



THE MONOPOLIES AND MERGERS COMMISSION

Parrett & Neves Ltd and EMAP PLC

A report on the proposed transfer of
nine newspapers and certain assets used in their
publication owned by Parrett & Neves Ltd
to EMAP PLC

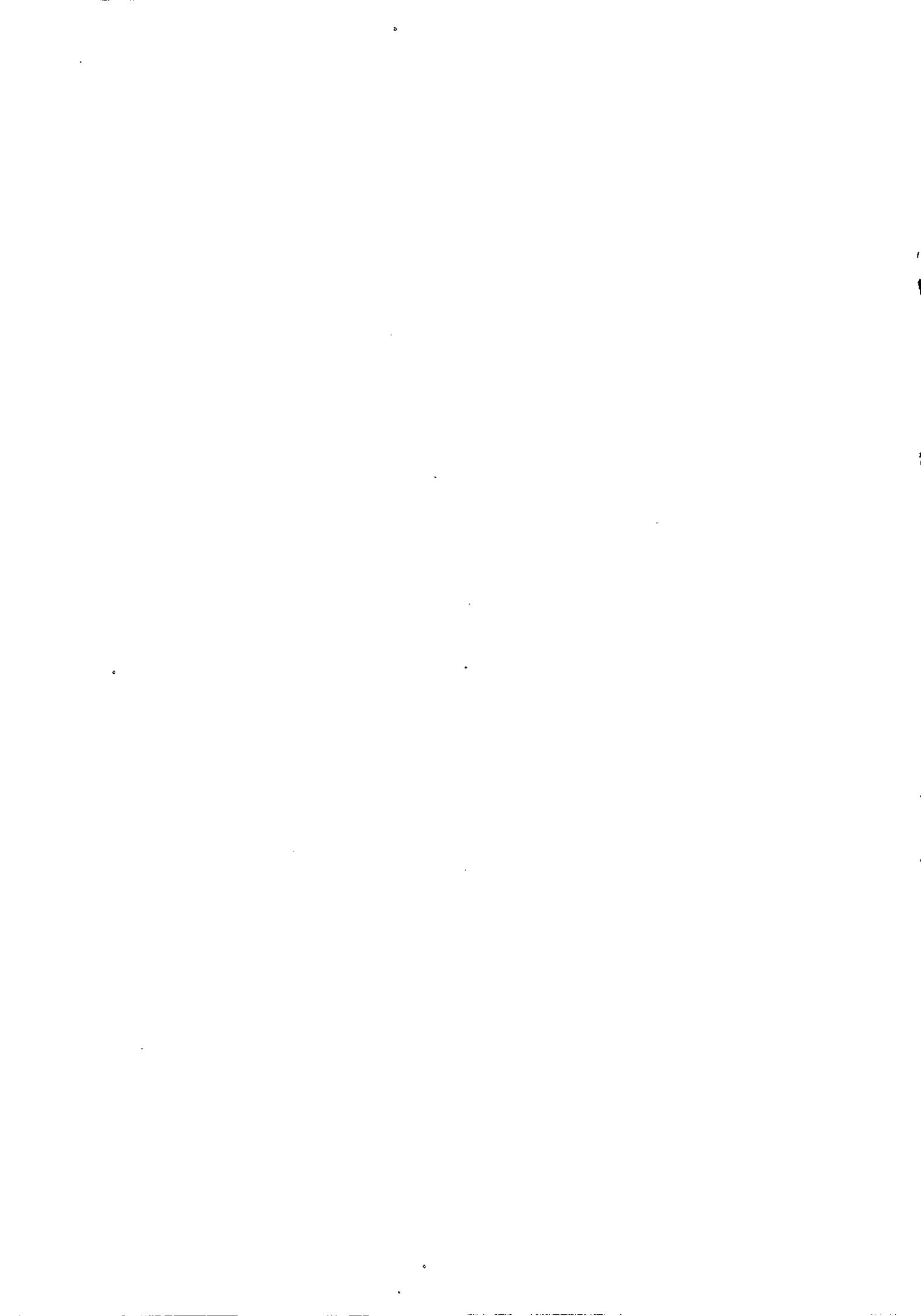
Presented to Parliament by the Secretary of State
for Trade and Industry by Command of Her Majesty
August 1988

LONDON

HER MAJESTY'S STATIONERY OFFICE

£5.70 net

Cm 454



Contents

		<i>Page</i>
<i>Chapter</i>	1	Summary 1
	2	The companies involved in the transfer 2
	3	The market 5
	4	The evidence of the main parties 9
	5	Views of other parties 12
	6	Conclusions 16
 <i>Appendices</i>		
	1	Background information 20
	2	EMAP: titles and exhibitions 22
	3(a)	EMAP: summarised profit and loss accounts 26
	3(b)	EMAP: consolidated balance sheets 27
	4(a)	Parrett & Neves: summarised profit and loss accounts 28
	4(b)	Parrett & Neves: consolidated balance sheets 29
	5(a)	Associated Kent Newspapers: summarised profit and loss accounts 30
	5(b)	Associated Kent Newspapers: balance sheets 31
	6	Major East Kent publishers 32
	7	East Kent publications 33
	8	Circulation area of EMAP and AKN in Kent 34
	9(a)	Regional paid-for newspapers: circulation and market shares of major publishers 35
	9(b)	Circulation of regional free newspapers and total newspapers by major publishers 36
	10	The 11 largest owners of paid-for weekly and bi-weekly newspapers 37
	11	Distribution of advertising revenue by media in the United Kingdom, 1982 to 1986 38



1 Summary

1.1. On 18 May 1988, the Secretary of State referred to the Monopolies and Mergers Commission the proposed transfer of nine newspapers and other assets from Parrett & Neves Ltd (P & N) to EMAP PLC (EMAP). The Commission were asked to report whether or not the proposed transfer of the newspapers, which circulate in East Kent, might be expected to operate against the public interest.

1.2. The proposed transfer arose from the decision of P & N that its weekly paid-for newspapers were becoming increasingly vulnerable to competition from other media, particularly from the growth of free newspapers. P & N accepted the EMAP bid, one of eight that were received, because it was the best combination of a satisfactory price with security for its workforce and the prospect of the continuance and development of the newspapers.

1.3. While much of the evidence we received was not against the proposed transfer, some concern was expressed that it would continue the trend of increased concentration of ownership of local newspapers. Two companies, which publish paid-for and free newspapers in East Kent, indicated their opposition to the transfer suggesting that if it took place, EMAP, one of the largest owners of regional and local paid-for newspapers, would seek to dominate the Kent market. This would, it was suggested, eventually lead to a reduction in competition because some existing newspapers would be forced to close down. One of the companies opposed to the merger also suggested to us that a free newspaper, recently introduced in Ashford, Kent, by EMAP, was involved in excessive advertising rate cutting. This, we were told, if it continued or spread, would result in the sale of more titles, some of which would fall to established groups thus increasing concentration of press ownership.

1.4. We considered the arguments about concentration and its possible abuse. We noted that the transfer would add to concentration in East Kent but that there was no overlap between EMAP's existing titles and those it was to acquire. We also took into account the competition between newspapers and other media, and noted that opportunities for small companies to grow remained. We had no reason to believe that EMAP would compete unfairly in East Kent or elsewhere, but should there be abuse the remedy remained of a complaint to the Director General of Fair Trading.

1.5. We believed that EMAP, a successful owner of paid-for titles, will continue to exercise its policy of editorial freedom and to maintain employment on the newspapers, thus outweighing any possible disadvantages that might arise from the small increase in concentration which is involved.

1.6. We therefore concluded that the transfer of the newspapers may be expected not to operate against the public interest.