

***Case No COMP/M.2529 -
JCD / RCS /
PUBLITRANSPORT /
IPG***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 14/09/2001

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14/09/2001

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Subject: Case No COMP/M.2529 – JCD / RCS / PUBLITRANSPORT / IGP

Your notification of 16.08.2001 pursuant to Article 4 of Council Regulation No 4064/89

1. On 16.08.2001, the Commission received a notification of a proposed concentration by which the French undertaking JCDecaux SA (“JCD”) acquires joint control of the Italian undertaking Impresa Generale Pubblicità S.p.a. (“IGP”), already jointly controlled by the Italian undertakings Rizzoli Corriere della Sera S.p.a. (“RCS”) and Publitransport S.r.l. (“Publitransport”).
2. The Commission has concluded that the notified operation falls within the scope of the Merger Regulation as amended and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

I THE PARTIES

3. JCD, and IGP are active in the provision of space for outdoor advertising. RCS is active in publishing, book selling and advertising services. Publitransport is a holding company jointly controlling, together with RCS, IGP.
4. Publitransport and RCS operate in the provision of space for outdoor advertising only through IGP.

II THE OPERATION

5. The proposed transaction consists in the acquisition of joint control by RCS, Publitransport and JCD over IGP which will become IGP-Decaux (“IGPD”). Currently RCS and Publitransport have joint control of IGP. Pursuant to the notified transaction, JCD will acquire newly issued shares which will represent one third of IGPD’s capital. IGPD’s board of directors will be composed of [X] members, [Y] of which appointed by RCS and Publitransport and [Z] appointed by JCD. Approval from at least one director appointed by RCS and Publitransport and at least one director appointed by

JCD are needed for ICPD's strategic commercial decisions. As a result of the concentration, all outdoor advertising in Italy of JCD will be integrated into IGPD.

III COMMUNITY DIMENSION

6. The concentration has Community dimension pursuant to Article 1(3) of Council Regulation (EEC) No. 4064/89 because: the combined aggregate worldwide turnover of the undertaking concerned exceeds 2.500 million Euro (in 2000 the worldwide turnover was: for RCS, 2.000 million Euro; for JCD, 1.518 million Euro; for Publitransport 0.5 million Euro); in 2000 RCS and JCD achieved each an aggregate turnover of, respectively, 178 and 581 million Euro in France, 60 and 213 million Euro in the United Kingdom, 262 and 98 million Euro in Spain, and 1.420 and 25 million Euro in Italy; and the undertakings concerned do not achieve each more than two-thirds of their aggregate Community-wide turnover within one and the same Member State.

IV THE RELEVANT MARKET

Relevant product market

7. The relevant product market is that of provision of space for outdoor advertising such as billboards, public transport vehicles, street furniture (e.g., bus shelters, free standing panels, decorative columns, kiosks and other urban amenities), airports, shopping malls, etc.¹ The places in which advertising messages can be posted are potentially infinite, and new forms of outdoor advertising are discovered and developed constantly.
8. Depending on the design and format of the support which is used, operators tend to distinguish several categories of outdoor advertising. A market survey on advertising in Italy (the "UPA Report"), subdivides outdoor advertising into seven segments, namely: "affissioni" (i.e., billboards with a surface of 6 x 3m, and smaller panels with a size of 1 x 4m that might be used on buses or on street furniture), static panels (i.e., panels with a size smaller than 1 x 4m and sign posts placed along the road outside the built-up area), spectaculars (i.e., big format billboards), airport (i.e., billboards and posters placed in and around airport terminals), football stadiums (i.e., billboards and posters placed at and around airport terminals), thematic networks (i.e., posters and billboards placed at tourist ports, trains stations, petrol stations, post offices), and neon.
9. Although all forms of outdoor advertising consist in the provisions of a place open to the public to post an advertising message, and although there are no significant price differences between them (if price is calculated on the basis of the quantitative and qualitative exposure of a poster), from the investigations it cannot be excluded that the above categories might constitute distinct market segments. Nevertheless, a more specific product market definition can be left open in the present case given that, in any event, the concentration is not liable to create or strengthen a dominant position under any of the possible product market definitions.

¹ See the decision of the Autorità Garante della Concorrenza e del Mercato C4047 – Impresa Generale di Pubblicità/Publifor I° Pubblicità Esterna, in Bollettino n. 27/2000.

Relevant geographic market

10. From the investigation it results that most of the orders placed at outdoor advertising companies concern advertising campaigns throughout all Italy, that price differences between different regions, if exist, reflect a difference in terms of quantity and quality of reach or coverage provided by the space, and that outdoor advertising operators are typically active on a nation-wide basis. However, from the investigations it cannot be excluded that the market might have a more limited geographic dimension, since some outdoor advertising companies operate exclusively at a regional or provincial level, and since some advertising campaigns might also be limited to certain local areas.²
11. In the present case, however, it is not necessary to define the geographic markets any further, since the operation will not create or strengthen a dominant position under any of the possible geographic market definitions.

V COMPETITIVE ASSESSMENT

12. The overall estimated market share of IGP in outdoor advertising in Italy is of about 14,3%, plus about 2,7% that IGP holds through Publifor, a jointly controlled Italian outdoor advertising company. The estimated market share of JCD is of about 4,3%. After the concentration, therefore, IGPD will have a market share in the outdoor advertising sector in Italy of about 21.3%. Other operators are: Clear Channel/Italy Outdoor, with an estimated market share of about 13%, Viacom with an estimated market share of about 12%, and a number of other small operators.
13. Pursuant to the segmentation of outdoor advertising proposed by the UPA Report, the only area of horizontal overlap would be that of “affissioni”, where, in Italy, IGP, Publifor, and JCD, hold estimated shares of about 20%, 4% and 7%, respectively. Therefore, after the concentration, IGPD’s market share in the “affissioni” segment in Italy would be of about 31%, while other operators would be Clear Channel, with an estimated share of about 22%, Viacom with an estimated share of about 13%, A&P with an estimated share of about 5%, and a number of other small operators.
14. Subdividing the “affissioni” segment in local geographic areas, IGPD’s share would exceed 15% in the following towns: Milan (IGP and Publifor: [30-35%]; JCD: [2-5%]), Bologna (IGP and Publifor: [20-25%]; JCD: [0-3%]), Naples (IGP and Publifor: [15-20%]; JCD: [3-7%]), Genoa (IGP and Publifor: [20-25%]; JCD: [0-3%]), Rome (IGP and Publifor: [10-15%]; JCD: [5-10%]), and Bari (IGP and Publifor: [3-7%]; JCD: [5-10%]). However, in these towns important operators such as Clear Channel, and Viacom are also present with significant market shares.
15. Considering the existence of many operators (some of which of international dimension), the modest horizontal overlap of market shares stemming from the proposed concentration, and the relatively low barriers to entry (tender procedures by which public spaces are awarded to outdoor advertising companies ensure that market shares are subject to periodic review, while the renting of private land for installation of billboards have normally a duration not exceeding 3 years), the concentration will

² See, in the same sense, the decision of the Autorità Garante della Concorrenza e del Mercato C4047 – Impresa Generale di Pubblicità/Publifor I° Pubblicità Esterna, in Bollettino n. 27/2000.

not give rise to the creation or strengthening of a dominant position as a result of which effective competition would be significantly impeded in the common market or in a substantial part thereof.

VI CONCLUSION

16. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted pursuant to Article 6(1)(b) of Council Regulation (EEC) No. 4064/89 and Article 57 of the EEA Agreement.

For the Commission

Mario MONTI
Member of the Commission