



DETERMINATION OF MERGER NOTIFICATION M/08/038 – ALPHA PUBLICATIONS / THE HERALD

Section 21 of the Competition Act 2002

Proposed acquisition by Alpha Publications Limited of The Herald Printing And Publishing Company Limited

Dated 22 January 2009

Introduction

1. On 23 December 2008 the Competition Authority, in accordance with section 18(1) of the Competition Act, 2002 ("the Act") received a notification of a proposed transaction whereby Alpha Publications Limited ("APL") would acquire the entire issued share capital, and thus sole control, of The Herald Printing and Publishing Company Limited ("HPPC").
2. In accordance with section 23(1) of the Act, on 24 December 2009, the Authority forwarded a copy of the notification to the Minister and also notified the undertakings involved that it considers the acquisition to be a 'media merger'.

The Undertakings Involved

The Acquirer

3. APL is part of the Alpha Newspaper Group, which publishes weekly regional newspapers in the State and Northern Ireland. APL publishes five paid-for regional newspaper titles in the State and sells advertising space in each of them. These newspapers are:
 - The *Midland Tribune* – published weekly on a Wednesday. with a current weekly circulation of approximately 6,000 copies;
 - The *Tullamore Tribune* – published weekly on a Wednesday, with a current weekly circulation of approximately 6,300 copies;
 - The *Roscommon Champion* – published weekly on a Tuesday, with a current weekly circulation of approximately 5,800 copies;
 - *The Longford News* – published weekly on a Tuesday, with a current weekly circulation of approximately 2,200 copies; and
 - *The Athlone Voice* – published weekly on a Tuesday, with a current weekly circulation of approximately 2,900 copies.

The Target

4. HPPC publishes and sells advertising space in *The Tuam Herald*, a paid-for weekly newspaper published every Wednesday and distributed in Tuam and in Galway county. Its weekly circulation was approximately 9,500 copies in 2007. HPPC is owned by two individuals.

Analysis

Horizontal Overlap

5. In the State, both APL and HPPC are active in two main areas:

- Newspaper publishing; and
- Newspaper advertising.

Neither HCCP nor APL is engaged in newspaper printing. Both outsource the printing of their titles to a third party, Midland Web Printing Limited. The APL titles are distributed by Newsread Limited, a magazine and newspaper wholesale and distribution company. *The Tuam Herald* is distributed by HPPPC and also through third party distributors.

6. Newspapers are mainly designed to satisfy the needs of both readers and advertisers. As such, an assessment of the nature of competition requires a consideration of the interaction between advertisers and readers. Newspaper publishers wish to attract advertisers on one side, and readers on the other side, to form an audience for advertisers.

7. Below the Authority considers whether the proposed transaction is likely to impact on the structure of competition in respect of newspaper publishing and advertising in the State.

Newspaper Publishing in the State

8. Although APL and HPPC are both active in the publishing and sale of newspapers, the parties submitted that there is negligible geographical overlap between the activities of the parties. The parties submitted that APL does not have any titles that are targeted at the same distribution area as *The Tuam Herald*.

9. APL's titles are focused on the Midlands (in particular, the towns of Tipperary, Offaly, Tullamore, Roscommon, Athlone and Longford). The parties submitted that the only geographical overlap is with respect to the town of Ballinasloe. However, *The Tuam Herald* has only negligible distribution in Ballinasloe, with no more than 10 or 12 copies sold weekly. This amounts to about 0.1% of the entire circulation of *The Tuam Herald*.

10. In addition, other regional newspapers not published by the parties (for example, *The Connaught Tribune*, *The Galway Advertiser*, *The Western People* and *The Mayo News*) are targeted at the same distribution area as the *The Tuam Herald*.

11. The Authority therefore considers that the proposed transaction does not raise competition concerns in relation to newspaper publishing in the State, due to the very limited geographical overlap in the activities of the parties.

Advertising in Newspapers in the State

12. In this case, there is no overlap in newspaper advertising, as the newspaper titles of the parties are circulated in different areas, with

negligible geographic overlap, as indicated in paragraph 9 above. As such, their advertising is targeted at different groups of readers.

13. The Authority therefore considers that the proposed transaction does not raise competition concerns in relation to advertising in newspapers in the State, since there is very little geographic overlap in the newspaper advertising activities of the parties in the State.

Ancillary Restraints

14. Clause 7.2 of the Share Purchase Agreement contains various restrictive covenants, including non-compete and non-solicitation clauses, Clause 7.3 of the Share Purchase Agreement contains restrictions on the disclosure of confidential information (as defined). The parties have satisfied the Authority that these provisions are directly related and necessary to the implementation of the proposed transaction.

Determination

15. The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Alpha Publications Limited of The Herald Printing and Publishing Company Limited will not be to substantially lessen competition in any market for goods and services in the State and, accordingly, that the acquisition may be put into effect, subject to section 23 of the Act.

For the Competition Authority

Dr. Stanley Wong
Member of the Competition Authority