as strong competitors, and seven others rated as moderately strong competitors, amongst other competitors. Any losses incurred by rivals from a bundling strategy are therefore more likely to be spread across a large number of firms rather than substantially affecting any one firm.

136. Furthermore, a significant proportion of outstream video sales occur via programmatic means (for example, as noted in paragraph 52, programmatic advertising accounts for half of Teads' outstream video sales). In order to deprive sales from these competitors, the Merged Entity would have to consistently outbid their competitors in real time auctions, which are already designed to maximise

[176] Parties' response to the CMA's RFI 6, paragraph 44.
[177] Parties' response to the CMA's RFI 6, paragraph 42.
[178] Parties' response to the CMA's RFI 6, paragraph 45.

returns for publishers (and therefore minimise intermediaries' ability to generate profits). This also reduces the likelihood of the Merged Entity depriving any one rival of a substantial volume of sales.

137. In addition, the Merged Entity would be competing against rivals that include large firms such as Google, as well as firms of a similar size to the Merged Entity, who may be well positioned to counter any bundling attempts.

138. Within a potential premium segment for outstream video, the evidence set out in Theory of Harm 1 indicates that Teads may hold a degree of market power. However, the CMA also believes that this segment is relatively small. For instance, the publishers who stated they would be affected if they could no longer partner with Teads[179]—suggesting they were part of this potential premium segment—reported total advertisement revenues from Teads of less than £[✂]. As such, the CMA believes that any bundling as a result of the Merger would have a limited impact on current or future competitors.

Conclusion on loss of sales

139. In view of the above, the CMA does not believe that the Merged Entity engaging in a bundling strategy is likely to result in rivals losing sufficient sales within the market for outstream video to UK publishers, given the number of competitors and the presence of programmatic advertising.

Importance of scale

140. Display advertising exists to match publishers, with advertising space to sell, to advertisers, who want to purchase space to display their adverts. Firms with access to a broad range of both advertisers and publishers are more likely to be successful than those that only have limited access. The broader a firm's network of publishers and advertisers, the more likely they are able to win programmatic auctions as they have a broader range of both adverts to sell and websites to buy from. In addition, they will be more attractive to new customers as they will be able to offer better chances of high returns. This suggests that scale is generally important to competition in ad tech markets.

141. Evidence received from third parties also supports that scale is important, with all competitors stating that scale was of high importance within the industry.[180] Most publishers responding to the CMA's investigation stated that they saw benefits in contracting with a firm that offers multiple ad formats, highlighting reduced

[179] Response to the CMA questionnaire from third parties, November 2024, question 9.
[180] Response to the CMA questionnaire from third parties, November 2024, question 4.

administrative burdens as a potential benefit.[181] However, most responses acknowledged that the benefits would be relatively small.[182]

142. The Parties' internal documents also support that scale is important. For example, an internal document prepared by Outbrain in February 2024 assessing Teads prior to Outbrain submitting its formal bid for the company, noted that 'scale = relevance'.[183]

143. Whilst scale is therefore clearly important for display advertising intermediaries, any bundle the Merged Entity might offer is likely to be limited in terms of its ability to capture a sizeable proportion of the market when compared to the market as a whole. In particular, as noted above, while the CMA lacks reliable estimates of the total market size for outstream video, the evidence set out in paragraph 109, indicates that the market is able to support a relatively large number of competitors, particularly via programmatic advertising. Within this context, and the fact that the market has grown rapidly in recent years,[184] the CMA views it as unlikely that any bundle offered by the Merged Entity could deprive rivals of the ability to gain scale within the outstream video market as a whole.

144. Regarding a potential premium outstream video segment, the CMA considers that the size of such a potential segment is likely to be very small. As such, provided rivals can gain sufficient scale in the outstream video market as a whole, any bundling strategy in relation to premium outstream video is also unlikely to deprive rivals of the ability to scale.

Conclusion on scale

145. In view of the above, while scale is likely to be important to competition in the supply of outstream video to UK publishers, the CMA believes it is unlikely that the Merged Entity could construct a bundle that is sufficiently attractive to publishers that it would prevent other firms from gaining scale.

Conclusion on ability

146. In view of the above, the CMA does not consider that the Merged Entity has the ability to foreclose rivals in outstream video through tying or bundling content recommendation with outstream video. In particular:

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[181] Response to the CMA questionnaire from third parties, November 2024, question 7.
[182] Response to the CMA questionnaire from third parties, November 2024, question 7.
[183] Outbrain's internal document, DOC ID OB-00002652, [✂], February 2024, slide 9.
[184] Ad-tech has grown by around 25% per annum between 2018 and 2023 (FMN, paragraph 315) and between 2017 and 2021 outstream video advertising grew by nearly 350% (Ofcom Media Nations: UK 2023 (last accessed 31 January 2025), Figure 25).

(a) While Outbrain is one of the largest providers of content recommendation and may exercise a degree of market power, it faces a significant competitive constraint from Taboola;

(b) The available evidence indicates most publishers would not accept attempts to restrict their choice of intermediaries through tying; and

(c) While publishers may be open to accepting a bundled offer, there is mixed evidence as to whether a bundling strategy would be financially sustainable in the long term, and the available evidence indicates that such a strategy is unlikely to deprive rivals of a substantial volume of sales or the ability to scale in the outstream video market as a whole or any potential segment for premium outstream video.

Conclusion on Theory of Harm 2

147. As the CMA found that the Merged Entity would lack the ability to foreclose competing outstream video suppliers, the CMA has not found it necessary to conclude on whether the Merged Entity would have the incentive to do so.

148. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of conglomerate effects in the supply of outstream video advertising platform services to UK publishers.

Theory of Harm 3: Conglomerate effects in the supply of content recommendation advertising platform services to UK publishers

149. The CMA assessed whether it is or may be the case that the Merger may be expected to result in an SLC as a result of conglomerate effects in content recommendation. The CMA has considered whether the Merged Entity would have the ability and incentive to link the sale of Teads' outstream video with Outbrain's content recommendation, such as to substantially lessen overall competition in content recommendation to UK publishers.

150. As described in paragraph 115 in relation to Theory of Harm 2, the CMA has considered whether the Merged Entity could link the sales of the two products either through tying, ie mandating all firms who purchase outstream video from Teads to purchase all their content recommendation from Outbrain, or through bundling, ie offering increased revenue share or better service quality to those publishers who purchase both content recommendation and outstream video from it.

151. In assessing this theory of harm, the CMA considered whether the three cumulative conditions set out in paragraph 113 above are satisfied.

Ability

Market power in outstream video

152. As summarised in paragraphs 97 to 108, the CMA believes that there are a number of alternatives to using Teads within the outstream video market. The CMA has seen evidence, discussed in paragraphs 66 and 67, that Teads differentiates itself within outstream video by focusing on serving premium advertisers and publishers. In relation to this potential premium outstream video segment, the CMA believes that the size of this segment is relatively small, but that Teads may hold a degree of market power within it.

Feasibility of a combined offering

Parties' submissions

153. The Parties submitted that they could not plausibly bundle or tie products to foreclose competitors on the advertiser or publisher side of the market, because advertisers and publishers would readily switch their supply relationships to these large, well-resourced and established competitors (which they likely use already).[185]

154. The Parties further submitted that advertisers and publishers prefer to follow a multi-homing strategy and any attempt at anti-competitive bundling or tying would simply push customers away to other suppliers that can provide this flexibility. In addition, several competitors have far greater ability to bundle and tie products, often holding much more significant market power than the Parties do, for example Google.[186]

CMA's assessment

155. Publishers were asked to comment on the likely impact that a tying strategy would have on their business and how they might respond to such a strategy. A number of publishers indicated that tying of content recommendation to Teads' outstream video would have no impact on them as they currently do not contract with Teads or are customers of both Teads and Outbrain so would not need to change their behaviour. For those that would be impacted by a tying strategy, a majority indicated that they would decline to enter into an agreement, and a minority indicated that they would move their business to other firms as a result of such a strategy. In particular, most publishers explained this was due to concerns related to the following:

[185] FMN, paragraph 461(ii).
[186] FMN, paragraph 461(iii).

(a) The impact such an agreement would have on the publisher's relationships with other outstream video intermediaries;

(b) The potential for the Merged Firm to use the tying of content recommendation to outstream video to reduce the revenue the publisher receives from advertisements; and

(c) A reluctance to reduce the publisher's ability to choose which firms they contract with.

156. In relation to a bundled offer (ie receiving either an increased share of revenue or improved service quality when purchasing both products together), publishers mostly expressed a positive view of the potential scenario, and highlighted potential increase revenue share rates and enhanced analytics as potential benefits they could gain.[187]

157. However, the CMA also received evidence to indicate that the Parties engaging in a bundled offer would not be financially sustainable. In particular, one competitor noted that they would respond to a hypothetical bundle by matching the Parties' reduced prices, but indicated that they did not think it would be feasible for the Parties' to sustain in the long term as it would place unsustainable pressure on revenue growth.[188] As noted in paragraph 130, Outbrain was loss making in 2022[189] and Teads' revenue fell between 2022 and 2023[190] which could be indicative of an inability to sustain the lower short term revenues that a bundle would necessitate.

Conclusion on feasibility of a combined offer

158. The CMA's view of the evidence is that most publishers would not accept attempts to tie content recommendation to outstream video and would either decline to enter into such an agreement or would switch away from the Merged Entity.

159. The CMA's view of the evidence is that while it is plausible for the Merged Entity to construct a bundle that offers publishers an increase in revenue or better service quality, it is not clear this bundle could be sustained in the medium to long term.

[187] Response to the CMA questionnaire from third parties, November 2024, question 6.
[188] Response to the CMA questionnaire from a third party, November 2024, question 15.
[189] FMN, paragraph 81.
[190] FMN, paragraph 469.

Loss of sales by rivals

Parties' Submissions

160. The Parties have submitted evidence regarding their ability to deny competitors revenues through bundling. They submit that according to the Parties' valuation model, the size of the cross-selling effect is far too small to generate any credible foreclosing effect. The valuation model identified cross-selling opportunities of $[✂] in gross revenues (ie including traffic acquisition costs) for FY2025. This reflects a [0-5]% increase in their global revenues.[191]

CMA's assessment

161. The CMA has seen evidence that Outbrain has approximately [✂] the number of publisher customers compared to Teads, and that only [10-20]% of Outbrain customers are also customers of Teads. It is therefore likely that the majority of content recommendation customers (ie including those of Outbrain's rivals) are not also customers of Teads, assuming that Outbrain's customer base is broadly representative of the wider market. Therefore, the number of customers that Outbrain's competitors could lose is limited by the fact that the majority will not be customers of Teads to begin with. Within the potential segment of premium outstream video, where the CMA believes Teads has a degree of differentiation, the number of potential content recommendation customers that Outbrain's competitors could lose are likely even smaller.

162. Additionally, as summarised in paragraph 152, there are a number of alternatives to Teads within the outstream video market which could limit the ability of the Merged Entity to deprive Outbrain's competitors of customers, as publishers are either using rivals to Teads in the first place or could switch to rivals should the Merged Entity attempt to compel them to use Outbrain for content recommendation.

Conclusion on loss of sales by rivals

163. The CMA believes that the evidence indicates that the risk of the Merged Entity being able to foreclose competitors in content recommendation is low. Even if the Merged Entity were able to construct a bundle that enticed Teads' customers who also needed content recommendation away from Outbrain's rivals, Teads' scale, the extent of overlapping customers, and its limited market power, is unlikely sufficient to deny Outbrain competitors the opportunity to successfully compete.

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[191] Parties' response to the CMA's RFI 6, paragraph 44.

Importance of Scale

CMA's assessment

164. As discussed in paragraphs 140 to 145, the evidence indicates that scale is important within open display advertising. The CMA believes that any bundling strategy that the Merged Entity could engage in is not likely to impact Outbrain's competitors' ability to gain scale, for the same reasons as discussed under loss of sales to rivals in paragraph 161 above.

Conclusion on ability

165. In view of the above, the CMA does not consider that the Merged Entity has the ability to foreclose rivals in content recommendation through tying or bunding content recommendation with outstream video. In particular:

(a) The available evidence indicates that there are a number of rivals and alternatives to Teads and any market power would be limited to a narrower potential segment for premium outstream, which the CMA estimates to be small.

(b) As a result, it is unlikely that the Merged Entity could use a bundling or tying strategy to deprive content recommendation rivals of a substantial volume of sales, or the ability to scale.

(c) In addition, most publishers told the CMA that they would not accept attempts to restrict their choice of intermediaries through tying. While publishers were more receptive to a bundling strategy, there is some evidence to suggest this would not be financially sustainable in the medium to long term.

Conclusion on Theory of Harm 3

166. As the CMA found that the Merged Entity would lack the ability to foreclose competing content recommendation suppliers, the CMA has not found it necessary to conclude on whether the Merged Entity would have the incentive to do so.

167. Accordingly, the CMA does not believe that the Merger gives rise to a realistic prospect of an SLC as a result of conglomerate effects in the supply of content recommendation advertising platform services to UK publishers.

ENTRY AND EXPANSION

168. 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. The CMA will consider entry and/or expansion plans of rivals who do so in direct response to the

merger as a countervailing measure that could prevent an 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.[192]

169. As the CMA has concluded that the Merger does not give rise to competition concerns, it is not necessary to consider countervailing factors in this Decision.

[192] CMA129, paragraph 8.31.

DECISION

170. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the United Kingdom.

171. The Merger will therefore not be referred under section 33(1) of the Act.

Oliver Norden
Director, Mergers
Competition and Markets Authority
31 January 2025

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[i] The Parties informed the CMA that at closing, Outbrain will acquire all of the equity interest in Teads for a price of approximately USD 900 million.
[ii] The Parties informed the CMA that at closing, as part of the consideration, Altice Teads will receive common stock in Outbrain amounting to approximately 46.6% of Outbrain's issued and outstanding shares of Common Stock post-Merger.
[iii] The Parties informed the CMA that at closing, Altice Teads will acquire approximately 46.6% of the voting rights in Outbrain.