



DETERMINATION OF MERGER NOTIFICATION M/07/021 – Thomas Crosbie Holdings/WKW FM (Beat FM)

Section 21 of the Competition Act 2002

Proposed acquisition by Thomas Crosbie Holdings Limited of WKW FM Limited trading as Beat FM 102-103

Dated 17/08/07

Introduction

1. On 11th May 2007 the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Thomas Crosbie Holdings Limited (“TCH”) together with Des Whelan would acquire 68.7% of the issued share capital of WKW FM Limited (“Beat FM”). Post acquisition, South East Radio Broadcasting Company will continue to own 31.3% of the issued share capital of Beat FM.¹
2. The Authority forwarded a copy of the notification to the Minister and notified the undertakings involved that it considers the proposed acquisition to be a media merger, in accordance with section 23(1) of the Act.
3. During its phase 1 investigation, the Authority issued a formal request for information under section 20(2) of the Act to each of the undertakings involved. Also questionnaires were issued to 12 advertising agencies and 14 direct advertisers.²

The Undertakings Involved

2. TCH, the acquirer, is a private limited company incorporated under Irish law. It is a holding company whose subsidiaries publish the following national and regional, daily and weekly newspapers: The Irish Examiner; The Evening Echo; The Western People; The Sligo Weekender; The Waterford News and Star; The Kingdom; The Newry Democrat; The Down Democrat; The Nationalist & Leinster Times; The Kildare Nationalist; The Laois Nationalist; The Roscommon Herald; The Irish Post; The Sunday business Post; and, The Wexford Echo.
3. TCH also owns minority interests in County Mayo Radio Limited, NWR FM Limited and Red FM.

¹ TCH is also proposing to acquire South East Broadcasting Company Limited (t/a WLR FM) which is the subject of a separate notification, M/07/022- Thomas Crosbie Holdings/South East Broadcasting (WLR FM).

² The Authority received response from 50% of the advertising agencies and 36% of the direct advertisers.

4. Beat FM, the target, is a private limited company incorporated under Irish law. Beat FM is a regional radio station which provides sound broadcasting services targeting audience in the 15 to 34 age group in Wexford, Waterford, Kilkenny, Carlow and South Tipperary. This service is provided pursuant to a sound broadcasting contract between the Broadcasting Commission of Ireland and WKW FM Limited. For the financial year ending 31 December 2006, Beat FM generated a turnover of c. [] million.

Analysis

5. The parties submitted that both Beat FM and the TCH titles - Waterford News & Star and the Echo Group Newspapers in Wexford - are involved in the sale of advertising albeit on different media platforms and to different customers in the Southeast region. The TCH titles offer advertising that is highly detailed, for example, planning notices, financial advertising, detailed advertising for new homes, death notices. Beat FM on the other hand offers advertising that attracts the age group of its core audience, for example, fashion, nightclubs and entertainment.
6. The parties submitted that Beat FM's advertising services do not compete with other media. The parties submitted that the main competitors of Beat FM are national and local radio stations listened to in its coverage area.³
7. The Authority has in previous decisions considered radio advertising to be in a different market to press advertising.⁴ The Authority's market enquiries and analysis in this case support this view and advertisers have indicated that they do not consider radio and press to be substitutable. More specifically, advertisers who responded to the Authority's survey questionnaire confirmed that a 5-10% permanent rise in the price of advertising on radio will not cause them to switch their advertising purchase to other media.
8. As noted in paragraph 3 above, TCH does have an interest in a number of other radio stations. However, there is minimal or no competitive overlap between Beat FM and any of those radio stations.
9. In addition, advertisers who responded to the Authority's survey questionnaire submitted that the proposed acquisition of Beat FM by TCH does not give rise to any competition concerns.
10. Since the relevant market in this case is the market for radio advertising sales, there is no competitive overlap between TCH and Beat FM. The Authority therefore considers that the proposed acquisition does not raise competition concerns.

³ There appears to be limited overlap between WLR FM and Beat FM. A detailed discussion of the competitive overlap between these two radio stations will be discussed in the Authority's written determination in merger notification M/07/022- Thomas Crosbie Holdings/South East Broadcasting (WLR FM).

⁴ See for example, Determination No. M/03/033 – Scottish Radio Holdings/FM 104 of 5th February 2004; Determination No. M/04/003 – Radio 2000/News 106 Limited of 5th March 2004; Determination No. M/04/078 of 21st January 2004.

Determination

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 Thomas Crosbie Holdings Limited together with Des Whelan of 68.7% of the issued share capital of WKW FM 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, subject to section 23(9)(a) of the Act.

For the Competition Authority

Dr. Paul K. Gorecki

Member of the Competition Authority