

**COMPLETED ACQUISITION BY BAUER MEDIA GROUP OF
CERTAIN BUSINESSES OF CELADOR ENTERTAINMENT LIMITED,
LINCS FM GROUP LIMITED AND WIRELESS GROUP LIMITED, AS
WELL AS THE ENTIRE BUSINESS OF UKRD GROUP LIMITED**

Issues statement

4 September 2019

The reference

1. On 7 August 2019, the Competition and Markets Authority (CMA), in exercise of its duty under section 22(1) of the Enterprise Act 2002 (the Act), referred the completed acquisitions by Heinrich Bauer Verlag KG (trading as Bauer Media Group (**Bauer**)) through subsidiaries, of:
 - (a) From Celador Entertainment Limited (**Celador**), 16 local radio stations and associated local FM radio licences (the **Celador Acquisition**);
 - (b) From Lincs FM Group Limited (**Lincs**), nine local radio stations and associated local FM radio licences, an interest in an additional local radio station and associated licences, and interests in the Lincolnshire and Suffolk digital multiplexes (the **Lincs Acquisition**);
 - (c) From The Wireless Group Limited (**Wireless**), 12 local radio stations and associated local FM radio licences, as well as digital multiplexes in Stoke, Swansea and Bradford (the **Wireless Acquisition**); and
 - (d) The entire issued share capital of UKRD Group Limited (**UKRD**) and all of UKRD's assets, namely ten local radio stations and the associated local FM radio licences, interests in local multiplexes, and UKRD's 50% interest in First Radio Sales Limited (**FRS**) (the **UKRD Acquisition**);(together the **Acquisitions**) for further investigation and report by a group of CMA panel members (the Group).
2. The CMA must decide:
 - (a) whether the Acquisitions each constitute a relevant merger situation; and

- (b) if so, whether the Acquisitions, together or in isolation, have resulted, or may be expected to result, in an SLC within any market or markets in the United Kingdom for goods or services.
3. In this statement, we set out the main issues we are likely to consider in reaching our decision, having had regard to all the evidence available to us, including the evidence referred to in the CMA's Phase 1 decision to refer the Acquisitions for further investigation (the Reference Decision).¹ This does not preclude the consideration of any other issues which may be identified during the course of our inquiry.
 4. We are publishing this issues statement in order to assist parties submitting evidence to our inquiry. The issues statement sets out the issues we currently envisage being relevant to our inquiry and we invite parties to notify us if there are any additional issues which they believe we should consider.
 5. Throughout this document, where appropriate, we refer to Bauer and the acquired businesses collectively as 'the Parties'.

Background

The transactions

6. Bauer is a multi-national media company with a varied portfolio that includes magazines, TV stations, digital products, and radio stations.
7. Celador is a UK-headquartered media company with interests in film and television production, TV format licensing, and radio ownership and operation. Prior to the Celador Acquisition, through Celador Radio Broadcasting Limited (**Celador Radio**), Celador owned 25 local FM radio licences, mainly in the South and East of England.
8. Lincs is a UK-headquartered regional media company with interests in radio broadcasting in the Lincolnshire / South Yorkshire area. Prior to the Lincs Acquisition, Lincs owned ten local FM radio licences, as well as an interest in Ipswich 102 FM. Lincs also owned interests in the Lincolnshire and Suffolk digital multiplexes.
9. Wireless is a UK media company which is wholly-owned by News Corp UK and Ireland Limited (News UK), itself a subsidiary of the US-headquartered News Corporation. Prior to the Wireless Acquisition, Wireless operated 32 national and local radio stations across the UK and Ireland. Wireless also

¹ [CMA's decision on relevant merger situation and substantial lessening of competition](#) (24 July 2019).

owned digital multiplexes in Stoke, Swansea and Bradford through its subsidiaries Switchdigital (B&H) Limited and Switchdigital (S&S) Limited.

10. UKRD was a commercial radio broadcaster operating solely in the UK, until all its assets were acquired by Bauer. Prior to the UKRD Acquisition, it owned and operated ten local radio stations. In addition, UKRD operated an internet-only radio service, Encore Radio, featuring songs and news relating to musicals. UKRD had additional interests in three local multiplexes which cover the areas: North Yorkshire; Surrey and North Sussex; and Plymouth and Cornwall.
11. As a result of the UKRD Acquisition, Bauer is acquiring a 50% shareholding in FRS. FRS is a national sales house which sells national radio advertising on behalf of around 118 radio stations, including the acquired radio stations, in exchange for a commission.
12. Bauer completed the Acquisitions between 31 January 2019 and 31 March 2019.
13. The CMA intends to look at the competitive impact of the Acquisitions together as a single substantive assessment.
14. As a result of the Acquisitions, Bauer's 34.1% share of commercial radio listening at the national level is increased by:
 - (a) 1.1% from the Celador Acquisition;
 - (b) 1.1% from the Lincs Acquisition;
 - (c) 1.5% from the Wireless Acquisition; and
 - (d) 1.3% from the UKRD Acquisition.

Agreements with Nation

15. In addition, in January and February 2019, Bauer sold to Nation Broadcasting Limited (**Nation**), a media company which owns and operates radio stations in the UK:
 - (a) four broadcasting licences comprising two radio stations (Sam FM (Solent) and The Breeze (Winchester, Southampton and Portsmouth)), which it had just bought from Celador; and
 - (b) one broadcasting licence comprising one radio station (KCFM (Hull)), which it had just bought from Lincs.

16. [✂].

Acquisition of multiplexes

17. Radio stations broadcast on analogue and digital platforms. In order to transmit digitally, a radio station must have access to a multiplex. A multiplex is a single frequency which can carry multiple digital audio broadcasting (**DAB**) radio services to its broadcast area. The broadcast areas of multiplexes can be national or local in scope. Access to multiplexes can be secured by owning an interest in a multiplex or paying a third-party owner. As part of the Acquisitions, Bauer bought DAB multiplex interests from Lincs, Wireless and UKRD (the **Acquired Multiplexes**).
18. The majority of local multiplexes do not compete with each other, as they are assigned distinct local coverage areas. The Acquired Multiplexes do not overlap with the local multiplexes Bauer already owns. However, the Acquisitions give rise to a vertical relationship between Bauer as a multiplex owner and local radio stations as customers of multiplex services.

Background to commercial radio advertising

19. The two main revenue streams for commercial radio providers are the sale of airtime advertising (broadcast in programmed commercial breaks) and sponsorship and promotion.
20. Advertisers seeking airtime typically either purchase this through media agencies or directly from the radio station/group, and airtime is accordingly sold on a contracted or non-contracted basis:
- (a) Large radio groups typically enter into periodic contracts with the larger media agencies setting out the terms under which the agency may purchase airtime for their clients. This is referred to as **contracted airtime advertising**.
 - (b) Smaller agencies and direct advertisers (ie advertisers that purchase directly from radio stations) typically negotiate to buy airtime on a campaign-by-campaign basis. This is referred to as **non-contracted airtime advertising**.
21. Advertisers aiming to reach a national audience generally use media agencies, and therefore use contracted advertising. Advertisers aiming to reach regional or local audiences may use contracted or non-contracted advertising.

22. Sponsorship and promotion are purchased through media agencies and directly from the radio station/group, generally purchased on a campaign-by-campaign basis rather than through periodically negotiated contracts.

Frame of reference

Product scope

23. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the CMA's analysis of the competitive effects of a merger in any mechanistic way. In assessing whether a merger may give rise to a SLC, the CMA may take into account constraints from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others.²
24. The Parties overlap in the supply of commercial radio services in the UK. This is a two-sided market in which radio stations compete for both advertisers and radio listeners.
25. In the Reference Decision, the CMA focused on the effect of the Acquisitions on the advertisers' side of the market, and not the radio listeners'. This was because, while the Acquisitions could impact on local radio listeners' range of choice, radio listeners can turn to national commercial stations, and also BBC national and local radio stations which do not carry advertising but account for around 52% of radio listening in the UK.³ Also, the interests of listeners are to some extent protected through Ofcom's licencing requirements. Further, insofar as the Acquisitions may reduce competition and choice in regard to local radio stations, this will be proxied by the analysis of competition for local advertising. For these same reasons we do not propose to actively consider the radio listeners' side of the market in Phase 2 unless substantive new evidence or arguments are raised with us.
26. There are various on-demand audio alternatives to radio services that listeners could switch to in response to a decline in quality, however, the CMA has not seen evidence that this acts as an effective constraint on radio services, and users are more likely to switch between radio stations. Therefore, we do not propose to include on demand services such as podcasts and music-streaming services in the frame of reference.

² [Merger Assessment Guidelines](#) (CC2 (Revised)/OFT1254), September 2010, paragraph 5.2.2.

³ Source: Ofcom communications market report figure 3.1, 2017.

27. The Parties submitted that radio competes with other media for the allocation of advertising, such as online, and that for local advertising, local newspapers compete with radio advertising. At Phase 1, the CMA found mixed evidence on the extent to which radio competes against other media for advertising: some respondents said that radio and other forms of advertising were alternatives, but other respondents told the CMA that radio is a very different form of media, and that switching to different forms of advertising would not be appropriate.
28. At Phase 1, on a cautious basis, the CMA excluded non-radio advertising from its frame of reference.

Geographic scope

29. A radio station broadcasts nationally, regionally or locally over an area specified by its licence. However, stations may be able to split their transmission to provide different tailored content through different transmitters, allowing local advertising to be offered (ie national stations can offer regional advertising). However, local stations frequently carry national advertising as part of a broader network of stations. The distinctions between local, regional and national stations are therefore not necessarily reflected in clear-cut distinctions in competition for advertising. At Phase 1, the CMA adopted the approach taken in previous radio mergers of taking into account the importance of national, regional and local factors in its competitive assessment, while defining a single UK-wide radio advertising market.
30. The supply of multiplex services can be local, regional or national. However, competition can occur in different ways, for example multiple local multiplexes could be combined to compete with a regional or national multiplex. In Phase 1, the CMA therefore assessed commercial multiplex services as part of a single national geographic frame of reference, with reference to the relevant regional and local factors that applied to the case.

Approach in Phase 2

31. We will use the frames of reference established at Phase 1 as our starting point.
32. In relation to the product market, we propose to conduct our analysis firstly by looking at radio advertising and below we set out our approach on the basis that this is the appropriate frame of reference. However, we will also examine evidence to evaluate the extent to which alternative advertising is a relevant constraint on radio advertising that should be included within the frame of reference. Whether within the frame of reference or not, we will consider the

degree of weight that should be placed on constraints from non-radio forms of advertising.

33. On the geographic market, we will look at national radio advertising and local radio advertising services in the UK, but with reference to the relevant regional and local factors that apply to the case.

Counterfactual

34. The application of an SLC test involves a comparison of the prospects for competition with a merger against the competitive situation without a merger. The latter is called the 'counterfactual'. We will, therefore, assess the possible effects of the Merger on competition compared with the competitive conditions in the counterfactual situation (ie the competitive situation absent the Merger).
35. For completed mergers, the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. At Phase 1, The Parties submitted that the pre-merger situation should be considered as the counterfactual in this case.
36. The CMA intends to look at the competitive impact of the Acquisitions together as a single substantive assessment. We will consider the most likely situation absent the Acquisitions, as to what would have happened for the acquired businesses and Bauer's radio operations. We will also consider Bauer's sale of three radio stations to Nation. The effect of the sale of these three radio stations has been to remove certain overlaps with Bauer's radio stations and, therefore, any possible horizontal unilateral effects in the sale of local advertising.

Theories of harm

37. Theories of harm describe the possible ways in which an SLC could arise as a result of a merger and provide the framework for our analysis of the competitive effects of the merger. We have set out below the theories of harm that we intend to investigate. However, we may revise our theories of harm as our inquiry progresses. Also, the identification of a theory of harm does not preclude an SLC being identified on another basis following further work by us, or the receipt of additional evidence.
38. We welcome views on all the theories of harm set out below, and also any views and evidence relating to other potential effects of the Acquisitions which might give rise to an SLC. At this stage, we are currently working on three potential theories of harm. Two of these are horizontal theories of harm where the removal of a competitor could allow the merged firm to increase prices or

lower quality, relative to the counterfactual. These are horizontal unilateral effects in the supply of local radio advertising and in the supply of national radio advertising. The third theory of harm relates to vertical effects in the supply of local radio advertising as a result of the loss of FRS as a national advertising sales house.

Horizontal unilateral effects in the supply of local radio advertising

39. The first theory of harm relates to the possibility that the Acquisitions may result in an SLC because of a loss of competition in local radio advertising between radio stations in local areas where the Parties overlap.
40. The Reference Decision document sets out an analysis of competition between local radio stations impacted by the Acquisitions. It looked at the horizontal overlaps at the local level arising from the combination of Bauer's existing portfolio of 64 local radio stations with 14 local radio stations acquired from Celador, nine local radio stations acquired from Lincs, 12 local radio stations acquired from Wireless and ten local radio stations from UKRD.
41. The CMA assessed how closely the alternative radio stations competed to supply local advertisers. Competition was considered to be closer if alternative radio stations were reaching a similar audience. The main factors considered were:
 - (a) The extent to which radio stations' geographic broadcast areas overlap.
 - (b) The radio stations' relative audience sizes within a geographic area over which they compete.
 - (c) The demographic (ie age and gender) profile of radio stations' listeners.
42. The CMA's methodology to examine the overlap of broadcast areas looked at the extent to which the population within the broadcast area of a given station overlaps with a competing station's coverage. It also identified the proportion of that competing station's population within its broadcast area which overlapped with the first station. This indicates how much each is likely to be constrained by the other. Combining the two measures to give a joint overlap provides an aggregate measure of the extent to which two stations serve the same geographical area.
43. The stations' relative audience sizes were assessed using shares of commercial radio listening hours and revenue (based on non-contracted revenue multiplied by a measure of the extent of listener overlap).

44. Finally, audience demographics were considered based on evidence of the average age and gender of each station's listeners.
45. The CMA also considered the potential for competition taking account of the circumstances of each potential overlap area, for example whether several stations of one party could compete with one or more stations of the other party, and cases where stations can split transmissions locally on different transmitters.
46. While individual circumstances were assessed, and so exceptions could be identified, a starting proposition was that there was unlikely to be an SLC where the increment to the Parties' listening hours within each station's broadcast area was less than 5%, or where the joint measure between the stations was less than 25%.
47. The details of this analysis are set out in the Reference Decision. In summary, it was found that:
- (a) The **Celador Acquisition** raises significant competition concerns in relation to the supply of commercial radio advertising in **the West of England**, as a result of horizontal unilateral effects regarding the overlaps between: (i) Celador's Sam FM and The Breeze (South West); and (ii) Bauer's Kiss West;
 - (b) The **Wireless Acquisition** raises significant competition concerns in relation to the supply of commercial radio advertising in **the West Midlands**, as a result of horizontal unilateral effects regarding the overlaps between: (i) Wireless's Signal 107; and (ii) Bauer's Free Radio FM Birmingham & Black Country and Free Radio FM Shropshire; and
 - (c) The **Lincs Acquisition** raises significant competition concerns in relation to the supply of commercial radio advertising in **Yorkshire**, as a result of horizontal unilateral effects regarding the overlaps between: (i) Lincs' Trax FM, Dearne FM, and Rother FM; and (ii) Bauer's Hallam FM.
48. We therefore intend to further explore this theory of harm at Phase 2. We intend to build on the analysis undertaken at Phase 1, and so propose to concentrate our analysis on the areas identified as potentially raising significant competition concerns as set out in paragraph 46. To do so we are likely to consider:
- (a) Whether the overlap analysis methodology for identifying areas that are unlikely to give rise to an SLC is appropriate and the thresholds are set at suitable levels.

- (b) Updated data on listener hours and population overlaps.
 - (c) Updated revenue data assigned as far as possible to the relevant broadcast areas.
 - (d) Any reasons as to why the Parties' stations are more or less close competitors in individual areas.
 - (e) The extent to which stations with larger broadcast areas compete with radio stations with smaller broadcast areas through, for example:
 - (i) advertisers using multiple stations with smaller broadcast areas as alternatives to stations with larger broadcast areas; and/or
 - (ii) stations with larger broadcast areas using split transmissions (where using more than one transmitter) to broadcast adverts to a smaller geographic area;
 - (f) How important differences in demographics are to competition between radio stations.
 - (g) Whether any other aspects, such as the nature of programming, on different stations could affect the closeness of competition.
 - (h) What alternatives there are for local advertisers and what would make them switch between different radio stations.
 - (i) Whether there are significant exceptions to the expectation that potential advertisers identify options starting from the geographic area which they wish to reach.
 - (j) Competition from other forms of advertising.
 - (k) The views of local advertisers in the local areas on the issues above.
49. We will also take account of any concerns raised with us about competition for local radio advertising, or any new evidence suggesting possible competition problems, in areas outside those identified in paragraph 46.

Horizontal unilateral effects in the supply of national radio advertising

- 50. This theory of harm relates to possible unilateral effects in relation to the supply of national radio advertising, ie contracted advertising.
- 51. Global and Bauer own both national and local radio stations and are able to offer national advertising based both on their national stations and groups of

their local stations. Wireless offers national advertising on its national radio stations, and its local stations supply national advertising through FRS. FRS sells national advertising on behalf of a network of independent local radio stations in exchange for a commission. At present, based on Bauer's estimates, Global and Bauer are by far the largest suppliers of national advertising with FRS and Wireless having much smaller shares.

52. As a result of the UKRD Acquisition, Bauer has acquired a 50% shareholding in FRS. This is likely to confer on Bauer the ability to exercise material influence over the commercial policy of FRS. However, Bauer would be expected to incorporate the acquired stations into its network and as this would remove a significant part of FRS' network of independent local stations, may make FRS economically unviable as an independent competitor. In consequence, FRS is likely to cease to compete independently of Bauer.
53. At Phase 1, the CMA did not conclude that the Acquisitions will give rise to a realistic prospect of an SLC as a result of horizontal effects in the supply of national radio advertising. This was because there was limited evidence of direct competition between Bauer and FRS for the supply of national radio advertising. It was found that Bauer and Global are each other's closest competitors and that media buyers did not consider their negotiating position to be weakened by the loss of FRS.
54. We acknowledge that FRS has a small share of the market and is differentiated from Bauer and Global in that it has no national stations and less geographic coverage. However, it is the largest existing competitor to Bauer and Global, and even a relatively small market share increment from a merger can raise competition concerns, particularly where it could strengthen an existing strong market position. The Acquisitions could create a loss of competition in a near duopoly market.
55. We therefore intend to further explore this theory of harm at Phase 2. To do so we are likely to consider:
 - (a) The impact of the Acquisitions on the viability of FRS and its ability to compete.
 - (b) The closeness of competition between the suppliers of contracted advertising, including the nature and strength of competition arising from FRS.
 - (c) The views of media buying agencies, and also those of advertisers themselves.
 - (d) The contracts and incentives that apply to media buying agencies.

- (e) Evidence on switching behaviour by media buying agencies.
 - (f) How media buying agencies choose between suppliers of national radio advertising including decisions on whether to use multiple suppliers to increase penetration.
 - (g) The nature of media buying agencies' buying behaviour, including any buyer power arising by virtue of their size.
 - (h) The extent to which there is a constraint on the market for national radio advertising arising from alternative media or from alternative means of distributing audio content.
 - (i) Whether there is any potential for entry or expansion in the supply of national radio advertising.
56. We also intend to consider whether an effect of the Acquisitions could be to enhance competition between Bauer and Global.

Vertical effects in the supply of local radio advertising as a result of the loss of FRS as a national advertising sales house

57. This theory of harm relates to a possible loss of competition in the sale of local radio advertising, through the weakening or loss from the market of independent radio stations as a result of the possible closure of FRS which might be brought about by the Acquisitions. That is, if the Acquisitions led to FRS becoming economically unviable as an independent competitor, then remaining independent radio stations (ie those who use FRS who are not local stations being acquired by Bauer) would be unlikely to be able to negotiate for contracted or national advertising. The loss of this proportion of their advertising revenue may in some cases weaken them, or even cause their closure. Alternatively, these stations may have to approach Bauer or Global to represent them in relation to national advertising. In such a situation, Bauer or Global might have incentives to refuse or offer them worse terms if this could advantage their own radio stations which could gain national advertising sales, or benefit those which compete locally, by diverting advertising. They may also have incentives to see the independent radio stations weakened as this may allow Bauer or Global to acquire them, or if they fail, then Bauer and Global may be well placed to bid for their licences.
58. The consequence could therefore be the loss of independent radio stations and therefore the reduction or elimination of local competition for advertising in areas served by these stations.

59. We therefore intend to further explore this theory of harm at Phase 2. To do so we are likely to consider:
- (a) The impact of the Acquisitions on the viability of FRS and its ability to compete.
 - (b) How important FRS revenue is to independent radio stations and whether the loss of this revenue would significantly harm independent radio stations' ability to compete.
 - (c) Whether these stations have alternative options to replace national advertising sourced through FRS with local advertising.
 - (d) Whether or not any weakening or loss of these stations could be expected to significantly lessen competition for local advertising in these areas.
 - (e) Whether the loss of FRS would create or increase barriers to entry and expansion in the supply of local advertising.
 - (f) What incentives apply to Bauer (on offering worse terms or refusing to represent them) in relation to balancing the income it would gain from representing independent stations, and any benefits from representing a larger network of stations, with any potential diversion of advertising and opportunities for acquiring stations and licences.
 - (g) Whether in practice Bauer has an ability to discriminate between stations it represents (ie to offer them worse terms and to favour placing advertising with its own stations).
 - (h) Whether media buying agencies would accept any discrimination by Bauer in favour of its own stations.
 - (i) How the incentives to represent independent stations may also be expected to apply to Global.
 - (j) Whether Bauer and/or Global have represented independent radio stations in the past and on what terms.
 - (k) Whether such representation has been or could be tied to taking programming or branding from Bauer or Global and how this may affect incentives and competition.

Potential theories of harm we are not minded to explore

60. As a result of the Acquisitions, Bauer has acquired interests in eight local multiplexes. It already holds interests in some 15 local multiplexes. The

Acquired Multiplexes do not overlap with the local multiplexes Bauer already owns. Therefore, the Acquisitions give rise to no horizontal concerns in relation to the operation of local multiplexes.

61. As set out in the Reference Decision, the CMA considered whether the Acquisitions may give rise to vertical effects in relation to the supply of local multiplex access to local radio stations, ie whether Bauer may foreclose rival local radio stations by preventing or worsening terms of access to the Acquired Multiplexes. The Reference Decision notes that Multiplex licences are awarded by Ofcom and are subject to regulation including an obligation on multiplex licensees to ensure effective competition in respect of and not unduly discriminate against digital services connecting to their multiplex. All the Acquired Multiplexes have capacity for multiple further stations. While Bauer may choose to use some of the available multiplex capacity to offer its own stations, it cannot offer third party radio station operators discriminatory terms. Additionally, Ofcom is rolling out small-scale DAB which may be attractive to new stations.⁸¹
62. Because of this regulation, the CMA concluded that Bauer does not have the ability to foreclose existing competitors on the Acquired Multiplexes.
63. Turning to incentives, except for the Plymouth and Cornwall multiplexes, the interests Bauer has acquired are in local areas where it did not, prior to the Acquisitions, operate a DAB station, therefore there is no merger effect. Bauer's Hits Radio is present on the Plymouth and Cornwall multiplexes, but Bauer does not carry local advertising on those stations. Accordingly, at Phase 1 the CMA did not believe Bauer has an incentive to foreclose radio stations from the Acquired Multiplexes in order to benefit its stations broadcasting on those multiplexes via DAB.
64. The Multiplexes acquired by Bauer are also, with the exception of Suffolk, not in areas where Bauer has an FM station that supplies local advertising to a similar area. The Bauer station broadcasting in Suffolk (Kiss East) covers a much wider area than the competing more local stations and carries little local advertising. Given the limited competition between Kiss East and more local stations, it was concluded that Bauer does not have an incentive to foreclose radio stations from the Suffolk multiplex in order to benefit its FM station (Kiss East).
65. Therefore, the Reference Decision concluded the Acquisitions do not give Bauer the ability or incentive to foreclose other local radio stations from the Acquired Multiplexes.

66. For these reasons the CMA does not propose to consider horizontal or vertical theories of harm in respect of competition in the operation of local multiplexes.
67. As noted at paragraph 24, we do not propose to examine competition for radio listeners.
68. However, we might reopen consideration of these issues if significant new evidence is presented to us.

Countervailing factors

69. We will consider whether there are countervailing factors which are likely to prevent or mitigate any SLC that we may find. In particular, we intend to consider the constraint arising from possible entry and expansion, buyer power, and the impact of any efficiency benefits.
70. We are not currently aware of any other possible countervailing factors.

Entry and expansion

71. We will consider whether entry and/or expansion by alternative suppliers can mitigate any initial effect of the Acquisitions on competition. In order to offset any SLC, entry and/or expansion would need to be timely, likely and sufficient.
72. To investigate this issue, we intend to look at:
 - (a) The history of entry, expansion and exit.
 - (b) The extent of the potential constraint from entry/expansion for each theory of harm and for different categories of customer.
 - (c) The incentives that apply to different types of potential entrant.
 - (d) The barriers to entry and expansion including:
 - (i) regulatory requirements, in particular issues of radio licensing and the allocation of licenses and spectrum;
 - (ii) developing technology and opportunities to offer radio stations through alternative transmission means; and
 - (iii) economies of scale or size.

Buyer power

73. The CMA's Merger Assessment Guidelines identify the possible existence of countervailing buyer power as a factor in making an SLC finding less likely.⁴ The Parties submitted that media buyers have considerable bargaining power and can play off Bauer against Global by credibly suggesting that they will switch spend. The Parties submitted that such buyer power is unaffected by the Acquisitions. We will consider this in relation to the horizontal unilateral effects in the supply of national radio advertising theory of harm, insofar as this is not already included within our consideration of buyer behaviour in the competitive assessment.

Efficiencies

74. We will examine any arguments made in relation to efficiencies arising from the Acquisitions. In particular, we will examine whether any potential efficiencies are rivalry-enhancing and could be expected to offset any loss of competition.

Possible remedies and relevant customer benefits

75. Should we decide that the Acquisitions may be expected to result in an SLC in any market(s), we will consider whether, and if so what, remedies might be appropriate, and will issue a further statement.
76. In any consideration of possible remedies, we may have regard to their effect on any relevant customer benefits in relation to the Acquisitions and, if so, what these benefits are likely to be, and which customers would benefit.

Responses to the issues statement

77. Any party wishing to respond to this issues statement should do so in writing, by no later than **5pm on Friday 20 September 2019**. Please email BauerMedia-inquiries@cma.gov.uk or write to:

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Competition and Markets Authority
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25 Cabot Square
London
E14 4QZ

⁴ CMA [Merger Assessment Guidelines](#) (CC2/OFT1254, 2010) paragraph 5.9.1.