



DETERMINATION OF MERGER NOTIFICATION M/06/067 – CONNACHT TRIBUNE/GALWAY BAY FM

Section 21 of the Competition Act 2002

Proposed acquisition by of Connacht Tribune Limited of the issued share capital in Western Community Broadcasting Services Limited

Dated 24/10/06

Introduction

1. On 25 September 2006, the Competition Authority (“the Authority”), in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby the Connacht Tribune Limited (“CT”) would acquire 73.27% of the remaining issued share capital in Western Community Broadcasting Services Limited trading as Galway Bay FM (“Galway Bay FM”) (“the proposed transaction”).
2. The Authority forwarded a copy of the notification to the Minister and notified the undertakings involved that it considers the acquisition to be a media merger, in accordance with section 23(1) of the Act.
3. The proposed transaction is also subject to the grant of regulatory consent from the Broadcasting Commission of Ireland (“BCI”). The Authority was informed by CT and Galway Bay FM that regulatory consent was granted for the sale of the remaining shares in Galway Bay FM not already owned by CT to CT on 21 June 2006 by the BCI, subject to several conditions imposed by the BCI, including clearance of the proposed transaction by the Authority.

The Undertakings Involved

The Acquirer

4. CT, the acquirer, is active in: (a) newspaper publishing, (b) advertising in newspapers, and (c) printing of newspapers.

(a) Newspaper publishing

5. The acquirer has three publications: (1) The Connacht Tribune; (2) The Galway City Tribune; and (3) The Connacht Sentinel.
6. The Connacht Tribune is a weekly paid-for broadsheet publication which is published each Thursday and is sold primarily in the Galway City and County region. It carries three mains sections covering news, sports and motoring, and life and property.
7. The Galway City Tribune is a weekly paid-for publication that is published each Friday with a news section different to the Connacht Tribune focusing on news for Galway City.

8. The Connacht Tribune and the Galway City Tribune, taken together, had a circulation of [...]¹: [...] % were sold in greater Galway City area; [...] % were distributed nationally and overseas (subscription based); and [...] % sold in Galway County (ex Galway City area) and environs.
9. The Connacht Sentinel is a weekly paid-for newspaper published for Galway City in tabloid format every Tuesday. [...] (average weekly circulation) copies of the Connacht Sentinel were circulated in Galway City in 2005/06.

(b) Advertising

10. The acquirer sells advertising in all three of its publications. The majority of advertising placed with the acquirer is 'detail'-based advertising in the form of classified advertisements and public notices. Advertising placed in the acquirer's newspaper publications are predominantly local. For the year ended 2005, the acquirer achieved sales of [...] from its advertising activities.

(c) Contract commercial printing

11. The acquirer is also active in the provision of contract printing services for third parties at its print facility. The acquirer has submitted and the Authority accepts that the contract printing arrangements between the acquirer and third parties pertain to printing only and have no connection with editorial, advertising or sales policies of the third party newspaper publications in question.
12. The acquirer provides printing services for newspaper publications including *Clare Champion, Connaught Telegraph, University Observer and Foinse*.

The Target

13. Galway Bay FM, the target, is a local commercial radio station licensed by the BCI to provide sound broadcasting services in the Galway City and County franchise area. It was awarded its licence to broadcast from the BCI on 18 August 2003 for a period expiring on 17 August 2013. It is active in the provision of (a) sound broadcasting services and (b) the sale of advertising slots on Galway Bay FM.

(a) Sound broadcasting services

14. The target's sound broadcasting services provide a "Lively mix of music with up to the minute news, sport, current affairs and local issues²" aimed at a target audience of 15-55 year olds living in the Galway City and County franchise area.
15. The programme format of Galway Bay FM, as with all other BCI-licensed radio stations, is strictly regulated and change to a different programming format is not possible without consent from the BCI.

(b) Advertising

16. The target's sound broadcasting activities attract advertising from local and national advertisers. It may sell up to ten minutes of advertising slots (usually of 30 second duration) per hour to advertisers. The type of advertising that is carried by radio stations, according to the submissions

¹ Source Audit Bureau of Circulations (ABC). Circulation figures refer to 2005/06.

² Broadcasting Commission of Ireland website at http://www.bci.ie/licensed_operators/local_radio_galway.html.

of the undertakings involved, is described as 'repeat advertising' and approximately [...] % of its advertising sales are sold to national advertisers and/or national advertising agencies with the remaining [...] % sold to local advertisers usually on a direct basis.

17. In the financial year 2005/6, the target's total advertising revenue was [...].

Analysis

18. Both the acquirer and the target are active in the sale of advertising to local and national advertisers. The undertakings involved, however, have submitted to the Authority that no overlap exists on the basis of the acquirer's and the target's activities in the State.

19. The acquirer and the target have submitted that they are active in separate markets: the acquirer is active in the market for advertising in newspaper publications; and the target is active in the market for the sale of advertising slots on radio.

20. The undertakings involved have submitted that the market for the sale of radio advertising slots is a distinct market and is separate to the market for the sale of advertising in print media on the basis of the different characteristics of and functions performed by print and radio advertising.

21. In short, customers placing advertising with a radio station and/or with a newspaper are meeting different requirements: by advertising on radio, advertisers are seeking to 'repeat' a message to listeners of that radio station whereas by placing an advertisement with a newspaper publication, advertisers are seeking to provide 'detail' in the message advertised.

22. The undertakings involved have submitted that any overlap that occurs in their respective advertising activities is minimal and poses no competition concern. The undertakings involved submit that while the acquirer and the target may serve the same pool of local customers some of whom advertise on both Galway Bay FM and in the acquirer's newspaper publications, the reason for the overlap is based on the need for the advertisers in question to meet different needs, as explained in para. 21 above.

23. The undertakings involved further submit that they compete against different competitors. The acquirer has submitted that it competes against free-sheet and paid-for newspaper publications at local, regional and national level, including *The Galway Independent*, *The Tuam Herald* and *The Galway Advertiser* all at local/regional level.

24. In the case of Galway Bay FM, the target has submitted that it competes against other radio stations for advertising and listenership. In terms of advertising, it competes against other neighbouring licensed local independent commercial radio stations such as Shannonside FM, Mid-West Radio and Clare FM. It also competes with national radio stations such as RTE 1, 2FM and Today FM. The target has also noted that the advertised licensing of a new regional radio station by the BCI in the North-West region of the State will also act as a competitor to Galway Bay FM for advertising when it begins broadcasting in late 2007.

25. In respect of the proposed transaction, the Authority requested detailed information from the undertakings involved including sales and advertising reports and data. The Authority's investigation of the proposed transaction and its analysis of the detailed data support the submissions of the undertakings involved and have shown that the undertakings involved are active in separate markets: Galway Bay FM is active in the market for the sale of advertising slots on radio while the acquirer's publications are active in the market for the sale of advertising in newspaper publications.
26. This is consistent with previous determinations of the Authority which have considered mergers involving media businesses active in radio, television and print advertising³ and which have concluded that the sale of advertising slots on radio constitutes a separate market from that of the sale of advertising in newspaper publications.
27. The Authority has, therefore, concluded that the proposed transaction does not give rise to competition concerns and will not result in a substantial lessening of competition in the markets concerned.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Connacht Tribune Limited of Western Community Broadcasting Services Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Paul K. Gorecki
Member of the Competition Authority

³M/03/033, *Scottish Radio Holdings/FM 104*; and M/05/025, *Scottish Radio Holdings/Donegal Highland Radio Limited*. All determinations of the Authority are available from its website at <http://www.tca.ie>.