

2 The companies involved in the transfer

EMAP PLC

2.1. EMAP is a holding company for trading subsidiaries operating in five main areas. These are consumer magazines, business magazines, newspaper publishing, newspaper printing, and exhibitions. A complete list of titles and exhibitions is at Appendix 2.

2.2. EMAP's turnover has risen from £61.6 million in 1982-83 to £116.6 million in 1986-87. Profit before tax rose over the same period from £3.9 million to £15 million and shareholders' funds grew by nearly 93 per cent from £20.9 million to £40.3 million. See Appendices 3(a) and (b) for further details of EMAP's financial results.

History

2.3. In 1947 four companies publishing newspapers in Peterborough, Kettering, King's Lynn, Bury St Edmunds and Market Harborough merged to form East Midland Allied Press Ltd, the precursor of EMAP. By 1950 control of two independent publishers, in Wisbech and Spalding, had been acquired on the retirement of their proprietors. In 1951 the Stamford Mercury was purchased from the Westminster Group and in 1955 the Newmarket Journal was acquired. In the late 1950s the group entered the magazine market by launching Angling Times, Trout and Salmon, and Garden News, and by acquiring Motor Cycle News.

2.4. During the 1960s and early 1970s the group invested in a new generation of newspaper and magazine offset printing presses. Other developments in this period included the launch of the Peterborough Evening Telegraph, a diversification into travel agency and newsagent businesses in the East Midlands, and the establishment of a contract newspaper and magazine printing company.

2.5. Between 1974 and 1983 the group grew significantly, largely due to the expansion of its magazine divisions. In particular EMAP entered the youth magazine market, and established new magazine divisions through the launch or acquisition of magazines dealing with micro-computers and transport management. In this period the group also acquired newspapers circulating in Haverhill, Grantham and Melton Mowbray. For acquisitions after 1983 see paragraph 2.7.

Strategy and recent developments

2.6. The strategy of EMAP's directors is to develop or acquire positions in publishing markets where the group can profitably supply information to particular interest groups. The method of publishing depends upon what is suitable for a given market. At present it takes the form of newspapers, magazines, exhibitions and electronic publishing.

2.7. EMAP has sought to pursue this strategy by the launch of new titles as well as by acquisition and divestment. Since October 1984 it has acquired the magazine publisher MacLarens; regional newspaper publishers Courier Press (Holdings) Ltd,¹ Senews Ltd, East Yorkshire Newspapers Ltd, Scarborough & District Newspapers Ltd, Beds Bucks & Herts Newspapers Ltd and the Citizen Group; and

¹ Cm 120: A report on the proposed transfer of Courier Press (Holdings) Ltd to EMAP PLC dated 6 March 1987.

exhibition organisers Trades Promotion Services and Finance & Investment Events Ltd. A number of magazines have also been launched including 'Q', 'More!' and 'Today's Golfer', as well as the setting up of EMAP International Exhibitions Ltd. The group has also disposed of a number of assets including, in September 1985, Readwell, a chain of confectionery, tobacconist and newsagent shops, and in 1986 its holding of shares in Reuters and its interests in its travel agency businesses.

2.8. In March 1986 EMAP withdrew from magazine printing and its own magazines are now printed under contract.

Management policy

2.9. EMAP promotes a management policy of operating through numerous small units, each with its own Board of directors responsible for strategy and budget. EMAP told us that it believes in delegating responsibility to the lowest management levels possible so as to encourage development and performance of staff.

Summary of principal activities
Consumer magazines

2.10. EMAP publishes six weekly and four fortnightly magazines and 44 other magazines published monthly or with some other seasonal publishing cycle which are addressed to three main markets. These are the markets for young people; for enthusiasts for certain specific hobbies, primarily motorcycling, gardening and photography; and the followers of traditional outdoor pursuits such as riding, shooting, fishing and ornithology.

Business magazines

2.11. Nine weekly, two fortnightly and 26 monthly or bi-monthly business magazines are published. These cater for specialist sectors of general business markets such as vehicle and plant management, heating and ventilating, baking, the plastics and rubber industries, office equipment, computer and information technology and financial services.

Newspaper publishing

2.12. EMAP publishes four paid-for daily evening, one paid-for daily morning, one paid-for twice-weekly, 34 paid-for weekly and 48 free weekly newspapers. The newspapers are circulated in the East and West Midlands, East Anglia, North London, South-West Wales, East Yorkshire and along the South coast of England by subsidiaries based in these regions.

2.13. Total average circulation of EMAP's newspapers in December 1987 was some 2,982,000 (up from 1,080,000 in December 1986). Of these totals, circulation of the traditional base of paid-for newspapers had increased from 416,000 to 692,000. (See Chapter 3 for a summary of the market and concentration in the market.)

2.14. EMAP has told us that it is the group's policy to give editors a free hand in their respective areas and editors are given the authority and responsibility for newspaper editorial without interference from the company or its senior management. The group's view is that it is most important for its newspapers to stay in tune with local readers' needs, in order to maintain circulation; local editors are best placed to ensure that this happens.

Newspaper printing

2.15. EMAP prints most of its own newspaper titles and sells spare print capacity to other publishers. It has been most successful in this at Peterborough.

Exhibitions

2.16. The group currently organises 41 exhibitions and conferences each year. These are in general all related to magazines that EMAP publishes: it is this link which has led to the development of the exhibition business.

Other activities

2.17. EMAP has a 40 per cent interest in Telemap, the Micronet 800 system which enables users of home computers to obtain access to a central database via Prestel.

Other interests 2.18. EMAP owns 22 per cent of Home Counties Newspapers PLC, a publisher of newspapers in North and East London and the Home Counties. It also owns 7.3 per cent and 14.1 per cent respectively of Hereward Radio preference and ordinary shares; 9.9 per cent and 9.6 per cent respectively of Suffolk Group Radio preference and ordinary shares; 5.0 per cent of Midland Radio Holdings; 2.1 per cent of Cardiff Broadcasting; and 1.7 per cent of Radio Bradford. EMAP also owns 15 per cent of Coventry Cable Ltd.

Employment 2.19. Between 1981 and 1988 employment in the group increased from 2,015 to 4,400. Of those now employed more than 2,300 have become shareholders in the company in their own right or through a number of company schemes. Eighty per cent of staff who are eligible have joined the company share scheme. EMAP told us that some of its staff were union members, particularly editorial and production staff. (See also paragraphs 4.14, 4.15 and 4.16.)

Parrett & Neves Ltd

2.20. P & N's turnover has risen from £3.6 million in 1983 to £4.1 million in 1987. Profit before tax in the same period rose from £368,000 to nearly £877,000. In the four years to 31 December 1987 shareholders' funds grew by 54.3 per cent from £1.86 million to £2.88 million. Associated Kent Newspapers Ltd (AKN) is a wholly-owned subsidiary of P & N and operates as a newspaper publisher and printer. A complete list of titles is at Appendix 1, paragraph 7. Between 1983 and 1987, AKN's turnover has grown from £2.1 million to £2.5 million (60 per cent of P & N). Profit before tax has fallen over the same period from £386,000 to £359,000 (41 per cent of P & N). See Appendices 4(a) and (b) and 5(a) and (b) for further details of P & N's and AKN's financial results.

History 2.21. In 1855, William John Parrett founded the East Kent Gazette, Sittingbourne. Thirty years later the Chatham News was purchased and George Neves was made a partner, having been chief reporter of the East Kent Gazette. Some years later George Neves acquired the Kentish Independent at Woolwich, which his son, G W Neves, managed.

2.22. When W J Parrett died in 1905, Parrett and Neves Ltd and W J Parrett Ltd were formed to publish the Chatham News and East Kent Gazette respectively. In 1909 the Isle of Thanet Gazette at Margate was published by W J Parrett Ltd.

2.23. In 1962, one of the first web-offset presses imported into the United Kingdom was installed at Chatham. All publications were printed there and administration simplified. P & N purchased both W J Parrett Ltd and Kentish Independent Ltd in a share deal which left the families with an equal share in P & N. In 1968, all printing was centred on a new factory at Crown Quay, Sittingbourne.

2.24. The Chatham, Sittingbourne and Margate based businesses remain at the core of AKN's business. AKN was created from the weekly newspaper publishing interests of P & N. Over the years a number of additional titles were created and competitors taken over, such as the Faversham Times and Whitstable Times in the 1970s. More recently the Herne Bay Times was founded, creating a continuous link along the north Kent coast from the Medway towns to Margate and Ramsgate.

Employment 2.25. Excluding directors, AKN employs a total of 180 people. Approximately 15 per cent of editorial staff are members of the National Union of Journalists. Most composing room and press room employees are members of the National Graphical Association.