

Completed acquisition by Immediate Media Company Bristol Limited of certain assets of Future Publishing Limited

ME/6540/14

Parties

1. **Immediate Media:** Immediate Media Company Bristol Limited is a wholly owned subsidiary of Immediate Media Company Limited (together **Immediate Media**). Immediate Media is active in the business of the production and publishing of print magazines, other publications and associated activities (such as production of associated websites and digital magazines). Immediate Media is active across a wide range of publications in the UK.
2. **Future:** Future Publishing Limited is, indirectly, a wholly owned subsidiary of Future plc (together **Future**). Future is active in the business of the production and publishing of print magazines, other publications and associated activities (such as production of associated websites and digital magazines). Future is active across a wide range of publications in the UK.

Transaction

3. Immediate Media purchased (**the Merger**) a number of print magazine titles¹ (with associated websites² and digital versions) and other assets from Future³ (**the Target**).

¹ The full list of print titles purchased is: *Mollie Makes* (UK and USA versions); *The Knitter*; *Simply Knitting*; *Simply Crochet*; *Crochet Today*; *Love Patchwork and Quilting*; *Cross Stitcher*; *Cross Stitch Collection*; *Papercraft Inspirations*; *Your Family Tree*; *Procyling*; *Cycling Plus*; *Mountain Biking UK*; *What Mountain Bike*; *Urban Cyclist*; and *On Your Bike*.

² The full list of business websites is: molliemakes.com; theknitter.co.uk; simplyknitting.co.uk; simplycrochetmag.co.uk; lovepatchworkandquilting.com; crossstitchermagazine.co.uk; papercraftinspirationsmagazine.co.uk; yourfamilytreemag.co.uk; bikeradar.com; cyclingnews.com; onyourbike.org; bikely.com;

³ Including, amongst others, employees, contracts, editorial materials, goodwill, consumer databases, IT equipment, stock and certain intellectual property rights.

Background

4. On 23 October 2014, the CMA decided under section 22(1) of the Enterprise Act 2002 (**the Act**) that it believes that it is or may be the case that the Merger constituted the creation of a relevant merger situation which has resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (**the SLC decision**).
5. As set out in the SLC decision, the CMA found that:
 - (a) the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of needlecraft and genealogy print magazines in the UK; and
 - (b) the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of cycling and triathlon; knitting and crochet; general craft and cardmaking and papercraft print magazines in the UK.
6. On 30 October 2014, Immediate Media offered undertakings to the CMA for the purposes of section 73(2) of the Act. As required under section 73A(1) of the Act, Immediate Media made this offer within five working days beginning the day after the CMA notified it of the SLC decision under section 34ZA(1)(b) of the Act.
7. The CMA gave notice on 6 November 2014, pursuant to section 73A(2)(b) of the Act, to Immediate Media that it considered that there were reasonable grounds for believing that the undertaking offered, or a modified version of it, might be accepted by the CMA under section 73(2) of the Act in lieu of a reference to a phase 2 investigation and that it was considering the offer (**the UIL decision**).

The undertaking offered

8. To address the CMA's concerns (see paragraph 5 above), Immediate Media has offered to divest:
 - (a) **the Genealogy Business:** the business acquired from Future of publishing and producing *Your Family Tree* print magazine (and associated digital version), and operating an associated website (yourfamilytreemag.co.uk) (together the Genealogy Business); and
 - (b) **the Needlecraft Business:** the business acquired from Future of publishing and producing *Cross Stitcher* print magazine and *Cross Stitch*

Collection print magazine (and associated digital versions), and operating associated websites (crossstitchermagazine.co.uk and crossstitchcollection.com) (together the Needlecraft Business).

Together the Genealogy Business and the Needlecraft Business are referred to as the **Divestment Businesses**. Immediate Media submitted that this divestment will remedy the SLC identified in the SLC decision.

9. As set out in the UIL decision, the CMA's preliminary view was that the Divestment Businesses comprise all assets (including intellectual property assets), licences and employees (including the editorial teams) that are necessary to operate each of the Genealogy Business and the Needlecraft Business. The CMA considered it appropriate to seek an upfront buyer in respect of the Divestment Businesses, which formed part of the undertaking offered by Immediate Media.

Proposed purchaser for the divestment businesses

10. Immediate Media proposed Dennis Publishing Limited (**Dennis**) as the purchaser of the Divestment Businesses. Immediate Media and Dennis have entered into a business sale and purchase agreement to transfer the Divestment Businesses, conditional only upon acceptance by the CMA of the undertaking in lieu of a reference, including approval of Dennis as purchaser of the Divestment Businesses.

Consultation

11. On 10 December 2014, pursuant to paragraph 2(1) of Schedule 10 of the Act, the CMA published the proposed undertakings in lieu of a reference that it was minded to accept, inviting interested parties to give their views in relation to the proposed undertakings, including Dennis as purchaser of the Divestment Businesses. The relevant text from the consultation is set out at Annex 1 of this decision.⁴
12. The CMA received three comments from third parties during the consultation period, neither of which raised any concerns with the proposed undertakings in lieu.
13. For the reasons set out in the consultation text (set out as Annex 1), the CMA considers that Dennis is a suitable purchaser of the Divestment Businesses and that the undertakings offered by Immediate Media and the purchase of

⁴ The consultation text was published on the [case page](#) alongside the proposed undertakings.

the Divestment Businesses by Dennis are clear cut and appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision. No third parties made any representations to the contrary.

Decision

14. The CMA found in its SLC Decision that the Merger would be referred for a phase 2 investigation if Immediate Media failed to give suitable undertakings in lieu of reference pursuant to section 73 of the Act to address the competition concerns identified in the SLC Decision.
15. The CMA considers that the undertakings provided by Immediate Media are clear cut and appropriate to remedy, mitigate or prevent the SLC identified in the SLC Decision and any adverse effects resulting from it. The CMA has therefore decided to accept the undertakings offered by Immediate Media pursuant to section 73 of the Act, including Dennis as the purchaser of the Divestment Businesses. The Merger will therefore not be referred for a phase 2 investigation.
16. The undertakings, which have been signed by Immediate Media, will come into effect from today.

Nelson Jung
Director of Mergers
Competition and Markets Authority
6 January 2015

**Extract from the CMA's consultation text covering the reasons
the CMA considers Dennis is a suitable purchaser
of the Divestment Businesses**

Suitability of the proposed purchaser

9. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition.⁵ The CMA therefore seeks to ensure that:
 - (a) the acquisition by the purchaser remedies, mitigates or prevents the SLC concerned;
 - (b) the proposed buyer is independent of and unconnected to the merged parties;
 - (c) the proposed purchaser has the necessary expertise, financial resources, incentive and intention to maintain and operate the divested business as an effective competitor in the marketplace;
 - (d) the proposed purchaser is reasonably expected to obtain all necessary approvals, licenses and consents from any regulatory or other authority and
 - (e) the acquisition by the proposed purchaser does not itself create an SLC within any market or markets in the UK.⁶
10. Evidence provided to the CMA by Dennis shows that it is a profitable print magazine company with sufficient finances to acquire the Divestment Business. Dennis has experience in the production of print magazines (and associated digital versions) across a broad range of areas. Dennis also has experience of distributing print magazines through the retail and the subscription channels. Although Dennis does not have experience of

⁵ *Mergers: Exceptions to the duty to refer and undertakings in lieu of reference guidance* (OFT 1122, December 2010), paragraph 5.11. The *Mergers: Exceptions to the duty to refer and undertakings in lieu of reference guidance* has been adopted by the CMA (see Annex D to CMA2 *Mergers: Guidance on the CMA's Jurisdiction and Procedure*, January 2014).

⁶ *Mergers: exceptions to the duty to refer and undertakings in lieu of reference guidance* (OFT 1122, December 2010 paragraphs 5.25–5:30).

publishing magazines in the craft or genealogy sectors, the relevant skilled personnel will transfer to Dennis as part of the Divestment Business.

11. The CMA considers that the evidence provided by Dennis indicates that it has the intention and incentive to compete with Immediate Media and other genealogy and needlecraft print magazine publishers in the UK post-acquisition. The CMA notes that Dennis currently does not publish any magazines in the genealogy or needlecraft sectors. The CMA therefore considers that the acquisition would not create a realistic prospect of an SLC in the UK.
12. Finally, Immediate Media and Dennis informed the CMA that they both hold a 50% shareholding in a consumer magazine subscription management service provider – Dovetail Services UK Holdings Limited (Dovetail Services). Dovetail Services provides consumer magazine subscription management services to 70 clients and for 340 magazines (including for both Immediate Media and Dennis).
13. Both Immediate Media and Dennis have provided the CMA with details of the operation of Dovetail Services. Both Immediate Media and Dennis submitted that Dovetail Services operated at arms-length. Although the strategic aims of Dovetail Services (such as approval of its Annual Business Plan and the appointment of its Managing Director) are decided by the Board who are appointed by Immediate Media and Dennis, responsibility for the day-to-day management of Dovetail Services has been delegated to the Managing Director of Dovetail Services.
14. In particular, Immediate Media and Dennis pointed out that Dovetail Services ensures that each publisher's subscriber lists are kept separate from the subscriber lists of other publishers. Dovetail Services does not allow one publisher access to another publisher's subscriber lists, and that these restrictions apply to both Immediate Media and Dennis as much as they apply to other publishers. Immediate Media and Dennis both produce print magazine titles in other markets (for example, cycling and motoring print magazines). Both Immediate Media and Dennis told the CMA that their joint ownership of Dovetail Services does not create an incentive not to compete with each other as sales would still be lost to competitors.
15. On the evidence available to it, the CMA does not believe that the joint ownership of Dovetail Services creates material information flows between Immediate Media and Dennis or give either party the incentive not to compete with the other. Hence, the CMA does not believe that the ownership of

Dovetail Services by Immediate Media and Dennis affects their independence.

16. The CMA also notes that no consents or approvals, other than CMA approval, are required to complete the acquisition and commence trading.
17. Therefore, subject to the outcome of this consultation, the CMA considers Dennis to be a suitable purchaser of the Divestment Business.